Interim Report
January–June II/2022

#StandWithUkraine

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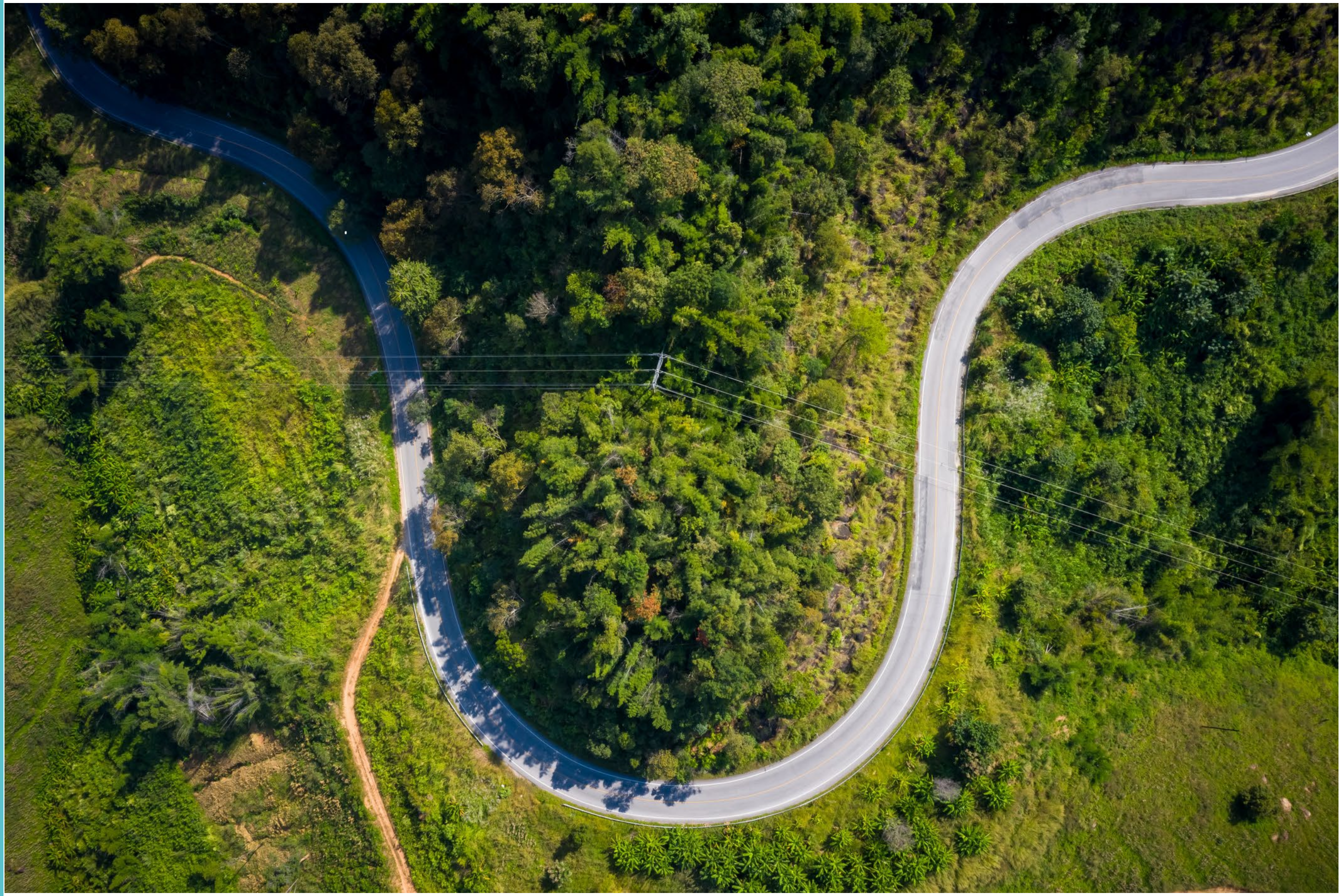
E.ON Group at a Glance: H1 2022



- **Europe's energy markets** still affected by the **repercussions of the Russia-Ukraine war**
- **First-half results** keep **E.ON on course,** despite **turbulent times**
- **Outlook** for the **2022 financial year at Group level reaffirmed**
- Implementation of **growth strategy** on **schedule**
- Current **interest-rate environment** has **positive** effect on **pension liabilities;** from **today's perspective,** debt factor inside forecast range of 4.8 to 5.2 achievable

Business Development

E.ON Group Financial Highlights

First half € in millions	2022	2021	+/- %
Sales	52,845	33,040	60
Adjusted EBITDA[1]	4,061	4,768	-15
Adjusted EBIT[1]	2,677	3,163	-15
Net income/Net loss	2,536	2,772	-9
Net income/Net loss attributable to shareholders of E.ON SE	2,258	2,548	-11
Adjusted net income	1,413	1,765	-20
E.ON Group investments	1,736	1,908	-9
Cash provided by operating activities	1,816	1,205	51
Cash provided by operating activities before interest and taxes	2,574	2,171	19
Economic net debt (June 30, 2022 and December 31, 2021)	37,444	38,773	-3
Employees (June 30, 2022 and December 31, 2021)[2]	68,535	69,733	-2
Earnings per share (€)[3, 4]	0.87	0.98	-11
Adjusted net income per share (€)[3, 4]	0.54	0.68	-21
Shares outstanding (weighted average; in millions)	2,609	2,607	0

[1]Adjusted for non-operating effects.
[2]Core workforce does not include apprentices, working students, or interns. This figure reports full-time equivalents ("FTE").
[3]Based on shares outstanding (weighted average).
[4]Attributable to shareholders of E.ON SE.

Interim Report

Corporate Profile

Business Model

E.ON is an investor-owned energy company with approximately 69,000 employees led by Corporate Functions in Essen. The Group's core business is divided into two operating segments: Energy Networks and Customer Solutions. Non-strategic operations are reported under Non-Core Business; corporate functions and equity interests managed directly by E.ON SE are reported under Corporate Functions/Other.

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

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

Customer Solutions
This segment serves as the platform for working with E.ON's customers to actively shape Europe's energy transition. This includes supplying customers in Europe (excluding Turkey) with power, gas, and heat and offering products and services that enhance their energy efficiency and autonomy and provide other benefits. E.ON's activities are tailored to the individual needs of customers across all categories: residential, small and medium-sized enterprises, large commercial and industrial, sales partners, and public entities. E.ON's main presence in this business is in Germany, the United Kingdom, the Netherlands, Sweden, Italy, the Czech Republic, Hungary, Croatia, Romania, Poland, and Slovakia. In addition, the Combined Group Management Report discloses Energy Infrastructure Solutions' activities in the Customer Solutions segment. Energy Infrastructure Solutions engages in activities aimed at decarbonizing E.ON's commercial and industrial customers, such as sustainable city solutions and district heating.

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

Special Events in the Reporting Period

Corporate Bonds Issued
E.ON issued several corporate bonds totaling €2.8 billion in the first quarter of 2022.

- €500 million bond that matures in January 2026 and has a coupon of 0.125 percent (January 2022)
- €800 million green bond that matures in October 2034 and has a coupon of 0.875 percent (January 2022)
- €750 million green bond that matures in January 2025 and has a coupon of 0.875 percent (March 2022)
- €750 million green bond that matures in March 2031 and has a coupon of 1.625 percent (March 2022)

Russia's Invasion of Ukraine Creates Significant Macroeconomic Uncertainty and Impacts the Energy Sector
On February 24, 2022, Russia launched a military attack on Ukraine. The invasion has already had far-reaching economic repercussions as well as direct impacts on the energy sector in particular. The section below entitled "Business Report" provides more detailed information starting on page 7.

E.ON's priority in these turbulent times is to secure the energy supply. E.ON's power, gas, and heat networks are running stably in large parts of Europe, even in the current situation.

The war's repercussions also have implications for E.ON's business, in particular due to higher commodity prices. These implications are described in greater detail below in the sections entitled "Earnings Situation" and "Financial Situation." In addition, our 2021 Annual Report provided commentary on other possible risks for E.ON. One of them is a possible measurement risk for financial assets, including the investment in Nord Stream AG held in pension plan assets. Amid heightened uncertainty, measurement of this investment at June 30, 2022, resulted in a decline of about €700 million relative to December 31, 2021. This decrease was recognized in equity in other non-operating income. The situation assessable at the balance-sheet date indicated no triggering events that would necessitate impairment charges on non-current assets, in particular goodwill, other intangible assets, and property, plant, and equipment.

Operations during the Covid-19 Pandemic
E.ON' priorities during the Covid-19 pandemic are a secure energy supply and the safety of employees, customers, and business partners.

E.ON continuously analyzes the risk situation resulting from the Covid-19 pandemic and, if necessary, will take additional measures to contain the pandemic's impact.

There have been no significant Covid-19-related implications for the E.ON's Group's earnings situation or employment situation in 2022.

Conclusion of a Future Consolidation Agreement with ZSE Shareholders
On April 8, 2022, the shareholders of Západoslovenská energetika a.s. ("ZSE") and of Východoslovenská energetika Holding a.s. ("VSEH"), E.ON SE and the Slovak Republic, concluded a Future Consolidation Agreement to combine ZSE and the VSEH Group.

The agreement provides, among other things, for 100 percent of VSEH shares to be transferred to ZSE, the sale of all or selected VSEH subsidiaries to ZSE, and the implementation of corporate law changes at VSEH.

The transfer of VSEH shares to ZSE will result in ZSE becoming VSEH's sole shareholder (and thus also shareholder of selected VSEH subsidiaries). The ownership interests in ZSE will remain unchanged; that is, E.ON will have a 49-percent stake in VSE and the Slovakian state a 51-percent stake. The new ZSE shareholders agreement, which has yet to be concluded, will essentially correspond to the current shareholders agreement. After the transaction ZSE will thus continue to be included in E.ON's Consolidated Financial Statements as a jointly owned company and accounted for using the equity method. After closing, the VSEH Group's business operations, which previously had been fully consolidated, will be accounted for using the equity method.

The transaction is planned to close by the end of 2022.

Disposal of Universal Service Provider Business in Hungary
To further optimize E.ON's portfolio in Hungary, E.ON Hungária Zrt. signed an agreement with MVM Zrt. on February 23, 2022, to sell 100 percent of its stake in E.ON Áramszolgáltató Kft. ("EÁS"). EÁS holds a regional universal service provider license under which it supplies electricity to customers in certain regions of Hungary. The transaction closed on April 14, 2022.

Science Based Targets Initiative Confirms E.ON Targets for Reducing CO_2 Emissions
E.ON systematically promotes the sustainable development of the energy world. This focus is also reflected in E.ON's ambitious climate targets, which in late May 2022 were officially validated by the Science Based Target Initiative ("SBTi"). E.ON's Group-wide sustainability strategy explicitly commits it to the Paris Climate Agreement's 1.5 degree target. Against this backdrop, E.ON set science-based emission-reduction targets.

E.ON's stated objective is to be climate-neutral by 2040 and to reduce the emissions that it can directly influence (Scope 1 and 2) by 100 percent by this time. By 2050, E.ON also aims to reduce its Scope 3 emissions by 100 percent relative to 2019.

Subsequent Events

E.ON and Igneo Establish Joint Venture for Accelerated High-Speed Broadband Rollout
In mid-July, E.ON and Igneo Infrastructure Partners signed an agreement to found a joint venture for the rollout of high-speed broadband infrastructure in Germany. Igneo will acquire a 50-percent stake in Westenergie Breitband GmbH, until now a wholly owned E.ON SE subsidiary. The transaction, which is subject to customary approvals, is expected to close in the fourth quarter of 2022. The future joint venture plans to provide high-speed broadband connections to more than 1.5 million households and wholesale customers in Germany.

E.ON subsidiary Westenergie remains a 50-percent shareholder; the company's activities will be recorded in E.ON's Consolidated Financial Statements using the equity method.

At Capital Markets Day in the fall of 2021, E.ON announced that it planned to conduct €2 to €4 billion of portfolio optimization. The Igneo transaction is the first such measure.

Business Report

Industry Environment

Macroeconomic Environment
Europe's energy markets were already dominated in the first quarter of 2022 by the effects of Russia's invasion of Ukraine and the associated international sanctions. In the reporting period, fears of disruptions in the supply of natural gas considerably exacerbated the situation on an already tight market. For example, wholesale prices for electricity and gas in Germany continued to rise on futures markets in May. After a brief easing in early June, both electricity and gas prices again rose significantly beginning in mid-June. Following the positive effects of the lifting of pandemic restrictions at the start of the year, rising energy prices caused the macroeconomic development of many European countries to falter again. The spring reports of leading economic research institutes in Germany forecast GDP growth of only 2.7 percent for the current year. In the fall of 2021, the institutes were anticipating growth of 4.8 percent in 2022. The German Council of Economic Experts is even more pessimistic, predicting growth of just 1.8 percent.

