

ELENIA
10
YEARS

Annual Investor Presentation

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Helsinki

Presenters



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Agenda



1

Business and Financial Update

- Limited impact of inflation and soaring electricity prices impacting Elenia
- Changed security environment requires focusing on continuity of operations
- Despite disruptions stable financial performance in 2022
- Long-term fixed rate financing protects against rising interest rates

2

Regulatory and Capex Outlook

- Regulatory deficit provide short term stability, focus on 2024-2031
- Network investments needed in the future due to electrification
- Customers recognize need for improved security of supply
- Capex cut in 2022-2023 with potential recovery starting in 2024

3

Sustainability

- Persistent investments and effort towards zero accidents
- Commitment to reduce green house gas emissions
- Impressive level of EU Taxonomy alignment

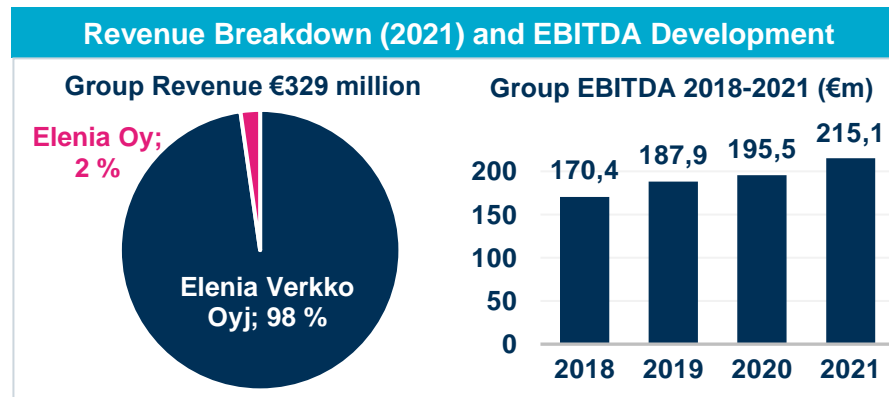
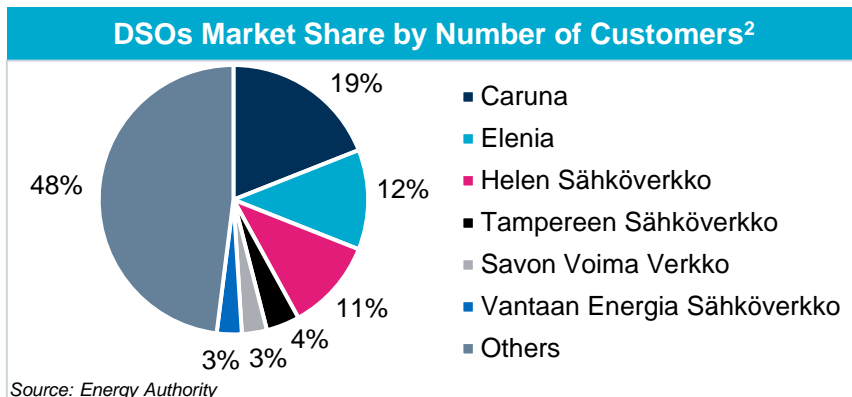
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Business and Financial Update

Elenia Group in Brief



- Elenia Verkko Oyj is a regulated regional monopoly with a strong operational focus on improving security of supply and enabling green transition
- Elenia Verkko Oyj is the second largest DSO in Finland and serves 435,000 customers in its network area
- The Group also includes Elenia Oy (customer service, construction and project management and embryonic fiber business)
- Bonds and notes issued by Elenia Verkko Oyj are BBB rated (stable) by S&P Global Ratings
- Elenia is backed by committed and supportive long-term infrastructure investors: Macquarie Asset Management (appr. 45%), Allianz¹ (appr. 45%) and VER (appr. 10%)

