



Ellevio AB Half-year Report 2023

Investor Presentation

1 September 2023

Johan Lindehag, CEO

Jan Seveborg, SVP Treasury

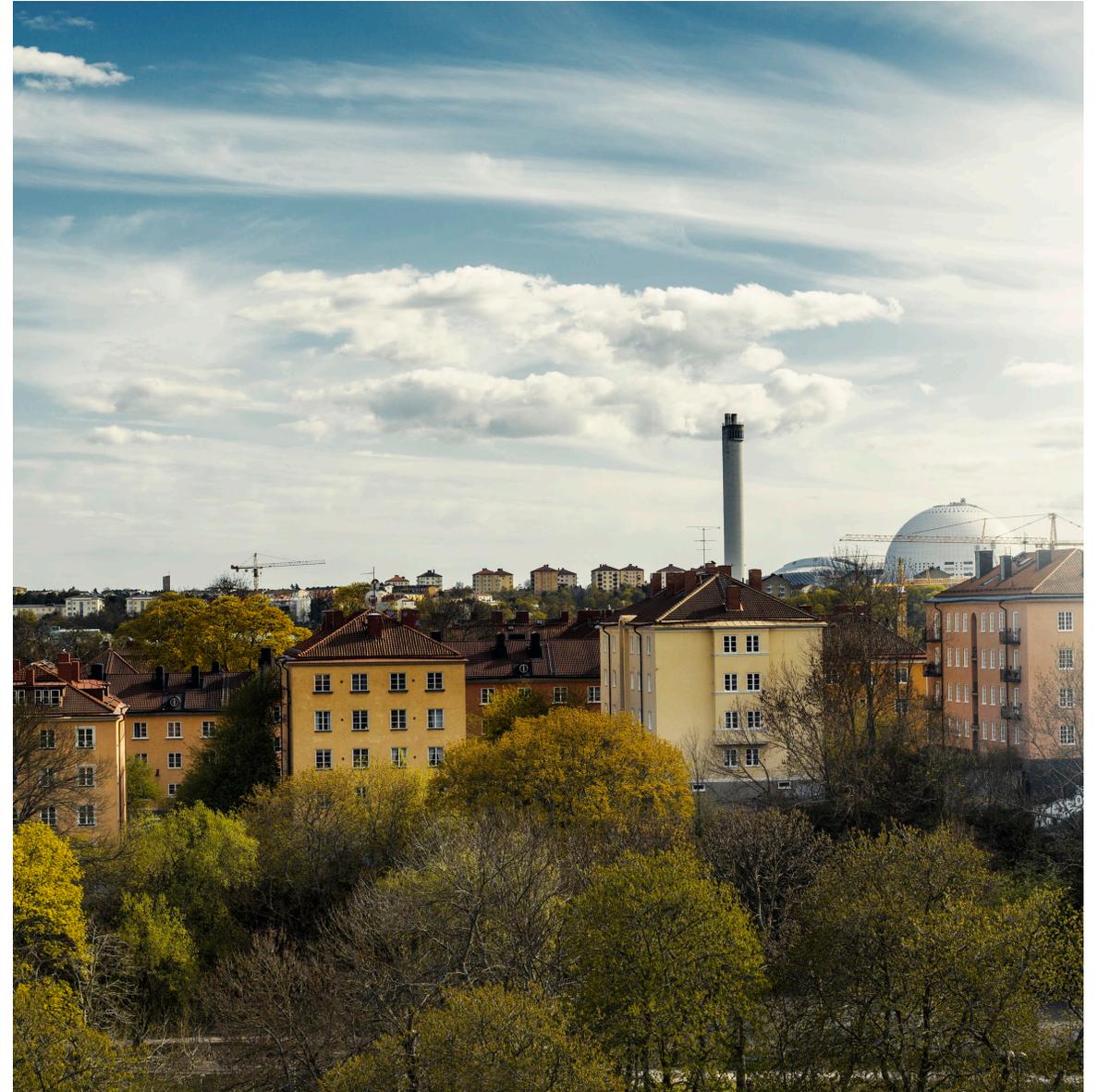
Key financials

January–June 2023

- Net sales amounted to SEK 4,147 million (3,814)
- Distributed electricity amounted to a total of 12.4 TWh (13.3)
- Operating profit amounted to SEK 1,411 million (1,194)
- Free cash flow totalled SEK 970 million (1,228)
- Capital expenditure, including asset acquisitions amounted to SEK 1,498 million (1,391)

