uniper

Half-Year Interim Report 2021

Financial Results

Performance Indicators at a Glance

Financial and Non-Financial Indicators for the Uniper Group

January 1–June 30	Unit	2021	2020	2019	2018	2017
Power purchases and owned generation	Billion kWh	233.4	268.8	318.7	359.4	376.7
Electricity sales	Billion kWh	231.8	266.6	316.5	358.3	375.6
Gas volume sold	Billion kWh	1,158.8	1,137.6	1,105.2	1,027.8	994.8
Direct fuel-derived carbon emissions	Million t CO_2	24.5	20.6	N/A	N/A	N/A
Sales	€ in millions	41,447	19,977	33,736	35,968	37,305
Adjusted EBIT[1]	€ in millions	580	691	308	601	930
For informational purposes: Adjusted EBITDA[1]	€ in millions	900	1,012	657	940	1,253
Net income/loss	€ in millions	-20	677	921	-522	1,057
Earnings per share[2 3]	€	-0.18	1.75	2.40	-1.49	2.64
Cash provided by operating activities (operating cash flow)	€ in millions	346	288	-322	465	1,407
Adjusted net income[4]	€ in millions	485	527	189	N/A	N/A
Investments	€ in millions	341	279	240	244	294
Growth	*€ in millions*	*186*	*175*	*145*	*154*	*192*
Maintenance and replacement	*€ in millions*	*154*	*104*	*94*	*90*	*102*
Economic net debt[5 6]	€ in millions	3,164	3,050	2,650	2,509	2,445
Employees as of the reporting date[5]		11,773	11,751	11,532	11,780	12,180

[1]Adjusted for non-operating effects.

[2]Basis: outstanding shares as of reporting date.

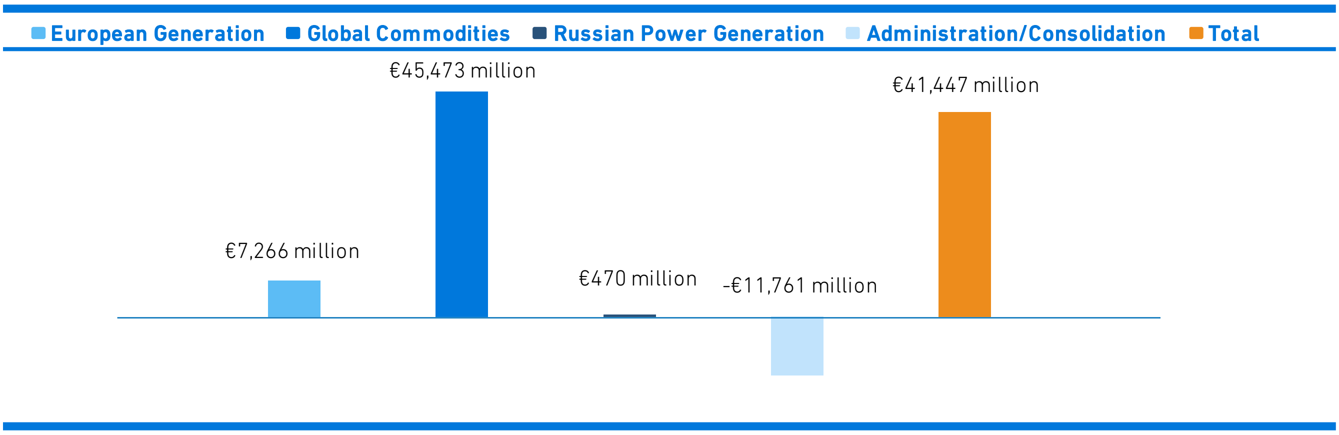
[3]For the respective fiscal year.

[4]Adjusted net income is used as a management indicator for the entire Group for the first time beginning in 2020. The figure for 2019 is disclosed solely for informational purposes to provide year-over-year comparability.

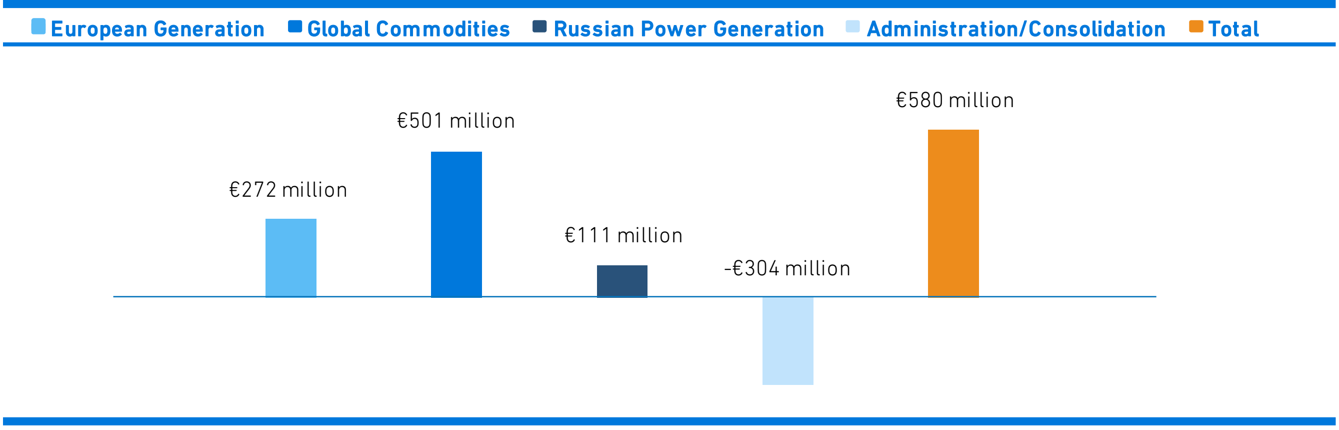
[5]Figures as of June 30, 2021; comparative figures as of December 31 of each year.

[6]The line item “Margining receivables” contains additional securities beginning on 30 June 2021. Economic net debt as of December 31, 2020, has been adjusted for consistency. Additional information on this topic can be found in the Financial Condition section of the Interim Report.

External Sales Revenues



Adjusted EBIT



Contents

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

Uniper applies commercial rounding. Any rounding differences existing between individual amounts and totals are accepted.

This Interim Report, and especially the Forecast Report section, contains certain forward-looking statements that are based on current assumptions and forecasts made by Uniper SE management and on other information currently available to Uniper SE management. Various known and unknown risks, uncertainties and other factors could cause the actual results, financial condition, development or performance of the Company to differ materially from that anticipated in the estimates given here. Risks and chances of this nature include, but are not limited to, the risks specifically described in the Risk and Chances Report.

Interim Management Report

- Adjusted EBIT lower year over year; carbon hedging transactions cause earnings to be shifted towards the end of the fiscal year
- Adjusted net income below prior-year period
- Higher economic net debt as result of dividend payment with offsetting development of pensions and asset retirement obligations
- Confirmation of full-year earnings forecast for 2021, which was raised in the first quarter of 2021

Business Model of the Group

Uniper is an international energy company with operations in more than 40 countries and with 11,773 employees. Its business is the secure provision of energy and related services in an increasingly decarbonizing environment. The parent company of the Uniper Group is Uniper SE; the corporate headquarters are in Düsseldorf, Germany. The majority shareholder of Uniper SE, with an indirect interest of more than 75 %, is Fortum Oyj, Espoo, Finland ("Fortum"). As a separate listed group, Uniper publishes its quarterly statements, its half-year interim financial statements, and its consolidated annual financial statements, all of which are also included in Fortum's respective consolidated financial statements. The majority shareholder of Fortum is the Republic of Finland.

The shares of Uniper SE are traded on the Frankfurt Stock Exchange's regulated market in its subsegment with additional post-admission obligations (the "Prime Standard") and are included in the MDAX and various MSCI equity indices.

The Uniper Group is composed of three operating business segments: European Generation, Global Commodities, and Russian Power Generation. Combined separately under Administration/Consolidation are administrative functions that are performed centrally across segments, as well as the consolidations required to be carried out at Group level.

Business Report

Industry Environment

Energy Policy and Regulatory Environment

In April 2021, the European Parliament and the Council of the European Union reached agreement on the European Climate Law. The overriding objective of this law is to achieve climate neutrality at European level by 2050. A new target has been set for 2030 to reduce net emissions by at least 55 % compared with levels in 1990. On July 14, 2021, the European Commission published several legislative proposals to implement the EU's climate protection targets for 2030. They included, among other things, proposals on the EU Emissions Trading System and the Renewable Energy Directive, as well as in the areas of energy efficiency and energy taxation. The proposals are currently undergoing the legislative process between the European Parliament, the European Commission and the EU member states, and are likely to be adopted in the coming years.

On April 21, 2021, the European Commission approved a delegated act establishing screening criteria regarding the contributions of specified economic activities to objectives of the European Green Deal. The six environmental objectives are defined in the EU Taxonomy Regulation, a classification system for environmentally sustainable economic activities that took effect in July 2020, as follows:
(1) climate change mitigation, (2) climate change adaptation, (3) sustainable use and protection of water and marine resources, (4) transition to a circular economy, (5) pollution prevention and control and (6) protection and restoration of biodiversity and ecosystems. This delegated act approved by the European Commission initially relates to activities that contribute to the first two environmental objectives mentioned (namely, climate change mitigation and climate change adaptation).

While hydrogen and hydropower activities are included in the delegated act, there are no pronouncements in it concerning natural gas and nuclear power. These activities are to be considered separately in an additional delegated act to be introduced by the EU before the end of 2021.

Following the German Constitutional Court decision of March 24, 2021, on the Federal Climate Protection Act, which the court ruled unconstitutional in that it did not provide for a sufficiently regulated greenhouse gas reduction pathway, the German federal government introduced an amended version that was adopted by the Bundestag in late June 2021. The amended law brings forward to 2045 the target for reaching greenhouse-gas neutrality and, among other things, provides for stricter reduction targets for Germany's economic sectors by 2030. The reduction target for the energy industry has now been set 38 % higher than the one contained in the existing law. Changes to the timeframe for ending coal-fired power generation are not yet provided for.

On June 1, 2021, the Bundesnetzagentur, the regulatory authority for Germany's electricity grid, designated the Heyden power plant as essential. It will therefore, at the request of the responsible transmission system operator, continue to serve as a reserve power plant through September 30, 2022. The Wilhelmshaven power plant, whose bid in the January 4, 2021, auction for decommissioning of coal-fired power plants was accepted, was not deemed to be essential, and it must therefore stop generating electricity by no later than December 8, 2021.

On June 24, 2021, the Bundestag established a legal framework for hydrogen transmission networks by amending the Energy Industry Act accordingly. In a further amendment to the Renewable Energy Sources Act, the Bundestag adopted, among other things, increased bid volumes for additional power generation from renewable energy sources for 2022.

In the Netherlands, the law adopted by the Dutch senate in July 2021 to restrict the use of coal (implementing the Urgenda court ruling) has entered into force. The law provides for a restriction on the use of coal by setting an upper limit of 35 % for CO_2 emissions produced through the use of coal as a fuel, which shall be measured based on the capacity originally planned for each generation facility. This threshold is expected to take effect from January 2022 and apply until the end of 2024. To date there have been no discussions on how financial compensation for this coal-use restriction might be provided, and the political debate on this issue is expected to take place in September 2021.

The government of the United Kingdom adopted the sixth carbon budget recommended by the Committee on Climate Change, and a 78 % reduction in greenhouse gas emissions compared with 1990 levels by 2035 is now set in law. The government's plans for decarbonizing heat, buildings and transport, as well as its hydrogen strategy, are expected to be published soon. The policy across all sectors to meet the sixth carbon budget is to be published in the government's Net Zero Strategy ahead of the COP26 UN Climate Change Conference, which will take place in Glasgow in November 2021. On June 30, 2021, the UK Government confirmed its plans to bring forward the unabated coal phase-out date to October 1, 2024. Legislation to implement the phase-out will be introduced in due course and will set an emissions intensity limit of 450 g CO_2/kWh on a unit-by-unit basis. The limit will apply to all coal-fired power plants, with no minimum capacity threshold, and emissions for co-firing with biomass will be calculated taking into account the whole life cycle of biomass fuel. Emergency powers allowing the responsible government minister to suspend or modify the coal phase-out arrangements will not be introduced. In line with the government's ambition to have four carbon capture, usage and storage (CCUS) clusters and at least one operational CCUS power plant by 2030, the UK's CCUS cluster sequencing process was launched in May 2021, with cluster plan submissions due in July 2021. Each cluster must be led by the company providing pipeline transportation and permanent storage of CO_2 and consist of two capture projects.

In Sweden, some political uncertainty results from a recently established caretaker government. Consequently, decision-making is more restricted and it is unclear whether the Swedish parliament will be able to decide anytime soon on one of the most relevant topics for utilities, the still undecided topic of permanent storage of radioactive substances. It is also unclear whether there will be further subsidies for the development of offshore wind power. The government's current work on developing an electrification strategy continues and is to be presented in the autumn of 2021. In February 2021, the government commissioned the Swedish Energy Agency to develop a national hydrogen strategy. The strategy is to be presented to the government on October 24, 2021. The already ongoing debate about the electricity shortage in southern Sweden and the need to build a balanced electricity system also continues.

In Russia, the competitive capacity auction mechanism for the modernization of thermal power plants (KOMMod) was introduced by government decree of January 25, 2019. The current auction dates set for 2027 were April 30, 2021, for KOMMod 2027 (including KOMMod 2027–2029 for innovative combined-cycle gas turbine (CCGT) projects) and November 15, 2021, for KOM 2027 (auction for power plants without specific capacity agreements). Government decree N 1793-p of July 1, 2021, specifies the list of modernization assets for 2027 (including innovative CCGT projects) whose capacity is delivered within the framework of the modernization agreements. In March 2021, the Russian government adopted the rules for supporting renewable energy projects in the wholesale market starting from 2021. The amount of support for renewables through 2035 stands at a total of 360 billion rubles at present.

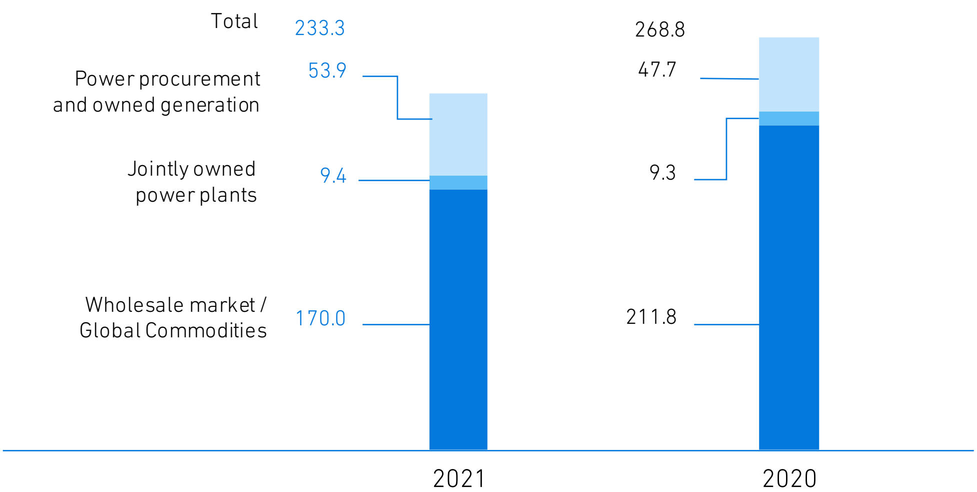
Business Performance

Power Procurement and Owned Generation

In the first half of 2021, the amount of electricity generated by the Uniper Group's own power plants stood at 53.9 billion kWh, a significant increase of 6.2 billion kWh, or 13.0 %, compared with the prior-year period. Purchased electricity fell significantly, by 41.6 billion kWh, or 18.8 %, to 179.5 billion kWh.

Power Procurement and Owned Generation[1, 2]

Billion kWh in the first half-year



[1]Any rounding differences between individual volumes and totals are accepted.

[2]The consolidation approach used in financial control means that only fully consolidated power plants (shareholding of more than 50%) are included in the generation volume, regardless of who operates these power plants.

The European Generation segment's owned generation totaled 31.1 billion kWh in the first half of 2021, a change of 5.1 billion kWh, or 20.0 %, up significantly from the prior-year level of 25.9 billion kWh. With the development of the Covid-19 pandemic, demand recovered in the first half of 2021 compared with the prior-year period, improving market conditions for the use of Uniper's power plant portfolio. This resulted in higher uptimes in all the power plants in the fossil power plant fleet. Furthermore, the commissioning of the Datteln 4 power plant on May 30, 2020, and the return to commercial operation of the gas-fired power plant units 4 and 5 at the Irsching site in Germany in the last quarter of 2020 had a positive impact on generation volumes. In Sweden, generation volumes from nuclear power plants decreased due to the decommissioning of the Ringhals 1 nuclear power plant, and the volume of electricity generated from hydroelectric power plants in Sweden also declined following the exceptionally high figure in the prior-year period.

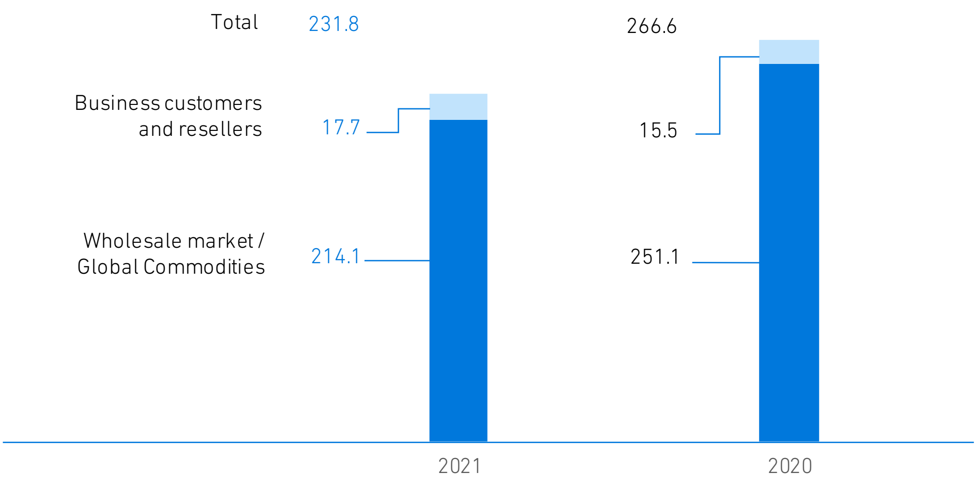
In the Russian Power Generation segment, owned generation increased slightly by 1.0 billion kWh or 4.6 % from 21.8 billion kWh to 22.8 billion kWh in the first half of 2021. Uptimes at the Berezovskaya power plant fell significantly by 10 % compared to the prior-year period due to the weather-related increase in cheaper energy supplied by competitors. This decline was outweighed by increased demand in the European part of Russia, higher exports and the economic recovery.

