

Annual Report 2025



Skellefteå Kraft

Skellefteå Kraftaktiebolag
Corporate registration number: 556016-2561

This is Skellefteå Kraft

We endeavour to be Sweden's best energy company and consider ourselves the industry's challenger. We put the customer and their needs first, and are a driving force for a sustainable future by focusing on our own renewable energy production and investing in research and development. Our owner, Skellefteå Municipality, has tasked us with securing the region's energy supply while creating profitable growth that promotes regional development. This report summarises the results and position of the municipality's entire energy operations.*

Our operations

Skellefteå Kraft is one of Sweden's five largest electricity producers and the largest of the municipally-owned power companies. Our production is concentrated in northern Sweden, and we have our own production plants for wind power, hydropower, heat and bioenergy.

Energy production

We produce electricity from renewable energy sources. Most of the electricity comes from hydropower and wind power in northern Sweden. In 2025, we produced a total of 802 GWh of heat and 4,000 GWh of electricity.

Electrical grid

Our electrical grid is 12,000 km long and covers nine municipalities. It is one of Sweden's regional grids.

District heating

Our largest district heating network is in Skellefteå. We also have several smaller networks in the region. Our district heating is mainly produced with biofuel.

Fibre network

We are the largest fibre network owner in Skellefteå and the surrounding area. In terms of area and population, Skellefteå Municipality has one of the most well-developed broadband networks in Sweden.

Energiservice

Energiservice Skellefteå is a comprehensive maintenance service provider for companies in wind, water, heating, industry and electrical grids.

Charging infrastructure

Together with OKQ8, we are creating one of Sweden's largest public networks for super-fast charging.

Electricity trading

We put customers and their needs first. Energy supply security is our first priority, coupled with good service and fair contracts.



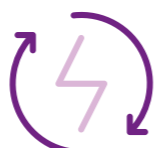
929
employees**



78
motivated
employee index



SEK 563
million
our profit



90%
proportion of renewable
energy production



98 %
of households and
companies have a
fibre optic broadband
connection



900
number of
charging points***

*Skellefteå Kraft is a fictitious group consisting of the municipal administration Skellefteå Kraftverk (parent company) and the subgroup Skellefteå Kraftaktiebolag. The purpose of this report is to show the results and position of the municipality's aggregate energy operations and is thus a summary of the results and position of the company sphere and Skellefteå Kraftverk. The subgroup Skellefteå Kraftaktiebolag has been reviewed by the company's auditor, and the municipal board Skellefteå Kraftverk has been reviewed by Skellefteå Municipality's auditor. However, the fictitious consolidated accounts have not been subject to review, as there is no requirement for such a review.

**The average number of employees in 2025 was 956.

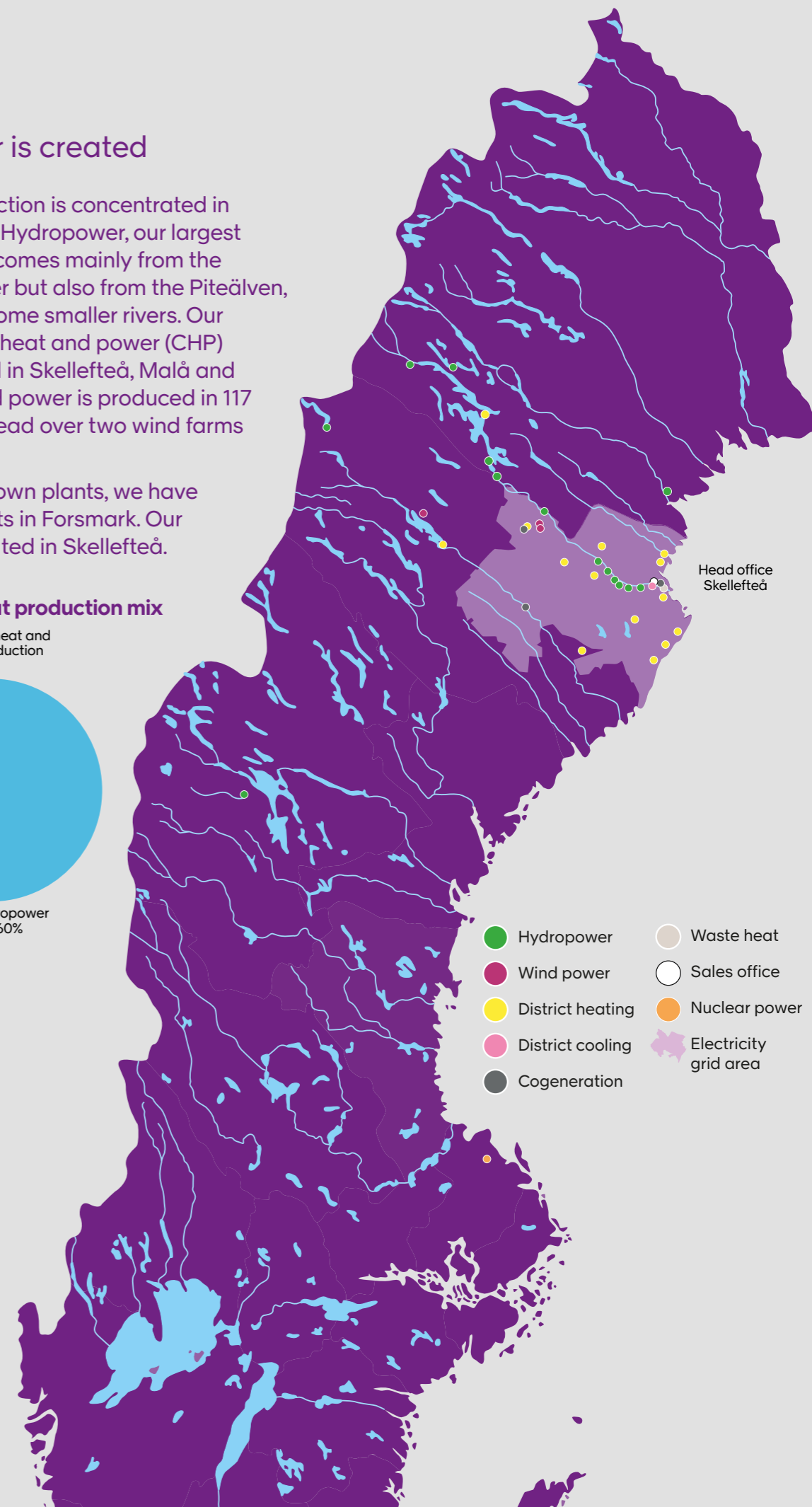
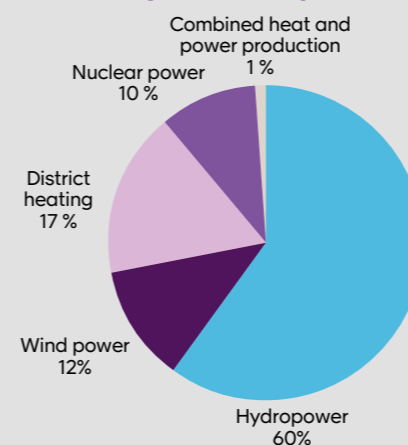
***Together with OKQ8, we are creating one of Sweden's largest public networks for super-fast charging. In 2025, we had a total of 900 charging points for passenger cars and heavy-duty vehicles.

Where power is created

Our energy production is concentrated in northern Sweden. Hydropower, our largest source of energy, comes mainly from the Skellefteälven river but also from the Piteälven, Indalsälven and some smaller rivers. Our largest combined heat and power (CHP) plants are located in Skellefteå, Malå and Lycksele. Our wind power is produced in 117 wind turbines, spread over two wind farms in Västerbotten.

In addition to our own plants, we have ownership interests in Forsmark. Our head office is located in Skellefteå.

Electricity and heat production mix



Directors' report

Operations

Skellefteå Kraft is a fictitious group consisting of the municipal administration Skellefteå Kraftverk (parent company) and the subgroup Skellefteå Kraftaktiebolag. The purpose of this report is to show the results and position of the municipality's aggregate energy operations. The report is thus a summary of the results and position of the company sphere and Skellefteå Kraftverk. The subgroup Skellefteå Kraftaktiebolag has been reviewed by the company's auditor, and the municipal board Skellefteå Kraftverk has been reviewed by Skellefteå Municipality's auditor. However, the fictitious consolidated accounts have not been subject to review, as there is no requirement for such a review.

Guidance for the preparation of annual and consolidated accounts for this fictitious group was taken from the Annual Accounts Act and the Swedish Accounting Standards Board's general advice 2012:1 Annual accounts and consolidated accounts (K3). For more detailed information, see the section on accounting and valuation principles.

The company sphere includes Skellefteå Kraftaktiebolag with its wholly owned subsidiaries Skellefteå Kraft Elnät AB, Skellefteå Kraft Service AB, Skellefteå Kraft Energiservice AB, Skellefteå Kraft Fibernät AB, Skellefteå Kraft Industry Locations AB, BlaikenVind AB, Skellefteå Kraft Fastighetsutveckling AB, IoT Open AB, and Skellefteå Kraft Denmark A/S.

