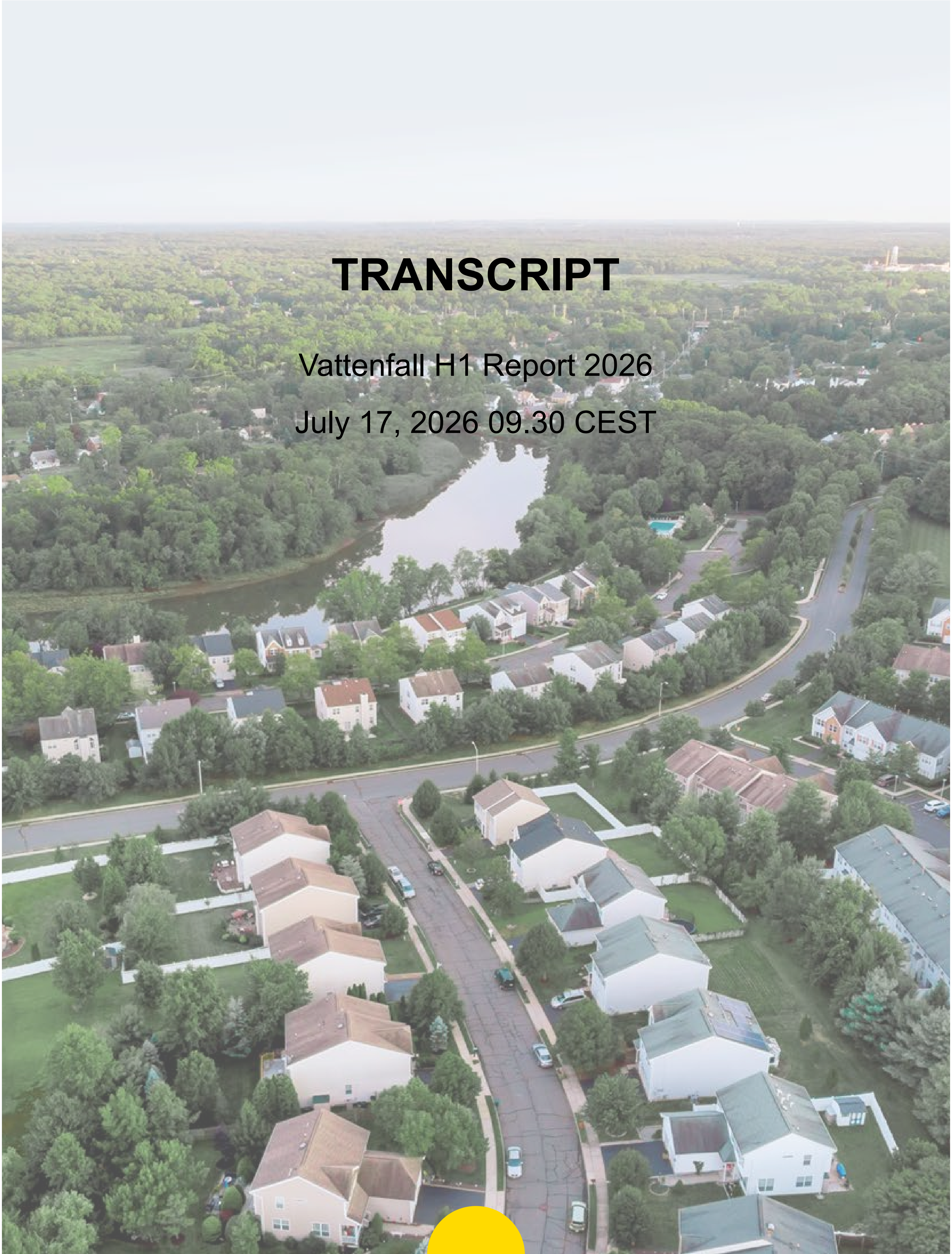

TRANSCRIPT

Vattenfall H1 Report 2026

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VATTENFALL

Corporate Participants

- Anna Borg; Vattenfall AB; President, Chief Executive Officer
- Kerstin Ahlfont; Vattenfall AB; Senior Vice President, Chief Financial Officer
- Andreas Regnell; Vattenfall AB; Senior Vice President, Head of Strategic Development

Presentation

(Audio Start)

Welcome to the Vattenfall highlights from the second quarter. Let's dive in!

