stockholm exergi

Stockholm Exergi 2021 in brief

Summary of the Swedish Annual and Sustainability Report 2021

Contents

Contact details

Addresses

Visiting address: Jägmästargatan 2
Postal address 115 77 Stockholm
Seat: Stockholm, org nr: 556040-6034

+46 (0)20 31 31 51
kundservice@stockholmexergi.se
www.stockholmexergi.se

Contacts

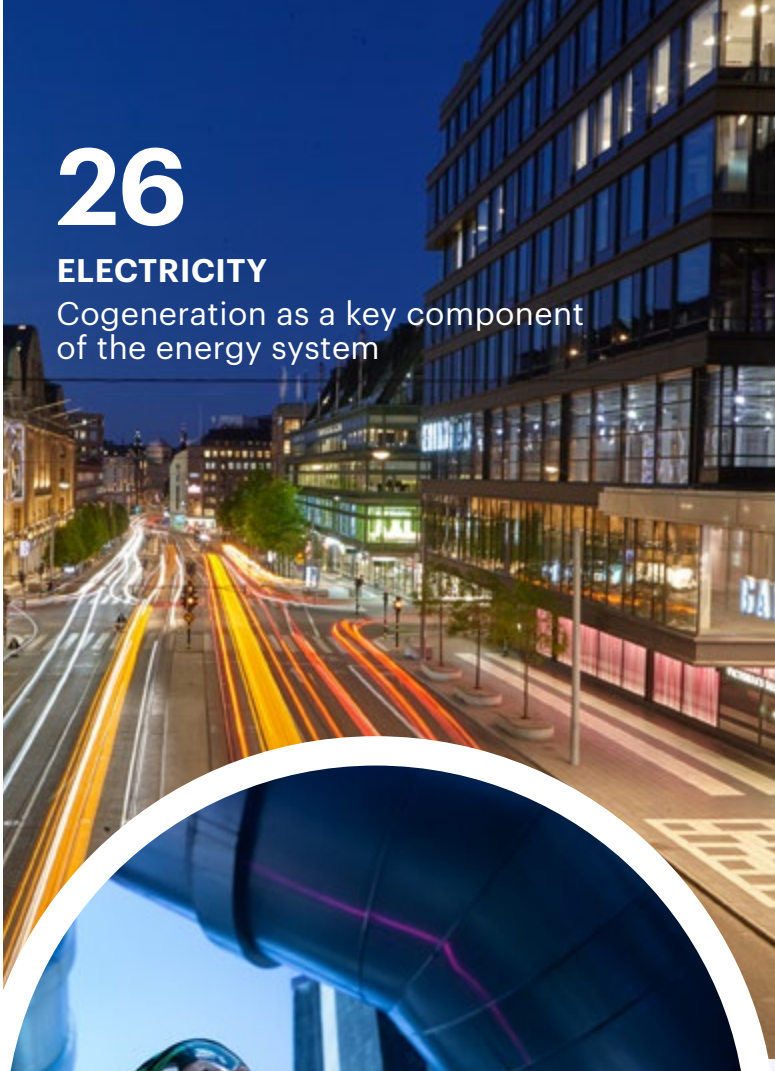
Emma Rönnmark, CFO
+46 (0) 20 31 31 51
emma.ronnmark@stockholmexergi.se

Ulf Wikström, Sustainability Director
+46 (0) 20 31 31 51
ulf.wikstrom@stockholmexergi.se

24

BECCS

EU support for Stockholm Exergi's investment in BECCS



26

ELECTRICITY

Cogeneration as a key component of the energy system

9

THE ROLE OF DISTRICT HEATING

District heating is a platform for many societal benefits

About this report

This report is a summary of Stockholm Exergi's official Swedish Annual and Sustainability report for 2021. As such, this report shall not in any way be seen as having the status of a formal annual report. Rather, it is a condensed presentation of the company's business activities, key events in 2021, and a selection of financial statements, KPIs and key sustainability metrics for the year.

The report has not been reviewed by the auditors.

Stockholm Exergi Holding AB (publ) is the parent company for the Stockholm Exergi Group. In this report we refer to the Group as "Stockholm Exergi".

Stockholm Exergi's consolidated financial statements in the Swedish Annual and Sustainability Report 2021 are prepared in accordance with International Financial Reporting Standards (IFRS) and the sustainability metrics in accordance with the Global Reporting Initiative (GRI) guidelines for sustainability reporting with Core accounting standards and relevant sections of the Electric Utilities Sector Disclosures supplement.

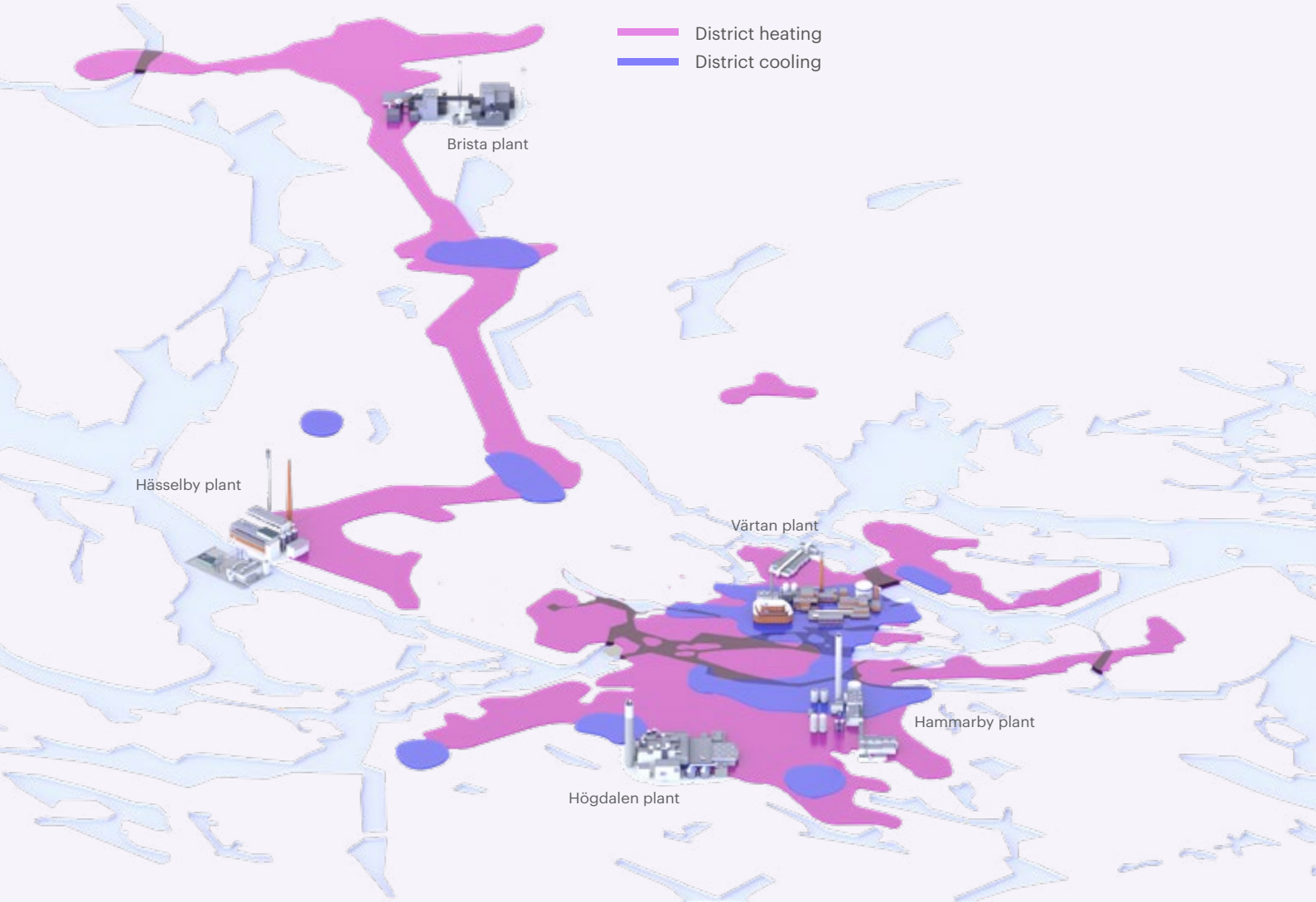
Stockholm Exergi in brief

Stockholm Exergi is Stockholm's energy company. Around the clock, all year round, we ensure that the growing Stockholm region has access to heating, cooling, electricity and waste management services. Today, more than 800,000 Stockholmers and more than 400 hospitals, data centres and other businesses are connected to the district heating network, linked to our heating and cogeneration plants from Högdalen in the south to Brista in the north. By working together, we contribute to driving Stockholm towards the potential of becoming the world's first climate-positive capital.

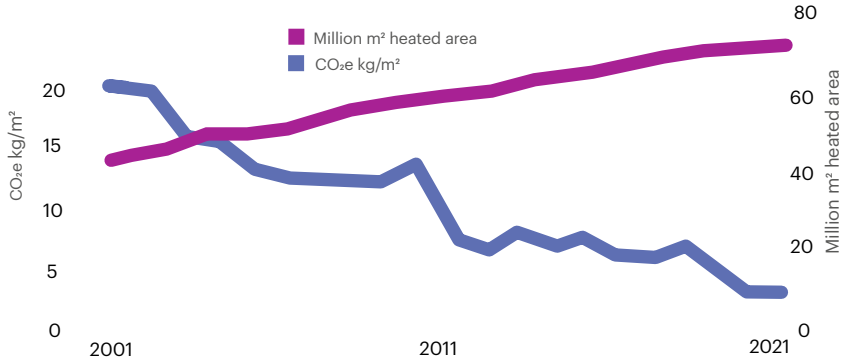
Owners: City of Stockholm (50%) and Ankhiale (50%)

Area we heat: 73 million square metres

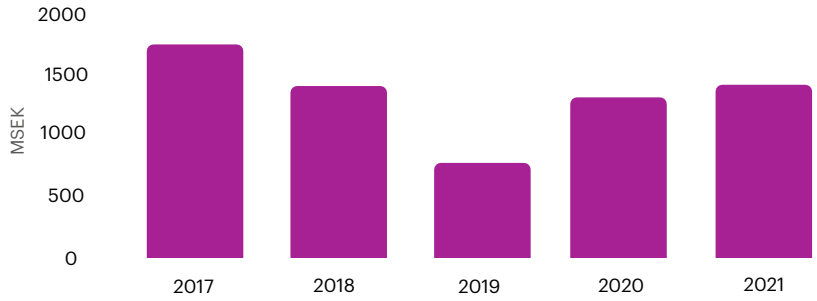
Proportion of renewable or recycled energy used in the district heating network: 98%



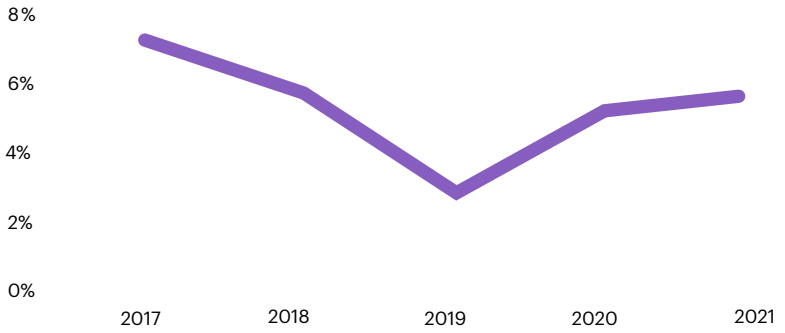
Emissions of CO2e from district heating production per heated property space



Operating profit [1)]



Return on capital employed [1)]



[1)] Operating profit in 2019 was charged with a write-down of SEK -582 million attributable to the decision to close the last coal-fired boiler at our Värtan plant.

NET SALES
(MSEK)
7 294
(6 180)

SALES
(GWh)
9 609*
(8 247*)
*Of which 8,309 (7,224) GWh heat

OPERATING PROFIT
(MSEK)
1 424
(1 302)

PROFIT AFTER TAX
(MSEK)
970
(878)

Continued growth in the value of district heating in a volatile market

We leave behind us a challenging year during which the pandemic continued to impact society as a whole and our operations – directly and indirectly. We worked hard to maintain our societally-critical deliveries and in the autumn, we initiated a safe return to our workplaces. But developments at the end of 2021 and the beginning of 2022 clearly showed that the pandemic was not over, and we reintroduced some precautionary measures. On February 9, 2022, most of the Covid-19 restrictions on society were withdrawn and we continue to follow the development closely.

It was also a year marked by increased geopolitical instability, which also created imbalances in energy markets. Prices of input goods and electricity have been extremely volatile at the same time as emissions rights prices reached new highs. However, our flexible production system demonstrated its capacity to adjust to rapid changes, even though we did not reach our full potential due to availability disruptions in some facilities.

Despite these challenges, our customer deliveries in 2021 were close to 100 per cent and district heating customers were not affected by exceptionally high electricity prices at the end of the year. Growing interest in our energy services and steadily increasing customer satisfaction numbers encourage us to become the first-choice energy partner for Stockholmers.

Stockholm Exergi reported stable financial results for 2021 compared with the previous year, and we achieved our climate goals. Our ambitious targets for environmental disturbances and working environment could not be fully met during the year, but our preventive work continues to be a key focus in this area.

It was also a year that once again highlighted the importance of cogeneration in the electricity grid. When electricity demand peaks in Stockholm, it is necessary to bring online cogeneration capacity. In addition, we have district heating, which also continually reduces pressure on the grid by allowing electricity to be used for purposes other than heating. District heating with cogeneration creates great benefits for the electricity grid and contributes to the electrification of industry and the transport sector that is necessary to meet society's climate goals. To support the key role of district heating for electrification, it is necessary that the Nordic electricity market evolves so that the controllable electricity utility value of cogeneration is given its proper value.

Political initiatives and reforms are also needed for how society manages residual waste. Stockholm Exergi manages residual waste, removes environmentally hazardous substances from the material cycle and at the same time recycles energy – the benefit to society is two-fold. But carbon dioxide emissions from waste treatment must be reduced through a series of measures that extend from the producer level to us, which ultimately addresses residual waste. I look forward to working with other societal actors to carve out the solutions required to meet society's goals in terms of resource management and reducing environmental impact.

Throughout the year, we also took important steps towards creating other benefits for society. Our project to build a large-scale BECCS facility – to capture and store biogenic carbon dioxide – continued, and in the autumn, we received vital recognition and support in its continued development.

The EU Innovation Fund selected us as one of seven European projects that together will share

"IT'S UNBELIEVABLY INSPIRING TO BE THE COMPANY THAT TAKES THE INITIATIVE AND SHOWS THE WAY"

EUR 1.1 billion. This decision is not about us as a company, or Sweden's opportunities to create a new export industry; rather, it demonstrates that this is a European issue. It is unbelievably inspiring to be the company that takes initiative and shows the way.

In the autumn, Ankhiale became our new co-owner. Ankhiale has a well-defined sustainability agenda, they are committed for the long-term, and they share our values and business orientation. They are an owner that will continue to support the journey that Stockholm Exergi has begun. Together with our other owner, the City of Stockholm, we have ownership stability and a full mandate to push ahead in the sustainable direction that we have set out. 2021 clearly highlighted the importance for the solutions that Stockholm Exergi can deliver to society. We have several more exciting years of progress ahead on our journey towards achieving our goal of being a climate-positive business by 2025.