The municipality's political parties nominate candidates for the boards of the municipally owned companies. Nominations take into account factors such as gender, age and geographical location. The municipal council appoints the board for each term of office. Skellefteå Kraft's current board consists of nine members (no alternates), three women and six men. The chair is Fredrik Lundberg.

Skellefteå Kraft is one of Sweden's five largest electricity producers and the largest of the municipally-owned power companies. With its own production plants for wind power, hydropower, heat and bioenergy, the company plays a key role in Sweden's energy transition. Its operations are deeply rooted in Västerbotten and encompass technical innovation, sales and energy delivery. Through extensive investments in renewable energy production and public charging points for electric vehicles, Skellefteå Kraft is actively contributing to the transition to a sustainable society. In addition to managing its own electrical grid, the company offers energy and maintenance services and is involved in property leasing and fibre optic networks, which further strengthens its contribution to long-term societal development.

The owner's directive clearly declares that Skellefteå Kraft shall create profitable growth that contributes to regional development. This means that the company has a responsibility to ensure a secure energy supply, build a robust infrastructure for energy, telecommunications, and data communications, and provide capital and business expertise that strengthen the region's competitiveness and long-term development.

Access to reliable and competitive energy are required for society to function. For Skellefteå Kraft, sustainable energy production means that production and delivery are carried out with a high level of responsibility and awareness of the impact that operations have on both the environment and society. Resource-efficient investments are a key component and support the goal of achieving over 90 percent renewable energy production. More information about the company's value creation and sustainability work can be found in the Group's sustainability report.

The annual and consolidated financial accounts are presented in millions of kronor (SEK), unless otherwise stated. The parent company is based in Skellefteå Municipality, Västerbotten County, and the reporting currency is Swedish kronor (SEK).

Significant events during the financial year

The electricity market

In 2025, the Swedish electricity market was characterised by persistently low spot prices in the northern parts of the country. The low prices in bidding zones SE1 and SE2 are mainly explained by a structural production surplus, combined with limited local demand and limited transmission capacity to zones with higher demand. This led to the lowest annual average prices since the pandemic year of 2020. In the two southern bidding zones, prices moved in the opposite direction, with a slight increase compared with the previous year. Overall, this widened the price differences between northern and southern Sweden.

The hydrological balance in the Nordic region, which includes hydropower resources in the form of reservoirs, snow and groundwater, showed a clear surplus in the first half of the year compared with the historical average. This helped to drive down electricity prices in northern Sweden, where hydropower is concentrated. However, the surplus gradually decreased during the year, and levels have fluctuated around more normal conditions in the latter part of the year. At the same time, wind power production has been lower than normal relative to installed capacity, particularly in SE1 and SE2. The nuclear power sector has experienced several operational problems during the year.

Oskarshamn 3, Sweden's largest reactor, was shut down in March for a planned short-term maintenance period of 19 days. The outage ultimately lasted for over 200 days. Overall, production from this power source has fallen by around 8 percent this year compared with 2024. At the same time, Swedish electricity consumption fell in 2025 compared with the previous year. The year began with an unusually mild winter, which dampened demand. Since then, weather conditions have remained relatively mild, albeit less deviating from normal.

The number of hours with a negative spot price has remained high but has decreased compared to 2024. The decrease is partly due to lower wind power

production and partly to the transition from 60-minute to 15-minute resolution on the day-ahead market, which came into effect on 30 September. The shorter time resolution has contributed to more efficient market alignment between production and consumption.

At the end of the year, Sweden's seventeenth international interconnector, Aurora Line, was put into operation. The new interconnector provides a further link between SE1 and Finland and, according to Svenska Kraftnät, increases trading capacity between the zones by over 40 percent.

Sweden's electricity production is shifting towards an ever-increasing proportion of renewable and non-dispatchable power sources, such as solar and wind power, while the modernisation of hydropower and nuclear power continues. However, low prices have slowed down the expansion of new electricity production and postponed reinvestments, particularly in wind and solar power. The introduction of the mFRR EAM (automated energy activation) ancillary service in spring 2025 has increased imbalance costs, forcing market participants to act more proactively and develop new strategies for the physical electricity market. The growing proportion of non-dispatchable production creates new challenges for the energy system and reinforces the need for a well-functioning balancing market and access to other solutions, such as energy storage, demand response and controllable production.

Our operations

The year began with a strong hydrological balance, mild weather, good wind conditions and low electricity prices in northern Sweden. The low price environment contributed to power production being lower than planned during the first quarter. Hydrological conditions remained favourable for the rest of the year, and the mild weather persisted. This led to an increase in hydropower production to avoid mandatory water spillage. Other power sources underproduced compared to the plan, but good water availability nonetheless resulted in cumulative total production exceeding the planned level.

The electricity market has undergone major changes during the year. The transition from 60-minute to 15-minute resolution in the day-ahead electricity trading market has required extensive adjustments to both system support and working methods. The market for electricity system ancillary services has been characterised by historically high prices, and the Group has been successful in this area, resulting in high revenues.

The last wind turbines at the Uljabuouda wind farm were dismantled during the summer. Over the three years that the dismantling has been underway, strong winds hampered the work on several occasions. Developments in the electricity market, combined with the expansion of renewable energy sources, have led to revised assessments and assumptions in impairment tests. This has resulted in impairment losses on the

Group's other wind farms and parts of the small-scale hydropower portfolio.

In 2025, district heating deliveries were lower than expected, mainly due to a significantly milder winter than normal. The Ecolink project, which involves the interconnection of two district heating networks, has been fully operational during the year. This has enabled efficient recovery of waste heat and increased redundancy in the district heating network. The recovery has also reduced the need for biofuel. During the autumn, preparatory work began for the Swedish Transport Administration's continued expansion of the Norrbotten Line along the coast of Västerbotten. The work mainly involves restructuring infrastructure to create conditions for the new railway line, primarily within Skellefteå Municipality.

In 2025, the expansion of public fast-charging facilities continued in collaboration with OKQ8. The charging network is now the largest nationwide charging network in Sweden. Skellefteå Kraft is also collaborating with OKQ8 and Volvo Trucks in an initiative to build charging infrastructure for heavy-duty vehicles. The initiative is being carried out with support from the Swedish Energy Agency and aims to establish one of Sweden's largest integrated charging networks for heavy-duty vehicles. The station expansion work is ongoing and is a key part of supporting the electrification of heavy transport.

In 2025, the feasibility study to establish a production facility for sustainable aviation fuel in Skellefteå continued. The work is being carried out in collaboration with SkyNRG, a global leader in aviation fuel.

In a rapidly changing world, customer needs and demand are evolving at an ever-increasing pace. During the year, Skellefteå Kraft continued to develop and package products and services to meet these changing needs. Particular focus has been placed on creating comprehensive solutions and digital customer interfaces that make it easier for customers to engage in and contribute to the energy transition.

Skellefteå Kraft continues to receive recognition for its efforts and won first place in the Swedish Brand Award this year. The "Effekt för Sverige" [Power for Sweden] campaign, conducted in partnership with OKQ8, has had a positive impact on consumers' perceptions of which market participants are driving the electrification of the transport sector. Furthermore, customers have once again demonstrated their trust by awarding high ratings in the Swedish Quality Index (SKI) annual customer satisfaction survey, in which the Group secured five out of six possible top spots.

Investments

Skellefteå Kraft has continued to maintain a high rate of investment throughout 2025. Total investments amounted to SEK 1.0 billion.

To ensure a high level of supply reliability and meet the rapidly growing demand for new connections in the Skellefteå area, reinvestments and reinforcements of the regional network are being carried out.

Skellefteå Kraft is also investing in increasing the capacity at the Rengård hydroelectric power plant. This initiative strengthens both regulation capacity and energy production. The project, which contributes to Sweden's electricity supply and a renewable energy system, was completed at the turn of the year 2025/2026.

The EcoLink investment was completed at the beginning of the year and aims to connect two district heating networks to enable a higher degree of waste heat recovery. The investment is partly funded by Klimatklivet. To facilitate the Norrbotten railway line, investments are also being made in infrastructure upgrades to create the conditions for the new railway line.

The expansion of charging infrastructure remains a priority. Together with OKQ8, Skellefteå Kraft is investing in a nationwide fast-charging network. In addition, Skellefteå Kraft is investing in two refuelling stations for renewable hydrogen in Västerbotten, with the aim of supporting the transition of heavy long-distance road transport. This project is supported by the Swedish Energy Agency and is being carried out in collaboration with OKQ8.

Shares and participations in other companies

The liquidation of the partly owned company Nordic Industry Locations AB, which ceased operations during the 2024 financial year, has now been completed.