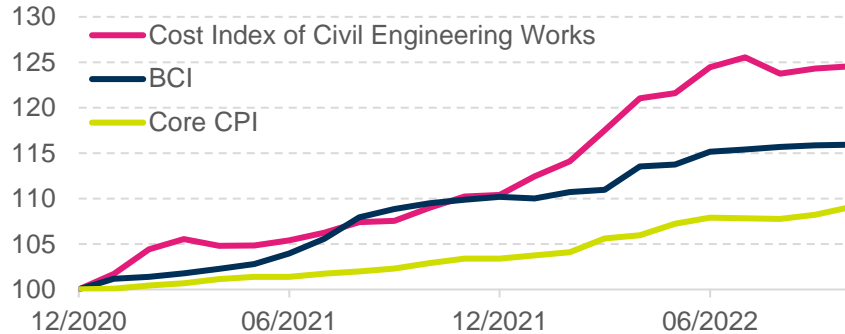


1. Allianz refers to Allianz subsidiaries and investment vehicles managed or advised by Allianz Capital Partners

2. Reflects only network operations; Caruna represents combined market share of Caruna Oy and Caruna Espoo Oy

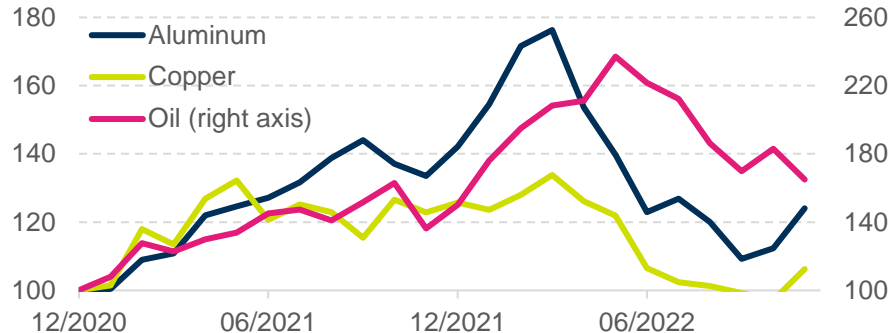
Raw Material Prices Impacting Network Construction ELENIA

Development of Cost Indices in 2021-2022



- Inflation is impacting both operating expenses and capital expenditure
 - The impact on operating expenses is temporarily delayed from long-term contracts as well as mitigative actions
- The impact on capital expenditure is more significant and immediate due to lower ability to pass through costs and higher impact of raw material prices from e.g. the following
 - Fuel-intensive nature of excavation work
 - High degree of steel based components in high voltage projects
 - High degree of aluminium based components in underground cabling projects

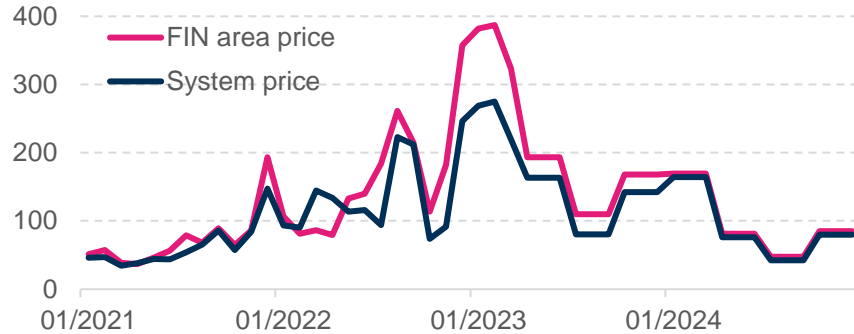
Development of Key Commodity Prices in 2021-22 (Indexed)



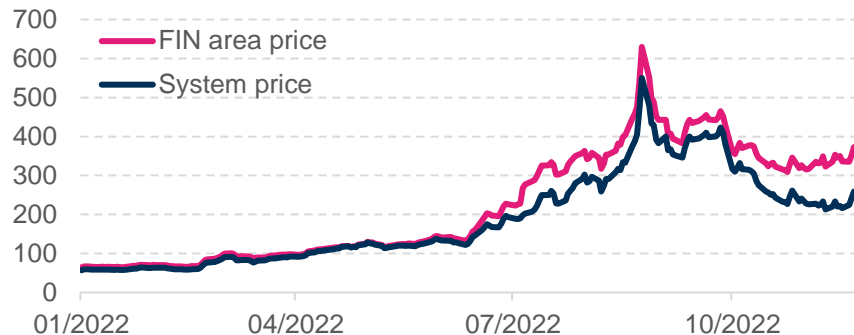
- The regulatory methods provide protection against inflation and industry-wide construction and material cost changes over the medium term

Temporary Pressure Expected on Financials in 2023

Development of Electricity Prices (Spot, Futures)¹



Development of Electricity Price Futures for Q1-2023¹



1. Source: Nord Pool, Nasdaq OMX (28 Nov 2022)

- Impact of higher electricity prices on Elenia is expected to be limited and temporary
 - Electricity consumption declining in the short-term impacting revenues especially during the winter 2023
 - Credit losses from customers are expected to remain modest
 - Cost of distribution losses increasing especially in 2022 and 2023
 - Elenia's hedging policy covers electricity purchases for the following 4 years with a declining hedging ratio
 - Grid costs temporarily declining due to TSO benefiting from higher congestion income

- Direct temporary impacts treated as exceptional for the purposes of covenant calculation

- Elenia is able to recoup the majority of the net impact from the above (both revenue and opex) as per the regulatory framework

Increased Focus on Continuity of Operations

- The security environment has changed in Europe following Russia's aggression on Ukraine
 - Elenia has secured continuity of operations and services by identifying various threats related to cyber security and material procurement
- Previously the network contingency plan focused mainly on emergency operations in weather event driven crisis situations
- The network contingency plan has been further developed to cover crisis situations relating electricity shortage, physical security and cyber threats
- Co-operation between the National Cyber Security Centre of Finland, the TSO and other key players in the Finnish electricity distribution



What is Electricity Shortage?

