ENEXIS HOLDING N.V.

ANNUAL RESULTS 2023
ENEXIS HOLDING N.V.

7th March 2024

OVERVIEW

Corporate Profile

This is Enexis
Key figures
Enexis' strategy

Developments

Increased workload
Operating in a supportive regulatory environment
Regulatory improvements have a significant impact

Green Financing & ESG

Green Financing
EU-Taxonomy
Commitment to SDG's & strong ESG ratings

Strong Financials

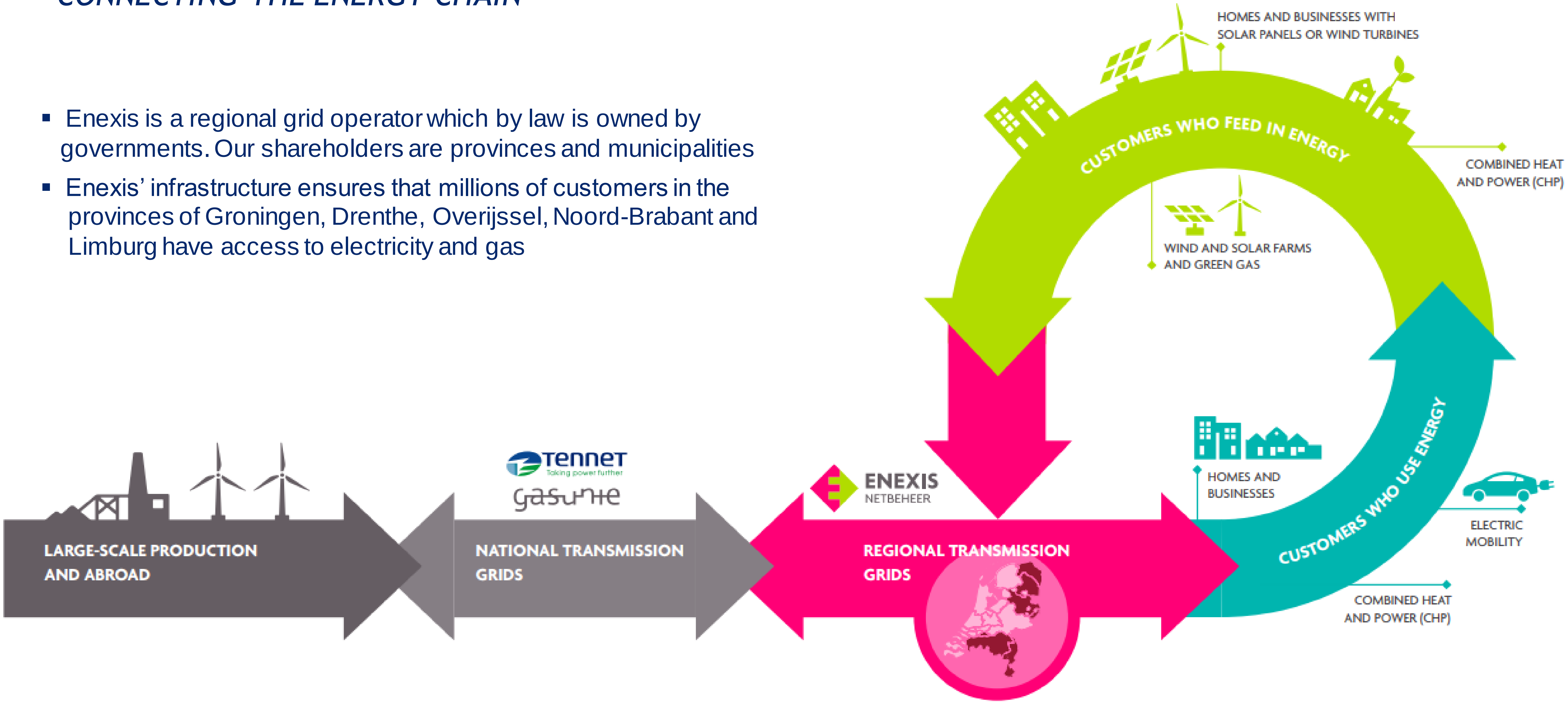
Financials
Growing investments
Regulated Asset Base
Prudent financial and energy price risk management policy
Outlook 2024

CORPORATE PROFILE

THIS IS ENEXIS

CONNECTING THE ENERGY CHAIN

- Enexis is a regional grid operator which by law is owned by governments. Our shareholders are provinces and municipalities
- Enexis' infrastructure ensures that millions of customers in the provinces of Groningen, Drenthe, Overijssel, Noord-Brabant and Limburg have access to electricity and gas



KEY FIGURES

PARAMETERS RELATED TO THE ENERGY TRANSITION

Key figures

Gas grid

2,285,000 connections

46,100 km | 4,244 Mm^3

Electricity grid

2,966,000 connections

146,250 km | 31 TWh

Outage time electricity[1]
In minutes
20.0 +42.9%

2023	**20.0**
2022	14.0

Outage time gas
In seconds
137 +25.7%

2023	**137**
2022	109

Work package
In millions of euros
1,214 +18.2%

2023	**1,214**
2022	1,027

Balance sheet total
In millions of euros
10,460 +1.1%

2023	**10,460**
2022	10,348

Installed renewable energy capacity
In megawatt
12,900 +21.7%

2023	**12,900**
2022	10,600

Number of connections feeding energy back into the grid
In numbers
1,078,675 +25.8%

2023	**1,078,675**
2022	857,159

Revenue
In millions of euros
2,014 +18.1%

2023	**2,014**
2022	1,705

Profit for the year
In millions of euros
72 -61.5%

2023	**72**
2022	187[1]