The partly owned AC-Net Externservice AB changed its name to AC-Net AB in August 2025. Shareholder contributions were made to Charge Amps AB on three occasions during the year with the aim of strengthening the company's financial position. The contributions were made partly through cash and partly through the conversion of accrued interest and existing debt. In addition to this, a new loan was also granted to the company.

During the year, two partly owned companies, Th1ng AB and Northvolt AB, declared bankruptcy. Skellefteå Kraft has purchased parts of the bankruptcy estate of Th1ng AB in order to continue operating the company's IoT platform. The business is now being run by the wholly owned company IoT Open AB. The bankruptcy of Northvolt AB has not had any material adverse effect on Skellefteå Kraft's operations or financial position. During the financial year, Skellefteå Kraft, in collaboration with other market participants, has helped to create the conditions for a new industrial player to take over and resume production at the plant in Skellefteå.

Significant events after the end of the financial year

No significant events have occurred after the end of the financial year.

Multi-year overview

Group (SEK million)	2025	2024	2023	2022	2021
Net turnover	5,526	5,392	6,737	7,571	5,443
Operating profit/loss (EBIT)	563	501	1,610	2,002	1,059
Balance sheet total	17,012	16,664	16,933	16,301	13,703
Equity capital (EC)	7,445	7,701	7,956	7,838	6,511
Return on capital employed, %	4.2	4.0	13.8	18.7	10.6
Equity/assets ratio (%)	43.8	46.2	47.0	48.1	47.5
Average number of employees	956	914	791	751	737

For KPIs, see page 20.

Sustainability report

This statutory sustainability report has been prepared in accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act and summarises Skellefteå Kraft's work on corporate responsibility and sustainable development in 2025. More comprehensive information and KPIs can be found in the Group's voluntary sustainability report for 2025, prepared in accordance with the Global Reporting Initiative (GRI) standards with reference to the European Sustainability Reporting Standards (ESRS), which is published as a standalone PDF on [skekraft.se](https://www.skekraft.se).

Skellefteå Kraft's business model focuses on producing and supplying renewable energy to households and businesses, as well as creating business opportunities and partnerships that utilise Sweden's renewable resources. The company's overall operational control and risk management (see also the section Risk management for more information) are based on the owner's directives and reporting requirements, and is supported by goals, operational plans and governing KPIs. Operations are primarily managed with the support of management systems certified to ISO 14001 (environment), ISO 45001 (occupational health and safety) and ISO 9001 (quality).

Skellefteå Kraft's company-wide operating policy and codes of conduct, as well as policies for occupational health and safety, the environment, human resources, diversity and equal treatment, and procurement and remuneration, provide the business with a framework and guidance for environmental, ethical, and social responsibility and conduct in day-to-day operations. To ensure transparency and accountability, we have internal control systems, whistleblowing mechanisms and procedures for identifying risks and managing impacts, risks and opportunities.

We support and respect the UN Universal Declaration of Human Rights and the ethical principles of the UN Global Compact. We endorse the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct and the UN Guiding Principles on Business and Human Rights throughout the value chain.

Sustainable development efforts are carried out with a focus on the company's material sustainability issues. From financial year 2027, Skellefteå Kraft will

report sustainability-related information to its owner, Skellefteå Stadshus, which will then likely be subject to the new CSRD (Corporate Sustainability Reporting Directive) legislation. As part of the preparations, a double materiality analysis was carried out in 2024 in accordance with the ESRS 2 standard. As knowledge and practice have evolved, and following feedback from our joint auditors, Skellefteå Stadshus reviewed the threshold values in spring 2025. After the adjustment, Skellefteå Kraft's result was based on nine material topic standards.

Environmental responsibility

Skellefteå Kraft's environmental work encompasses all aspects of our operations, and a significant part of this is directly linked to our production facilities and electricity grid. Our approach is to integrate climate and environmental considerations into all processes and decisions. Our operations have the greatest impact, risks and opportunities within the following three environmental areas:

- Opportunities in the climate transition
- Greenhouse gas emissions throughout the value chain
- Protection of biodiversity

Opportunities in the climate transition

Skellefteå Kraft's core business revolves around making more renewable energy available to society and acting as a facilitator for electrification and societal change. We do this through renewable energy production and collaborative projects that optimise the use of Sweden's renewable resources.

Skellefteå Kraft is working towards the Group's goal of ensuring that more than 90 percent of its production mix is renewable. To achieve this goal, ongoing investments are being made in renewable energy production and distribution, as well as reinvestments and capacity expansion in hydropower. By 2025, the proportion of renewable energy production was 90 percent.

Operations are largely regulated by the environmental legislation linked to the establishment and operation of the plants. Grids and production plants are subject to permit or notification requirements with specified conditions. All the Group's operations hold valid permits and have been assessed in accordance with applicable environmental legislation. The National Plan for Modern Environmental Conditions for Hydropower (NAP) is currently in progress and aims to establish modern environmental conditions through the reassessment of our hydropower plants. The new permits will be time-limited. The aim of the NAP is to achieve the greatest possible benefit for the aquatic environment while preserving the societal benefits of hydropower. Skellefteå Kraft is following the current national plan for the reassessment of plants. An updated timetable for the work is available on our website, [skekraft.se](https://www.skekraft.se).

In 2025, Skellefteå Kraft inaugurated the modernised and expanded Rengård hydroelectric power plant, a unique project in which we both renovated the original plant and expanded it with a new turbine. The result is a doubling of the power plant's output, from 35 to 71 MW, and an important contribution to a more flexible and sustainable energy system in Sweden.

The aviation industry faces a major challenge: reducing its emissions while enabling more people to travel and experience the world. Part of that solution is SkyKraft, a production plant for sustainable aviation fuel in Skellefteå. SkyKraft is a joint venture between Skellefteå Kraft and SkyNRG. By combining our expertise in renewable energy and sustainable aviation fuel, we aim to pave the way for a fossil-free aviation industry. The initiative has the potential to contribute to the aviation industry's transition, increase Sweden's and the EU's chances of meeting climate targets, and strengthen the country's competitiveness in green industry. A consultation with local residents was conducted in the spring of 2025. Construction of the plant could begin in 2027.

We are continuing the expansion of Sweden's largest network of charging stations in partnership with OKQ8 to promote the electrification of transport and contribute to meeting climate targets. By 2026, we will install at least 800 public fast chargers at around 300 OKQ8 stations. A further 300 chargers will be installed at 100 stations in Denmark. Installations are proceeding according to plan, and by December 2025 a total of 1,022 chargers had been installed in both countries. During the year, we also began installing fast chargers at shopping centres to make it easier for more people to choose electric vehicles.

Greenhouse gas emissions throughout the value chain

Our efforts to reduce the Group's climate impact are ongoing in both the short and long term. In the short term, we are working intensively to reduce the impact over which we have direct control. Here, we aim to eliminate fossil fuel emissions from our own operations, and we have clear, funded action plans to achieve this goal by 2030. Our operations that generate emissions are primarily our heating operations, where we use a fuel mix that contains fossil components. The use of peat as a fuel ceased in 2025, which has led to a significant reduction in our fossil emissions. Peat has been replaced by increased use of waste heat from electricity-intensive industries. We are continuing our efforts to phase out the oil we still use as a peak fuel.

Our own vehicle fleet, comprising just under 400 vehicles, consists of a mix of electric vehicles and vehicles with combustion engines; here too, we are working to electrify the fleet and phase out our fossil vehicle fuels.

The Group's greenhouse gas emissions from its own operations (Scope 1) come primarily from our combined heat and power production. In 2025, we emitted approximately 2,300 tonnes of carbon dioxide, which is a significant reduction compared with the previous year, when we ceased burning peat. The goal is to completely eliminate fossil fuel emissions from our own operations by 2030. However, the majority of the Group's emissions are indirect and are generated in the supply chains during the production of products and components required for our operations. We aim to reduce our Scope 3 emissions by 20% (compared to 2022) by 2030 and to achieve climate neutrality by 2040. We are currently engaged in dialogue with our suppliers and developing our procurement process to set the right requirements.

The scale of Scope 2 and 3 emissions is presented in our voluntary sustainability report under “Sustainability for us”.

Protection of biodiversity

Renewable energy production and distribution offer significant climate benefits but can also have a negative impact on the natural environment. The challenges mainly concern how power stations and dams affect the environment in and around watercourses, for example through changes in water levels and flows and the impact on the ability of aquatic organisms to migrate, but climate impact and soil sealing also have a negative effect. We are working to achieve the No Net Loss (NNL) 2030 target.

Our biodiversity efforts are based on action plans formulated for each business area: hydropower, wind power, electricity grids, peat and forests. The work is complex, and the process of surveying flora and fauna, identifying impacts and effects, and determining appropriate measures takes time. A key aspect involves building up knowledge, which remains limited in many areas. Together with the industry and experts, we have spent the last few years mapping natural values and how our operations affect surrounding ecosystems, as well as defining priority target areas and measures. Another key aspect is investigating how Skellefteå Kraft can promote species and benefit ecosystems locally.