Electricity Sales

In the first half of 2021, the Uniper Group's electricity sales stood at 231.8 billion kWh, a significant decrease of 13.0 % from the level of 266.6 billion kWh recorded in the prior-year period.

Electricity Sales[1, 2]

Billion kWh in the first half-year



[1] Difference from electricity procurement results from operating consumption and network losses.

[2] Any rounding differences between individual volumes and totals are accepted.

The changes in electricity sales volumes were primarily due to lower optimization and trading activities in the Global Commodities segment.

Alongside electricity trading in the energy markets, a portion of the Uniper Group's electricity sales to major customers such as municipal utilities and industrial customers in Germany and in Europe is transacted through an internal sales unit, Uniper Energy Sales GmbH (UES). In addition to sales, UES also handles marketing for the Uniper Group. It also offers its customers services in consulting, service and the electricity industry.

Electricity sales by UES in the first half of 2021 came to 12.9 billion kWh, which was at the prior-year level (13.2 billion kWh). While contracting was down slightly year-on-year, the prior-year period was dominated by the Covid-19 pandemic.

Gas Business

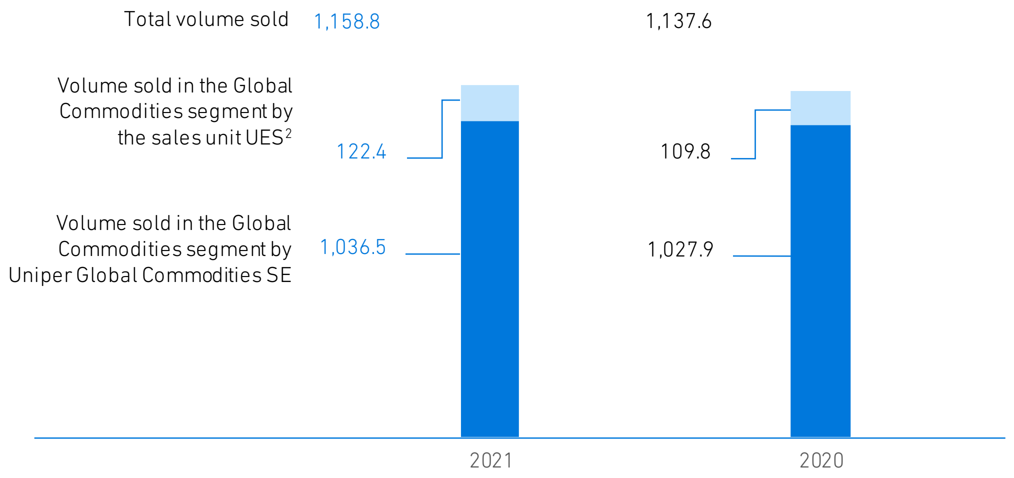
The total volume of natural gas sold in the first half of 2021 was 1,158.8 billion kWh (prior-year period: 1,137.6 billion kWh). During the same period, the Uniper Group acquired a total of 1,170.7 billion kWh (prior-year period: 1,170.8 billion kWh). The vast majority of the volumes moved result from transactions on domestic and foreign trading markets, which are carried out to manage the Group's own gas-fired power plants, to optimize booked natural gas storage or transport capacities, and to commercially exploit regional price differences.

Sales Business

Uniper sells natural gas to resellers (e.g. municipal utilities), large industrial customers and power plant operators through its internal sales unit UES. The volume of gas sold by UES in the first half of 2021 came to 122.4 billion kWh, significantly above the previous year period (109.8 billion kWh). Gas sales volumes increased overall year-on-year due to the signing of new customers and contracts (particularly in the distributor segment), a significantly colder first half of the year compared to previous years, and higher sales volumes to power plants due to the return to commercial operation of the Irsching 4 and 5 gas-fired power plant units in October 2020.

Gas Sales[1]

Billion kWh in the first half-year



[1] Any rounding differences between individual volumes and totals are accepted.

[2] Including intragroup volumes.

Long-Term Gas Supply Contracts

The procurement of natural gas is largely based on long-term contracts with suppliers from Germany, the Netherlands, Norway and Russia. For the first half of 2021, Uniper had long-term contracts amounting to 184 billion kWh (prior-year period: 190 billion kWh).

Gas Storage Capacity

Uniper Energy Storage GmbH is responsible for the operation of gas storage for the Uniper Group. Its activities include technical and commercial development, the construction and operation of underground storage facilities for natural gas, the marketing of capacities, services and products on the European storage market and the development of new storage technologies. Uniper Energy Storage GmbH manages natural gas storage facilities in Germany and Austria. In addition, a British Uniper Group company operates a gas storage facility in the United Kingdom. In the first half of 2021, gas storage capacity stood at 7.4 billion m^3, a slight decline of 0.2 billion m^3 below the level of the previous year (7.6 billion m^3), due primarily to the decommissioning of gas storage capacity.

Business Developments and Key Events in the First Half of 2021

After the Supervisory Board of Uniper SE reached an agreement on March 29, 2021 with the Chief Executive Officer, Andreas Schierenbeck, and the Chief Financial Officer, Sascha Bibert, on their immediate resignation from the Company's Management Board, their mandates as members of the Management Board ended on March 29, 2021. When they resigned, their service agreements were terminated by mutual consent as of the close of March 31, 2021.

Prof. Dr. Klaus-Dieter Maubach has been the new Chief Executive Officer of Uniper SE since March 29, 2021. Tiina Tuomela has been the Chief Financial Officer since March 29, 2021. Prof. Dr. Klaus-Dieter Maubach and Tiina Tuomela were previously members of the Supervisory Board of Uniper SE, and Prof. Dr. Klaus-Dieter Maubach was its chairman. Prior to the Annual Shareholders Meeting on May 19, 2021, they were therefore initially delegated into the Management Board. Effective at the close of the Annual Shareholders Meeting on May 19, 2021, both resigned as members of the Supervisory Board. The Supervisory Board of Uniper SE then appointed Prof. Dr. Klaus-Dieter Maubach and Tiina Tuomela as Chief Executive Officer and Chief Financial Officer, respectively, on May 19, 2021. During their delegation, they ceased to perform any duties as Supervisory Board members.

At the Annual Shareholders Meeting on May 19, 2021, Esa Hyvärinen and Judith Buss were elected by the annual general meeting to succeed Prof. Dr. Klaus-Dieter Maubach and Tiina Tuomela on the Supervisory Board of Uniper SE. The annual general meeting also elected Nora Steiner-Forsberg to the Supervisory Board of Uniper SE at the Annual Shareholders Meeting on May 19, 2021. She succeeds Sirpa-Helena Sormunen, who resigned from the Supervisory Board effective at the end of April 30, 2021, and has taken up the role of the General Counsel of Uniper SE since May 1, 2021. Victoria Kulambi joined the Supervisory Board as an employee representative on May 19, 2021, after Ingrid Åsander resigned as a member of the Supervisory Board effective at the close of the Annual Shareholders Meeting on May 19, 2021.

Markus Rauramo was elected as Chairman of the Supervisory Board on March 29, 2021. The Supervisory Board, in its new composition, acknowledged and approved the election on May 19, 2021.

On May 10, Fortum and Uniper announced that they had finalized the first planning phase in the three strategic cooperation areas of Nordic hydro and physical trading optimization, wind and solar development, and hydrogen. Under the proposed plans, Fortum would lead the operations of both companies' Nordic hydro assets in the future, while Uniper would take the lead in the development of both companies' wind, solar and hydrogen businesses.

European Generation

The first half of 2021 was characterized by the rise and volatility of carbon prices and by high electricity spot prices. Generation in Uniper's conventional portfolio was higher than in the prior-year period, especially in the United Kingdom, where electricity demand returned to normal levels compared with previous years. In the German portfolio, the return to commercial operation of the gas-fired power plant units 4 and 5 at Irsching in the fourth quarter of 2020 led to increased generation volumes, as did the commissioning of the Datteln 4 coal-fired power plant in late May 2020. In Sweden, the generation volumes from nuclear power plants were reduced because of the decommissioning of the Ringhals 1 plant, and the volume of hydroelectric power produced in Sweden, which had been extraordinarily high in the prior-year period, also came in lower.

On April 1 of this year, the Bundesnetzagentur accepted the bid from the Wilhelmshaven power plant in the second round of auctions for decommissioning hard-coal-fired power plants. Power generation at the plant is expected to end in December 2021.

On April 16, Uniper announced its intention to ask for a clarification in court, as the Dutch coal phase-out law doesn´t provide an appropriate compensation for lost investments. Uniper also wants to convert the Maasvlakte site into an ecosystem for sustainable energy production.

On June 1, the Bundesnetzagentur confirmed the essential status of the Heyden 4 hard-coal power plant as a reserve power plant through the end of September 2022.

Global Commodities

While the Covid-19 pandemic had depressed market prices and volumes in the power and gas business in the first half of the previous year, economic developments during the reporting period caused demand to stabilize and led to a significant recovery in wholesale prices. Thanks to its diversified, flexible gas-storage and gas-optimization portfolio, Uniper succeeded in optimizing the gas portfolio economically. However, it was not possible to match the very positive results from the first half of 2020 in the reporting period. The temporarily colder temperatures in the winter months of the first half of 2021 led to an increase in gas and electricity demand in various global regions, such as Asia, North America and Europe, which enabled Uniper to successfully optimize its international portfolio. This was achieved both through LNG deliveries to the Asian market and, in particular, through sales of gas and electricity at increased price levels in parts of the United States.

On January 18, 2021, Uniper announced that Woodside Energy Trading Singapore Pte Ltd ("Woodside") and Uniper Global Commodities had increased the supply of LNG volumes under their binding long-term sale and purchase agreement. The volume of LNG to be supplied under the amended agreement has doubled. The initial supply volume commencing in 2021 is up to 1 million metric tons per annum, and the supply volume is set to increase to approximately 2 million metric tons from 2026.

Russian Power Generation

The business of the Russian majority shareholding Unipro was mainly influenced by the expiration of long-term capacity payments for two units at the Shaturskaya and Yaivinskaya power plants and the commissioning of the Berezovskaya 3 power plant. Furthermore, demand recovered and exports increased, leading to higher prices and generation volumes. However, negative foreign currency effects weighed on earnings.

After some delays, Unit 3 of the Berezovskaya power plant in Russia has returned to service, and the unit has been receiving capacity payments since May 1, 2021.

Changes in Ratings

On July 6, 2021, rating agency S&P Global Ratings affirmed Uniper's credit rating at BBB and lifted the outlook to stable.

Uniper's previous negative outlook reflected the outlook on the BBB rating of Fortum, which serves as a cap for Uniper's rating. On July 5, 2021, Fortum's rating was adjusted by S&P to BBB with a stable outlook, following the announcement to have signed an agreement to sell Fortum's 50% stake in Stockholm Exergi for a total consideration of about €2.9 bn. The stable outlook on both Uniper and Fortum reflect S&P's expectation that the Fortum group is able to maintain credit ratios which are in line with the current rating level of BBB.

Uniper is rated BBB+ with a stable outlook by Scope Ratings. The rating was last affirmed on May 21, 2021.

In general, Uniper strives to maintain a stable investment-grade rating of BBB.

Earnings

Sales Performance

Sales

January 1–June 30 € in millions	2021	2020	+/- %
European Generation	7,266	3,210	126.4
Global Commodities	45,473	21,065	115.9
Russian Power Generation	470	489	-3.9
Administration/Consolidation	-11,761	-4,786	-145.7
Total	**41,447**	**19,977**	**107.5**

The significant increase in revenues resulted primarily from the higher average market prices in the power and gas business. In addition to higher contractual prices (own-use contracts) and transactions on the spot market, a significant portion of this increase is attributable to contracts with physical settlement (failed-own-use contracts) contracted by Uniper, which – due to the accounting and valuation rules codified in IFRS – must be reported at the applicable spot price upon contract performance and not at the originally hedged contract price. The difference between the spot price and the contractually hedged price is instead to be realized in the items of other operating income. The sharp rise in commodity spot prices has thus brought about a shift in the presentation of realized income and expenses between revenues/material expenses and other income, but has no effect on contractual cash flows and therefore has no impact on adjusted sustainable earnings. A reconciliation to the contractual revenues and cost of materials that are relevant for measuring earnings performance can be found in the "Reconciliation of Income/Loss before Financial Results and Taxes" section.

European Generation

The significant increase in sales in the European Generation segment compared with the prior-year period can be attributed to higher prices and higher production volumes. The sharp price difference resulted from increased demand compared with the prior-year period, which was characterized by comparatively low spot prices due to the Covid-19 pandemic. In addition, a significant increase in carbon prices in the first half of 2021 also led to a sharp rise in electricity prices. The higher volumes can be attributed in particular to the commissioning of the Datteln 4 coal-fired power plant at the end of May 2020 and the return to regular commercial operation of gas-fired power plant units 4 and 5 in Irsching in the fourth quarter of 2020. In addition, significantly higher electricity generation in the UK had a positive impact on sales compared with the prior-year period.

Global Commodities

External sales in the gas business increased significantly due to significantly higher realized prices. While prices in the prior year were negatively impacted by the Covid-19 pandemic, prices in the first half of 2021 increased significantly due to a stabilization of demand in large parts of the world. At the same time, sales volumes in the gas business increased slightly. The year-on-year decline in sales in the power business resulted from lower trading and optimization activities. The effects from the gas business significantly outweighed those from the power business.

Russian Power Generation

The sales performance of the Russian Power Generation segment was negatively impacted mainly by foreign currency effects and by the expiry of long-term capacity payments for two units at the Shaturskaya and Yaivinskaya power plants. Factors such as the positive dynamics of higher prices and volumes in the electricity market, positive regulatory developments, and the improvement in payments from onerous contracts, as well as the commissioning of the Berezovskaya 3 power plant unit in May 2021 and the associated income from the capacity mechanism, were insufficient to offset these effects.

Administration/Consolidation

The change in revenues attributable to the Administration/Consolidation reconciliation item resulted primarily from a higher consolidation effect arising from intersegment transactions between the power plant operating companies of the European Generation segment and the Uniper Group's trading unit in the Global Commodities segment.

Sales by product break down as follows:

Sales

January 1–June 30 € in millions	2021	2020	+/- %
Electricity	12,855	7,280	76.6
Gas	26,072	11,188	133.0
Other	2,520	1,510	66.9
Total	**41,447**	**19,977**	**107.5**

Significant Earnings Trends

The net loss of the Group in the first half of 2021 amounted to €20 million (prior-year period: net income of €677 million). Income before financial results and taxes decreased to -€252 million (prior-year period: €868 million).

The principal factors driving this earnings trend are presented below:

The cost of materials increased by €20,897 million in the first half of 2021 to €39,832 million (prior-year period: €18,935 million). The sales trend described previously was a key factor in this development.

At €510 million, the Uniper Group's personnel costs in the first half of 2021 were at the level of the prior year (first half of 2020: €509 million). Higher expenses were incurred for the settlement of amounts still payable to former members of the Management Board of Uniper SE as well as from the increased number of persons employed at the Uniper Group and the payment of a special Covid-19 bonus. At the same time, lower net expenses for the implementation of Uniper's strategy, which includes a proactive coal exit plan in Europe and especially in Germany, had an offsetting effect in almost the same amount compared to the prior-year period.

Depreciation, amortization and impairment charges amounted to €348 million in the first half of 2021 (prior-year period: €562 million). The decrease is primarily attributable to a reduction of €212 million in impairment charges on property, plant and equipment to €26 million (prior-year period: €238 million), most of which were recognized in the first quarter of 2021. Impairments recognized in the first half of the 2021 fiscal year related to a power plant in Germany (prior-year period: power plants in the Netherlands, the United Kingdom and Russia). Depreciation and amortization remained constant at €322 million (prior-year period: €323 million). Lower depreciation in the Netherlands due to the recognition of impairment charges in the prior-year period, as well as the non-recurrence of depreciation on the Schkopau disposal group since the reclassification under IFRS 5, were largely offset by the depreciation recognized for the Datteln 4 power plant, which commenced operation in late May 2020. Reversals of impairments amounted to €12 million in the first half of 2021 related to generation assets in the United Kingdom (prior-year period: €149 million, mainly for power plants in Germany).

Other operating income increased to €34,713 million in the first half of 2021 (prior-year period: €16,467 million). This was caused primarily by changes in commodity derivatives recognized at fair value, due to the rise in commodity prices. Income from invoiced and open transactions and from related currency hedges amounted to €34,494 million, having increased by €18,493 million year over year (prior-year period: €16,002 million).

Other operating expenses increased to €35,817 million in the first half of 2021 (prior-year period: €15,638 million). As with other operating income, the decrease was primarily attributable to expenses from invoiced and open transactions and from related currency hedges, which increased by €20,321 million year over year to €35,355 million (prior-year period: €15,034 million).

Reconciliation of Income/Loss before Financial Results and Taxes

Unadjusted earnings before interest and taxes ("EBIT") represents the Group's income/loss before financial results and taxes in accordance with IFRS, taking into account the net income/loss from equity investments.

In order to increase its meaningfulness as an indicator of the operating performance of Uniper's business, EBIT is adjusted for certain non-operating effects to produce a reliable adjusted EBIT measure, which is used for internal management control purposes.

