

MOBILISING ENERGY **TOGETHER**

FOCUS ON FACILITATING THE ENERGY TRANSITION



ENEXIS
HOLDING N.V.

INTERIM REPORT 2022





TABLE OF CONTENTS

MESSAGE FROM THE EXECUTIVE BOARD	3
KEY FIGURES	6
OBJECTIVES AND PERFORMANCE	7
CONSOLIDATED INTERIM FINANCIAL STATEMENTS 2022	9
Consolidated income statement	9
Consolidated statement of comprehensive income	9
Consolidated balance sheet	10
Consolidated cash flow statement	11
Consolidated statement of changes in equity	12
Explanatory notes to the consolidated interim financial statements	13
REVIEW REPORT	20



“MOBILISING ENERGY TOGETHER”

The events in the past half year have had a huge impact. As a consequence of the war in Ukraine and rising energy prices, the transition gained further momentum. In the Dutch provinces Noord-Brabant and Limburg, we received over 800 megawatts in requests in recent months for grid capacity for electricity consumption. This is comparable to four times the demand for electricity in a city like 's-Hertogenbosch. In addition, the demand for grid capacity to feed renewable electricity back into our grid also remains unabated. As a result of the growth in demand, the shortage of grid capacity continues to grow and, in addition to the existing shortage of grid capacity for feeding electricity back into the grid, we are also being confronted with a supply shortage. The cause of the grid capacity shortage lies mainly in TenneT's national high voltage grid; expanding the grid requires throughput times of several years from start to finish. Due to the shortage of capacity, our customers are being confronted with frustrating situations as their initiatives and projects are being held up. Connecting new customers or expanding existing connections timely is one of our primary tasks.

Therefore, the last thing we want as a grid operator is that some of our customers have to wait for a new connection or the expansion of an existing connection. We are working together closely with TenneT on expanding the electricity grid. While TenneT is further expanding the high-voltage grid; we are also continuing to invest in the coming years, so that lower situated grid sections will be ready for the energy system of the future. It is our ambition to double the capacity of our grid in the coming five to seven years. Furthermore, we aim to make more efficient use of the existing electricity grid together with our customers. Collaboration and innovative solutions, such as congestion management, are necessary in the coming years to be able to make as efficient use as possible of the existing grid and to thus facilitate as many initiatives as possible and service as many customers as possible.

FOCUS ON OUR CORE ACTIVITIES

Never before in our history has the demand for and the supply of electricity risen as strongly as now. The total capacity of our electricity grid is approximately 11.5 gigawatt (GW). We will be expanding this capacity in the coming years by at least 1 GW a year, an increase of around 10%. We have upgraded and expanded our grids in many places in the first half of the year. For instance, we spent € 462 million in the first half of 2022 (€ 440 million in the first half of 2021) on expansion and maintenance of our grids. No less than 879 MW (467 MW in the first half of 2021) renewable onshore energy was connected in this period, with which around 240,000 households can be supplied with renewable electricity. The total renewable installed capacity increased by 9,200 MW. With this, we are actively contributing to achieving the Regional Energy Strategy (RES) target of the realisation of 55 TWh renewable energy generation before 2030.

With an availability of 99.9%, our grids are among the most reliable in the world. The average electricity outage time was 7.8 minutes in the first half of 2022 (9.9 minutes in the first half of 2021). This is something that we are proud of! The average outage time for gas amounted to 101 seconds (1st half year 2021: 46 seconds), due to one lengthy outage where water flowed into a gas pipeline.

It is our ambition to double our grid capacity in the coming five to seven years to be able to realise all the developments. We can only realise this by focusing on our core activities: ensuring that the existing energy supply remains safe and reliable and, at the same time, working on building the energy system of the future. The theme of our new strategy is therefore 'focus on facilitating the energy transition'.

The safety of our customers, our employees and subcontractors remains an important attention point in our work. We are constantly aiming to avoid dangerous situations. It is our aim to keep our people safe and fit. Unfortunately, a number of minor incidents occurred in the past half year as a result of which the LTIF (Lost Time Injury Frequency) is currently above our goal of 1.

The shortage of technical personnel also remains a challenge in the energy transition. Despite all the activities that we are undertaking to recruit more people, we continue to have a shortage of technical personnel. Consequently, the pressure on our employees continues to increase. We ask a lot of them. That being the case, we very much appreciate our employees' commitment and hard work. We are very pleased that nearly 240 new employees started working for Enexis in the past half year of which nearly 140 employees in a technical position for which there is a shortage of qualified personnel. After the necessary training, all new technical employees will contribute to the realisation of the energy system of the future.

In line with our focus strategy, we decided to sell Fudura B.V. Agreement was reached with the buyer, a consortium consisting of DIF Capital Partners and PGGM, on 3 May 2022 and the share purchase agreement was signed. Before the sale can actually take place, the European Commission has to grant its approval. The European Commission is expected to come to a decision at the beginning of August. Until that time, Fudura B.V. will remain part of Enexis Groep. The proceeds of the sale amount to about € 1,3 billion. The result from this transaction amounts to about € 1,1 billion. We are proud of this result, not only because of the favourable financial conditions, but also because the buyer has concrete plans to expand Fudura into a broader sustainability platform. The interests of our committed employees and customers are thus safeguarded.