Workforce Enexis
In numbers
5,490 +10.2%

2023	**5,490**
2022	4,984

1 Concerns profit from activities. The result after tax in 2022 including the book profit from sale of Fudura to €1,300

2 The reliability of our electricity grid was 99.996%

ENEXIS' STRATEGY

WE REALIZE THE ENERGY TRANSITION IN CLOSE COOPERATION WITH OUR STAKEHOLDERS.
IN ORDER TO SUCCEED WE FOCUS ON OUR CORE ACTIVITIES

Strategic goals

- WE PROMOTE OPTIMAL ENERGY CHOICES FOR SOCIETY
- WE OFFER ACCESS TO ENERGY FOR EVERYONE AT ALL TIMES
- CUSTOMERS CAN COUNT ON US

Supportive goals

- WORKING SAFELY
- STRENGTHENING EACH OTHER
- SUSTAINABLE IMPACT
- REMAINING FINANCIALLY SOUND

KPI's (2024) for example:

- LTIF Enexis ≤ 1
  Contractors ≤ 2
- Realized gross grid capacity ≥ 2,000 MW
- Employee Net Promotor Score ≥ 30
- Work package ≥ € 1,450 mln
- Increase # FTE scarce technical personnel ≥ 200

DEVELOPMENTS

INCREASED WORKLOAD (1/4)

HIGHER GRID EXPENDITURES TO ENABLE ELECTRIFICATION BY HOUSEHOLDS AND INDUSTRIES

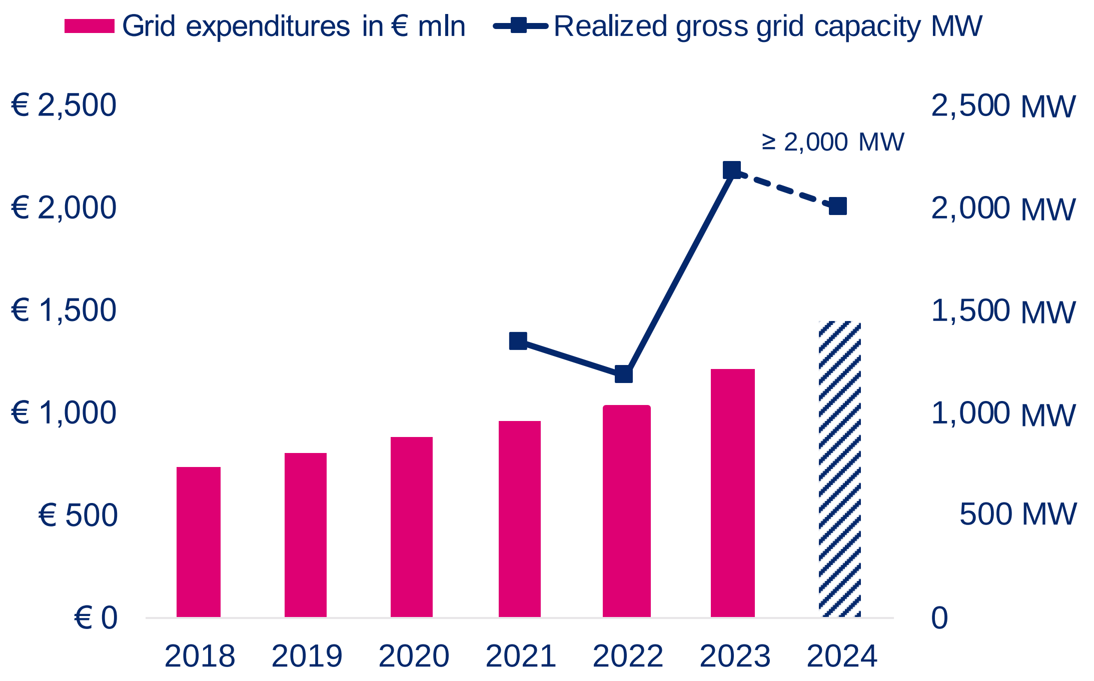
Work package grows further

- **2023:** Realized gross grid capacity of 2,180 MW.
  This is equivalent to approx. 600,000 homes with solar panels
- **2024:** KPI realized gross grid capacity ≥ 2,000 MW
- In the coming years Enexis will double its E-grid capacity what was built up over the past fifty years

Main drivers for expanding capacity E-grid

- The number of solar and wind projects is growing fast, and more households and companies invest in solar panels
- Growing electricity demand from households, industry and transport

Increased work package leads to higher grid capacity



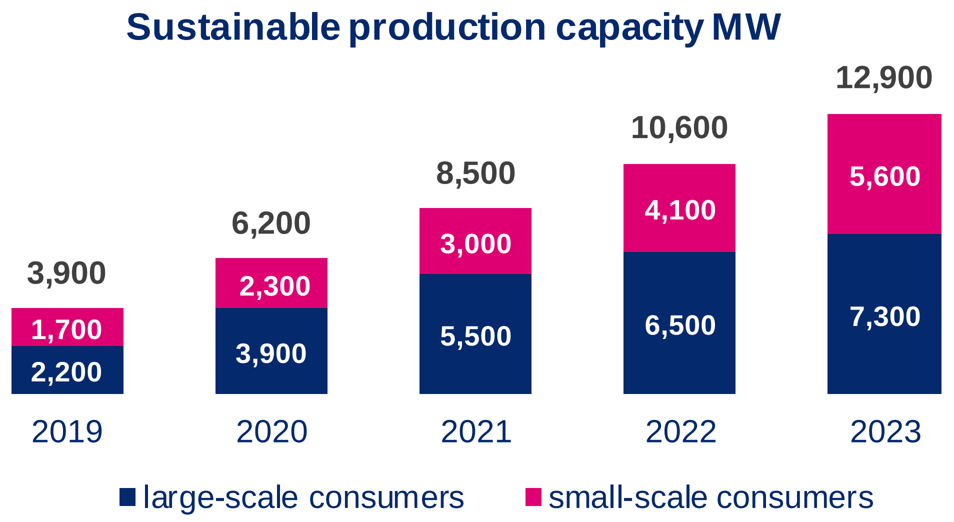
- *Work package = gross investments + operational work on E + G grids + activities related to smart meters based on standard tariffs*
- *Realized gross grid capacity, i.e. not netted with replaced capacity and removed capacity*

