



Year-End Report. January - December 2020.

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# Business review.

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## Key financials January–December 2020

- Net sales amounted to SEK 6,674 million (6,709)
- Distributed electricity amounted to a total of 26.1 TWh (26.5)
- Operating profit amounted to SEK 1,781 million (1,649)
- Free cash flow totalled SEK 651 million (962)
- Capital expenditure, including asset acquisitions, amounted to SEK 3,415 million (4,000)

## Business operations

We provide reliable electricity networks that enable everyday life for our customers, the transition to a sustainable society, and for Sweden to achieve its climate targets. When building electricity networks, safety and security are of paramount importance and are therefore an integral part of our daily business.

The continued electrification of transport and industry is a prerequisite for a more sustainable society in the future. This leads to an increased use of electricity, which together with a growing proportion of renewable electricity production places new demands on electricity networks. Substantial investments are needed today and in the decades to come to develop reliable, flexible and digitalised grids. However, the regulatory model valid from 1 January 2020, with decreased allowed revenue, does not incentivise the necessary investments.

To adjust to the current regulatory model, Ellevio in 2019 communicated that network investments, so called based investments, needed to be cut by 40 percent to approximately SEK 4,700 million during the regulatory period 2020-2023. These include reinvestments and investments in increased transmission capacity in the existing network.

During 2020, investments have been implemented according to this plan. Our major projects in the Stockholm area have continued along with the development of local networks. In Stockholm, many residential and business properties want to connect to our network or increase their capacity, which means increased capacity is one important factor when renewing our power grids in the capital area. In rural areas, our focus is mainly on renewal and weather resilience, so as to minimise weather-related power interruptions for our customers.

Ellevio would naturally have preferred to continue making the investments required to support society's growth, the ongoing energy transition and enable meeting the climate targets. We are of course prepared to increase investments if and when market conditions improve. We believe that through these investments we can also play a key role in helping to get people back to work when the Covid-19 pandemic ends.

In November, Mr Fredrik Persson became the new Chairman of the Board of Ellevio AB. Mr Persson is Chairman of the Confederation of Swedish Enterprise and construction company JM, and is on the Board of Electrolux and the ICA Group. We would also like to thank our previous Chairman Mr Sören Mellstig for his contribution to the company in the past five years.

## Covid-19

As one of Sweden's leading distribution network operators, Ellevio has a key societal role during the pandemic. Since February 2020, we have worked to minimise risks to employees, customers and

society at large. The impact on Ellevio's operations was moderate during the year. A pandemic such as Covid-19 is one of the crisis scenarios that Ellevio has planned and prepared for, and Ellevio has strictly followed own guidelines as well as the recommendations and guidelines provided by national authorities.

In February 2020, Ellevio's crisis organisation was activated to ensure that the necessary measures were taken in a structured manner and in accordance with business continuity planning. This included identifying and securing critical processes to ensure we could continue to operate, working remotely where possible, implementing travel and meeting restrictions, etc.

The work to develop and modernise electricity networks is currently continuing according to plan despite Covid-19. Because of our crisis preparedness, employee absenteeism during the pandemic has been low, and close cooperation with our subcontractors has ensured good access to components and material, thereby securing ongoing network investment projects and fault repair.

We would like to take this opportunity to thank our partners and suppliers for supporting us as we continue to modernise and strengthen our electricity networks as well as helping us restore electricity to our customers in outage situations - even during this challenging period.

## Our investment programme

Investments have been implemented according to our previously communicated plan for the regulatory period 2020-2023.

Our major projects in the Stockholm area have proceeded along with the development of local networks.

The Beckomberga-Bredäng project continued, which is one of our greatest contributions to further electrify Stockholm and create sustainable growth. The project is reconstructing an approximately 12 km long 400 kV power line between Beckomberga and Bredäng in Stockholm.

Another important project that commenced in 2020 is the modernisation of the primary substation in Värtan, Stockholm, which is Ellevio's largest substation project to date. The project will, when ready in 2025, increase the capacity of the electricity network in Stockholm and increase operational reliability.

