

A young girl with dark hair, wearing a white sweater, is sitting at a desk in a dimly lit room. She is focused on writing in a notebook with a pencil. A desk lamp with a red base and a white shade is positioned above her, casting a soft light on her work. The background is dark, with some blurred elements of the room.

Year-end Report 2022

Investor Presentation 24 February 2022

Johan Lindehag, CEO

Jan Seveborg, SVP Treasury

Key Financials January–December 2022

- Net sales amounted to SEK 7,535 million (7,153)
- Distributed electricity amounted to a total of 25.0 TWh (27.5)
- Operating profit amounted to SEK 2,085 million (1,973)
- Free cash flow totalled SEK 1,549 million (1,194)
- Capital expenditure, including asset acquisitions, amounted to SEK 3,345 million (3,590)

Market update

- War in Ukraine effects world economy, inflation, geopolitical security and – not least – the energy market
- Electricity price reached record levels several times during 2022
- Increased costs for network losses and need for Ellevio to raise the tariff for local grid customers in October
- TSO Svenska kraftnät removed the fixed transmission fee for Aug–Dec to offset the impact from the higher variable energy fee
- Two government electricity price compensation packages launched 2022
- Warnings for manual partial disconnection of electricity in Sweden during winter (not effected by 24 February)
- Electricity demand in Sweden expected to more than double by 2045
- Network investments in Sweden estimated to approx. SEK 670 billion by 2045, according to report from Ellevio/Sweco 2022
- Important to achieve societal understanding of cost increases and need for sustainable and long-term revenue regulation



Strategic highlights January–December 2022

Investments that enable energy transition

- High rate of investment continues according to plan
- Beckomberga–Bredäng: 7/10 sections installed
- Primary substation Värtan: first part of new building completed
- Skanstull project commenced – capacity in Stockholm to increase with 1,000 MW when finalised
- Ongoing digitisation to significantly decrease outage times. Telia Cygate collaboration to digitise 550 substations and 8,000 secondary substations
- Reliability at 99.98%

Customer Relations

- Energy crises increased the demand for customer service, communication activities and support services significantly. New site established and number of customer service employees increased
- Roll-out of new smart meters continues: 88% of planned installations done by year-end
- 128,000 customers with app account and 77,000 active app users in December
- Price harmonization completed

Energy system
of tomorrow

Climate smart
energy solutions

For a bright
and sustainable
future

Operational
excellence

Employees
of the future

Customer driven investments

- High interest in wind power. Several larger network connections completed
- Ellevio key player in development of wind farm cluster Tovåsen with capacity of 660 MW
- **Sweden's largest charging street inaugurated in June in Stockholm**
- Northvolt to start production in Borlänge – contributing to the balance in the grid in Dalarna
- Volvo to establish battery cell production in Mariestad

Growth by acquisitions

- Edsbyns Elnät AB merged with Ellevio AB

An attractive employer

- 150 new people started in 2022. A total of 659 employees by year-end
- Ranked one of 10% best employers and named Excellent Employer 2022* in Nyckeltalsinstitutets yearly survey
- Continued high Employee Engagement

- Electricity grids classified as enablers to mitigate climate change by EU Taxonomy.*
- New owner: Swedish pension fund AMF 12.5%

*Final figures to be disclosed in Annual and Sustainability Report 2022.

Regulatory update

- Court case regarding allowed revenue 2020–2023
 - Ei to take new decisions during 2023
- Data reporting decision for regulatory period 2024–2027 indicates proposal to change methodology for capital compensation – appealed by over 120 electricity grid companies
- Decision on revenue framework for 2024–2027 to be submitted by Ei latest 31 October 2023
- Clean Energy Package
 - Electricity Act and other legislation adapted to comply with EU law – came into force 1 July 2022



New Business Area in the Group – Ellevio Energy Solutions AB (not part of Ellevio AB)

- Support business electrification. Focus on industry networks, energy storage, flexibility & charging solutions by Power as a Service
- Investment decision in Sweden's largest energy storage system. Promoting renewable energy and network balance
- 10% acquisition in Flower (form. Krafthem)
- Agreement signed in December regarding energy storage, to a value of several hundred million SEK to be established in south-western Sweden