We use what is known as the mitigation hierarchy as a working model for managing the impact of our operations. This means that measures to protect biodiversity follow the order of priority: Avoid, Minimise, Restore and Compensate for the negative impacts caused by our operations. In 2025, we continued our work to implement the model within our operations, for decision-making and the evaluation of measures taken.

Skellefteå Kraft's biodiversity work spans the following areas: pollinators, agricultural landscapes, forests, wetlands and watercourses.

In 2025, a cycle path between Bygdsiljum and Andersvattnet was completed, which helps to spread plant seeds over larger areas. At the Finnfors hydroelectric power station, the meadow areas have been expanded following the discovery of the red-listed lanceleaf moonwort (*Botrychium lanceolatum*), and there are now a total of five red-listed species in the area. Work to combat invasive species continued, with promising results in the control of large-leaved lupine (*Lupinus polyphyllus*), while new procedures are needed to prevent invasive species from spreading via soil in projects.

In the agricultural landscape, measures to support pollinators have continued to be developed, including by expanding grazing areas at the Finnfors hydroelectric power station, where sheep are replacing mowing, which benefits biodiversity. Surveys have shown that the last pair of Eurasian eagle-owls in Skellefteå was missing during the year, suggesting that the species may have disappeared locally. To reintroduce the eagle-owl, a breeding enclosure has been built at Lycksele Zoo and a research collaboration has been launched to study the species' genetics and movement patterns as part of a long-term plan to release young birds into the wild.

Nature conservation initiatives have also been implemented within forestry. Skellefteå Kraft is setting aside around 400 hectares of forest along the Skellefte River for green infrastructure and increasing the amount of dead wood in the power line corridors. Furthermore, nesting boxes are being installed at hydroelectric power stations and in the wind farm at Blaiken, and a test area shows that the need for nesting sites is high, as all the boxes were used for breeding. Near the Selsfors hydroelectric power station, deciduous woodland has been restored to benefit woodpeckers, and as part of the EcoLink project, large dead deciduous trees have been reused to create habitats for wood-dwelling species. Work on creating wetlands has continued as part of the restoration of peat extraction sites, where surveys at Norrheden show that rare wetland birds are quickly establishing themselves.

Efforts to restore watercourses have intensified following the resumption of the national review of hydropower after a two-year hiatus.

In the Rickleån River, several concrete measures are being planned and implemented to meet modern environmental requirements, including the removal of small installations, the restoration of spawning grounds and habitat measures. A collaboration between fisheries conservation associations and energy companies has been launched to reintroduce crayfish into the Skellefte River after the species disappeared due to crayfish plague.

Skellefteå Kraft is working continuously to minimise ground damage by measures such as harvesting timber during the frost season and maintaining certified sustainable forestry. During the year, we have also worked on developing risk assessment within the procurement process to understand which requirements are most important to focus on in our procurement activities to identify and reduce our impact on biodiversity throughout the value chain.

Social responsibility

Our operations have the greatest impact, risks and opportunities within the following social areas:

- Our own employees
- Workers in the value chain
- Communities we impact
- Consumers and end users
- Corporate social responsibility

Our own employees

Skellefteå Kraft strives to create a working environment where everyone can thrive and avoid ill health, injuries and sickness. In 2025, Skellefteå Kraft had 929 permanent employees. Our annual employee satisfaction survey results in a Motivated Employee Index that provides an overall picture of how Skellefteå Kraft's working conditions are perceived. The result of the Motivated Employee Index (78 out of 100) shows that we rank high at the group level compared with other companies in the country.

Skellefteå Kraft has a positive impact on the health and safety of its employees through the activities and initiatives we undertake to promote health, well-being, and work-life balance. However, high-risk work is an area where we recognise that we may have our

potentially greatest negative impact on our employees. Health and safety risks arise, for example, in high-voltage work, work at height and work involving hot steam. Stress is the biggest risk factor in office work. The Health and Safety Committee and Group Management monitor action plans and the progress of measures taken to address deviations and reduce risks. Together with Nyckeltalsinstitutet, we measure the Health Index, which assesses the organisation's health status based on nine KPIs related to health and safety work. In 2024 (latest available results), the index stood at 111, the same result as the year prior.

Skellefteå Kraft has both positive and negative impacts on gender equality and diversity among its employees. On a positive note, the company actively respects and values diversity, knowledge and experience, which contributes to a broader customer perspective, a better recruitment pool and increased capacity for innovation. On the downside, recruitment practices are affected by security clearance requirements and Swedish language abilities, and legislation limits the ability to hire certain individuals based on nationality. This can reduce diversity in the workplace. Like the energy sector as a whole, the company faces challenges in attracting more women and people from different ethnic backgrounds. The Gender Equality Index (Jämix) is used to measure gender equality efforts. The score for 2024 (latest available results) was 145 (141), which earned the rating “Excellent”.

Harnessing and continuously developing both the individual's and the company's collective expertise and innovative capacity is a key success factor for us. Skills development is encouraged, and the aim is to create an environment in which all employees have access to relevant and regular training and can develop their skills based on individual needs. We conduct skills analyses to gain a comprehensive overview of training and development needs within the Group. The training coordination group meets monthly to ensure training coverage. Staff skills development is monitored, among other things, during performance reviews and employee appraisals.

Workers in the value chain

Several actors in Skellefteå Kraft's upstream value chain are involved in activities in which good working conditions and equal rights cannot be guaranteed. Negative impacts may arise in particular during the extraction of raw materials and the transport of the metals and minerals required for the manufacture of the components used in the power plants and energy infrastructure that Skellefteå Kraft builds and maintains. This may involve health risks and risks of child labour and forced labour in mining operations, as well as cases where workers live in cramped conditions near the extraction site with inadequate access to basic necessities such as clean water. Negative impacts may also relate to substandard employment conditions in terms of job security, pay and working hours, as well as unequal working conditions and other forms of discrimination based on factors such as sex, age, ethnicity, religion, disability and sexual orientation.

Skellefteå Kraft's procurement needs can also have a positive impact on workers in the value chain by contributing to job creation and economic development. As a municipally owned company, we are subject to the Public Procurement Act (LOU), which sets requirements regarding working conditions, equal treatment and the rights of workers in the value chain during procurement. Negative and positive impacts primarily extend beyond Skellefteå Kraft's first tier of suppliers and are therefore outside our direct business relationships.

To ensure a systematic approach that guarantees due diligence in accordance with the OECD Guidelines for Responsible Business Conduct, a current status and gap analysis was carried out in 2025. The results have provided a basis for continued development and improvement measures, such as clarifying policies and procedures where necessary and introducing new working methods that ensure due diligence in all business relationships and throughout the value chain by 2028 at the latest.

Communities we impact

We play a vital role in ensuring sustainable community development in our owner municipality and in the surrounding municipalities in which we operate. Building on our existing assets and strengths, we establish partnerships for new solutions and value chains that complement what we already have and can do. In doing so, we can capitalise on local opportunities and, together with others, increase the value of existing and new businesses, while contributing to local and regional development.

Work on modernising and expanding the electricity grid in and around Skellefteå continues. We are investing heavily to meet future electricity grid needs as the city grows and to attract the establishment of electricity-intensive industries. This involves both expanding and upgrading the existing grid and laying new cables to support, for example, the establishment of new electricity-intensive industries.

In the Infraservice business area, we have consolidated our services with a physical connection to customers in each geographical area and strengthened local dialogue with the municipalities. In Skellefteå Municipality, closer cooperation has led to a better overall perspective and more coordinated processes for community planning and urban development, particularly with regard to comprehensive plans.

Planning is currently underway for Society Expo 2026, a global event that will highlight Skellefteå's societal transformation and give participants the opportunity to explore sustainable solutions to the challenges of the future. Skellefteå Kraft is participating in discussions on e-mobility, IoT solutions and the importance of hydropower in the energy system.

When constructing electricity grids or energy production plants, land development can have a negative impact on the local community. Such negative impact can come from changes to areas that previously had recreational value, noise, shadow flicker, visual disturbances or other changes that do not align with the landowner's interests. In many cases, our plants are also located in areas where reindeer herding takes place, which has a negative impact on

the Sami people's ability to carry out their activities. With the expansion of the city and the region, issues of land use and sustainable development are becoming even more prominent. Many different interests and benefits must be respected and balanced, while legislation and permit processes are complex and do not always provide clear answers. Skellefteå Kraft holds consultations and maintains ongoing dialogue with the communities and Sami villages operating near our plants in order to ensure consideration and mutual adaptation of our respective activities.

Several actors in Skellefteå Kraft's upstream value chain are involved in activities that make it difficult to guarantee the economic, social and cultural rights of the communities concerned. Wind turbine components, power lines, and batteries are examples of products whose value chain can have a negative impact on both the environment and people. Air, soil and water pollution can have adverse health effects and reduce access to drinking water during the extraction of certain minerals and metals required for renewable energy production and distribution. A positive impact of the Group's operations is the jobs and livelihoods it generates throughout the value chain, both upstream and downstream. Through a systematic approach that ensures due diligence in accordance with the OECD Guidelines for Responsible Business Conduct, we work to reduce the negative impact of our operations on society. Regionally, Skellefteå Kraft contributes to the development of academia, education, research and development through a range of initiatives that promote the public good.