Market update

- War in Ukraine continues to contribute to geopolitical uncertainty and affects world economy and inflation.
- Good availability of hydropower and falling gas prices led to lower electricity prices during the first half of 2023 compared to the second half of 2022.
- Energy transition leads to dramatic increase in electricity demand and thus extensive need for network investments: SEK 945 billion by 2045, according to the Electricity Network Report 2023.
- Swedish industry is moving at a fast pace to reduce dependence on fossil fuels and new industries are being established to support electrification.
- The Energy Markets Inspectorate (Ei) announced the decision to pause the implementation of a new model for the electricity grid regulation, which means that the current model will apply 2024–2027 as well.



Strategic highlights January–June 2023

Investments that enable energy transition

- High rate of investment continues according to plan.
- New report: Until 2045, electricity network investments of SEK 945 billion needed in Sweden
- Beckomberga–Bredäng: all ten cable sections now installed
- Värtan: First stage completed and taken into operation according to plan
- Skanstull: Project ongoing – capacity in Stockholm to increase with 1,000 MW when finalised
- Ekerö: Major investment to increase reliability commenced

Customer Relations

- Second-generation smart meters installed at all customers
- Continued high demand for customer service, communication and support services
- 156,000 customers with app account (55,000) and average of 63,000 monthly app users (25,000) by end of June

Sustainability

- New safety program launched to ensure safe conditions when working in the field

**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
- Number of micro solar producing customers increased to 25,000 (a 60 percent increase)
- Ellevio key player in development of wind farm cluster Tovåsen with capacity of 660 MW
- Mariestad: Construction of AB Volvo's new battery factory planned to start 2024 – one of Ellevio's largest connections to a single customer.
- Borlänge: Work with Northvolt's factory ongoing. Opening postponed by Northvolt to 2026-2027

An attractive employer

- Continued high Employee Engagement
- Ellevio recognised as Sweden's third most attractive employer in the Nyckeltalsinstitutet's ranking, including all industries.



Regulatory update

- **Regulatory period 2024–2027**
 - The Energy Markets Inspectorate (Ei) announced the decision to pause the implementation of a new model for the electricity grid regulation, which means that the current model will apply 2024–2027 as well.
 - Final details on the revenue framework for 2024–2027 to be submitted by Ei during the fourth quarter 2023.
- **Court case regarding allowed revenue 2020–2023**
 - Ei to take new decisions during 2023.
- **Questioned independence**
 - Government inquiry is ongoing but conclusions cannot be taken into consideration until RP 2028–2031.
- **Clean Energy Package**
 - EU’s package to become a leader in clean energy.
 - Electricity grid companies have until end of 2023 to implement necessary adjustments. Ellevio is currently adapting its operations accordingly.



Financials & financing

Jan Seveborg

Income statement

| MSEK | 1 Jan-30 Jun 2023 | 1 Jan-30 Jun 2022 | 1 Jan-31 Dec 2022 |
|--|------------------------------|----------------------------------|----------------------------------|
| Net sales | 4,147 | 3,814 | 7,535 |
| Capitalised own work | 81 | 61 | 124 |
| Other operating income | 49 | 72 | 121 |
| | 4,277 | 3,948 | 7,779 |
| OPERATING EXPENSES | | | |
| Costs for purchase and transit of power | -923 | -960 | -1,887 |
| Other operating expenses | -637 | -596 | -1,349 |
| Employee benefits expense | -360 | -305 | -625 |
| Depreciation, amortisation and impairment of property, plant and equipment and intangible assets | -947 | -894 | -1,833 |
| Operating profit | 1,411 | 1,194 | 2,085 |
| FINANCIAL INCOME AND EXPENSES | | | |
| Interest income and similar items | 260 | 40 | 78 |
| Interest expense and similar items | -1,344 | -1,310 | -2,603 |
| Profit/loss after net financial income/expense | 327 | -76 | -440 |
| Appropriations | - | - | 382 |
| Profit/loss before tax | 327 | -76 | -58 |
| Income tax expense | -175 | -147 | -305 |
| PROFIT/LOSS FOR THE PERIOD | 152 | -223 | -363 |

