



Year-end Report 2021

Investor presentation

Johan Lindehag, CEO

Jan Seveborg, Senior Vice President Treasury

Key financials January–December 2021

- Net sales amounted to SEK 7,153 million (6,674)
- Distributed electricity amounted to a total of 27.5 TWh (26.1)
- EBITDA amounted to SEK 3,700 million (3,614)
- Operating profit amounted to SEK 1,973 million (1,781)
- Free cash flow totalled SEK 1,194 million (651)
- Capital expenditure, including asset acquisitions, amounted to SEK 3,590 million (3,415)

Covid-19

- Limited implications on our business, distributed volume and credit losses
- Ellevio's crisis organisation activated in February, 2020
 - identified and secured critical processes to ensure continued operations
 - worked closely with subcontractors to maintain field capacity, and ensure good access to resources and equipment – no effects from Corona on fault repair
- Employees recommended to work from home (except operators in the operations centre) up until October 4, 2021, and then again between 8 December 2021 and 8 February, 2022
- National restrictions removed in Sweden on 9 February, 2022
- Ellevio has all through the pandemic followed own action plan and the guidelines and advice provided by national authorities, including the recommended work from home, and maintained contact with relevant parties on a regular basis

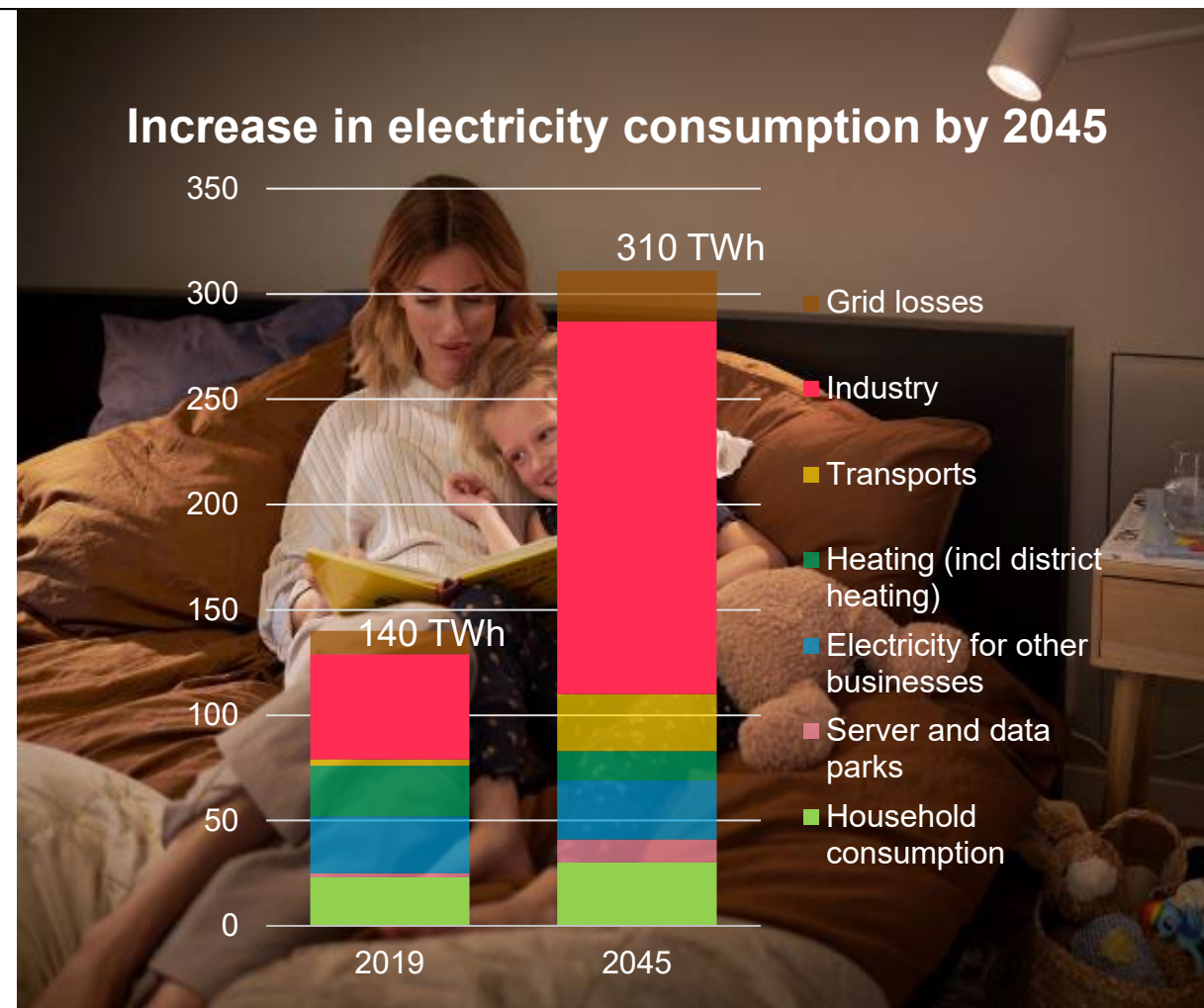
Market & strategy update

Electrification is Sweden's solution to reaching the 2045 climate targets

Swedish climate targets:

"By 2045, Sweden will have no net greenhouse gas emissions to the atmosphere, and after that achieve negative emissions."