Consumers and end users

Skellefteå Kraft provides households and industries with access to renewable electricity and charging infrastructure throughout Sweden, and distributes district heating and cooling within Skellefteå Municipality. The positive impact of our operations is vital for the needs and security of individual consumers, as well as for the green transition.

Our electricity supplies are critical to society. At the same time, changing weather conditions due to climate change, as well as expansion and increased demand for electricity in the region, present some new challenges. To reduce the risk of outages, we are working with a combination of burying electrical cables underground and replacing overhead lines from bare wire to insulated cables. For those parts of the electricity grid that still have overhead power lines, we use digital monitoring technology to locate and rectify faults more quickly. We are also taking steps to clear power line corridors of overhanging branches with the help of helicopters. The aim is for customers to experience fewer than 2.0 outages per customer per year on average. The result for 2025 was 1.73 outages per customer per year.

Our preventative work to minimise outages in the district heating network involves detecting leaks at an early stage. We do this by monitoring variations in pressure and temperature. For planned outages, we choose times of day when customers are least affected, and section off the district heating network so that as few customers as possible are affected. In the event of

disruptions to the district heating's base production, we have backup systems that can be started remotely from the control rooms or locally on site.

In 2025, we continued the expansion of Sweden's largest network of charging stations in partnership with OKQ8 to contribute to the electrification of transport. During the year, we also began installing fast chargers at shopping centres to make it easier for more people to choose electric vehicles.

Skellefteå Kraft also supplies large parts of Skellefteå Municipality with high-speed broadband, which helps meet society's growing demand for digitalisation and IT-based quality information. Data and digitalisation are also crucial to our own operations, and we rely on data to manage transactions, deliver services and provide customers with relevant information. The national target is for 98% of all households and businesses to have access to, or the option to connect to, broadband networks with a capacity of 1000 Mbps. Skellefteå has achieved this target and is one of the rural municipalities in Sweden with the highest proportion of connected households. The incidence of cyber attacks has increased in recent years, but has not affected network availability.

We offer simple, customer-focused contracts and pricing models, and actively work to provide good customer service. As we are a municipally owned enterprise, we are required to provide accessible communication and to safeguard openness and transparency. Skellefteå Kraft works continuously with customer satisfaction surveys and metrics to meet customers' needs for information and accessibility. During the year, work began on coordinating complaint handling within the company to enable more efficient and learning-oriented work.

Customer satisfaction is measured using the Swedish Quality Index (SKI). In this year's survey, Skellefteå Kraft retains first place in five out of six categories and thus continues to score well above the industry average.

Corporate social responsibility

As we build Sweden's best energy company, a strong and positive corporate culture is essential to our success. This culture provides us with a shared foundation to stand on and a direction to follow. Our Code of Conduct defines what we mean by good business ethics and sets out the framework for how we should act based on our values, policies and regulations.

A good corporate culture also helps to combat corruption and behaviour that undermines confidence in the company. We have several measures in place to ensure compliance with legislation and best practice, such as mandatory training, an anonymous whistleblowing channel and a cross-functional working group tasked with addressing corruption issues within the Group in an active, continuous and preventive manner.

Deficiencies in procurement procedures have a potentially negative impact as they can have relatively serious consequences for Skellefteå Kraft's suppliers, employees in the value chain and our Group. Governance documents, policies and procurement legislation regulate the procurement process based

on the amount and type of purchase. We are actively working to develop the procurement process and introduce systematic working methods that support the UN Guiding Principles on Business and Human Rights and the OECD Guidelines on Due Diligence, with the aim of preventing negative impacts on people and the environment within our value chain. During the year, a cross-functional working group was formed to work on improvements to various parts of the process. We strive for healthy competition in all our procurement, regardless of whether the purchase is subject to public procurement legislation or not. We are working towards the goal of having 100 percent of our purchases (excluding purchases during crises/major disruptions) go through the procurement system by 2030, thereby gaining control over the Group's total purchases at the item level and being able to set the right supplier requirements based on risk. The outcome for 2025 was 26 percent. Skellefteå Kraft's operations are directly affected by decisions made by politicians and authorities, as these can create financial opportunities or risks for the Group's business. We work continuously to monitor developments in the energy market and produce documentation to help authorities and politicians understand the challenges and propose solutions for the Swedish energy system. We do not track our political advocacy work, as the impact is indirect and occurs over time, and the outcome is influenced by complex decision-making processes.

Incidents and deviations

No major deviations were registered in 2025. For more detailed information, see the Skellefteå Kraft Group's sustainability report for 2025.

Future development

Skellefteå Kraft continues to be an enabler in the green transition, working to attract electricity-intensive businesses while also pursuing deals that make the Group less dependent on spot electricity prices. The Group is working to build long-term profitability and to strengthen both its brand and its employer brand. Our sustainability ambitions are high, with a focus on minimising environmental impact, promoting biodiversity and ensuring responsible stakeholder relations. The rapid transition in the market entails increased investments and a greater internal focus on working methods and leadership to keep pace with the rate of change characterising the world around us.

Risk management

Skellefteå Kraft's risk framework is based on a risk management policy established by the Board of Directors. In this policy, risk is defined as the impact of uncertainty on the organisation's objectives. These objectives may exist in different areas and at different levels. The Group works actively with risk management to maintain control over the risks that need to be managed in a conscious and controlled manner in order to achieve set objectives.

Risks and uncertainties

Significant risks, uncertainties and examples of risk management measures are summarised in this section. Financial risks are discussed in more detail towards the end of the section.

In 2024, Skellefteå Kraft carried out a double materiality analysis (DMA) in accordance with the EU Corporate Sustainability Reporting Directive (CSRD) and the application requirements of the EU Sustainability Reporting Standards (ESRS). The analysis includes an assessment of sustainability-related risks and opportunities that are financially material to Skellefteå Kraft. The process and results of the analysis form the basis for ongoing work to improve the management of sustainability-related risks and opportunities within the Group's strategy and governance processes. For further information on environmental, social, human rights and anti-corruption risks, please refer to the Group Sustainability Report.

Strategic risks

Slowdown in the pace of energy transition

A slowdown in the pace of the energy transition poses a financial risk for Skellefteå Kraft, as investments made in plants and infrastructure may fail to generate revenue as scheduled. This leads to lower revenue and reduced competitiveness. A slower pace of transition therefore affects both business opportunities and earning capacity in the longer term.

To mitigate this risk, we are actively engaged in political advocacy to ensure that climate change mitigation measures are implemented. We also create the right conditions by offering land, grid capacity and renewable energy to industries seeking to transition. In addition, we are implementing measures to improve profitability within our business areas in order to strengthen financial stability.

Adaptation to climate change

Extreme weather, temperature variations and changing precipitation patterns threaten to increase the costs of preventing damage to infrastructure, plants and material supplies. This affects Skellefteå Kraft's earning capacity. Climate adaptation measures are necessary to ensure long-term supply reliability, robust infrastructure, and to prevent damage.

During the year, Skellefteå Kraft compiled all climate risks into a comprehensive climate risk analysis. This is based on the risk and vulnerability analyses carried out for the Group's financial reporting in accordance with the EU taxonomy. The analysis provides an important basis for planning the pace and use of resources in future climate adaptation measures.

Resource use and circularity

Skellefteå Kraft relies on forest raw materials, such as wood chips and sawdust, for its district heating production. Increased competition and/or reduced availability of forest raw materials lead to higher costs. At the EU level, the Deforestation Regulation also comes into force from January 2026. This covers, among other things, wood fuel in the form of pellets, wood chips, shavings and sawdust. The directive introduces requirements intended to ensure that forest raw

materials are not produced on deforested or degraded land. This change may reduce the supply of forest raw materials and thereby drive up costs. Taken together, these factors create a financial risk for Skellefteå Kraft's heating business area.

Skellefteå Kraft is working to reduce risks in the heating business area by replacing biofuels with waste heat from electricity-intensive industries, through efficiency improvements, and by developing new business areas where waste heat is integrated into the value chain.

The Nature Restoration Act may entail increased costs for environmental adaptation measures linked to Skellefteå Kraft's hydroelectric power stations in Natura 2000 areas and thus constitutes a financial risk. Through our membership in Energiföretagen, we participate in a collaborative group and submit consultation responses on proposals regarding the management of costs that may arise as a result of the Act.

Political engagement and lobbying

Political developments, both nationally and locally, may affect Skellefteå Kraft's ability to conduct business operations. If political trends move in a direction that is unfavourable to operations, this could lead to lower revenues and thus pose a financial risk. In the longer term, the pace of transition, grid constraints, permitting processes, and the principle of technology neutrality also constitute business risks linked to long-term sustainable electricity supply.