According to the Federal Statistical Office, Germany's inflation rate in June 2022 was 7.6 percent year on year. The European Commission also predicts inflation of 7.6 percent for the euro zone in 2022. The main reason for this is continued high energy prices; supply bottlenecks due to disrupted supply chains and generally higher prices were additional factors. To combat high inflation, the European Central Bank ("ECB") raised its key interest rate by 0.5 percent in July 2022 and announced further rate increases.

The main cause of the nervousness on energy markets, which in turn has caused great uncertainty among consumers and companies, has been the Russian government, which has aroused uncertainty regarding gas deliveries to Europe. In June, for example, the Russian state-owned company Gazprom reduced gas deliveries through Nord Stream 1 pipeline to 40 percent. Scheduled maintenance work entirely interrupted the flow of gas in this pipeline between July 11 and 21. Following the maintenance, gas deliveries through Nord Stream 1 resumed. Initially, the amount of deliveries was back at the level immediately before the start of maintenance work; that is, about 40 percent of the pipeline's transport capacity. On short notice, however, Gazprom halved this amount, citing the need to service a compressor turbine. It is unclear how much gas Russia will transport through the pipeline over the long term.

Energy Policy Environment

On June 23, the Federal Ministry of Economic Affairs and Climate Action (German abbreviation: "BMWK") responded to the reduction in gas deliveries by declaring the second level—the alert level—of Germany's gas emergency plan. The ministry emphasized that the country's gas supply was currently secure and that its gas storage facilities were 58 percent full (as of June 23, 2022), which is better than in the prior year. The ministry also announced a number of measures to mitigate the consequences of lower gas flows and to maintain security of supply. Examples include developing alternative gas supply options and further accelerating the expansion of renewables. In addition, the German federal government called on households and industry to conserve energy. Furthermore, the Gas Storage Act sets specific inventory levels for gas storage facilities in Germany, which must be 85 percent full by October 1 and 95 percent full by November 1. Additional tenders will be held in stages to meet these requirements.

The German government also laid the legal foundation for dealing with a gas shortage. The Energy Security Act (German abbreviation: "EnSiG") was amended for the event of a national gas shortage. For example, Section 29 of the EnSiG provides for financial stabilization measures for critical infrastructure companies. Impacted companies in the energy sector whose economic existence is threatened can, if necessary, apply for state aid. E.ON does not face such a situation.

In addition, Section 26 of the EnSiG introduces a new, alternative mechanism, called the net price adjustment right. Under this mechanism, the additional costs of procuring gas needed to replace reduced gas imports can be passed through to consumers more evenly and predictably. The amount of the levy, which will be the same for all gas suppliers and calculated in cents per kilowatt-hour, is not yet known (as of August 2, 2022). Robert Habeck, Federal Minister of Economic Affairs, spoke to the media of a possible price range of 1.5 to five cents per kilowatt-hour. The Federal Ministry of Economic Affairs and Climate Action has begun a departmental coordination process to specify the details; the federal cabinet is to pass a legal ordinance shortly, which is currently expected to take effect by mid-August 2022. The ordinance is expected to be valid for a limited period, from October 1, 2022, to September 30, 2024.

This mechanism thus supplements the previously enacted price adjustment right contained in Section 24 of the EnSiG. For the measures to take effect, the Federal Network Agency must identify a significant reduction in total gas imports to Germany after declaring the alarm or emergency level of Germany's gas emergency plan. The Federal Ministry of Economics emphasized that the measures will not currently be activated, but are available as options in order to be able to act in the event of further increases in gas prices and an escalation of the situation.

Finally, the EnSiG even allows the expropriation of companies as a last resort.

Furthermore, the Federal Network Agency, in its role as the federal load distributor, could issue orders to gas companies and consumers pursuant to the Gas Security Ordinance (German abbreviation: "GasSV") that affect the production, procurement, and supply of gas. The last resort would be to suspend gas deliveries. Additional information can be found in the Risks and Chances Report on page 20.

The German government had previously adopted two relief packages for consumers. In some cases, they foresee government subsidies of several hundred euros per person. Because this will not cover all additional costs, further relief is under discussion; however, the form it will take is currently unclear. State aid for companies was adopted as well.

Other European countries also responded to high energy costs. For example, almost 8 million of the neediest households in the United Kingdom will receive at least £1,200 from the state this year. This will increase total cost-of-living assistance in the United Kingdom this year to £37 billion.

The Dutch government is likewise providing relief for consumers. A household with average energy consumption will receive a total rebate of around €545 on its energy bill in 2022. The electricity tax was reduced, all households will receive a higher energy tax rebate (it is a fixed rebate that does not depend on energy consumption), and the VAT on energy (natural gas, electricity, and district heating) will be reduced from 21 percent to 9 percent. Low-income households will receive additional support in the form of a roughly €1,300 energy subsidy.

The European Commission proposed additional mechanisms at the European level to address a gas emergency. Within a few days, the EU member states then agreed on an emergency plan to reduce gas consumption. It foresees a voluntary 15-percent reduction in national gas consumption between August 1, 2022, and March 31, 2023. It also aims to provide the option of setting binding reduction targets in the event of widespread supply shortages. Consumers, public authorities, households, owners of public buildings, energy suppliers, and industrial companies are encouraged to take steps to conserve gas. The European Commission will also accelerate efforts to diversify energy suppliers so that the EU has more options for procuring gas from alternative sources. E.ON believes that the impact of Russia's war of aggression against Ukraine and the resulting developments in energy prices will further accelerate the trend away from natural gas as a fossil fuel and the associated rapid growth in renewables and hydrogen, increased use of heat pumps, and greater use of green district heating. E.ON will help shape and propel this transformation, and its gas networks will play an important role as well. In addition, E.ON advocates regulations that best support this long-term transformation path.

E.ON also supports efforts by the German government, the EU, and other European countries to adjust the legal framework in order to safeguard market participants' ability to act. This includes policy measures to ease the burden on consumers, needs-based regulations for price adjustments, and stabilization options for individual energy companies whose economic existence is threatened. In particular, it is important to avoid an undesirable domino effect or even a collapse in the market caused by companies that have significantly higher liquidity requirements for gas procurement due to the development of gas prices and high replacement costs for Russian gas imports that are no longer available.

Earnings Situation

- **Customer Solutions' sales higher** due to sharp rise in **commodity prices**
- **Adjusted EBITDA** and **adjusted net income** on balance below the prior-year figures because of **price developments** on **commodity markets,** the non-recurrence of a **one-off effect** in 2021 in conjunction with the refund of residual power purchases, and the **shutdown of Brokdorf and Grohnde nuclear power plants** at the **end of December 2021**

Business Performance

As anticipated, E.ON's operating business declined in the first half of 2022 amid the current crisis situation in Europe. Although sales rose by €19.8 billion year on year to €52.8 billion, adjusted EBITDA in E.ON's core businesses of €3.6 billion was 4 percent below the prior-year figure (€3.7 billion). First-half adjusted EBITDA for the E.ON Group declined by 15 percent, from €4.8 billion to €4.1 billion. Adjusted net income of €1.4 billion was lower as well, declining by 20 percent from the prior-year figure of €1.8 billion. E.ON recorded earnings per share on adjusted net income ("EPS") of €0.54 in the first half of 2022 (prior year: €0.68). Investments in the core business declined (from: €1.8 billion in the first half of 2021 to €1.7 billion in the current reporting period), as they did at the Group level (from €1.9 billion to €1.7 billion). This is because in the prior year Non-Core Business invested to acquire residual power output rights and there were subsequent purchase-price payments in conjunction with the innogy acquisition.

The development of key figures in the first half of 2022 is primarily attributable to price developments on commodity markets and to Non-Core Business. By contrast, synergies and efficiency enhancements, in particular at the network business in Germany and at the U.K. sales business, had a positive impact on earnings.

Sales

Sales in the first half of 2022 rose by 60 percent year on year to €52.8 billion.

Energy Networks' sales increased by €0.5 billion relative to the prior year to €9.6 billion. Customer Solutions' sales rose by about €16 billion to €42.1 billion. The increase is mainly attributable to price developments on commodity markets and impacts, in particular, the sales business in Germany, the United Kingdom, and the Netherlands.

Electricity and gas taxes of €952 million were significantly lower than a year earlier (€1,597 million). The decrease relates in particular to the sales business in the Netherlands (€601 million) and is attributable to reduced tax rates due to high energy prices.

Other Line Items from the Consolidated Statements of Income

Own work capitalized of €345 million was 18 percent above the prior-year figure of €292 million. Own work capitalized consisted predominantly of completed IT projects as well as own work capitalized in the networks business.

Sales

	Second quarter			First half		
€ in millions	2022	2021	+/- %	2022	2021	+/- %
Energy Networks	4,547	4,284	6	9,590	9,064	6
Customer Solutions	18,295	11,418	60	42,117	26,247	60
Non-Core Business	220	333	-34	457	710	-36
Corporate Functions/Other	7,245	2,161	235	18,608	4,815	286
Consolidation	-6,969	-3,558	-96	-17,927	-7,796	-130
E.ON Group	**23,338**	**14,638**	**59**	**52,845**	**33,040**	**60**

Sales recorded at Corporate Functions/Other of €18.6 billion were €13.8 billion above the prior-year figure. The increase is mainly attributable to the fact that E.ON Energy Markets, our central commodity procurement unit, expanded its business operations by acquiring the portfolios of additional business units. The settlement of derivatives (€3.9 billion) amid rising prices on commodity markets likewise led to significantly higher sales. The internal service relationships from central energy procurement are offset by corresponding consolidations.

Sales at Non-Core Business declined by €253 million year on year to €457 million, mainly because Brokdorf and Grohnde nuclear power plants were shut down as planned on December 31, 2021. The decrease was only partially offset by higher sales prices on power marketed from Isar 2 nuclear power plant.

First-half other operating income totaled €47,742 million (prior year: €9,590 million).

Income from derivative financial instruments rose by €38,963 million relative to the prior-year figure (€7,906 million), principally because of the continued rise in commodity prices. Income from currency-translation effects of €286 million was €98 million lower than the prior-year figure. Corresponding amounts resulting from currency-translation effects and derivative financial instruments are recorded under other operating expenses. The sale of equity interests and securities resulted in income of €107 million (prior year: €172 million).

Costs of materials of €63,020 million were significantly above the prior-year figure of €27,394 million. The sharp increase (€35,626 million) relates mainly to price developments on commodity markets, which led to higher direct procurement costs.

But it also meant that forward procurement contacts, which under IFRS are accounted for as derivative financial instruments, had to be adjusted to the current market price at the time of settlement. Income from the settlement of commodity derivatives is recorded under other operating income. The creation of provisions for pending transactions was also recognized in costs of materials. These provisions were mainly created for contracted sales transactions that are not subject to IFRS 9 (failed own-use transactions) but that are commercially part of a portfolio and that are partially offset by procurement transactions that are accounted for as derivative financial instruments.

Personnel costs of €2,680 million were €186 million below the prior-year figure of €2,866 million. The change is mainly attributable to a decline in the number of employees and lower expenditures for pension schemes. Lower expenditures for restructuring measures were an additional factor.

Depreciation charges declined from €1,927 million in the prior-year period to €1,652 million. The change mainly reflects the absence of scheduled depreciation charges on property, plant, and equipment and intangible assets of Grohnde and Brokdorf nuclear power plants, which went offline on December 31, 2021.

Other operating expenses of €31,822 million were €24,555 million above the prior-year figure of €7,267 million, chiefly because expenditures relating to derivative financial instruments (including currency-translation changes) rose by €24,747 million to €29,461 million. Expenditures relating to currency-translation effects declined by €433 million to €209 million.

Income from companies accounted for under the equity method of €15 million was significantly below the prior-year level (€233 million), predominantly because of developments in Turkey, where improved operating earnings were offset by impairment charges resulting from the initial application of IAS 29 due to hyperinflation in Turkey.

Adjusted EBITDA

Effective January 1, 2022, we use earnings before interest, taxes, depreciation, and amortization adjusted to exclude extraordinary effects ("adjusted EBITDA") for the internal control of our intended growth and as an indicator of our business units' sustainable earnings strength.

The core business's first-half adjusted EBITDA declined by €147 million to €3,581 million (prior year: €3,728 million).

Europe/Turkey is chiefly attributable to higher procurement costs for network losses (especially in Romania, Hungary, and Slovakia) and to the disposal of two network operators in Hungary in the third quarter of 2021. The adverse earnings effect of increased expenditures for network losses is only temporary. Existing regulatory mechanisms enable these expenditures to be recovered through higher income in subsequent periods.