At the end of February 2022, we were forced to witness with dismay the geopolitical instability escalate in the wake of the Russian invasion of Ukraine. Uncertainty, not least in the energy markets, is unlikely to diminish. We are carefully assessing the effects the development may have on the company's operations in the short and long term, and will adapt our plans and activities accordingly.

CEO

Highlights of the year

- **In January we oficially** became the first Swedish company to join the electronic biofuel marketplace, Baltpool.
- **The new boiler at our Högdalen** plant entered service, has had a high degree of availability and also passed the first revision.
- **In April,** our Brista sorting plant was inaugurated in a joint digital ceremony with SÖRAB.
- **Stockholm Exergi, Täby municipality and E.ON** announced in April that we intend to establish a joint company to combine the existing district heating networks in Täby.
- **The year's customer satisfaction survey (NKI)** showed that we have gone from a rating of 66.3 to 72.4 in three years. The improvement on the year was 0.9.
- **Fortum announced on June 30th** that it intended to sell its share in Stockholm Exergi to the Ankhiale consortium, consisting of APG, Alecta, PGGM, Keva and Axa. The transaction was completed on September 20th.
- **At the beginning of November,** Stockholm Exergi participated in COP26 in Glasgow. Negative emissions were on the agenda and interest in projects such as Stockholm Exergi's BECCS was considerable.
- **On November 16th,** the EU Innovation Fund announced that our project to build a full-scale BECCS plant was one of seven European projects that will share in funding worth EUR 1.1 billion.
- **In December,** the Swedish government took the key step of introducing operational support for BECCS.
- **New sales of district heating** amounted to just over 62 GWh for the year.

District heating is a platform for many societal benefits

The climate challenge cuts right through society and every sector of the economy is working to contribute in its own way to achieving climate goals. But it is becoming increasingly clear that we need collaboration between sectors and systems that reach across society. And collaboration is what district heating is all about.

District heating is already the ideal platform to start from when building many of the smart solutions that a city needs to develop sustainably. In simple terms, we can say that Stockholm Exergi produces heat and electricity from materials that would otherwise be thrown away. And in this way, we're enabling and connecting a variety of societal benefits.

Waste. We manage and treat residual waste from which we produce heat and electricity. This is where the energy sector connects with the waste sector as we take care of society's residual waste and remove substances from the circular system that should not be returned to it. Throughout the year, and together with key players in the waste sector, we increased co-operation and improved conditions for even better collaboration on circular solutions.

Electricity. By using district heating to heat Stockholm, electricity can be used for other purposes and pressure on the over-burdened electricity grid can be eased. We can also produce electricity – a key advantage given the limited capacity of Stockholm grids. The electricity we produce locally then becomes of considerable valuable. The ability to co-ordinate the heating system with the electricity system is a major advantage for Stockholm's electricity supply.

Waste heat. Heat contained in Stockholm's treated wastewater and excess heat from data centres are two examples of how co-operation between different systems – wastewater treatment and IT combined with district heating – enables us to utilise energy from other sectors.

Separation of carbon dioxide. By capturing residues from forests and producing heat and electricity, we are able to create a completely new industry area: negative emissions with BECCS. This is the energy sector collaborating with the forestry sector to enable significant climate benefits.

In all the benefits described here, co-operation between different sectors and different systems is necessary. The benefits to society will thus be greater and the conditions for achieving our climate goals will be better than if each system had tried to develop solutions in isolation.

> **Collaboration is a sign of the times. And in 2021, Stockholm Exergi saw that more people wanted to collaborate, more people wanted to turn words into action, more people wanted to increase understanding of where emissions come from and more people wanted to take initiatives to find solutions that will make our society sustainable.**

Stockholm Exergi's district heating system is key to several of the solutions required for a sustainable Stockholm.

Stockholm Exergi treats waste and recycles energy.
District heating is part of the circular economy and helps us to use the Earth's resources efficiently. This is appreciated by our tens of thousands of customers who have many different needs, but who share the view that district heating should be easy, affordable and sustainable to use.

Our customers have complex needs and they have high expectations of us. They like low-maintenance systems. Many customers also have high demands in terms of environmental performance and environmental reporting, for example to be able to certify their properties or achieve sustainability goals. At Stockholm Exergi, we meet these requirements at the same time as we develop our customer offering through increased digitalisation.

Digital solutions, such as our heating optimisation service, help customers to optimise their energy consumption. For new-builds, and where district heating is available, district heating is chosen as the main heating solution for the vast majority of properties for which we include district heating in our quotes. Developers, who often have the final say on building projects, choose district heating because they know it is easy to install and is hassle- free. Their experience of district heating is exactly what we want it to be. In 2021, we signed agreements for 53GWh of new district heating deliveries and 9GWh of new district cooling deliveries.

Stockholm Exergi has one of the largest district cooling networks in the world where cooling effect is produced primarily from cold sea water and waste cooling from heat pumps. It is mainly commercial property owners who need district cooling. In total, we have about 450 customers who purchase cooling, including two of Sweden's largest property companies, Vasakronan and Akademiska Hus.

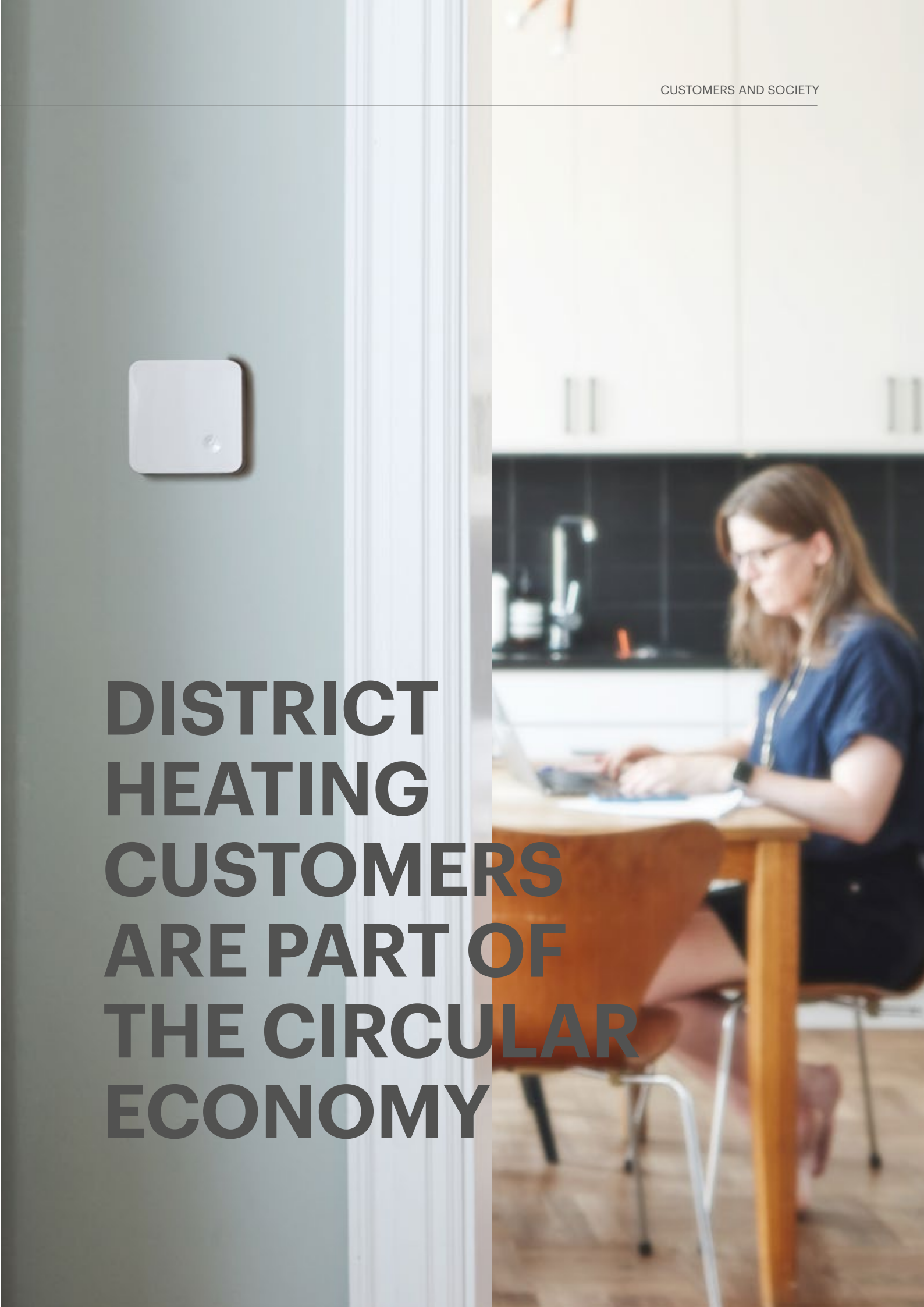
It is vital that we help our customers keep cool and stay warm, because they need holistic solutions that work.

Customers increasingly satisfied

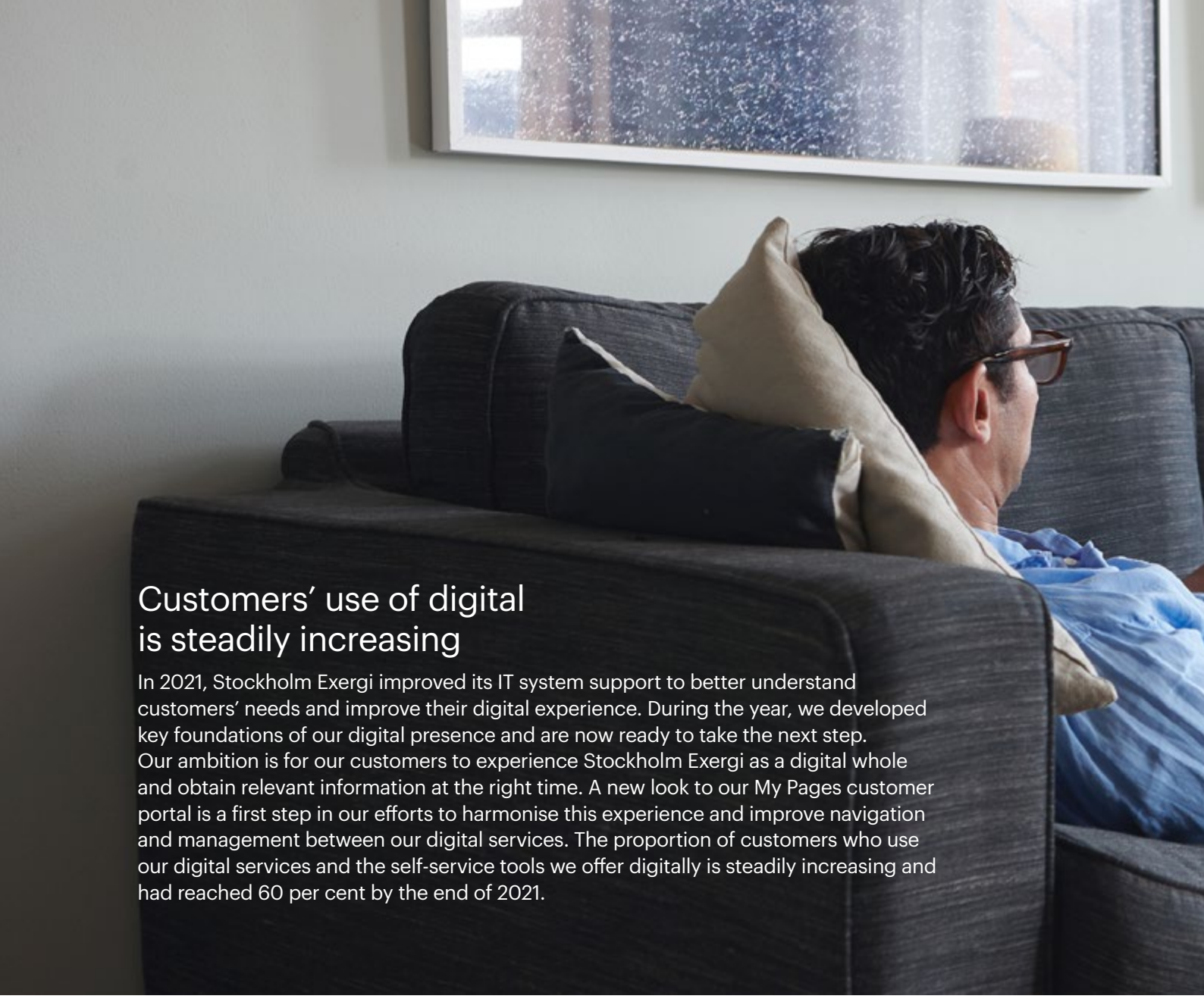
Stockholm Exergi's positive trend in its Customer Satisfaction Index (CSI) continued in 2021 with its best results to date. Concerted efforts over many years delivered strong results in 2020 and again in 2021.

The biggest improvement in Stockholm Exergi's CSI was registered among Stockholm Exergi's single-family homes, which increased by more than two points to 72.9. This made single-family home customers the segment with the highest CSI, closely followed by tenant-owner associations with 72.4, while corporate customers were at 72.0. Stockholm Exergi's total CSI value amounted to 72.4. This compares favourably with other companies in the heating sector and companies in other industries.

72,4
CUSTOMER SATISFACTION INDEX



DISTRICT HEATING CUSTOMERS ARE PART OF THE CIRCULAR ECONOMY



Customers' use of digital is steadily increasing

In 2021, Stockholm Exergi improved its IT system support to better understand customers' needs and improve their digital experience. During the year, we developed key foundations of our digital presence and are now ready to take the next step. Our ambition is for our customers to experience Stockholm Exergi as a digital whole and obtain relevant information at the right time. A new look to our My Pages customer portal is a first step in our efforts to harmonise this experience and improve navigation and management between our digital services. The proportion of customers who use our digital services and the self-service tools we offer digitally is steadily increasing and had reached 60 per cent by the end of 2021.

The reason for the improvements in customer satisfaction we have seen in recent years is that customers feel that we have improved in a number of ways. If we look back to 2019, we can see that we have improved in virtually all quality measures. Areas where we have performed best are those that affect customers directly, for example My Pages, online, and general service levels where we see that customers increasingly perceive us as straightforward, uncomplicated and accessible. These are areas where many of our competitors are falling behind.

During our current business cycle, which runs to 2027, our goal is to achieve a CSI of 76. This is an ambitious but at the same time achievable goal. If we succeed, we will be among the best-performing companies in the industry.

Strengthened customer dialogue during pandemic

2021 was another year in which Stockholm Exergi's customer relations were defined by the pandemic. Together with our customers, we continued to identify new forms of digital

communication to develop dialogue and collaborations, and more customer meetings were held during the year than the previous year. Among other things, the meetings resulted in us initiating several broader collaborations with interest groups, paving the way for more contact with our end-customers. Interest in our digital services increased during the year. We see that these services enable us to meet customer needs in terms of providing a simple and even greater energy security.

The uncertain situation in the electricity market with sharply fluctuating prices has strengthened the competitiveness of district heating, as the investment calculation for other forms of heating becomes less certain. Developments in the electricity market in combination with the pandemic generally make it more difficult to assess energy investment. To make the investment in district heating even more attractive, and in consultation with its customers, Stockholm Exergi conducted a pilot study in 2021 with the goal of offering our new Fjärrvärme Driftnetto product, which translates as District Heating Operational Net.

Consumption produces residual waste and that is why there is a need for companies like ours. It is not the other way around, i.e., residual waste is produced because we exist. This is a key point for Stockholm Exergi. We offer a societal service that treats residual waste that cannot be source-sorted – and we do this in some extremely smart ways.