Skellefteå Kraft closely monitors developments in the energy market and produces documentation to help authorities and politicians understand the current challenges and to propose solutions for the Swedish energy system. We are also members of several industry organisations that promote and represent the interests of their member organisations in relation to legislation and government authorities.

Risks related to attractive workplace objectives

Skills supply risks

Skellefteå Kraft operates in a region and industry with fierce competition for critical skills. However, the pressure on skills supply in the region eased slightly in the autumn due to large-scale redundancies and a slowdown in the pace of the green transition. Despite this, skills supply remains a key challenge for the Group's development and the achievement of several operational objectives. To maintain and increase its attractiveness, Skellefteå Kraft participated in the TV series "Högspänning". Thus far, this has yielded positive results across several key indicators linked to recruitment and brand appeal. A key challenge going forward is retaining existing employees while attracting new ones. In a rapidly growing organisation, there is an increased risk that induction will be negatively affected, which may hamper the effective integration of new employees. To meet these challenges, Skellefteå Kraft works continuously with introduction programs, clear career paths, attractive benefits and extensive opportunities for skills development. The annual employee satisfaction survey (which uses the Motivated

Employee Index as a prioritised KPI) is used as an important basis for identifying and implementing improvement measures. A number of initiatives have also been implemented to strengthen cooperation between academia, the business community and Skellefteå Kraft. These measures are important both for the region's growth and for ensuring that education and business operations develop in step with the wider world.

Organisational and social work environment risks

Major and rapid changes in the world around us and within our own operations could potentially lead to unhealthy workloads and negatively impact the work environment. These risks are managed through systematic work environment management that includes continuous improvement of management processes and working methods. This management work is combined with regular follow-up and action based on individual conditions and needs.

Physical work environment risks

Some of Skellefteå Kraft's operational activities carry a risk of accidents, necessitating a constant focus on safety and a high level of risk awareness in both large and small work operations. Skellefteå Kraft has a zero vision when it comes to workplace accidents and continuously monitors KPIs related to this. Electrical work must always be carried out in accordance with ESA, the industry's electrical safety instructions, and all work must be performed as specified in applicable health and safety regulations and internal procedures. The systematic improvement work includes both Skellefteå Kraft's own employees and subcontractors.

Skellefteå Kraft is certified according to the ISO 45001 occupational health and safety standard. The certification provides a framework, a common language and an established system for preventing injuries and ill health in the workplace.

Risks related to profitability and growth targets

Strategic, external and market risks

The energy transition continues to present both major opportunities and significant risks. In 2025, several industrial projects and wind power investments in Sweden have been slowed down or postponed, partly due to uncertainty surrounding financing, permit processes, and municipal vetoes. At the same time, China continues to invest in green energy, with record expansion of solar and wind power, as well as investments in hydrogen and carbon capture. In the USA, however, political support for the sector waned in 2025.

Skellefteå Kraft maintains strong market monitoring and engages in active external engagement, which provides a solid foundation for tracking, and to some extent influencing, developments. Despite this, the fierce competition poses significant risks related to choices and positioning.

The economy remained in a recovery phase during the autumn of 2025, but several indicators are still below their long-term trend. It may take until 2026 before the recession is completely over. Inflation, which had been

falling, has risen over the past year, partly as a result of trade tariffs. The Riksbank has continued to cut interest rates, which may dampen the economic recovery. The EU's intensified efforts to reduce dependence on China, particularly in strategic sectors such as energy and technology, are expected to have knock-on effects on the cost landscape locally as well. At the same time, geopolitical tensions remain a risk factor for a more strained economic situation. Skellefteå Kraft is affected by these changes. Low electricity prices, high fuel costs and write-downs have impacted earnings, and major investment projects remain vulnerable.

Regardless of the economic climate and geopolitical developments, the energy transition remains an overarching force for change, presenting both significant risks and opportunities. Externally, there are major market changes, new entrants and rapid technological developments. Internally, there are corresponding strategic challenges with high risks linked to major investment decisions and operational priorities.

The growing proportion of weather-dependent power in the energy system continues to contribute to large variations in the market price of electricity. In addition to the day-to-day risks in electricity trading, with increased demands for financial collateral and a more complex market, there is a need for new business strategies to reduce dependence on electricity prices. This includes the development of various ancillary services for the electricity market, long-term price hedging strategies, innovation initiatives and new customer offerings.

Political and regulatory risks

Unclear direction in national and European politics, combined with the global geopolitical situation, creates uncertainty that complicates investment decisions. When combined with weather-dependent energy sources and a broad energy transition, this contributes to continued uncertainty in both spot prices and expected electricity prices, with a wider potential range of outcomes and expected rising volatility in the spot market. The Group's profitability, and thus its opportunities for investment and development, is significantly affected by energy prices. Skellefteå Kraft manages this increased uncertainty through the ongoing improvement of analyses, strategies and the calculation of risk premiums. Sound risk control is integrated into the processes.

Meeting external requirements while complying with internal procedures is becoming increasingly challenging. To manage risks effectively, there must be a reliable and fit-for-purpose management system in place, coupled with well-functioning and comprehensive internal governance and control. The need for these measures is increasing not only as a result of new external requirements, but also as the organisation undergoes changes. Cross-functional working methods and processes are therefore continuously integrated into operations.

In addition to energy market regulation, regulatory requirements are increasing in other areas, such as safety, environment and sustainability. Changing policies, conflicting requirements, long processing times, assessments and restrictive permitting processes still

have the potential to slow down development to some extent. To deal with this, there is a need for ongoing skills development initiatives, good dialogue with the authorities and forward planning in projects that are dependent on investigations and permits.

Infrastructure and distribution risks

The uncertain pace of the green transition creates uncertainty regarding when and where new developments and increased power demand will arise within Skellefteå Kraft's grid area. This poses a risk that the necessary capacity and allocation in the upstream grid cannot be secured in a timely manner.

Demand patterns are changing rapidly and are not always synchronised with the connection processes to the transmission grid. This requires investments and reinvestments to be planned at the right pace and with the necessary precision to reduce the risk of capacity challenges and delays in the grid.

Within the fibre network, there is a risk that technical limitations in the hardware will affect the ability to achieve future business objectives. This risk can largely be managed internally by completing ongoing reinvestment programmes.

Security risks

In parallel with technological developments and geopolitical concerns, cyber threats and digital security risks are also on the rise. These can have potential consequences in the form of significant data loss, extortion situations and direct business disruptions. Continuous development of both technology and expertise is therefore crucial.

Physical security and protection against external threats have also remained a focus throughout the year. Organisations critical to society are at risk of being particularly vulnerable in various ways. Security is therefore an integral part of the organisation's processes and practices.

Technical risks

The risk of technical failure in production plants, resulting in unplanned costs and loss of production, requires continuous monitoring and preventive measures. The focus is therefore on outage planning, risk assessment and condition monitoring of existing facilities. Climate risk analyses and weatherproofing are also becoming increasingly important. To some extent, the financial consequences of damage can be limited through insurance cover, but preventative work always takes top priority.

Cybersecurity risks

Alongside technological developments and the deteriorating global situation, cyber threats are also on the rise. The Group's IT systems are both business-critical and essential for maintaining operations that are vital to society. Increased digitalisation has made operations more vulnerable to cybersecurity risks, and the use of cloud services, AI and integrations between different systems has led to increased exposure to cyber attacks.

The Cybersecurity Act requires us, as a significant operator, to conduct systematic cybersecurity work based on an all-risk perspective. Failure to comply may

lead to inadequate security and result in intervention by the supervisory authority. The potential consequences of a cyber attack are serious and may include loss of information, financial losses, prolonged business interruptions, extortion situations and sabotage of our production systems and plants. A successful attack could also have a negative impact on Skellefteå Kraft's brand. Identified cybersecurity risks are managed within the framework of the Group's security management, and through the development of working methods and processes related to cybersecurity. The risks associated with compliance with the Cybersecurity Act are managed through continuous analysis of its impact on operations.

Brand risks

In addition to day-to-day customer contact, the handling of major adverse events poses a significant risk to the brand. Risks linked to reputation, standing and brand are expected to increase in an era characterised by the rapid and multifaceted dissemination of information. Skellefteå Kraft has a very strong brand and is continuously working to preserve and develop its value. This includes, among other things, maintaining good crisis preparedness, being open and clear in external communications, building trusting relationships with our stakeholders, being active on social and new media, and being responsive and adaptable to changes in the world around us.

Financial risk management

The financial risks within the Skellefteå municipal group are governed by the Financial Policy and the Guidelines for Financial Operations. For Skellefteå Kraft, electricity trading is particularly exposed to specific financial risks, the management of which is crucial to the Group's financial performance. The company therefore conducts continuous monitoring and structured risk management. To limit the risks in electricity trading and hedge its own production, Skellefteå Kraft works systematically with financial and physical hedging through both exchange trading and bilateral agreements.