MAKING CHOICES TOGETHER

In order to be able to accomplish more work, we are trying to carry out projects more efficiently and effectively. For instance, we are entering into consultations with governments regarding permits and combining activities to reduce the throughput time of expanding infrastructure. But even with all parties involved making a maximum effort, it still remains to be seen whether the planned expansion of our capacity will be sufficient to keep pace with the explosive demand in the coming years. We are already facing prioritisation issues now. Together with the Association of Dutch Municipalities (VNG) and the Inter-Provincial Consultation Body (IPO), we are discussing the most optimal choices for society with the Ministry of Economic Affairs and Climate Policy. We are setting up innovative data and digitalisation solutions together with partners to increase our realisation capability. We are innovating in our projects to carry out things in a smarter way, for example by making use of e-houses (rapidly deployable mobile stations) and prefab metering cabinets.

FINANCING THE ENERGY TRANSITION

Funding the energy transition is one of the biggest challenges that Enexis is being confronted with. To be able to finance the higher investments, we are looking at various options. First of all, within our organisation, we are focusing on cost reduction and efficiency. As the more efficient we become, the more work we will be able to realise with the same number of people.

Besides cost savings and efficiency, for which we have to take the initiative ourselves, it is important that our revenues are sufficient to be able to make investments for the energy transition. Together with other grid operators, we are in contact with the government and the regulator to advocate timely and fair revenues.

It is important that we continue to have sufficient equity capital in order to ensure that we remain financially healthy in the long term. We also see a role for the Dutch State in view of their central coordinating role in the energy transition. The Minister of Climate and Energy and the Minister of Finance have indicated that the Dutch State intends to make a capital contribution and participate in grid companies. The conditions still have to be discussed; however, we are pleased that the Dutch State regards a capital contribution and shareholding as part of a to be elaborated solution for the capital requirement.

The result for the first half of 2022 amounted to € 89 million. This is a decrease of € 10 million compared to the first half of 2021. We see a strong increase in revenue as a result of tariff increases; however, costs are also rising. The higher costs are mainly due to an increase in grid losses, depreciation and amortisation charges and operating expenses. Our financial position remains robust with the results that we have achieved. This is also reflected in our strong credit ratings, A+ (negative outlook) from Standard & Poor's and Aa3 (stable outlook) from Moody's.

JOINT PUBLIC TASK

As a result of all these developments, the importance of Enexis for society has increased further in the past year. We are proud of the amount of work that our skilled employees have accomplished in the first half of this year; however, we also realise that a great deal of work remains to be done. Moreover, we cannot do this alone. The challenges of the energy transition affect us all. As a grid operator, we feel responsible for preparing our grids for the energy system of the future. To this end, we are seeking collaboration with our colleague grid operators, local governments, the Dutch State and our customers. Nobody can solve the problems simply by pressing a button. Collaboration is key in the challenges that we are facing. We do this with each other: mobilising energy together.