With the help of incineration, we produce electricity and heat from residual waste, known as energy recovery. Incineration also enables us to remove substances from the circular cycle, such as heavy metals.

The positive effect of our treatment service therefore has a dual effect. Unfortunately, it also produces carbon dioxide. Society's residual waste, for example, contains substantial proportions of fossil-based plastics. We do not want to burn plastic and have therefore said that source sorting must increase to achieve a greater degree of material recycling and less incineration of fossil-based materials such as plastic. Our task should only be to treat residual waste that cannot or should not be recycled. To do this, incentives and rules must be created to increase source sorting and to reduce the proportion of plastic that enters the circular cycle in the first place. We believe that the simple logic should be that the less waste that is generated and the less recyclable material that remains in waste, the lower the cost for those who generate waste. Today, the cost of carbon dioxide emissions falls on us and our district heating customers in the form of emission rights, for example. With today's model, we do not eliminate emissions; rather, responsibility for fossil-based waste should be shifted earlier along the waste hierarchy – among producers and consumers – because when it comes to us, it is too late.

In two exciting collaborations in 2021 – one with Swedish property company Stena Fastigheter, and one with Fastighetsägarna Stockholm – we focused on how household source sorting could be increased. Through targeted information efforts in two of its properties, Stena Fastigheter has, in a limited period, successfully reduced the proportion of plastic by 40 per cent in tenants' residual waste. This clearly shows that it is possible to achieve change.

Emissions presented in new report for customers

At the beginning of 2022, our waste customers will receive a report from us which, among other things, shows which carbon dioxide emissions the incineration of their waste caused in 2021. We hope that our customers will use the information in the report in their own climate initiatives and that they share the information to those who have generated waste. Visibility is important and in order to reduce overall emissions, all actors need to take their responsibility and try to exert influence where possible.

WE TREAT SOCIETY'S RESIDUAL WASTE AND RECYCLE ENERGY

THIS PLANT REMOVES ORGANIC FOOD WASTE, PLASTICS, AND METALS.

Post-sorting of residual waste reduces carbon dioxide emissions

In 2021, Stockholm Exergi, together with recycling company SÖRAB, inaugurated a new post-sorting plant for residual waste adjacent to our combined heat and power plant in Brista in northern Stockholm. This is a significant concrete step towards increased material recycling and reduced carbon dioxide emissions. During the year, Stockholm Exergi and SÖRAB developed a waste sorting business that will complement households' own sorting and recover even more recyclable materials before waste incineration and energy recovery comes.

The state-of-the-art plant will mechanically sort organic food waste, plastic and metal from waste. Plastic will be sorted with help of infrared light that identifies different types of plastic; and metal will be sorted using a magnet and eddy current separator. Because fossil carbon dioxide is formed when we incinerate residual waste, the sorting of plastic helps to reduce carbon dioxide emissions. Sorting is an extremely effective way for us to produce heat and electricity without negative climate impacts.

Residual waste arrives at new port

In 2021, Stockholm Exergi started using Stockholm Norvik Port in Nynäshamn. Sorted residual waste from other countries arrives at the new container terminal at the port, before being sent to our facilities.

Photo: Ports of Stockholm/Per-Erik Adamsson

New CHP plant for energy recovery

We are planning a new CHP plant in western Stockholm where we will recycle energy from sorted residual waste and biofuel to produce electricity and heat. In 2021, the process of obtaining environmental permits for the facility continued and during the autumn of 2022, the Land and Environment Court is expected to hold a final hearing and announce its decision.

A new CHP plant in Lövsta is set to play a key role in energy supply in the Stockholm region and means, for example, that our Hässelby plant can be shut down to make room for new housing. The project is also being developed so that carbon dioxide can be separated for permanent storage or reprocessing into a new secondary raw material.

SUPPLIERS ARE PART OF OUR SUSTAINABLE VALUE CHAIN

Our choice of suppliers is crucial to our efforts to establish sustainable value chains. We focus our work on where sustainability risks are greatest, and our ambition is to develop together.

We take responsibility by reviewing our suppliers. Our code of conduct and our business ethics guidelines ensure that all business relationships that Stockholm Exergi has with its customers, suppliers, and other partners are fair and legal. All employees receive training on the code of conduct, and we have a specific code of conduct for our suppliers. This is based on the UN Global Compact principles on human rights, rights at work, the environment and anti-corruption. In the event of serious violations of our own code of conduct or our code of conduct for suppliers, we have a whistleblower function to which it is possible to submit anonymous reports.

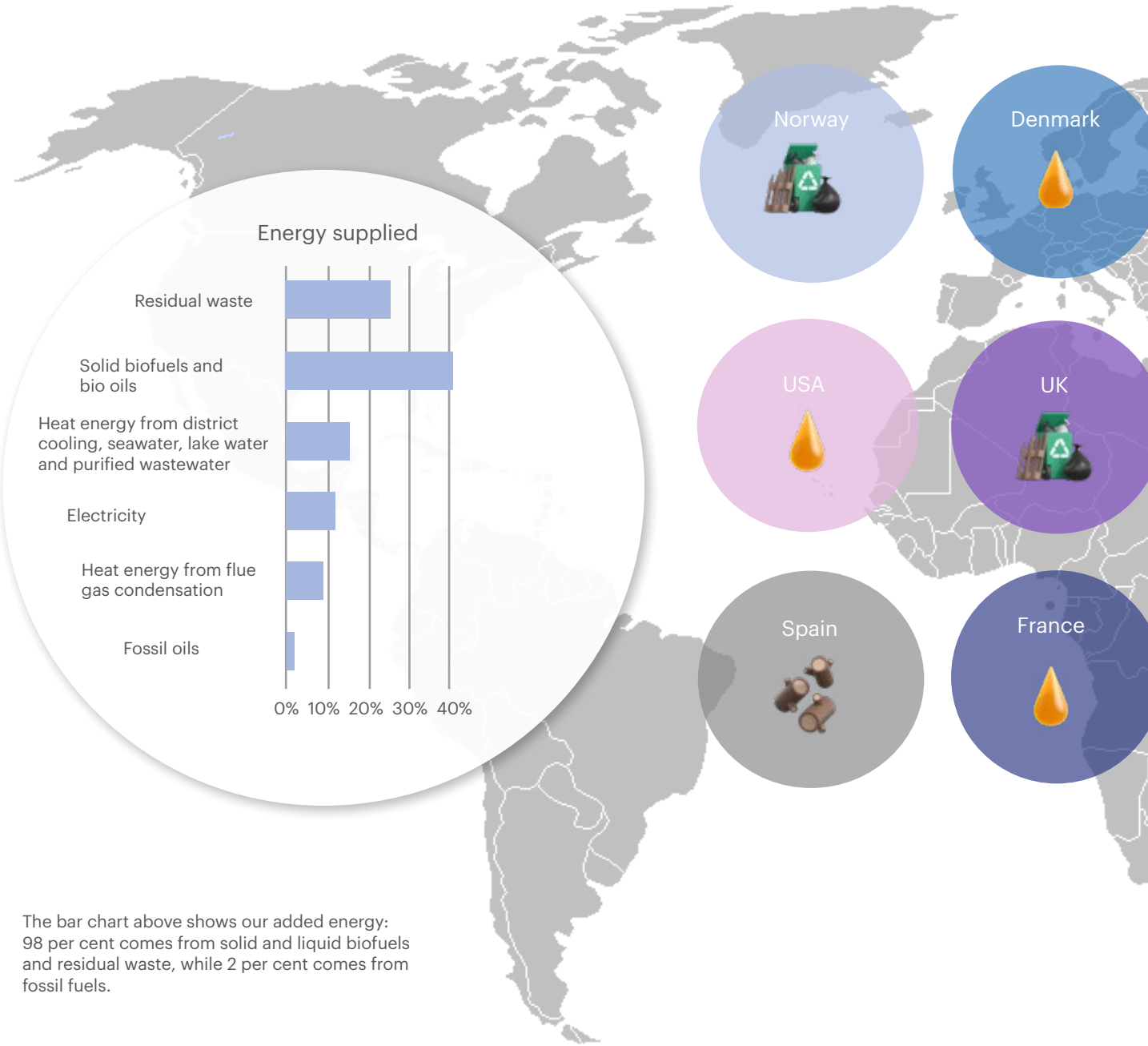
To assess how our fuel suppliers operate within the various areas of our code of conduct, they are required to complete a self-evaluation report for procurement activities, which is updated every three years. Self-evaluation is not the basis for our sustainability review. We review submissions and decide whether to approve, reject or make a closer examination of a supplier, which can take the form of an audit, for example. Before transactions are made, business ethics checks are conducted. This means that we are able to ensure suppliers do not appear on sanction lists, for example, or appear in negative contexts in the media. Should issues come to light, we dig deeper with the help of an audit, or we choose not to work with the supplier in question.

We also work on in-depth country and supplier analyses in instances when suppliers are based in high-risk countries. When necessary, we have also conducted dialogues with NGOs abroad and in Sweden. In 2021, we held dialogues with WWF Sweden, FSC® Sverige, (license number FSC C126045), Birdlife Sweden and with companies that use forestry products.

For the first time in 2021, all biofuel suppliers were also required to comply with the EU Renewable Energy Directive (RED). Biofuel suppliers either receive a sustainability certification from the Swedish Energy Agency or are certified by one of the EU's voluntary systems affiliated with the RED. From this year, biofuel suppliers must report on the sustainability characteristics of their fuels and value chains up to the first point of collection in a sustainability declaration. The declaration is part of suppliers' contractual obligations and is intended to establish agreement on sustainability metrics and ensure compliance with the RED, which came into force on 1 July 2021.

The Directive has been in force for liquid biofuels since 2011. It has since been redrafted to include solid biofuels, which include biogenic waste. Stockholm Exergi successfully implemented the directive in 2021 and received a sustainability certification from the Swedish Energy Agency following an independent review.

> **We conduct risk assessments for our suppliers based on several factors in addition to their own self-evaluation procedures. Our aim is to perform these assessments based on the context in which suppliers operate and the products they deliver.**



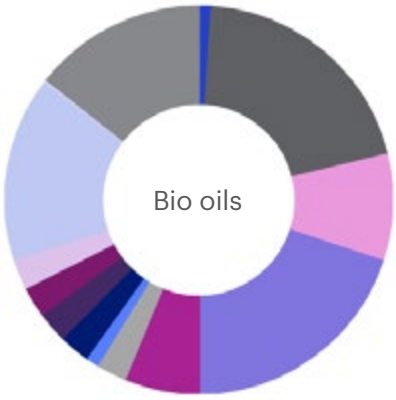
The bar chart above shows our added energy: 98 per cent comes from solid and liquid biofuels and residual waste, while 2 per cent comes from fossil fuels.

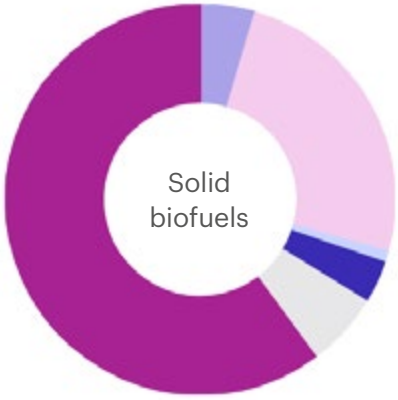
Fuel from all over the world

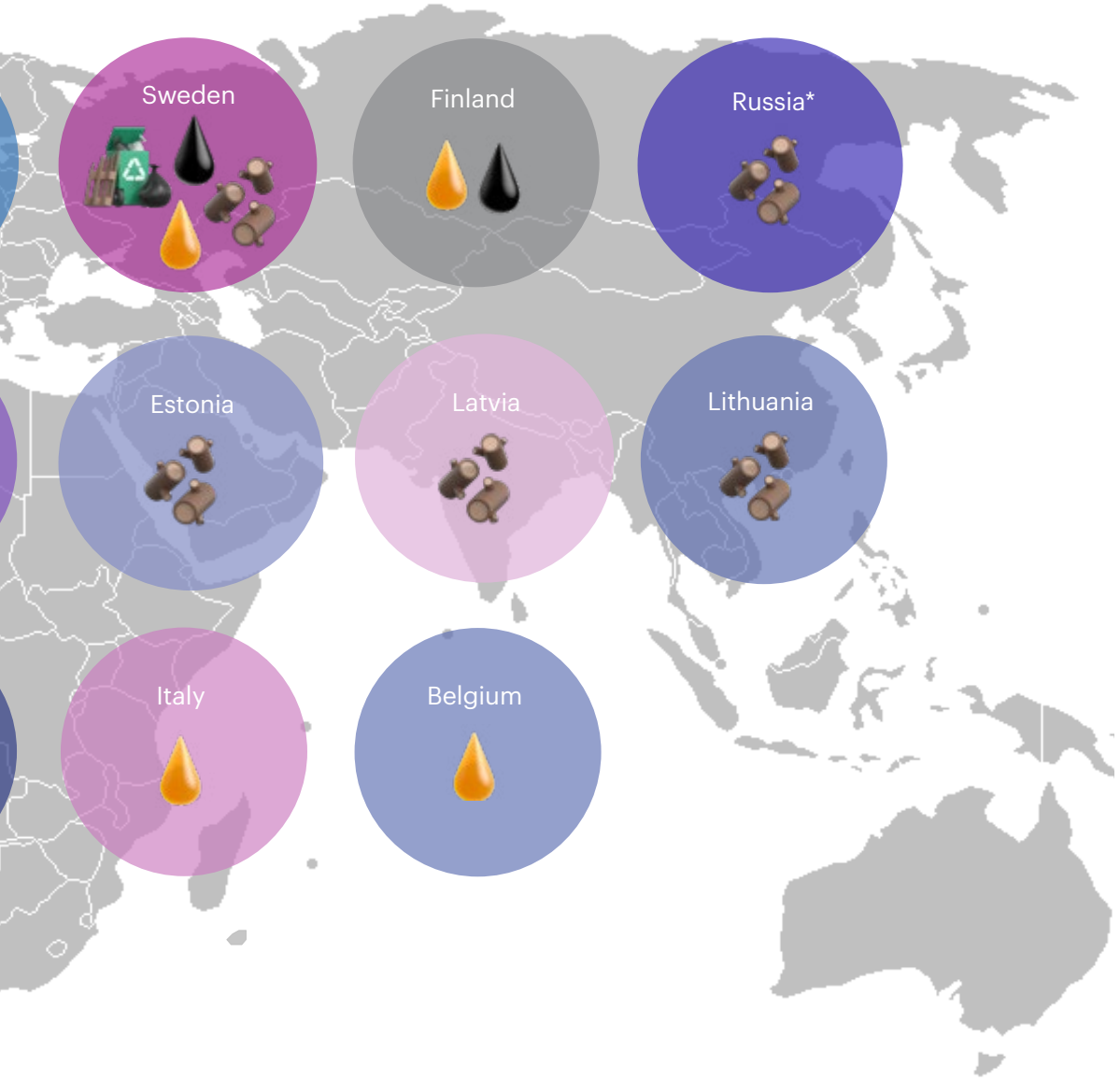
Unless otherwise stated, the pie charts illustrate where we purchased our fuels from during the year and what proportion of each type of fuel originates in a specific country. Countries with more than 3 percent of the total purchased volume of current fuel are reported in the world map.

The fossil fuel oil is produced in Sweden and Finland, but the crude oil originates in the North Sea, Russia and West Africa, among other places.

* This information refers to 2021. Due to Russia's invasion of Ukraine, it should be noted that at the time of writing Stockholm Exergi has no business agreements with Russian suppliers and will exclude the Russian market for the foreseeable future.