The non-operating effects on earnings for which EBIT is adjusted include gains and losses from the fair value measurement of derivative financial instruments used in hedges, as well as certain effects resulting from the measurement of physically settled contracts within the scope of IFRS 9, which are measured at the market price at physical settlement instead of the contractually hedged price. Additionally, certain book gains/losses, expenses for (and income from) restructuring and cost-management programs and impairment charges/reversals on non-current assets, on companies accounted for under the equity method and other long-term financial assets and on goodwill in the context of impairment tests, as well as other contributions to non-operating earnings, are eliminated.

Net book gains are equal to the sum of book gains and losses from disposals, which are included in other operating income and other operating expenses. Effects from the fair value measurement of derivatives are also included in other operating expenses and income. These hedges entered into as part of the energy trading business, however, have no impact on adjusted EBIT until maturity. In addition, for physically settled derivative financial instruments within the scope of IFRS 9, further non-operating adjustments of revenues, cost of materials, other operating income and other operating expenses are also made to adjust for the difference between the economically and contractually hedged contract price and the spot price on the settlement date that is relevant for income and expense recognition under IFRS. Since unadjusted EBIT is derived from the revenue and cost of materials (i.e., inventories and emission rights, including their subsequent measurement) measured for these transactions at the IFRS-relevant spot price when they are settled, the difference between such measurement and one based on the economically hedged contract price is adjusted accordingly to determine adjusted EBIT.

Expenses for (and income from) restructuring and cost-management programs represent additional expenses and income that are not directly attributable to the operating business. Other non-operating earnings encompass other non-operating income and expenses that are unique or rare in nature. Depending on the particular case, such income and expenses may affect different line items in the income statement.

The reported net income before financial results and taxes of -€252 million (prior-year period: €868 million) is adjusted for non-operating effects totaling €823 million (prior-year period: -€182 million) and, in addition, increased by net income from equity investments of €8 million (prior-year period: €5 million) to produce adjusted EBIT of €580 million (prior-year period: €691 million).

The bottom line in the table below shows the detailed reconciliation of income/loss before financial results and taxes in accordance with IFRS to adjusted EBIT, and additionally provides an overview of what items are affected by non-operating adjustments:

Matrix for Reconciliation of Income/Loss before Financial Results and Taxes 2021[1]

January 1–June 30 € in millions	Income statement items	Net book gains (-) / losses (+)	FV measure-ment of deriv-atives	Adj. of reve-nues and cost of materials	Restruc-turing[2]	Misc. other non-op. earnings	Impair-ment charges/ reversals[3]	Total adjust-ments	Income from equity invest-ments[4]	Components of adjusted EBIT
		Adjustments of items of income/loss before financial results and taxes to adjusted EBIT								
Sales including electricity and energy taxes	41,586	–	–	-5,725	–	–	–	-5,725	–	35,862
Electricity and energy taxes	-139	–	–	–	–	–	–	0	–	-139
Sales	**41,447**	**–**	**–**	**-5,725**	**–**	**–**	**–**	**-5,725**	**–**	**35,723**
Changes in inventories (finished goods and work in progress)	32	–	–	–	–	–	–	0	–	32
Own work capitalized	37	–	–	–	–	–	–	0	–	37
Other operating income	34,713	-14	-31,410	–	–	-31	-12	-31,467	–	3,246
Cost of materials	-39,832	–	–	5,736	–	28	–	5,764	–	-34,068
Personnel costs	-510	–	–	–	9	–	–	9	–	-501
Depreciation, amortization and impairment charges	-348	–	–	–	1	–	26	28	–	-321
Other operating expenses	-35,817	2	32,164	–	2	47	–	32,216	–	-3,601
For informational purposes: Subtotal of adjusted EBIT components before income from equity-method accounting and from equity investments	N/A	–	–	–	–	–	–	0	–	547
Income from companies accounted for under the equity method	26	–	–	–	–	–	–	–	–	26
For calculation purposes: Income from equity investments[4]	N/A	–	–	–	–	–	-2	−2	8	6
Reconciliation of income/loss before financial results and taxes to adjusted EBIT (summarized)	**-252**	**-12**	**755**	**11**	**12**	**45**	**12**	**823**	**8**	**580**

[1]Owing to the adjustments made, the earnings items shown here may differ from the figures determined in accordance with IFRS. A reconciliation of income/loss before financial results and taxes prepared in compliance with the Guidelines on Alternative Performance Measures published by the European Securities Markets Authority (ESMA) is provided in the notes to the IFRS interim and consolidated financial statements.

[2]Expenses for (and income from) restructuring and cost management in the Global Commodities segment included depreciation and amortization of €1 million in the first half of 2021 (first half of 2020: €2 million).

[3]Non-operating impairment charges/reversals consist of non-operating impairment charges and reversals triggered by regular impairment tests. The total of the non-operating impairment charges/reversals and economic depreciation and amortization/reversals differs from the depreciation, amortization and impairment charges reported in the income statement, since the two items also include impairment charges on companies accounted for under the equity method and other financial assets; in addition, a small portion is included in restructuring/cost-management expenses and in miscellaneous other non-operating earnings.

[4]In the income statement according to IFRS, income from equity investments is part of financial results, which are not shown in this matrix, and is added as a component of adjusted EBIT. The presentation within the items of the income statement that make up income/loss before financial results and taxes is used in this matrix solely to determine adjusted EBIT.

Matrix for Reconciliation of Income/Loss before Financial Results and Taxes 2020[1]

January 1–June 30 € in millions	Income statement items	Adjustments of items of income/loss before financial results and taxes to adjusted EBIT: Net book gains (-) / losses (+)	FV measurement of derivatives	Adj. of revenues and cost of materials	Restructuring[2]	Misc. other non-op. earnings	Impairment charges/ reversals[3]	Total adjustments	Income from equity investments[4]	Components of adjusted EBIT
Sales including electricity and energy taxes	20,123	–	–	9,370	–	–	–	9,370	–	29,493
Electricity and energy taxes	-146	–	–	–	–	–	–	0	–	-146
Sales	**19,977**	**–**	**–**	**9,370**	**–**	**–**	**–**	**9,370**	**–**	**29,347**
Changes in inventories (finished goods and work in progress)	22	–	–	–	–	–	–	0	–	22
Own work capitalized	28	–	–	–	–	–	–	0	–	28
Other operating income	16,467	-2	-12,390	–	–	-51	-148	-12,592	–	3,875
Cost of materials	-18,935	–	–	-9,094	–	132	–	-8,962	–	-27,897
Personnel costs	-509	–	–	–	48	–	–	48	–	-460
Depreciation, amortization and impairment charges	-562	–	–	–	2	–	237	239	–	-323
Other operating expenses	-15,638	2	11,674	–	9	30	–	11,714	–	-3,924
For informational purposes: Subtotal of adjusted EBIT components before income from equity-method accounting and from equity investments	N/A	–	–	–	–	–	–	0	–	668
Income from companies accounted for under the equity method	17	–	–	–	–	–	–	0	–	17
For calculation purposes: Income from equity investments[4]	N/A	–	–	–	–	–	–	0	5	5
Reconciliation of income/loss before financial results and taxes to adjusted EBIT (summarized)	**868**	**-1**	**-716**	**276**	**60**	**111**	**89**	**-182**	**5**	**691**

[1]Owing to the adjustments made, the earnings items shown here may differ from the figures determined in accordance with IFRS. A reconciliation of income/loss before financial results and taxes prepared in compliance with the Guidelines on Alternative Performance Measures published by the European Securities Markets Authority (ESMA) is provided in the notes to the IFRS interim and consolidated financial statements.
[2]Expenses for (and income from) restructuring and cost management in the Global Commodities segment included depreciation and amortization of €2 million in the first half of 2020 (first half of 2019: €6 million).
[3]Non-operating impairment charges/reversals consist of non-operating impairment charges and reversals triggered by regular impairment tests. The total of the non-operating impairment charges/reversals and economic depreciation and amortization/reversals differs from the depreciation, amortization and impairment charges reported in the income statement, since the two items also include impairment charges on companies accounted for under the equity method and other financial assets; in addition, a small portion is included in restructuring/cost-management expenses and in miscellaneous other non-operating earnings.
[4]In the income statement according to IFRS, income from equity investments is part of financial results, which are not shown in this matrix, and is added as a component of adjusted EBIT. The presentation within the items of the income statement that make up income/loss before financial results and taxes is used in this matrix solely to determine adjusted EBIT.

The net book gain of €12 million in the reporting period is primarily attributable to a land sale and to the sale of other equity investments (prior-year period: net book gain of €1 million).

The fair value measurement of derivatives used to hedge the operating business against price fluctuations resulted in a net loss of €755 million in the first half of 2021, due to changed market values in connection with higher commodity prices in the forward markets (prior-year period: net gain of €716 million).

Revenues and cost of materials for physically settled commodity derivatives (contracts that are accounted for under IFRS 9 (failed own-use contracts)) were adjusted for the difference between the spot prices relevant pursuant to IFRS and the contract prices relevant from the management perspective by a net expense of €11 million in the first half of 2021 (prior-year period: net expense of €276 million).

In the first half of 2021, restructuring and cost-management expenses/income changed by -€48 million relative to the prior-year period. The expenses amounted to €12 million in the first half of 2021 (prior-year period: €60 million). The figure includes expenses from restructuring of €7 million incurred in connection with the proactive phase-out plan for coal in Europe and especially in Germany, (prior-year period: €48 million), as well as expenses arising from the spin-off and transfer agreement with E.ON in the amount of €4 million (prior-year period: €9 million).

An expense of €45 million was classified as miscellaneous other non-operating earnings in the first half of 2021 (prior-year period: expense of €111 million). The change resulted primarily from the non-recurrence of temporary valuation allowances on inventory in the Global Commodities segment (positive effect of €148 million compared with the prior-year period). Expenses for adjustments of provisions recognized for non-operating effects in the Global Commodities segment (€27 million) had an offsetting effect; in the prior-year period, these adjustments had resulted in income (-€46 million).

The aggregation of non-operating impairment charges and of income from reversals of non-operating impairment losses recognized in the reporting period resulted in a net loss of €12 million. The impairments related primarily to power plants in Germany held in the European Generation segment. Reversals in the first half of 2021 of impairments recognized in previous years related primarily to a power plant in the United Kingdom held in the European Generation segment. In the comparative period of the previous year, this measurement had resulted in a net loss of €89 million.

Adjusted EBIT

Adjusted EBIT, a measure of earnings before interest and taxes adjusted for non-operating effects, is the key measure in the Uniper Group for purposes of internal management control and is the most important indicator of the profitability of its operations.

Adjusted EBIT

January 1–June 30 € in millions	2021	2020	+/- %
European Generation	272	217	25.3
Global Commodities	501	571	-12.2
Russian Power Generation	111	123	-9.9
Administration/Consolidation	-304	-220	-38.7
Total	**580**	**691**	**-16.2**

European Generation

The significant increase in adjusted EBIT compared with the prior-year period is attributable especially to the commissioning of the Datteln 4 coal-fired power plant at the end of May 2020 and the return to regular commercial operation of the Irsching 4 and 5 gas-fired power plant units in the fourth quarter of 2020. In addition, higher revenues from the UK capacity market led to an increase in earnings compared with the prior-year period. This was, compared with the prior-year period, offset by higher expenses for provisions for carbon allowances, which are reported under operating earnings. These higher expenses recognized in the context of measuring provisions for carbon allowances as part of operating activities are offset by hedges that will not be realized until the end of 2021, and for which gains on fair value measurement, which were higher compared with the prior-year period, are reported as non-operating earnings until they are realized. In addition, there are no positive earnings contributions from the optimization of the fossil fleet compared with the previous year.

Global Commodities

Adjusted EBIT in the Global Commodities segment decreased significantly compared with the prior-year period. This was due to the normalization of margins in the gas business following the very good extraordinary prior-year period. This was offset by higher earnings from the international portfolio, which benefited from unusual weather conditions in North America and from operations in Asia.

Russian Power Generation

The noticeable decline in adjusted EBIT in the Russian Power Generation segment was mainly due to foreign currency effects. The expiration of long-term capacity payments for two units at the Shaturskaya and Yaivinskaya power plants was offset by the commissioning of the Berezovskaya 3 power plant unit in May 2021 and the associated income from the capacity mechanism, as well as by the overall positive effects of higher prices and volumes on the electricity market, positive regulatory developments and the improvement in payment terms due to onerous contracts in the first half of the year compared with the previous year.

Administration/Consolidation

Adjusted EBIT attributable to the Administration/Consolidation reconciliation item changed negatively compared with the prior-year period. The reconciliation of the operating segments' adjusted EBIT to the Group's adjusted EBIT with respect to the measurement of the provisions for carbon emissions (remeasurement to cross-segment figures at Group level) had a significantly negative impact. This was partly offset by hedging transactions that will not be realized until the fourth quarter of 2021 and whose higher market valuation gains compared with the prior-year period are reported in non-operating earnings until they are realized.

Adjusted Net Income

Since the 2020 fiscal year, the Uniper Group has been using adjusted net income as an additional internal management indicator and as a further key indicator of the profitability of its operations after taxes and after financial results – one that also takes into account important income and expense components that are not included in adjusted EBIT but aggregated as an economic interest and tax result – as well as for determining the variable compensation of the Management Board and of all executive personnel, non-pay-scale employees, and pay-scale employees.

Unadjusted net income is earnings after financial results and income taxes. To focus this indicator on the operating business and increase its meaningfulness, unadjusted net income is adjusted for certain non-operating effects.

The starting point for these further adjustments is adjusted EBIT, which is adjusted for the following selected non-operating items:

- Net non-operating interest income
- Other financial results
- Income taxes on non-operating earnings
- Non-controlling interests in non-operating earnings

Included in other financial results are effects such as measurement effects from changes in the fair value of securities and of the KAF (the Swedish Nuclear Waste Fund; "Kärnavfallsfonden"). Not being a component of adjusted EBIT, other financial results are added back to adjusted EBIT in a first step to determine adjusted net income, together with net interest income, so that all earnings components of the income statement are also shown in the reconciliation to adjusted net income. They are then eliminated in a second step, together with non-operating interest expense and income. Other financial results thus have no effect on adjusted net income. Non-operating interest effects include, for example, interest on provisions financed through the KAF, which are eliminated correspondingly with other financial results. Also eliminated are measurement effects on liabilities to minority shareholders. The adjustments additionally include, among other things, the related income taxes, and the overall result is adjusted net income.

Reconciliation to Adjusted Net Income

January 1–June 30 € in millions	2021	2020
Income/Loss before financial results and taxes	**-252**	**868**
Net income/loss from equity investments	8	5
EBIT	**-243**	**873**
Non-operating adjustments	823	-182
Adjusted EBIT	**580**	**691**
Interest income/expense and other financial results	*148*	*-28*
Non-operating interest expense and negative other financial results (+) / interest income and positive other financial results (-)	*-66*	*44*
Operating interest income/expense and other financial results	82	16
Income taxes	*76*	*-168*
Expense (+) / Income (-) resulting from income taxes on non-operating earnings	*-226*	*14*
Income taxes on operating earnings	-150	-155
Less non-controlling interests in operating earnings	-25	-25
Adjusted net income	**485**	**527**

Aside from other financial results, the adjustments for financial effects relate primarily to the interest effects of the provisions financed through the Swedish Nuclear Waste Fund ("Kärnavfallsfonden" or "KAF") in the European Generation segment and of other non-operating provisions in the Global Commodities segment. Income of €66 million was adjusted for in total (prior-year period: €44 million expense).

In the first half of 2021, there was non-operating tax income of €226 million (prior-year period: €14 million expense). The operating tax expense amounted to €150 million (prior-year period: €155 million expense). This has resulted in an operating effective tax rate of 22.7 % (prior-year period: 21.9 %).

Adjusted net income for the first six months of 2021 amounted to €485 million, a year-over-year decrease of €42 million (prior-year period: €527 million). Adjusted net income came in noticeably lower, notwithstanding the higher economic net interest income relative to the first half of 2020. This is attributable to higher interest rates relative to the prior-year period applicable for other non-current provisions for asset retirement obligations, primarily in hydro. Lower capitalized construction-period interest, which in the comparative reporting period had been higher due to the Datteln 4 power plant that was then under construction and is now in operation since late May 2020, had an offsetting effect.

Financial Condition

The Uniper Group presents its financial condition using financial measures including economic net debt and operating cash flow before interest and taxes, among others.

Economic Net Debt

Economic net debt is used by Uniper to manage the Group's capital structure. The items in the table Economic Net Debt are being shown in a changed order starting June 30, 2021, beginning with financial liabilities and liabilities from leases and subsequent netting items. All items are shown with their respective (+) or (-) sign in the summation. The new representation of the table is meant to increase transparency and highlight the calculation logic.

Economic Net Debt

€ in millions	Jun. 30, 2021	Dec. 31, 2020
(+) Financial liabilities and liabilities from leases	3,558	1,743
(+) Bonds	–	–
(+) Commercial paper	*738*	*65*
(+) Liabilities to banks	*265*	*259*
(+) Lease liabilities	*734*	*761*
(+) Margining liabilities	*1,357*	*193*
(+) Liabilities to co-shareholders from shareholder loans	*377*	*378*
(+) Other financing	*87*	*87*
(-) Cash and cash equivalents	396	243
(-) Current securities	47	46
(-) Non-current securities	109	98
(-) Margining receivables[1]	2,019	898
Net financial position	**987**	**457**
(+) Provisions for pensions and similar obligations	1,051	1,371
(+) Provisions for asset retirement obligations[2]	1,127	1,223
(+) Other asset retirement obligations	*793*	*802*
(+) Asset retirement obligations for Swedish nuclear power plants[3]	*2,856*	*2,916*
(-) Receivables from the Swedish Nuclear Waste Fund recognized on the balance sheet[3]	*2,522*	*2,495*
Economic net debt	**3,164**	**3,050**
(-) For informational purposes: Receivables from the Swedish Nuclear Waste Fund (KAF) ineligible for capitalization[2]	257	223
For informational purposes: Fundamental economic net debt	**2,907**	**2,827**

[1]The line item "Margining receivables" contains additional securities beginning on June 30, 2021. These are akin to other margining receivables and have so far been reported as other financial receivables, which are not part of economic net debt. Margining receivables, net financial position, economic net debt and fundamental economic net debt as of December 31, 2020, have been adjusted for consistency.
[2]Reduced by receivables from the Swedish Nuclear Waste Fund.
[3]Due to IFRS valuation rules (IFRIC 5), €257 million (December 31, 2020: €223 million) of Uniper's share of the fair value of the net assets of the Swedish Nuclear Waste Fund may not be capitalized on the balance sheet. Accordingly, there exists an additional receivable from the Swedish Nuclear Waste Fund ineligible for recognition on the balance sheet, and the economic net obligation for the decommissioning of the Swedish nuclear power plants is thus reported too high in the table by the amount of this receivable.