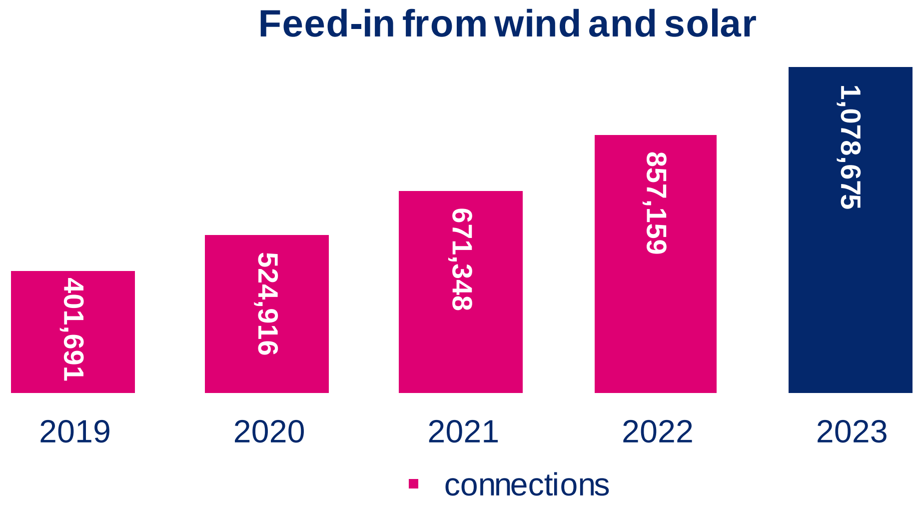
INCREASED WORKLOAD (2/4)

ABOUT 35% OF THE NATIONAL TARGET FOR LARGE-SCALE SUSTAINABLE ELECTRICITY PRODUCTION ON LAND HAS BEEN REALIZED IN ENEXIS REGION

The national target is 35 TWh by 2030. 26 TWh has been realized per year end 2023. Projects in Enexis region contributed with 12 TWh

- We support the national target by expanding our grid capacity
  - In 2023 the total sustainable capacity connected to Enexis' grid increased to **12,900 MW**, which equals approx. **15 TWh production p.a.**. Of this approx. 12 TWh is produced by large-scale sustainable electricity projects
- Accelerating efficiency, for example by standardizing procedures and **make use of** prefab constructions for voltage stations



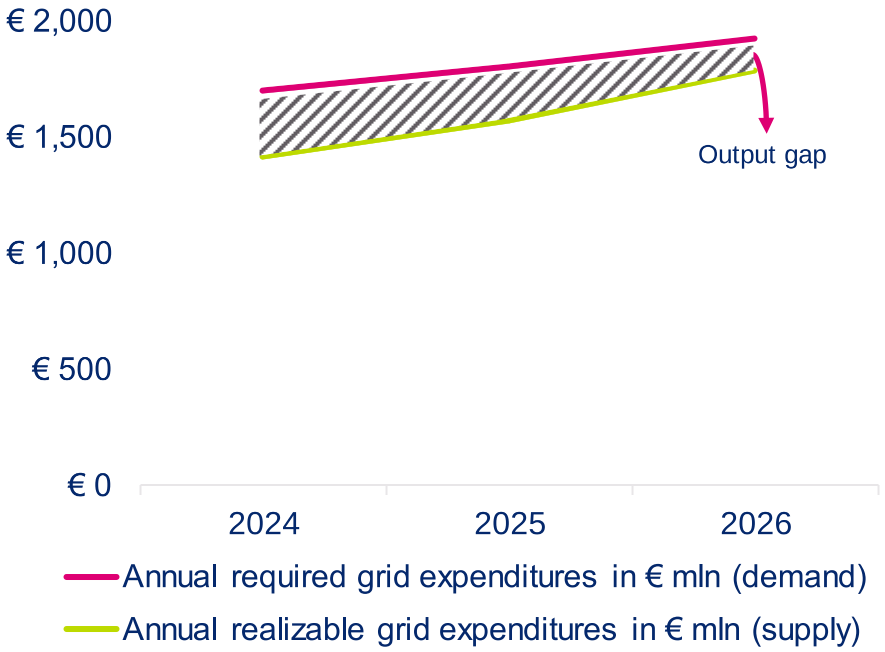


INCREASED WORKLOAD (3/4)

THE REQUIRED WORK PACKAGE TO MEET DEMAND EXCEEDS WHAT CAN BE REALIZED

The output gap is defined as the required work package that cannot be realized (in the graph left on an annual basis, in the table to the right on a cumulative basis). Despite higher investments it will take years to close the gap

Annual output gap



Source: Investment Plan 2024 Enexis Netbeheer, p. 66

Cumulative output gap	2025	2030	2035
2024 Investment plan	62%	27%	9%

Source: Investment Plan 2024 Enexis Netbeheer, p.67

Solutions that close gap or alleviate pressure on the grid capacity

- Continue with the rapid expansion of the grid capacity
- Standardize procedures, components and scale up outsourced work
- Ongoing digitalization of the grid
- Flex solutions, such as time bound contracts, that temporary provide costumers additional capacity
- Transparent reporting of available grid capacity and capacity expansion plans

INCREASED WORKLOAD (4/4)