"Greenhouse gas emissions from domestic transport to be reduced by at least 70% by 2030 compared to 2010."



Source: Färdplan energi (Roadmap Energy), Energiforsk & Profu for Energiföretagen, May 2021

Ellevio clarifies the strategy and takes a more active role in driving the continued electrification

We transform our electricity networks to the **energy system of tomorrow**.

Energy system of tomorrow

Climate smart energy solutions

Together with customers and partners we create **climate smart energy solutions**.

Our vision:
For a bright and sustainable future.

Through development, digitalisation, and continuous learning, we strive for **operational excellence**.

Operational excellence

Employee of the future

We engage the **employee of the future** through growth, learning and strong organisational values.

DIRECTION

ENABLERS

Highlights & Achievements

Strategic highlights 2021

- Acquisition of Edsbyns Elverk

- Investment projects run according to plan
- Decision to start network digitalisation programme in Stockholm
- Two primary substations taken into operation for new wind power, prepared for 1,200 MW

- Administrative court ruled in favour of the network companies, however the legal process continued
- Carry forward voted through in Parliament
- New Electrification strategy launched in January including Ellevio's input

- Insourcing of invoicing during spring
- New customer service took over during autumn – still in startup phase

- Updated strategic direction & business plan

**Energy system
of tomorrow**

**Climate smart
energy solutions**

**Our vision:
For a bright and
sustainable
future.**

**Operational
excellence**

**Employee of
the future**

DIRECTION

ENABLERS

- Customer experience programme continued – new web and app released
- Over 400,000 2nd generation smart meters installed by year-end
- Finalisation of first season, and start-up of second season for sthlmflex flexibility market
- Stable trend in customer driven investments
- Large interest in Ellevio Smart Charging concept

- Won the construction industry's work environment award "Håll Nollan" (Keep Zero) for our safety programme
- Named Sweden's most attractive employer
- Employee Engagement high, even during the pandemic
- Continued focus on retaining and developing employees

Significant events after year-end

- **Electricity price compensation**

- January 12, 2022, the Swedish government presented a proposal for compensation to electricity consumers due to high electricity prices during the winter.
- February 24, the parliament decided to proceed with the proposal.
- The electricity network companies are asked to handle the compensation – and will be compensated for extra costs in relation to this

Regulatory update 2021

- **Carry forward – new law came into force on 1 June**
 - The new legislation to allow the utilization of regulatory deficits from previous regulatory periods came into effect on 1 June
- **The ongoing legal process regarding the allowed revenue for the current regulatory period**
 - In February, the Administrative Court ruled in favour of the network companies. Ei appealed and the case is still ongoing
 - Ei requested that the Administrative Court of Appeal obtain a preliminary ruling from the European Court of Justice. The network companies opposed this, since it will further delay the process
 - Several EU-processes have stated the independence of the authority which supports our pleadings in the WACC-process. The verdict in the Commission vs Germany case came in September: the regulatory authority shall be independent
 - Ongoing Commission vs Sweden case
- **“Modern permit processes” – new law came into force on 1 August**
 - Consists of reforms aimed at shorten lead times for electricity network modernisation
 - Several steps to short lead times remain (e.g. specification of technology selection at the highest voltage levels)

Regulatory update – after year-end

- **National electrification strategy presented early February, 2022**
 - Ambition to contribute to fast and efficient electrification to achieve the national climate goals
 - 67 measures to be implemented 2022–2024
 - Proactive network construction, faster permit processes, and the need for a “social contract” to get all stakeholders on board the energy transition included in the strategy
- **Clean Energy Package delayed in Sweden**
 - Should have been ready by 1 January 2021 but in the proposed legislation (currently under review by the Law of Council) it is suggested that it will be implemented by 1 July, 2022
 - Several areas are covered by the Clean Energy Package, e.g. price harmonisation, flexibility services, development plans (Sw. Nätutvecklingsplaner), charging infrastructure and storage and connection to the grid
 - A legislative package (first of two) is to be handled by the Swedish Parliament during the first half of 2022

Financials & Financing

Income statement

MSEK	1 Jan 2021 31 Dec 2021	1 Jan 2020 31 Dec 2020
Net sales	7,153	6,674
Capitalised own work	104	116
Other operating income	87	76
	7,344	6,867
OPERATING EXPENSES		
Costs for purchase and transit of power	-1,805	-1,462
Other external expenses	-1,268	-1,284
Employee benefit expense	-571	-508
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-1,727	-1,833
Operating profit	1,973	1,781
FINANCIAL INCOME AND EXPENSES		
Interest income and similar items	60	48
Interest expense and similar items	-2,485	-2,396
Profit/loss after net financial income/expense	-452	-568
Appropriations	363	-11
Profit/loss before tax	-90	-578
Income tax expense	-207	-198
PROFIT/LOSS FOR THE PERIOD	-297	-776