Overall, financial liabilities and liabilities from leases increased by €1,815 million to €3,558 million as of June 30, 2021 (December 31, 2020: €1,743 million). The increase was mainly caused by an increase of margining liabilities by €1,164 million and was complemented by the issuance of commercial paper – on June 30, 2021, commercial paper in an amount of €738 million were outstanding (December 31, 2020: €65 million).

In an offsetting effect approximately equal to that of margining liabilities, posted collateral of €2,019 million led to an increase of €1,121 million in margining receivables. The operating cash flow (€346 million) and divestment inflows (€21 million) did not exceed dividend payments (-€501 million) and investment spending (-€341 million) in the first half of 2021, leading to a decreased net financial position as of June 30, 2021, by €530 million to €987 million.

The increase in economic net debt was below the increase in net financial position mainly because provisions for pensions and similar obligations were reduced by €320 million to €1,051 million (December 31, 2020: €1,371 million). The development resulted from an increase in interest rates in Germany and the UK during the first half of 2021 leading to a reduction of the present value of pension liabilities. The fair value of plan assets slightly improved compared with year-end 2020, leading to overall lower provisions for pensions and similar obligations. Provisions for asset retirement obligations decreased to €1,127 million as of June 30, 2021 (December 31, 2020: €1,223 million).

Investments

Investments

January 1–June 30 € in millions	2021	2020
Investments		
European Generation	*262*	*187*
Global Commodities	*19*	*27*
Russian Power Generation	*54*	*57*
Administration/Consolidation	*7*	*9*
Total	**341**	**279**
Growth	*186*	*175*
Maintenance and replacement	*154*	*104*

The increase in investments for the Uniper Group is mainly related to repair and maintenance investments. The investments are spread across the segments as follows:

The year-over-year increase of €75 million in investments in the European Generation segment in the first six months of 2021 was primarily due to higher growth investment spending on the Scholven 3 and Irsching 6 new construction projects and to investments in grid stabilization measures in the United Kingdom. Maintenance investments were also higher, especially in the United Kingdom, the Netherlands and in Hungary. These increases were partially offset in the first half of 2021 by lower growth investment spending on the Datteln 4 coal-fired power plant, which was commissioned at the end of May 2020, and lower maintenance investments in Sweden.

In the Global Commodities segment, investments were down €8 million from the prior-year level, primarily due to lower spending on growth investments.

In the first six months of 2021, investment spending in the Russian Power Generation segment was down €3 million from the level in the prior-year period and was primarily attributable to the repair of Unit 3 of the Berezovskaya power plant and higher maintenance investments.

In the Administration/Consolidation segment, investments were below the level of the prior-year period and related primarily to investments in IT projects.

Cash Flow

Cash Flow

January 1–June 30 € in millions	2021	2020
Cash provided by operating activities (operating cash flow)	**346**	**288**
Cash provided by investing activities	**-1,460**	**-217**
Cash provided by financing activities	**1,260**	**-315**

Cash Flow from Operating Activities, Operating Cash Flow before Interest and Taxes

The increase of €59 million in cash provided by operating activities in the first half of 2021 resulted mainly from the positive development in the change in net working capital from the gas business and a greater reduction in coal inventories, which more than offset the year-on-year decline in income from operating activities.

The following table presents the reconciliation of cash flow from operating activities (operating cash flow) to operating cash flow before interest and taxes:

Operating Cash Flow before Interest and Taxes

January 1–June 30 € in millions	2021	2020	+/-
Operating cash flow	**346**	**288**	**59**
Interest payments and receipts	3	12	-8
Income tax payments (+) / refunds (-)	102	53	49
Operating cash flow before interest and taxes	**451**	**352**	**99**

Cash Flow from Investing Activities

Cash provided by investing activities changed by -€1,243 million, from a cash outflow of €217 million in the prior-year period to a cash outflow of €1,460 million in the first six months of 2021. This development resulted primarily from changes in collateral provided by Uniper for futures and forward transactions. Margin deposits for futures and forward transactions (margining receivables) changed by -€1,319 million in the first half of 2021. Where there had been a cash inflow of €137 million in the prior-year period, there was a cash outflow of €1,182 million in the first half of 2021. Cash proceeds from disposals increased by €10 million, from a cash inflow of €11 million in the prior-year period to a cash inflow of €21 million in the first half of 2021. Compared with the prior-year period (€280 million), cash payments for investments in intangible assets, in property, plant and equipment, and in equity investments increased by €61 million, to €341 million.

Cash Flow from Financing Activities

In the first six months of 2021, Uniper generated positive cash flow from financing activities in the amount of €1,260 million (prior-year period: cash outflow of €315 million). The increase in margin deposits received for futures and forward transactions led to a cash inflow of €1,162 million (prior-year period: cash outflow of €43 million) and increased margining liabilities. The issuance of new commercial paper in the first six months of 2021 produced a further cash inflow of €673 million (prior-year period: cash inflow of €170 million). Repayments of lease liabilities in the first six months of 2021 in the amount of €61 million (prior-year period: €67 million) had an offsetting effect. The dividend paid to the shareholders of Uniper SE in the amount of €501 million (prior-year period: €421 million) also led to a reduction in cash and cash equivalents.

Assets

Consolidated Assets, Liabilities and Equity

€ in millions	Jun. 30, 2021	Dec. 31, 2020
Non-current assets	30,830	21,572
Current assets	40,069	18,650
Total assets	**70,899**	**40,222**
Equity	11,124	11,188
Non-current Liabilities	19,031	11,056
Current Liabilities	40,744	17,977
Total equity and liabilities	**70,899**	**40,222**

The increase in non-current assets was caused in large part by the valuation-related increase due to higher commodity prices of €8,921 million in receivables from derivative financial instruments, which rose from €2,723 million to €11,644 million. Investments in property, plant and equipment during the reporting period of €320 million were largely offset by depreciation of property, plant and equipment of €291 million.

As it was for non-current assets, the main cause of the increase in current assets was the valuation-related increase in receivables from derivative financial instruments, which rose by €20,671 million, from €7,284 million to €27,955 million. At the same time, receivables from posted collateral for commodity futures increased by €1,184 million to €2,019 million. The decrease in trade receivables amounted to €1,080 million. Owing to the positive cash flow, liquid funds rose by €154 million, from €289 million to €443 million, while other operating assets were reduced by €179 million.

Equity as of June 30, 2021, was virtually unchanged from December 31, 2020. Although the dividend of €501 million paid in May 2021 reduced equity, the remeasurement of defined benefit plans in the net amount of €238 million had the opposite effect of increasing equity as the applicable discount rates were higher than those applied in the Consolidated Financial Statements for the year ended December 31, 2020. The effect of foreign exchange rates on assets and liabilities in the amount of €146 million had an additional positive impact. The Group recorded a net loss of €20 million in the first half of 2021 (including net income of €47 million attributable to non-controlling interests). Even though equity has remained virtually unchanged, the significant increase in total assets due to the valuation of derivatives has caused the equity ratio to fall to 16 % overall (December 31, 2020: 28 %).

Non-current liabilities as of June 30, 2021, were higher than at the end of the previous year, due predominantly to the valuation-related increase of €8,153 million in liabilities from derivative financial instruments, which rose from €2,477 million to €10,630 million. This effect was partially offset by the reduction in provisions for pensions and similar obligations, which fell by €320 million to €1,051 million (December 31, 2020: €1,371 million), particularly as a result of increased interest rates as of June 30, 2021, compared with those at year-end 2020.

The increase in current liabilities is primarily attributable to the valuation-related increase in liabilities from derivative financial instruments, which rose by €22,091 million, from €7,550 million to €29,641 million. Financial liabilities rose by €1,820 million, from €716 million to €2,536 million. This development is mainly attributable to received collateral for commodity forward transactions and the elevated issuance of commercial paper. It was partially offset by a reduction of €1,126 million in trade payables, from €6,804 million to €5,678 million.

Human Resources

Employees[1]

	Jun. 30, 2021	Dec. 31, 2020	+/- %
European Generation	4,858	4,822	0.7
Global Commodities	1,332	1,296	2.8
Russian Power Generation	4,456	4,522	-1.5
Administration/Consolidation	1,127	1,111	1.4
Total	**11,773**	**11,751**	**0.2**

[1]Figures do not include board members, managing directors, apprentices, work-study students and interns. As of the respective reporting date.

On June 30, 2021, the Uniper Group had 11,773 employees, 147 apprentices and 158 work-study students and interns worldwide. The workforce thus increased by 0.2 % compared with December 31, 2020.

The employee headcount as of June 30, 2021, in the European Generation, Global Commodities and Russian Power Generation segments, as well as in Administration/Consolidation, was at the level of December 31, 2020.

At 58 % as of June 30, 2021, the proportion of employees working outside Germany, numbering 6,836, remained stable compared with the end of fiscal 2020.

Risk and Chances Report

The risk management system of the Uniper Group, as well as the measures taken to manage risks and chances per category across the Uniper Group, are described in detail in the Combined Management Report for the year 2020.

Risk and Chances Profile of the Uniper Group

The commercial activity of the Uniper Group is naturally linked with uncertainties which lead to risks and chances. Resulting financial-, credit-, market- and operational- risks and chances including their sub-categories are explained in detail in the 2020 Combined Management Report. The categories of risks/chances, as well as the methodology to determine the assessment classes, have not changed compared to the 2020 Consolidated Financial Statements.

Categories of Risks and Chances in the Uniper Group

Category	**Subcategory**
Financial Risks/Chances	
Credit Risks	
Market Risks/Chances	Commodity Price Risks/Chances
	Foreign Currency and Interest Rates Risks/Chances
	Market Environment Risks/Chances
Operational Risks/Chances	Asset Operation Risks/Chances
	Asset Project Risks/Chances
	People and Process Risks/Chances
	Information Technology (IT) Risks/Chances
	Legal Risks/Chances
	Political and Regulatory Risks/Chances

To assess its risk and chances profile, the Uniper Group uses a two-stage process. In a first step, all quantified individual risks and chances with a potential impact on planned adjusted EBIT and/or Net Income are allocated to the categories and subcategories described above. For this all risks/chances which, in the worst-/best-case scenario (99 %/1 % confidence interval), after consideration of risk management measures could cause net losses/gains of more than €20 million in any one year of the three-year mid-term plan horizon are considered.

In a second step, all risks/chances allocated to one category/subcategory are aggregated via a Monte Carlo simulation for each year of the three year planning horizon. From the resulting aggregated distribution function per year, the 1 % (best case) and 99 % (worst case) confidence intervals are gathered and an average over the three-year mid-term plan time horizon is calculated. Based on this average value, each category/subcategory is assigned an assessment class for the best and worst case in accordance with the following table.

Assessment Classes

Assessment class	Potential average impact on earnings per year (best case/worst case)
Insignificant	≤ €5 million
Low	> €5 million and ≤€20 million
Moderate	> €20 million and ≤€100 million
Significant	> €100 million and ≤€300 million
Major	> €300 million

The risk and chances profile of the Uniper Group as described in the 2020 Combined Management Report remains mostly valid including the described major individual risks. Below, the key changes to the risk and chances profile as of June 30, 2021 compared to December 31, 2020 are highlighted. This covers changes in the assessment class of the above risk and chances categories, changes to major quantified or qualitative individual risks/chances impacting earnings and/or liquidity. An individual risk (chance) is considered major if it has a potential worst-/best-case impact on earnings or cash flow of at least €300 million in any one year of the three-year mid-term plan horizon.

Since the beginning of the year rising commodity prices have led to a significant increase of Uniper's commodity portfolio value. While this is an overall positive development for Uniper, the earnings and cash flow related risks dependent on the underlying portfolio value have also increased. On an individual risk/chance level, Credit Risk as well as the Commodity Price Risk/Chance and Margining Risk/Chance now qualify as major individual risk/chance.

Further important developments to note:

Rating Downgrade Risk

The Uniper Group is exposed to a liquidity risk which is contingent on a downgrade of its long- term credit rating. A potential downgrade from the current BBB investment grade rating with a stable outlook to BBB- or below would trigger counterparties' -particularly in the trading business- right to demand additional collateral which would need to be provided mainly via liquid assets or bank guarantees.

In June/July 2021 S&P, Moody's and Fitch all raised their outlooks to stable on their recently affirmed BBB/Baa2 ratings of Fortum and S&P on Uniper's BBB rating while Scope confirmed Uniper's BBB+ rating with a stable outlook. A rating downgrade to BBB- or below has in consequence become less likely.

Nord Stream 2: Project Failure Risk

The Uniper Group is involved in financing the Nord Stream 2 project. As part of this financing, there is a default risk for receivables from Nord Stream 2 AG, particularly in the event the project cannot be completed successfully. The main risk for the completion of the project are actual and potential US sanctions. On July 21st the USA and Germany have come to an agreement on Nord Stream 2, Ukraine and Climate Protection. Based on this the probability for further project delays or even a non-completion of the pipeline is decreasing. The Uniper Group continues to act fully in line with applicable sanction laws while Nord Stream 2 AG continues to confirm that they are working to complete the project.

Covid-19 Pandemic-related Risks

The Covid-19 related risk situation of the Uniper Group has continuously improved during the first six months of 2021. This is mainly driven by the decoupling of commodity markets in Europe and the US from pandemic events and a corresponding reduction in market risk which could be observed already during Q1.

Furthermore experiences gained in operating Uniper's assets and asset projects in a pandemic environment has led to a reduction of the risk of unplanned unavailability and project delays and strongly contributed to the overall risk reduction. Uniper continues to closely monitor the pandemic developments and implements appropriate measures to reduce the potential impact of Covid related risks down to a minimum wherever possible.

Berezovskaya 3: Delay Risk

Following the fire in the boiler house at the GRES TG 3 unit of the Berezovskaya power plant in Russia on February 1, 2016, a dedicated project has focused on replacing the damaged essential components of the 800 MW boiler. During April the repair was successfully completed and the plant receives capacity payments again since May 1, 2021. The risk of a further delay of the project has thereby been mitigated.

Assessment of the Overall Risk Situation

The overall risk situation of the Uniper Group is assessed on the basis of its risk-bearing capacity concept. This concept assesses the group's risk bearing capacity from an earnings and liquidity perspective. For the earnings perspective the risk bearing capacity is defined as the book value of the Uniper Group's equity and for the liquidity perspective as the financing sources which are still readily available in case of a rating downgrade.

To assess the utilization of the Uniper Group risk-bearing capacity, it is compared with the simulated worst case loss of income (99 % confidence level) for the equity perspective and with the simulated worst case loss of cash (99 % confidence level) for the liquidity perspective at Group level for each year of the three-year planning horizon. This potential loss of income and cashflow is calculated based on the given risks/chances profile while considering correlations between the categories of risks/chances.

Based on this analysis, the overall risk situation of the Uniper Group and Uniper SE as of June 30, 2021 is not considered to be a threat to the Company's continued existence. The overall risk situation is also considered appropriate in view of the financial targets set.

Forecast Report

Macroeconomic Situation

Global economic development continues to be influenced by the Covid-19 pandemic. During the winter months of 2020/21, global gross domestic product recovered further from the drastic slide in the spring of 2020 and most recently had almost returned to the pre-crisis level. There are, however, major regional and industry-specific differences that reflect infection trends and the measures imposed to contain the pandemic. The lockdown measures in the individual EU member states and in the United Kingdom thus resulted in a renewed economic downturn in the first quarter of 2021, even as the economy continued to grow strongly in the United States.

As the global economic recovery proceeded, initial signs of economic bottlenecks arose during the spring of 2021. Excess demand for maritime transport capacity caused freight rates to rise significantly, and almost all commodities recorded strong price increases. The latter was also due in part to supply shortages, as in the case of reduced iron ore output in Latin America due to the pandemic. The main reasons, however, are likely to have been accelerated construction activity in many advanced economies coupled with the recovery in oil prices amid increasing mobility. In line with this increase in commodity prices, overall price levels trended higher in most countries as well, especially in the United States. Even though monetary policy remains highly expansionary in most countries as the central banks continue to buy securities, market interest rates have risen based on favorable economic prospects and expected higher inflation.

Anticipated Earnings

The forecast for the 2021 fiscal year continues to be significantly influenced by the difficult conditions in the energy industry and political environment and the associated volatile development of prices in all the European electricity markets. Market-related lower earnings contributions from the fossil-fuel power plants – both in Europe and in Russia – and other developments reflect this trend. In addition, the strong earnings from energy trading seen in fiscal 2020 will be lower in 2021. As a result of risk-optimized forward hedging, the significant short-term increase in commodity prices is not materially reflected in the earnings forecast. The commissioning of the Datteln 4 power plant in Germany as well as of the Berezovskaya 3 power plant in Russia and the good results from the international portfolio in the Global Commodities segment will have a positive impact on the overall performance.

Uniper therefore expects adjusted EBIT for 2021 to be noticeably below the prior-year level, within a range from €800 to €1,050 million.

For the individual operating segments, this means:

For the European Generation segment, adjusted EBIT in 2021 is expected to be noticeably higher than in 2020. Improved availability of the Swedish nuclear power plants and the full-year operation of the Datteln 4 power plant in Germany will have a positive impact. Lower prices realized for the output of the nuclear power plants in Sweden and the absence of exceptionally high earnings from the portfolio optimization of the fossil fuel power plants in 2020 will partially offset these effects.