Executive Board of Enexis Holding N.V.,

Evert den Boer, CEO

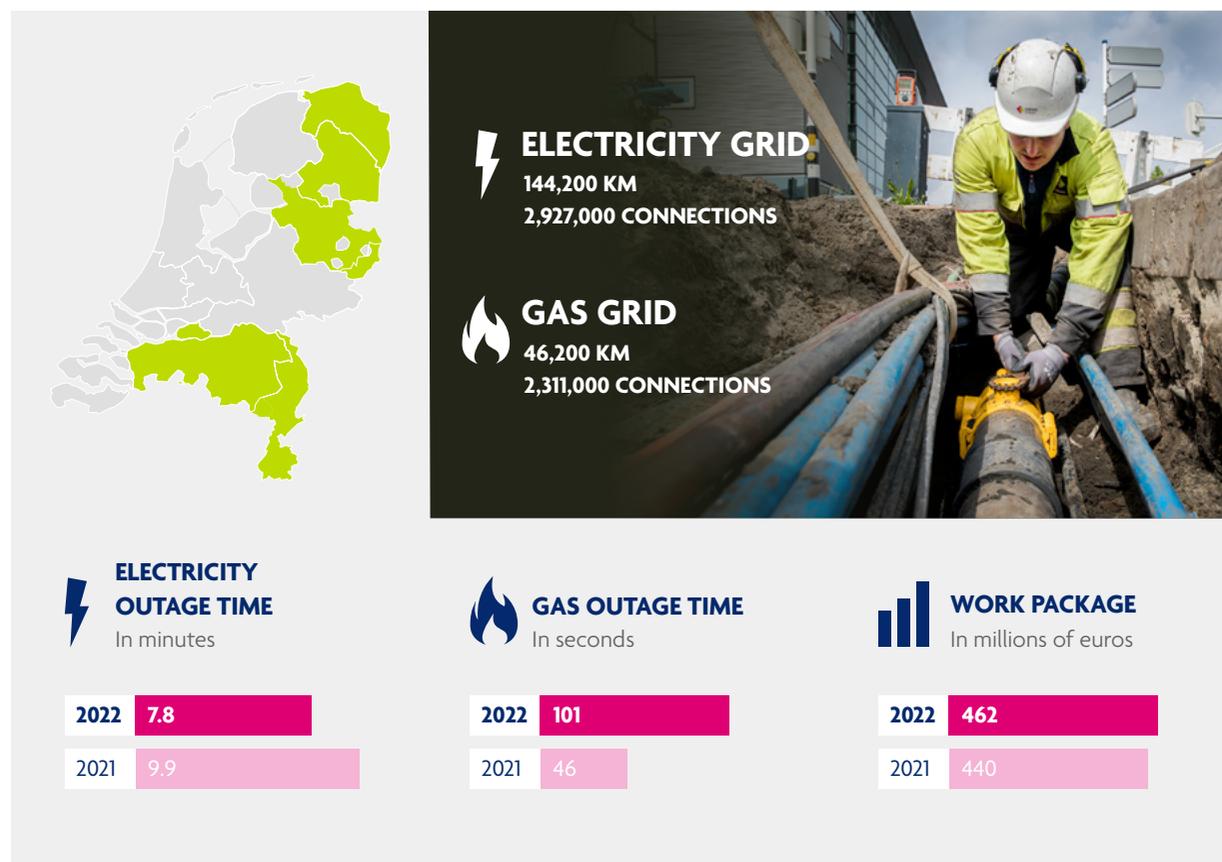
Mariëlle Vogt, CFO

Rutger van der Leeuw, COO

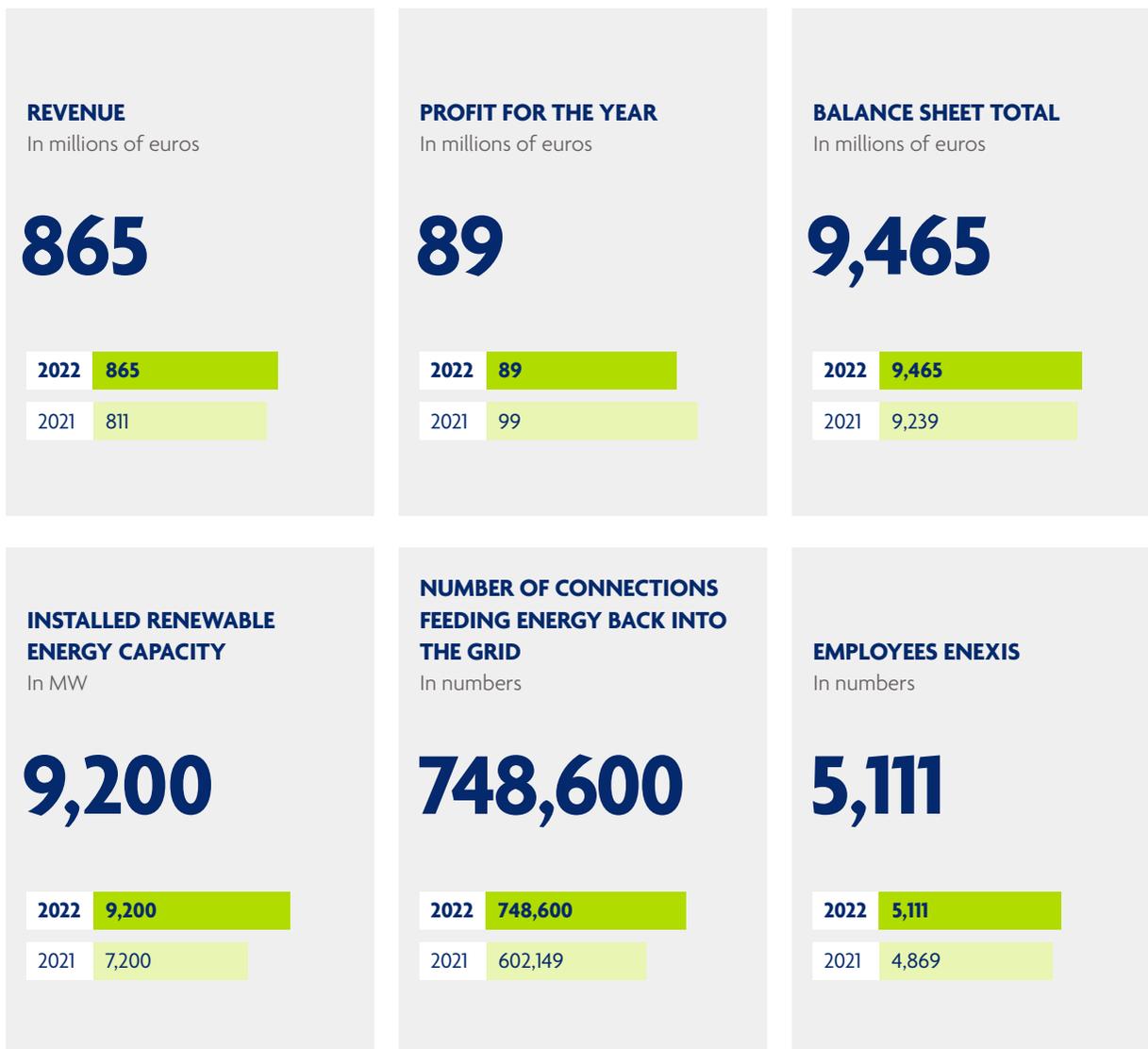
Jeroen Sanders, CTO

KEY FIGURES*

Facilitating the energy transition demands our full attention. With over 5,000 employees, we are working on ensuring a safe and reliable energy supply. We want to connect our customers timely and we are innovating and investing more and more to realise the energy system of the future. These key figures illustrate Enexis' development in the past half year.



* As at 30 June



OBJECTIVES AND PERFORMANCE

CRITICAL SUCCESS FACTOR	KPI	1ST HALF YEAR 2022	OBJECTIVE 2022	1ST HALF YEAR 2021	REALISATION 2021
Reliable energy grid	Annual outage time ¹	15.2 min	≤ 17.5 min	16.0 min	17.6 min
Smart and efficient expansion of grid capacity	Expansion of transmission capacity	530 MW	≥ 1,000 MW	740 MW	1,350 MW
Smarter and better every day	Quantitative progress year order book ²	€ 462 million	≥ € 1,044 million	€ 440 million	€ 959 million
Transparent customer information	Customer Effort Scores ³ : 1. CES chain Installation of Primary Infrastructure	30%	Q4 score Installation of Primary Infrastructure ≤ 19%	16%	18%
	2. CES chain Standard Connections	24%	Q4 score Standard Connections ≤ 22%	24%	24%
Always working safely	Lost Time Injury Frequency Enexis ⁴	1.56	≤ 1	0.66	1.16
	Lost Time Injury Frequency contractors ⁴	1.75	≤ 2.5	1.75	1.21
Sufficient qualified personnel	Increase/decrease # fte scarce technical personnel	59.4 fte	# fte technical personnel additionally in the employment of Enexis ≥ 169 ftes (balance growth inflow and outflow)	26 fte	85.9 fte
Transparent inclusive organisation	Employee Net Promoter Score	25.6	≥ 30	30.6	34.0
Every euro well spent	Controllable costs and revenues ⁵	€ 256 million	≤ € 525 million	€ 240 million	€ 456 million

¹ Annual electricity outage time is presented in the columns 1st half year 2022 / 1st half year 2021 as a 12-month moving score as at 30 June. The electricity outage time in the 1st half of 2022 was 7.8 minutes. This was 9.9 minutes in the comparable period last year.

² Based on standard costs.

³ A CES year runs from December up to and including November, each quarterly score is calculated for the period Q1: Dec., Jan., Feb.; Q2: March., Apr., May; Q3: June, July, Aug.; Q4: Sept., Oct., Nov. For the score, it is the case that 'the lower the score the better'.