The new nuclear company Videberg Kraft have after close consideration selected Rolls-Royce SMR to become the supplier and long-term partner for the new nuclear project at the Värö Peninsula. Detailed planning will now begin for three modular reactors, each with a capacity of 470 MW.

Furthermore, Vattenfall agreed to sell 60 percent of the shares in the new nuclear company Videberg Kraft to the Swedish state. Vattenfall will retain a 20 percent ownership stake, and the industrial consortium Industrikraft will retain the remaining 20 percent. The new ownership structure is expected to come into effect in 2027, and the next step is for the Government to notify the project to the European Commission for state aid assessment. The Swedish state, Vattenfall and Industrikraft have also agreed on the main terms for risk-sharing and financing of Videberg Kraft.

In May, Vattenfall inaugurated the Bruzaholm hybrid park in Sweden. The hybrid park combines a 139 MW wind power park with a 38 MW battery storage which stabilises the grid and enables more flexible use of electricity. A long-term power purchase agreement has been signed with Volvo AB for approximately 50 per cent of the production from Bruzaholm.

Vattenfall's service operations business, NCC and Svenska kraftnät have initiated an eight-year collaboration to expand and upgrade 450 kilometres of transmission grid in Västra Götaland in Sweden. Through close collaboration, the partners aim to strengthen the operational capabilities and enable a more efficient build-out of the transmission grid.

During the quarter, Vattenfall commissioned two large-scale solar power parks. Juliusburg/Krukow and Nauen together contribute with 126 MW of additional fossil-free capacity to Vattenfall's portfolio. The Juliusburg/Krukow site, is Vattenfall's first solar power park using low-emission steel, which reduces CO_2-emissions in construction and in the supply chain by 67 per cent in comparison to conventional steel.

(Audio End)

Andreas Regnell: Good morning and welcome to Vattenfall's Q2 Reporting Audiocast. I'm Andreas Regnell, and as usual, I'm joined by our CEO, Anna Borg; and our CFO, Kerstin Ahlfont.

We'll begin with an update on the market environment before covering key developments and our results for the first half of 2026.

As always, the report and presentation are available on our website.

Anna, would you like to start by setting the scene?

Anna Borg: Yes, of course. There are, unfortunately, signals indicating that the pace of Europe's energy transition is slowing down. But there are also signs of structural progress. And one example is that we don't experience the same impact of high gas prices on electricity now as we did in 2022 when Russia started their full-scale invasion into

Ukraine. And the reason for this is the ongoing build-out of fossil-free energy production. Simply, we have more domestically produced energy in Europe now, so the impact is not as severe. And that really shows that fossil freedom is also about resilience and independence.

I think that the connection between energy and geopolitics was also very present in the Almedalen dialogue a couple of weeks back. We at Vattenfall then hosted a conversation with the Ukrainian Ambassador to Sweden, Svitlana Zalishchuk, and also with Michael Claesson, the Chief of Defence and Supreme Commander of the Swedish Armed Forces.

The Ambassador, she gave a grim illustration of what it means when a society cannot rely on stable electricity supply and everything from heating and communications to health care, everyday life is affected. And the Chief of Defence, he confirmed this, that the energy supply is essential. So, I think it's very clear that the resilience of the energy system is therefore no longer merely a technical one, but it is also to a large extent a matter of security.

So, my takeaways are that a resilient decarbonised energy system is a key prerequisite for Europe's economic resilience, for its security of supply, but also for competitiveness.

Andreas Regnell: Thank you, Anna. And if we now turn from the broader European context to our own markets, how would you describe the market environment during the first half of the year?

Anna Borg: Well, the electricity market during the first half of the year was characterised by higher prices, higher Nordic electricity prices where the prices were up 119% on average compared to the same period last year. This was mainly driven by higher demand in the beginning of the year due to very cold weather and also lower hydrology at the time.