For the Global Commodities segment, Uniper now expects adjusted EBIT in 2021 to be noticeably lower than in 2020. This is due to the exceptionally good results in the gas business from 2020, which are expected to normalize in 2021 and thus be significantly lower. In contrast, earnings from the international portfolio are expected to be significantly higher than the previous year as a result of unusual weather conditions in North America and business activities in Asia, but this will not offset the gas business.

For the Russian Power Generation segment, Uniper expects adjusted EBIT in 2021 to be significantly below the prior-year level. Lower earnings from expiring long-term capacity contracts will only be partially offset by the planned return to service of the Berezovskaya 3 power plant in the first half of 2021.

Uniper expects adjusted net income to remain at the prior-year level within a range from €650 to €850 million. Adjusted net income largely tends to follow the development of adjusted EBIT and is partly offset by positive interest effects from the measurement of provisions.

The disclaimer statement in the table of contents of this Half-Year Interim Report applies, in particular, to the forward-looking statements made here.

Forecast of direct CO_2 emissions (Scope 1)

Uniper's total direct carbon (Scope 1) emissions from European power generation in 2021 are expected to be about 21 % above the previous year's level and 17 % for the Uniper Group. The updated views are significantly above the assumed levels forecast at the beginning of the year for 2021 in the Annual Report 2020, which were 9 % for European Power Generation and 8 % for the Uniper Group. The updated estimate for 2021 was made on the basis of actual emissions for the first half of 2021 and on historic emissions of 2020 for the remaining half year 2021, with additional assumptions on changes within the generation portfolio.

Direct carbon emissions for the first half of 2021 turned out at higher levels than expected at beginning of the year, mainly due to more positive market conditions in the UK and the Netherlands, resulting in higher emissions of merchant assets. In Germany, customers are increasingly making use of their contractually assured electricity supply from the Datteln 4 power plant leading to an increase in generation. Additionally although Heyden 4 power plant entered cold reserve, increased emissions resulted from more frequent requests from the transmission system operator to put the plant into operation in order to stabilize the grid. For the remaining half of 2021, similar increased levels of generation for Datteln 4 and Heyden 4 is assumed. In addition, a slight increase in emissions is considered due to the planned operational return of the Maasvlakte UCML gas turbine after a longer period of being mothballed.

However, this forecast cannot take all critical factors into account. For example, actual outturn electricity prices, spot commodity prices such as natural gas, hard coal and prices for emission allowances, but also the actual technical availability of the thermal plants as well as customer demand to be met by the assets cannot be predicted with certainty.

Non-Financial Information

Uniper discloses selected non-financial key performance indicators on a quarterly basis. The aim is to underscore Uniper's ongoing commitment to playing a leading role in enabling the decarbonization of the energy industry and to scaling up innovative technologies like green gases and alternative fuels.

Uniper's decarbonization strategy aims to enable the energy transition by providing a reliable and affordable supply of low-carbon energy. A key element of this strategy is for the Uniper Group to be carbon neutral for Scopes 1, 2 and 3 by 2050 and for the European Generation segment to be carbon-neutral for Scopes 1 and 2 by 2035. An interim target has been set for the European Generation segment to achieve a 50 % reduction in carbon emissions for Scope 1 and 2 by 2030, using 2019 as the baseline.

Uniper's direct CO_2 emissions totalled 24.5 million metric tons in the first half of 2021, compared to the same period in 2020 which was 20.6 million metric tons. The difference in emissions during that period is largely due to increased output from Uniper's coal-fired power plant Ratcliffe in the UK, and from coal- and gas-fired power stations in Germany compared to the same period in 2020. The emissions from Uniper's coal-fired power station Datteln 4 in Germany increased as it was fully operational in the first half of 2021 compared to the testing phase in the first half of 2020 where output was lower. It only became fully commercially operational at the end of May 2020.

Direct Fuel-Derived Carbon Emissions by Country

January 1–June 30 **Million metric tons CO_2**	**2021**	**2020**
European Generation	12.7	9.1
Germany	*6.7*	*5.2*
United Kingdom	*3.7*	*1.9*
Netherlands	*1.9*	*1.6*
Hungary	*0.4*	*0.4*
Czech Republic[1]	*–*	*0.06*
Sweden	*< 0.01*	*< 0.01*
Russian Power Generation	11.8	11.5
Total	**24.5**	**20.6**

Uniper uses the operational control approach. This means that Uniper counts 100% of the direct emissions of any generation assets over which it has operational control. With the exception of Russia, all data were calculated using the European Union Emissions Trading System rules. Rounding may result in minor deviations from the totals. 2021 totals for Germany and the Netherlands include estimates.

[1]The emissions reported for Teplarna Tabor in the Czech Republic, which was divested in April 2020, reflect estimates for 2020 based on actual 2019 data.

Uniper strives to be a safe workplace for the employees, contractors, and service providers. It also seeks to operate responsibly in the communities in which it operates. Therefore, it aims to maintain certification or certify all of its operating entities' health and safety management systems to OHSAS 18001 or ISO 45001 respectively. As at the 2020 half-year 97.2 % of such systems were certified as of 30 June 2021. The only outstanding certification for Datteln 4 is due to be finalized in the third quarter of 2021.

A safety metric used at Uniper is combined Total Recordable Incident Frequency (TRIF). The combined TRIF measures the number of work-related accidents sustained both by the Uniper Group's employees and by those of external companies engaged by Uniper – per million hours of work. Uniper is aiming to maintain a combined TRIF at or below 1.0 by 2025. The combined TRIF for the first half of 2021 was 1.37 (previous year 0.90). The comparative increase is due to an exceptionally low combined TRIF during 2020 due to reduced works and contractors on site, as well as social distancing measures, due to the Covid-19 pandemic. Work on site increased in the first half year 2021 near to pre-Covid-19-levels leading to an increase in combined TRIF. However, further work is being carried out to improve the systematic monitoring of incident trends to further identify and eliminate root causes to reduce incidents. Additional targeted communication to raise awareness of identified incidents such as related to hand safety or falling objects is underway to encourage learning by sharing mitigation measures and good practice.

As already reported for the first quarter of 2021, an employee of a contractor company was fatally injured on 19 February 2021 at the construction site of the Berezovskaya power plant in Russia. The internal investigations into this accident have been completed, and corresponding improvement measures have been agreed and are being implemented. Conclusions and learnings from the accident analysis are communicated within Uniper.

Uniper's functional units and subsidiaries have a responsibility to implement annual improvement measures to help meet the Group's overall HSSE and sustainability objectives and strategy. The key performance indicator for managing Uniper's group-wide HSSE and Sustainability performance is the degree of implementation of its comprehensive HSSE and Sustainability Improvement Plan. The level of implementation of the plan is measured and reported on a quarterly basis by the achievement of defined milestones.

Uniper's 2021 HSSE and Sustainability Improvement Plan focusses on sustainability aspects beyond decarbonization, as well as continuing to build Uniper's health culture. Progress continued in the second quarter of 2021 with the implementation of a variety of health measures in local plans. Going forward, Uniper will focus on strengthening health and stress management due to the challenges posed by the Covid-19 pandemic. To raise awareness on sustainability topics in Uniper, an e-learning program was successfully launched in June 2021 and is available for all employees.

Uniper aims to prevent incidents at its operations that could have adverse impacts on the environment. It has therefore committed to maintaining 100 % ISO 14001 certification for its operational assets. At 30 June 2021, 100 % of its assets maintained certification to ISO14001. There were no severe environmental incidents during the first half of 2021.

An uninterrupted and reliable energy supply is critical for society to function. There are two kinds of plant outages: planned outages for maintenance and unplanned outages due to technical faults. During the first half of 2021, the average availability factor of Uniper's gas- and coal-fired power plants was 79.2 % (2020: 82.9 %). These figures exclude availability data from Teplarna Tabor in the Czech Republic.

Review Report

To Uniper SE, Düsseldorf

We have reviewed the condensed consolidated interim financial statements - comprising the income statement, statement of recognized income and expenses, balance sheet, cash flow statement, statement of changes in group equity and selected explanatory notes - and the interim group management report of Uniper SE, Düsseldorf, for the period from January 1 to June 30, 2021 which are part of the half-year financial report pursuant to § (Article) 115 WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and additionally observed the International Standard on Review Engagements "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Düsseldorf, August 9, 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Ralph Welter
Wirtschaftsprüfer
(German Public Auditor)

Michael Servos
Wirtschaftsprüfer
(German Public Auditor)

Condensed Consolidated Interim Financial Statements

Uniper Consolidated Statement of Income

€ in millions	Note	April 1–June 30 2021	April 1–June 30 2020	January 1–June 30 2021	January 1–June 30 2020
Sales including electricity and energy taxes		20,354	7,148	41,586	20,123
Electricity and energy taxes		-66	-62	-139	-146
Sales	**(13)**	**20,288**	**7,087**	**41,447**	**19,977**
Changes in inventories (finished goods and work in progress)		41	13	32	22
Own work capitalized		28	18	37	28
Other operating income		27,907	1,862	34,713	16,467
Cost of materials		-19,744	-6,620	-39,832	-18,935
Personnel costs		-264	-281	-510	-509
Depreciation, amortization and impairment charges		-167	-231	-348	-562
Other operating expenses		-29,180	-1,547	-35,817	-15,638
Income from companies accounted for under the equity method	(6)	16	5	26	17
Income/Loss before financial results and taxes		**-1,077**	**306**	**-252**	**868**
Financial results	(4)	83	53	156	-23
Net income/loss from equity investments		*8*	*2*	*8*	*5*
Interest and similar income		*56*	*35*	*105*	*65*
Interest and similar expenses		*-33*	*-41*	*-44*	*-78*
Other financial results		*53*	*57*	*87*	*-15*
Income taxes		132	-166	76	-168
Net income/loss		**-861**	**193**	**-20**	**677**
Attributable to shareholders of Uniper SE		*-887*	*152*	*-67*	*641*
Attributable to non-controlling interests		*26*	*41*	*47*	*36*
€					
Earnings per share (attributable to shareholders of Uniper SE) – basic and diluted	**(5)**				
From continuing operations		-2.42	0.42	-0.18	1.75
From net income/loss		**-2.42**	**0.42**	**-0.18**	**1.75**

Uniper Consolidated Statement of Recognized Income and Expenses

€ in millions	April 1–June 30 2021	April 1–June 30 2020	January 1–June 30 2021	January 1–June 30 2020
Net income/loss	**-861**	**193**	**-20**	**677**
Remeasurements of equity investments	45	-3	90	-43
Remeasurements of defined benefit plans	79	-206	334	-100
Income taxes	-19	57	-96	33
Items that will not be reclassified subsequently to the income statement	**104**	**-152**	**328**	**-110**
Cash flow hedges	–	-6	-2	-1
Unrealized changes	*–*	*-5*	*-1*	*1*
Reclassification adjustments recognized in income	*–*	*-1*	*-1*	*-1*
Currency translation adjustments	49	262	146	-414
Unrealized changes	*49*	*262*	*146*	*-414*
Reclassification adjustments recognized in income	*–*	*–*	*–*	*–*
Companies accounted for under the equity method	-2	1	–	-3
Unrealized changes	*–*	*1*	*2*	*-3*
Reclassification adjustments recognized in income	*-2*	*–*	*-2*	*–*
Income taxes	1	6	1	1
Items that might be reclassified subsequently to the income statement	**47**	**262**	**146**	**-417**
Total income and expenses recognized directly in equity	**152**	**110**	**474**	**-527**
Total recognized income and expenses (total comprehensive income)	**-710**	**303**	**454**	**150**
Attributable to shareholders of Uniper SE	*-743*	*227*	*387*	*174*
Attributable to non-controlling interests	*34*	*76*	*67*	*-23*

Uniper Consolidated Balance Sheet

€ in millions	Note	Jun. 30, 2021	Dec. 31, 2020
Assets			
Goodwill		1,775	1,751
Intangible assets		721	734
Property, plant and equipment and right-of-use assets		9,902	9,769
Companies accounted for under the equity method	(6)	337	380
Other financial assets	(6)	1,084	926
Equity investments		*975*	*827*
Non-current securities		*109*	*98*
Financial receivables and other financial assets	(9)	4,081	4,047
Receivables from derivative financial instruments	(9)	11,644	2,723
Other operating assets and contract assets	(9)	226	182
Deferred tax assets		1,060	1,061
Non-current assets		**30,830**	**21,572**
Inventories		1,812	1,166
Financial receivables and other financial assets	(9)	2,292	1,128
Trade receivables	(9)	5,442	6,522
Receivables from derivative financial instruments	(9)	27,955	7,284
Other operating assets and contract assets	(9)	1,820	1,999
Income tax assets		55	23
Liquid funds		443	289
Assets held for sale	(3)	250	239
Current assets		**40,069**	**18,650**
Total assets		**70,899**	**40,222**
Equity and liabilities			
Capital stock	(7)	622	622
Additional paid-in capital	(7)	10,825	10,825
Retained earnings	(7)	2,842	3,082
Accumulated other comprehensive income		-3,652	-3,778
Equity attributable to shareholders of Uniper SE		**10,636**	**10,751**
Non-controlling interests		487	437
Equity		**11,124**	**11,188**
Financial liabilities and liabilities from leases	(9)	1,022	1,027
Liabilities from derivative financial instruments	(9)	10,630	2,477
Other operating liabilities and contract liabilities	(9)	215	193
Provisions for pensions and similar obligations	(8)	1,051	1,371
Miscellaneous provisions		5,770	5,657
Deferred tax liabilities		344	333
Non-current liabilities		**19,031**	**11,056**
Financial liabilities and liabilities from leases	(9)	2,536	716
Trade payables	(9)	5,678	6,804
Liabilities from derivative financial instruments	(9)	29,641	7,550
Other operating liabilities and contract liabilities	(9)	903	1,153
Income taxes		28	95
Miscellaneous provisions		1,755	1,456
Liabilities associated with assets held for sale	(3)	205	205
Current liabilities		**40,744**	**17,977**
Total equity and liabilities		**70,899**	**40,222**

Uniper Consolidated Statement of Cash Flows

January 1–June 30 € in millions	2021	2020
Net income/loss	**-20**	**677**
Depreciation, amortization and impairment of intangible assets, of property, plant and equipment, and of right-of-use assets	348	562
Changes in provisions	444	-166
Changes in deferred taxes	-79	113
Other non-cash income and expenses	-149	-205
Gain/Loss on disposal of intangible assets, property, plant and equipment, equity investments and securities (> 3 months)	-14	-1
Changes in operating assets and liabilities and in income taxes	-184	-693
Inventories and emission allowances	*-636*	*-363*
Trade receivables	*1,084*	*2,947*
Other operating receivables and income tax assets	*-29,393*	*-1,208*
Trade payables	*278*	*-304*
Other operating liabilities and income taxes	*28,483*	*-1,765*
Cash provided by operating activities (operating cash flow)	**346**	**288**
Proceeds from disposal of	21	10
Intangible assets and property, plant and equipment	*14*	*6*
Equity investments	*7*	*5*
Purchases of investments in	-341	-279
Intangible assets and property, plant and equipment	*-338*	*-262*
Equity investments	*-3*	*-18*
Proceeds from disposal of securities (> 3 months) and of financial receivables and fixed-term deposits	322	223
Purchases of securities (> 3 months) and of financial receivables and fixed-term deposits	-1,462	-171
Cash provided by investing activities	**-1,460**	**-217**
Cash proceeds/payments arising from changes in capital structure[1]	-2	4
Cash dividends paid to shareholders of Uniper SE	-501	-421
Cash dividends paid to other shareholders	-15	-15
Proceeds from new financial liabilities	2,053	386
Repayments of financial liabilities and reduction of outstanding lease liabilities	-275	-270
Cash provided by financing activities	**1,260**	**-315**
Net increase/decrease in cash and cash equivalents	**146**	**-245**
Effect of foreign exchange rates on cash and cash equivalents	8	-6
Cash and cash equivalents at the beginning of the reporting period	243	825
Cash and cash equivalents at the end of the reporting period	**396**	**575**
Supplementary information on cash flows from operating activities		
Income tax payments	-102	-53
Interest paid	-28	-32
Interest received	25	20
Dividends received	6	7

[1]No material netting has taken place in either of the periods presented here.

Statement of Changes in Equity

€ in millions	Capital stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income that might be reclassified subsequently to the income statement: Currency translation adjustments	Cash flow hedges	Equity attributable to shareholders of Uniper SE	Non-controlling interests	Total
Balance as of January 1, 2020	**622**	**10,825**	**3,145**	**-3,207**	**1**	**11,386**	**556**	**11,942**
Dividends			-421			-421	-15	-436
Changes in ownership			6			6	-2	4
Total comprehensive income			531	-357	-1	174	-23	150
Net income/loss			641			641	36	677
Other comprehensive income			-110	-357	-1	-467	-59	-527
Remeasurements of defined benefit plans			-67			-67		-67
Remeasurements of investments			-43			-43	0	-43
Changes in accumulated other comprehensive income				-357	-1	-358	-59	-417
Balance as of June 30, 2020	**622**	**10,825**	**3,262**	**-3,564**		**11,145**	**516**	**11,660**
Balance as of January 1, 2021	**622**	**10,825**	**3,082**	**-3,779**	**1**	**10,751**	**437**	**11,188**
Capital decrease							-2	-2
Dividends			-501			-501	-15	-516
Changes in ownership			–			–	–	–
Total comprehensive income			261	127	-1	387	67	454
Net income/loss			-67			-67	47	-20
Other comprehensive income			328	127	-1	454	20	474
Remeasurements of defined benefit plans			238			238		238
Remeasurements of investments			90			90		90
Changes in accumulated other comprehensive income				127	-1	126	20	146
Balance as of June 30, 2021	**622**	**10,825**	**2,842**	**-3,652**		**10,636**	**487**	**11,124**

Notes to the Condensed Consolidated Interim Financial Statements

(1) General Information and Summary of Significant Accounting Policies

Changes in the Composition of the Management Board and of the Supervisory Board

On March 29, 2021, the Supervisory Board of Uniper SE reached agreement with the Chief Executive Officer, Andreas Schierenbeck, and the Chief Financial Officer, Sascha Bibert, on their immediate departure from the Company's Management Board. Their respective Management Board appointments thus ended on March 29, 2021. When they resigned, their service agreements were terminated by mutual consent as of the close of March 31, 2021.