## Installing next generation electricity meters

During 2020, we have embarked on a smart meter roll-out project that will continue until 2023. The roll-out project started in Stockholm in June, and will continue in 2021 also including installations outside Stockholm. Our smart meter roll-out is being financed by our first green bond, issued in 2020. Smart meter installation is an important component of a smart electricity network, and satisfies the legal requirement for new functionalities in electricity meters by 2025.

Covid-19 affected smart meter installation during the year and

the Älvsjö pilot project in the first half of the year was slightly delayed. However, the project has made up lost ground and we do not see any significant impact on the long-term implementation of the project.

### **Stockholm network capacity under discussion during the year**

Together with Swedish TSO Svenska kraftnät and DSO Vattenfall, Ellevio has launched SthlmFlex, which is a new marketplace for capacity in the Stockholm region's electricity network. It opens up the market to new players and contributes to solving the lack of capacity in the region's electricity network.

In the autumn, all future large-scale wind and solar connections in the region of Värmland were put on hold as Svenska kraftnät announced that the grid had reached its maximum capacity. The situation is not expected to change until 2030 at the earliest.

There are also ongoing discussions with politicians and authorities about the capacity issue and during the year, the Swedish Energy Markets Inspectorate (Ei) released a proposal about roles and responsibilities in the market that is now out for referral. Other actors involved in the issue include the Confederation of Swedish Enterprise and the Stockholm Chamber of Commerce.

### **Weather related disturbances**

Several storms occurred during the first half of the year, particularly in our western network.

Our large disturbance organisation, which deals with crisis and storm preparedness and restoration, was activated. All storm damage was resolved without any prolonged interruption for our customers despite the pandemic situation, this while never compromising the safety of our personnel.

It is clear that our work with the weather resilience of our electricity networks in recent years has paid off and today fewer customers are affected by weather related disturbances. We will continue this work in 2021, although our activities need to be reduced due to the current regulatory situation.

### **Customer relations**

During 2020, Ellevio welcomed approximately 4,000 new customers to the company. We now have a total of 966,000 customers. Our growth during the year was mainly organic, however 500 of the new customers came from the acquisition of Hamra Bespar-

ingskog in 2019 that was integrated into Ellevio in Q1 2020.

At the beginning of February, we introduced major price cuts for the majority of our residential customers – benefitting around 885,000 households. Ellevio is presently successively levelling out the prices between Stockholm and the rest of the country so as to achieve a future state where all our customers pay the same price for the same service regardless of where they live.

### **Continued customer-focussed investments**

Customer-driven investments have continued, for example with the connection of wind power. We now have four primary substations either in operation or under construction that enable the connection of more wind power. We have proven to be an attractive partner to wind power developers. However, there is currently a lack of capacity in the National grid, which jeopardises the expansion of wind power in certain regions in the years to come. We can carry out all the projects we have planned, but we then face challenges for a number of years until the capacity in the National grid has been increased.