⁴ As of the reporting year 2022, the method for the calculation of the Lost Time Injury Frequency Enexis/contractors was changed. As a result, a 12-month moving score as at 30 June is presented in the columns 1st half year 2022 / 1st half year 2021.

⁵ Enexis Netbeheer (including staff departments).

See definitions in the chapter Glossary in the Enexis Holding N.V. Annual Report 2021 (available at www.enexisgroep.nl/jaarverslag).

REALISATION OF OUR OBJECTIVES

Steering concretely on the realisation of the targets of our Key Performance Indicators (KPIs) contributes to the realisation of our strategic objectives. These objectives contribute to keeping the existing energy supply safe and reliable and, at the same time, building the energy system of the future.

Safety always has the highest priority for us. We want everyone to return home safely after a day's work. Unfortunately, a number of minor incidents occurred in the past half year as a result of which the LTIF score (Lost Time Injury Frequency) is currently above our goal of 1.

The average electricity outage time remained limited to 7.8 minutes in the first half year, which is lower than the average outage time in the same period last year (9.9 minutes). The reliability of the supply of electricity to customers thus remained at a high level. We expanded our transmission capacity by 530 MW. Our work package grew by € 462 million as a result of all the investments in our grids and the costs of maintenance and outages.

However, we realise that more is still required. The number of requests for new connections is growing faster than we can realise timely. This means that customers have to wait longer before the work can be carried out. This can have financial consequences, for example, due to temporary solutions and other developments. The long waiting times are visible in the Customer Effort Scores, which are under pressure. Unfortunately, due to the growing work package and the persistent shortages in the labour market, we cannot promise that this issue will be resolved rapidly. We are doing everything we possibly can to recruit technical colleagues. A considerable challenge, as the demand for technical personnel is many times greater than the supply. Our recruitment campaigns resulted in a gross inflow of 132 FTEs. As a result of the outflow of 72 FTEs, the net growth of our workforce amounted to 59.4 FTE technical personnel, which is below our workforce growth target for 2022.