OTHER STAKEHOLDERS ALSO WORK ON SOLUTIONS TO ADDRESS GRID CONGESTION AND CAPACITY SHORTAGE

A. The central government is introducing solutions to free up grid capacity during peak times

- Congestion management:
  - Large scale consumers determine unused contracted capacity that could be made available for congestion management on a voluntary basis
  - Mandatory participation is currently considered as an option if insufficient capacity is made available
  - Introduction of new contracts for example:
    - A flexible contract that limits grid capacity use during peak periods
    - A premium contract that gives full grid capacity service 24/7
- Temporary curtailment of heat pumps and charging stations by grid operators

B. TenneT suggested a new type of contract to the regulator ACM to free up capacity

- A time-bound contract that includes a guaranteed minimum number of hours of transport capacity

C. Provinces, municipalities and grid operators jointly look to shorten lead times for grid expansion

- For example, by issuing capacity permits for residential area’s instead of individual permits

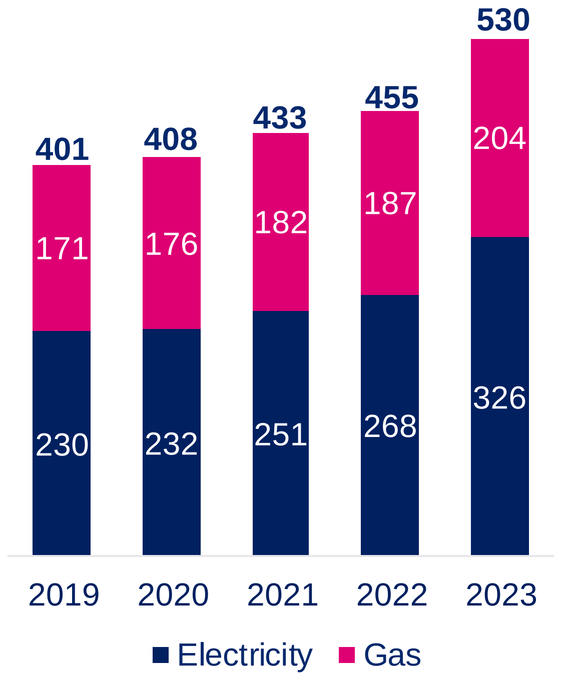
OPERATING IN A SUPPORTIVE REGULATORY ENVIRONMENT

HIGHER TARIFFS AFFECT THE HOUSEHOLD BILL BUT ALSO PROVIDE REVENUES NEEDED FOR INVESTMENTS

Regulatory improvements that became effective this regulation period:

- 100% nominal WACC for Gas and a 50% nominal WACC for Electricity
- Reimbursement of costs incurred for the expansion of the grid capacity to enable decentralised feed-in into the grid
- Accelerated depreciation of the Gas grid
- Accelerated compensation of grid losses (advances and subsequent calculation)
- Subsequent calculation of the interest rate component in the regulatory WACC and a 50-basis points floor applied to the risk-free rate (part of RoE)
- Favourable ruling on July 4th, 2023, by Trade and Industry Appeals Tribunal (CBb) will further support Enexis' credit metrics
    - To use a more recent reference for the efficient costs of the sector, i.e., 2021 instead of the 2018-2020 average, and
    - To recalculate the productivity change based on the period 2017-2021 instead of the period 2004-2020

Average household bill (annual grid costs in €)

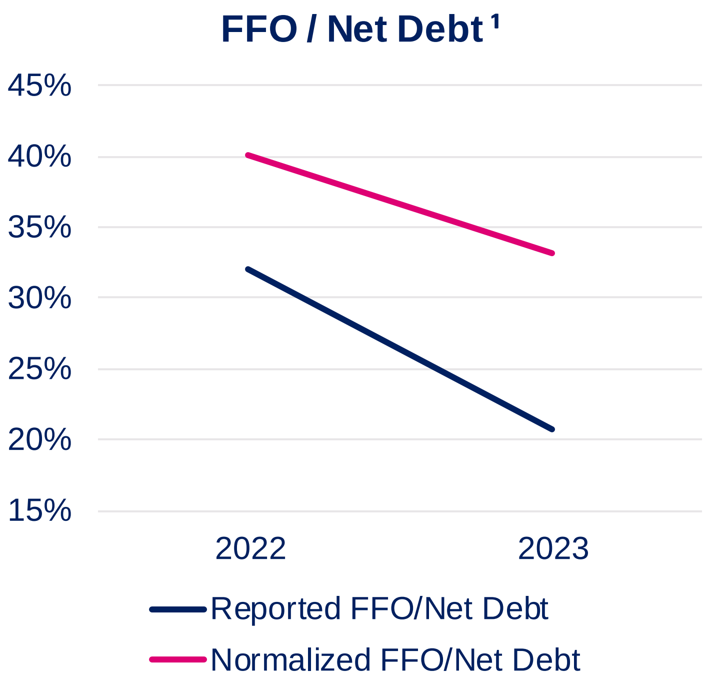


REGULATORY IMPROVEMENTS HAVE A SIGNIFICANT IMPACT

THE IMPROVEMENTS LEAD TO HIGHER TARIFFS, BUT WITH A DELAY OF AT LEAST TWO YEARS

Revenue adjustments are typically included in the tariffs with a delay of at least two years. The graph shows the FFO/Net Debt ratio as reported and normalized for delayed tariff adjustments for items with the largest impact:

- Subsequent calculation of grid losses
  - High power prices in 2021 and 2022 resulted in a steep rise of energy costs to cover grid losses. The regulator responded by applying subsequent calculation (on a T+2 basis) and giving advances for 2022, 2023 and 2024.
- Subsequent calculation of the WACC
  - The assumed risk-free rate in the WACC was -0,01%, and is based on daily average 10-year treasury yields, 50% NL and 50% GE, in 2018-2020
  - Subsequent calculation will first be applied to the year 2022 and will be part of the tariffs with a 2-year delay
- Adjustments following the ruling of the CBb (July 2023)
  - The regulator is still assessing the impact on tariffs, but an initial estimate is that the ruling will result in € 700 mln additional revenue for the current regulatory period (2022-2026). This will likely be included in the tariffs of 2024-2026



¹ Shareholder loan is treated as 50% debt

GREEN FINANCING & ESG

GREEN FINANCING

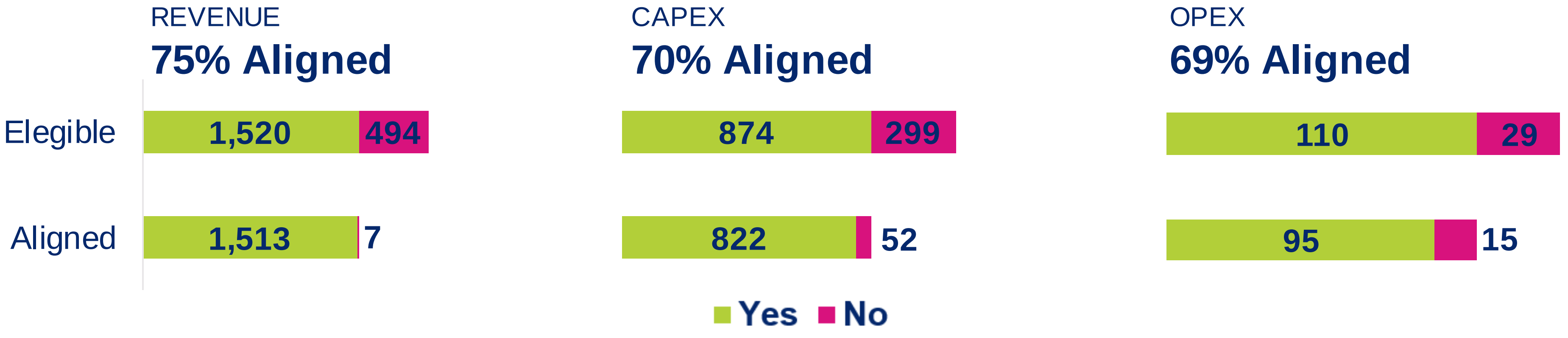
A GREEN APPROACH TO FINANCE THE ENERGY TRANSITION

Financing the energy transition

- Committed to sustainable development goals, with strong ESG ratings
- Key player in the Dutch energy transition
- The pool of eligible green asset will continue to grow further due to increasing investments in the electricity grid
- Green financing is an important source to fund company's investments in the energy transition
  - Updated Green Finance Framework early 2023, followed by issuance of 3rd green bond of € 500 mln
  - Committed loan facility with the European Investment Bank (EIB) closed in December 2023 of € 500 mln

EU-TAXONOMY

MOST OF ENEXIS’ ACTIVITIES ARE ELIGIBLE AND ALIGNED WITH THE EU-TAXONOMY



Taxonomy alignment focusses on 3 areas:

1. Substantial contribution
   - Enexis’ electricity grid is part of the European network of electricity grids
   - Enexis makes a substantial contribution on climate change mitigation

2. Do not significant harm
   - Transmission and distribution of electricity (activity 4.9) do not cause significant harm to other EU environmental objectives

3. Minimum social safeguards
   - No violations have been identified against OESO, UN-standards on ethics and human rights and other guidelines on bribery, corruption, tax and compliance

COMMITMENT TO SDG'S & STRONG ESG RATINGS

INDUSTRY LEADING ESG RATINGS

Main focus

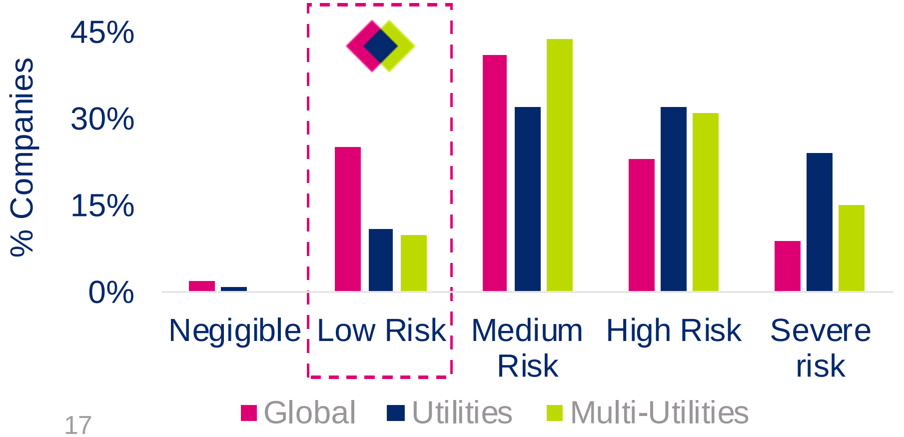
- High grid reliability (average outage time for electricity was 20.0 minutes and for gas 137 seconds in 2023)
- Realized gross grid capacity of 2,180 MW in 2023 to execute the energy transition

Direct contribution

- Two Enexis vocational schools
- LTIF Enexis personnel: 0.6 and for contractors: 1.7
- 93% recycling rate of waste and separation of 98 waste flows
- Ambition to reach level 4 out of 5 on the safety ladder