Prof. Dr. Klaus-Dieter Maubach has been the Chief Executive Officer of Uniper SE since March 29, 2021. Tiina Tuomela has been the Chief Financial Officer since March 29, 2021. Prof. Dr. Klaus-Dieter Maubach and Tiina Tuomela were previously members of the Supervisory Board of Uniper SE, and Prof. Dr. Klaus-Dieter Maubach was its chairman. Prior to the Annual Shareholders Meeting on May 19, 2021, they were therefore initially delegated into the Management Board. Effective at the close of the Annual Shareholders Meeting on May 19, 2021, both resigned as members of the Supervisory Board. The Supervisory Board of Uniper SE then appointed Prof. Dr. Klaus-Dieter Maubach and Tiina Tuomela as Chief Executive Officer and Chief Financial Officer, respectively, on May 19, 2021. During their delegation, they ceased to perform any duties as Supervisory Board members.

At the Annual Shareholders Meeting on May 19, 2021, Esa Hyvärinen and Judith Buss were elected by shareholders to succeed Prof. Dr. Klaus-Dieter Maubach and Tiina Tuomela on the Supervisory Board of Uniper SE. Shareholders also elected Nora Steiner-Forsberg to the Supervisory Board of Uniper SE at the Annual Shareholders Meeting on May 19, 2021. She succeeds Sirpa-Helena Sormunen, who resigned from the Supervisory Board effective at the end of April 30, 2021, and has been the General Counsel of Uniper SE since May 1, 2021. Victoria Kulambi joined the Supervisory Board as an employee representative on May 19, 2021, after Ingrid Åsander resigned as a member of the Supervisory Board effective at the close of the Annual Shareholders Meeting on May 19, 2021.

Markus Rauramo was elected as Chairman of the Supervisory Board on March 29, 2021. The Supervisory Board, in its new composition, acknowledged and approved the election on May 19, 2021.

Significant Accounting Policies

The Interim Financial Statements for the six months ended June 30, 2021, have been prepared in accordance with those International Financial Reporting Standards ("IFRS") and related interpretations of the IFRS Interpretations Committee ("IFRS IC") effective and adopted for use in the European Union ("EU").

These Interim Financial Statements prepared in accordance with IAS 34 are condensed relative to the reporting scope applied to the Consolidated Financial Statements for the full year. Apart from the new financial reporting standards and interpretations presented below that have been adopted by the EU into European law, the accounting policies and consolidation principles used were the same as those applied in the preparation of the Consolidated Financial Statements for the 2020 fiscal year. Further information, including information about the risk management system, is provided in Uniper's Consolidated Financial Statements for the year ended December 31, 2020, which serve as the basis for these Interim Financial Statements.

The Interim Financial Statements and the Consolidated Financial Statements of the Uniper Group are generally prepared based on amortized cost, with the exception of those other equity investments measured at fair value "through other comprehensive income" (changes in fair value recognized in equity), and of financial assets and liabilities (including derivative financial instruments) measured at fair value "through profit or loss" (changes in fair value recognized in income).

Provisions Applicable for the First Time in 2021

New Financial Reporting Standards and Interpretations

Standard/Interpretation		IASB / IFRS IC effective date	Endorsed by EU	Impact on Uniper
Amendment to IFRS 16	Covid-19-Related Rent Concessions	Jun. 1, 2020	Yes	None
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform (Phase 2)	Jan. 1, 2021	Yes	None
Amendments to IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9	Jan. 1, 2021	Yes	None

(2) Scope of Consolidation and Equity Investments

Scope of Consolidation

	Domestic	Foreign	Total
Consolidated companies as of January 1, 2021	**29**	**29**	**58**
Additions	–	–	–
Disposals/mergers	–	–	–
Consolidated companies as of June 30, 2021	**29**	**29**	**58**

As of June 30, 2021, a total of two domestic and six foreign associated companies were accounted for under the equity method (December 31, 2020: two domestic companies and eight foreign companies).

(3) Disposals and Assets Held for Sale

Disposals and Assets Held for Sale in the First Half of 2021

Stake in Schkopau Lignite-Fired Power Plant

In late February 2020, Uniper signed an agreement with Saale Energie GmbH ("Saale Energie"), a subsidiary of the Czech company Energetický a průmyslový holding, a. s. ("EPH"), on the sale of the interest in the Schkopau lignite-fired power plant in Saxony-Anhalt. Uniper is the operator of the power plant and holds a stake of about 58 %. Saale Energie holds a stake of around 42 % in the Schkopau power plant and will take over Uniper's stake effective October 1, 2021. The proceeds from the sale will be determined when control is transferred on October 1, 2021, taking into account various purchase price adjustment clauses.

Held as a disposal group in the European Generation segment, the major asset and liability items of these activities as of the June 30, 2021, reporting date were non-current assets (€145 million; December 31, 2020: €145 million) and current assets (€105 million; December 31, 2020: €94 million), as well as provisions (€16 million; December 31, 2020: €20 million) and liabilities (€189 million; December 31, 2020: €185 million). No cash or cash equivalents were divested in connection with the disposal.

The reclassification as a disposal group took place on October 1, 2020. It remains unimpaired. Accordingly, as in the previous year, no impairment charges were necessary in the first half of 2021.

With the sale of the Schkopau power plant stake, Uniper will have fully withdrawn from lignite-fired power generation in Europe.

Disposals and Assets Held for Sale in the First Half of 2020

There were no significant disposals in the first half of 2020, and no assets were held for sale during the reporting period.

(4) Financial Results

Financial Results

€ in millions	April 1–June 30 2021	April 1–June 30 2020	January 1–June 30 2021	January 1–June 30 2020
Income from companies in which equity investments are held	6	2	6	5
Impairment charges/reversals on other financial assets	1	–	2	–
Net income/loss from equity investments	**8**	**2**	**8**	**5**
Interest and similar income	56	35	105	65
Amortized cost	*29*	*30*	*55*	*54*
Other interest and similar income	*26*	*5*	*49*	*11*
Interest and similar expenses	-33	-41	-44	-78
Amortized cost	*-11*	*-11*	*-18*	*-19*
Other interest and similar expenses	*-22*	*-30*	*-26*	*-60*
Net interest income	**22**	**-6**	**61**	**-13**
Impairment charges/reversals	1	9	1	-3
Net income from securities	4	10	8	-16
Result from the Swedish Nuclear Waste Fund	48	38	78	4
Other financial results	**53**	**57**	**87**	**-15**
Financial results	**83**	**53**	**156**	**-23**

In the first half of 2021, financial results rose by €179 million, due especially to the net interest income from the measurement of non-current provisions and to substantially higher positive other financial results brought about predominantly by the valuation of the Swedish Nuclear Waste Fund. At €8 million, income from equity investments increased only slightly year over year (prior-year period: €5 million).

Interest and similar expenses fell by €35 million in the first half of 2021, while interest and similar income rose by €39 million. This development resulted mainly from interest effects in the measurement of non-current provisions, primarily in Hydro. A decline in interest rates in prior-year period had led to the recognition of an interest expense. In the first half of 2021, higher interest rates resulted in interest income. In addition, due to a year-over-year decline in the discount rate used for the nuclear power sector in Sweden, there was a reduced interest expense from the measurement of provisions for Swedish nuclear asset retirement obligations. Capitalized borrowing costs, in turn, fell to €13 million (prior-year period: €41 million), owing especially to the commissioning of the Datteln 4 coal-fired power plant in May 2020.

Other financial results rose to €102 million as of June 30, 2021 (prior-year period: -€15 million), brought about by the increased valuation result from the Swedish Nuclear Waste Fund in the amount of €78 million (prior-year period: €4 million) and the valuation result from other securities in the amount of €8 million (prior-year period: -€16 million).

(5) Earnings per Share

Earnings per Share

	April 1–June 30		January 1–June 30	
€ in millions	**2021**	**2020**	**2021**	**2020**
Income/Loss from continuing operations	-861	193	-20	677
Less: non-controlling interests	-26	-41	-47	-36
Income/Loss from continuing operations (attributable to shareholders of Uniper SE)	**-887**	**152**	**-67**	**641**
Net income/loss attributable to shareholders of Uniper SE	**-887**	**152**	**-67**	**641**
€				
Earnings per share (attributable to shareholders of Uniper SE)				
From continuing operations	-2.42	0.42	-0.18	1.75
From net income/loss	**-2.42**	**0.42**	**-0.18**	**1.75**

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

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

Companies Accounted for under the Equity Method and Other Financial Assets

	June 30, 2021			December 31, 2020		
€ in millions	**Uniper Group**	**Associates[1]**	**Joint ventures[1]**	**Uniper Group**	**Associates[1]**	**Joint ventures[1]**
Companies accounted for under the equity method	337	232	105	380	372	7
Equity investments	975	77	5	827	18	5
Non-current securities	109	–	–	98	–	–
Total	**1,421**	**309**	**110**	**1,306**	**390**	**12**

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

(7) Equity and Dividend

At the Annual Shareholders Meeting of Uniper SE on May 19, 2021, shareholders resolved to use the net income available for distribution reported in the annual financial statements to distribute a dividend of €1.37 per share (365,960,000 shares) of the dividend-paying capital stock of €622.1 million. The dividend distribution in the amount of €501.4 million took place on May 24, 2021.

(8) Provisions for Pensions and Similar Obligations

Provisions for pensions and similar obligations decreased by €320 million from December 31, 2020, to €1,051 million as of June 30, 2021. The decrease was caused especially by net actuarial gains, which resulted primarily from the increase in the underlying interest rates, and by employer contributions to plan assets. This was partly offset by additions attributable to the net periodic pension cost.

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	Jun. 30, 2021	Dec. 31, 2020
Germany	1.20	0.80
United Kingdom	2.00	1.50

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	Jun. 30, 2021	Dec. 31, 2020
Present value of all defined benefit obligations	3,833	4,087
Fair value of plan assets	2,799	2,716
Net defined benefit liability	**1,034**	**1,371**
Presented as provisions for pensions and similar obligations	*1,051*	*1,371*
Presented as operation receivables and other operation receivables	*16*	–

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

Net Periodic Pension Cost

	April 1–June 30		January 1–June 30	
€ in millions	2021	2020	2021	2020
Employer service cost	18	16	34	30
Past service cost	1	11	3	11
Gains (-) and losses (+) on settlements	–	–	–	–
Net interest on the net defined benefit liability	3	4	6	8
Total	**22**	**31**	**42**	**49**

(9) Additional Disclosures on Financial Instruments

Measurement of Financial Instruments

The value of financial instruments that are generally measured at market value is determined on the basis of fair value measurement. The fair value of derivative financial instruments is sensitive to movements in the underlying market variables. The Uniper Group assesses and monitors the fair value of derivatives at regular intervals. The fair value 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. The fair values of derivative financial instruments are calculated using standard market valuation methods, with reference to market data available on the measurement date.

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. 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, Uniper 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.

Derivative financial instruments are covered by industry-standard 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. Trading operations conducted within the energy industry 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 financial instruments.

As part of fair value measurement in accordance with IFRS 13, the counterparty risk is also taken into account for derivative financial instruments. The Uniper Group determines this risk based on a portfolio valuation in a bilateral approach covering both its own credit risk (debt value adjustment) and the credit risk of the corresponding counterparty (credit value adjustment). This approach also implicitly considers effects on the real economy associated with the Covid-19 pandemic, especially higher probabilities of default. The credit value adjustment for derivative assets was €66 million as of June 30, 2021 (December 31, 2020: €24 million), and the debt value adjustment for derivative liabilities was €16 million (December 31, 2020: €10 million).

Additional Disclosures on Financial Instruments

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

Carrying Amounts of Financial Instruments as of June 30, 2021

€ in millions	Total carrying amounts within the scope of IFRS 7	Determined using market prices	Derived from active market prices
Assets measured at fair value			
Equity investments	917	80	44
Derivatives	39,598	14,188	25,233
Other operating assets	39	–	39
Securities and fixed-term deposits	156	156	0
Liabilities measured at fair value			
Derivatives	40,270	12,486	27,609

Carrying Amounts of Financial Instruments as of December 31, 2020

€ in millions	Total carrying amounts within the scope of IFRS 7	Determined using market prices	Derived from active market prices
Assets measured at fair value			
Equity investments	771	76	43
Derivatives	10,006	3,630	6,233
Other operating assets	62	–	62
Securities and fixed-term deposits	144	144	0
Liabilities measured at fair value			
Derivatives	10,027	2,953	6,824

The carrying amounts of trade receivables are considered reasonable estimates of their fair values because of their short maturity. The carrying amounts of commercial paper and borrowings under short-term credit facilities, as well as the carrying amount of trade payables, are used as the fair values for these items owing to their short maturities.

Included within financial assets are securities held in institutional investment funds with a total fair value of €47 million (December 31, 2020: €46 million).

At the end of each reporting period, Uniper assesses whether there might be grounds for reclassification between hierarchy levels. The proportion of fair values measured at Level 1 to those measured at Level 2 has not changed materially compared with December 31, 2020. There were no material reclassifications between these two fair value hierarchy levels in the first half of 2021. No financial instruments were reclassified out of Level 3 into Level 2 during this period, but one equity investment was added to the scope of IFRS 9 and classified at Level 3 of the fair value hierarchy. The inclusion of this equity investment in Level 3 resulted from a modification of the shareholder agreement and the coincident loss of significant influence over the investment. Its classification at Level 3 of the fair value hierarchy is based on a measurement made using internal valuation techniques. 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 (Values Determined Using Valuation Techniques)

€ in millions	December 31, 2020	Purchases (including additions)	Sales (including disposals)	Settle-ments	Losses in income statement	Transfers into Level 3	Transfers out of Level 3	Gains/ Losses in OCI	June 30, 2021
Equity investments	652	–	-3	–	10	52	–	82	793
Derivative financial instruments (assets)	143	–	–	–	34	–	–	–	177
Derivative financial instruments (liabilities)	-249	–	2	–	72	–	–	–	-175
Total	**546**	**0**	**-1**	**0**	**116**	**52**	**0**	**82**	**795**

The changes in initial-measurement effects of derivatives in Level 3 of the fair value hierarchy are shown in the following table:

Reconciliation of the Initial-Measurement Effect in Level 3 of the Fair Value Hierarchy

€ in millions	December 31, 2020	Purchases and sales (including additions and disposals)	Change in fair value during the reporting period	June 30, 2021
Gross fair value	395	7	194	596
Gain on initial measurement	-466	-105	-27	-598
Loss on initial measurement	-35	38	–	3
Net fair value	**-106**	**-60**	**167**	**2**

Certain long-term energy contracts are measured using valuation models based on internal fundamental data if market prices are not available. A hypothetical 10 % increase or decrease in these internal valuation parameters as of the balance sheet date would lead to a theoretical decrease in market values of €92 million or an increase of €92 million, respectively.

Credit Risk

Whenever possible, pledges of collateral are agreed with counterparties for the purpose of reducing credit risk. Guarantees issued by the respective parent companies or evidence of profit and loss transfer agreements in combination with letters of awareness are accepted as collateral. To a lesser extent, the Uniper Group also requires bank guarantees and deposits of cash and securities as collateral to reduce credit risk. As of June 30, 2021, risk-management collateral was accepted in the amount of €4,586 million (December 31, 2020: €4,526 million). Derivative transactions are generally executed on the basis of standard agreements that allow for the netting of all open transactions with individual counterparties. To further reduce credit risk, bilateral margining agreements are entered into with selected counterparties. Limits are imposed on the credit and liquidity risk resulting from bilateral margining agreements and exchange clearing. As of June 30, 2021, exchange-traded forward and option contracts, as well as exchange-traded emissions-related derivatives, bear no credit risk. For the remaining financial instruments, the maximum risk of default is equal to their carrying amounts.

Loss allowances for expected credit losses are recognized on financial assets carried at amortized cost, lease receivables and contract assets, as well as on loan commitments and financial guarantees. In the first half of 2021, there were no significant changes in the ratings of Uniper's debtors in the Uniper portfolio, and the model was not adjusted. The probabilities of default per rating class have decreased significantly. Gross carrying amounts (especially trade receivables) were also lower, which led to reduced loss allowances and thus resulted in income (first half of 2020: increased loss allowances due to higher probabilities of default attributable to Covid-19 effects). In the first half of 2021, this resulted in other operating income of €4 million because reversals exceeded allowances (first half of 2020: €5 million expense). Reversals of loss allowances totaling €1 million (first half of 2020: €3 million expense) were recognized in other financial results. No material defaults occurred during the reporting period.

Debt

Economic Net Debt

Economic net debt is used by Uniper to manage the Group's capital structure. The items in the table Economic Net Debt are being shown in a changed order starting June 30, 2021, beginning with financial liabilities and liabilities from leases and subsequent netting items. All items are shown with their respective (+) or (-) sign in the summation. The new representation of the table is meant to increase transparency and highlight the calculation logic.

Economic Net Debt

€ in millions	Jun. 30, 2021	Dec. 31, 2020
(+) Financial liabilities and liabilities from leases	3,558	1,743
(+) Bonds	–	–
(+) Commercial paper	*738*	*65*
(+) Liabilities to banks	*265*	*259*
(+) Lease liabilities	*734*	*761*
(+) Margining liabilities	*1,357*	*193*
(+) Liabilities to co-shareholders from shareholder loans	*377*	*378*
(+) Other financing	*87*	*87*
(-) Cash and cash equivalents	396	243
(-) Current securities	47	46
(-) Non-current securities	109	98
(-) Margining receivables[1]	2,019	898
Net financial position	**987**	**457**
(+) Provisions for pensions and similar obligations	1,051	1,371
(+) Provisions for asset retirement obligations[2]	1,127	1,223
(+) Other asset retirement obligations	*793*	*802*
(+) Asset retirement obligations for Swedish nuclear power plants[3]	*2,856*	*2,916*
(-) Receivables from the Swedish Nuclear Waste Fund recognized on the balance sheet[3]	*2,522*	*2,495*
Economic net debt	**3,164**	**3,050**
(-) For informational purposes: Receivables from the Swedish Nuclear Waste Fund (KAF) ineligible for capitalization[2]	257	223
For informational purposes: Fundamental economic net debt	**2,907**	**2,827**

[1]The line item "Margining receivables" contains additional securities beginning on June 30, 2021. These are akin to other margining receivables and have so far been reported as other financial receivables, which are not part of economic net debt. Margining receivables, net financial position, economic net debt and fundamental economic net debt as of December 31, 2020, have been adjusted for consistency.