Interest rate and liquidity risk

The liquidity risk is reduced by Skellefteå Stadshus AB's internal bank guaranteeing Skellefteå Kraft's liquidity based on established demand forecasts.

As of 31 December 2025, Skellefteå Kraft AB Group's external borrowings amounted to SEK 6,676 million (5,863), with an average fixed interest period of 2.7 years (2.8). Of the loan stock, 4 percent (7) had variable interest rates.

The interest rate risk is managed by Skellefteå Stadshus AB's internal bank by spreading the interest due in the debt portfolio over time. Most of the fixed interest is distributed relatively evenly over a six-year period, where the market situation affects the current fixed interest. A benchmark is an average fixed rate duration of between 1.5 and 4 years.

96 percent of the loan stock has a fixed interest rate. With an interest rate change of +/- 1 percent, net financial items would be affected by +/- SEK 2.7 million (4.1) in the short term if no measures were taken. With a long-term change in interest rates, net financial items

would be affected by SEK +/- 67 million (59) with the same assumption.

Credit risk

Economic conditions and rapid changes in the external environment may result in an increased risk of customer losses. These risks are managed within the operational organisation and governed by credit management guidelines. Credit risks associated with bilateral electricity trading are treated as counterparty risks and are covered by power trading guidelines.

Counterparty risk

Counterparty risk refers to the risk that a counterparty will be unable to fulfil its obligations, such as payment or delivery in accordance with an agreement. The risk is managed through structured checks before agreements are signed or assignments commence. Transactions on regulated markets, such as Nasdaq, generally reduce counterparty risk in electricity trading. Further risk mitigation is achieved through short credit terms for customers and, where necessary, requirements for collateral such as bank guarantees. As the electricity market evolves, with more bilateral agreements with new counterparties becoming common, counterparty risk is expected to increase in electricity trading.

Price risk

Price risk primarily refers to the risk of unfavourable movements in electricity prices. However, changes in fuel prices, guarantees of origin and emission allowances may also directly or indirectly affect the Group's results. Electricity prices are influenced both by fundamental factors, such as economic conditions, precipitation, temperature and production disruptions, and by market dynamics, including market participants' expectations and political decisions at the national and the EU level. Volatility is high and future price levels are difficult to forecast. Through its production and sales activities, Skellefteå Kraft is continuously exposed to these price risks.

Price risk management is governed by internal guidelines that clarify roles, responsibilities and trading mandates. Through allocated optimisation mandates, production and sales volumes are hedged to reduce the impact of adverse price movements and stabilise earnings. The strategy involves the ongoing fine-tuning and development of price hedging models. Price hedging is primarily carried out via the futures market, mainly electricity futures on Nasdaq OMX, as well as through physical and financial long-term customer contracts. These contracts are designed to meet customer needs and manage risks in production and deliveries that extend beyond standardised contract periods.

The price hedging strategy is based on a step model where the majority of the volume is hedged for the next three years, with a gradual reduction towards the end of the period. At the end of each month, the objective is to have approximately 70 percent of the forecast production volume hedged. Value at Risk (VaR) is one of the methods used to measure and monitor electricity price risk.

Price area risk

Price area risk arises as a result of the electricity market being divided into different price areas with limited transmission capacity between them. Sweden currently has four bidding zones, which can give rise to significant price differences. The risk lies in the difference between the zone prices and the system price, which is set on Nord Pool without taking transmission constraints into account. Electricity futures are settled against the system price, while deliveries are made at the spot price of the zone in question.

To manage this risk, financial contracts known as EPADs (Electricity Price Area Differentials) are used on Nasdaq Commodities. The price area risk for production is managed within the framework of the price hedging strategy, where trading takes place up to three years ahead with the aim of having approximately 70 percent of the forecast production volume hedged by the end of each month. On the consumption side, volumes corresponding to fixed-price contracts sold in each area are hedged for the duration of the contract, up to a maximum of five years ahead.

Volume risk

Volume risk refers to the risk of deviations between forecast and actual delivered volume, with the greatest exposure being in the production portfolio. For hydropower, planning is based on average annual production, calculated using extensive historical weather data such as precipitation, snowmelt and temperature.

The risk arises when actual weather conditions deviate from the norm, which can lead to over- or underproduction. To reduce volume risks, continuous reconciliations are carried out between previous forecasts and current conditions. This is supplemented by monthly production reviews based on advanced monitoring and forecasting work. Wind power presents particular challenges, as uncertainty persists right up to the point of delivery due to the difficulty of accurately predicting wind conditions. For district heating volumes, risk is mitigated through improved consumption forecasts.

Volume risks also arise on the sales side, where deviations in customers' actual electricity consumption can incur costs. Effective risk management is based on continuous measurement and analysis of customers' usage patterns, combined with high forecast accuracy. In the event of extreme electricity prices, the costs of balancing power and system services increase, making deviations from forecasts particularly costly.

Profile risk

Profile risk arises when production or consumption deviates from forecasts on an hourly basis, even if the total volume over, for example, a 24-hour period is correct. Changing consumption patterns and new technology, which enable consumption to be shifted from expensive to cheap hours, increase the complexity of risk management. This makes it more difficult to optimise trading and balance, which requires advanced forecasting models and a high degree of flexibility in control.

Balancing cost risk

Under the Electricity Act, electricity suppliers are responsible for supplying the electricity system with as much electricity as their customers consume. Skellefteå Kraft also has balancing responsibility on behalf of other electricity suppliers. Inaccurate forecasts leading to imbalances between supplied and consumed electricity result in charges from Svenska Kraftnät. In times of high market volatility and high electricity prices, the costs of imbalances increase significantly, making forecast accuracy and rapid correction crucial to reducing risk.

Due to significant market changes and high imbalance prices, the risk of imbalance costs increased further in 2025, not least as a result of weather-dependent and non-controllable power production. Skellefteå Kraft has undertaken extensive efforts to improve the controllability of its plants and qualify them for participation in the balancing services markets. This strengthens the Swedish power system while creating opportunities to manage our own balances, optimise production for multiple markets and generate value from fixed assets even during periods of low spot prices in the electricity market.

Currency risk

Skellefteå Kraft's functional currency is the Swedish krona (SEK). Currency risk arises when trading and contracting for electricity or other goods and services in foreign currency, primarily the euro (EUR). To manage this risk, the aggregate EUR value of financial hedges and other EUR products is hedged via a bank, which reduces the Group's exposure to exchange rate fluctuations.

Consolidated Income Statement, SEK million

	NOT	2025	2024
OPERATING INCOME			
Net sales	2	5,526.3	5,391.5
Capitalised work on own account	41	160.6	165.8
Other operating income	3	63.8	19.2
		5,750.6	5,576.5
OPERATING EXPENSES			
Energy and production expenses	41	-2,711.7	-2,716.5
Other external expenses	4,5,41	-661.0	-747.7
Personnel expenses	6	-828.3	-796.2
Depreciation and impairment	7	-924.6	-742.5
Other operating expenses		-5.3	-2.3
Share of associated company profit	8	-56.6	-69.9
		-5,187.5	-5,075.1
OPERATING PROFIT		563.1	501.4
PROFIT FROM FINANCIAL ITEMS			
Profit from other securities and receivables that are fixed assets	9	-84.1	-85.4
Other interest and similar income items	10	17.7	26.1
Interest and similar income items	11	-185.4	-157.4
		-251.8	-216.7
PROFIT AFTER FINANCIAL ITEMS		311.3	284.7
Appropriations	12	-181.8	-140.5
Tax on profit for the year	13	-31.4	-26.2
PROFIT FOR THE YEAR		98.1	118.0

Consolidated Balance Sheet, SEK million

	NOT	2025-12-31	2024-12-31
ASSETS			
Non-current assets			
<i>Intangible fixed assets</i>			
Capitalised development costs	14	29,6	13,6
Concessions and similar rights	15	15,5	17,7
Acquired customer values	16	9,4	13,8
Goodwill	17	3,2	0,0
Construction in progress	18	19,6	14,4
		77,3	59,5
<i>Tangible fixed assets</i>			
Buildings	19	1 024,1	1 028,1
Land and other immovable property	20	2 028,9	2 043,2
Machinery and other technical facilities	21	8 512,3	7 713,6
Equipment, tools and installations	22	154,4	163,8
Construction in progress	23	1 488,7	2 265,8
		13 208,4	13 214,5
<i>Financial assets</i>			
Receivables from group companies	25	0,0	0,0
Shares in associated companies	26	47,2	80,8
Receivables from associated companies	27	116,8	116,8
Other securities held as non-current assets	28	186,4	196,4
Other non-current receivables	29	996,5	561,1
		1 346,9	955,1
TOTAL NON-CURRENT ASSETS		14 632,7	14 229,1
Current assets			
<i>Goods in stock etc</i>			
Raw materials and consumables		405,8	369,4
<i>Current receivables</i>			
Accounts receivable		448,7	341,7
Receivables from group companies		28,6	29,5
Receivables from associated companies		20,6	91,4
Other receivables		51,6	126,7
Prepaid expenses and accrued income	30	504,2	542,8
		1 053,6	1 132,1
Cash and bank deposits		920,2	933,7
TOTAL CURRENT ASSETS		2 379,6	2 435,2
TOTAL ASSETS		17 012,3	16 664,3