- Higher risk of electricity shortages next winter from a combination of the following
 - Low temperatures with limited wind
 - Electricity production disruptions
 - Limited electricity imports to Finland
- Last resort to circulate a series of controlled power outages under the instructions of the TSO
- Elenia's preparedness measures include the following
 - Information exchange with the TSO
 - Update of the critical customer connection points
 - Servicing stakeholders with information
 - Actions based on Government's decree prioritization and sending warning messages to customers and media

Stable Financial Performance in 2022



€m ¹	H1 2021	H1 2022	FY2020	FY2021
Consolidated Revenue³	169.2	168.4	306.3	328.6
Network Business Revenue ²	165.9	165.0	301.5	322.1
Consolidated EBITDA⁴	112.7	112.4	195.5	215.1
Network Business EBITDA	112.4	111.1	197.1	213.9
<i>Consolidated EBITDA margin</i>	<i>66.6%</i>	<i>66.7%</i>	<i>63.8%</i>	<i>65.5%</i>
Volume (GWh)	3455.1	3412.5	6031.6	6643.4
Network Investments	86.9	82.1	165.0	172.2
Net Debt	1765.8	1747.1	1731.5	1770.3
Interest Coverage Ratio	5.09x	5.48x	4.68x	5.52x
Leverage Ratio	8.65x	8.11x	8.84x	8.22x

- From a distribution volume perspective, the temperature in YTD 2022 has been close to the historical average
 - During the previous years winter was very mild in 2020, and conversely in 2021 winter was exceptionally cold
- From a security of supply perspective YTD 2022 has been characterized by benign weather with limited storms and snow loads
- FY2022 revenue and profit is currently expected to be between those in 2020 and 2021
 - Opex savings from milder adverse weather events in 2022 are offset by higher electricity losses
- Elenia retains adequate headroom to both ICR and leverage ratio covenants on a historical and forward-looking basis
 - ICR trigger event: 1.46x
 - LR trigger event 10.18x

¹ Financial figures are prepared according to IFRS

² Including intra-group items

³ Excluding intra-group items

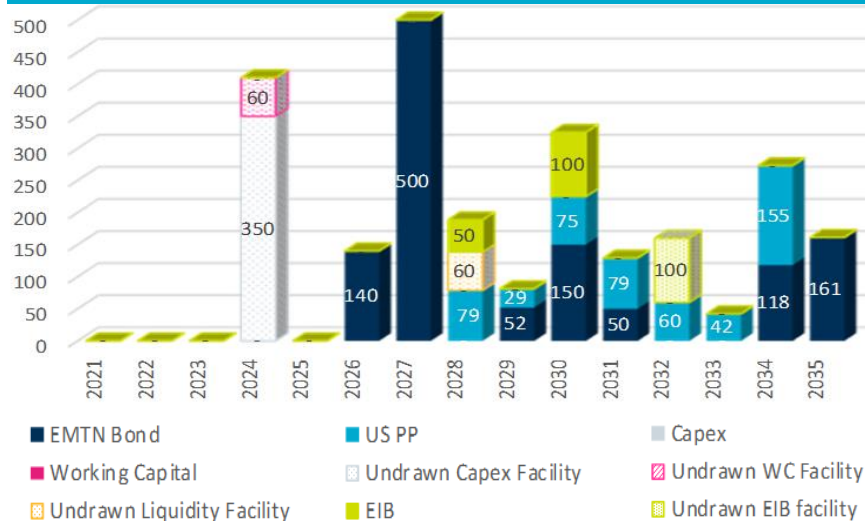
⁴ Excluding non-recurring and exceptional items

Liquidity Supported by Undrawn Credit Facilities

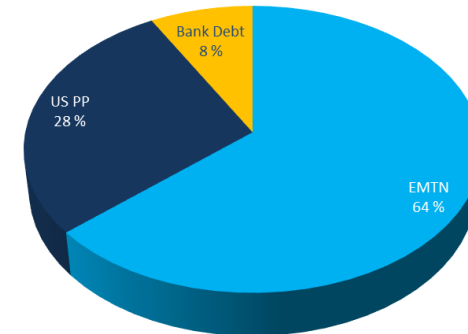


- Elenia Verkkö Oyj has €3 billion multicurrency bond programme listed at the London Stock Exchange
 - €1,171 million of bonds under the programme
 - €518.5 million of US PPs
- Bonds and notes are BBB rated (stable outlook) by S&P
- Elenia has committed undrawn credit facilities totaling €570 million from its bank group as well as the EIB
 - Revolving credit facilities will be renewed in 2023
- Hedging ratio of 90.5% and average maturity of 7.7 years provide stability against rising interest rates