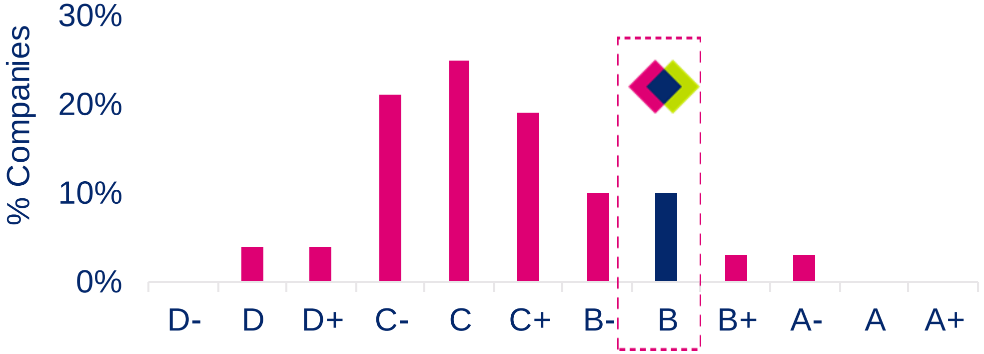
Sustainalytics ESG risk rating

- Enexis is a multi-utility company and falls in the category of Low Risk



ISS ESG rating

- Enexis has a strong ESG rating with *Prime* label



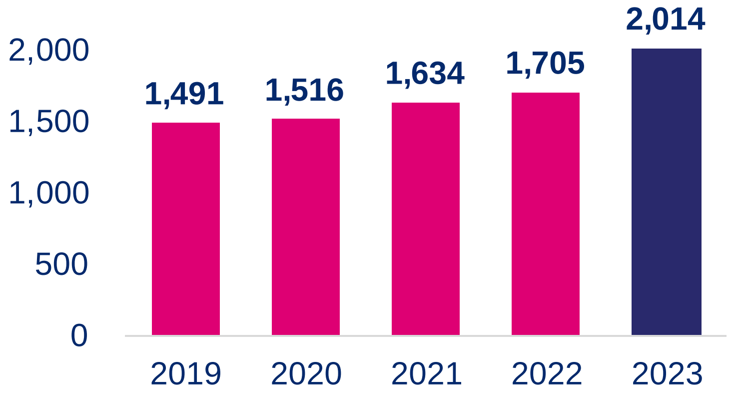
STRONG FINANCIALS

FINANCIALS

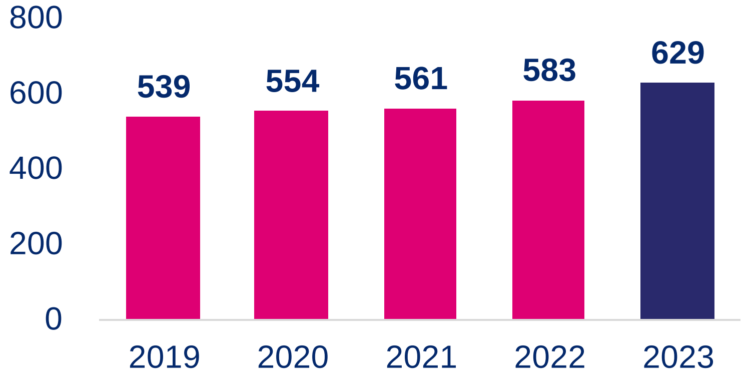
SOUND FINANCIAL PERFORMANCE

in € millions

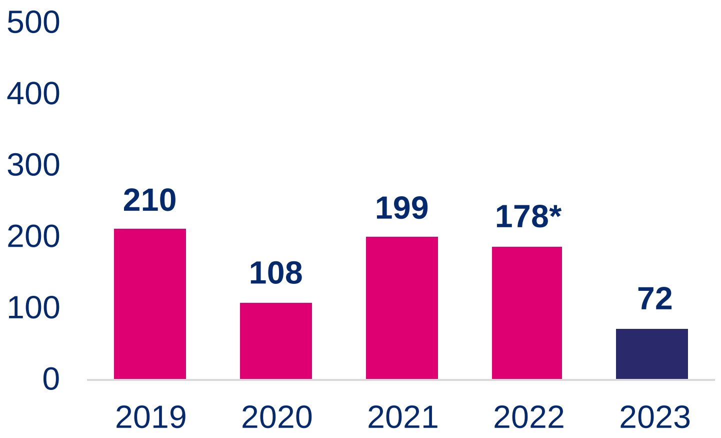
Revenue



Operational Costs (excl. Depreciation)



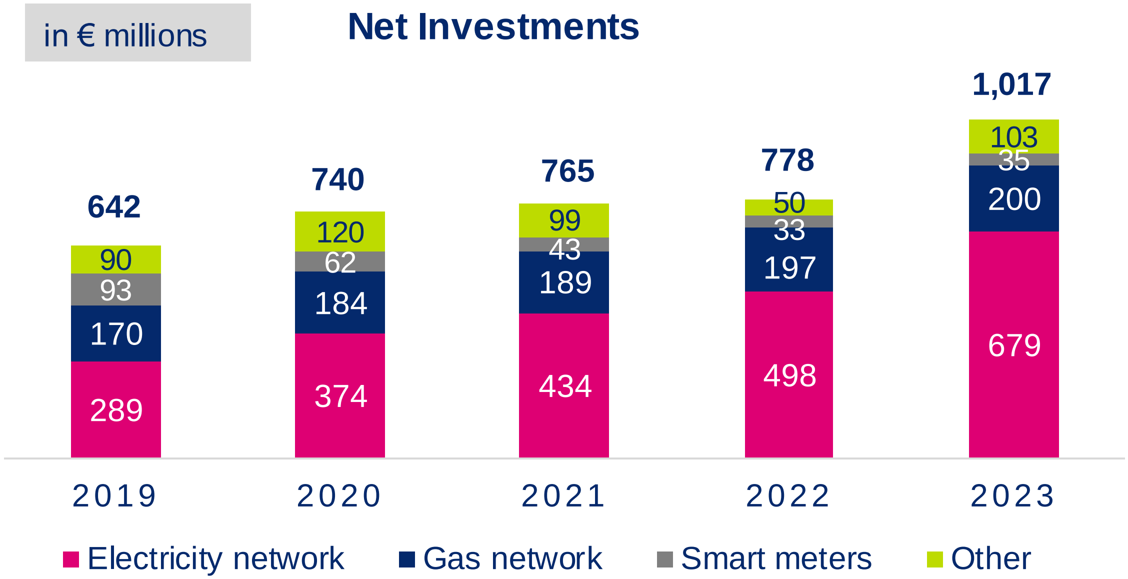
Profit (*excl. book profit sale of Fudura in 2022)