Adjusted EBITDA

	Second quarter			First half		
€ in millions	2022	2021	+/- %	2022	2021	+/- %
Energy Networks	1,191	1,206	-1	2,654	2,737	-3
Customer Solutions	610	370	65	1,024	1,114	-8
Thereof: Energy Infrastructure Solutions ("EIS")	*114*	*81*	*41*	*314*	255	23
Corporate Functions/Other	-60	-28	-114	-95	-117	19
Consolidation	-2	-2	0	-2	-6	67
Adjusted EBITDA from core business	**1,739**	**1,546**	**12**	**3,581**	**3,728**	**-4**
Non-Core Business	234	777	-70	480	1,040	-54
E.ON Group adjusted EBITDA	**1,973**	**2,323**	**-15**	**4,061**	**4,768**	**-15**

Energy Networks' adjusted EBITDA of €2,654 million was 3 percent below the prior-year figure of €2,737 million. Adjusted EBITDA in Germany improved as planned primarily due to the reversal of negative earnings effects from previous years, the realization of synergies, and further growth in the regulated asset base due to additional investments. These positive effects were partially offset by higher commodity prices and warmer weather. Adjusted EBITDA in Sweden declined because of a reduction in sales volume due in particular to warmer weather in the first quarter of 2022 and because of higher expenditures for line losses and storm damage. The earnings decline at East-Central

First-half adjusted EBITDA at Customer Solutions declined by 8 percent year on year to €1,024 million. Adverse effects in Germany continued to be persistently higher energy procurement costs that could only be gradually passed through to customers after the first quarter. These adverse effects were only partially offset by the realization of synergies, operating improvements, and positive weather effects. The increase in the United Kingdom resulted mainly from cost savings along with weather and consumption effects. Weather effects and a reduction in customer churn led to a positive earnings performance in the Netherlands as well. By contrast, several regions in East-Central Europe recorded a temporary decline in earnings that is primarily attributable to higher procurement costs, including in Romania, Hungary, and the Czech Republic.

Adjusted EBITDA at Non-Core Business decreased by 54 percent year on year to €480 million. This was due to the non-recurrence of the one-off effect in 2021 relating to the agreement between the German government and nuclear power plant operators on nuclear power output rights and the resulting refund of residual power purchases and to the fact that Brokdorf and Grohnde nuclear power plants were shut down as planned on December 31, 2021. These factors were offset by higher sales prices relative to the prior year.

The E.ON Group recorded adjusted EBITDA of €4,061 million, which was €700 million below the prior-year figure.

Reconciliation to Adjusted Earnings Metrics

EBITDA is adjusted mainly for expenditures and income that are non-recurring or seldom in nature. The adjustments include effects resulting from the marking to market of derivative financial instruments at the balance-sheet date, certain restructuring expenses, net book gains, and other non-operating earnings. In the second quarter, IAS 29 was applied for the first time due to hyperinflation in Turkey; items that affect earnings are likewise recorded in other non-operating earnings. Adjusted EBITDA is independent of investment and depreciation cycles and simultaneously an indicator of cash-effective earnings and also facilitates the targeted management of our intended growth.

Reconciliation to Adjusted EBITDA

	Second quarter		First half	
€ in millions	2022	2021	2022	2021
Net income/loss	1,571	1,753	2,536	2,772
Attributable to shareholders of E.ON SE	*1,432*	*1,747*	*2,258*	*2,548*
Attributable to non-controlling interests	*139*	*6*	*278*	*224*
Income/Loss from discontinued operations, net	–	–	–	–
Income/Loss from continuing operations	**1,571**	**1,753**	**2,536**	**2,772**
Income taxes	-300	381	-11	721
Financial results	-481	147	-470	295
Income/Loss from continuing operations before financial results and income taxes	**790**	**2,281**	**2,055**	**3,788**
Income/Loss from equity investments	25	53	-1	66
Non-operating adjustments	**466**	**-826**	**623**	**-691**
Net book gains (-)/losses (+)	*40*	*-58*	*56*	*-59*
Restructuring expenses	*22*	*92*	*62*	*176*
Effects from derivative financial instruments	*-443*	*-1,164*	*-602*	*-1,201*
Impairments (+)/Reversals (-)	*–*	*36*	*22*	*12*
Carryforward of hidden reserves (+) and liabilities (-) from the innogy transaction	*145*	*167*	*327*	*355*
Other non-operating earnings	*702*	*101*	*758*	*26*
Adjusted EBIT	**1,281**	**1,508**	**2,677**	**3,163**
Impairments (+)/Reversals (-)	7	8	16	8
Scheduled depreciation and amortization	685	807	1,368	1,597
Adjusted EBITDA	**1,973**	**2,323**	**4,061**	**4,768**

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

Reconciliation to Adjusted EBITDA

Net income attributable to shareholders of E.ON SE and corresponding earnings per share amounted to €2.3 billion and €0.87, respectively. In the prior-year period E.ON recorded net income of €2.5 billion and earnings per share of €0.98.

Continuing operations in the first half of 2022 yielded tax income of €11 million (prior year: a tax expense of €721 million). This resulted in a tax rate of 0 percent. A one-off effect from the measurement of deferred tax assets in connection with the development of net pension obligations was the main source of tax relief in the reporting period.

Financial results improved significantly relative to the prior-year period. Lower interest expenses on debt financing contributed to the improvement in operating interest income. The remaining change mainly reflects items in non-operating interest expense/income. The very positive development of provisions due to increased discount rates was only partially offset by negative valuation effects on securities recognized at fair value. The positive effect of €106 million (prior year: €148 million) from the difference between the nominal interest rate and the effective interest rate of former innogy bonds adjusted due to the purchase-price allocation is likewise recorded under non-operating interest expense/income.

Restructuring expenses were significantly lower than in the 2021 reporting period and consisted primarily of expenditures in conjunction with the restructuring of the sales business in the United Kingdom.

Effects in conjunction with derivative financial instruments declined by €599 million year on year to €602 million. Sharply higher commodity prices continued to lead to wide fluctuations in the fair value of commodity derivatives.

Non-operating impairment charges in the current year consist mainly of writedowns on a shareholding in Croatia and on the subsequent valuation of operations in Slovakia pursuant to IFRS 5.

Value effects for, among other items, non-current provisions, bonds denominated in foreign currencies, and effects from subsequent adjustments to purchase prices are also disclosed in other non-operating earnings on a regular basis. The increase resulted mainly from the creation of provisions for mining damage at Corporate Functions/Other, an adjustment to provisions for nuclear asset-retirement obligations at PreussenElektra due to price effects, and earnings effects in the equity valuation of shareholdings in Turkey in conjunction with IAS 29.

Reconciliation to Adjusted Net Income

Derived from adjusted EBITDA, adjusted net income is an earnings figure after interest income, income taxes, and non-controlling interests that likewise has been adjusted to exclude non-operating effects. The adjustments include the aforementioned items as well as interest expense/income not affecting net income (after taxes and non-controlling interests).

Adjusted net income declined by 20 percent to €1,413 million (prior-year figure of €1,765 million). Besides the above-described effects in the reconciliation to adjusted EBITDA, this reconciliation includes the following items.

Non-operating expense/income rose by €797 million relative to the 2021 reporting period. This is mainly attributable to the changes in financial results commented on above under "Reconciliation to Adjusted EBIT."

The tax rate on operating earnings of continuing operations rose from 23 percent in the prior-year period to 25 percent. The reasons for the lower tax rate in the prior year included the utilization of tax losses, which served to reduce the tax rate.

Non-controlling interests' share of operating earnings declined from €288 million to €248 million, principally because of lower operating earnings at companies with a significant proportion of non-controlling interests.

Reconciliation to Adjusted Net Income

	Second quarter		First half	
€ in millions	2022	2021	2022	2021
Income/Loss from continuing operations before financial results and income taxes	**790**	**2,281**	**2,055**	**3,788**
Income/Loss from equity investments	25	53	-1	66
Non-operating adjustments	466	-826	623	-691
Net interest income/loss	456	-200	471	-361
Non-operating interest expense (+)/income (-)	-680	-37	-933	-136
Adjusted operating earnings before taxes	**1,057**	**1,271**	**2,215**	**2,666**
Taxes on operating earnings	-265	-264	-554	-613
Operating earnings attributable to non-controlling interests	-62	-51	-248	-288
Adjusted net income	**730**	**956**	**1,413**	**1,765**

Financial Situation

- **Economic net debt lower** relative to year-end 2021
- **Provisions for pensions declined significantly** owing to **higher actuarial discount rates**
- **Operating cash flow** before **interest and taxes surpasses** prior year
- **Investments** in **core business** at **prior-year level**

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

Financial Position

Economic net debt improved by €1.3 billion relative to year-end 2021 (€38.8 billion) to €37.4 billion.

E.ON's net financial position deteriorated by €2.6 billion relative to year-end 2021, from €-24.7 billion to €-27.2 billion. Positive operating cash flow was more than offset by E.ON SE's dividend payment, investment expenditures and margining effects for power and gas procurement.

Financial liabilities of €35.9 billion include E.ON SE's four issuances of bonds in the current year totaling €2.8 billion.

The increase in actuarial discount rates for pensions, which led to a reduction in defined benefit obligations, more than offset the decline in the value of plan assets and had a positive impact on economic net debt and equity (see Note 11 to the Consolidated Financial Statements).

Discount Rates

Percentages	June 30, 2022	Dec. 31, 2021
Germany	3,3	1,1
United Kingdom	3,7	1,9

Economic Net Debt

€ in millions	June 30, 2022	Dec. 31, 2021
Liquid funds	6,809	5,965
Non-current securities	1,426	1,699
Financial liabilities[1]	-35,929	-32,730
FX hedging adjustment	463	391
Net financial position	**-27,231**	**-24,675**
Provisions for pensions	-2,357	-6,082
Asset-retirement obligations[2]	-7,856	-8,016
Economic net debt	**-37,444**	**-38,773**

[1]Bonds issued by innogy are recorded at their nominal value. The figure shown in the consolidated balance sheets is €1.8 billion higher (year-end 2021: €1.9 billion higher).
[2]This figure is not the same as the asset-retirement obligations shown in the consolidated balance sheets (€8,508 million at June 30, 2022; €9,230 million at December 31, 2021). This is because economic net debt is calculated in part based on the actual amount of E.ON's obligations.

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

In May 2022, E.ON decided to commission Fitch Ratings to assess its creditworthiness as well. The Company is therefore assessed by all three major rating agencies. Fitch rates E.ON's corporate credit risk at BBB+ with a stable outlook, its bonds at A-, and its commercial paper at F2.

E.ON SE Ratings

	Long term	Short term	Bonds	Outlook
Moody's	Baa2	P-2	Baa2	Stable
Standard & Poor's	BBB	A-2	BBB	Stable
Fitch	BBB+	F-2	A-	Stable

Investments

The E.ON Group's cash-effective investments of €1.7 billion in the first half of 2022 were below the prior-year figure of €1.9 billion. The E.ON Group invested about €1.7 billion in property, plant, and equipment and intangible assets (prior year: €1.7 billion). Share investments totaled about €76 million versus €162 million in the prior year.

Investments

First half € in millions	2022	2021	+/- %
Energy Networks	1,370	1,320	4
Customer Solutions	337	302	12
Thereof: Energy Infrastructure Solutions ("EIS")	*225*	*170*	*32*
Corporate Functions/Other	25	137	-82
Consolidation	-1	1	-200
Investments in core business	**1,731**	**1,760**	**-2**
Non-Core Business	5	148	-97
E.ON Group investments	**1,736**	**1,908**	**-9**

Investments in the core business of €1.7 billion were nearly at the prior-year level. Energy Networks' investments of €1.4 billion, which were slightly above the prior-year figure (€1.3 billion), went principally toward new connections and network expansion in conjunction with the energy transition.

Customer Solutions' investments increased by 12 percent year on year to €337 million, mainly because of higher investments in projects relating to distributed energy generation at Energy Infrastructure Solutions ("EIS").

Investments at Corporate Functions/Other declined by €112 million to €25 million. The reason is that the prior-year figure included subsequent purchase-price payments in conjunction with the innogy acquisition.

Non-Core Business's investments decreased as well, declining by €143 million year on year to €5 million, because PreussenElektra did not acquire residual power output rights in the first half of 2022.

Cash Flow

Cash provided by operating activities of continuing operations before interest and taxes of €2.6 billion was €0.4 billion above the prior-year level (€2.2 billion). The increase at Energy Networks (+€0.8 billion) mainly reflects positive changes in working capital at the network business in Germany. Customer Solutions recorded a year-on-year decline of -€0.4 billion, primarily because of higher procurement costs at sales companies. The on-schedule shutdown of nuclear power plants was the principal factor in Non-Core Business's operating cash flow declining by -€0.2 billion.