[2]Reduced by receivables from the Swedish Nuclear Waste Fund.

[3]Due to IFRS valuation rules (IFRIC 5), €257 million (December 31, 2020: €223 million) of Uniper's share of the fair value of the net assets of the Swedish Nuclear Waste Fund may not be capitalized on the balance sheet. Accordingly, there exists an additional receivable from the Swedish Nuclear Waste Fund ineligible for recognition on the balance sheet, and the economic net obligation for the decommissioning of the Swedish nuclear power plants is thus reported too high in the table by the amount of this receivable.

Overall, financial liabilities and liabilities from leases increased by €1,815 million to €3,558 million as of June 30, 2021 (December 31, 2020: €1,743 million). The increase was mainly caused by an increase of margining liabilities by €1,164 million and was complemented by the issuance of commercial paper – on June 30, 2021, commercial paper in an amount of €738 million were outstanding (December 31, 2020: €65 million).

In an offsetting effect approximately equal to that of margining liabilities, posted collateral of €2,019 million led to an increase of €1,121 million in margining receivables. The operating cash flow (€346 million) and divestment inflows (€21 million) did not exceed dividend payments (-€501 million) and investment spending (-€341 million) in the first half of 2021, leading to a decreased net financial position as of June 30, 2021, by €530 million to €987 million.

The increase in economic net debt was below the increase in net financial position mainly because provisions for pensions and similar obligations were reduced by €320 million to €1,051 million (December 31, 2020: €1,371 million). The development resulted from an increase in interest rates in Germany and the UK during the first half of 2021 leading to a reduction of the present value of pension liabilities. The fair value of plan assets slightly improved compared with year-end 2020, leading to overall lower provisions for pensions and similar obligations. Provisions for asset retirement obligations decreased to €1,127 million as of June 30, 2021 (December 31, 2020: €1,223 million).

(10) Contingent Liabilities, Contingent Assets and Other Financial Obligations

Contingent Liabilities

With respect to the activities of the Swedish nuclear power plants, the companies of the Swedish generation units have issued guarantees to governmental authorities in accordance with Swedish law. The guarantees were issued to cover possible additional costs related to the disposal of high-level radioactive waste and to the decommissioning of nuclear power plants. These costs could arise if actual costs exceed accumulated funds. In addition, the companies of the Swedish generation unit are responsible for all costs related to the disposal of low-level radioactive waste.

The guarantees referred to above are issued by Sydkraft Nuclear Power AB, a fully consolidated subsidiary of Uniper SE.

Owners of nuclear facilities in Sweden are additionally liable under the Law Concerning Nuclear Liability for damages resulting from accidents occurring in those nuclear facilities and for accidents involving any radioactive substances connected to the operation of those facilities. On July 1, 2010, the Swedish parliament passed a law that requires the operator of a nuclear power plant in operation to have liability insurance or other financial cover in an amount equivalent to €1.2 billion per incident. As of June 30, 2021, the general conditions enabling this law to take effect are now in place. The corresponding Swedish law is therefore expected to enter into force effective January 1, 2022. The Swedish government's decision to increase the insured amount from January 1, 2019, by amending the currently existing legislation remains in effect unchanged until the new law takes effect. Accordingly, the liability per incident as of June 30, 2021, is already limited to SEK 12,139 million (December 31, 2020: SEK 11,961 million). The necessary insurance for the affected nuclear power plants has been purchased by Uniper.

The best estimate of the amount that would have to be paid to settle the Uniper Group's present obligations under contingent liabilities as of June 30, 2021, is €121 million (December 31, 2020: €116 million). The Uniper Group does not currently have any significant reimbursement rights relating to these contingent liabilities.

Other Financial Obligations

Other financial obligations result mainly from contracts entered into with third parties or from legal requirements. They are based on contracts or statutory provisions in which performance and consideration are currently evenly balanced. Where they are not, a provision is recognized, and the amount of that provision is subtracted from the obligation where it is disclosed.

Material changes relative to the December 31, 2020, balance sheet date occurred especially in long-term contractual obligations related to the purchase of fossil fuels such as natural gas, lignite and hard coal. Financial obligations under these purchase contracts amounted to roughly €73.4 billion on June 30, 2021 (due within one year: €7.2 billion) and to roughly €105.3 billion on December 31, 2020 (due within one year: €5.2 billion). The decrease in contractual obligations for purchases of fossil fuels is primarily attributable to the termination of a long-term LNG procurement contract.

Gas is usually procured by means of long-term purchase contracts with large international producers of natural gas. Such contracts are generally of a take-or-pay nature. The prices paid for natural gas are tied to the prices of competing energy sources or market reference prices, as dictated by market conditions. The conditions of these long-term contracts are reviewed at certain specific intervals (usually every three years) as part of contract negotiations and may thus change accordingly. In the absence of agreement on a pricing review, a neutral board of arbitration usually makes a final and binding decision. Financial obligations arising from these contracts are calculated based on the same principles that govern internal budgeting. Furthermore, the take-or-pay conditions in the individual contracts are also considered in the calculations.

(11) Transactions with Related Parties

Related Entities

Uniper exchanges goods and services with numerous entities as part of its continuing operations. In the reporting period, these included related entities of the Fortum Group and the Uniper Group.

Uniper is an affiliated company of Fortum Oyj and includes it and its subsidiaries and joint ventures as related parties in its financial reporting. The same is true for the Republic of Finland – in its capacity as majority shareholder of Fortum Oyj – and the entities controlled by it.

Transactions with associated companies of the Uniper Group and their subsidiaries, as well as with joint ventures of the Uniper Group, are presented separately. Transactions with subsidiaries of the Uniper Group that are not fully consolidated are presented as transactions with other related parties. As in the comparative period of the previous year, the share of the transactions referred to in the following section made up by transactions with other related parties is not material.

Other than with Fortum Oyj, there have been no material business transactions with the Republic of Finland, or with material entities controlled by it, in the first half of 2021. The following transactions with related parties took place in the periods indicated:

Related-Party Transactions – Income Statement

January 1–June 30 € in millions	2021	2020
Income	**566**	**318**
Entities with control over Uniper (Fortum Group)[1]	*62*	*59*
Associates	*490*	*245*
Joint ventures	*6*	*7*
Other related parties	*8*	*7*
Expenses	**265**	**175**
Entities with control over Uniper (Fortum Group)[1]	*11*	*6*
Associates	*235*	*149*
Joint ventures	*18*	*1*
Other related parties	*1*	*19*

[1]Until March 25, 2020, significant influence by the Fortum Group.

Related-Party Transactions – Balance Sheet

€ in millions	Jun. 30, 2021	Dec. 31, 2020
Receivables	**514**	**566**
Entities with control over Uniper (Fortum Group)[1]	*25*	*25*
Associates	*438*	*499*
Joint ventures	*13*	*16*
Other related parties	*38*	*26*
Liabilities	**405**	**466**
Entities with control over Uniper (Fortum Group)[1]	*256*	*248*
Associates	*5*	*85*
Joint ventures	*52*	*36*
Other related parties	*92*	*97*

[1]Until March 25, 2020, significant influence by the Fortum Group.

Transactions for Goods and Services, Financing Activities and Other Financial Obligations

Income from transactions and from goods and services received, as well as other expenses from transactions within the Uniper Group and with the Fortum Group, were as follows in the first half of 2021:

Business relationships with related entities reflected the Group-wide procurement and sales activities of Uniper Global Commodities SE in the electricity and gas business. These relationships result in extensive mutual obligations and trading relationships.

Income generated from transactions with related entities of the Uniper Group included especially revenues from deliveries of electricity and gas in the amount of €3 million (prior-year period: €119 million). The corresponding expenses from transactions with related entities of the Uniper Group consisted especially of material costs associated with electricity and gas procurement in the amount of €104 million (prior-year period: €116 million). Both revenues and cost of materials result from spot and forward transactions concluded at market terms that were conducted by Uniper Global Commodities SE as part of the provision of market access for the Uniper Group's companies.

The income generated from transactions with Fortum Oyj and Fortum Group companies included especially revenues from electricity deliveries amounting to €61 million (prior-year period: €58 million). The corresponding expenses from transactions with Fortum Oyj and Fortum Group companies consisted especially of material costs for electricity procurement amounting to €10 million (prior-year period: €6 million).

As of June 30, 2021, receivables from and liabilities to Fortum Oyj and Fortum Group companies exist in the amount of €25 million (December 31, 2020: €25 million) and €256 million (December 31, 2020: €248 million), respectively. Included in the liabilities are financial liabilities of €252 million (December 31, 2020: €245 million) resulting from a Fortum Group company's share in the financing of the nuclear power plant in Sweden that is jointly operated under Uniper's management.

Other financial obligations to related entities amounted to €1,962 million as of June 30, 2021 (December 31, 2020: €2,019 million).

Hedging Transactions and Derivative Financial Instruments

Gains from the marking to market of commodity forward transactions with Uniper Group companies amounted to €298 million in the first half of 2021 (prior-year period: €10 million); corresponding losses amounted to €138 million (prior-year period: €14 million). There are no associated derivative receivables or derivative liabilities relating to the marking to market of commodity forward transactions as of the reporting date (prior-year period: receivables of €18 million, liabilities of €29 million).

There were no material effects on earnings from the marking to market of commodity forward transactions with Fortum companies.

Related Persons

As of June 30, 2021, there were no material changes to the disclosures contained in the 2020 Annual Report concerning related persons, with the exception of the matters described below.

The Management Board members Andreas Schierenbeck and Sascha Bibert resigned their positions effective March 29, 2021. When they resigned, their service agreements were terminated by mutual consent as of the end of March 31, 2021. Andreas Schierenbeck and Sascha Bibert will receive payments in settlement of all compensation elements to which they would have been entitled had their service agreements remained intact through the end of their respective contract terms, and to compensate them for any detriments arising from the early termination of their activities. Andreas Schierenbeck will receive a settlement of roughly €4.3 million, while Sascha Bibert will receive one totaling roughly €2.5 million.

When he assumed his Management Board duties, Andreas Schierenbeck was granted immediate vesting of his retirement benefits. As part of the termination of his service agreement by mutual consent, Sascha Bibert was also granted vesting of his retirement benefits. For the purposes of occupational retirement benefits, Andreas Schierenbeck and Sascha Bibert will be treated as though they had been active as Management Board members through the regular end date of their contracts, i.e., May 31, 2022, respectively. In addition, both Management Board members can continue to make individual plan contributions and receive the corresponding matching employer contributions from Uniper.

Effective March 29, 2021, Prof. Dr. Klaus-Dieter Maubach and Tiina Tuomela were delegated to the Management Board as Chief Executive Officer and Chief Financial Officer, respectively. During their delegation, they performed no duties as Supervisory Board members. Effective May 20, 2021, Prof. Dr. Klaus-Dieter Maubach and Tiina Tuomela were appointed as Management Board members, with Prof. Dr. Klaus-Dieter Maubach additionally appointed Chief Executive Officer. Each of the two new Management Board members was appointed for a term of three years through May 19, 2024. The compensation amounts to be granted to Prof. Dr. Klaus-Dieter Maubach and Tiina Tuomela from March 30, 2021, for performing their Management Board duties equal those of their respective predecessors and will be disclosed and explained in detail in the 2021 Compensation Report.

On March 3, 2021, the Supervisory Board adopted a new compensation plan for the members of the Management Board in accordance with Section 87a (1) of the German Stock Corporation Act. The compensation plan was submitted to shareholders at the Annual Shareholders Meeting on May 19, 2021, and accepted by them with 97.65% approval. The Supervisory Board has determined the compensation of the Management Board members in line with the submitted compensation plan. The details will be disclosed and explained in the 2021 Compensation Report.

Sirpa-Helena Sormunen resigned as a Supervisory Board member effective April 30, 2021, because she now holds the position of General Counsel and Chief Compliance Officer / EVP Legal & Compliance at Uniper since May 1, 2021. As of the close of the Annual Shareholders Meeting on May 19, 2021, Prof. Dr. Klaus-Dieter Maubach and Tiina Tuomela resigned as members of the Supervisory Board. In addition, Ingrid Åsander departed from the Supervisory Board effective at the close of the Annual Shareholders Meeting on May 19, 2021. In accordance with the Articles of Association of Uniper SE, the departure of the four Supervisory Board members triggered the early settlement and payout of any variable compensation converted into virtual shares during their respective service periods. These obligations had to be revalued as of April 30, 2021, and May 31, 2021. The payouts total roughly €132 thousand and will be made in the third quarter of 2021. Provisions of roughly €134 thousand recognized as of December 31, 2020, were utilized in the amount of roughly €132 thousand. The release of the remaining provision amount resulted in a gain of roughly €2 thousand for fiscal 2021.

In accordance with Section 113 (3), sentence 1, of the German Stock Corporation Act, shareholders at the Annual Shareholders Meeting on May 19, 2021, adopted a new compensation plan for the Supervisory Board and an associated amendment to Section 15 of the Articles of Association of Uniper SE with 99.92% approval. As a result, the Supervisory Board compensation for the 2021 fiscal year will be fully paid out as fixed compensation. There will be no conversion of a component of compensation into virtual shares. The resulting total amount of compensation remains unchanged.

When Prof. Dr. Klaus-Dieter Maubach was delegated into the Management Board and resigned as Chairman of the Supervisory Board, Markus Rauramo was elected Chairman of the Supervisory Board on March 29, 2021. At the Annual Shareholders Meeting on May 19, 2021, Judith Buss (Chairman of the Audit and Risk Committee), Nora Steiner-Forsberg and Esa Hyvärinen were elected to the Supervisory Board as shareholder representatives. Victoria Kulambi has succeeded Ingrid Åsander as an employee representative.

Additional information about the compensation of the members of the Management and Supervisory Boards will be provided in the 2021 Annual Report and, in greater detail, in the 2021 Compensation Report.

(12) Reconciliation of Income/Loss before Financial Results and Taxes to Adjusted EBIT and to Adjusted Net Income

The following information for the first half of 2020 is provided on the basis of the Uniper Group's internal reporting system in order to enable an assessment to be made of the nature and financial consequences of the business activities conducted by the Uniper Group and of the economic environment in which the Group operates.

Adjusted EBIT

Adjusted EBIT, a measure of earnings before interest and taxes adjusted for non-operating effects, is used at Uniper for purposes of internal management control and as the most important indicator of a business's operating performance. This information is also used for the management of operating segments.

Unadjusted earnings before interest and taxes ("EBIT") represents the Group's income/loss before financial results and taxes in accordance with IFRS, taking into account the net income/loss from equity investments.

Reconciliation of Income/Loss before Financial Results and Taxes

January 1–June 30 € in millions	2021	2020
Income/Loss before financial results and taxes	**-252**	**868**
Net income/loss from equity investments	8	5
EBIT	**-243**	**873**
Non-operating adjustments	823	-182
Net book gains (-) / losses (+)	*-12*	*-1*
Impact of derivative financial instruments	*755*	*-716*
Adjustments of revenue and cost of materials from physically settled commodity derivatives to the contract price	*11*	*276*
Restructuring / Cost-management expenses (+) / income (-)[1]	*12*	*60*
Miscellaneous other non-operating earnings	*45*	*111*
Non-operating impairment charges (+) / reversals (-)[2]	*12*	*89*
Adjusted EBIT	**580**	**691**
For informational purposes: *Economic depreciation and amortization/reversals*	*321*	*321*
For informational purposes: Adjusted EBITDA	*900*	*1,012*

[1]Expenses for (and income from) restructuring and cost management in the Global Commodities segment included depreciation and amortization of €1 million in the first half of 2021 (first half of 2020: €2 million).
[2]Non-operating impairment charges/reversals consist of non-operating impairment charges and reversals triggered by regular impairment tests. The total of the non-operating impairment charges/reversals and economic depreciation and amortization/reversals differs from depreciation, amortization and impairment charges reported in the income statement since the two items also include impairment charges on companies accounted for under the equity method and other financial assets; in addition, a small portion is included in restructuring / cost-management expenses and in miscellaneous other non-operating earnings.

Owing to the adjustments made, the earnings items shown here may differ from the figures determined in accordance with IFRS.

The net book gain of €12 million in the reporting period is primarily attributable to a land sale and to the sale of other equity investments (prior-year period: net book gain of €1 million).

The fair value measurement of derivatives used to hedge the operating business against price fluctuations resulted in a net loss of €755 million in the first half of 2021, due to changed market values in connection with higher commodity prices in the forward markets (prior-year period: net gain of €716 million).

Revenues and cost of materials for physically settled commodity derivatives (contracts that are accounted for under IFRS 9 (failed own-use contracts)) were adjusted for the difference between the spot prices relevant pursuant to IFRS and the contract prices relevant from the management perspective by a net expense of €11 million in the first half of 2021 (prior-year period: net expense of €276 million).

In the first half of 2021, restructuring and cost-management expenses/income changed by -€48 million relative to the prior-year period. The expenses amounted to €12 million in the first half of 2021 (prior-year period: €60 million). The figure includes expenses from restructuring of €7 million incurred in connection with the proactive phase-out plan for coal in Europe and especially in Germany, (prior-year period: €48 million), as well as expenses arising from the spin-off and transfer agreement with E.ON in the amount of €4 million (prior-year period: €9 million).

An expense of €45 million was classified as miscellaneous other non-operating earnings in the first half of 2021 (prior-year period: expense of €111 million). The change resulted primarily from the non-recurrence of temporary valuation allowances on inventory in the Global Commodities segment (positive effect of €148 million compared with the prior-year period). Expenses for adjustments of provisions recognized for non-operating effects in the Global Commodities segment (€27 million) had an offsetting effect; in the prior-year period, these adjustments had resulted in income (-€46 million).