- Compared to 2022 revenue increased with € 309 mln mainly due to higher tariffs, which include advances on the subsequent calculation for grid losses and direct compensation for transmission costs
- Operational costs increased due to indexations, growth as part of the work package, training and recruitment of new staff, growth in ICT, mobility and sector costs
- Net profit decreased to € 72 mln due to higher transmission costs, grid losses and higher operational cost

GROWING INVESTMENTS

INVESTMENTS IN THE ELECTRICITY GRID ARE ACCELERATING



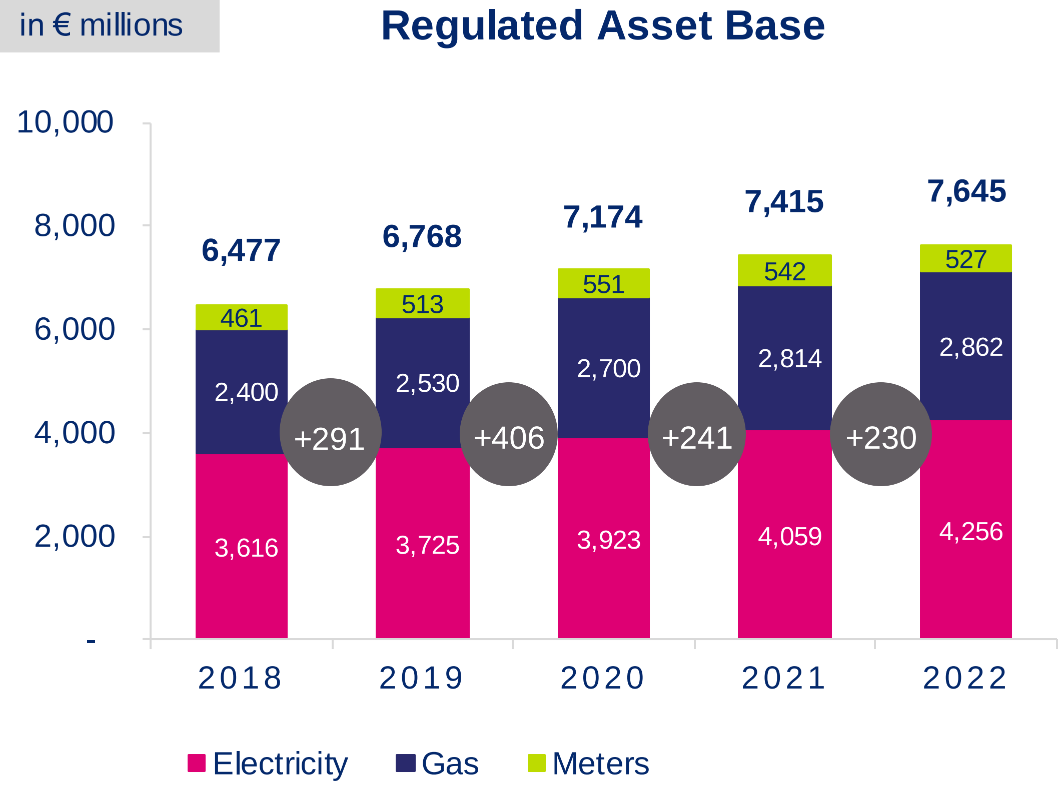
Note: Gross investments -/- advanced customer contributions = Net investments

- Electrification is accelerating, leading to growing investments for the electricity grid (+ € 181 mln)
- The € 53 mln increase of 'other' investments is mainly driven by ICT, digitalization and the purchase of real estate