Cash provided by operating activities of continuing operations benefited from lower interest and tax payments.

Cash Flow[1]

First half € in millions	2022	2021
Operating cash flow	1,816	1,205
Operating cash flow before interest and taxes	2,574	2,171
Cash provided by (used for) investing activities	-2	-1,424
Cash provided by (used for) financing activities	62	-912

[1]From continuing operations.

Cash provided by investing activities of continuing operations totaled -€2 million versus -€1.4 billion in the prior-year period. This positive development is primarily attributable to higher margin repayments on commodity futures transactions, whereas investments were nearly at the prior-year level.

Cash provided by financing activities of continuing operations of €0.1 billion was €1.0 billion above the prior-year figure of -€0.9 billion. The increase mainly reflected the greater amount of bonds issued relative to the prior year.

Asset Situation

Total assets and liabilities of €146.0 billion were about €26.2 billion, or 22 percent, above the figure at year-end 2021. Non-current assets rose by €13.5 billion to €94.1 billion. This is mainly attributable to an increase in receivables on derivative financial instruments.

Current assets increased by 33 percent, from €39.1 billion to €51.9 billion. This likewise resulted from the change in receivables on derivative financial instruments and an increase in trade receivables.

Equity attributable to E.ON SE shareholders was about €17.5 billion, at June 30, 2022. Equity attributable to non-controlling interests was roughly €6.2 billion .The equity ratio (including non-controlling interests) at June 30, 2022, was 16 percent, which is 1 percentage point higher than at year-end 2021.

The remeasurement of pension obligations was the primary factor. This effect was partially offset by a decline in the value of plan assets. Positive effects relating to interest-rate and commodity cash-flow hedges recorded under other comprehensive income constituted an additional factor.

Non-current debt rose by €8.1 billion, or 13 percent, chiefly because of the development of liabilities relating to derivative financial instruments, non-current bonds, and other provisions for contingent losses from pending transactions in conjunction with the rise in energy prices on commodity markets. This was partially offset by a reduction in provisions for pensions.

Current debt of €52.9 billion was 30 percent above the figure at year-end 2021, due principally to an increase in other provisions for contingent losses from pending transactions and an increase in liabilities relating to derivative financial instruments.

Consolidated Assets, Liabilities, and Equity

€ in millions	June 30, 2022	%	Dec. 31, 2021	%
Non-current assets	94,121	64	80,637	67
Current assets	51,871	36	39,122	33
Total assets	**145,992**	**100**	**119,759**	**100**
Equity	23,694	16	17,889	15
Non-current liabilities	69,443	48	61,359	51
Current liabilities	52,855	36	40,511	34
Total equity and liabilities	**145,992**	**100**	**119,759**	**100**

Employees—Core Workforce

At June 30, 2022, the E.ON Group employed a core workforce of 68,535 employees. This figure includes part-time employees on a proportional basis. The number of employees declined by 1,198 FTE relative to year-end 2021.

Core Workforce[1]

FTE	June 30, 2022	Dec. 31, 2021	+/- in %
Energy Networks	37,994	38,032	0
Customer Solutions	25,007	26,067	-4
Corporate Functions/Other	3,846	3,885	-1
Adjusted core business	**66,847**	**67,984**	**-2**
Non-Core Business	1,688	1,749	-3
E.ON Group	**68,535**	**69,733**	**-2**

[1]Core workforce does not include apprentices, working students, or interns. This figure reports full-time equivalents ("FTE"), not persons. Rounding differences are possible.

At 49 percent, the proportion of employees working outside Germany—33,857 FTE—was slightly lower than at year-end 2021. Apprentices are not included in the core workforce. At the end of June, 1,763 young people were learning a profession at E.ON in Germany.

Energy Networks’ core workforce was almost unchanged. On balance, efficiency measures and restructuring programs made it possible to shift resources to growing businesses.

The decline in Customer Solutions’ core workforce mainly reflects restructuring projects, primarily in the United Kingdom and Germany, as well as the disposal of innogy e-Mobility Solutions GmbH.

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

Forecast Report

- **Forecast** at **Group level** for the **2022 financial year reaffirmed**
- **Earnings outlook** for Non-Core Business **for 2022 increased** owing to **higher energy prices**
- **E.ON Group** has **good chance** to reach **upper end of earnings forecast range; Energy Networks' earnings expected** at the **lower end of forecast range**
- **Targets through 2026 reaffirmed,** including **annual growth** in **dividend per share** of up to **5 percent through 2026**
- With regard to the **war in Ukraine,** the **forecast** includes **observable effects only,** such as, in particular, the **persistently high level of market prices**

	2021	2022 forecast	August 2022
Adjusted EBITDA (€ in billions)	**7.9**	**7.6 to 7.8**	✓
Energy Networks	*5.0*	*5.5 to 5.7*	
Customer Solutions	*1.5*	*1.5 to 1.7*	
Corporate Functions/Other	*-0.2*	*roughly -0.2*	
Non-Core Business	*1.6*	*0.6 to 0.8*	*0.8 to 1.0*
Adjusted net income (€ in billions)	**2.5**	**2.3 to 2.5**	✓
Adjusted net income per share (€)	**0.96**	**0.88 to 0.96**	✓
Investments (€ in billions)	**4.8**	**~ 5.3**	✓

✓ 2022 forecast reaffirmed

Risks and Chances Report

The Combined Group Management Report contained in the 2021 Annual Report describes in detail E.ON's management system for assessing risks and chances and the measures it takes to limit risks.

Risks and Chances

In the normal course of business, E.ON is subject to a number of risks that are inseparably linked to the operation of its businesses. The resulting risks and chances are described in detail in the 2021 Combined Group Management Report. With regard to risk identification, the E.ON Group's risk and chance position described there remained essentially unchanged at the end of the first half of 2022. However, the further sharp increase in commodity prices in 2022 in conjunction with the war in Ukraine has significant implications for the assessment of individual risks and, on the positive side, individual chances. On the one hand, the increase has a positive effect on the marketing of PreussenElektra's remaining power generation activities; on the other, it is a material risk factor for unplanned unavailability at PreussenElektra, for volume and price effects and possible bad debts in the sales business, and for network losses at Energy Networks. Higher commodity prices also lead to a further increase in counterparty risks; however, our major suppliers' good credit ratings and system relevance continue to render the likelihood of occurrence very low.

In particular, the further sharp rise in commodity prices has changed the aggregated risk of the Group as a whole from "major" to "high." This risk assessment is based on the current level of commodity prices. It does not factor in a possible suspension of Russian natural gas deliveries and the potentially resulting supply bottlenecks or the related macroeconomic repercussions.

The effects of a possible suspension of Russian natural gas deliveries and the potentially resulting supply bottlenecks were assessed centrally by means of a scenario analysis. The analysis involved estimating the impact on key risk drivers and then calculating the resulting implications for E.ON's liquidity and earnings situation. The actual implications will depend to a large extent on market intervention in conjunction with the declaration of the emergency level of Germany's gas emergency plan using the mechanisms available under the amended Energy Security Act (German abbreviation: "EnSiG").

Assessment of the Risk Situation

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

Business Segments

Energy Networks

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

Power and Gas Passthrough

First-half power passthrough in Germany of 116.9 billion kWh was nearly at the prior-year figure, whereas gas passthrough of 97.0 billion kWh declined. Warmer weather in the first quarter of 2022 and the current Russia-Ukraine war were the main factors.

Power passthrough in Sweden declined slightly to 18.0 billion kWh owing to weather factors.

East-Central Europe/Turkey's first-half power and gas passthrough declined to 29.3 billion kWh and 26.2 billion kWh, respectively, relative to the prior-year period. The sale of two network operators in Hungary, ETI and ÉMÁSZ, was the main reason for power. Weather was responsible for the decline in gas passthrough.

Energy Passthrough

	Germany		Sweden		East-Central Europe/Turkey		Total	
Billion kWh	2022	2021	2022	2021	2022	2021	2022	2021
Second quarter								
Power	55.5	55.8	7.8	8.0	14.9	16.5	78.2	80.3
Network loss, station use, etc.	1.6	2.1	0.3	0.2	0.6	0.7	2.5	3.0
Gas	32.2	38.6	–	–	6.6	8.3	38.8	46.9
First half								
Power	116.9	115.6	18.0	19.0	29.3	35.1	164.2	169.7
Network loss, station use, etc.	3.6	3.7	0.6	0.6	1.6	2.0	5.8	6.3
Gas	97.0	107.3	–	–	26.2	28.3	123.2	135.6

Sales and Adjusted EBITDA

Energy Networks' first-half sales of €9.6 billion surpassed the prior-year figure of €9.1 billion. Adjusted EBITDA in the first half of 2022 decreased by €83 million relative to the prior-year level of €2.7 billion.

Sales in Germany increased to about €7.8 billion (prior year: €7.2 billion) owing principally to a larger asset base along with price developments on commodity markets. The latter were accompanied by a corresponding development of expenditures. Adjusted EBITDA in Germany totaled roughly €2.1 billion (prior year: €1.9 billion). As anticipated, this improvement resulted primarily from the reversal of negative earnings effects from previous years, the realization of synergies, and further growth in the regulated asset base due to additional investments. These effects were partially offset by higher commodity prices and warmer weather.

Energy Networks

	Germany		Sweden		East-Central Europe/Turkey		Total	
€ in millions	2022	2021	2022	2021	2022	2021	2022	2021
Second quarter								
Sales	3,742	3,438	242	224	563	622	4,547	4,284
Adjusted EBITDA	856	828	122	129	213	249	1,191	1,206
Adjusted EBIT	473	471	78	88	134	164	685	723
First half								
Sales	7,838	7,193	507	487	1,245	1,384	9,590	9,064
Adjusted EBITDA	2,052	1,899	239	276	363	562	2,654	2,737
Adjusted EBIT	1,298	1,194	152	192	203	391	1,653	1,777

Sales in Sweden of €0.5 billion were slightly above the prior-year figure, mainly because of tariff adjustments. Adjusted EBITDA declined by €37 million year on year to €0.2 billion. This earnings performance principally reflects warmer weather in Sweden in the first quarter of 2022, which led to lower sales volume, as well as higher expenditures for network losses and storm damage.

Sales (€1.2 billion) as well as adjusted EBITDA (€0.4 billion) in East-Central Europe/Turkey were lower, in part because of a reduction in passthrough. Higher procurement costs for network losses (especially in Romania, Hungary, and Slovakia) and the disposal of two network operators in Hungary in the third quarter of 2021 also served to reduce earnings.

The adverse earnings effect of increased expenditures for network losses is only temporary. Existing regulatory mechanisms enable these expenditures to be recovered through higher income in subsequent periods.

Customer Solutions

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

Power and Gas Sales Volume

This segment's first-half power sales declined by 17.0 billion kWh to 136.2 billion kWh, whereas, on balance, its gas sales rose by about 27.1 billion kWh to 257.8 billion kWh. The sales business in Germany's power sales declined to 66.8 billion kWh (prior year: 73.8 billion kWh). Portfolio streamlining among sales partners was the primary factor. This was partially offset by higher power sales to residential and small and medium-sized enterprise ("SME") customers and by procurement optimization. The sales business in Germany's gas sales of 102.2 billion kWh was above the prior-year figure of 97.4 billion kWh. Although sales volume declined in all customer groups due to weather effects, gas sold to the wholesale market was higher due to reselling.

Power Sales

	Germany		United Kingdom		Netherlands		Other		Total	
Billion kWh	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Second quarter										
Residential and SME	7.3	7.4	4.8	4.7	1.0	1.2	5.0	7.8	18.1	21.1
I&C	7.1	5.0	6.4	2.8	0.6	1.1	3.9	5.8	18.0	14.7
Sales partners	5.2	13.4	0.7	0.7	–	–	1.4	1.7	7.3	15.8
Customer groups	**19.6**	**25.8**	**11.9**	**8.2**	**1.6**	**2.3**	**10.3**	**15.3**	**43.4**	**51.6**
Wholesale market	9.4	12.0	1.8	2.8	3.1	2.2	2.7	2.1	17.0	19.1
Total	**29.0**	**37.8**	**13.7**	**11.0**	**4.7**	**4.5**	**13.0**	**17.4**	**60.4**	**70.7**
First half										
Residential and SME	17.6	17.2	11.0	11.4	2.6	3.4	13.1	17.4	44.3	49.4
I&C	14.0	14.3	14.1	10.6	1.4	2.5	8.7	12.8	38.2	40.2
Sales partners	10.5	25.4	1.5	1.4	–	–	2.8	3.4	14.9	30.2
Customer groups	**42.1**	**56.9**	**26.6**	**23.4**	**4.0**	**5.9**	**24.6**	**33.6**	**97.4**	**119.8**
Wholesale market	24.7	16.9	3.3	7.3	5.8	4.1	5.0	5.1	38.8	33.4
Total	**66.8**	**73.8**	**29.9**	**30.7**	**9.8**	**10.0**	**29.6**	**38.7**	**136.2**	**153.2**

Gas sales in the United Kingdom changed substantially. Gas sales in the first half of 2022 totaled 78.4 billion kWh compared with just 48.6 billion kWh in the prior year. This was chiefly due to higher sales to the wholesale market resulting from weather-related reselling and the optimization of the procurement portfolio. Gas sales to all other customer groups decreased mainly because of weather factors and portfolio adjustments for industrial and commercial ("I&C") customers and sales partners. Power sales in the reporting period of 29.9 billion kWh were nearly at the prior-year level of 30.7 billion kWh.