The aggregation of non-operating impairment charges and of income from reversals of non-operating impairment losses recognized in the reporting period resulted in a net loss of €12 million. The impairments related primarily to power plants in Germany held in the European Generation segment. Reversals in the first half of 2021 of impairments recognized in previous years related primarily to a power plant in the United Kingdom held in the European Generation segment. In the comparative period of the previous year, this measurement had resulted in a net loss of €89 million.

Adjusted Net Income

Since the 2020 fiscal year, the Uniper Group has been using adjusted net income as an additional internal management indicator and as a further key indicator of the profitability of its operations after taxes and after financial results – one that also takes into account important income and expense components that are not included in adjusted EBIT but aggregated as an economic interest and tax result – as well as for determining the variable compensation of the Management Board and of all executive personnel, non-pay-scale employees, and pay-scale employees.

Unadjusted net income is earnings after financial results and income taxes. To focus this indicator on the operating business and increase its meaningfulness, unadjusted net income is adjusted for certain non-operating effects.

The starting point for these further adjustments is adjusted EBIT, which is adjusted for the following selected non-operating items:

- Net non-operating interest income
- Other financial results
- Income taxes on non-operating earnings
- Non-controlling interests in non-operating earnings

Included in other financial results are effects such as measurement effects from changes in the fair value of securities and of the KAF (the Swedish Nuclear Waste Fund; "Kärnavfallsfonden"). Not being a component of adjusted EBIT, other financial results are added back to adjusted EBIT in a first step to determine adjusted net income, together with net interest income, so that all earnings components of the income statement are also shown in the reconciliation to adjusted net income. They are then eliminated in a second step, together with non-operating interest expense and income. Other financial results thus have no effect on adjusted net income. Non-operating interest effects include, for example, interest on provisions financed through the KAF, which are eliminated correspondingly with other financial results. Also eliminated are measurement effects on liabilities to minority shareholders. The adjustments additionally include, among other things, the related income taxes, and the overall result is adjusted net income.

Reconciliation to Adjusted Net Income

January 1–June 30 € in millions	2021	2020
Income/Loss before financial results and taxes	**-252**	**868**
Net income/loss from equity investments	8	5
EBIT	**-243**	**873**
Non-operating adjustments	823	-182
Adjusted EBIT	**580**	**691**
Interest income/expense and other financial results	*148*	*-28*
Non-operating interest expense and negative other financial results (+) / interest income and positive other financial results (-)	*-66*	*44*
Operating interest income/expense and other financial results	82	16
Income taxes	*76*	*-168*
Expense (+) / Income (-) resulting from income taxes on non-operating earnings	*-226*	*14*
Income taxes on operating earnings	-150	-155
Less non-controlling interests in operating earnings	-25	-25
Adjusted net income	**485**	**527**

Aside from other financial results, the adjustments for financial effects relate primarily to the interest effects of the provisions financed through the Swedish Nuclear Waste Fund ("Kärnavfallsfonden" or "KAF") in the European Generation segment and of other non-operating provisions in the Global Commodities segment. Income of €66 million was adjusted for in total (prior-year period: €44 million expense).

In the first half of 2021, there was non-operating tax income of €226 million (prior-year period: €14 million expense). The operating tax expense amounted to €150 million (prior-year period: €155 million expense). This has resulted in an operating effective tax rate of 22.7 % (prior-year period: 21.9 %).

Adjusted net income for the first six months of 2021 amounted to €485 million, a year-over-year decrease of €42 million (prior-year period: €527 million). Adjusted net income came in noticeably lower, notwithstanding the higher economic net interest income relative to the first half of 2020. This is attributable to higher interest rates relative to the prior-year period applicable for other non-current provisions for asset retirement obligations, primarily in Hydro. Lower capitalized construction-period interest, which in the comparative reporting period had been higher due to the Datteln 4 power plant that was then under construction and is now in operation since late May 2020, had an offsetting effect.

(13) IFRS 8 Operating Segments

The Uniper Group is composed of three operating business segments: European Generation, Global Commodities and Russian Power Generation.

Combined separately under Administration/Consolidation are the non-operating functions that are performed centrally across segments, as well as the consolidations required to be carried out at Group level.

European Generation

The European Generation segment comprises the various power and heat generation facilities that the Uniper Group operates in Europe. In addition to fossil-fuel power plants (coal-, gas-, oil-fired power plants; combined gas and steam power plants) and hydroelectric power plants, these generation facilities also include nuclear power plants in Sweden. Most of the energy produced is sold to the Global Commodities segment, which is responsible for the marketing and sale of energy to major customers via the traded markets and its own sales organization. A further portion of the energy generated is marketed by means of long-term electricity and heat supply contracts. In addition to the power plant business, this segment also includes the marketing of energy services, which encompass engineering and asset management, as well as operational and maintenance services.

Global Commodities

The Global Commodities segment bundles the energy trading activities and forms the commercial interface between the Uniper Group and the global traded markets for energy and the major customers. Within this segment, the fuels required for power generation (mainly coal and gas) are procured, emission allowances are traded, the electricity produced is marketed, and the portfolio is optimized by managing the use of the power plants. On the basis of long-term contracts with suppliers within and outside Germany, Uniper sells natural gas to resellers (e.g., municipal utilities), major industrial customers and power plant operators. This segment additionally includes infrastructure investments and gas storage operations.

Russian Power Generation

The Russian Power Generation segment brings together the operating power generation business of the Uniper Group in Russia. PAO Unipro, a subsidiary of Uniper SE listed in Russia, is responsible for conducting all business in connection with power generation and associated activities in Russia. These include the procurement of the fuels needed for the power plants, the operation and management of the plants and the trading and sale of the energy produced.

Financial Information by Segment

January 1–June 30	European Generation		Global Commodities[2]		Russian Power Generation		Administration/ Consolidation		Uniper Group	
€ in millions	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
External sales	1,070	876	39,905	18,610	470	489	2	2	41,447	19,977
Intersegment sales	6,196	2,334	5,567	2,454	–	–	-11,763	-4,788	–	–
Sales	**7,266**	**3,210**	**45,473**	**21,065**	**470**	**489**	**-11,761**	**-4,786**	**41,447**	**19,977**
Adjusted EBIT (segment earnings)	**272**	**217**	**501**	**571**	**111**	**123**	**-304**	**-220**	**580**	**691**
Equity-method earnings[1]	–	0	26	17	–	–	–	–	26	17
Operating cash flow before interest and taxes	**763**	**614**	**-261**	**-277**	**142**	**180**	**-194**	**-164**	**451**	**352**
Investments	**262**	**187**	**19**	**27**	**54**	**57**	**7**	**9**	**341**	**279**

[1]The income/loss from companies accounted for under the equity method presented here is generally adjusted for non-operating effects and therefore differs from the income/loss from companies accounted for under the equity method as presented in the income statement in accordance with IFRS.
[2]Regarding the change in sales in the Global Commodities segment, see also Notes 3 and 5 to the 2020 Consolidated Financial Statements.

The investments presented in the financial information by business segment tables are the purchases of investments reported in the Consolidated Statement of Cash Flows.

Transactions within the Uniper Group are generally executed at market prices.

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

Operating Cash Flow before Interest and Taxes

January 1–June 30 € in millions	2021	2020	+/-
Operating cash flow	**346**	**288**	**59**
Interest payments and receipts	3	12	-8
Income tax payments (+) / refunds (-)	102	53	49
Operating cash flow before interest and taxes	**451**	**352**	**99**

The following segment information by product reflects the classification of revenues in line with IFRS 15, and allocates to the segments the revenues generated from each product:

Sales by Segment and Product

January 1–June 30	European Generation		Global Commodities		Russian Power Generation		Administration/ Consolidation		Uniper Group	
€ in millions	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Electricity	5,526	2,023	16,219	8,090	458	477	-9,347	-3,310	12,855	7,280
Gas	1,378	885	26,612	11,343	–	–	-1,918	-1,041	26,072	11,188
Other	362	302	2,642	1,632	12	12	-496	-436	2,520	1,510
Total	**7,266**	**3,210**	**45,473**	**21,065**	**470**	**489**	**-11,761**	**-4,786**	**41,447**	**19,977**

Revenues are generated predominantly from sales of electricity and gas via traded markets to industrial customers and resellers, and include hedges settled through physical delivery. Also shown in this line item are revenues earned from the transportation of gas and from deliveries of steam, heat and water, as well as from the rendering of services.

Revenues from trading operations transacted via traded markets (including hedges settled through physical delivery) are recognized when control is transferred to the purchaser. These transactions contain a performance obligation.

For physically settled transactions that are not within the scope of IFRS 9 (own-use transactions), contract prices, which reflect the economic character of these transactions and the contractually agreed consideration amounts, are used to determine revenues unless IFRS 15 provides for a different method, e.g., to account for constraint of variable consideration. For physically settled transactions that must be accounted for as derivatives pursuant to IFRS 9 criteria (failed own-use transactions), revenue is recognized at the market price applicable at the time of recognition. Accordingly, such contracts are presented as physical spot contracts with a financial hedge.

(14) Summary of Significant Changes from the Previous Year

The significant increase in the Group's sales is primarily attributable to in some cases significantly higher prices in the electricity and gas business. The increase in the cost of materials was predominantly in line with this development.

Other operating income increased to €34,713 million in the first half of 2021 (prior-year period: €16,467 million). This was caused primarily by the marking to market of commodity derivatives that resulted from the price developments mentioned. Income from invoiced and open transactions and from related currency hedges amounted to €34,494 million, having increased by €18,493 million year over year (prior-year period: €16,002 million).

Other operating expenses rose to €35,817 million in the first half of 2021 (prior-year period: €15,638 million). As it was for other operating income, the increase was primarily attributable to expenses from invoiced and open transactions and from related currency hedges, which rose by €20,321 million year over year to €35,355 million (prior-year period: €15,034 million).

The increase in non-current assets was caused in large part by the valuation-related increase due to higher commodity prices of €8,921 million in receivables from derivative financial instruments, which rose from €2,723 million to €11,644 million.

Property, plant and equipment remained largely constant at €9,902 million compared with €9,769 million. Investments in property, plant and equipment during the reporting period of €320 million were largely offset by depreciation of property, plant and equipment of €291 million.

Depreciation, amortization and impairment charges totaled €348 million in the first half of 2021 (prior-year period: €562 million). The decrease is primarily attributable to a reduction of €212 million in impairment charges on property, plant and equipment to €26 million (prior-year period: €238 million). Impairments recognized in the first half of the 2021 fiscal year related primarily to power plants in Germany (prior-year period: power plants in the Netherlands, the United Kingdom and Russia). Depreciation and amortization remained constant at €322 million (prior-year period: €323 million). Lower depreciation in the Netherlands due to the recognition of impairment charges in the prior-year period, as well as the non-recurrence according to IFRS of depreciation on the Schkopau disposal group, were largely offset by the depreciation recognized for the Datteln 4 power plant, which commenced operation in late May 2020. Reversals of impairments amounted to €12 million in the first half of 2021 and related to generation assets in the United Kingdom (prior-year period: €149 million, primarily for power plants in Germany).

As it was for non-current assets, the main cause of the increase in current assets was the valuation-related increase in receivables from derivative financial instruments, which rose by €20,671 million, from €7,284 million to €27,955 million. At the same time, receivables from posted collateral for commodity forward transactions increased by €1,184 million to €2,019 million. The decrease in trade receivables amounted to €1,080 million. Owing to the positive cash flow, liquid funds rose by €154 million, from €289 million to €443 million, while other operating assets were reduced by €179 million.

The decrease in equity as of June 30, 2021, is attributable especially to the dividend distributed in May 2021 in the amount of €501 million. The remeasurement of defined benefit plans resulted in an offsetting increase in equity of €238 million as the applicable discount rates were higher than those applied in the Consolidated Financial Statements for the year ended December 31, 2020. The effect of foreign exchange rates on assets and liabilities in the amount of €146 million had an additional positive impact. The Group recorded a net loss of €20 million in the first half of 2021 (including net income of €47 million attributable to non-controlling interests). Even though equity has remained virtually unchanged, the significant increase in total assets due to the valuation of derivatives has caused the equity ratio to fall to 16 % overall (December 31, 2020: 28%).

Non-current liabilities as of June 30, 2021, were higher than at the end of the previous year, due predominantly to the valuation-related increase of €8,153 million in liabilities from derivative financial instruments, which rose from €2,477 million to €10,630 million. This effect was partially offset by the reduction in provisions for pensions and similar obligations, which fell by €320 million to €1,051 million (December 31, 2020: €1,371 million), particularly as a result of increased interest rates as of June 30, 2021, compared with those at year-end 2020.

The increase in current liabilities is primarily attributable to the valuation-related increase in liabilities from derivative financial instruments, which rose by €22,091 million, from €7,550 million to €29,641 million. Financial liabilities rose by €1,820 million, from €716 million to €2,536 million. This development is mainly attributable to received collateral for commodity forward transactions and the elevated issuance of commercial paper. It was partially offset by a reduction of €1,126 million in trade payables, from €6,804 million to €5,678 million.

(15) Other Significant Issues after the Balance Sheet Date

Uniper's Scholven C hard-coal-fired power plant (345 megawatts) will cease commercial electricity production and be permanently decommissioned by as early as the end of October 2022. This is provided for in the schedule set out by the German law of August 13, 2020, to reduce and end coal-fired power generation for those power plants whose closure bids were accepted by the Bundesnetzagentur, the regulator for Germany's electricity grid, in the third auction held on April 30, 2021. The result of the auction was announced by the Bundesnetzagentur on July 14, 2021. As in every preceding auction, the responsible transmission system operator and the Bundesnetzagentur will examine whether the Scholven C power plant might be essential to the system. The effects on the Group's assets, financial condition and earnings are being investigated. No material impact is expected. Any impact will be classified as non-operating and therefore not affecting Uniper's key performance indicators.

In August 2021, it was decided to close one of the four 500 MW units of the Ratcliffe hard-coal-fired power plant as early as the end of September 2022, two years ahead of the date announced by the British government for the coal phase-out. Power generation at the remaining three units is to end completely by the end of September 2024 at the latest. Uniper is currently reviewing further options for the redevelopment of the site. The potential impact on the Group's assets, financial condition and earnings from the phase-out of coal-fired power generation in the United Kingdom are not considered material at this time. The impact of the closure will be classified as non-operating and therefore not affecting Uniper's key performance indicators.

Declaration of the Management Board

To the best of our knowledge, we declare that, in accordance with applicable 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 that the Interim Group Management Report provides a fair review of the development and performance of the business and the position of the Uniper Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Düsseldorf, August 8, 2021

The Management Board

Prof. Dr. Klaus-Dieter Maubach

David Bryson

Niek den Hollander

Tiina Tuomela

Additional Indicators

Achieved and Hedged Prices and Hedged Ratios for Outright Power Generation

	Year	Hedged price as of June 30, 2021 (€/MWh)	Hedged ratio as of June 30, 2021 (%)
Achieved prices, Germany, as of June 30[1]	2021	42	
Hedged prices and hedged ratios, Germany[1 3]	2021	48	100%
	2022	49	90%
	2023	52	95%
Achieved prices, Nordics, as of June 30[1]	2021	30	
Hedged prices and hedged ratios, Nordics[1 2 3]	2021	26	90%
	2022	24	85%
	2023	22	45%

[1]Calculations are based on the Uniper Group's legally attributable generation capacity (the capacity that reflects Uniper's ownership interest in the power plants).
[2]The prices shown include region-specific premiums and discounts, as well as guarantees of origin.
[3]Figures for 2021 reflect forward months, i.e. excluding the realized period.

Generation Capacity

in MW[1]		Jun. 30, 2021	Dec. 31, 2020
Gas	Russia[2]	7,139	7,139
	United Kingdom	4,180	4,180
	Germany	2,920	2,912
	Netherlands	525	525
	Sweden	0	449
	Hungary	428	428
Hard coal	Germany	3,954	3,954
	United Kingdom	2,000	2,000
	Netherlands	1,070	1,070
Lignite	Russia[2]	1,895	1,895
	Germany	500	500
Hydro	Germany	1,918	1,927
	Sweden	1,771	1,771
Nuclear	Sweden	1,735	1,996
Other	Germany	646	1,418
	Sweden	1,190	1,162
	United Kingdom	221	221
Total		**32,093**	**33,548**

[1]Legally attributable generation capacity (the capacity that reflects Uniper's ownership interest in the power plants).
[2]Includes Czech Republic. Czech Republic business activities were sold on April 28, 2020.

Electricity Generation Volumes

in TWh[1]		January 1–June 30 2021	2020
Gas	Russia[2]	19.1	17.9
	United Kingdom	6.0	4.6
	Germany	2.2	0.3
	Netherlands	0.7	0.7
	Hungary	1.0	1.1
	Sweden	0.0	0.0
Hard coal	Germany	3.6	2.6
	United Kingdom	1.5	0.0
	Netherlands	1.7	1.7
Lignite	Russia[2]	2.7	3.1
	Germany	1.1	1.3
Hydro	Germany[3]	2.3	2.2
	Sweden	4.3	5.0
Nuclear	Sweden	6.5	6.7
Biomass	Netherlands	0.6	0.0
Total		**53.3**	**47.3**

[1]Legally attributable generation capacity (the capacity that reflects Uniper's ownership interest in the power plants): net generation production volumes = owned generation – own-use losses – sales to minority owners + purchases from minorities.

[2]Gross production (own use is not considered).

[3]Germany's net sales of hydroelectric power generation also include pumped-storage-related water flows and pipeline losses from pumping operations.

Financial Calendar

November 5, 2021
Quarterly Statement: January–September 2021

February 23, 2022
2021 Annual Report

May 3, 2022
Quarterly Statement: January–March 2022

May 18, 2022
2022 Annual Shareholders Meeting (Düsseldorf)

August 2, 2022
Half-Year Interim Report: January–June 2022

November 3, 2022
Quarterly Statement: January–September 2022

Further Information

Media Relations
press@uniper.energy

Investor Relations
ir@uniper.energy

Creditor Relations
creditor-relations@uniper.energy

Uniper SE
Holzstr. 6
40221 Düsseldorf
Germany
www.uniper.energy