Financials and financing

Income statement

MSEK	Jan-Dec 2022	Jan-Dec 2021
Net sales	7,535	7,153
Capitalised own work	124	104
Other operating income	121	87
	7,779	7,344
OPERATING EXPENSES		
Costs for purchase and transit of power	-1,887	-1,805
Other operating expenses	-1,349	-1,268
Employee benefits expense	-625	-571
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-1,833	-1,727
Operating profit	2,085	1,973
FINANCIAL INCOME AND EXPENSES		
Interest income and similar items	78	60
Interest expense and similar items	-2,603	-2,485
Profit/loss after net financial income/expense	-440	-452
Appropriations	382	363
Profit/loss before tax	-58	-90
Income tax expense	-305	-207
PROFIT/LOSS FOR THE PERIOD	-363	-297

Balance sheet

MSEK	31 Dec 2022	31 Dec 2021	MSEK	31 Dec 2022	31 Dec 2021
ASSETS			EQUITY AND LIABILITIES		
NON-CURRENT ASSETS			Equity	10,080	9,086
Intangible assets	43,702	43,830	Untaxed reserves	621	960
Property, plant and equipment	39,067	37,277	Provisions	14,075	13,735
Non-current financial assets	10,163	9,012			
Total non-current assets	92,932	90,119	NON-CURRENT LIABILITIES		
			Bond loans	31,348	32,329
CURRENT ASSETS			Liabilities to credit institutions	6,046	6,489
Current receivables	2,713	2,842	Liabilities to Group companies	24,616	23,223
Cash and cash equivalents	14	12	Derivative instruments	34	-
Total current assets	2,727	2,853	Other non-current liabilities	3,329	2,466
TOTAL ASSETS	95,659	92,972	Total non-current liabilities	65,374	64,506
			Bond loans	1,000	-
			Liabilities to credit institutions	567	661
			Other current liabilities	3,943	4,024
			Total current liabilities	5,510	4,685
			TOTAL EQUITY AND LIABILITIES	95,659	92,972

Cash flow statement

MSEK	Jan-Dec 2022	Jan-Dec 2021
Cash flow from operating activities	4,798	4,784
INVESTING ACTIVITIES		
Capital expenditure in intangible assets	-226	-414
Capital expenditure in property, plant and equipment	-3,023	-3,176
Acquisition of shares	-178	-
Proceeds from sales of property, plant and equipment	1	-
Cash flow from investing activities	-3,426	-3,590
Cash flow before financing activities	1,373	1,194
<i>of which free cash flow</i>	<i>1,549</i>	<i>1,194</i>
FINANCING ACTIVITIES		
Borrowings	998	593
Repayment of borrowings	-1,548	-283
Loans given	-50	-367
Repayment of loan receivables	367	-
Received interest	4	2
Paid interest	-1,141	-1,139
Received/paid group contributions	0	0
Cash flow from financing activities	-1,371	-1,196
CASH FLOW FOR THE PERIOD	2	-2