Sales and Adjusted EBITDA
Customer Solutions' sales in the first half of 2022 increased by about €14 billion, or 60 percent, to €42.1 billion, whereas its adjusted EBITDA of €1.0 billion was €90 million below the prior-year figure (€1.1 billion). The increase is mainly attributable to price developments on commodity markets and affected, in particular, the sales business in Germany, the United Kingdom, and the Netherlands.

Sales in Germany increased by 54 percent to €17.9 billion, primarily because of price developments on commodity markets. Adjusted EBITDA declined by 13 percent to €363 million. The main reason was high energy procurement costs that, since the first quarter, are gradually being passed through to customers.

Gas Sales

	Germany		United Kingdom		Netherlands		Other		Total	
Billion kWh	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Second quarter										
Residential and SME	6.8	8.2	7.0	8.3	2.7	4.4	4.3	5.0	20.8	25.9
I&C	4.1	4.2	2.1	3.3	3.3	5.8	2.2	4.4	11.7	17.8
Sales partners	3.9	9.2	1.2	1.3	–	–	0.3	0.3	5.4	10.8
Customer groups	**14.8**	**21.6**	**10.3**	**12.9**	**6.0**	**10.2**	**6.8**	**9.7**	**37.9**	**54.5**
Wholesale market	18.2	29.5	13.7	1.4	10.4	4.9	2.2	1.7	44.5	37.5
Total	**33.0**	**51.1**	**24.0**	**14.3**	**16.4**	**15.1**	**9.0**	**11.4**	**82.4**	**92.0**
First half										
Residential and SME	25.7	27.6	25.5	29.0	12.6	17.3	20.2	21.1	84.0	95.0
I&C	12.0	15.7	5.5	6.3	8.6	13.6	6.5	11.7	32.6	47.3
Sales partners	12.6	21.6	4.2	4.5	–	–	0.5	0.6	17.3	26.8
Customer groups	**50.3**	**64.9**	**35.2**	**39.8**	**21.2**	**30.9**	**27.2**	**33.4**	**133.9**	**169.1**
Wholesale market	51.9	32.5	43.2	8.8	24.3	16.5	4.5	3.9	123.9	61.6
Total	**102.2**	**97.4**	**78.4**	**48.6**	**45.5**	**47.4**	**31.7**	**37.3**	**257.8**	**230.7**

Sales in the United Kingdom increased by 64 percent to €12.8 billion, adjusted EBITDA by 59 percent to €352 million. This positive earnings performance mainly reflects cost savings from the ongoing restructuring program and higher sales volume.

Sales in the Netherlands rose by 150 percent to €4.2 billion, adjusted EBITDA by 69 percent to €169 million. The improvement in adjusted EBITDA is attributable in part to positive weather effects.

Other's sales rose by 40 percent to €7.3 billion. The main reason was higher procurement costs (including in Romania, Hungary, and the Czech Republic), which will be gradually passed through in the remainder of the year yet caused first-half adjusted EBITDA to decline to €140 million (prior year: €375 million).

Customer Solutions

	Germany		United Kingdom		Netherlands		Other		Total		Thereof EIS Business	
€ in millions	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Second quarter												
Sales	8,329	5,137	5,593	3,414	1,303	630	3,070	2,237	18,295	11,418	–	–
Adjusted EBITDA	271	122	234	110	47	15	58	123	610	370	114	81
Adjusted EBIT	239	91	199	79	31	-2	7	64	476	232	40	23
First half												
Sales	17,886	11,616	12,756	7,755	4,198	1,676	7,277	5,200	42,117	26,247	–	–
Adjusted EBITDA	363	418	352	221	169	100	140	375	1,024	1,114	314	255
Adjusted EBIT	299	355	289	163	137	68	29	260	754	846	157	141

Non-Core Business

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

PreussenElektra's Power Generation
First-half power procured (owned generation and purchases) was about 71 percent below the prior-year figure. The year-on-year decline is attributable to the fact that Brokdorf and Grohnde nuclear power plants ("NPPs") were shut down as planned on December 31, 2021.

Power Generation

	PreussenElektra	
Billion kWh	2022	2021
Second quarter		
Owned generation	2.2	7.5
Purchases	–	0.3
Jointly owned power plants	–	–
Third parties	–	*0.3*
Total	**2.2**	**7.8**
Station use, line loss, etc.	–	–
Power sales	**2.2**	**7.8**
First half		
Owned generation	4.4	15.0
Purchases	0.2	0.6
Jointly owned power plants	–	–
Third parties	*0.2*	*0.6*
Total	**4.6**	**15.6**
Station use, line loss, etc.	-0.1	–
Power sales	**4.5**	**15.6**

Non-Core Business

	PreussenElektra		Generation Turkey		Total	
€ in millions	2022	2021	2022	2021	2022	2021
Second quarter						
Sales	220	333	–	–	220	333
Adjusted EBITDA	197	770	37	7	234	777
Adjusted EBIT	168	605	37	7	205	612
First half						
Sales	457	710	–	–	457	710
Adjusted EBITDA	390	1,017	90	23	480	1,040
Adjusted EBIT	324	694	90	23	414	717

Sales and Adjusted EBITDA

Non-Core Business's sales of €457 million were €253 million below the prior-year figure. Adjusted EBITDA declined by €560 million to €480 million.

The year-on-year reduction in sales at PreussenElektra resulted mainly from the fact that Brokdorf and Grohnde NPPs were shut down as planned on December 31, 2021. This was partially offset by higher sales prices on power marketed from Isar 2 NPP.

The deterioration of PreussenElektra's adjusted EBITDA relative to the prior year is attributable in part to the shutdown of Brokdorf and Grohnde NPPs on December 31, 2021. Another reason for this development is the non-recurrence of the one-off effect recorded in 2021 in conjunction with the agreement between the German federal government and NPP operators on nuclear power output rights and the resulting refund of residual power purchases. This was slightly offset by higher sales prices relative to the prior year. Equity earnings on E.ON's stake in Enerjisa Üretim also surpassed the prior-year figure, primarily because of operating improvements, which were partially offset by currency-translation effects resulting from the weakening of the Turkish lira.

Condensed Consolidated Interim Financial Statements

E.ON SE and Subsidiaries Consolidated Statements of Income

€ in millions	Note	Second quarter 2022	Second quarter 2021	First half 2022	First half 2021
Sales including electricity and energy taxes		23,574	15,121	53,797	34,637
Electricity and energy taxes		-236	-483	-952	-1,597
Sales	**(13)**	**23,338**	**14,638**	**52,845**	**33,040**
Changes in inventories (finished goods and work in progress)		219	54	282	87
Own work capitalized		200	179	345	292
Other operating incomes		18,359	6,584	47,742	9,590
Cost of materials		-26,475	-12,812	-63,020	-27,394
Personnel costs		-1,359	-1,422	-2,680	-2,866
Depreciation, amortization and impairment charges		-824	-969	-1,652	-1,927
Other operating expenses		-12,565	-4,092	-31,822	-7,267
Thereof: Impairments of financial assets		-88	-85	-251	-187
Income from companies accounted for under the equity method	(8)	-103	121	15	233
Income from continuing operations before financial results and income taxes		**790**	**2,281**	**2,055**	**3,788**
Financial results		481	-147	470	-295
Income/Loss from equity investments		*25*	*53*	*-1*	*66*
Income from other securities, interest and similar income	(6)	*789*	*210*	*1,243*	*354*
Interest and similar expenses		*-333*	*-410*	*-772*	*-715*
Income taxes		300	-381	11	-721
Income from continuing operations		**1,571**	**1,753**	**2,536**	**2,772**
Income/Loss from discontinued operations, net		–	–	–	–
Net income		**1,571**	**1,753**	**2,536**	**2,772**
Attributable to shareholders of E.ON SE		*1,432*	*1,747*	*2,258*	*2,548*
Attributable to non-controlling interests		*139*	*6*	*278*	*224*
in €					
Earnings per share (attributable to shareholders of E.ON SE)—basic and diluted[1]	**(7)**				
from continuing operations		0.55	0.67	0.87	0.98
from discontinued operations		–	–	–	–
from net income		**0.55**	**0.67**	**0.87**	**0.98**
Weighted-average number of shares outstanding (in millions)		2,609	2,607	2,609	2,607

[1]Based on weighted-average number of shares outstanding.

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

€ in millions	Second quarter 2022	Second quarter 2021	First half 2022	First half 2021
Net income	**1,571**	**1,753**	**2,536**	**2,772**
Remeasurements of defined benefit plans	2,767	244	4,188	1,980
Remeasurements of defined benefit plans of companies accounted for under the equity method	–	–	1	-3
Income taxes	-669	54	-856	-92
Items that will not be reclassified subsequently to the income statement	**2,098**	**298**	**3,333**	**1,885**
Cash flow hedges	1,046	190	1,450	491
Unrealized changes—hedging reserve	*930*	*20*	*1,297*	*416*
Unrealized changes—reserve for hedging costs	*6*	*21*	*33*	*25*
Reclassification adjustments recognized in income	*110*	*149*	*120*	*50*
Fair value measurement of financial instruments	-58	5	-129	-29
Unrealized changes	*-60*	*5*	*-134*	*-29*
Reclassification adjustments recognized in income	*2*	–	*5*	–
Currency-translation adjustments	-234	181	-216	126
Unrealized changes—hedging reserve/other	*-218*	*178*	*-169*	*125*
Unrealized changes—reserve for hedging costs	*5*	*1*	*-22*	*-1*
Reclassification adjustments recognized in income	*-21*	*2*	*-25*	*2*
Companies accounted for under the equity method	106	-48	248	-50
Unrealized changes	*106*	*-31*	*248*	*-33*
Reclassification adjustments recognized in income	–	*-17*	–	*-17*
Income taxes	-100	-11	-79	7
Items that might be reclassified subsequently to the income statement	**760**	**317**	**1,274**	**545**
Total income and expenses recognized directly in equity (other comprehensive income)	**2,858**	**615**	**4,607**	**2,430**
Total recognized income and expenses (total comprehensive income)	**4,429**	**2,368**	**7,143**	**5,202**
Attributable to shareholders of E.ON SE	*4,024*	*2,364*	*6,453*	*4,853*
Continuing operations	*4,024*	*2,364*	*6,453*	*4,853*
Discontinued operations	–	–	–	–
Attributable to non-controlling interests	*405*	*4*	*690*	*349*

E.ON SE and Subsidiaries Balance Sheets—Assets

€ in millions	Note	June 30, 2022	Dec. 31, 2021
Goodwill		17,068	17,408
Intangible assets		3,387	3,553
Right-of-use assets		2,444	2,424
Property, plant and equipment		36,158	36,860
Companies accounted for under the equity method	(8)	4,353	4,083
Other financial assets	(8)	3,611	3,846
Equity investments		*2,185*	*2,147*
Non-current securities		*1,426*	*1,699*
Financial receivables and other financial assets		1,635	978
Operating receivables and other operating assets		23,812	9,810
Deferred tax assets		1,652	1,651
Income tax assets		1	24
Non-current assets		**94,121**	**80,637**
Inventories		1,410	1,051
Financial receivables and other financial assets		721	1,592
Trade receivables and other operating assets		39,976	28,111
Income tax assets		748	783
Liquid funds		6,809	5,965
Securities and fixed-term deposits		*1,022*	*1,596*
Restricted cash and cash equivalents		*290*	*735*
Cash and cash equivalents		*5,497*	*3,634*
Assets held for sale	(5)	2,207	1,620
Current assets		**51,871**	**39,122**
Total assets		**145,992**	**119,759**