In the coming half year, we will continue to follow our strategic course: focus on facilitating the energy transition. We are doing our utmost to complete more than € 1 billion in work on the grids for the first time ever. We are doing this by actively recruiting new technical personnel and carrying out work in a smart way. By further expanding the grid capacity, we will be able to connect more customers.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS 2022

CONSOLIDATED INCOME STATEMENT

€ Million	1st half year 2022	1st half year 2021
Revenue	865	811
Less: Transmission services and distribution losses	203	163
	662	648
Other operating income	1	-
Balance available for operating activities	663	648
Employee benefit expenses	283	274
Depreciation, impairments and decommissioning	226	206
Costs of subcontracted work, materials and other external expenses	120	115
Other operating expenses	10	12
Capitalised expenses of own production	-112	-111
Operating expenses	527	496
Operating profit	136	152
Financial income	1	1
Financial expenses	18	22
Financial income and expenses	-17	-21
Profit before tax	119	131
Corporate income tax expenses	-30	-32
Profit for the year	89	99
Attributable to:		
Minority shareholders	-	-
Shareholders	89	99
Average number of shares during the financial year	149,682,196	149,682,196
Profit per share¹	0.59	0.66

¹ Stated in euros, dilution of earnings does not apply.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ Million	1st half year 2022	1st half year 2021
Profit for the year	89	99
Release of cashflow hedge reserve	0	1
Tax on release of cashflow hedge reserve	0	0
Total comprehensive income¹	89	100
Attributable to:		
Minority shareholders	-	-
Shareholders	89	100

¹ Other comprehensive income consists solely of items that will be reclassified subsequently to profit and loss.

CONSOLIDATED BALANCE SHEET

€ Million	30 June 2022	31 December 2021
Assets		
Property, plant and equipment	8,619	8,420
Intangible assets	226	227
Right-of-use assets	99	106
Other financial assets	9	12
Non-current assets	8,953	8,765
Inventories	45	41
Receivables	180	158
Corporate income tax	26	-
Other financial assets (current)	12	108
Cash and cash equivalents	21	107
Assets held for sale	228	216
Current assets	512	630
Total assets	9,465	9,395

€ Million	30 June 2022	31 December 2021
Liabilities		
Issued and paid-up share capital	150	150
Share premium reserve	2,436	2,436
General reserve	1,556	1,456
Profit for the year	89	199
Equity	4,231	4,241
Non-current interest-bearing liabilities	3,052	3,058
Non-current provisions	28	31
Advance contributions for the installation of grids and connections	1,083	1,039
Deferred corporate income tax	357	355
Other non-current liabilities	1	1
Non-current liabilities	4,521	4,484
Trade and other payables	251	286
Current interest-bearing liabilities	407	331
Corporate income tax	-	2
Current provisions	4	5
Advance contributions to be amortised in the following year	28	27
Liabilities held for sale	23	19
Current liabilities	713	670
Total liabilities	9,465	9,395

CONSOLIDATED CASH FLOW STATEMENT

€ Million	1st half year 2022	1st half year 2021
Profit for the year	89	99
Depreciation and impairments	226	206
Amortised contribution for installation of grids and connections	-14	-12
Received contributions for the installation of grids and connections	59	61
Dividends from joint ventures and associates	0	7
Corporate income tax expense recognised through profit or loss	28	29
Corporate income tax paid or received	-56	-29
Interest received and paid recognised through profit or loss	17	21
Interest received and paid	-20	-17
Change in working capital	-59	-32
Change in deferred corporate income tax	2	3
Change in non-current provisions	-3	1
Change in operational cash flows assets held for sale	4	-
Others	0	2
Cash flow from operating activities	273	339
Investments in property, plant, equipment	-384	-384
Investments in intangible assets	-24	-21
Investments in assets held for sale	-10	-
Loans granted	-4	-4
Repayment of loans granted	3	5
Increase deposits ¹⁾	0	-125
Decrease deposits ¹⁾	100	0
Cash flow from investing activities	-319	-529

Cash flow before financing activities	-46	-190
Green bond issue	0	491
New interest-bearing liabilities ²⁾	1,700	375
Repayment of interest-bearing liabilities ²⁾	-1,625	-445
Repayment of lease liabilities	-16	-17
Dividend paid	-99	-75
Cash flow from financing activities	-40	329
Total cash flows	-86	139
Cash and cash equivalents at the beginning of the financial year	107	47
Cash and cash equivalents at the end of the period	21	186

1 At 30 June 2022 € 15 million of excess liquidity was placed in money market funds. Liquidity placed in money market funds qualifies as cash and cash equivalents and is therefore not presented on this line.