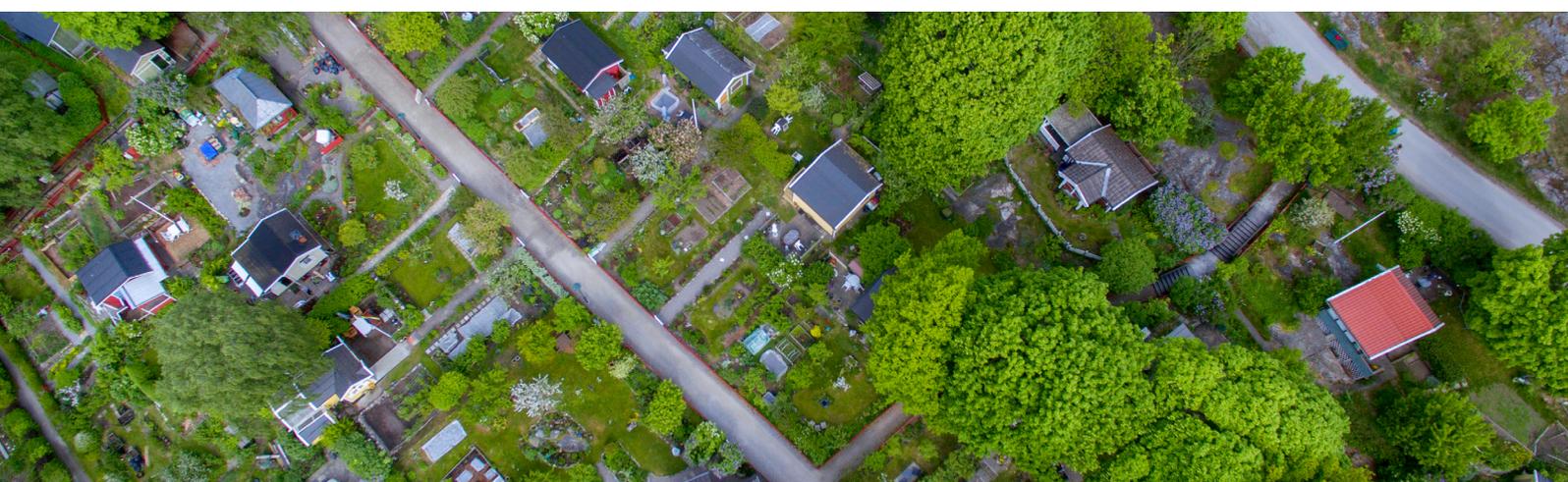
We extended our green bond in August to also include wind power connections. The funding will be earmarked for investments in network constructions needed to connect more renewable power to the electricity network.

The installation of solar panels steadily increased during the first quarter, although installation slowed down during the rest of the year due to Covid-19. We had 8,146 solar energy-producing customers by the end of the year. The new smart meters we have started to install, enable customers to install solar panels without changing meters. A pilot to offer solar panels to our customers was launched in 2020.

### **Transport electrification**

The continued investment in enabling the electrification of the transport sector continues, and will play an important part in achieving Sweden's climate goals.

Following the launch of Ellevio Smart Laddinfra – our comprehensive solution for charging electric vehicles – we have had several appreciated customer seminars on the topic. During the year, Ellevio has increased its charging infra offering and is currently offering solutions to individuals, housing associations, companies, property owners as well as municipalities.



### Cooperation with GodEl

Our partnership with the electricity company GodEl has been ongoing for a year, and in the spring we were able to launch the collaboration Startup 4 Climate financed with funds from the collaboration. The aim of Startup 4 Climate is to identify smart innovations that help society to transition away from fossil fuels. In October, Enjay and Peafowl Solar Power were announced Startup 4 Climate's first winners, and received SEK 1 million each in prize money.

### Even greater customer focus

We continued to make our company culture even more customer focussed. This included a new electricity bill layout that is designed to help customers understand their consumption. During the year we have also prepared for the insourcing of the invoicing and payment organisation that was previously managed by an external partner so as to better integrate these processes, thereby improving the customer experience. The new invoicing and payments organisation will be operational in February 2021.

During the autumn, we have improved power outage information to our customers through an improved SMS function.

Other improvements include better handling of customer errands to be able to better help our customers with their queries and continuing to work with our cultural journey to put the customer at the centre.

### Acquisitions and integration

No acquisitions were made during the year. The acquisition of Hamra that was made at the end of 2019 was successfully integrated into Ellevio AB during the first half of the year.

In September, Ellevio placed an offer together with two other companies on Elektra Nät AB, part of Edsbyn's Elverk, but the deal was turned down by Edsbyns Elverk's shareholders.

### Safety

During the year, we continued to establish closer cooperation with our largest contractor to deepen our common efforts to enhance safety in the field for technicians. A key area has been to further promote the reporting of incidents from our contractors and subcontractors by reviewing our reporting processes and tools. During the autumn, we also conducted training in behaviour-based safety (BBS) with two of our largest contractors.

We have implemented safety procedures related to the installation of the new smart meters focussed not only on the safe installation as such but also on potentially threatening situations and safe driving. Safety work has been carried out in close cooperation with contractors that install our smart meters. We have also produced a safety manual for the installation of smart meters.

The number of work-related injuries resulting in sick leave during the year amounted to eight.