Balance sheet

| MSEK | 30 Jun 2023 | 30 Jun 2022 | 31 Dec 2022 |
|---------------------------------|----------------|----------------|----------------|
| ASSETS | | | |
| Non-current assets | | | |
| Intangible assets | 43,543 | 43,718 | 43,702 |
| Property, plant and equipment | 39,766 | 37,870 | 39,067 |
| Non-current financial assets | 10,612 | 8,868 | 10,163 |
| Total non-current assets | 93,922 | 90,456 | 92,932 |
| Current assets | | | |
| Current receivables | 2,093 | 2,147 | 2,713 |
| Cash and cash equivalents | 918 | 15 | 14 |
| Total current assets | 3,011 | 2,162 | 2,727 |
| TOTAL ASSETS | 96,932 | 92,618 | 95,659 |

| MSEK | 30 Jun 2023 | 30 Jun 2022 | 31 Dec 2022 |
|--------------------------------------|---------------|----------------|----------------|
| EQUITY AND LIABILITIES | | | |
| Equity | 10,231 | 8,863 | 10,080 |
| Untaxed reserves | 621 | 960 | 621 |
| Provisions | 14,226 | 13,882 | 14,075 |
| Non-current liabilities | | | |
| Bond loans | 27,847 | 32,339 | 31,348 |
| Liabilities to credit institutions | 6,626 | 6,118 | 6,046 |
| Liabilities to Group companies | 24,616 | 23,223 | 24,616 |
| Derivative instruments | 26 | 31 | 34 |
| Other non-current liabilities | 3,617 | 2,861 | 3,329 |
| Total non-current liabilities | 62,733 | 64,572 | 65,374 |
| Current liabilities | | | |
| Bond loans | 5,208 | – | 1,000 |
| Liabilities to credit institutions | 354 | 354 | 567 |
| Other current liabilities | 3,559 | 3,988 | 3,943 |
| Total current liabilities | 9,121 | 4,341 | 5,510 |
| TOTAL EQUITY AND LIABILITIES | 96,932 | 92,618 | 95,659 |