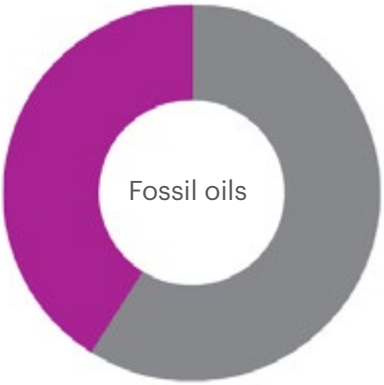


Solid biofuels

Residual waste

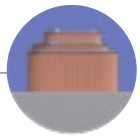
Bio oils

Fossil oils



- Belgium
- Egypt
- Ivory Coast
- Estonia
- Finland
- France
- Honduras
- Iran
- Italy
- Latvia
- Malaysia
- Marocco
- Norway
- Poland
- Portugal
- Russia
- Spain
- UK
- Sweden
- Germany
- USA

PRODUCTION IMPROVEMENTS OFFER NEW SOCIETAL BENEFITS



Stockholmers heating and cooling is controlled from Stockholm Exergi's central production plant and control rooms at our various other facilities.

To ensure that we are always able to use the plant that is most cost-effective at any one moment, we also plan production in facilities belonging to our partners Söderenergi, Norrenergi and Eon. Our system consists of about 30 production plants and each facility has its own role. Interaction between plants is crucial for providing greater Stockholm with cost-effective and sustainable energy irrespective of weather conditions and temperatures.

> **Production planning is becoming increasingly automated and data-driven and is now more about analysing and planning for different scenarios than monitoring and control.**

In 2021, Stockholm Exergi began work to develop collaboration between our control rooms and central production management. Adapted IT systems enable plants to operate in closer co-ordination with one another. In this way, we achieve synergy effects between our plants and thereby improve operation of the district heating system. The goal is to create an operation that capitalises on our expertise to a greater extent, reduces costs, and at the same time maintains security of supply.

In 2021, Stockholm Exergi continued to develop data-driven production, automated fuel logistics, and system optimisation. The goal of our digitalisation programme is to reduce costs of production, maintenance, operation, fuel purchases and fuel management, while improving our environmental metrics. A key step in our digitalisation is the use a system for so-called deviation management, where advanced and self-learning programmes analyse large amounts of data from our plants to continuously anticipate maintenance needs. Production deviations are thus detected early, improving operational reliability.

Strong first year for our new boiler at Högdalenverket

In September 2020, the first waste was burned in Högdalenverket's new boiler, which has sufficient capacity to incinerate approximately 20 tonnes of residual waste per hour with an output of 54MW, which is used for district heating and electricity. In 2021, the boiler completed its first full year in service and was audited for the first time. During the year, Stockholm Exergi had challenges related to reduced availability of some boilers and an action programme was launched to ensure that we are even better prepared for the future. The new boiler at Högdalen had a high degree of availability from April 2021, corresponding to close to 8,000 operating hours on an annual basis.

The new boiler was installed where one of the older boilers previously stood and represents a technical upgrade for district heating production with greater efficiency and improved environmental performance. Högdalenverket has the capacity to receive 700,000 tonnes of residual waste per year to produce electricity and heat.

20 tonnes

of residual waste per hour is incinerated in Högdalen's boiler 8

EU support for Stockholm Exergi's investment in BECCS

In 2021, Stockholm Exergi continued to work actively to develop BECCS at its bio-cogeneration plant in Värtan. Technical advances go hand-in-hand with the issue of how the plant is to be financed.

Stockholm Exergi believes that financing a large-scale BECCS facility will be supported by three pillars: EU support, national state aid, and a voluntary market for negative emissions. Significant steps have been taken in all areas in 2021, with the most concrete being the EU Innovation Fund selecting Stockholm Exergi's investment in BECCS as one of seven projects in the EU that will share funding of EUR 1.1 billion. The fact that the EU is backing the project is in itself a significant recognition of the potential of the technology. The financial backing is important for us to maintain the pace of development. Our goal is to have a large-scale facility in place by the end of 2025.

In 2021, the Swedish government made a welcome decision to introduce operational support for BECCS.

The support will be distributed in a so-called reverse auction where the applicant able to capture and store the most carbon dioxide at the lowest price receives the support. The first round of the auction is planned for the end of 2022. Stockholm Exergi is committed to ensuring that the support is designed to prioritise the most cost-effective projects. It is also important for Stockholm Exergi that the auction starts on time to enable us to keep to our schedule. In the longer term, we believe that it should be possible to finance negative emissions with BECCS through market demand without the need for government support.

Many companies are already interested in helping to slow the pace of climate change by buying negative emissions. A growing number of companies are setting ambitious climate goals and plan to reach "net-zero" long before legally required to do so. Such companies and organisations constitute an ever-growing commercial market for negative emissions. Several commercial actors are currently moving towards climate neutrality on a voluntary basis faster than countries. Some of these players are Stockholm Exergi's most important partners. We aim to sign an agreement in 2022 for the sale of the BECCS plant's negative emissions as part of securing financing for the project.

Biochar set to enable negative emissions

In addition to BECCS, Stockholm Exergi aims to generate negative emissions through large-scale biochar production. Through a process called pyrolysis, garden waste is converted into biochar. Biochar improves soil by binding carbon in the Earth's crust over the long term and thus prevents it from entering the atmosphere again.

At the same time, heat is generated that Stockholm Exergi distributes to Stockholmers through the district heating system. In 2021, we mapped the biochar market and can say that it is currently not sufficiently mature for us to make investment decisions about a large-scale biochar plant. We continue to work on how the business model for such a plant might look to create investment opportunities.

BECCS facts

BECCS, (Bio Energy Carbon Capture and Storage), enables what are referred to as negative emissions by capturing carbon dioxide from biofuel, the same carbon dioxide that forests binds in photosynthesis. In this way, and with the help of residues, we can reduce the concentration of carbon dioxide in the atmosphere. After separation, carbon dioxide is compressed into liquid form, transported to the North Sea and injected into porous rock approximately 1,000 metres below the seabed, where it mineralises over time. Because BECCS can create negative emissions, it has a key role in counteracting climate change.

The UN IPCC has said that the generation of negative emissions with BECCS is a necessary complement to the dramatic emission reductions needed to limit global warming to 1.5 degrees Celsius as set out in the Paris Agreement. Stockholm Exergi is also studying possibilities of using CCS at its waste incineration plants.

OUR GOAL IS TO HAVE A LARGE-SCALE FACILITY IN PLACE BY THE END OF 2025.

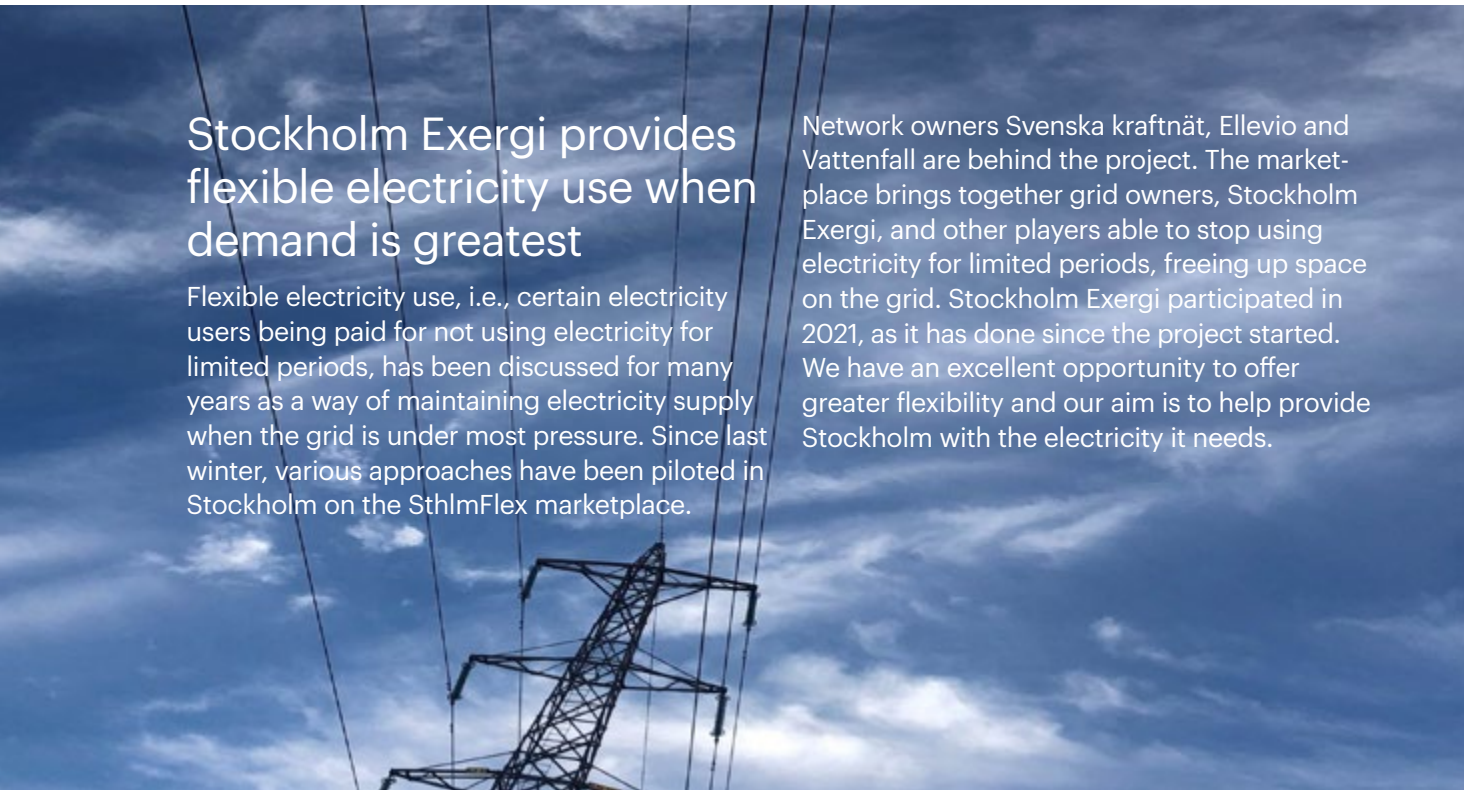
Cogeneration as a key component of the energy system

Our largest plants produce electricity and district heating at the same time, so-called cogeneration. This is an efficient way to use energy from society's residual waste and residues from forests. Cogeneration plants produce steam that drives turbines, which in turn drive a generator to produce electricity. Remaining energy contained in steam is used for district heating.

Electricity produced with cogeneration has attracted considerable attention in recent years. The drawback is that there is insufficient transmission capacity in the electricity grid to supply electricity to several Swedish cities, including Stockholm. Stockholm Exergi's CHP plants, located throughout Stockholm city centre, supply electricity to the nearby grid of electricity consumers without needing to conduct electricity through parts of the electricity grid that are heavily loaded. Stockholm Exergi, and grid owner Ellevio, entered into a 12-year agreement in 2019 that secures access to 320 MW of renewable electricity from Stockholm Exergi's CHP plants.

> **Cogeneration relieves the electricity grid when properties are heated with district heating instead of electricity.**

The fact that it is possible to plan cogeneration is also valuable. This creates stability in the electricity system and compensates for the increasing proportion of unplanned electricity production, such as wind power. Cogeneration also relieves the electricity grid further when properties are heated with district heating instead of electricity. Overall, cogeneration is a key part of the solution to the challenge of limited capacity in the electricity grid and thus also necessary to enable the continued electrification in Stockholm.