### Regulatory update

On 1 January 2020, a new regulatory period of four years began. The allowed revenue for the period, decided by the Swedish Energy Markets Inspectorate (Ei), stipulates a WACC (weighted average cost of capital) of 2.16 percent (expressed as real WACC before taxes).

### About the regulation

Electricity distribution is a natural monopoly and as such a fully regulated business. This means that Ellevio operates under a regulatory framework, and is supervised by a government agency, the Swedish Energy Markets Inspectorate (Ei). Ei's remit is to ensure fair prices for electricity users, secure reliable electricity supply and facilitate reasonable returns for investors in the network. Ei decides how much distribution network operators like Ellevio are allowed to charge. These limits are known as the allowed revenue and the levels are determined in advance for four years at a time in an ex ante regulation process. According to the Swedish Electricity Act, the electricity network charges paid by customers must be fair, objective and non-discriminatory.

Ellevio believes that the new level of allowed revenue is far from sufficient to enable the required investment to fulfil society's demand for reliability and continued growth, nor to achieve Sweden's climate goals. The renewable energy transition, and the electrification of the transport sector and industry all require smart modern power grids in terms of flexibility, capacity and efficiency. The time horizon for investments in our industry is long, often more than 40–50 years and the importance of long-term predictable and stable regulation should not be underestimated. Ellevio and more than 120 other companies have appealed the allowed revenue decisions for 2020–2023. The main argument is that the revenue frame ordinance is contrary to both the EU directive and Swedish legislation and hence Ei's decisions should be declared invalid and referred back to Ei for new decisions. The new decisions should be based on valid economic theory and practice from the Swedish Courts.

During the spring, Ei responded to the network companies' grounds for appeal. In its response, Ei admitted to a WACC of 2.35 percent instead of 2.16 percent. The legal process has continued during the year and a verdict in the Administrative court is expected early 2021.

In 2020, three verdicts have been carried out by the European court of Justice (Commission vs Belgium, Hungary and Slovakia). In all three verdicts the court has verified the importance of an independent authority, which strengthens our argument in the administrative court. We are still awaiting a verdict in the case Commission vs Germany in the first half year of 2021. Both the European Commission and the Swedish government are awaiting this decision before taking further action regarding the Swedish revenue frame ordinance.

In addition, the Swedish legislation has been changed so that the regulatory deficit from 2012–2015 cannot be carried over to 2020–2023, contrary to the ruling from the Administrative Court of Appeal in Jönköping in 2019. In response to objections to this, the Swedish government has proposed a new law allowing electricity network companies to utilise the regulatory deficit from 2012–2015 for investments under certain conditions during the two regulatory periods 2020–2023 and 2024–2027. This would mean that investments above one percent of the replacement value can be financed to 65 percent with this deficit from 2012–2015.

# Earnings and financial position.

## Financial result

In 2020 net sales amounted to SEK 6,674 million (6,709). Sales fell mainly due to price decreases in local networks in February 2020 and partly from lower distribution volume due to mild weather both in the first and last quarter of the year. The impact of covid-19 on distribution volume and sales are so far very limited. The volume of local and regional network transmission 2020 totalled 13.8 TWh (14.4) and 12.3 TWh (12.1), respectively. Even with lower prices and volumes the total net sales in 2020 almost reached the same level as previous year, which can be explained by the one-time reduction of the fixed fee in December 2019 for all local network customers.

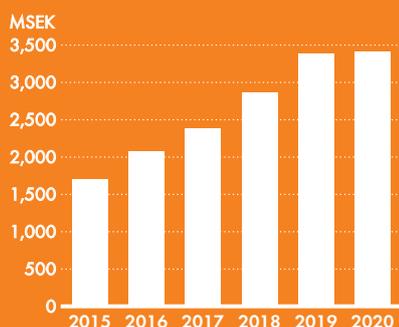
EBITDA amounted to SEK 3,614 million (3,848). The drop in EBITDA is related to the distribution margin with slightly lower revenue as well as higher cost from feeding networks and local production. Depreciations that totalled SEK 1,833 million (2,200) were lower than previous year following a change in judgement of useful life for concession rights and certain network asset categories. Operating profit totalled SEK 1,781 million (1,649).