Financial covenants

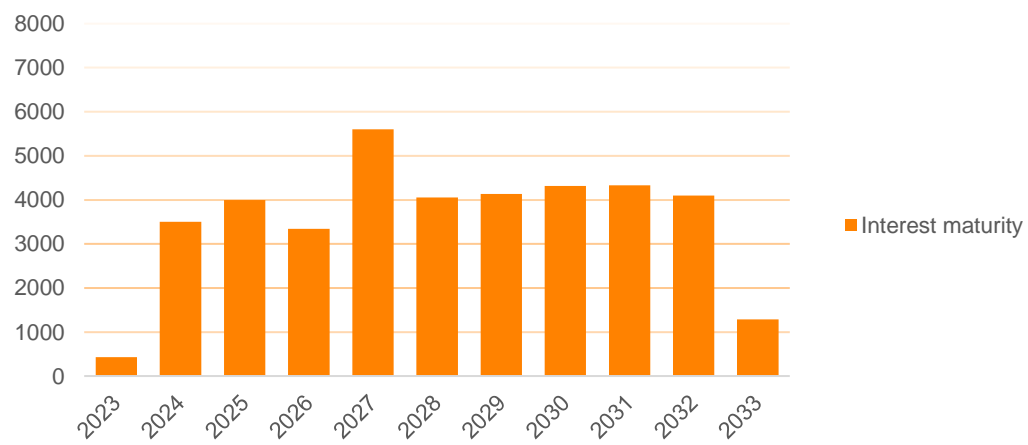
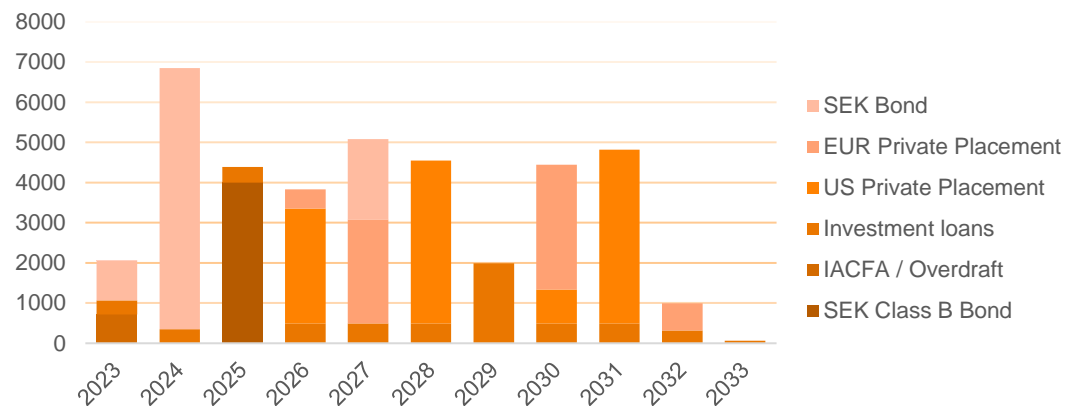
Common Terms Agreement		31 December 2022 ACT	31 December 2023 FCT	Lock-up
Total Interest Cover Ratio	EBITDA less tax / Total Net Finance Charges	3.5x	3.0x	<1.5x
Total Leverage Ratio	Total Net Debt / Consolidated EBITDA	9.9x	10.4x	>11.9x
Senior Interest Cover Ratio	EBITDA less tax / Senior Class A Net Finance Charges	3.8x	3.2x	<1.7x
Senior Leverage Ratio	Senior Class A Net Debt / Consolidated EBITDA	8.9x	9.4x	>10.75x
Senior Historic Leverage Ratio	FFO / Senior Class A Net Debt	8.3%	N/A	<5%
Senior 3 year Forward Leverage Ratio	FFO / Senior Class A Net Debt	N/A	7.6%	<6%

Financing

- Total external net debt SEK 39,100 million (39,654)
- During 2022 Ellevio raised SEK 1,000 million of new long-term debt as well as extended SEK 1,515 million of existing bank loan facilities
- Average interest rate for Total external net debt including derivatives remained, despite increasing market rates in 2022, at 2.8% (2.8%) per year-end
- Hedging ratio 99%
- In July 2022, S&P confirmed the “BBB” rating for Ellevio’s senior secured (Class A) debt and the “BB+” rating for Ellevio’s sub-ordinated (Class B) debt. Outlook for the rating is “stable”



Debt and interest maturity 31 December 2022, MSEK



Summary

- A stable core business
- 2022 clearly marked by the war in Ukraine and its effects on the economy, inflation, geopolitical security and the energy market
- Increasing electricity prices put focus on the industry
- Breakthrough in public debate on the climate transition's need for electrification and thus investments in the energy system
- Ellevio and the entire industry continue to push for a long-term stable and predictable regulation in RP4
- New business area, Ellevio Energy Solutions, launched within the Group (not Ellevio AB)

Q&A

ELLEVIC

ELLEVIIO