E.ON SE and Subsidiaries Balance Sheets—Equity and Liabilities

€ in millions	Note	June 30, 2022	Dec. 31, 2021
Capital stock		2,641	2,641
Additional paid-in capital		13,353	13,353
Retained earnings		4,724	1,227
Accumulated other comprehensive income		-2,154	-4,075
Treasury shares	(9)	-1,094	-1,094
Equity attributable to shareholders of E.ON SE		**17,470**	**12,052**
Non-controlling interests (before reclassification)		7,015	6,623
Reclassification related to IAS 32		-791	-786
Non-controlling interests		**6,224**	**5,837**
Equity		**23,694**	**17,889**
Financial liabilities		29,476	28,131
Operating liabilities		17,499	10,818
Income tax liabilities		315	312
Provisions for pensions and similar obligations	(11)	2,357	6,082
Miscellaneous provisions		16,627	13,367
Deferred tax liabilities		3,169	2,649
Non-current liabilities		**69,443**	**61,359**
Financial liabilities		8,248	6,530
Trade payables and other operating liabilities		25,709	20,955
Income tax liabilities		523	543
Miscellaneous provisions		17,492	11,782
Liabilities associated with assets held for sale	(5)	883	701
Current liabilities		**52,855**	**40,511**
Total equity and liabilities		**145,992**	**119,759**

E.ON SE and Subsidiaries Consolidated Statements of Cash Flows

First half € in millions	2022	2021
Net income	**2,536**	**2,772**
Income/Loss from discontinued operations, net	–	–
Depreciation, amortization and impairment of intangible assets and of property, plant and equipment	1,652	1,927
Changes in provisions	9,258	1,026
Changes in deferred taxes	-374	367
Other non-cash income and expenses	1,890	6
Gain/Loss on disposal of intangible assets and property, plant and equipment, equity investments and securities (>3 months)	14	-115
Changes in operating assets and liabilities and in income taxes	-13,160	-4,778
Cash provided by (used for) operating activities of continuing operations	**1,816**	**1,205**
Cash provided by (used for) operating activities of discontinued operations	–	–
Cash provided by (used for) operating activities (operating cash flow)	**1,816**	**1,205**
Proceeds from disposal of intangible assets and property, plant and equipment	178	137
Proceeds from disposal of equity investments	-7	171
Purchases of investments in intangible assets and property, plant and equipment	-1,660	-1,746
Purchases of investments in equity investments	-76	-162
Changes in securities, financial receivables and fixed-term deposits	1,120	-73
Changes in restricted cash and cash equivalents	443	249

E.ON SE and Subsidiaries Consolidated Statements of Cash Flows

First half € in millions	2022	2021
Cash provided by (used for) investing activities of continuing operations	**-2**	**-1,424**
Cash provided by (used for) investing activities of discontinued operations	–	–
Cash provided by (used for) investing activities	**-2**	**-1,424**
Payments received/made from changes in capital	32	41
Cash dividends paid to shareholders of E.ON SE	-1,278	-1,225
Cash dividends paid to non-controlling interests	-257	-276
Changes in financial liabilities	1,565	548
Cash provided by (used for) financing activities of continuing operations	**62**	**-912**
Cash provided by (used for) financing activities of discontinued operations	–	–
Cash provided by (used for) financing activities	**62**	**-912**
Net increase/decrease in cash and cash equivalents	**1,876**	**-1,131**
Effect of foreign exchange rates on cash and cash equivalents	-8	19
Cash and cash equivalents at the beginning of the year[1]	3,642	2,668
Cash and cash equivalents of discontinued operations at the beginning of the period	–	–
Cash and cash equivalents at the end of the period	**5,510**	**1,556**
Less: Cash and cash equivalents of discontinued operations at the end of the period	**–**	**–**
Cash and cash equivalents of continuing operations at the end of the period[2, 3]	**5,510**	**1,556**

[1]Cash and cash equivalents of continuing operations at the beginning of the period also include €8 million attributable to VSEH group that was reclassified as a disposal group in the fourth quarter of 2021.
[2]Cash and cash equivalents of continuing operations at the end of the period also include €13 million attributable to VSEH group that was reclassified as a disposal group in the fourth quarter of 2021.
[3]Cash and cash equivalents of continuing operations at the end of the period of the prior year also include €16 million attributable to the innogy sales operations in Hungary that were reclassified as a disposal group.

Statement of Changes in Equity

				Changes in accumulated other comprehensive income										
				Currency translation adjustments			Cash flow hedges							
€ in millions	Capital stock	Additional paid-in capital	Retained earnings	Hedging reserve/ other	Reserve for hedging costs	Fair value measure-ment of financial instruments	Hedging reserve	Reserve for hedging costs	Treasury shares	Equity attributable to share-holders of E.ON SE	Non-controlling interests (before reclassi-fication)	Reclassifi-cation related to IAS 32	Non-controlling interests	Total
Balance as of January 1, 2021	**2,641**	**13,368**	**-5,257**	**-2,969**	**10**	**67**	**-1,749**	**-60**	**-1,126**	**4,925**	**5,696**	**-1,566**	**4,130**	**9,055**
Change in scope of consolidation			718	-5		1	4			718	94		94	812
Capital decrease										0			0	0
Dividends			-1,225							-1,225	-325		-325	-1,550
Share additions/reductions			-13							-13	49		49	36
Net additions/disposals from reclassification related to IAS 32										0		906	906	906
Total comprehensive income			4,298	50	-1	-19	500	25		4,853	349		349	5,202
Net income/loss			2,548							2,548	224		224	2,772
Other comprehensive income			1,750	50	-1	-19	500	25		2,305	125		125	2,430
Remeasurements of defined benefit plans			*1,750*							*1,750*	*135*		*135*	*1,885*
Changes in accumulated other comprehensive income				*50*	*-1*	*-19*	*500*	*25*		*555*	*-10*		*-10*	*545*
Balance as of June 30, 2021	**2,641**	**13,368**	**-1,479**	**-2,924**	**9**	**49**	**-1,245**	**-35**	**-1,126**	**9,258**	**5,863**	**-660**	**5,203**	**14,461**

Statement of Changes in Equity

				Changes in accumulated other comprehensive income										
				Currency translation adjustments			Cash flow hedges							
€ in millions	Capital stock	Additional paid-in capital	Retained earnings	Hedging reserve/ other	Reserve for hedging costs	Fair value measure-ment of financial instruments	Hedging reserve	Reserve for hedging costs	Treasury shares	Equity attributable to share-holders of E.ON SE	Non-controlling interests (before reclassi-fication)	Reclassifi-cation related to IAS 32	Non-controlling interests	Total
Balance as of December 31, 2021	**2,641**	**13,353**	**1,228**	**-3,072**	**16**	**34**	**-1,036**	**-17**	**-1,094**	**12,053**	**6,623**	**-787**	**5,836**	**17,889**
IAS 29 adjustment	–	–	-381	612	–	–	–	–	–	231	–	–	0	231
Balance as of January 1, 2022	**2,641**	**13,353**	**847**	**-2,460**	**16**	**34**	**-1,036**	**-17**	**-1,094**	**12,284**	**6,623**	**-787**	**5,836**	**18,120**
Change in scope of consolidation										0	-3		-3	-3
Capital decrease			-3							-3			0	-3
Dividends			-1,278							-1,278	-310		-310	-1,588
Share additions/reductions			14							14	15		15	29
Net additions/disposals from reclassification related to IAS 32										0		-4	-4	-4
Total comprehensive income			5,144	24	-22	-66	1,340	33		6,453	690		690	7,143
Net income/loss			2,258							2,258	278		278	2,536
Other comprehensive income			2,886	24	-22	-66	1,340	33		4,195	412		412	4,607
Remeasurements of defined benefit plans			*2,886*							*2,886*	*447*		*447*	*3,333*
Changes in accumulated other comprehensive income				*24*	*-22*	*-66*	*1,340*	*33*		*1,309*	*-35*		*-35*	*1,274*
Balance as of June 30, 2022	**2,641**	**13,353**	**4,724**	**-2,436**	**-6**	**-32**	**304**	**16**	**-1,094**	**17,470**	**7,015**	**-791**	**6,224**	**23,694**

(1) Summary of Significant Accounting Policies

Condensed Consolidated Interim Financial Statements of E.ON SE, Essen, and its subsidiaries (E.ON Group) as of June 30, 2022, have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the Interpretations issued by the IFRS Interpretations Committee ("IFRS IC"), as adopted by the European Union ("EU"). It is an integral part of the Interim Financial Report, which, pursuant to Section 115 of the German Securities Trading Act (WpHG), comprises Condensed Interim Financial Statements, an Interim Management Report and a Responsibility Statement. The Board of Management of E.ON SE authorized the Condensed Interim Financial Statements for the period ended June 30, 2022, for issue on August 8, 2022.

These Condensed Interim Financial Statements prepared in accordance with IAS 34 are condensed compared with the scope applied to the Consolidated Financial Statements for the full year. For further information, including information about E.ON's risk management system, please refer to E.ON's Consolidated Financial Statements for the year ended December 31, 2021, which provide the basis for this Condensed Interim Report.

With the exception of the changes described in Note 2, these Condensed Interim Financial Statements were prepared using the accounting, valuation and consolidation policies used in the Consolidated Financial Statements for the 2021 fiscal year. In addition, IAS 29 "Financial Reporting in Hyperinflationary Economies" ("IAS 29") is applied for the first time. Under IAS 29, financial statements in the functional currency of a hyperinflationary economy must be expressed in terms of the measuring unit current at the balance sheet date. As a result, among other things, non-monetary assets and liabilities are generally adjusted using a general price index and a gain or loss on the net monetary position is recognized. More information on this can be found in Note 8.

Estimates and judgments may affect the amount of assets and liabilities reported in the balance sheet, the information on contingent assets and liabilities on the balance sheet date and the income and expenses recognized during the reporting period. In particular, due to the currently unpredictable consequences of the war in Ukraine and the Covid-19 pandemic, these estimates and judgments are subject to increased uncertainty. The actual amounts may differ from the estimates and judgments made; changes may have a material impact on the assets, liabilities, financial position and earnings situation. When the estimates and judgments were updated on the reporting date, all available information on expected economic developments and country-specific government measures was taken into account. For both the war in Ukraine and the Covid-19 pandemic, it is difficult to predict the duration and extent of the impact on assets, liabilities, earnings and cash flows. For more information on the effects of the war in Ukraine and the Covid-19 pandemic in the E.ON Group, please refer to Note 3.

Supplementary information on the financial statements can be found in the Interim Management Report.

(2) New Standards and Interpretations

The following effective new standards and interpretations do not have a material impact on E.ON's Consolidated Financial Statements as of June 30, 2022:

- Amendments to IAS 16, "Proceeds before Intended Use"
- Amendments to IAS 37, "Onerous Contracts—Cost of Fulfilling a Contract"
- Amendments to IFRS 3, "Reference to the Conceptual Framework"
- Minor amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 from the IASB project, "Annual Improvements to IFRS (2018–2020 Cycle)"

(3) Impact of the War in Ukraine, the Development of the Commodity Markets and the Covid-19 Pandemic

War in Ukraine and the Development of the Commodity Markets

On February 24, 2022, Russia launched a military attack on Ukraine. This invasion is having far-reaching economic consequences, and direct impacts—particularly in the energy sector—are being experienced, which are explained further in the "Industry Environment" section of the Interim Management Report.

The consequences of the war also have an impact on E.ON's business, primarily due to increased tension on the commodity markets. The continued sharp rise in commodity prices once again resulted in significant increases in the fair value of sales and procurement transactions accounted for as derivatives, together with partly offsetting increases in provisions for onerous contracts. The impacts are explained in more detail in the sections "Earnings Situation," "Financial Situation" and "Asset Situation" of the Interim Management Report.

Additional risks for E.ON were also described in the 2021 Annual Report.

One of these was a possible valuation risk for investments, including the investment in Nord Stream AG held in the pension plan assets. In line with the increased uncertainties, the valuation of this investment at June 30, 2022, declined by around €700 million compared with December 31, 2021. Under IAS 19, this decrease was recognized directly in equity in other comprehensive income.

In the context of the situation with respect to the war in Ukraine that can be estimated as of the reporting date, no indications of impairment of non-current assets under IAS 36, in particular for goodwill, other intangible assets and property, plant and equipment were identified ("triggering events").

As of June 30, 2022, no material impact of the conflict on the recoverability of trade receivables was recorded.

Potential balance sheet effects of the future development of the war in Ukraine are analyzed on an ongoing basis.

Covid-19 Pandemic

The consequences of the Covid-19 pandemic impacted E.ON's businesses in the first half of this year. However, the economic consequences of the Covid-19 pandemic, which had a negative impact on E.ON's activities in the first half of 2021, have to a large extent dissipated in the first six months of 2022. At the same time, it should be noted that economic impacts of varying magnitude continued to be felt in individual regions and segments.

E.ON did not benefit from any significant public support measures such as loans, tax relief or compensation schemes during the reporting period. In addition, there were no significant effects on the employment situation in the E.ON Group.