Interest income and similar items amounted to SEK 48 million (2). The increase is explained by internal interest due by Ellevio Holding 1 AB related to a Group internal receivable that in 2020 was converted from non-interest-bearing to an interest-bearing loan receivable. The interest expense and similar items were SEK -2,396 million (-2,633), of which SEK -1,240 million (-1,492) were related to Group internal interest expenses and SEK -1,156 million (-1,141) to external interest expenses. The lower Group internal interest expenses are related to the reduction of the interest rate on the sub-ordinated shareholder loans from 8.5 percent to 6.0 percent in the end of August 2019. Loss after net financial income/expense amounted to SEK -568 million (-982).

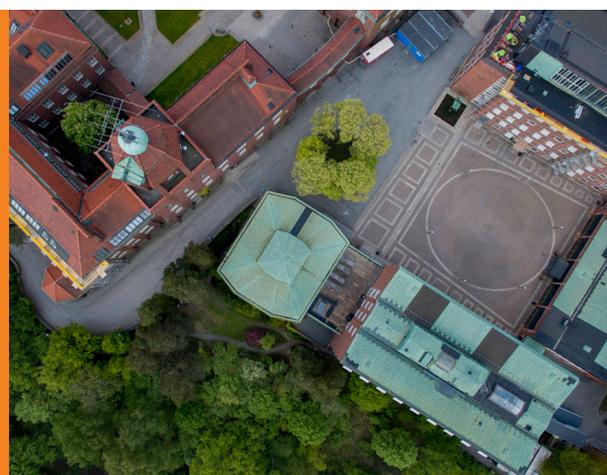
Loss for the year amounted to SEK -776 million (-1,248).

MSEK	Jan-Dec 2020	Jan-Dec 2019	Jul-Dec 2020	Jul-Dec 2019
Net sales	6,674	6,709	3,220	3,047
EBITDA	3,614	3,848	1,656	1,599
Comparable EBITDA	3,659	3,908	1,702	1,656
Operating profit	1,781	1,649	922	488
Profit/Loss after net financial income/expense	-568	-982	-240	-761
Profit/Loss for the period	-776	-1,248	-396	-934
Cash flow from operating activities	4,100	4,859	1,797	1,921
Free cash flow	651	962	120	-384
Capital expenditure	3,415	4,000	2,023	2,734
Total assets	89,253	86,459	89,253	86,459
Total equity	8,069	7,605	8,069	7,605
Equity/assets ratio	10.2%	10.0%	10.2%	10.0%
External net debt	39,342	38,892	39,342	38,892
Leverage ratio	10.8x	10.0x	-	-
Interest cover ratio	3.3x	3.4x	-	-
External net debt, Class A	35,324	35,907	35,324	35,907
Leverage ratio, Class A	9.7x	9.2x	-	-
Interest cover ratio, Class A	3.6x	3.7x	-	-

## Capital expenditure 2015–2020



In 2015, Ellevio launched a major investment programme including renewal, capacity and weather proofing. During 2020 Ellevio invested SEK 3,415 million in the programme.



## Financial position and cash flow

Cash flow from operating activities 2020 decreased by SEK 759 million to SEK 4,100 million (4,859), mainly as a net impact from a lower EBITDA of SEK 235 million and a decrease in contributions from changes in working capital of SEK -592 million. The decrease from change in working capital is primarily related to the reduction of the December 2019 fixed fee for all local network customers. Change in working capital contributed with SEK -84 million (508).

Paid capital expenditure decreased by SEK 448 million to SEK -3,449 million (-3,897). The network investments are roughly in line with previous year, hence the decrease in capital expenditure is mainly explained by asset acquisitions from Svenska kraftnät and Hamra Besparingskog totalling SEK 608 million in 2019. In addition, cash flow for 2020 included proceeds from sales of land that amounted to SEK 6 million and the 2019 figure included the acquisition of shares in three asset owning companies related to Laforsen sub-station amounting to -44 MSEK. Free cash flow amounted to SEK 651 million (962) and cash flow before financing activities to SEK 657 million (918).