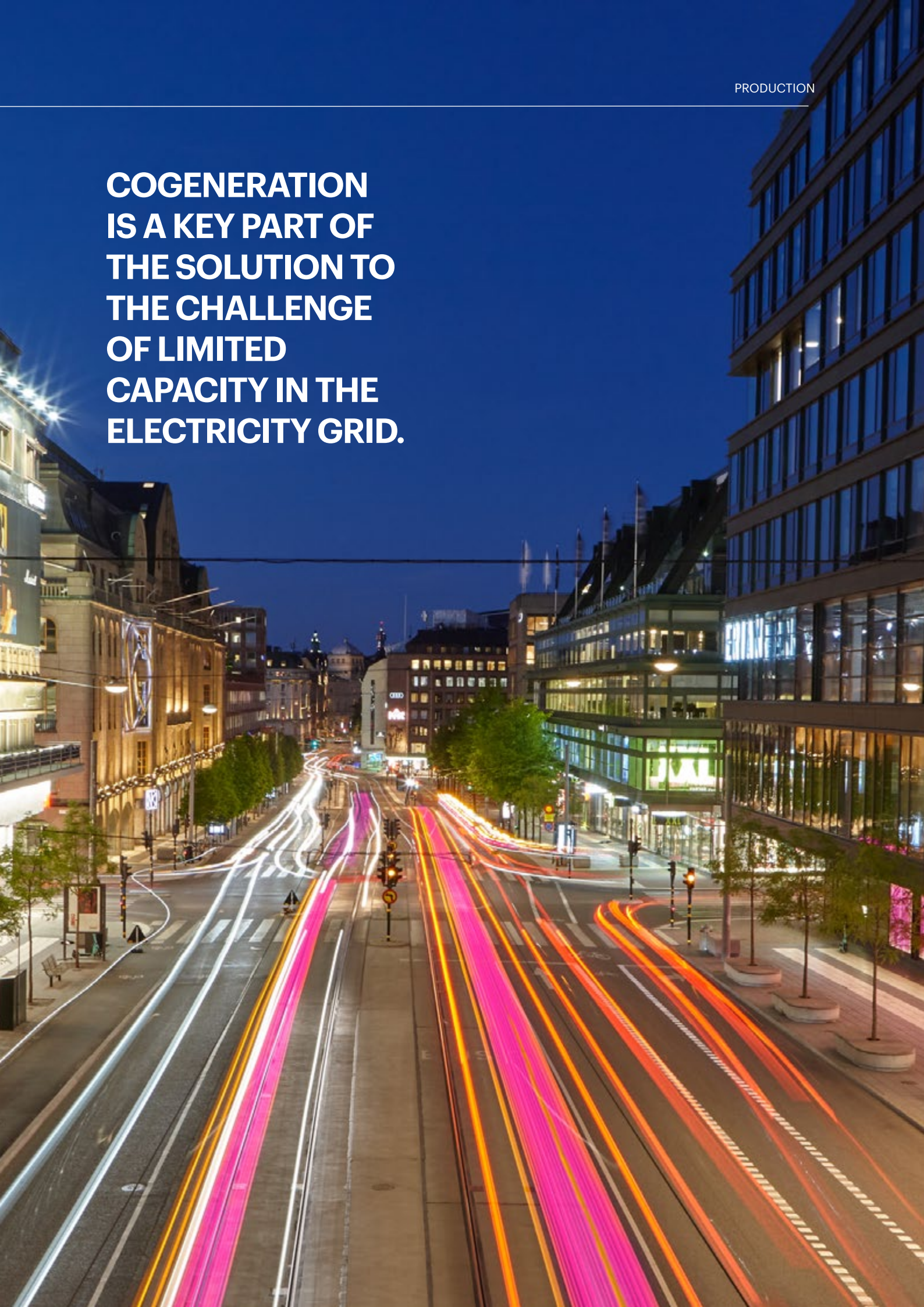


Stockholm Exergi provides flexible electricity use when demand is greatest

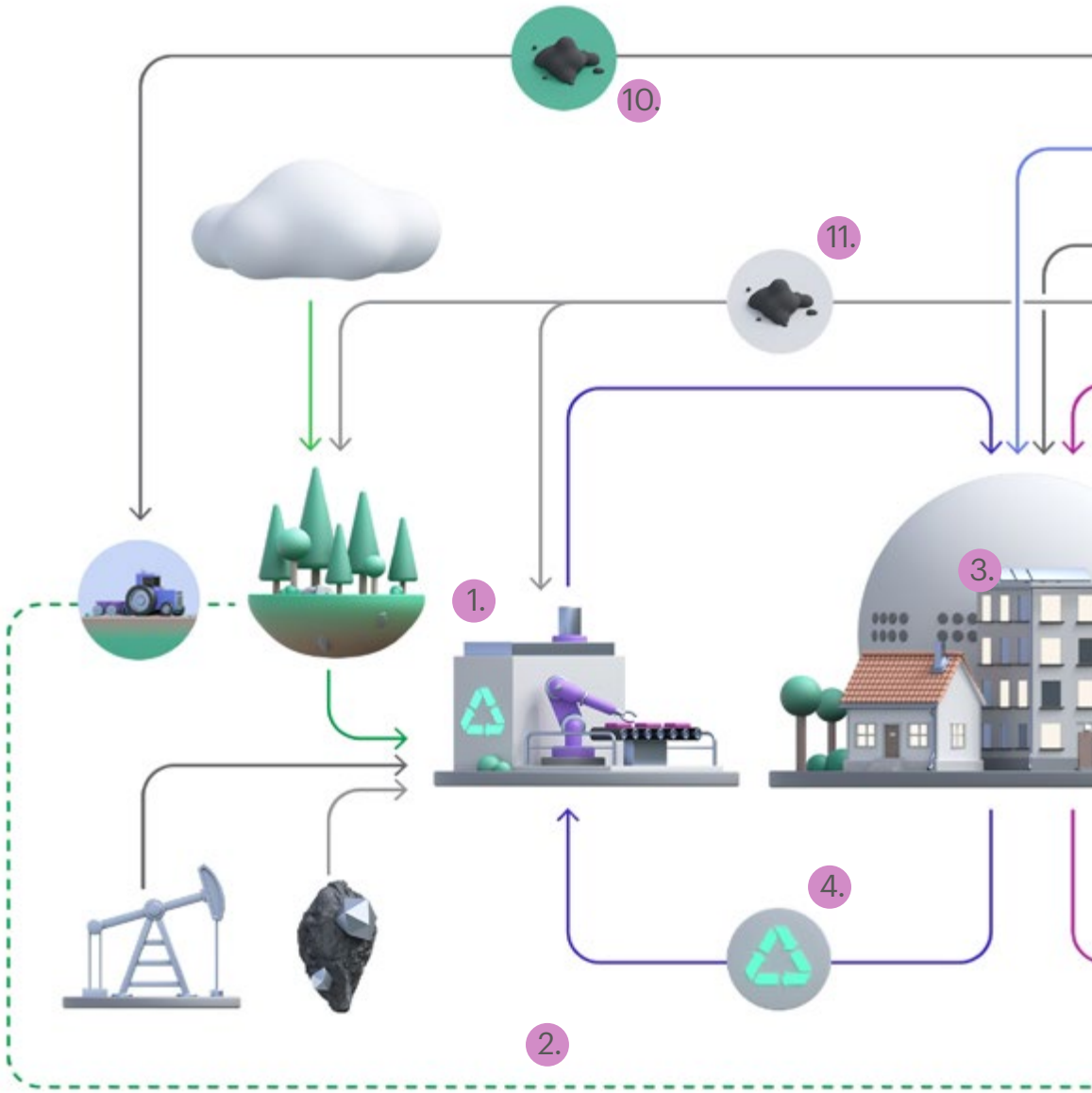
Flexible electricity use, i.e., certain electricity users being paid for not using electricity for limited periods, has been discussed for many years as a way of maintaining electricity supply when the grid is under most pressure. Since last winter, various approaches have been piloted in Stockholm on the SthlmFlex marketplace.

Network owners Svenska kraftnät, Ellevio and Vattenfall are behind the project. The marketplace brings together grid owners, Stockholm Exergi, and other players able to stop using electricity for limited periods, freeing up space on the grid. Stockholm Exergi participated in 2021, as it has done since the project started. We have an excellent opportunity to offer greater flexibility and our aim is to help provide Stockholm with the electricity it needs.

COGENERATION IS A KEY PART OF THE SOLUTION TO THE CHALLENGE OF LIMITED CAPACITY IN THE ELECTRICITY GRID.



Our circular concept



1. Goods and products are produced from finite raw materials that are extracted from the Earth's crust, such as metals, coal and oil, or from renewable biological systems such as forests or agriculture. Production also requires energy. Biological systems bind carbon dioxide from the atmosphere through solar-powered photosynthesis.

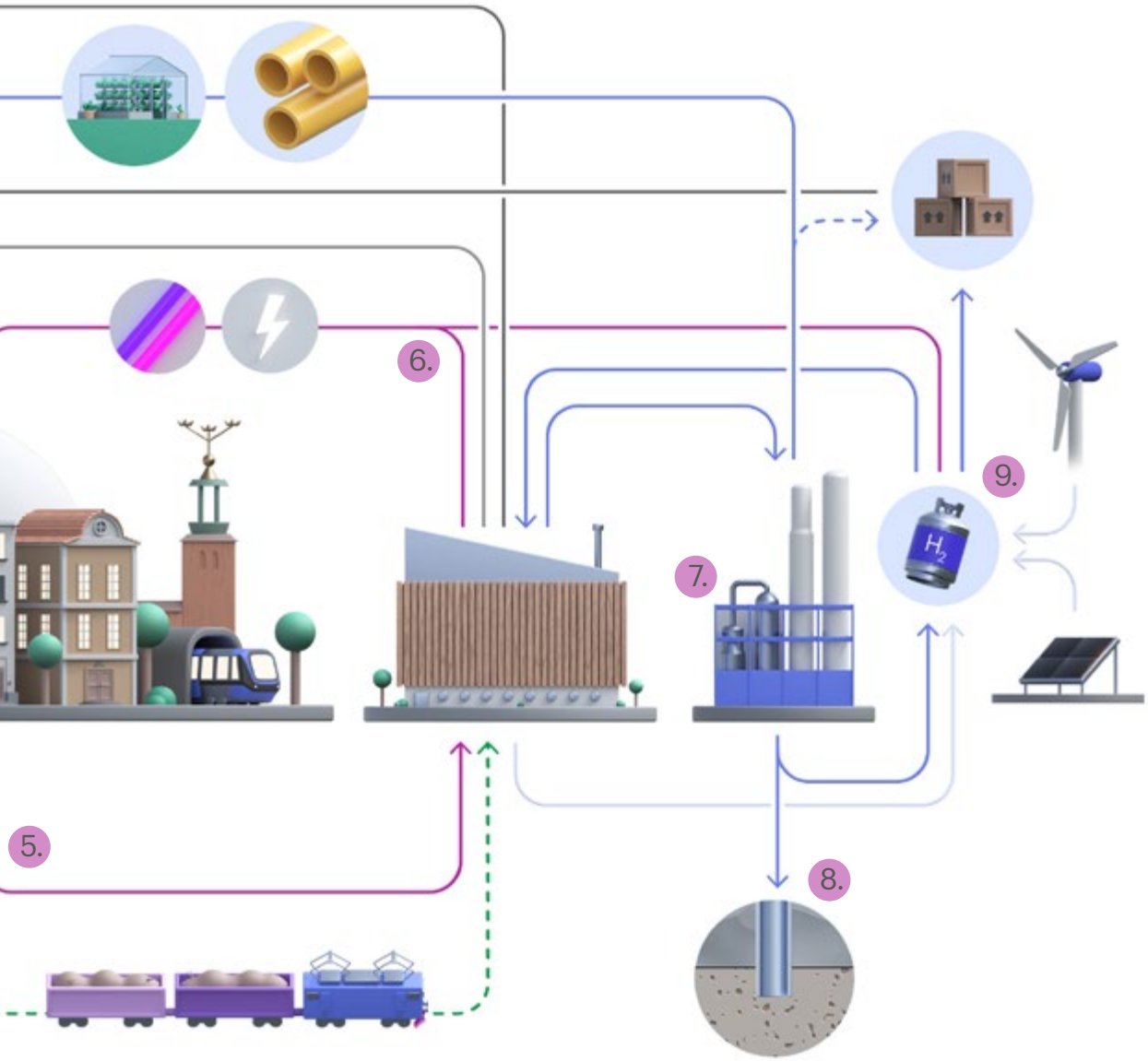
2. We use residual products – such as woodchip from branches and offcuts from sustainable forestry – as biofuels. Carbon dioxide formed when biofuels are burnt would have been formed by natural decay. Through solar-powered photosynthesis, carbon dioxide from the atmosphere is bound into growing trees. This is a balanced cycle. Therefore, biofuels are not considered to impact the climate, and replacing – as we have done – climate-affecting fossil energy such as oil or coal from the Earth's crust reduces society's climate impact. Bioenergy is therefore an important piece of the puzzle to achieve climate goals.

3. Society's consumption is extensive. Production takes place globally and therefore involves transport. Our consumption of food and other goods and products, including transport, accounts for a significant part of everyone's global climate footprint.

4. We can reduce the need for new raw materials and energy by reusing or recycling materials.

5. However, not everything can be reused or recycled. There are materials that contain substances that we want to destroy or remove from the cycle, and some are technically difficult to make use of. Such residual waste is treated by technologically advanced combustion with highly effective purification, and energy released can be recovered. In addition, we recycle waste heat from society's various activities such as sewage treatment plants and data halls. By recycling energy, we reduce the need for other energy sources.

6. District heating and electricity are produced from waste heat, recycled energy from treatment of residual waste, water and sea heat and biofuels. Much of this energy was already here as a consequence of society's various activities. This is energy that would have been lost many times over if we did not use it and refine it into forms of energy that we can use and benefit from. In cold conditions, we maximise electrical energy production, exactly where it is needed. This is beneficial, because this is when the electricity network is usually under the most pressure.



7. It is possible to separate carbon dioxide that is formed during the combustion of biofuels and residual waste. When burning biofuels or residual waste, the carbon element is oxidised to carbon dioxide. Carbon dioxide, which originates in biological systems, is part of natural cycles and does not affect the climate.

When we separate and store carbon dioxide permanently, we create one unidirectional flow from the atmosphere into the Earth's crust. We create what is known as a carbon sink through negative emissions. Carbon dioxide formed when fossil oil or coal is burned, on the other hand, increases the concentration of carbon dioxide in the atmosphere. We will not use fossil fuels. When we sequester this carbon dioxide, we reduce emissions.

Residual waste contains a certain proportion of material produced from fossil fuel oil, such as plastics of various kinds, and biological materials. So when we separate carbon dioxide in the treatment of residual waste by incineration fossil carbon dioxide is generated, as well as renewable carbon dioxide. Storing carbon dioxide permanently generates overall negative emissions.

8. The carbon dioxide we separate can be stored permanently at depths of thousands of metres in the Earth's crust below the seabed. High pressure at these depths means that carbon dioxide remains there for thousands of years.

9. However, carbon dioxide can also be used as an ingredient in new raw materials. It requires energy that we can supply either from our own energy production or from external sources. In the future, with more efficient technology and abundant access to wind power in particular, hydrogen is set to become an important energy carrier per se and be part of processes to upgrade captured carbon dioxide into new raw materials.

We can close the cycle of materials and minimise losses of finite resources, while counteracting global warming by simply reversing the process and retrieving carbon dioxide from the atmosphere into the Earth's crust.

10. Nutrients are separated and returned to agriculture.

11. Bio ash or soil-improving biochar can be returned to forests and agriculture.

INVESTMENT IN OUR PLANTS IS DRIVING THE DEVELOPMENT OF PURIFICATION TECHNIQUES.

We're working proactively to reduce environmental impact

In addition to driving the development of bio-CCS to create permanent negative emissions, we also continue to work to reduce fossil carbon dioxide emissions. We have several sources of carbon dioxide emissions, the most significant being the incineration of plastics in our waste treatment service. But there is also potential to phase out fossil oil used when plants are stopped and started, and on really cold days when we need to achieve peak production. Supplier transports also account for a significant proportion of our carbon dioxide emissions. Our total emissions are largely affected by weather and temperature as this impacts production needs. Absolute carbon dioxide emissions increased between 2020 and 2021, while the relative emissions of carbon dioxide per kWh of district heating delivered decreased and we thus met the year's target of 45g per kWh of district heating delivered by a substantial margin.

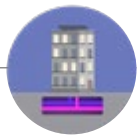
We work continuously to limit other emissions into air and water. Among the most important substances that we purify from flue gases and wastewater are nitrogen oxides and sulphur dioxide, which would otherwise contribute to eutrophication and acidification; and dust that can pose health risks and heavy metals and dioxins, which are toxic to humans and the environment. At our large plants that produce heating and electricity all year round, we operate advanced purification technologies and conduct continuous monitoring. Therefore, our smaller plants – which are primarily used in extremely cold conditions – have a relatively large impact on our total emissions. In 2021, we consumed more fossil and biogenic oils, which led to increased emissions of sulphur and nitrogen oxides compared to 2020, which was warmer than 2021. You can read more about airborne emissions on page 159 and in our environmental reports on our individual plants.

During the year, we had 12 (8) environmental incidents, which we defined as significant. Of these, two related to flawed checking of measuring instruments. The event that we deem was the most serious was a fire in a warehouse silo at Högdalenverket in December. This caused emissions in the form of smoke.

Despite our strong focus on environmental issues, we did not meet our goal of limiting significant environmental incidents to a maximum of five in 2021. We continue with initiatives such as supplier dialogues, training and preventive maintenance to reduce the number of environmental incidents further. This work goes hand-in-hand with our efforts to improve the availability of our plants. Read more in the note about environmental incidents on page 160. In 2021, we received six (14) complaints from nearby residents. The most common causes of complaints was noise and odour. All complaints are investigated to establish the cause and prevent it from happening again.

WE CONTINUE TO WORK ON REDUCING EMISSIONS OF FOSSIL CARBON DIOXIDE.

OUR DISTRICT HEATING NETWORK ENABLES CIRCULAR SOLUTIONS



We pump hot water from our production facilities into a network of pipes that reaches thousands of properties across greater Stockholm.

Our plants and our customers are interconnected through large and flexible networks, which enables us to optimise operational efficiency. Today, we have two large networks: one that covers central and southern greater Stockholm and one that covers northwest greater Stockholm. Laid end-to-end, our district heating piping would stretch for some 3 000 km.

It is vital that we expand the network by installing piping that connects new customers, but it is equally important that we maintain and renew our existing piping. For the past eight years, Stockholm Exergi has carried out planned improvement work which has replaced 0.5-1 per cent of the total network every year; investment in this work during this period has amounted to just under SEK 200 million a year. This work mainly involves replacing concrete culverts, which can date from the 1960s, with modern plastic culverts. New piping has better thermal insulation; this reduces energy loss and generates significant energy savings. It also reduces leaks and increases the dimensions of the network in areas where it may have been cramped previously and further improves operational efficiency.

> **Improvement work can cause service disruption and we work proactively to limit such disruption as much as possible. It is important that we maintain a dialogue with those affected to increase understanding of this work.**

We maintain the network in a number of different ways, for example, by identifying heat losses. One way we do this is with a technology known as flight thermography. This involves the use of a specially equipped aircraft, which takes thermal images of Stockholm from an altitude of 800 metres. Hotspot data are analysed along with information from our alarm system fitted into district heating pipes. This helps us prioritise our work on the district heating network.