2 Concerns the issuance and repayment of Euro Commercial Papers, bilateral cash loans and issuance and redemption of notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ Million	Number of ordinary shares	Share capital	Share premium reserve	General reserve	Hedge reserve	Profit for the year	Total equity
At 1 January 2021	149,682,196	150	2,436	1,423	-1	108	4,116
Profit for the year 1st half year 2021	-	-	-	-	-	99	99
Amortisation hedge reserve 1st half year 2021	-	-	-	-	1	-	1
Total result including unrealized results	-	-	-	-	1	99	100
Profit appropriation for 2020	-	-	-	33	-	-33	0
Dividend paid for 2020	-	-	-	-	-	-75	-75
At 30 June 2021	149,682,196	150	2,436	1,456	0	99	4,141
Profit for the year 2nd half year 2021	-	-	-	-	-	100	100
Amortisation hedge reserve 2nd half year 2021	-	-	-	-	-	-	-
At 31 December 2021	149,682,196	150	2,436	1,456	0	199	4,241
At 1 January 2022	149,682,196	150	2,436	1,456	0	199	4,241
Profit for the year 1st half year 2022	-	-	-	-	-	89	89
Amortisation hedge reserve 1st half year 2022	-	-	-	-	-	-	-
Total result including other comprehensive income	-	-	-	-	0	89	89
Profit appropriation for 2021	-	-	-	100	-	-100	0
Dividend paid for 2021	-	-	-	-	-	-99	-99
At 30 June 2022	149,682,196	150	2,436	1,556	0	89	4,231

EXPLANATORY NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

GENERAL

Enexis Holding N.V. is a public limited liability company with its registered office in 's-Hertogenbosch in the Netherlands (Chamber of Commerce no. 17238877). This interim report is a condensed consolidated interim report that contains the financial information of the company and its group entities for the first half of 2022.

These interim financial statements have been prepared in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

These condensed consolidated interim financial statements are an English translation of the original condensed consolidated interim financial statements prepared in Dutch language.

This interim report has not been audited; however, the independent external auditor did perform a review.

Enexis Holding N.V. uses the euro as its functional currency. Unless otherwise stated, all amounts are presented in millions of euros.

NEW AND/OR AMENDED IFRS STANDARDS EFFECTIVE AS OF 1 JANUARY 2022

STANDARDS EFFECTIVE IN THE FIRST HALF OF 2022

The following amended IFRS standards came into effect on 1 January 2022:

- Amendments to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets; Annual improvements 2018-2020.

The above amendments to the standards have no direct consequences for Enexis Groep's equity and results or do not apply to Enexis Groep.

FUTURE STANDARDS NOT YET EFFECTIVE ON THE REPORTING DATE

The following amendments to IFRS standards are not yet effective on the reporting date:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current, (issued on 23 January 2020 and 15 July 2020); effective as of 1 January 2023.

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Notes to accounting policies (issued on 12 February 2021), effective as of 1 January 2023.
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Notes to accounting policies (issued on 31 March 2021), effective as of 1 January 2023.
- Amendments to IAS 12 Income Taxes: Deferred taxation with respect to assets and liabilities resulting from a single transaction (issued on 6 May 2021), effective as of 1 January 2023.
- Amendments to IFRS17 Insurance Contracts: First application of IFRS 17 and IFRS 9 Comparative Information (issued on 9 December 2021), effective as of 1 January 2023. IFRS 17 Insurance Contracts (issued on 18 May 2017); including amendments to IFRS 17 (issued on 25 June 2020); effective as of 01 January 2023.

The amendments to standards after 30 June 2022 are not expected to have any direct consequences for Enexis Groep's equity and results or do not apply to Enexis Groep.

ACCOUNTING STANDARDS AND VALUATION PRINCIPLES GOVERNING THE CONSOLIDATION AND DETERMINATION OF THE RESULT

The same accounting standards and valuation principles have been applied in this interim financial report as in the 2021 annual financial statements of Enexis Holding N.V. (available at www.enexisgroep.nl/jaarverslag).

CHANGES IN ESTIMATES

In the new Regional Gas Grid Operators Method Decision for the regulation period 2022-2026, the Dutch Authority for Consumers & Markets (ACM) decided to switch to a diminishing balance depreciation method for gas assets as of 2022. The ACM has opted for the diminishing balance depreciation method as this method is more suitable in view of the expected future decrease in the number of users of the gas grid. This way, the ACM aims to avoid fewer and fewer users having to bear the annual depreciation charges which would otherwise be the case if a straight-line depreciation method was used. The diminishing balance depreciation method used is the Variable Declining Balance method, in which the acceleration factor is based on the rate at which the number of users of the gas grid decreases. The ACM has set the acceleration factor for the regulation period 2022-2026 at 1.2.

Enexis estimates that the rate at which the number of users of the gas grid will decrease in the future is in line with the estimate of the ACM. Enexis expects that the decrease will not lead to the large-scale decommissioning of gas assets.