Paid external interest amounted to SEK -1,089 million (-1,123). During both 2020 and 2019, there has been no intra-Group interest paid, i.e. interest on subordinated shareholder loans.

The external net debt increased in 2020 with SEK 450 million, and amounted to SEK 39,342 million (38,892) by the end of the year.

## Financing

During 2020 Ellevio raised SEK 3,000 million of new long-term debt as well as extended and increased SEK 9,015 million of existing bank loan facilities. The purpose of these transactions was to finance investments into Ellevio's electricity grid and to secure access to financing over the coming five years.

In January 2020 Ellevio extended its Senior Secured (Class A) Revolving Credit Facility (RCF) of SEK 7,500 million with one year. The RCF matures in January 2025 and may be used for financing of maturing debt, capital expenditure and for general corporate purposes.

Ellevio also extended the existing senior secured (Class A) Liquidity Facility (LFA) of SEK 1,400 million and extended and increased the amount of subordinated secured (Class B) Liquidity

Facility (LFB) by SEK 15 million to SEK 115 million. The new extended LFA and LFB facilities both mature in January 2025. The LFA and LFB facilities may only be used to finance liquidity shortfall amounts under Class A and Class B debt issued by Ellevio.

In June Ellevio issued its inaugural green bond under the company's green bond framework established in 2019. Due to high investor demand, the initial size of the transaction of SEK 1,650 million was in August increased by SEK 350 million to a total of SEK 2,000 million. The proceeds of the green bond will be earmarked for investments in smart electricity meters to be installed in 2020-2023 in close to one million households and companies connected to Ellevio's electricity network as well as to finance new connections of renewable energy capacity to the grid.

Ellevio's green bond framework gives bond investors the opportunity to invest in projects that supports the transition to an emission-neutral and climate-smart energy system. The framework has been reviewed by the climate and environmental research institute CICERO, and has received the highest rating "Dark Green". The senior secured bonds (Class A) were issued under the company's Euro Medium Term Note (EMTN) program and structured as a SEK 1,000 million 7-year fixed rate tranche and a SEK 1,000 million 7-year floating rate tranche.

In July Ellevio issued SEK 1,000 million of subordinated secured bonds (Class B) under the EMTN program. The transaction was structured as a "tap" of an existing bond issued in 2018 of SEK 3,000 million whereby the total outstanding nominal amount of Class B debt was increased to SEK 4,000 million. The Class B debt has a final maturity date in February 2025. The proceeds from the new bond was used to refinance senior secured debt (Class A) drawn under the RCF.

As per end of December 2020, Ellevio's senior secured (Class A) net debt amounted to SEK 35,324 million and subordinated (Class B) debt amounted to SEK 4,018 million. The average repayment period for the total external debt was approximately 7 years.

On June 30, S&P confirmed the "BBB" rating for Ellevio's senior secured (Class A) debt and the "BB+" rating for Ellevio's subordinated (Class B) debt. The outlook for the rating is "negative", reflecting the uncertain situation regarding the Swedish regulatory framework with ongoing court appeal process.

# Condensed income statement.

MSEK	1 Jan 2020 31 Dec 2020	1 Jan 2019 31 dec 2019	1 Jul 2020 31 Dec 2020	1 Jul 2019 31 Dec 2019
Net sales	6,674	6,709	3,220	3,047
Capitalised own work	116	101	56	51
Other operating income	76	70	40	36
	<b>6,867</b>	<b>6,880</b>	<b>3,316</b>	<b>3,134</b>
<b>OPERATING EXPENSES</b>				
Costs for purchase and transit of power	-1,462	-1,232	-726	-608
Other operating expenses	-1,284	-1,301	-689	-682
Employee benefits expense	-508	-499	-245	-245
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-1,833	-2,200	-734	-1,111
<b>Operating profit</b>	<b>1,781</b>	<b>1,649</b>	<b>922</b>	<b>488</b>
<b>FINANCIAL INCOME AND EXPENSES</b>				
Interest income and similar items	48	2	47	1
Interest expense and similar items	-2,396	-2,633	-1,209	-1,250
<b>Profit/loss after net financial income/expense</b>	<b>-568</b>	<b>-982</b>	<b>-240</b>	<b>-761</b>
Appropriations	-11	-115	-11	-115
<b>Profit/loss before tax</b>	<b>-578</b>	<b>-1,097</b>	<b>-250</b>	<b>-875</b>
Income tax expense	-198	-151	-146	-58
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>-776</b>	<b>-1,248</b>	<b>-396</b>	<b>-934</b>