Overall, no indications of impairment of non-current assets under IAS 36 were identified for the E.ON Group as a result of the Covid-19 pandemic ("triggering events").

(4) Scope of Consolidation

The number of consolidated companies is as follows:

Scope of Consolidation

	Domestic	Foreign	Total
Consolidated companies as of December 31, 2021	**166**	**156**	**322**
Additions	1	–	1
Disposals/Mergers	1	12	13
Consolidated companies as of June 30, 2022	**166**	**144**	**310**

As of June 30, 2022, 53 German companies and 11 foreign companies were accounted for under the equity method (December 31, 2021: 52 and 11) and one company was presented pro rata as a joint operation (December 31, 2021: 1).

(5) Acquisitions, Disposals and Discontinued Operations

Consortium Agreement with RheinEnergie

On June 29, 2021, Westenergie AG, a fully consolidated subsidiary of the E.ON Group, entered into a new consortium agreement with RheinEnergie AG. This agreement will enable E.ON to exert significant influence on the further development of the energy supply in one of Germany's fastest-growing economic regions and to benefit from growth and synergies in the Rhineland. According to current plans, Westenergie and RheinEnergie will merge shareholdings in individual municipal utilities into rhenag Rheinische Energie Aktiengesellschaft (rhenag), a subsidiary that is also fully consolidated in the E.ON Group. During this process, regional shareholdings of both parties will be contributed to rhenag. rhenag continues to be fully consolidated by Westenergie. Independently of this, Westenergie and RheinEnergie will further optimize their operational cooperation with regard to plant management, leases and service agreements. The implementation of the steps provided for in the consortium agreement is still subject to the approval of the Bundeskartellamt (German Federal Cartel Office). This transaction is expected to close in the second half of 2022. Within the framework of the entire transaction, Westenergie will transfer an additional 20 percent of the shares of Stadtwerke Duisburg, which is included in the consolidated financial statements as an associated company, to RheinEnergie, which will increase its share in RheinEnergie from 20 to 24.9 percent. The shareholding in Stadtwerke Duisburg is allocated to the Energy Networks Germany segment, since Q2 2021, the investment has been reported for the first time as an asset held for sale under IFRS 5 in the amount of €154 million. No impairment loss was recognized from the comparison of the carrying amount with its fair value less costs to sell.

Pro Rata Disposal of Stromnetzgesellschaft Essen GmbH & Co. KG

Westnetz GmbH sold 50 percent of the limited partnership interests in the newly established Stromnetzgesellschaft Essen GmbH & Co. KG to Essener Versorgungs- und Verkehrs-gesellschaft mbH (EVV), with effect from January 1, 2022. Technical equipment such as the low-voltage grid of the city of Essen was transferred to this company, also with effect from January 1, 2022. Since the closing of the transaction, these assets have been leased back from E.ON, so that E.ON continues to operate the network. In Q3 2021, the criteria of IFRS 5 for reporting the assets to be contributed as held for sale were met for the first time. As a result, the corresponding property, plant and equipment in the amount of €136 million included in the Energy Networks Germany segment was reported separately under "Assets held for sale" in the balance sheet up until disposal. No impairment loss was recognized from the comparison of the carrying amount with its fair value less costs to sell.

Disposal of Westenergie Breitband GmbH

E.ON sold 50 percent of its shareholding in the fully consolidated subsidiary Westenergie Breitband GmbH to Igneo Infrastructure Partners on July 15, 2022. The closing of the transaction is expected in the fourth quarter of 2022, subject to customary approvals. As of this date, Westenergie Breitband GmbH is accounted for as a joint venture using the equity method in E.ON's Consolidated Financial Statements.

In cooperation with the new partner, the high-speed broadband infrastructure in Germany will be expanded. Under the plan, more than 1.5 million households and large customers in Germany will be supplied with fiber-optic broadband lines in the future. As of June 30, 2022, the criteria of IFRS 5 for reporting the disposal group as held for sale were met for the first time. As a result, the assets and liabilities of Westenergie Breitband GmbH, which is allocated to the Energy Networks Germany segment, have since been reported in the balance sheet as "Assets held for sale" and "Liabilities associated with assets held for sale," respectively. The assets classified as held for sale at June 30, 2022, amount to €731 million, of which €429 million are non-current assets, €29 million are current assets and €4 million are deferred tax assets. Goodwill of €269 million was also allocated from the Energy Networks Germany segment. The corresponding liabilities amount to €167 million, of which €154 million are operating liabilities, €4 million are provisions and €9 million are deferred tax liabilities.

Conclusion of a Future Consolidation Agreement by ZSE shareholders

On April 8, 2022, the shareholders of Západoslovenská energetika a.s. ("ZSE") and Východoslovenská energetika Holding a.s. ("VSEH"), E.ON SE and the Slovak Republic, concluded a Future Consolidation Agreement to combine ZSE and the VSEH Group. The agreement provides, among other things, for 100 percent of VSEH shares to be transferred to ZSE, the sale of all or selected VSEH subsidiaries to ZSE, and the implementation of corporate law changes at VSEH.

The transfer of VSEH shares to ZSE will result in ZSE becoming VSEH's sole shareholder (and thus also shareholder of selected VSEH subsidiaries). The ownership interests in ZSE will remain unchanged; that is, E.ON will have a 49-percent stake in ZSE and the Slovakian state a 51-percent stake. The new ZSE shareholder agreement, which has yet to be concluded, is intended to essentially correspond to the shareholder agreement that is also currently in force. After closing of the agreement, ZSE will continue to be accounted for as a joint venture using the equity method in E.ON's Consolidated Financial Statements, while the business activities of VSEH, which was previously fully consolidated, will also be presented using the equity method in the Consolidated Financial Statements.

The transaction is expected to be closed by the end of 2022. Accordingly, the VSEH Group has been presented as a disposal group in accordance with IFRS 5 since December 31, 2021. Assets classified as held for sale (before minority interest deduction) at June 30, 2022, amount to €1,118 million, of which €905 million are non-current assets, €208 million are current assets and €5 million are deferred tax assets. Goodwill of €201 million was also allocated. The corresponding liabilities (before minority interest deduction) amount to €739 million, of which €343 million are financial liabilities, €256 million are operating liabilities, €32 million are provisions and €108 million are deferred tax liabilities. No impairments were recognized in the second quarter.

Disposal of the Universal Service Provider Business in Hungary

To further optimize its portfolio in Hungary, on February 23, 2022, E.ON Hungária Zrt. signed an agreement with MVM Zrt. to sell 100 percent of its shares in E.ON Áramszolgáltató Kft. ("EÁS").

EÁS holds a regional Universal Service Provider license and supplies electricity to customers in certain regions in Hungary on this basis. As of December 31, 2021, the transaction was expected to be successfully concluded within the next twelve months. As a result, EÁS and the universal service provider business respectively, which was allocated to the Customer Solutions Other segment in the E.ON Group, was reported as a disposal group in accordance with IFRS 5 as of December 31, 2021. The transaction was concluded on April 14, 2022, and the deconsolidation result amounted to -€11 million. In total, assets previously reported as held for sale, primarily receivables, decreased by €72 million and liabilities previously reported as held for sale, primarily operating liabilities and provisions, decreased by €59 million.

Deconsolidation results are generally allocated to other operating income.

(6) Financial Results

The following table provides details of financial results:

Financial Results

	Second quarter		First half	
€ in millions	2022	2021	2022	2021
Income/Loss from companies in which equity investments are held	25	53	9	66
Impairment charges/reversals on other financial assets	–	–	-10	–
Income/Loss from equity investments	**25**	**53**	**-1**	**66**
Income/Loss from securities, interest and similar income	789	210	1,243	354
Interest and similar expenses	-333	-410	-772	-715
Net interest income/loss	**456**	**-200**	**471**	**-361**
Financial results	**481**	**-147**	**470**	**-295**

The financial result improved significantly compared with the previous year. This is mainly due to positive effects in net interest income. The increase in net interest income within “Income from securities, interest and similar income” is mainly the result of positive valuation effects of other provision resulting from higher discount rates. The decline in “Interest and similar expenses” is due to negative valuation effects of securities recognized at fair value. This negative effect was partly offset by lower interest expense from debt financing. For details of partial effects on non-operating earnings, please refer to page 13 of the Interim Group Management Report.

(7) Earnings per Share

The computation of earnings per share is shown below:

Earnings per Share

	Second quarter		First half	
€ in millions	2022	2021	2022	2021
Income/Loss from continuing operations	1,571	1,753	2,536	2,772
Less: Non-controlling interests	-139	-6	-278	-224
Income/Loss from continuing operations (attributable to shareholders of E.ON SE)	**1,432**	**1,747**	**2,258**	**2,548**
Income/Loss from discontinued operations, net	–	–	–	–
Less: Non-controlling interests	–	–	–	–
Income/Loss from discontinued operations, net (attributable to shareholders of E.ON SE)	**0**	**0**	**0**	**0**
Net income/loss attributable to shareholders of E.ON SE	**1,432**	**1,747**	**2,258**	**2,548**
in €				
Earnings per share (attributable to shareholders of E.ON SE)				
from continuing operations	0.55	0.67	0.87	0.98
from discontinued operations	–	–	–	–
from net income/loss	**0.55**	**0.67**	**0.87**	**0.98**
Weighted-average number of shares outstanding (in millions)	2,609	2,607	2,609	2,607

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

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

The following table shows the structure of financial assets:

Companies Accounted for under the Equity Method and Other Financial Assets

€ in millions	June 30, 2022 E.ON Group	June 30, 2022 Associates[1]	June 30, 2022 Joint Ventures[1]	December 31, 2021 E.ON Group	December 31, 2021 Associates[1]	December 31, 2021 Joint Ventures[1]
Companies accounted for under the equity method	4,353	2,617	1,736	4,164	2,567	1,598
Equity investments	2,185	784	252	1,957	710	190
Non-current securities	1,426	–	–	1,790	–	–
Total	**7,964**	**3,401**	**1,988**	**7,911**	**3,277**	**1,788**

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

The net income from companies accounted for under the equity method of €15 million includes impairments of €248 million. These impairments relate to the first-time application of IAS 29 (prior year: €0 million impairments).

In April 2022, Turkey was classified as a hyperinflationary economy. Consequently, in the second quarter of 2022, the financial statements prepared on the basis of historical cost were adjusted in accordance with IAS 29 for the first time for two Turkish investees included in the Group using the equity method (joint ventures).

The transition effect as of January 1, 2022, amounted to €612 million (in foreign currency OCI), partially offset by a write-down in accumulated retained earnings (-€381 million). The adjustment under IAS 29 is made on the basis of the consumer price index as of June 30, 2022, published by the Turkish Statistical Institute, which amounted to 977.90 index points (December 31, 2021: 686.95).

(9) Treasury Shares

Pursuant to a resolution by the Annual Shareholders Meeting of May 28, 2020, the Management Board is authorized to acquire treasury shares until May 27, 2025. The shares purchased, combined with other treasury shares in the possession of the Company, or attributable to the Company pursuant to Sections 71a et seq. AktG, may at no time exceed 10 percent of the Company's share capital. The Management Board was authorized at the aforementioned Annual Shareholders Meeting to cancel acquired shares without requiring a separate shareholder resolution for the cancellation or its implementation. The total number of outstanding shares as of June 30, 2022, was 2,608,995,172 (December 31, 2021: 2,608,995,172).

As of June 30, 2022, E.ON SE held a total of 32,323,628 treasury shares (December 31, 2021: 32,323,628) having a book value of €1,094 million (equivalent to 1.22 percent or €32,323,628 of the capital stock).

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

(10) Dividends

Based on the resolution adopted by the Annual Shareholders Meeting on May 12, 2022, a dividend of €0.49 (2021: €0.47) for each eligible dividend-paying ordinary share was paid in the second quarter of 2022, which corresponds to a total dividend amount of €1,278 million (2021: €1,225 million).

(11) Provisions for Pensions and Similar Obligations

The decrease in provisions for pensions and similar obligations compared with year-end 2021 is due in particular to actuarial gains from an increase in the discount rates used in the E.ON Group. The gains were partially offset by losses from the negative performance of the plan assets.