Improvements in district heating are data-driven

Stockholm Exergi is increasingly using data to drive improvements to the district heating network. We want to improve the operational efficiency of the grid and make heating and cooling supply even more secure – known as security of supply. By becoming better at using data, we can, for example, identify leaks and other deviations faster and thereby make better decisions. One of our goals is to create tools to enable us to act preventively, i.e., that we detect the risk of a fault and address it before it occurs.

The way we use water temperature in the district heating network represents a significant proportion of Stockholm Exergi's resource use. This is determined by the temperature of water when it is pumped to our customers, the so-called forward temperature; and how hot water is when it is returned, the return temperature. We can control these temperatures, and in 2021 we fully automated the calculations behind the analysis of return temperatures. With the help of approximately 10 000 measuring points in our distribution network and our production facilities, we obtain large amounts of data that indicates temperature deviations. This is a key step for us in creating more efficient ways of taking decisions about how we operate the network.

Stockholm Exergi is Stockholmers' energy company, and our employees have a wide variety of skill sets and tasks. Together, we want to make Stockholm more sustainable.

Eighty per cent of our employees are men, and 20 percent are women. This distribution is roughly the same among management. Our goal is to increase the number of female employees and achieve an even gender distribution. At the end of the year, the company's management team consisted of eight men and two women, and our board consisted of five male and three female members elected by the AGM. According to data from Statistics Sweden, we registered a slight increase in the proportion of employees with a non-Swedish background. At the end of 2021, this number stood at 23 (22) per cent. When we recruit staff, we strive for diversity in candidates and select people based on their skill sets rather than make decisions influenced by our bias.

Improvement and strong leadership

In 2021 – a year that was impacted by the pandemic – we maintained our focus on social sustainability, diversity and inclusion initiatives. For example, we continued our reverse mentorship programme remotely, which is run with the City of Stockholm. Throughout the year, we also continued to prioritise personal development, and continued with the implementation of our commitment to modern and trust-based leadership.

Naturally, we have zero tolerance of discrimination and harassment. This is clearly set out in our code of conduct and our employees can report discrimination and harassment either to their immediate superior, directly to our HR function, or with the help of our whistleblower service. During the year, we received a small number of reports of harassment, which we have investigated and handled in collaboration with those affected according to our routines.

We believe that learning is a continuous process that takes place on a daily basis through collaboration with others, and with the help of structured improvement work. To ensure that all our employees develop in a direction that is relevant to them and to the company, we have our ExergiDialogue initiative through which we regularly highlight the importance of improvement, performance, health and support.

We are curious

We are proactive

We are responsible

WE DEVELOP CIRCULAR SOLUTIONS

Finding new skill sets is part of our work on social sustainability

Stockholm Exergi's work on social sustainability in 2021 was characterised by the pandemic that demanded new ways of working and new approaches. We needed to adapt – not simply stop doing things – and learn as we went. We successfully implemented and maintained the goals of our social sustainability, diversity and inclusion strategies.

> **These strategies clearly set out Stockholm Exergi's path towards achieving its goals of increasing employment among the less advantaged and creating strong business relationships.**

In 2021, we continued our collaboration with industry association Energiföretagen Sverige, the City of Stockholm and other relevant actors, to facilitate efforts to educate and validate knowledge among immigrants to Sweden and use the technical competences that new Stockholmers have. The collaboration is an integral part of our efforts to recruit people with skills that we lack at the same time as it contributes to our diversity goals. Training started in October and was followed by a comprehensive introduction to apprenticeships in which a number of individuals were trained, and their skills validated prior to employment. Due to covid restrictions, we conducted apprenticeships for operations technicians on line, something that no other company in the industry has attempted before. In August, we employed two new operations technicians in entry positions following completion of digital apprenticeships – demonstrating that this is actually possible.

The digital hybrid that we had to adjust to was reflected in our work on social sustainability for the year as well. Focus was on managing existing initiatives and developing methods for them. In 2021, we were able to continue our collaboration with the City of Stockholm and employ 10 young people in so-called "warm-up jobs" at our various plants. The idea of warm-up jobs is to help reduce youth unemployment and encourage more young people to start work or study. Warm-up jobs function as a springboard into the wider labour market.

In addition, we were able to implement our mentorship programmes, including our reverse mentorship scheme in which managers act as adepts and are assigned mentors, who have recently arrived in Sweden, to develop skills based on insights and understanding of other views, values and cultures. We also successfully implemented the female mentorship programme where we match female students with an employee within the company.

Through these mentorship programmes, we contribute to a more inclusive Stockholm for all. We are creating a bridge that enables intercultural exchange between companies and residents in the city and helping to strengthen the region's business environment and attractiveness. For us as an organisation, this has meant that we improve our competences and strive for and enable diversity and a more inclusive corporate culture.

WE HAVE A LONG-TERM VISION OF ZERO ACCIDENTS AND SERIOUS INCIDENTS.

Preventative measures with the aim of reducing the risk of accidents

We work safely or we don't work at all. For us, the work environment and safety are of the utmost importance. Working preventively to minimise risks is a natural aspect of all our work. We have a long-term vision of zero accidents and serious incidents. We monitor work environment initiatives with various key measures, including the number of accidents, incidents and observations. We strive to include as many observations as possible to prevent future accidents. There is always a number of incidents that go unreported with this form of personal reporting, and it has been especially difficult to obtain reports from our contractors. In 2021, we continued to systematically encourage and increase understanding of reporting as an important part of our proactive work to reduce the number of accidents to zero. Reporting frequency has increased significantly in recent years, including from contractors. This is likely to mean that the number of unreported incidents has decreased. Our root cause analyses reveal, among other things, shortcomings in work preparation and safety behaviours. The most common type of injury that resulted in sick leave in 2021 were injuries to hands and feet. The number of reported observations is still at the high level similar to 2020 but decreased slightly from 2019 to 2021 from 444 to 382. This decrease is due to fewer numbers of staff being at our facilities due to covid restrictions. The total number of accidents in 2021 was 68 (52), an increase from the previous year. Fifteen of these accidents were sufficiently serious to have resulted in sick leave. Suppliers are over-represented in terms of accidents that resulted in sick leave; suppliers often perform high-risk work at temporary workplaces.

Our focus is therefore on safety collaborations with our contractors through dialogue and follow-up.

This results in safer workplaces also for our own employees and is thus a key piece of the puzzle for improving the safety culture of the whole company.

Financial Reporting

Management report

The Board of Directors and the CEO of Stockholm Exergi Holding AB (publ) may hereby submit their annual report for the financial year 2021.

Ownership

On September 20, Fortum Sverige AB sold its 50% ownership interest in Stockholm Exergi Holding AB (publ) to Ankhiale Bidco AB. Stockholm Exergi Holding AB (publ) is now owned 50 percent each by Ankhiale Bidco AB and Stockholms Stadshus AB. The owners regulate their ownership cooperation through shareholder agreements.

Changes in the Group

In December, the subsidiary Stockholm Exergi Materialåtervinning AB divested the post-sorting operations for waste that the company had established in connection with the combined heat and power plants in Brista, Sigtuna.

The business

Stockholm Exergi Holding AB (publ) is a parent company in a group. The Group produces and delivers environmentally friendly district heating, district cooling and electricity to companies and private individuals in the Stockholm the region. The parent company's operations consist of to own shares in the operating company Stockholm Exergi AB and to be responsible for Group-wide financing solutions.

Sales and profit

The Group's sales during 2021 amounted to 7 294 MSEK (6 180). Sales volumes amounted to 9 609 GWh (8 247), of which 8 309 GWh (7 224) pertain to heating, 979 GWh (678) pertain to electricity and 321 GWh (335) pertain to district cooling and 1 GWh (11) pertain to other sales. Overall increased sales of 1 362 GWh compared to the previous year. New sales of district heating during the year amounted to approximately 53 GWh (76).

Operating profit for the Group amounted to 1 424 MSEK (1 302). Operating profit was affected by a positive non-recurring effect of 145 MSEK related to change of solution for defined benefit pensions under the ITP2 plan.

Colder weather has meant higher sales of heat and exceptionally high electricity prices have contributed positively to the result. However, this has been offset by availability problems in some plants and increased costs for emission rights due to higher prices. Adjusted for the non-recurring effect of pension redemption, the operating profit for the year was slightly lower than the previous year.

The Group's profit before tax amounted to 1 254 MSEK (1 111) and after tax to 970 MSEK (878).

Liquidity and financial position

The Group

Cash flow from operating activities amounted to 1 804 MSEK (2 883), while funds used in investment operations amounted to -1 072 MSEK (–1 783). Cash flow before financing activities was 732 MSEK (1 100). The difference is largely due to a negative non-recurring effect from pension redemption of -472 MSEK, which to some extent offset by lower investments.

In April, a refinancing on capital market through a green bond issue of a total of 1 200 MSEK in various tranches. At the same time, maturing bond loans of 1 000 MSEK were repaid. During the year, banking and other long-term loans were repaid in the amount of 573 MSEK and short-term fluctuations in working capital were financed with overdraft facilities, money market loans and certificate loans.

On December 31, 2021, the Group had interest-bearing liabilities in total of 12 476 MSEK (12 363) and cash and cash equivalents amounted to SEK 1 M (11). Interest-bearing net debt therefore amounted to 12 475 MSEK (12 352).

On the balance sheet date, unutilized credit facilities amounted to SEK 3 098 M (4 150), consisting of an overdraft facility and three credit facilities.

Equity at the end of the year amounted to SEK 12 037 M (11 646), which gives an equity/assets ratio at 40 percent (40).

Parent company
Cash and cash equivalents as of December 31, 2021 amounted to 0 MSEK (9). As of the balance sheet date, 202 MSEK (0) of the consolidated account credit was utilized. Equity amounted to 5 211 MSEK (5 711) at the end of the year, which corresponds to an equity / assets ratio of 31 percent (33).

Dividends to the owners will - subject to provided that the next Annual General Meeting approves the proposal - submitted with 776 MSEK in accordance with the established dividend policy and a one-time dividend of SEK 74 million, a total of SEK 850 million. For more information, see Notes 4 and 44.

Staff

The average number of employees during January– December 2021 was 709 (732).
After the change of ownership in September, Stockholm Exergi chosed to leave the pension foundation solution jointly held with Fortum and instead redeem the defined benefit pension schemes under the ITP2 plan and insure them with Alecta. The remaining reported pension liability in the balance sheet, valued in accordance with IAS 19, therefore amounts soley to 37 MSEK (869) at the end of the year.

Investments

Stockholm Exergi continuously invests in production and distribution for guaranteed availability, increased energy efficiency and improved environmental performance. The Group's gross investments in fixed assets amounted to 1 411 MSEK (1 734), of which 0 (0) in the parent company.

Future development

The transition to renewable and recycled energy needs to take place throughout Europe and globally, and many obstacles must be overcome along the way. Through good relationships with our customers, investments in digitization, collaborations that involve shared benefit and by recycling resources that would otherwise be wasted, Stockholm Exergi ensures the future competitiveness of district heating and cooling. Stockholm Exergi's products will contribute to society developing in a sustainable direction. The development towards fossil-free production with lower environmental impact is ongoing and several important steps were taken during the year to achieve the goal of having a climate-positive business by 2025.

Significant risks and uncertaintainties

Stockholm Exergi supplies heat, cooling and electricity to the Stockholm region and is thus a socially important business. It is in our business responsibility to secure deliveries to our customers and therefore we have plans and routines to be able to secure the business in different types of critical scenarios. The serious situation facing the world through Covid-19-the spread of the infection during 2020-2021 ended up in- a pandemic - is one such scenario.

We have activated our contingency plans and taken a number of measures to ensure that the operation of our facilities, and thus deliveries to customers, can proceed even in the event of a major staff loss, which has so far fortunately not been the case.

In parallel, we have worked in close dialogue with our suppliers to ensure the implementation of critical plant revisions and fuel deliveries. We regularly report our measures and plans to, among others, the Swedish Energy Agency, which has an overall national picture of preparedness in our industry.

Our overall assessment is that the operational and financial consequences of the spread of Covid-19 for Stockholm Exergi have been and remains relatively limited.

Environmental information

The Group conducts several permits and notifiable activities in accordance with Chapter 9 and Chapter 11 in the Swedish Environmental code. The environmental impact of the business consists mainly of emissions to air and water, partly from the energy conversion in the production facilities and partly from the extraction and transport of fuels to the facilities.

Stockholm Exergi has established a sustainability accounting according to GRI (Global Reporting Initiative). The sustainability report has been prepared in a report separated from the annual report in order to meet the requirements for a statutory sustainability report in accordance with the Annual Accounts Act (ÅRL), Chapter 6, Section 11.

Dividend proposal

The Board of Directors proposes that distributable funds, including the profit for the year, in the Parent Company SEK 4 209 062 057, be appropriated as follows:

Proposed appropriation of distributable funds SEK	
Dividend	850 000 000
Retained in shareholder equity	3 359 062 057
Total	**4 209 062 057**

The Board's opinion on the proposed dividend

Dividends to shareholders will be - provided that the Annual General Meeting approves the proposal - 776 MSEK in accordance with approved dividend policy and a one-time dividend of 74 MSEK, in total 850 MSEK. The dividend will be paid in 2022.

The parent company's equity / assets ratio amounts to 31 percent and the group's equity / assets ratio amounts to 40 percent.

After a total dividend of 850 MSEK, the parent company's equity / assets ratio would amount to 26 percent and the group's equity / assets ratio to 38 percent. This equity / assets ratio is considered reassuring. The company's liquidity is judged to be maintained at an equally satisfactory level. The Board's opinion is that the proposed dividend does not prevent the company from fulfilling its obligations in the short and long term, nor does it prevent the company from fulfilling the required investments. The proposed dividend can thus be defended with regard to what is stated in the Companies Act (ABL) Chapter 17, Section 3, Paragraphs 2–3 (the precautionary rule).

Consolidated multi-year overview

MSEK	2021	2020	2019[1)]	2018	2017
Net sales	7 294	6 180	6 864	7 003	6 639
EBITDA	**2 919**	**2 811**	**2 835**	**2 800**	**3 043**
Operating profit	**1 409**	**1 316**	**783**	**1 323**	**1 637**
EBIT	**1 424**	**1 302**	**737**	**1 381**	**1 702**
Net financial items	-170	-190	-190	-168	-159
Profit before tax	**1 254**	**1 111**	**547**	**1 213**	**1 543**
Tax [2)]	-284	-234	-114	-48	-340
Profit after tax	**970**	**878**	**433**	**1 164**	**1 203**
Total assets	29 784	29 479	29 740	29 673	28 618
Total equity	12 037	11 646	11 762	12 355	11 969
Interest-bearing liabilities	12 476	12 363	12 595	11 779	11 648
Net debt	12 475	12 352	12 593	11 627	11 500
Capital employed	24 513	24 009	24 357	24 134	23 617
Working capital	1 300	1 366	1 626	1 298	1 361
Investments	1 411	1 734	1 550	1 817	1 614
Cash flow before financing activities	732	1 100	489	680	897
Return on equity %	8,2	7,5	3,6	9,6	10,4
Return on capital employed %	5,9	5,4	3,0	5,8	7,2
Equity ratio %	40	40	40	42	42
Debt/equity ratio	1,5	1,5	1,5	1,4	1,4
Net debt/EBITDA (LTM)	4,3	4,4	4,4	4,2	3,8

[1)] The results after depreciation was effected by a write-down of -582 MSEK due to the decided decomissioning KVV6 in Värtan.