The company has no transactions in other comprehensive income. This means that comprehensive income for the period corresponds to profit for the period above. As a result no separate statement of comprehensive income is presented.

# Condensed balance sheet.

MSEK	31 Dec 2020	31 Dec 2019
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Intangible assets	43,772	43,886
Property, plant and equipment	35,530	33,892
Non-current financial assets	7,272	5,985
<b>Total non-current assets</b>	<b>86,574</b>	<b>83,763</b>
<b>CURRENT ASSETS</b>		
<b>Current receivables</b>		
Trade receivables	756	1,025
Receivables from Group companies	0	0
Other receivables	397	382
Prepaid expenses and accrued income	1,513	1,270
<b>Total current receivables</b>	<b>2,666</b>	<b>2,677</b>
Cash and cash equivalents	14	20
<b>Total current assets</b>	<b>2,679</b>	<b>2,697</b>
<b>TOTAL ASSETS</b>	<b>89,253</b>	<b>86,459</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	1	1
Other reserves	39	36
Retained earnings	8,805	8,816
Profit/loss for the period	-776	-1,248
<b>Total equity</b>	<b>8,069</b>	<b>7,605</b>
<b>Untaxed reserves</b>	<b>1,323</b>	<b>1,312</b>
<b>Deferred tax liability</b>	<b>13,577</b>	<b>13,387</b>
<b>Other provisions</b>	<b>2</b>	<b>2</b>
<b>NON-CURRENT LIABILITIES</b>		
Bond loans	32,309	29,257
Liabilities to credit institutions	6,239	5,327
Liabilities to Group companies	21,908	20,668
Other non-current liabilities	1,567	1,033
<b>Total non-current liabilities</b>	<b>62,023</b>	<b>56,286</b>
<b>CURRENT LIABILITIES</b>		
Bond loans	-	3,500
Liabilities to credit institutions	590	594
Trade payables	764	846
Liabilities to Group companies	0	0
Current tax liabilities	8	13
Other current liabilities	1,444	1,540
Accrued expenses and deferred income	1,454	1,374
<b>Total current liabilities</b>	<b>4,260</b>	<b>7,868</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>89,253</b>	<b>86,459</b>