Maturity Profile



Sources of Financing



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Regulatory and Capex Outlook

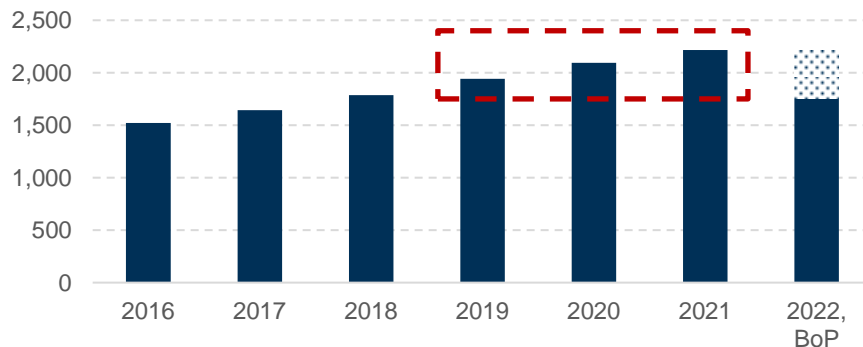
Regulatory Deficit Provides Stability for 2022-2023



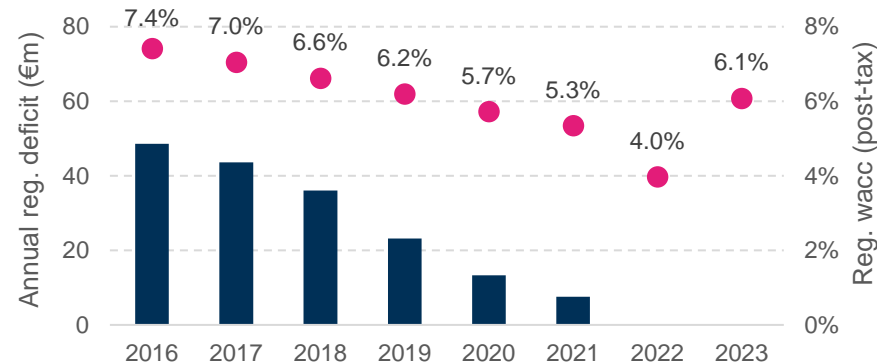
Update on regulatory position for 2022-2023

- For 2022-2023, the EA amended the regulatory methods by mainly updating the unit prices underlying the regulatory asset value, and amended the definition of the risk-free rate
 - Elenia appealed the regulatory changes to the Market Court
- Elenia lost roughly three years of RAV growth due to the update
- The EA has confirmed WACC for 2023 at 6.1%
 - The risk-free rate applied in the calculation of the regulatory WACC has increased during 2022 from -0.1% to +1.8%
- Elenia's existing regulatory deficit of €95 million provides stability

Regulatory Asset Value (2016-2021)



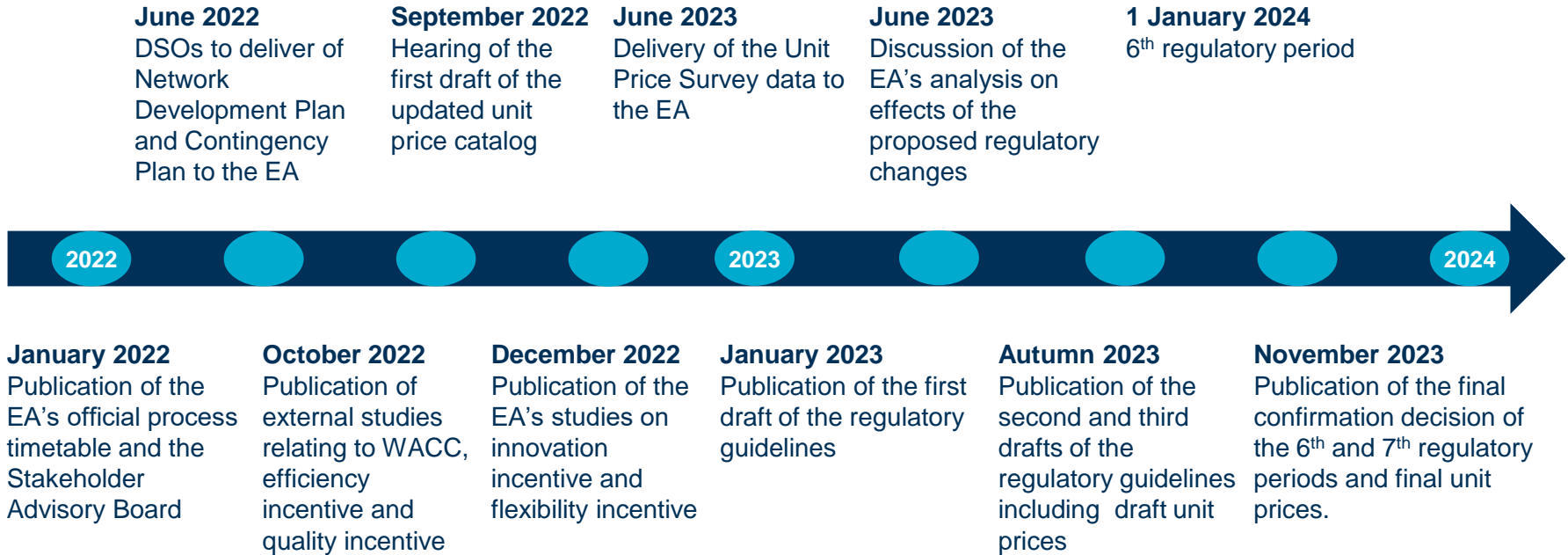
Annual Reg. Deficit (2016-21) and Pre-tax WACC (2016-23)