[2)] Income tax contains a non-recurring effect of 216 MSEK in 2018 attributable to the revaluation of deferred taxes due to changes in future tax rates.

Figures in the year-end report are usually reported in MSEK rounded up or down. This means that when summing up, rounding differences can occur with SEK +/- 1 million. In cases where an underlying number is rounded off to 0 MSEK, this is written as 0. As there is no number to report, the cell is left blank.

Stockholm Exergi uses Alternative Performance Measures (APM). The key figures presented are not in accordance with IFRS but are considered to make it easier for stakeholders to analyse results and financial position. Calculations of the alternative key figures can be found on page 48.

Consolidated income statement

MSEK	2021	2020
Sales	7 294	6 180
Activated work for own account	40	39
Other income	87	214
Materials and consumables	-2 722	-1 808
Other operating expenses	-1 213	-1 109
Employee benefits	-581	-691
EBITDA	**2 919**	**2 811**
Depriciation and amortisation of tangible and intangible fixed assets	-1 495	-1 509
Operating profit	**1 409**	**1 316**
Changes in valuation of financial contracts		-24
Disposal of assets	14	10
EBIT	**1 424**	**1 302**
Financial income	1	1
Financial expenses	-171	-191
Profit before tax	**1 254**	**1 111**
Income tax	-284	-234
Profit of the year	**970**	**878**
Attributable to:		
Owners of the parent	968	877
Non-controlling interests	2	1
Profit for the year	**970**	**878**

Consolidated statement of comprehensive income

MSEK	2021	2020
Profit for the year	**970**	**878**
Other comprehensive income:		
Items that will not be reclassified to profit or loss in subsequent periods:		
Revaluation of the pension obligations	148	-67
Deferred taxes	-31	14
Items that may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges		
Fair value gains/losses	196	-67
Transfers to the income statement	-19	-51
Transfers to inventory/fixed assets	16	4
Deferred taxes	-40	24
Other comprehensive income/expenses for the period, net of deferred taxes	**271**	**-144**
Total comprehensive income for the year	**1 241**	**734**
Total comprehensive income attributable to:		
Parent company shareholders	1 239	733
Non-controlling interests	2	1
Total comprehensive income for the year	**1 241**	**734**

Consolidated balance sheet

MSEK	31 dec 2021	31 dec 2020
ASSETS		
Non-current assets		
Intangible fixed assets	183	93
Tangible fixed assets	26 254	26 624
Plan assets and other long-term receivables	3	3
Derivative financial instruments	74	6
Total non-current assets	**26 515**	**26 725**
Current assets		
Materials and consumables	724	1 019
Derivative financial instruments	87	36
Trade receivables	1 640	1 293
Other receivables	816	396
Cash and cash equivalents	1	11
Total current assets	**3 269**	**2 754**
Total assets	**29 784**	**29 479**
EQUITY		
Equity attributable to the owners of the parent		
Share capital	2	2
Reserve fund	45	-611
Retained earnings	11 982	12 249
Total	**12 029**	**11 640**
Non-controlling interests	8	6
Total equity	**12 037**	**11 646**
LIABILITIES		
Non-current liabilities		
Interest-bearing liabilities	9 680	10 631
Derivative financial instruments	20	78
Deferred tax liabilities	3 201	3 027
Other provisions	49	54
Pension obligations	37	869
Other long-term liabilities		0
Total non-current liabilities	**12 987**	**14 660**
Current liabilities		
Interest-bearing liabilities	2 796	1 732
Derivative financial instruments	19	37
Trade payables	814	568
Other payables	1 114	819
Tax liabilities	10	11
Other provisions	6	6
Total current liabilities	**4 760**	**3 173**
Total current liabilities	**17 747**	**17 833**
Total equity and liabilities	**29 784**	**29 479**

Consolidated report of changes in total equity

MSEK	Share capital	Retained earnings	Reservations		Equity attributable to the owner of the parent	Non-controlling interests	Total equity
		Retained earnings and profit	Cash flow hedges	Pension obligations			
Opening balance jan 1, 2020	**2**	**12 222**	**35**	**-502**	**11 757**	**5**	**11 762**
Profit for the year		877			877	1	878
Other comprehensive income			-91	-53	-144		-144
Total comprehensive income for the year		**877**	**-91**	**-53**	**733**	**1**	**734**
Transactions with shareholders							
Dividend		-850			-850		-850
Closing balance dec 31, 2020	**2**	**12 249**	**-56**	**-555**	**11 640**	**6**	**11 646**
Opening balance jan 1, 2021	**2**	**12 249**	**-56**	**-555**	**11 640**	**6**	**11 646**
Profit for the year		968			968	2	970
Other comprehensive income			153	118	271		271
Total comprehensive income for the year		**968**	**153**	**118**	**1 239**	**2**	**1 241**
Adjustments of pension obligations to retained earnings		-385		385			0
Transactions with shareholders							
Dividend		-850			-850		-850
Closing balance dec 31, 2021	**2**	**11 982**	**97**	**-52**	**12 029**	**8**	**12 037**

Consolidated cash flow statement

MSEK	2021	2020
EBITDA	**2 919**	**2 811**
Adjustments for items not included in cash flow[1)]	-684	17
Received income	4	3
Paid interest	-177	-185
Paid tax	-180	-159
Cash flow from operating activities before changes in working capital	**1 882**	**2 486**
Changes in operating receivables	-476	372
Changes in operating liabilities	397	25
Cash flow from current operations	**1 804**	**2 883**
Cash flow from investment activities		
Paid investments	-1 369	-1 803
Divestment of fixed asstes	297	20
Cash flow from investment activities	**-1 072**	**-1 783**
Cash flow before financing activities	**732**	**1 100**
Cash flow from financing activities		
Proceeds from borrowings	1 598	1 995
Payment of loans	-1 690	-2 161
Change in overdraft facility	202	-75
Dividends paid	-850	-850
Cash flow from financing activities	**-741**	**-1 091**
Total increase (+)/decrease (-) in cash and cash equivalents	**-9**	**8**
Opening balance cash and cash equivalents	**11**	**2**
Closing balance cash and cash equivalents	**1**	**11**

1) Items that do not affect cash flow mainly refer to adjustments for unrealized gains and losses attributable to changes in value in the event of revaluation of financial assets / liabilities that secure future cash flows and changes in provisions.

Alternative performance measures

	2021	2020	2019	2018	2017
EBITDA					
EBIT [1]	1 424	1 302	737	1 381	1 702
Depreciations	1 495	1 509	2 098	1 419	1 342
EBITDA	**2 919**	**2 811**	**2 835**	**2 800**	**3 043**
Net debt					
Non-current interest-bearing liabilities	9 680	10 631	10 266	9 256	10 543
Current interest-bearing liabilities	2 796	1 732	2 329	2 523	1 105
Cash and cash equivalents	-1	-11	-2	-152	-149
Net debt	**12 475**	**12 352**	**12 593**	**11 627**	**11 500**
Capital employed					
Equity	12 037	11 646	11 762	12 355	11 969
Interest-bearing liabilities	12 476	12 363	12 595	11 779	11 648
Capital employed	**24 513**	**24 009**	**24 357**	**24 134**	**23 617**
Equity ratio					
Equity	12 037	11 646	11 762	12 355	11 969
Balance sheet total	29 784	29 479	29 740	29 673	28 618
Equity ratio %	**40**	**40**	**40**	**42**	**42**
Working capital					
Operating assets					
Materials and consumables	724	1 019	1 010	798	702
Derivative instruments (part not classified for hedge accounting)	0	0	25	75	23
Trade receivables	1 640	1 293	1 582	1 630	1 463
Other receivables	816	392	424	475	277
Total operating assets	**3 180**	**2 704**	**3 041**	**2 977**	**2 466**
Operating liabilities					
Other non-current liabilities	0	0	-61	-3	-8
Derivative instruments (part not classified for hedge accounting)	0	0	0	-1	2
Trade payables	-814	-568	-637	-1 033	-544
Other payables (reduced by accured interest expense)	-1 066	-770	-717	-643	-554
Total operating liabilities	**-1 880**	**-1 338**	**-1 415**	**-1 680**	**-1 105**
Working capital	**1 300**	**1 366**	**1 626**	**1 298**	**1 361**
Return on equity					
Equity OB	11 646	11 762	12 355	11 969	11 236
Equity CB	12 037	11 646	11 762	12 355	11 969
Average equity	**12 841**	**11 704**	**12 059**	**12 162**	**11 603**
Profit after tax	970	878	433	1 164	1 203
Return on equity %	**8,2**	**7,5**	**3,6**	**9,6**	**10,4**
Return on capital employed					
Capital employed OB [2]	24 009	24 357	24 735	23 617	23 349
Capital emploeyd CB	24 513	24 009	24 357	24 134	23 617
Average capital employed	**24 261**	**24 183**	**24 546**	**23 875**	**23 483**
EBITDA [1]	1 424	1 302	737	1 381	1 702
Interest income	1	1	1	1	1
Return on capital emplyed %	**5,9**	**5,4**	**3,0**	**5,8**	**7,2**
Debt/equity ratio					
Non-current liabilities	12 987	14 660	14 169	13 039	14 380
Current liabilities	4 760	3 173	3 809	4 279	2 269
Total liabilities	**17 747**	**17 833**	**17 978**	**17 317**	**16 649**
Equity	12 037	11 646	11 762	12 355	11 969
Debt/equity ratio %	**1,5**	**1,5**	**1,5**	**1,4**	**1,4**

[1] The results after depreciation was effected by a write-down of -582 MSEK due to the decided decomissioning of KVV 6 in Värtaverket.

[2] The opening balance in 2019 has been adjusted by SEK +601 million regarding a changed accounting principle for leasing in accordance with IFRS 16.

Sustainability metrics in summary

On the pages 52-55 we present a selection of sustainability metrics as presented in the Swedish Annual and Sustainability report with reference to the relevant GRI reporting standards.

GRI 302-1 Direct and indirect energy use

Energy supplied (GWh) to production plants per product	**Electricity**	**Heating**	**Heating**	**Total**
Residual waste	1 056	1 521	0	2 577
Solid biofuels	1 430	1 903	0	3 333
Bio oils	67	849	0	916
Fossil oils	35	158	0	193
Charcoal	0	0	0	0
Electricity	163	836	86	1 085
Heat energy from flue gas condensation	0	926	0	926
Heat energy from purified wastewater	0	680	0	680
Heat energy from seawater and lake water	0	512	0	512
Heat energy from district cooling return	0	95	0	95
Heat energy from Open District Heating and data halls	0	87	0	87
Free cooling	0	0	81	81
Production collaborations [1)]	0	787	0	787

[1)] Refers to deliveries to Stockholm Exergi's district heating network. The distribution between fuel consumption for heat and electricity is calculated on the basis of the allocation principle agreed by the Värmemarknads-komittén, (the Heating Market Committee).

Energy supplied (GWh) to production plants per renewable and non-renewable fuel	**Renewable (GWh)**	**Non-rene-wable (GWh)**	**Total (GWh)**
Residual waste	1 647	930	2 577
Solid biofuels	3 333	0	3 333
Bio oils	916	0	916
Fossil oils	0	193	193
Charcoal	0	0	0
Electricity	909	176	1 085
Heat energy from flue gas condensation	787	139	926
Heat energy from purified wastewater	680	0	680
Heat energy from seawater and lake water	512	0	512
Heat energy from district cooling return [1)]	95	0	95
Heat energy from Open District Heating and data halls	87	0	87
Free cooling [2)]	81	0	81
Production collaborations	573	214	787
Totalt	**9 620**	**1 652**	**11 272**

[1)] Of which 51GWh was produced by Open District Heating.
[2)] Of which 4GWh was produced by Open District Heating.

GRI 305-1, GRI 305-2 and GRI 305-3
Direct and indirect greenhouse gas emissions

Stockholm Exergi has prepared climate accounts for several years in accordance with the Greenhouse Gas Protocol methodology. Stockholm Exergi's own direct emissions correspond to Scope 1 of the protocol.

Local emissions of greenhouse gases are mainly caused by Stockholm Exergi's production of energy. Residual waste contains plastic and other fossil materials, and accounts for approximately 27 (35) per cent of added energy and accounts for approximately 84 (90) per cent of Stockholm Exergi's local climate-affecting emissions. The reduced proportion in 2021 was due to greater consumption of fossil oils in conjunction with plant stops and starts and a cold period at the end of the year.

Approximately 7 (7) per cent of Stockholm Exergi's total greenhouse gas emissions occur upstream when fuels are collected, possibly processed and transported to production facilities. The production of heating, electricity and cooling, including purchased electricity, accounts for 93 (93) per cent of total greenhouse gas emissions, of which just over 82 (81) per cent are Stockholm Exergi's own emissions, with the remainder originating from our collaboration partners. Remaining greenhouse gas emissions occur at distribution and end-use of gas, and business trips.

Carbon dioxide emissions are calculated according to respective plants' greenhouse gas emissions permits. For those plants where verification has not been carried out at the time of reporting, emissions are calculated on the basis of consumed fuel quantities and templates for emission factors, with the exception of coal where analyses are used.

Emissions by activity (kt CO2e) Distribution	2017	2018	2019	2020	2021	Share 2021 (%)
Scope 1	**848**	**913**	**705**	**382**	**447**	**71%**
Production[1)]	848	913	705	381	447	71%
CO_2 from coal combustion	438	461	274	1	0	0%
CO_2 from oil combustion	36	96	69	18	52	8%
CO_2 from the combustion of fossil fractions in waste and recycled fuels	321	304	326	342	374[2)]	60%
Other greenhouse gas emissions[3)]	53	52	36	20	21	3%
Business trips[4)]	0,33	0,28	0,20	0,18	0,16	0,03%
Scope 2	**85**	**67**	**51**	**63**	**72**	**11%**
Purchased electricity [5)]	363	362	265	373	396	
Reduction with purchase of origin-marked renewable[6)]	-278	-295	-214	-310	-324	
Scope 3	**100**	**120**	**112**	**103**	**109**	**18%**
Business trips[7)]	0,18	0,18	0,13	0,02	0,02	0%
Production from other district heating producers that is delivered by Stockholm Exergi[8)]	27	48	48	62	66	11%
Production and distribution of energy and vehicle fuels[9)]	72	72	64	41	43	7%
- of which fuel for business trips	0,07	0	0,05	0,07	0,06	0,01%
- of which fuel for energy production	72	72	64	41	43	7%
Total (before climate compensation)	**1 033**	**1 101**	**868**	**548**	**628**	
Climate compensation[10)]	-294	-351	-232	-62	-103	
Total (after climate compensation)	**739**	**750**	**636**	**486**	**525**	

[1)] Stockholm Exergi's own production, emissions of carbon dioxide, nitrous oxide, methane and refrigerants. Biogenic emissions amount to 2,142kt.

[2)] Based on preliminary calculations for carbon dioxide.

[3)] Refers to nitrous oxide, methane and refrigerants. From 2017, conversion to carbon dioxide equivalents is calculated in accordance with IPCC AR5.

[4)] Refers to vehicles used for work purposes.

[5)] Emissions from the production of purchased electricity, district heating or district cooling provided that all items are unspecified (residual mix). "Share of total" includes agreements for origin-marked electricity. When calculating emissions in Scope 2, the "Market-based method" is used. If the "Location-based method" had been applied, emissions in Scope 2 would have amounted to 75kt.

[6)] Reduction by Stockholm Exergi buying origin-marked electricity for district heating and district cooling production.

