



Elenia Group **INVESTOR REPORT** **2024**



ELENIA

INVESTOR REPORT

For the year ended 31 December 2024

Elenia Group

This investor report provides information on the Elenia Group's ("Elenia") business in 2024, including regulatory and business developments, Elenia's financial performance and other information in accordance with the requirements of the Common Terms Agreement dated 10 December 2013 as amended and restated from time to time ("CTA").

1. Overview

In 2024, Elenia distributed 6,142 GWh of electricity, compared to 6,037 GWh in the previous year. Elenia's revenue in 2024 was €347.8 million (€326.9 million in 2023) and the increase in revenue was mainly driven by tariff increases in 2023 and 2024¹. The electricity consumption rose due to cold winter, but there was also a partial return to normal consumption pattern as the electricity prices have returned to the pre-crisis level although with higher price volatility.

Elenia's EBITDA totalled €235.0 million (€217.6 million in 2023). EBITDA excluding non-recurring items was €233.4 million in 2024 (€216.5 million in 2023). The non-recurring items consisted mainly of grid service fees that Fingrid did not invoice from distribution system operators ("DSOs")², exceptional storm costs³ and to a lesser degree costs related to exceptionally high electricity prices to cover distribution losses and ongoing market court cases.

During the period, Elenia's electricity distribution business ("Elenia Verkko Oyj") continued the roll-out of its long-term investment plan, which is designed to improve the security of supply, and approximately 83% of Elenia's customers are within the scope of the quality requirements⁴.

The key financial performance indicators are shown below. Further information is available at www.elenia.fi/en/investors.

Key Financial Performance Indicators (€m)	2022	2023	2024
Revenue	317.4	326.9	347.8
EBITDA*	205.7	216.5	233.4
EBITDA Margin*	64.8%	66.2%	67.1%

*Excluding non-recurring and exceptional items

¹ The distribution tariffs were raised on average by 5.8% in May 2023 and approximately 3.5% in September 2024 (both after taxes).

² The TSO did not charge transmission grid fees in January, February and June from the DSOs.

³ The total costs of the storm Jari were €7.8 million consisting of mandatory customer compensations of €4.0 million and other costs (mainly repair costs) of €3.8 million.

⁴ The Electricity Market Act states that the quality requirements should apply to 100% of customers by the end of 2036 and accordingly power needs to be restored within six hours in zoned areas, and within 36 hours in other areas.

2. Business Update

a. Storms and Exceptional Weather Events

There were several smaller storms but in the latter part of the year one major power disruption occurred. In November, the storm Jari caused nearly 2,000 fault repair tasks in Elenia's network and impacted approximately 130,000 customers. At worst approximately 30,000 customers were simultaneously without electricity and approximately 10,000 customers had an outage lasting longer than 24 hours. Jari was categorised as class 4 storm with SAIFI⁵ impact of 0.59. Without investments in renewing the network to make it weatherproof, the impact of the storm Jari would have been significantly more severe.

SAIDI⁶ excluding the impact of class 3 and 4 storms was 94 minutes in 2024 (95 minutes in 2023).

b. Regulation

The Energy Authority ("EA") supervises the operations of DSOs and regulation is based on four-year periods. The final regulatory confirmation decision for the sixth (2024-2027) and seventh (2028-2031) regulatory periods includes numerous amendments compared to the previously applied methods weakening the DSOs' operating conditions and investment capabilities. Elenia appealed to the Market Court to repeal the decision of the EA regarding the key aspects of the regulatory methods for 2024-2027 and 2028-2031 and the verdict is expected within the first half of 2025.

Elenia has previously appealed to the Market Court to repeal the decision of the EA regarding the amendment to the regulation methods of the previous regulatory period for 2022-2023. A preliminary ruling from the Court of Justice of the European Union regarding the preliminary ruling questions raised by the Market Court was received on 6 March 2025, after which the case returned to the Market Court. There is a high likelihood of a further appeal to the Supreme Administrative Court meaning the outcome of the proceedings will most likely be known in 2026 at earliest.