Balance sheet

MSEK	31 Dec 2021	31 Dec 2020
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	43,830	43,772
Property, plant and equipment	37,277	35,530
Non-current financial assets	9,012	7,272
Total non-current assets	90,119	86,574
CURRENT ASSETS		
Current receivables	2,842	2,666
Cash and cash equivalents	12	14
Total current assets	2,853	2,679
TOTAL ASSETS	92,972	89,253

MSEK	31 Dec 2021	31 Dec 2020
EQUITY AND LIABILITIES		
Equity	9,086	8,069
Untaxed reserves	960	1,323
Provisions	13,735	13,579
NON-CURRENT LIABILITIES		
Bond loans	32,329	32,309
Liabilities to credit institutions	6,489	6,239
Liabilities to Group companies	23,223	21,908
Other non-current liabilities	2,466	1,567
Total non-current liabilities	64,506	62,023
Liabilities to credit institutions	661	590
Other current liabilities	4,024	3,669
Total current liabilities	4,685	4,260
TOTAL EQUITY AND LIABILITIES	92,972	89,253

Cash flow statement

MSEK	1 Jan 2021 31 Dec 2021	1 Jan 2020 31 Dec 2020
Cash flow from operating activities	4,784	4,100
INVESTING ACTIVITIES		
Capital expenditure in intangible assets	-414	-223
Capital expenditure in property, plant and equipment	-3,176	-3,226
Proceeds from sales of property, plant and equipment	-	6
Cash flow from investing activities	-3,590	-3,443
Cash flow before financing activities	1,194	657
<i>of which free cash flow</i>	<i>1,194</i>	<i>651</i>
FINANCING ACTIVITIES		
Borrowings	593	4,021
Repayment of borrowings	-283	-3,596
Loans given (to Ellevio Holding 1 AB)	-367	-
Received interest	2	1
Paid interest	-1,139	-1,089
Received/paid group contributions	0	0
Cash flow from financing activities	-1 196	-663
CASH FLOW FOR THE PERIOD	-2	-6

Financial covenants

Common Terms Agreement		31 Dec 2021 ACT	31 Dec 2022 FCT	Lock-up
Total Interest Cover Ratio	EBITDA less tax / Total Net Finance Charges	3.3x	3.3x	<1.5x
Total Leverage Ratio	Total Net Debt / Consolidated EBITDA	10.6x	11.0x	>11.9x
Senior Interest Cover Ratio	EBITDA less tax / Senior Class A Net Finance Charges	3.6x	3.6x	<1.7x
Senior Leverage Ratio	Senior Class A Net Debt / Consolidated EBITDA	9.6x	10.0x	>10.75x
Senior Historic Leverage Ratio	FFO / Senior Class A Net Debt	7.5%	N/A	<5%
Senior 3 year Forward Leverage Ratio	FFO / Senior Class A Net Debt	N/A	7,2%	<6%

Financing

- Total external net debt SEK 39.654 million (39.342)
- No new long-term debt raised during 2021
- Hedging ratio 98%
- SEK 9,015 million of existing bank loan facilities (RCF and LF facilities) increased and extended to 2026
- In July 2021, 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 and at the same time the outlook for the rating was changed from “negative” to “stable”

Debt and interest maturity 31 December 2021

(MSEK)



Sustainability reporting update

The EU taxonomy

- In December 2021, criteria were decided for how different industries can be considered to contribute to the limitation of or adaptation to climate change (Environmental objectives 1 and 2).
 - In Taxonomy's chapter 4.9 Ellevio's core business – Transmission and distribution of electricity – is described to be an enabling activity.
- In the Annual and Sustainability report for 2021, Ellevio will publish estimations regarding the proportion of operations that are estimated to be taxonomy eligible, calculated on turnover, OpEx and CapEx.
- In 2022, Ellevio will conduct a full evaluation of how large proportion of the operations that can be classified as sustainable, i.e. Taxonomy aligned.
 - Preliminary assessments from both Ellevio and other electricity network companies show that electricity networks are to a very large extent environmentally sustainable operations.

Ellevio sustainability report

- Will be published in the beginning of May.
- Established based on Global Reporting Initiatives (GRI) standards, level "core".
- Constitutes Ellevio's UN Global Compact Communication on Progress Report.
- Describes how Ellevio works with Agenda 2030.
- Contains as of 2021, reporting in accordance with TCFD and the EU taxonomy.

Summary

- A stable core business
- Updated, clarified strategic direction
- Breakthrough in public debate on the climate transition's need for electrification and thus investments in the energy system
 - Swedish government launched an Electrification strategy on 3 February, 2022
- Ellevio and the entire industry continue to push for a long-term stable and predictable regulation in RP4



Q&A

Thank you for attending!

Elvio Financial calendar 2022:

- Beginning of May – Annual and Sustainability Report
- Beginning of June – Investor Report Green Bond
- 1 September, 2022 – Half-year Report 2022

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