As, despite the decrease in the number of users of the gas grid, the main infrastructure of the gas grid will remain largely operational. In addition, the gas grid is expected to remain relevant for natural gas and sustainable alternatives such as green gas and hydrogen.

Based on IFRS the depreciation method applied shall reflect the pattern in which the asset's future economic benefits are expected to be consumed by the entity. The consumption pattern of the future economic benefits of the assets is reflected by the pattern in which the number of users of the gas grid decreases. Therefore, Enexis will apply the Variable Declining Balance method with an acceleration factor of 1.2 as of the financial year 2022. The amortisation pattern of the prepaid contributions for the gas assets will also be adjusted to the Variable Declining Balance method as of 2022, so that the net depreciation charges (gross depreciation charges less the amortised amounts) of the gas assets follow a diminishing pattern.

Due to the switch to the diminishing balance depreciation method for the regulation depreciation by the ACM, Enexis's revenues in the years 2022-2024 are expected to increase fractionally (0-2%) and then decrease fractionally as of 2025 (0-1%). This effect will be practically completely offset by applying a diminishing balance depreciation method to the net depreciation charges. As a result, the financial impact on the net result will be negligible. As a consequence of the change in estimates, gross depreciation charges of the gas assets in the first half of 2022 were € 12 million higher and the amortised amounts were € 1 million higher. As a result, net depreciation charges were € 11 million higher than when Enexis would have continued to apply the straight-line depreciation method.

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Except for the fair value of the interest-bearing loans (see notes on page 16), the fair value of the financial assets and liabilities did not differ materially from their carrying amount at 30 June 2022.

CORPORATE INCOME TAX

Corporate income tax is based on the best estimate of the expected average tax rate for 2022 and applied to the profit before tax for the first six months of 2022.

SEASONAL INFLUENCES

Seasonal effects do not have a material impact on the earnings of Enexis Holding N.V.

WAR IN UKRAINE

War broke out in Ukraine in February 2022. The financial consequences of the war are limited for Enexis. Energy prices have risen strongly due to the war in Ukraine and, as a result, costs in connection with distribution losses are higher in 2022. For more information about this topic, reference is made to 'Balance available for operating activities'. This is expected to have only a limited impact on Enexis Holding N.V.'s financial results for the whole of 2022.

The war in Ukraine has not had any consequences for the valuation of property, plant and equipment and intangible fixed assets as at 30 June 2022. Given its sound credit rating, Enexis Holding N.V. expects to continue to have sufficient access to financial funds that are necessary to carry out its business activities and to be able to meet its payment obligations. The continuity of the company is thus assured.

DEVELOPMENT OF EARNINGS IN THE FIRST HALF OF 2022

Net profit amounted to € 89 million, which is €10 million lower compared to the first half of 2021. The increase in revenue of € 54 million as a result of a tariff increase was partially offset by a € 40 million increase in costs in connection with transmission services and distribution losses. This increase is mainly attributable to higher costs for transmission services due to higher tariffs and higher costs in connection with distribution losses due to higher energy prices and differences resulting from the allocation and reconciliation process (also refer to 'Balance available for operating activities'). In addition, operating expenses rose by € 31 million. This increase is mainly attributable to higher operating expenses for the work package and improvement projects, as well as higher depreciation charges due to an increase in plant, property and equipment and applying the diminishing balance depreciation method for gas assets. The increase was partially offset by discontinuing the depreciation on Fudura B.V.'s fixed assets, which have been classified as assets held for sale. Financial income and expenses decreased by € 4 million due to the repayment of a bond in January 2022. Finally, corporate income tax decreased by € 2 million due to a decrease in operating profit.

YEAR-ON-YEAR DEVELOPMENT OF FINANCIAL PERFORMANCE 1ST HALF YEAR 2022 VS 1ST HALF YEAR 2021 (X € 1 MILLION)



YEAR-ON-YEAR INCOME STATEMENT 1st HALF YEAR 2022 VS 1st HALF YEAR 2021 (X € 1 MILLION)



BALANCE AVAILABLE FOR OPERATING ACTIVITIES

The balance available for operating activities increased by € 15 million compared to the first half of 2021 and amounted to € 663 million. The increase of the balance is mainly attributable to higher tariffs in the revenue. This increase was partially offset by an increase in costs in connection with transmission services and distribution losses.

Revenue can be broken down as follows:

€ Million	1st half year 2022	1st half year 2021
Regulated		
Periodic transmission- and connection fees for electricity		
High-volume consumers	200	182
Low-volume consumers	332	305
Periodic transmission- and connection fees for gas		
High-volume consumers	21	22
Low-volume consumers	154	151
Metering services	70	68
Amortised contributions	14	12
Other	6	4
Total regulated	797	744
Non-regulated		
Income from sale of products and services	30	31
Metering services	18	17
Rental income	20	19
Total non-regulated	68	67
Total	865	811

Revenue rose by 6.7% compared to the first half of 2021. This increase is largely attributable to a 7.1% increase in regulated revenue. 7.8% of the 9.2% increase in electricity revenue is attributable to higher tariffs. The strong increase in tariffs is mainly due to a one-off adjustment of the tariffs for the pre-financed increase in the TenneT procurement costs in 2020 and due to the compensation for a further increase in the TenneT tariffs in 2022.