In the second quarter, prices in the Nordics were impacted by lower nuclear production, whereas in May and June, higher gas prices spilled over into Sweden's most southern price areas and into Denmark, of course.

In our continental markets, the average price for the period increased by around 9%, and this was mainly driven by higher gas prices in the second quarter caused by geopolitical uncertainty.

Andreas Regnell: Yes, we're clearly seeing the impact of the fuel prices in this quarter, and the situation around the Strait of Hormuz seems to have become even more volatile again, unfortunately.

But if we now zoom in at Vattenfall and our financial development, Kerstin, how would you summarise the results for the first six months of 2026?

Kerstin Ahlfont: We have a strong result for the first half of the year where we have seen higher results in the year-over-year comparison across all our operating segments.

Now, in the first quarter, we had a quite significant positive impact on the results from high prices in the northern price areas in Sweden, SE1 and SE2, but the prices in the second quarter have come down from those very high levels.

We also have lower volumes in our nuclear operations, which has impacted the second quarter negatively.

In total, the underlying EBIT for the first half year amounted to SEK 22.1 billion, and this is a significant increase of SEK 6.8 billion compared to the corresponding period last year.

Andreas Regnell: Good news. But how about our key financial ratios?

Kerstin Ahlfont: Well, our rolling 12 months FFO/adjusted net debt is still on high level, although it decreased to 72% compared to 79% in the first quarter 2026. And this decrease reflects both higher adjusted net debt and lower FFO.

The underlying return on capital employed came in at 12.2%, a decrease from 12.9% in the first quarter, and this is the result of lower underlying operating profit during the second quarter this year compared with the same period last year. But it is also well above the minimum target level of 8%.

Andreas Regnell: Thank you. And if that was the totality, but if we take a closer look into each operating segment, Anna, how has the development been in Power Generation segment?

Anna Borg: Well, there the underlying operating profit increased by 22%. That was mainly due to higher achieved prices in the Nordics. High volumes from hydropower and then higher trading results contributed positively as well, while lower volumes from nuclear power and the lower results from our pumped hydro operations in Germany had a partly offsetting effect on that.

Andreas Regnell: Thank you, Anna. And Kerstin, what can you tell us about the results in operating segment Wind?

Kerstin Ahlfont: Well, the underlying operating profit of our Wind business increased by 46% and that was driven by higher electricity prices as well as higher volumes. We had an increase of 22% in electricity generation, which was mainly driven by higher production from offshore wind power, primarily due to higher wind speeds, but also better availability.

Andreas Regnell: So, Anna, what can you tell us about Customers & Solutions segment?

Anna Borg: Well, the Customers & Solutions business reports a higher earning for the first half year. In fact, the underlying profit increased by 66%. This increase is mainly attributable to our customer business in Germany due to timing effects related to higher gas grid costs that were imposed in 2025.

We also divested the customer business in France and the power plants in the IJmond region in the Netherlands as part of our continued portfolio prioritisation. We discussed that quite a bit last quarter. And the divestments distort the like-for-like comparison negatively by SEK 300 million, and that could be good to know.

Andreas Regnell: So, Kerstin, let's finally have a look at Distribution. How did they perform?

Kerstin Ahlfont: The underlying operating profit of the Distribution segment increased to 70%. It was positively affected by higher revenues as a result of tariff adjustments for the local grid, but also because of increased transited volumes due to cold weather and lower costs for the transmission grid.

We also continue to invest in strengthening the resilience of the grid and in updating and increasing the capacity of the grid. And only with these extensive investments can we ensure a secure and stable electricity supply in Sweden.

Andreas Regnell: That is for sure a fact that cannot be stressed enough, and it is a nice transition to circle back to some selected business highlights. Now we mentioned several in the intro section, but I think we should elaborate a bit on some of these.

Anna, we have reached a few key milestones when it comes to new nuclear this quarter. Any reflections?

Anna Borg: Yes. Videberg Kraft has selected Rolls-Royce SMR as the supplier after evaluating initially more than 70 options. This decision was a prerequisite to start a detailed planning for the new reactors based on modular technology.