Regulatory Framework Maintained in 2024-2031



Schedule for preparing the regulatory methods for the 6th and 7th regulatory period as determined by the EA



Electrification Poses Major Capex Requirements

Wind Power



Solar Power



Security of Supply



Smart Metering



- 100% of distributed electricity expected to be renewable by 2035
- Wind power related capex expected to amount to €500 million in 10 years

- 10 000 solar power plants connected to the network
- Solar power will be tripled during following 10 years
- Renewable electricity production increases the demand for flexibility in consumption

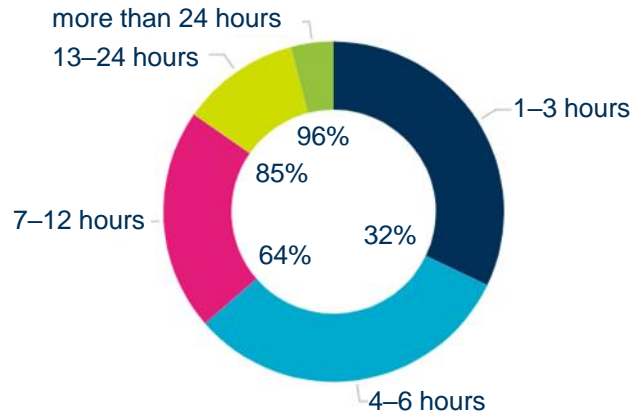
- SoS capex requirements amounting to €1500 million by 2036
- Resilient distribution network is foundation for flexibility

- Roll-out of 400,000 next generation AMR meters ongoing and scheduled to be completed by 2025
- AMRs enable carbon-free society and electricity markets

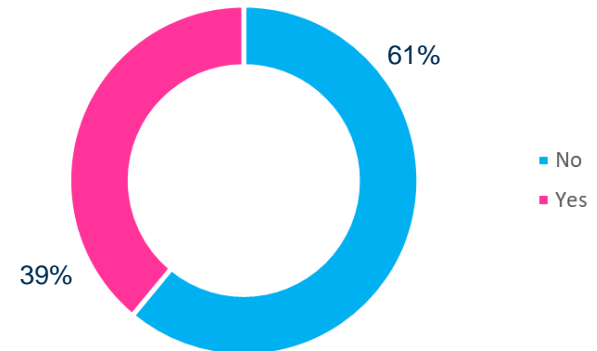
Customers Want Improved Security of Supply

- DSOs are required to submit network development plans
 - Network investments covering 2022-2036
 - Evaluation of cost effectiveness of chosen security of supply improvement measures and alternatives to distribution capacity expansion
 - Requirement to consult customers and publish the plan
- Elenia created a digital map service for the customer consultation with 16,000 visitors browsing the website
 - 85 % of all respondents see that the maximum length of an outage should be less than 12 hours
 - 61 % of the customers in rural areas consider the deadline of 2036 to be too distant
 - Many respondents recognize the need for green transition and understand how it relates to electricity network services