Cash flow statement

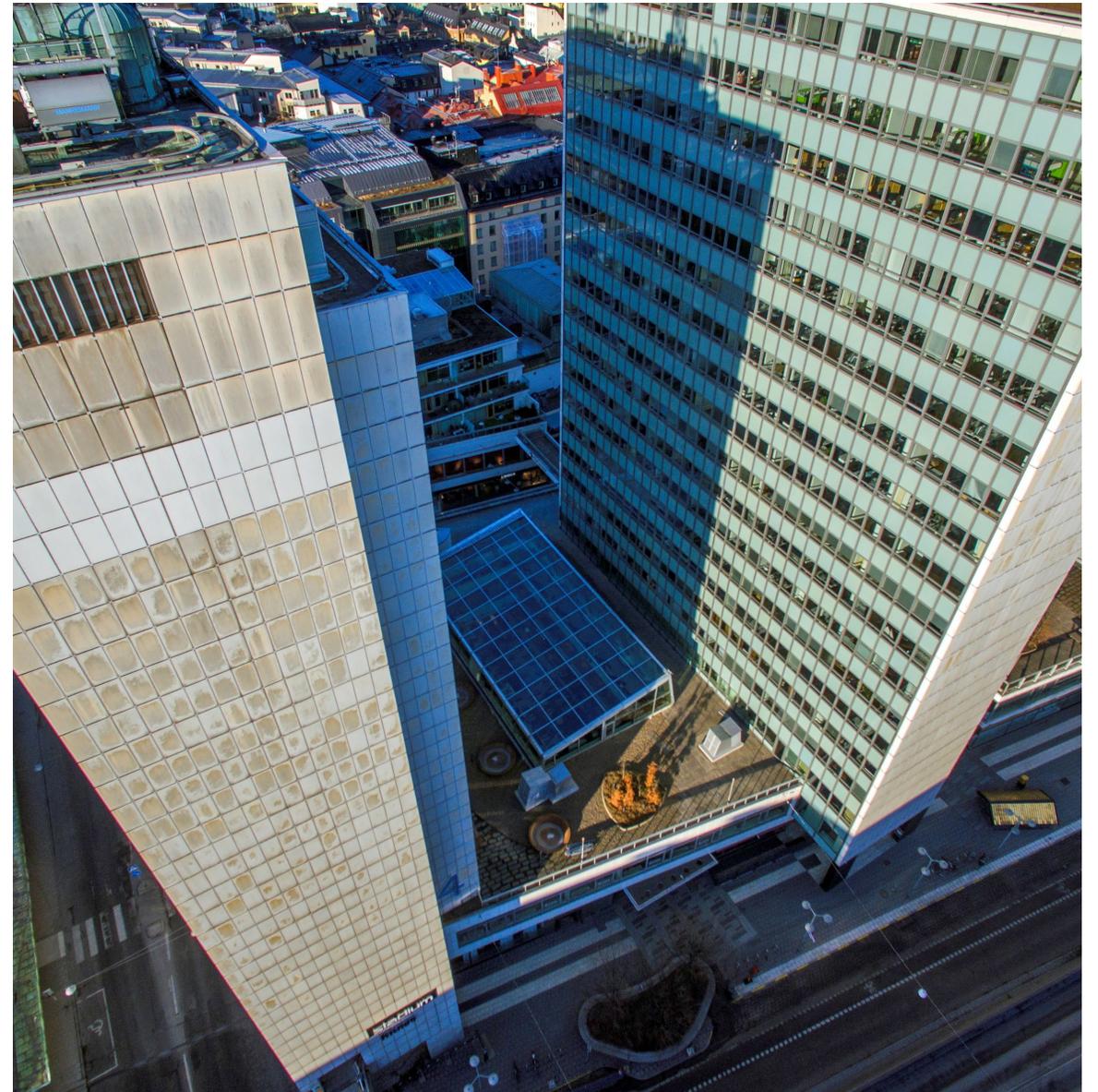
| MSEK | 1 Jan-30 Jun 2023 | 1 Jan-30 Jun 2022 | 1 Jan-31 Dec 2022 |
|--|----------------------|----------------------|----------------------|
| Cash flow from operating activities | 2,826 | 2,854 | 4,798 |
| INVESTING ACTIVITIES | | | |
| Capital expenditure in intangible assets | -55 | -92 | -226 |
| Capital expenditure in property, plant and equipment | -1,801 | -1,534 | -3,023 |
| Acquisition of shares | - | -178 | -178 |
| Long term interest bearing investment | -255 | - | - |
| Proceeds from sales of property, plant and equipment | 0 | - | 1 |
| Cash flow from investing activities | -2,112 | -1,804 | -3 426 |
| Cash flow before financing activities | 714 | 1,050 | 1,373 |
| <i>of which free cash flow</i> | <i>970</i> | <i>1,228</i> | <i>1,549</i> |
| FINANCING ACTIVITIES | | | |
| Borrowings | 4,239 | - | 998 |
| Repayment of borrowings | -3,182 | -684 | -1,548 |
| Loans given | -192 | -45 | -50 |
| Repayment of loan receivables | - | 367 | 367 |
| Received interest | 38 | 3 | 4 |
| Paid interest | -710 | -687 | -1,141 |
| Received/paid Group contributions | -3 | 0 | 0 |
| Cash flow from financing activities | 190 | -1,047 | -1,371 |
| CASH FLOW FOR THE PERIOD | 904 | 3 | 2 |