And then the Swedish State, Vattenfall, and the industry consortium, Industrikraft, we have also agreed on the main terms for risk sharing and financing of Videberg Kraft. And the agreement sets out how risks, financing, and ownership will be handled and also how responsibilities are to be shared.

In addition to that, an agreement has been signed on a three-party ownership structure for Videberg Kraft. What I would like to highlight here is that we, as an energy company, are joining forces with industry through Industrikraft and in a unique ownership structure also together with the Swedish State. And all three stakeholders are strongly committed to enabling new nuclear power in Sweden, so that feels like really good progress.

Andreas Regnell: Yes, clearly strong progress on the new nuclear side. But we operate existing nuclear reactors as well. And Vattenfall has completed a feasibility study examining the technical conditions for extending our five existing nuclear reactors. And that has shown that the technical conditions are there to extend their lifetime from 60 years to 80 years, which would allow for fossil-free electricity production of these reactors into the 2060s.

Anna Borg: Yes, and here, I would like to mention that a directional decision on extended operating time was made in 2024, but the final investment decisions have not yet been made. And most of the major investments required for the extension of the operating time can be expected first in the 2030s.

Andreas Regnell: And we are also continuing our efforts to put more of the other fossil-free energy production on the market. Only this quarter, Vattenfall has commissioned three renewable assets across wind, solar, and battery storage.

Anna Borg: Yes, we inaugurated the Bruzaholm Hybrid Park in Sweden. That combines 139 megawatt of wind capacity with a battery storage of 38 megawatt, which supports grid stability. This is an important addition of fossil-free electricity production for the electrification and competitiveness of the industry in southern Sweden, but also for households and businesses in this region.

Around half of the production from Bruzaholm is already sold in a 10-year power purchase agreement that we have signed with AB Volvo. And as mentioned in the highlights, in the introduction, we have also commissioned two solar parks in Germany.

And in early June, we installed the first monopile for the Nordlicht I offshore wind farm, which will be the largest wind farm in Germany when completed.

Andreas Regnell: Thank you. Kerstin, we mentioned the importance of grids early in today's presentation. They are an essential requirement for the future decarbonised energy system. Is there anything you would like to add from our Distribution segment?

Kerstin Ahlfont: Yes, we are continuing to invest heavily in our grids, and we also continue the work on increasing efficiency and capacity in the electricity grid, with a particular focus on shortening lead times and improving conditions for new connections. And in June, a capacity map was launched which increases transparency regarding available grid capacity and thereby strengthening the ability to plan and execute new projects.

And in addition to this, we are very proud that the industry association, Drivkraft Sverige, has acknowledged our work in this area with the award "Sweden's Most Efficient Grid Company in 2026." And they are citing Vattenfall Eldistribution's improved customer dialogue and shorter processing times. But also efficiency, customer value, and continuous improvements have been criteria for their decision.

Anna Borg: Yes, and that's for sure a reason to be proud.

Before we close today's broadcast, I would like to take a step back from the period itself and look at the bigger picture, because energy is more than a commodity. When the energy system works, it enables many other essential parts of society, like transport, communication, food supply, industry, homes, public services, but also security.

At Vattenfall, we own and operate critical infrastructure across Sweden and several European markets, and we must continue to invest wisely, but also maintain high availability and strengthen the resilience of our operations. For us, the direction remains very clear. We will continue to support the transition to fossil freedom while helping to build an energy system that is robust, reliable, and also fit for the realities ahead. This requires discipline, long-term thinking, and the confidence to keep moving, even in a complex environment, and that is what we are focusing on.

Andreas Regnell: Thank you, Anna. Indeed, I think our business highlights of the first half year 2026 showed that we are working on building long-term value step by step for Vattenfall, for the society at large, and the climate.

Now, let's conclude our presentation and open up for Q&A.

Questions & Answers

Andreas Regnell: So, let's see if we see any questions coming in. And so far, we seem to have been extraordinarily clear in this Q2 reporting event, so I thank you for listening in and welcome you back to our Q3 reporting event. Thank you, and bye-bye.