Survey: Maximum Accepted Length of an Outage

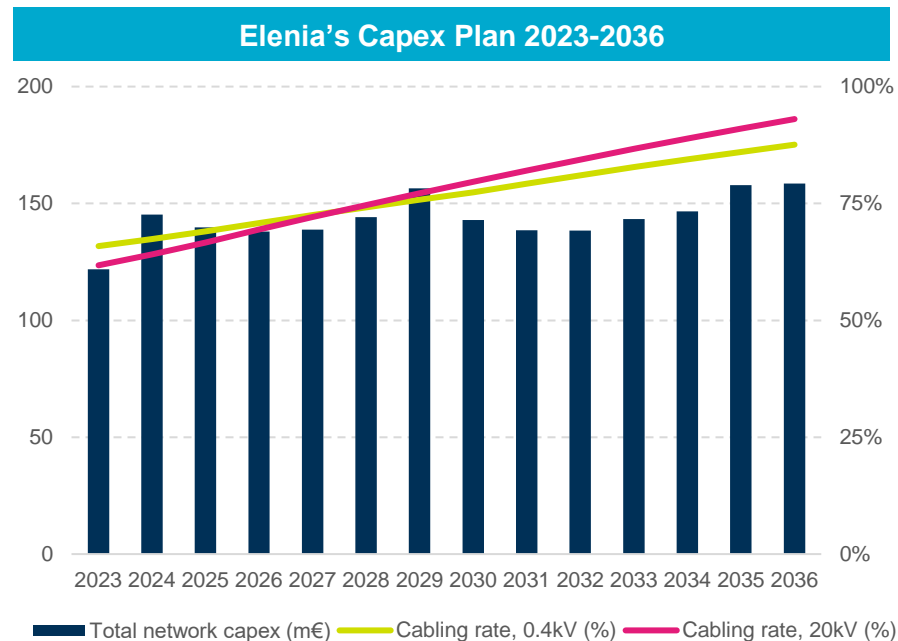


Survey: SoS Target of 2036 Suitable for Rural Areas



Capex Cut in 2022-2023 – Potential Recovery in 2024 ELENIA

- Elenia’s network development plan fulfills the requirements of the amended Electricity Market Act
 - In zoned areas, power needs to be restored within 6 hours, and in other areas, within 36 hours
 - Requirements to be fulfilled for 75 % of customers by the end of 2028 and 100% of customers by the end of 2036
- Due to the change in the regulatory methods Elenia cut planned capex for the years 2022–2023 by almost €100 million
- Elenia remains optimistic that regulatory methods from 2024 will enable DSOs to continue the improvement of the networks and ensure the development of the smart grid for future needs



3

Sustainability

Path to Carbon Neutrality

Safety and well-being at work

- Working is safe

Climate actions and role as forerunner

- Promoting the development of sustainable society and way of life

Social impact

- Promoting the zero-carbon electrification of society

Customer experience and quality of electricity network services

- Reliability of electricity network services in all circumstances

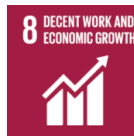
Elenia's Alignment with the SDGs



- Ensure access to affordable, reliable, sustainable and modern energy for all



- Make cities inclusive, safe, resilient and sustainable



- Promote inclusive and sustainable economic growth, employment and decent work for all



- Take urgent action to combat climate change and its impacts



- Build resilient infrastructure, promote sustainable industrialization and foster innovation



- Revitalize the global partnership for sustainable development

Persistent Work Towards Zero Accidents

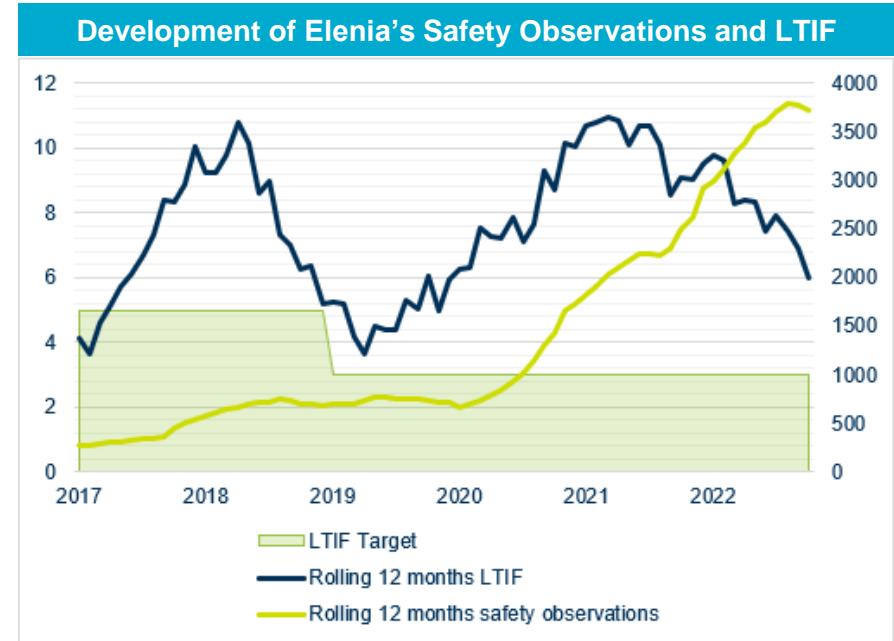


Safety First

- Safety Manifesto - joint commitment to safety
- Safety also basis for selecting contractors as well as part of their performance review
- All accidents reported to the Board
- CEOs of Elenia and the contractor to go through the accident in two weeks