Financial covenants

| Common Terms Agreement | | 30 June 2023 ACT | 30 June 2024 FCT | Lock-up |
|--------------------------------------|--|---------------------|---------------------|---------|
| Total Interest Cover Ratio | EBITDA less tax / Total Net Finance Charges | 3.8x | 2.9x | <1.5x |
| Total Leverage Ratio | Total Net Debt / Consolidated EBITDA | 9.2x | 9.6x | >11.9x |
| Senior Interest Cover Ratio | EBITDA less tax / Senior Class A Net Finance Charges | 4.2x | 3.2x | <1.7x |
| Senior Leverage Ratio | Senior Class A Net Debt / Consolidated EBITDA | 8.3x | 8.7x | >10.75x |
| Senior Historic Leverage Ratio | FFO / Senior Class A Net Debt | 9.2% | N/A | <5% |
| Senior 3 year Forward Leverage Ratio | FFO / Senior Class A Net Debt | N/A | 7.7% | <6% |

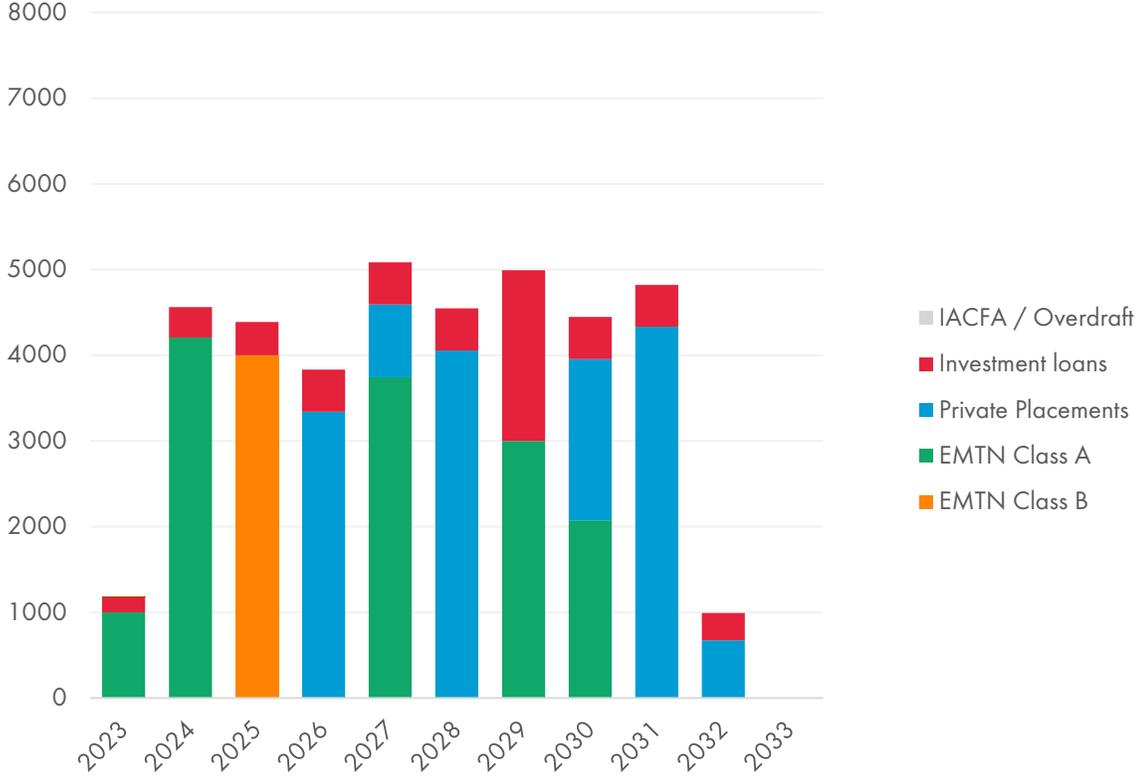
Financing

- External net debt amounted to SEK 39,011 (38,965) million, a decrease by SEK 88 million since year-end 2022.
- During the first half of 2023 Ellevio raised SEK 4,000 million of new long-term debt as well as extended SEK 1,262 million of existing bank loan facilities.
- In May, Ellevio published its Green Finance Framework and in June SEK 3,000 million of Green bonds (Class A) was issued under an EMTN programme in accordance with the Framework
- On 10 July 2023, Standard and Poor's confirmed the 'BBB' rating for Ellevio's Class A debt and the 'BB+' rating for Ellevio's Class B debt.