The EA confirms annually the risk-free rate to be applied to the regulatory calculations in the following year, as the rate is based on the previous year's average level of the 10-year Finnish Government bond. Accordingly, the reasonable rate of return confirmed by the EA for 2025 is 7.20%.

c. Investments

Elenia was the first DSO in Europe to incorporate hourly electricity consumption monitoring into digital services in the early 2000s. In 2021, Elenia started wide-scale replacement of nearly 440,000 smart electricity meters with next-generation remotely readable meters. The project is scheduled to end in 2026 and currently more than 330,000 units have been installed. As consumption of electricity as well as the need to balance production and consumption is increasing, the next-generation electricity meters provide access to more real-time data on electricity consumption and enable the implementation of demand response services utilizing smart grid.

According to the network development plan delivered to the EA, Elenia's total capex requirement for 2024–2036 is approximately €2.4 billion with the green capex increasing substantially being more than €500 million. The network investments were €133.9 million in 2024 as Elenia cut investments to preserve credit ratios and support the rating due to negative changes in the regulatory methods that came into force on 1 January.

⁵ System Average Interruption Frequency Index describes the number of outages that have occurred in the network during the exceptional weather event in relation to the total number of customers. The most severe class 4 events are classified to have a SAIFI impact of at least 0.50.

⁶ System Average Interruption Duration Index is a measure of the duration of the outages.

d. Continuity of Operations

The current geopolitical situation in Europe highlights the importance of preparedness against cyber threats within critical infrastructure. Elenia was active both in internal cyber security development and in domestic forums and events such as the Nordic Pine, a joint exercise with NATO dedicated to deeper understanding of the energy-hybrid threats and infrastructural resilience. ISO/IEC 27001 certification for information security management was successfully renewed and updated to the latest standard version during the year.

Elenia also continued to develop its asset management system according to the international standard ISO 55001:2014. The requirements of ISO 55001 guide the construction, operation, maintenance and repairs of Elenia's electricity network. This ensures that the company will continue to operate, maintain and upgrade its electricity network in order to respond to its customers' needs. The standards also require that suppliers and service providers commit to responsible, high-quality operations. The asset management system was recertified in November 2022 by LRQA and the second surveillance visit was in 2024.

e. Safety, Health and Sustainability

Elenia's sustainability program is aligned with the UN's Sustainable Development Goals and there are six selected goals that have strong links to Elenia's operations. For each of the goals, Elenia has set specific targets and the related KPIs are followed monthly. Elenia is also a signatory of the UN's Global compact.

In 2024, Elenia participated the GRESB Infrastructure Assessment focusing on environmental, social and governance performance of real estate and infrastructure companies and assets worldwide. Elenia reached 96 points out of 100 and scored full five stars for the seventh consecutive year. The assessment is an important benchmark and research tool for continuous development and proves that the goals of sustainability have been led from a company level to a personnel level internally as well as to Elenia's supply chain.

Elenia has been approved for the Science Based Targets initiative ("SBTi") climate target. As part of an ambitious future-oriented sustainability vision Elenia focuses on its own operations to reach carbon-neutrality. Elenia is committed to reduce absolute greenhouse gas Scope 1 and 2 emissions 42% by 2030 in accordance with the Paris Climate Agreement. Additionally, Elenia is committed to setting Net Zero targets that cover also the emissions from the entire value chain (Scope 1, 2 and 3). In 2024, approximately 37% of Elenia's annual spend was purchased from companies committed to the SBTi.

Elenia's personnel did not sustain any recorded accidents during the reporting period but there were altogether five recorded work-related accidents for external contractor personnel in 2024. All accidents have been handled in accordance with Elenia's safety procedures in order to prevent similar accidents in the future. Elenia together with its partners had an LTIF⁷ figure of 3.2 in 2024 (2.4 in 2023). The figure has come gradually down due to continuous safety work but there is variation between the years. The target is to ensure that all employees and partners work in a safe environment. Safety work is based on secure tools, processes and operating models.

Elenia has signed the Safety Manifesto with its main contractors, aiming to show that they are jointly committed to safety and that everyone is entitled to return home healthy from work. This is monitored constantly on the highest level and all accidents are reported to the Board. Elenia launched an HSEQ (Health, Safety, Environment and Quality) development project together with partners aiming at preventing accidents and improve safety, sustainability and quality in work performed for Elenia. Likewise, the Safety Academy was started aiming to further strengthen and deepen the safety behaviour and activities of the staff and contracting partners.