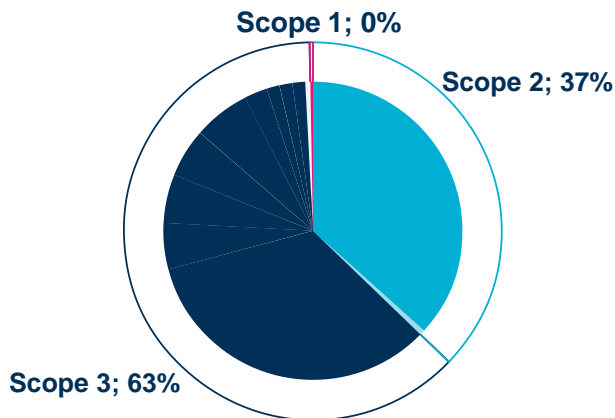
LTIF target below 3

- Reported figure 9.5 in 2021
- Since 2020 significant and continuous increase in rolling 12 months safety observations



Commitment to Science Based Targets

Breakdown of Current CO2 Emissions

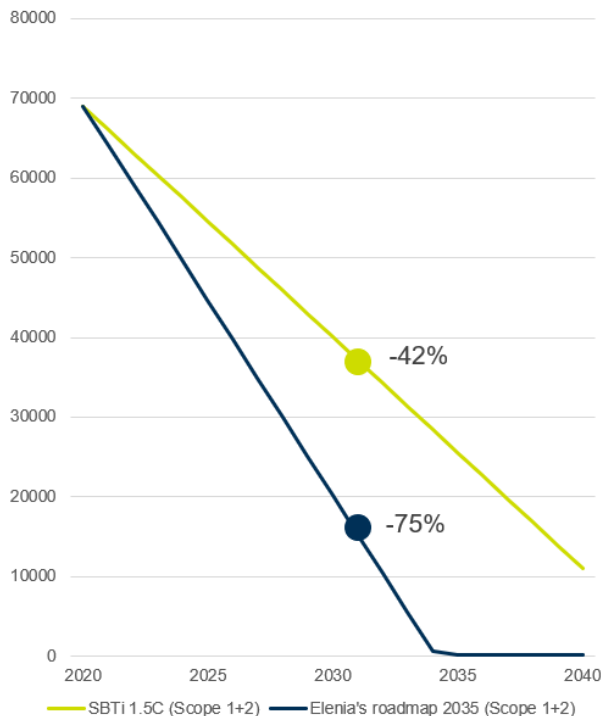


Scope 1	tCO ₂ e	%
SF6-leaks, fuel (vehicles, reserve capacity equipment)	464	0,2%

Scope 2	tCO ₂ e	%
Network losses	71,503	36,8%
Other electricity and heating (own use, Valmisvalo)	975	0,5%

Scope 3	tCO ₂ e	%
Network materials	65,286	33,6%
Main grid fees	9,422	4,9%
Earthworks	10,170	5,2%
Fibre network investments	10,410	5,4%
Supply chain emissions from energy consumption	11,610	6,0%

Emission Reduction Targets

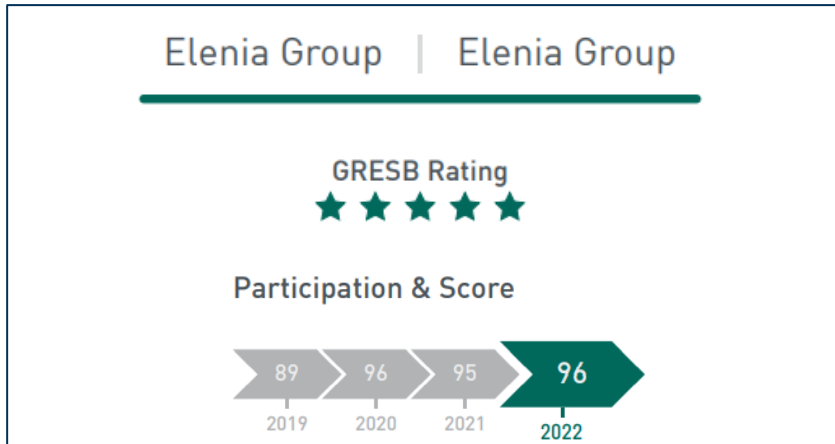


- SBTi commitment to reduce absolute GHG emissions (scope 1 and 2) 42% by 2030 from 2020 base year.
- Elenia has identified potential scope 1 and 2 emissions reduction activities. If implemented successfully, the reduction would be 75% by 2030.
- Commitment to set Net Zero targets that cover the emissions generated by the value chain (Scope 1, 2 and 3)
- Reduction of approximately 90% in emissions for the entire value chain
- The Net Zero targets must be met by 2050