Consolidated Balance Sheet, SEK million

	NOT	2025-12-31	2024-12-31
EQUITY AND LIABILITIES			
Equity	31		
Share capital		204.0	204.0
Other equity including profit for the year		7,241.2	7,496.8
Total share capital attributable to the parent company's owners		7,445.2	7,700.8
TOTAL EQUITY		7,445.2	7,700.8
Provisions			
Provisions for pensions and similar obligations	33	11.0	12.5
Deferred tax liability	32	1,045.7	982.6
Other provisions	33	371.3	410.6
TOTAL PROVISIONS		1,428.0	1,405.7
Non-current liabilities			
Overdraft facilities with group companies	34	6,676.1	5,862.8
Other liabilities	35	364.6	491.7
TOTAL NON-CURRENT LIABILITIES		7,040.7	6,354.5
Current liabilities			
Advance payments from customers		33.2	34.3
Trade accounts payable		337.6	293.1
Liabilities to Group companies		194.5	182.4
Liabilities to associated companies		3.7	2.1
Current tax liability		0.1	9.3
Other liabilities		261.8	344.4
Accrued expenses and deferred income	36	267.4	337.7
TOTAL CURRENT LIABILITIES		1,098.3	1,203.3
TOTAL EQUITY AND LIABILITIES		17,012.3	16,664.3

Consolidated Cash Flow statement, SEK million

	NOT	2025	2024
CURRENT OPERATIONS			
	41		
Operating profit before financial items		563,1	501,4
Adjustment for depreciation		563,6	516,8
Adjustment for other items not included in cash flow, etc.		405,2	300,3
		1 531,9	1 318,5
Interest received		29,2	40,8
Interest paid		-186,7	-161,9
Income tax paid		-24,0	-287,2
		1 350,4	910,2
Cash flow from changes in working capital		-36,4	-84,7
Increase (-)/decrease in goods in stock etc.		-107,0	94,2
Increase(-)/decrease in operating receivables		-356,7	652,4
Increase/decrease(-) in provisions		44,5	-46,9
Increase/decrease(-) in operating liabilities		-255,6	-638,2
Cash flow from current operations		639,2	887,0
INVESTMENT ACTIVITIES			
Investments in intangible assets		-22,2	-21,2
Investments in property, plant and equipment		-941,5	-1 411,8
Proceeds from sale of property, plant and equipment		1,0	0,0
Acquisition of subsidiary		-5,0	0,0
Acquisition of associated companies		-5,0	-18,8
Divestment of associates		0,5	0,2
Disposal of associates		1,9	0,0
Investments in other financial assets		-4,5	-15,0
Cash flow from investment activities		-974,6	-1 466,6
FINANCING ACTIVITIES			
Change in overdraft facility with group companies		813,4	981,6
Group contributions given		-145,0	-180,0
Dividends paid		-231,8	-120,0
Contributions to other activities of the municipality		-114,7	-254,2
Cash flow from financing activities		321,9	427,4
Cash flow for the year		-13,5	-152,1
Cash and cash equivalents at start of year		933,7	1 085,8
CASH AND CASH EQUIVALENTS AT END OF YEAR		920,2	933,7

Multi-year Summary, SEK million

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
FROM INCOME STATEMENT, SEK MILLIONS										
Net sales	5,526.3	5,391.5	6,736.8	7,571.1	5,443.2	3,333.2	4,436.0	4,420.8	3,464.9	3,369.3
Expenses incl. other operating items	-4,038.6	-4,147.6	-4,669.7	-5,025.2	-3,911.9	-2,568.8	-3,526.3	-3,368.0	-2,582.3	-2,530.1
Depreciation	-924.6	-742.5	-457.0	-543.6	-472.4	-1,001.9	-407.4	-373.1	-545.4	-402.6
OPERATING PROFIT (EBIT)	563.1	501.4	1,610.1	2,002.3	1,058.9	-237.5	502.3	679.7	337.2	436.6
Financial income etc.	33.6	40.6	63.4	13.9	9.9	11.1	19.2	32.7	29.9	36.0
Financial expenses	-285.4	-257.3	-99.8	-43.3	-46.9	-45.6	-56.6	-61.9	-78.1	-87.6
PROFIT AFTER NET FINANCIAL ITEMS	311.3	284.7	1,573.7	1,972.9	1,021.9	-272.0	464.9	650.5	289.0	385.0
Group contributions	-181.8	-140.5	-186.0	-120.0	-	80.0	21.6	-6.5	-6.4	-
Taxes	-31.4	-26.2	-279.7	-234.3	-83.5	76.7	-61.3	-54.2	-42.8	-71.9
PROFIT FOR THE YEAR	98.1	118.0	1,108.0	1,618.6	938.4	-115.3	425.2	589.8	239.8	313.1
FROM THE BALANCE SHEET, SEK MILLIONS										
Intangible fixed assets	77.3	59.5	53.1	38.1	54.6	66.0	72.8	50.4	2.4	24.6
Tangible fixed assets	13,208.4	13,214.5	12,539.3	11,329.7	10,492.7	10,018.0	10,436.4	9,570.9	9,295.1	9,232.8
Financial assets	1,346.9	955.1	1,305.0	2,251.7	1,574.5	873.2	762.3	1,130.6	922.5	914.3
Current receivables and stocks	1,459.4	1,501.5	1,949.9	2,434.2	1,556.0	900.8	1,091.6	1,305.5	806.1	839.4
Cash/cash equivalents and investments	920.2	933.7	1,085.8	247.1	25.1	110.3	185.1	236.6	230.3	355.0
TOTAL ASSETS	17,012.3	16,664.3	16,933.1	16,300.8	13,702.9	11,968.3	12,548.2	12,294.0	11,256.4	11,366.1
Equity	7,445.2	7,700.8	7,956.0	7,837.5	6,510.6	5,834.6	6,202.3	6,057.8	5,720.5	5,662.6
Interest-bearing non-current liabilities and provisions	6,891.9	6,130.8	5,143.5	3,276.4	3,816.4	4,054.1	4,072.9	4,184.0	3,777.8	3,908.6
Non-interest-bearing non-current liabilities and provisions	1,576.9	1,629.4	1,680.8	2,248.4	1,361.4	1,369.0	1,410.1	1,183.4	1,072.3	1,016.1
Interest-bearing current liabilities	186.0	145.0	180.0	120.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-interest-bearing current liabilities	912.3	1,058.3	1,972.8	2,818.5	2,014.5	710.6	862.9	868.8	685.8	778.8
TOTAL EQUITY AND LIABILITIES	17,012.3	16,664.3	16,933.1	16,300.8	13,702.9	11,968.3	12,548.2	12,294.0	11,256.4	11,366.1
KEY FIGURES										
Return on equity (before tax), %	4.1	3.6	19.9	27.5	16.6	neg	7.6	11.0	5.1	6.9
Return on capital employed, %	4.2	4.0	13.7	18.7	10.6	neg	5.1	7.2	3.9	5.0
Return on total capital, %	3.5	3.2	10.1	13.4	8.3	neg	4.2	6.1	3.2	4.2
Operating margin, %	10.2	9.3	23.9	26.4	19.5	neg	11.3	15.4	9.7	13.0
Net margin, %	5.6	5.3	23.4	26.1	18.8	neg	10.5	14.7	8.3	11.4
Equity ratio, %	43.8	46.2	47.0	48.1	47.5	48.8	49.4	49.3	50.8	49.8
Self-financing rate, %	105.5	49.6	105.0	179.5	126.8	59.8	50.3	92.7	96.4	125.2
Interest coverage ratio, multiple	2.1	2.1	16.8	46.6	22.8	neg	9.2	11.5	4.7	5.4
Debt to equity ratio, multiple	1.0	0.8	0.7	0.4	0.6	0.7	0.7	0.7	0.7	0.7
Capital turnover rate, multiple	0.39	0.40	0.55	0.70	0.54	0.33	0.43	0.45	0.36	0.35
OTHER INFORMATION, SEK MILLIONS										
Capital employed	14,523.1	13,976.6	13,279.5	11,233.9	10,327.0	9,888.7	10,275.2	10,241.8	9,498.3	9,571.2
Net investment in plant	936.6	1,433.0	1,590.3	1,204.3	950.6	778.4	1,216.2	728.2	623.4	410.1
Net investment in shares	0.0	23.7	60.1	48.9	0.0	29.4	26.2	130.9	0.5	41.3
Contribution to other activities of the municipality	346.5	374.2	352.6	293.0	262.5	248.1	242.3	228.8	226.5	220.0





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