REGULATED ASSET BASE

THE INCREASING INVESTMENTS ARE LEADING TO A HIGHER REGULATED ASSET BASE

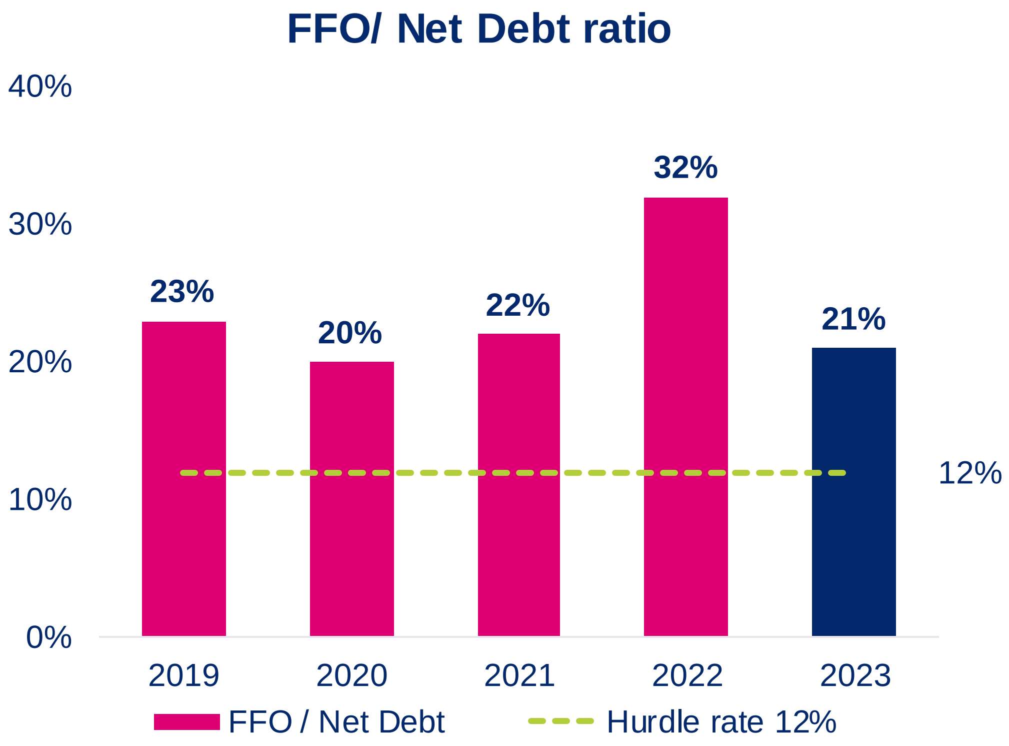
in € millions



- Growing investments in the grid increased the Regulated Asset Base (“RAB”)
  - In 2018 - 2022 the RAB increased due to investments related to the reinforcement/refurbishment and expansions of the Electricity grid, replacement of brittle gas pipes and roll-out of the smart meters
- Increasing RAB contributes to a higher revenue base
- Final RAB 2023 will be available in Q2 of 2024

PRUDENT FINANCIAL POLICY

FFO / NET DEBT COMFORTABLY MEETS REQUIRED HURDLE



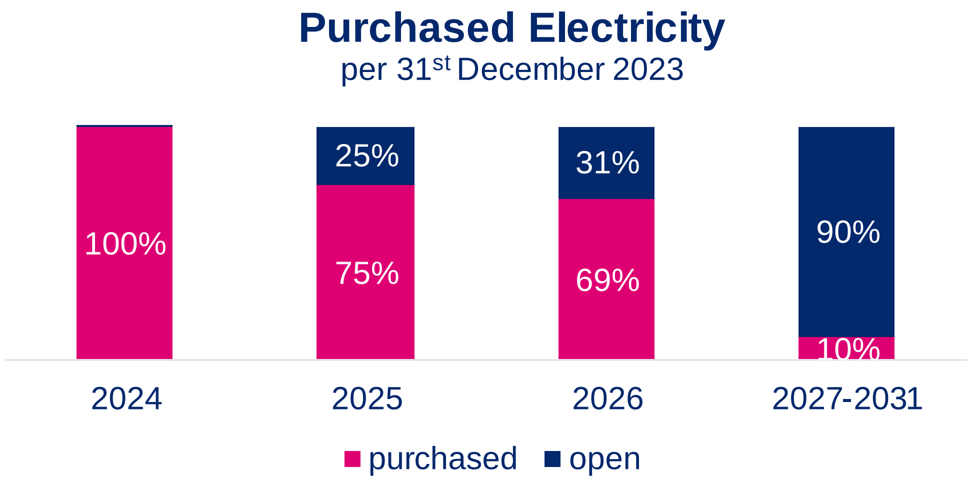
- Enexis' financial policy commits to safeguard a minimum A/A2 credit rating profile
  - The dividend policy is aligned with the financial policy and stipulates a maximum pay-out of 50% of net profit, provided that an A credit rating profile is secured
  - Following the GRE uplift mid February 2023 from Standard & Poor's the hurdle rate for maintaining the most stringent financial ratio, FFO/Net debt, improved from 16% to 12%. This will secure an A credit rating from our financial policy
- The issuance of hybrid bonds and the conversion of the shareholder loan would further improve the FFO /Net Debt ratio

PRUDENT ENERGY PRICE RISK MANAGEMENT POLICY

A SIGINIFICANT PORTION OF THE ENERGY NEED IS ALREADY HEDGED

Due to active price risk management the impact of high energy prices in 2021-2023 is limited

- Current regulatory period
  - In 2021 approx. 60% of annual energy need for 2024 – 2026 was purchased
  - Per YE 2023 the 2024 grid losses were fully covered and approx. 72% of the grid losses of 2025-2026 were covered
- Next regulatory period
  - Per YE 2023 10% of the need in 2027-2031 was covered



Tariffs are based on prevailing energy prices before 2021. ACM responded to the steep rise of energy prices in 2021-2023 by accelerating the compensation for grid losses

- Subsequent calculation is applied to 2022 and 2023 and will be applied to 2024 as well
- Subsequent calculation will be partly included in the tariffs as advances (T=0) and partly with a delay (T+2)

OUTLOOK 2024

Regulation

- Tariff increase of 31% for Electricity and 10% for Gas for an average household customer
  - The tariff increase for Electricity includes a compensation for higher transmission costs (+22%), impact CBb ruling (+10%)

Net investments

- Net investments will further increase in 2024 mainly because of the investments in the electricity grid

Finance

- Based on dividend policy expected dividend pay-out of € 36 million
- Negative free cashflow due to increased investments needed for executing the energy transition

REFERENCE LINKS

- For more detailed information please visit our websites

  https://www.enexisgroep.com/investor-relations/
  https://www.enexis.nl

  - Financial statements
  - Strategic plan
  - Investor presentations
  - Credit rating and ESG ratings
  - Impact and allocation report
  - Green Finance Framework
  - Investment Plan 2024 Enexis Netbeheer


TOGETHER WE ARE WORKING ON A
RELIABLE AND SUSTAINABLE
ENERGY SUPPLY FOR TODAY AND
FOR THE FUTURE.
ENEXIS
HOLDING N.V.

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