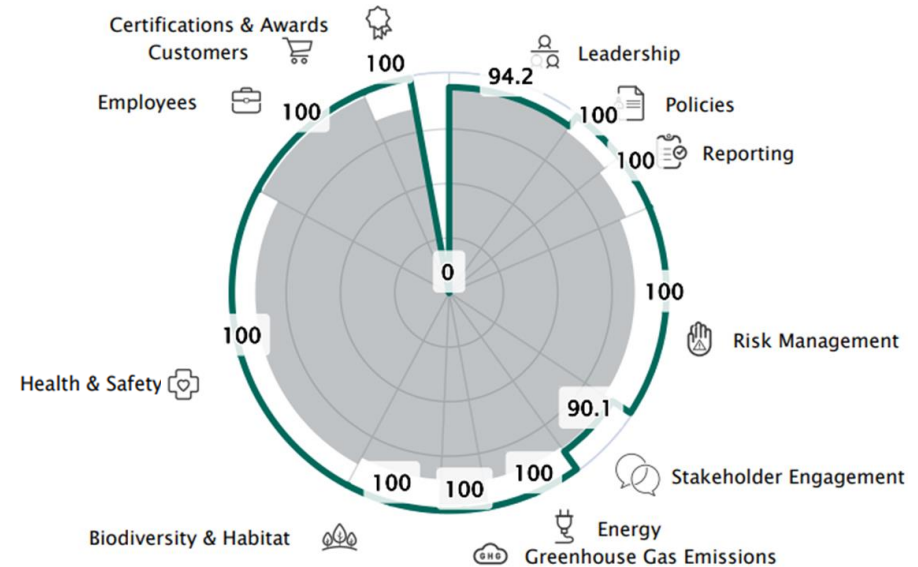
Five Star Rating in ESG Assessment

GRESB Infrastructure Assessment 2022

- Captures information regarding ESG performance and sustainability best practices for real estate and infrastructure funds, companies and assets worldwide
- Elenia reached 96 points out of 100 and scored full five stars for the fifth consecutive year



GRESB Feedback Report



Operations Aligned and Eligible with EU Taxonomy



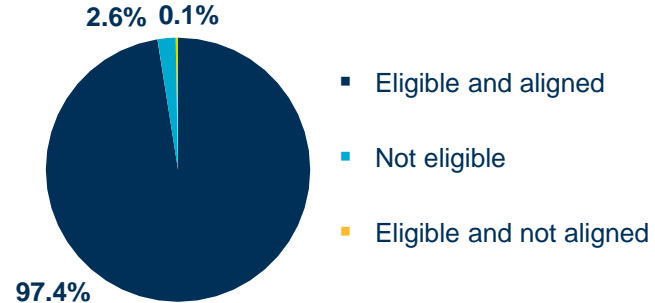
EU taxonomy classifies environmentally sustainable activities

- Promotes the EU's shared environmental objectives to support the EU's sustainable finance strategy and capital markets
- Covers economic activities which are considered to make the most relevant contribution to the environmental objectives

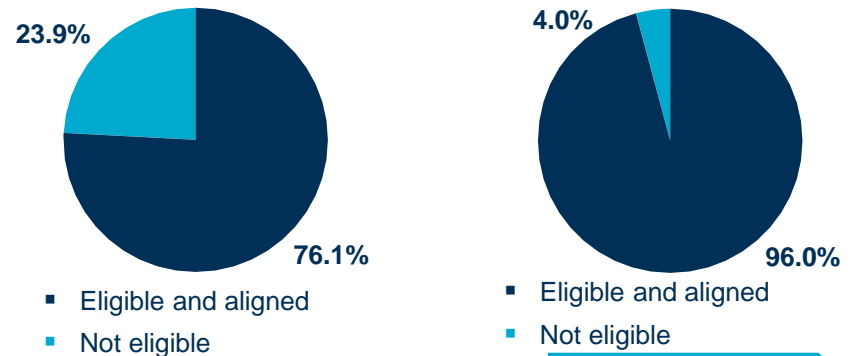
Status of Elenia

- Revenue, capex and opex are taxonomy eligible
 - The share of not taxonomy eligible business relates to fibre network business, customer service business, internal service actions and a small portion of reserve capacity
- Taxonomy eligible revenue, capex and opex are mostly taxonomy aligned in line with the criteria for climate change mitigation
- Elenia also takes into account the sustainable use of water, the circular economy, pollution prevention and the protection of biodiversity

Revenue



Opex (left) and Capex (right)



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