# Condensed cash flow statement.

MSEK	1 Jan 2020 31 Dec 2020	1 Jan 2019 31 Dec 2019	1 Jul 2020 31 Dec 2020	1 Jul 2019 31 Dec 2019
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Operating profit	1,781	1,649	922	488
Adjustments for non-cash items:				
Depreciation and amortisation	1,833	2,200	734	1,111
Disposals/retirements of non-current assets	45	57	46	57
Periodised connection fees	-38	-19	-21	-12
Change in provision for doubtful receivables	1	-1	0	0
Received connection fees	573	535	297	290
Income tax paid	-13	-69	-1	-25
<b>Cash flow from operating activities before changes in working capital</b>	<b>4,183</b>	<b>4,351</b>	<b>1,978</b>	<b>1,910</b>
<b>CHANGES IN WORKING CAPITAL</b>				
Decrease(+)/increase(-) in trade receivables	267	74	-172	-177
Decrease(+)/increase(-) in other operating receivables	-258	256	-461	-332
Decrease(-)/increase(+) in trade payables	29	-37	103	71
Decrease(-)/increase(+) in other operating liabilities	-123	214	348	448
<b>Changes in working capital</b>	<b>-84</b>	<b>508</b>	<b>-181</b>	<b>11</b>
<b>Cash flow from operating activities</b>	<b>4,100</b>	<b>4,859</b>	<b>1,797</b>	<b>1,921</b>
<b>INVESTING ACTIVITIES</b>				
Capital expenditure in intangible assets	-223	-191	-137	-119
Capital expenditure in property, plant and equipment	-3,226	-3,706	-1,540	-2,185
Acquisition of shares	-	-44	-	-
Proceeds from sales of property, plant and equipment	6	-	5	-
<b>Cash flow from investing activities</b>	<b>-3,443</b>	<b>-3,941</b>	<b>-1,672</b>	<b>-2,304</b>
<b>Cash flow before financing activities</b>	<b>657</b>	<b>918</b>	<b>125</b>	<b>-384</b>
<b>FINANCING ACTIVITIES</b>				
Borrowings	4,021	162	537	554
Repayment of borrowings	-3,596	-	-219	-
Received interest	1	2	1	1
Paid interest	-1,089	-1,123	-444	-420
Received/paid group contributions	0	2	-	2
<b>Cash flow from financing activities</b>	<b>-663</b>	<b>-957</b>	<b>-126</b>	<b>137</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>-6</b>	<b>-39</b>	<b>-1</b>	<b>-247</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>20</b>	<b>56</b>	<b>14</b>	<b>264</b>
<b>Cash in merged company</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>2</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>14</b>	<b>20</b>	<b>14</b>	<b>20</b>

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# Definitions.

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The company presents alternative performance measures in the Year-End Report that are not defined according to IFRS nor the Swedish annual accounts act. These financial measures should not be regarded as substitutes for measures defined according to IFRS. The company considers that these measures provide valuable supplementary information for investors and company management, as they enable an assessment of the company's performance, the ability to carry through strategic investments and fulfil financial obligations. Below are definitions on how the alternative performance measures are calculated.

## Adjusted cash

Cash and cash equivalents less customer deposits

## Adjusted equity

Total equity plus 78 percent of the untaxed reserves

## Comparable EBITDA

EBITDA less items affecting comparability

## EBITDA

Operating profit plus depreciation, amortisation and impairments

## Equity/assets ratio

Adjusted equity divided by total assets multiplied with 100

## External financial items

Net of external financial interest income and interest expense plus other financial expenses excluding transaction costs related to financing activities

## External financial items, Class A

External financial items less Class B interest expense

## External net debt

External interest-bearing liabilities excluding transaction cost related to financing activities less adjusted cash

## External net debt, Class A

External net debt less Class B debt

## Free cash flow

Cash flow from operating activities less paid capital expenditure

## Interest cover ratio

Comparable EBITDA less income tax paid divided by external financial items

## Interest cover ratio, Class A

Comparable EBITDA less income tax paid divided by external financial items, Class A

## Items affecting comparability

Gains/losses from sales of fixed assets, scrapping of fixed assets and restructuring costs

## Leverage ratio

External net debt divided by comparable EBITDA

## Leverage ratio, Class A

External net debt, Class A divided by comparable EBITDA

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The Board of Directors and CEO of Ellevio AB (publ) confirm that the Year-End Report gives a fair presentation of the operations and financial results. The financial statements were prepared in accordance with the Recommendation RFR 2 Financial Reporting for Legal Entities issued by the Swedish Financial Reporting Board. The application of RFR 2 requires the company to apply, insofar as possible, all EU-adopted International Financial Reporting Standards (IFRS) and interpretations of IFRS issued by the IFRS Interpretation Committee (IFRIC) subject to the provisions of the Swedish Annual Accounts Act and the Swedish Pension Obligations Vesting Act and take account of the relationship between accounting and taxation. Unless otherwise stated, amounts in tables refer to millions of Swedish Krona (SEK million). Due to rounding of amounts to the nearest million Swedish Krona, some totals may not be exactly equal to the sum of all line items. There are no requirements to prepare interim financial statements for an issuer with securities admitted to trading on the Irish Stock Exchange. Since chapter 9 of the annual accounts act (interim reporting) is not applicable to the company this Year-End Report is prepared on a voluntary basis. The Report has not been reviewed by the company's auditors.

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### For further information contact

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