- Average interest rate for Total external net debt including derivatives somewhat affected by raising market rates at 3,0 percent (2,8) per end of June 2023.
- Hedging ratio 98 percent as per end of June 2023.

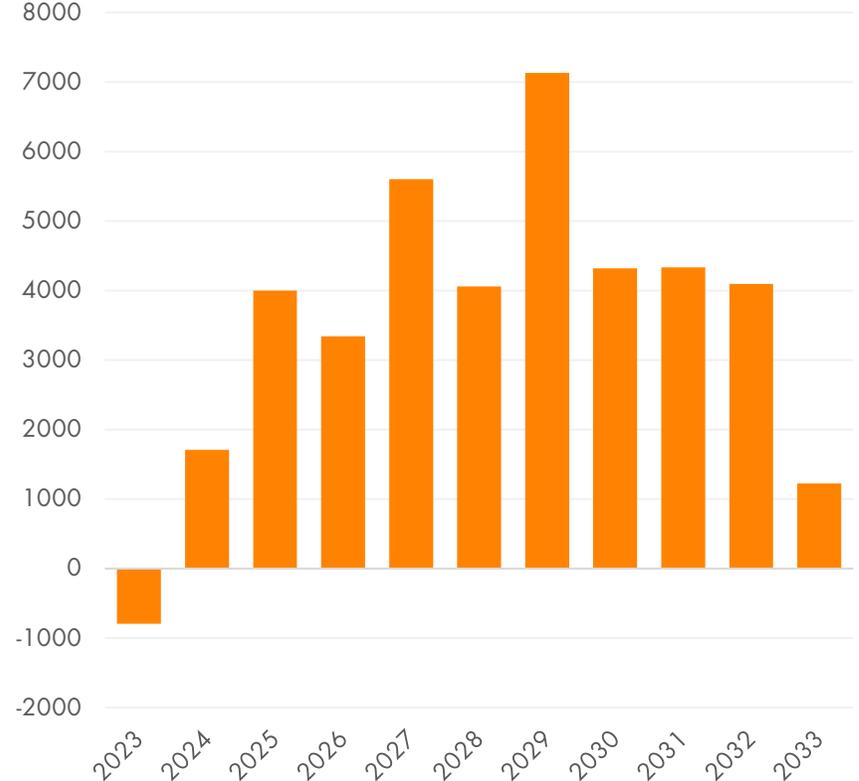


Debt and interest maturity 30 June 2023, MSEK

Debt maturity profile 2023–2033



Interest maturity 2023–2033



Summary

- A stable core business.
- Positive that the Energy Markets Inspectorate in June decided to pause the implementation of a new model for electricity grid regulation
- 2023 clearly marked by Ukraine war and its effects on the economy, inflation and geopolitical security.
- Extensive network investments, amounting to SEK 945 billion, needed over the next two decades.
- Increasing consensus in social debate about the climate transition's need for electrification and thus investments in the energy system. High pace in industry transition.
- Ellevio and the entire industry continue to push for a long-term stable and predictable regulation.





Q&A

A nighttime photograph of a cityscape featuring several multi-story apartment buildings. The buildings are illuminated from within, with warm yellow lights visible through the windows. The sky is a deep, dark blue, and a bright, full moon is visible in the upper left corner. The foreground is mostly dark, with some silhouettes of trees and bushes. The overall mood is serene and quiet.

ELLEVICIO