The EU taxonomy is a classification system establishing a list of environmentally sustainable activities. Approximately 98% of Elenia's revenue, 99% of capex and 78% of operating expenses are taxonomy eligible.

⁷ Lost Time Injury Frequency, the number of lost time injuries occurring in all Elenia's activities per 1 million internal as well as external hours worked. Lost time injuries include all on-the-job injuries that require a person to stay away from work more than one day. Total LTIF = (Σ LTIF*1,000,000 hours) / (Cumulative internal and external hours).

When assessing the alignment of Elenia's EU taxonomy eligible activities, the taxonomy eligible revenue, capex and operating expenses are in line with the criteria for climate change mitigation. Elenia has also taken into account EU taxonomy alignment requirements for companies to comply with minimum social safeguards regarding human rights, corruption and bribery, taxation and fair competition.

3. Changes to the Board of Directors

There have been no changes in the compositions of the boards of directors since the date of the previous Investor Report.

4. Financing and Hedging Position

Elenia solicited consent from the secured creditors to make certain amendments to its finance documents to improve risk management and financing flexibility to reflect changes in market conditions. The amendments included lowering of the hedging ratio requirement, having more flexibility to invest excess cash, the possibility to have dedicated overdraft facilities, and issue Euro commercial money market papers. Approximately 98% of the secured creditors voted in favour of the proposal meaning it was duly passed.

Elenia continues to have a strong liquidity position. As of 31 December 2024, cash and cash equivalents were €43 million (€60 million in 2023) while the sustainability linked revolving credit facilities consisting of €250 million Capex Facility, €50 million Working Capital Facility and €70 million Liquidity Facility were undrawn. The weighted average maturity of Elenia's debt was 5.5 years at the end of 2024 (6.4 years at the end of 2023). The weighted average interest rate was 2.4% in 2024 (2.6% at the end of 2023).

The Hedging Ratio was 85.8% as at 31 December 2024 and Elenia was in compliance with the Hedging Policy.

5. Acquisitions or Disposals

There were no material acquisitions or disposals in the reporting period.

6. Restricted Payments

The amount of Restricted Payments made since the date of the previous Investor Report is €44.0 million.

7. Recent Development

Sanna Murtojärvi has been appointed as the Chief People Officer of Elenia and a member of the management team effective from 1 January 2025. Her responsibilities include Elenia's personnel policy and strategy, and she participates in the development of Elenia's corporate culture, employee satisfaction and employer brand.

In February, Elenia signed a €100 million five-year loan with the Nordic Investment Bank to finance Elenia's investment programme which is designed to improve the security of supply and enable green transition.

8. Ratios

In respect of this investor report dated 17 March 2025 covering the 12-month period ending 31 December 2024, by reference to the most recent Financial Statements delivered to you in accordance with Paragraph 1 (Financial Statements) of Part 1 (Information Covenants) of Schedule 2 (Security Group Covenants) of the CTA:

The Interest Coverage Ratio (FFO/ Net Finance Charge) in respect of the Relevant Periods are:

31 December 2024 $\text{€}230.5\text{m} / \text{€}50.2\text{m} = 4.59$

31 December 2025 $\text{€}234.4\text{m} / \text{€}52.9\text{m} = 4.43$

The Leverage Ratio (Total Net Debt / EBITDA) in respect of the Relevant Periods are:

31 December 2024 $\text{€}1,898.3\text{m} / \text{€}233.0\text{m} = 8.15$

31 December 2025 $\text{€}2,135.3\text{m} / \text{€}236.9\text{m} = 9.01$

(together the Ratios).

Each of the above Ratios has been calculated in respect of the Relevant Period(s) or as at the Calculation Dates for which it is required to be calculated under the CTA.

9. Confirmations

We confirm that as at 31 December 2024:

- (a) no Default or Trigger Event has occurred and was continuing
- (b) the Security Group was in compliance with the Hedging Policy; and
- (c) the statements set out in this Investor Report are accurate in all material respects;

Yours faithfully,



.....
Tommi Valento
Chief Financial Officer
Signing without personal liability, for and on behalf of
Elenia Verkko Oyj as Security Group Agent