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

Discount Rates

Percentages	June 30, 2022	Dec. 31, 2021
Germany	3,3	1,1
United Kingdom	3,7	1,9

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

Net Defined Benefit Liability

€ in millions	June 30, 2022	Dec. 31, 2021
Present value of all defined benefit obligations	20,282	28,902
Fair value of plan assets	18,926	23,469
Net defined benefit liability	**1,356**	**5,433**
Presented as operating receivables	*-1,001*	*-649*
Presented as provisions for pensions and similar obligations	*2,357*	*6,082*

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

Net Periodic Pension Cost for Defined Benefit Plans

	Second quarter		First half	
€ in millions	2022	2021	2022	2021
Employer service cost	80	96	159	190
Past service cost	3	1	3	6
Gains (-) and losses (+) on settlements	-3	–	-3	–
Net interest on the net defined benefit liability/asset	14	16	28	32
Total	**94**	**113**	**187**	**228**

(12) Additional Disclosures on Financial Instruments

Measurement of Financial Instruments

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

Derivative financial instruments are covered by market netting agreements. Master netting agreements based on those developed by the International Swaps and Derivatives Association (ISDA), and supplemented by appropriate schedules, are in place with banks. Commodity transactions are generally governed by master agreements developed by the European Federation of Energy Traders (EFET). The aforementioned netting agreements are taken into account when determining the fair values of the financial instruments. Portfolio-based credit risks are also used in the calculations. The fair values of individual assets are determined using published exchange or market prices at the time of acquisition in the case of marketable securities, fixed-term deposits and equity investments, and are adjusted to current market prices as of the reporting dates. If exchange or market prices are unavailable for consideration, fair values are determined using the most reliable information available that is based on market prices for comparable assets or on suitable valuation techniques. In such cases, E.ON determines fair value using the discounted cash flow method by discounting estimated future cash flows by a weighted-average cost of capital. Estimated cash flows are consistent with the internal mid-term planning data for the next three years, followed by two additional years of cash flow projections, which are extrapolated until the end of an asset's useful life using a growth rate based on industry and internal projections. The discount rate reflects the specific risks inherent in the activities.

Presentation of Financial Instruments

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

Carrying Amounts of Financial Instruments as of June 30, 2022

€ in millions	Carrying amounts within the scope of IFRS 7	Determined using market prices (Level 1)	Derived from active market prices (Level 2)	Determined using valuation techniques (Level 3)
Assets				
Equity investments	499	80	125	294
Derivatives[1]	47,539	242	46,698	599
Securities and fixed-term deposits	2,468	1,156	1,312	–
Financial receivables and other financial assets	109	–	–	109
Liabilities				
Derivatives[1]	24,182	25	23,693	464

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

Carrying Amounts of Financial Instruments as of December 31, 2021

€ in millions	Carrying amounts within the scope of IFRS 7	Determined using market prices (Level 1)	Derived from active market prices (Level 2)	Determined using valuation techniques (Level 3)
Assets				
Equity investments	537	129	119	289
Derivatives[1]	23,359	313	22,645	401
Securities and fixed-term deposits	3,295	2,185	1,110	–
Financial receivables and other financial assets	123	–	–	123
Liabilities				
Derivatives[1]	13,118	83	12,677	358

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

The carrying amounts of cash and cash equivalents and of trade receivables are considered generally reasonable estimates of fair value because of their short maturity.

Similarly, the carrying amounts of borrowings under revolving short-term credit facilities and trade payables are used as the fair value due to the short maturities of these items.

As of June 30, 2022, financial liabilities include bonds with a fair value of €28,668 million (December 31, 2021: €31,038 million). The carrying amount of the bonds as of June 30, 2022, was €30,896 million (December 31, 2021: €28,323 million). The fair value of the remaining financial instruments largely corresponds to the carrying amount. At the end of each reporting period, E.ON assesses whether there might be grounds for reclassification between hierarchy levels. In the first six months of 2022, securities with a fair value of €291 million were reclassified from hierarchy level 1 to hierarchy level 2 and securities with a fair value of €3 million were reclassified from hierarchy level 2 to hierarchy level 1 due to a change in the assessment of market liquidity.

The fair values determined using valuation techniques for financial instruments carried at fair value are reconciled as shown in the following table:

Fair Value Hierarchy Level 3 Reconciliation

€ in millions	Dec. 31, 2021	Purchases (including additions)	Sales (including disposals)	Settle-ments	Gains/ Losses in income statement	Transfers into Level 3	Transfers out of Level 3	Gains/ Losses in OCI	June 30, 2022
Equity investments	289	5	-2	–	-2	–	–	4	294
Derivatives	43	–	–	10	82	–	–	–	135
Financial receivables and other financial assets	123	–	–	–	-14	–	–	–	109
Total	**455**	**5**	**-2**	**10**	**66**	**0**	**0**	**4**	**538**

The inputs of hierarchy level 3 for equity investments are determined taking into account economic developments and available industry and company data. A hypothetical 10-percent increase or decrease in the significant internal valuation parameters as of the balance sheet date would lead to a theoretical increase in fair values of €28 million or a decrease of €27 million.

Certain long-term energy contracts are measured using valuation models based on internal fundamental data if market prices are not available. A hypothetical change of ±10 percent in the internal valuation parameters as of the balance sheet date would result in a theoretical increase or decrease in fair values of ±€6 million.

Credit Risk

In principle, credit risks are managed by taking into account the creditworthiness of individual business partners. These risks remain associated with a very low probability of occurrence in the case of major suppliers because of their solid credit ratings and relevance to the system. To the extent possible, pledges of collateral are negotiated with counterparties for the purpose of reducing credit risk. Accepted as collateral are guarantees issued by the respective parent companies, letters of comfort or evidence of profit and loss transfer agreements (with a letter of awareness). To a lesser extent, the Company also requires bank guarantees and deposits of cash and securities as collateral to reduce credit risk. Derivative transactions are generally executed on the basis of standard agreements that allow for the netting of all open transactions with individual counterparties. To further reduce credit risk, bilateral margining agreements are entered into with selected counterparties. Limits are imposed on the credit and liquidity risk resulting from bilateral margining agreements. Exchange-traded forward and option contracts, as well as exchange-traded emissions-related derivatives, bear no credit risk. For the remaining financial instruments, the maximum risk of default is equal to their carrying amounts.

(13) Segment Reporting

Segment Information

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

Energy Networks

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

Sweden
This segment comprises the electricity networks business in Sweden.

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

Customer Solutions

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

United Kingdom
The segment presents sales activities and Customer Solutions in the U.K.

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

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

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

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

Financial Information by Business Segment[1]

	Energy Networks						Customer Solutions							
First half	Germany		Sweden		ECE/Turkey		Germany		United Kingdom		Netherlands		Other	
€ in millions	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
External sales	5,415	5,190	504	485	746	693	14,828	10,491	12,336	7,753	2,088	1,467	6,957	4,928
Intersegment sales	2,423	2,003	3	2	499	691	3,058	1,125	420	2	2,110	209	320	272
Sales	**7,838**	**7,193**	**507**	**487**	**1,245**	**1,384**	**17,886**	**11,616**	**12,756**	**7,755**	**4,198**	**1,676**	**7,277**	**5,200**
Depreciation and amortization[2]	**-754**	**-705**	**-87**	**-84**	**-160**	**-171**	**-64**	**-63**	**-63**	**-58**	**-32**	**-32**	**-111**	**-115**
Adjusted EBITDA	**2,052**	**1,899**	**239**	**276**	**363**	**562**	**363**	**418**	**352**	**221**	**169**	**100**	**140**	**375**
Equity-method earnings	*107*	*128*	–	–	*47*	*72*	*2*	*2*	–	–	*4*	*4*	*3*	*4*
Operating cash flow before interest and taxes	**2,288**	**1,169**	**217**	**297**	**335**	**570**	**-460**	**-35**	**130**	**-7**	**87**	**-104**	**126**	**422**
Investments	**919**	**836**	**168**	**177**	**283**	**307**	**98**	**98**	**39**	**32**	**16**	**18**	**184**	**154**

Financial Information by Business Segment[1]

	Non-Core Business									
First half	PreussenElektra		Generation Turkey		Corporate Functions/Other		Consolidation		E.ON Group	
€ in millions	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
External sales	-16	186	–	–	9,987	1,848	–	-1	52,845	33,040
Intersegment sales	473	524	–	–	8,621	2,967	-17,927	-7,795	0	0
Sales	**457**	**710**	**–**	**–**	**18,608**	**4,815**	**-17,927**	**-7,796**	**52,845**	**33,040**
Depreciation and amortization[2]	**-66**	**-323**	**–**	**–**	**-47**	**-53**	**–**	**-1**	**-1,384**	**-1,605**
Adjusted EBITDA	**390**	**1,017**	**90**	**23**	**-95**	**-117**	**-2**	**-6**	**4,061**	**4,768**
Equity-method earnings	*37*	*26*	*90*	*23*	–	–	–	*-1*	*290*	*258*
Operating cash flow before interest and taxes	**22**	**287**	**53**	**32**	**-217**	**-461**	**-7**	**1**	**2,574**	**2,171**
Investments	**5**	**148**	**–**	**–**	**25**	**137**	**-1**	**1**	**1,736**	**1,908**

[1]Because of changes in segment reporting, the prior-year figure was adjusted accordingly.
[2]Adjusted for non-operating effects.

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

Reconciliation of Operating Cash Flow[1]

First half € in millions	2022	2021
Operating cash flow before interest and taxes	**2,574**	**2,171**
Interest payments	-456	-500
Tax payments	-302	-466
Operating cash flow	**1,816**	**1,205**

[1]Operating cash flow from continuing operations.

Adjusted EBITDA

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

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

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

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

The non-operating earnings effects for which EBITDA is adjusted include, in particular, income and expenses from the marking to market of unrealized commodity derivatives and related provisions for contingent losses and, where material, book gains/losses, certain restructuring expenses, impairment charges and reversals recognized in the context of impairment tests on non-current assets, on equity investments in affiliated or associated companies and on goodwill, and other contributions to non-operating earnings. IAS 29 is being applied for the first time because of the hyperinflation in Turkey and the effects recognized in income are also presented in other non-operating earnings.

In addition, effects from the valuation of certain provisions on the balance sheet date are disclosed in non-operating earnings. In addition, effects that are to be initially recognized from the subsequent measurement of hidden reserves and charges in connection with the innogy purchase price allocation are included.

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

Reconciliation of Income before Financial Results and Income Taxes

	Second quarter		First half	
€ in millions	2022	2021	2022	2021
Income/Loss from continuing operations before financial results and income taxes	**790**	**2,281**	**2,055**	**3,788**
Income/Loss from equity investments	25	53	-1	66
Non-operating adjustments	466	-826	623	-691
Net book gains/losses	*40*	*-58*	*56*	*-59*
Restructuring/cost-management expenses	*22*	*92*	*62*	*176*
Effects from market valuation derivatives	*-443*	*-1,164*	*-602*	*-1,201*
Impairments (+)/Reversals (-)	*–*	*36*	*22*	*12*
Carryforward of hidden reserves (+) and liabilities (-) from the innogy transaction	*145*	*167*	*327*	*355*
Other non-operating earnings	*702*	*101*	*758*	*26*
Adjusted EBIT	**1,281**	**1,508**	**2,677**	**3,163**
Impairments (+)/Reversals (-)	7	8	16	8
Scheduled depreciation and amortization	685	807	1,368	1,597
Adjusted EBITDA	**1,973**	**2,323**	**4,061**	**4,768**

Page 13 of the Interim Group Management Report provides a more detailed explanation of the reconciliation of adjusted EBITDA to the net income/loss reported in the Consolidated Financial Statements.

Responsibility Statement

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

Essen, Germany, August 8, 2022

The Board of Management

Birnbaum   König   Lammers

Ossadnik   Spieker

Review Report

To E.ON SE, Essen

We have reviewed the condensed consolidated interim financial statements – comprising the balance sheet, income statement, statement of recognized income and expenses, cash flow statement, statement of changes in equity and selected explanatory notes – together with the interim group management report of the E.ON SE for the period from January 1 to June 30, 2022 that are part of the half-year financial report according to § 115 WpHG [“Wertpapierhandelsgesetz“: “German Securities Trading Act“]. The preparation of the condensed consolidated interim financial statements in accordance with International Accounting Standard IAS 34 “Interim Financial Reporting” as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company’s management. Our responsibility is to issue a report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

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

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

Düsseldorf, August 9, 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft

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

Financial Calendar and Imprint

November 9, 2022	**Quarterly Statement: January – September 2022**
March 15, 2023	**Release of the 2022 Annual Report**
May 10, 2023	**Quarterly Statement: January – March 2023**
May 17, 2023	**2023 Annual Shareholders Meeting**
August 9, 2023	**Half-Year Financial Report: January – June 2023**
November 8, 2023	**Quarterly Statement: January – September 2023**

This Half-Year Financial Report was published on August 10, 2022.

Only the German version of this Half-Year Financial Report is legally binding.

This Half-Year Financial Report may contain forward-looking statements based on current assumptions and forecasts made by E.ON Group Management and other information currently available to E.ON. Various known and unknown risks, uncertainties, and other factors could lead to material differences between the actual future results, financial situation, development, or performance of the company and the estimates given here. E.ON SE does not intend, and does not assume any liability whatsoever, to update these forward-looking statements or to conform them to future events or developments.

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