[7)] Refers to air travel for work purposes.

[8)] Emissions from actors other than Stockholm Exergi in production collaboration for district heating. This number includes emissions from plants and from extraction and distribution of fuels to these plants.

[9)] Refers to the transport of additives and ash as well as upstream emissions for purchased electricity in addition to the production and distribution of fuels.

[10)] Preliminary calculation prior to verification.

GRI 305-4 Emissions intensity

Emissions intensity (g CO_2-e/kWh)[1)]	2017	2018	2019	2020	2021
Emissions due to own production[2)]	102	105	85	63	61
Emissions per delivered energy[3)]	100	108	87	66	64
Emissions per delivered energy[4)]	72	74	64	58	53

[1)] Based on preliminary calculations for carbon dioxide.
[2)] Total emissions due to own production of electricity, heating and district cooling.
[3)] Total emissions under scope 1, 2 and 3 as above per total delivery of district heating, electricity and district cooling before climate compensation.
[4)] Total emissions under scope 1, 2 and 3 as above per total delivery of district heating, electricity and district cooling after climate compensation.

GRI 305-7 NO_X, SO_2 and other significant air pollutants

Emissions released into the air due to business activities	2017	2018	2019	2020	2021
Emissions of nitrogen oxides (tonnes)	**1 207**	**1 442**	**1 399**	**759**	**1 178**
- of which nitrogen oxides due to electricity and heat production	978	989	831	589	884
- of which nitrogen oxides due to transport to and from business activities	229	453	568	170	294
Emissions of sulphur dioxide (tonnes)	**280**	**545**	**538**	**139**	**339**
- of which sulphur oxides due to electricity and heat production	111	198	100	23	142
- of which sulphur oxides due to transport to and from business activities	169	347	438	116	197
Dust emissions (tonnes)	**28**	**47**	**56**	**21**	**35**
- of which dust emissions due to electricity and heat production	11	12	13	9	15
- of which dust emissions due to transport to and from business activities	17	35	44	12	20
Emissions of mercury (Hg) from electricity and heat production (kg)	**15**	**11**	**12**	**11**	**13**
Emissions of Cd from electricity and heat production (kg)	**2**	**1**	**2**	**2**	**2**
Emissions of dioxins from electricity and heat production (mg)	**79**	**83**	**96**	**205**	**117**

Accounting under the Taxonomy Regulation

From 2021, Stockholm Exergi is subject to the requirements of Article 8 of the EU Taxonomy Regulation EU 2020/852. For 2021, businesses are required to present the proportion of their economic activities that are subject to the Taxonomy Regulation.

	Total (MSEK)	Eligible	Non-eligible
Turnover	7 294	64%	36%
CAPEX	1 415	64%	36%
OPEX	554	55%	45%

Compliance with the Taxonomy Regulation

Stockholm Exergi began work on identifying those activities that are relevant to the business in terms of the economic activities described in the Taxonomy Regulation. This ensured that the company's operations corresponded with the descriptions of the activities defined in the Taxonomy Regulation. This process included discussions within Swedenergy.

Stockholm Exergi's operations include the following activities:

4.15 District heating/cooling distribution

4.16 Installation and operation of electrical heat pumps

4.20 Cogeneration of heat/cool and power from bioenergy

4.24 Production of heat/cool from bioenergy

Significant activities that are not subject to the taxonomy include energy production from waste fuels and fossil oils. Furthermore, the company's turnover, CAPEX and OPEX linked to the activities that are eligible and non-eligilbe to the Taxonomy Regulation have been compiled.

During this process, a number of decisions have been made and documented due to a lack of definitions or guidance linked to accounting included in the taxonomy.

Stockholm Exergi uses the term "plant" according to the Industrial Emission Directive (IED) as the taxonomy lacks a definition of plant. All our plants have been classed as either eligible or non-eligible in terms of the taxonomy based on the activities that we conduct. The district heating network and the district cooling network are considered as a single network irrespective of their physical interconnection.

Bio-boilers that use auxiliary fuel are classed as eligible if auxiliary fuel accounts for less than 1 per cent of their total fuel consumption.

Accounting principles

Turnover

Total turnover for heating and cooling have been divided into distribution and product by allocating a share of turnover to distribution based on distribution costs in relation to total direct costs, on fixed costs and depreciation for distribution and production. The remaining share of sales has been distributed based on monthly production of all production plants expressed as MWh per product, (heating, cooling and electricity), and classed as eligible or non-eligible turnover based on whether the respective plant is eligible or non-eligible. No account has been taken of production plants' or customers' access to networks or the fact that the product – electricity – has a price per volume that varies on an hourly basis. The report on total sales corresponds to net sales in the consolidated income statement on page 43.

CAPEX

The share of economic activities subject to the taxonomy refers to investment costs attributable to plants with eligible activities. All plants have either been classified as eligible or non-eligible For plants that are divided between eligible or non-eligible activities, an estimate of the cost distribution has been made based on an assessment of activities in consultation with those responsible. Investment costs that cannot be attributed to a production or distribution plant have been deemed non-eligible.

Investment cost refers to additions to tangible and intangible assets during the year before depreciation, revaluation, write-downs, and fair value changes. Additions are also included in usage rights.

OPEX

The proportion of activities subject to the taxonomy refers to maintenance costs attributable to production and distribution plants with eligilbe activities as well as shared research and development costs. All plants have been classified as eligible or non-eligible.

The definition of operating expenses in the taxonomy differs from other financial reporting. In this definition, it is only repair and maintenance costs as well as costs for research and development that are relevant for Stockholm Exergi's reporting in accordance with the Taxonomy Regulation.

For plants that are defined between eligible or non-eligible activities, an estimate of cost distribution has been made based on an assessment of activities in consultation with those responsible. Maintenance costs that cannot be attributed to a production or distribution plant have been assessed as non-eligible. All cost centres have been classed as either eligible or non-eligible. For cost centres that are divided between eligible and non-eligible activities, a breakdown of costs has been made on the basis of an estimate of cost distribution. The estimate has been made on the basis of an assessment of the business in consultation with those responsible and with a review of invoices at an underlying level. Costs related to depot operations have been allocated based on storage capacity.

Analysis

Stockholm Exergi's operations are largely subject to the taxonomy. During the coming year, an analysis will also be conducted into the extent to which the business is aligned with the requirements of the taxonomy.

At present, proposals are being discussed that energy production with fossil natural gas and nuclear power should be considered sustainable according to the taxonomy, while thermal final treatment of residual cases with energy recovery will apparently not be included. An environmentally sound final treatment of residual waste is a necessary community service and offers substantial opportunities through energy recovery. It would, for example, reduce the need to import fossil energy into the EU. Stockholm Exergi's strategy is to develop final treatment so that in the long run it can be used alongside CCS/CCU technology, which would minimise environmental impact and create either permanent negative emissions or increased material cycles.

Stockholm Exergi's goal is to become Europe's largest producer of negative emissions by 2026 through investment in bio-CCS while simultaneously continuing to reduce residual fossil fuel emissions primarily from waste treatment. In this way, Stockholm Exergi is contributing to the Swedish climate goal of achieving net zero by 2045 and subsequently negative emissions, and similarly the City of Stockholm's goal of a fossil-free and climate-positive Stockholm by 2040. Read more in other relevant sections of the Annual and Sustainability Report.

Management

Anders Egelrud

Born: 1965
Employed since: 2002
Title: CEO

Anders has extensive experience in the energy sector and has been responsible for building and developing businesses in a number of senior positions. He has been CEO of Stockholm Exergi since 2006 and has served as a board member in several industry organisations and companies.

Anna Leander

Born: 1976
Employed since: 2019
Title: HR and Sustainability Director

Anna joined Stockholm Exergi in January 2019 and has extensive HR experience, including several executive positions at international companies. In her previous roles, she was primarily responsible for sustainability, specialising in issues such as the working environment and social responsibility.

Jimmy Renström

Born: 1973
Employed since: 2020
Title: IT Director/CIO

Jimmy has been head of Stockholm Exergi's IT function since the autumn of 2018. A common thread in Jimmy's career has been leadership of change journeys with particular focus on data, digitalisation and information technology.

Andreas Söderkvist

Born: 1976
Employed since: 2001
Title: Distribution Director

Andreas joined the company in 2001. He has broad management experience in areas such as production, distribution and technology development. Since 2020, he has been responsible for Stockholm Exergi's distribution unit; he also represents the company on Swedenergy's heating and cooling distribution committee.

Carl Lidholm

Born: 1979
Employed since: 2021
Title: Sales Director

Carl has extensive experience in the energy sector and of B2B sales. He provides clear leadership with focus on the customer, digitalisation and change in the customer interface. The goal is to ensure that Stockholm Exergi provides Stockholmers with the very best in customer service.

Emma Rönnmark

Born: 1972
Employed since: 2020
Title: CFO

Emma joined Stockholm Exergi in the spring of 2020. She has extensive international experience as a CFO in the energy sector. Emma has also held senior positions in telecom, construction and industry. She has wide-ranging experience of driving transformation, standardisation, and digitalisation in global listed companies and private equity companies.

Per Ytterberg

Born: 1971
Employed since: 1996
Title: Business Development Director

Per has extensive experience at Stockholm Exergi where he has held several operational and strategic roles, including senior positions in project management, fuel supply and system development issues.

Per Ljung

Born: 1967
Employed since: 2020
Title: Production Director

Per joined Stockholm Exergi in August 2020. He has 24 years' experience in the production and district heating segments where he has held several senior positions. He has held positions in various parts of the value chain in roles where he has primarily focused on production and optimisation; customer focus and safety are two other areas that are close to Per's heart.

Thomas Gibson

Born: 1965
Employed since: 2017
Title: Communication Director

Thomas has a proven track record in the advertising industry where he has worked nationally and internationally in management roles at several of Sweden's leading advertising agencies.

Agneta Cohen

Born: 1958
Employed since: 2007
Title: Assistant to the CEO

Agneta has a background, mainly as a manager and CEO assistant at a number of different companies as well as project management in communication and events.

Shamsher Khan

Born: 1966
Employed since: 2009
Title: Energy Trading Director

Shamsher has a background as Head of Environmental Value Trading and Head of Forecasting and Pricing at Fortum.

Board of Directors

Stockholm Exergi is owned in equal parts by Ankhiale, (which consists of APG, Alecta, PGGM, Keva and Axa), and Stockholms Stadshus AB. The Board of Directors consists of eight members elected by the Annual General Meeting and two appointed employee representatives with deputies.

Alexandra Grimfors

Born: 1983
Elected: 2018
Title: Chairman

Alexandra (Moderate Party) has an MSc in engineering and extensive experience as a consultant specialising in management, governance and efficiency. Today, she works as head of a Swedish government agency. She has held several positions at the City of Stockholm, including as a member of the City Council and the City Development Committee.

Jonas Abrahamsson

Född: 1967
Elected: 2021
Title: Deputy Chairman

Jonas has an MBA from Lund University and has been president and CEO of Sweden's main airports operator Swedavia since 2017. Previously, he had worked in the energy sector for 25 years, including as CEO of E.ON. He has an extensive leadership background and experience of managing large infrastructure investments in Sweden and internationally.

Fredrik Adolfsson

Born: 1965
Elected: 2019
Title: Board member

Fredrik (Centre Party) has a Master's in Business Administration. His professional experience includes roles such as CEO and global sustainability manager for IKEA, deputy head of the Swedish Society for Nature Conservation, and regional development director of Sweden's Västra Götaland region. He has several political assignments as an elected representative of the City of Stockholm and the Stockholm Region. Fredrik currently works as a mentor and management consultant.

Lotta Brändström

Born: 1966
Elected: 2022
Title: Board member

Lotta has an MSc in engineering and has broad experience in the energy sector where she has worked at E.ON and most recently as CEO of Göteborg Energi AB, one of Sweden's largest municipally-owned companies. Today, Lotta works at Peab as Business Area Manager for Plant in the Nordic region and sits on the Peab Group Management team. Lotta also has an assignment on behalf of the board of Stena Recycling AB.

Petra Engman

Born: 1964
Elected: 2020
Title: Board member

Petra (Social Democratic Party) is a trained mathematician and has worked with IT issues for most of her professional life, in the private and public sectors. She has held several assignments in Region Stockholm, including as a member of the committee and the board of AB Storstockholms Lokaltrafik, (the region's public transport provider). Petra is currently working as a consultant in the defence sector.

Irina A. Frolova

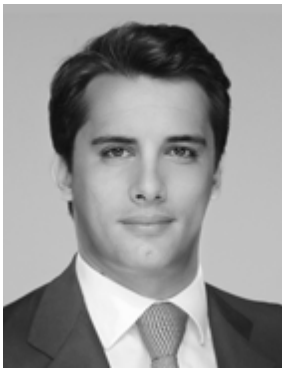
Born: 1971
Elected: 2021
Title: Board member

Irina is an INSEAD-certified board member and sits on the boards and audit committees of several companies. She focuses on strategy, sustainable business, governance and business economics. Irina is also a senior investment manager with more than 20 years' international experience in investing and financing energy and infrastructure companies.

Rikard Hjort- Warlenius

Born: 1970
Elected: 2019
Titel: Board member

Rikard (Left Party) is a senior lecturer in human ecology and a researcher in climate and energy issues. He is also a member of Stockholm City Council and vice chairman of its Transport Committee.



Carlo Maddalena

Born: 1987
Elected: 2021
Title: Board member

Carlo is a senior portfolio manager on APG's investment team, and specialises in the infrastructure sector. He has held several senior positions in portfolio companies and has also served on the boards of large companies in Europe that are active in energy, transport and telecommunications.

Elia Elia

Born: 1984
Elected: 2019
Title: Employee representative

Elia Elia has worked at Stockholm Exergi since 2018, and prior to that at Fortum since 2012. Elia studied physics at Stockholm University and today works as a distribution manager.

Mehrdad Keshtkar

Born: 1981
Elected: 2017
Title: Employee representative

Mehrdad Keshtkar joined the company in 2012 and currently works as a production manager. He has a degree in energy engineering and has also studied economics with a specialisation in financial accounting.

Jan Lindgren

Born: 1979
Elected: 2021
Title: Deputy employee representative

Jan Lindgren started as a consultant in 2010 and today works as a Construction Technical Documentation Manager. He has a degree in electrical engineering and has also worked as a production analyst.

Patrik Tapper

Born: 1988
Elected: 2020
Title: Deputy employee representative

Patrik Tapper has worked at Stockholm Exergi for six years and currently works as a storage technician at Högdalenverket. He has previously worked as a warehouse worker and ombudsman and has been active in associations for the past 15 years.

STOCKHOLM EXERGI IN BRIEF

Stockholm Exergi is Stockholm's energy company. Around the clock, all year round, we ensure that the growing Stockholm region has access to heating, cooling, electricity and waste management services. Today, more than 800,000 Stockholmers and more than 400 hospitals, data centres and other businesses are on the district heating network connected to our heating and cogeneration plants from Högdalen in the south to Brista in the north. By working together, we contribute to driving Stockholm towards the potential of becoming the world's first climate-positive capital.

OTHER FINANCIAL REPORTS AND EVENTS

Annual General Meeting: 21 April 2022
Interim Report, January-June 2022: 31 August 2022
Year-end Report 2022: 24 February 2023

This summary report is an English translation of the Swedish original. In the event of any difference between the two versions, the Swedish is to take precedence.

Stockholm Exergi Holding AB (publ)
Org. nr. 556040-6034
115 77 Stockholm
tel: 020-31 31 51
stockholmexergi.se

stockholm exergi