Revenue from periodic transmission- and connection fees rose by 1.2% compared to 2021. This increase is attributable to an average tariff increase of 3.2%. The tariff increase was partially offset by a decrease in volumes and connections by 1.4%.

Regulated revenue from electricity and gas metering services rose by 2.9% compared to 2021. This increase is mainly attributable to a tariff increase.

Non-regulated and other revenue over the first half of 2022 was in line with the revenue over the first half of 2021. The slight increase is mainly attributable to the growth of the activities at Fudura B.V.

Costs in connection with transmission services and distribution losses rose by € 40 million to € 203 million in the first half of 2022. € 14 million of this increase is attributable to higher TenneT costs for transmission services, mainly due to tariff increases. € 26 million of this increase is a result of higher costs for distribution losses due to higher energy prices (€ 8 million) as well as differences resulting from the allocation and reconciliation process (€ 18 million). The differences resulting from the allocation and reconciliation process are a snapshot in time and can therefore fluctuate.

Enexis Netbeheer B.V. divides the transmitted energy over its customers through its allocation and reconciliation process. In this case, the allocation is the advance and the reconciliation is the final settlement. The difference between the energy taken up by the distribution grid and the energy allocated to end users after allocation and reconciliation is the distribution loss. The reconciliation of the calendar year in question is only finalised after a reconciliation process that takes 20 months. Using forecasts, Enexis Netbeheer B.V. tries to estimate the allocation as accurately as possible in order to ultimately minimise the distribution loss from the reconciliation process. User profiles, the actual annual feed-in and historical data are used as input for these forecasts.

OPERATING EXPENSES

Total employee benefits expenses increased by € 9 million to € 283 million in the first half of 2022, mainly due to an increase in payroll expenses for own personnel of € 5 million. This increase is mainly attributable to regular wage increases and an increase in our workforce due to the growth of our work package. This also resulted in an increase in pension premiums and social security contributions by € 1 million. Other employee benefit expenses rose by € 6 million also due to an increase in training and mobility expenses due to the termination of the Covid-19 measures. These increases were partially offset by a decrease in personnel-related provisions (€ 2 million) due to higher interest rates. The costs of external hires decreased by € 1 million to € 67 million.

Depreciation and amortisation charges amounted to € 226 million in the first half of 2022. This represents an increase of € 20 million compared to the first half of 2021. The increase in depreciation and amortisation charges is mainly attributable to the switch to the diminishing balance depreciation method for gas assets (refer to 'Changes in estimates') as well as an increase in fixed assets. The increase was partially offset by discontinuing the depreciation on Fudura B.V.'s fixed assets, which have been classified as assets held for sale.

The cost of subcontracted work, materials and other external expenses rose by € 5 million to € 120 million. The increase is mainly attributable to higher operating expenses for improvement projects as well as higher prices.

FINANCE INCOME AND EXPENSES

The negative balance of financial income and expenses in the first half of 2022 amounted to € 17 million and is thus € 4 million lower than in the first half of 2021. The decrease is mainly attributable to the repayment of a € 300 million bond with an interest rate of 3.375% in January 2022, which was already refinanced in 2021 with a green bond with a lower interest rate. In addition, financial income and expenses decreased in the first half of 2022 due to higher interest income from drawdowns under the Euro Commercial Paper programme and cash loans.

TAX

Profit before tax in the first half of 2022 amounted to € 119 million. The corporate income tax for the first half of 2022 amounted to € 30 million. The effective tax rate in the first half of 2022 was 25.4%, which is slightly lower than the nominal tax rate of 25.8%.

CAPITAL EXPENDITURES

Gross capital expenditures amounted to € 408 million in the first half year and were thus € 3 million higher than in 2021. This increase is mainly attributable to:

- € 23 million higher investments in the electricity and gas grids (including smart meters). Investments in the electricity grid rose by € 30 million, an increase of over 12%. The rising customer demand due to the energy transition is mainly leading to an increase in the work flows in connection with electricity grid expansions and connections. Investments in the gas grid and smart meters decreased by € 2 million and € 5 million respectively.
- € 8 million lower capital expenditures in improvement projects and heat projects.
- € 12 million lower capital expenditures than in the first half of 2021 due to Fudura B.V. being classified as assets held for sale as of September 2021. Fudura B.V.'s capital expenditures in the first half of 2022 are therefore not included under the gross capital expenditures.

Customer contributions decreased by € 2 million to € 59 million. As a result, net capital expenditures amounted to € 349 million, which represents a € 5 million increase compared to the first half of 2021.

The table below shows the gross capital expenditures (excluding contributions) in our electricity and gas grids and smart meters in the first half of 2022.

€ Million	1st half year 2022	1st half year 2021
Electricity		
Standard connections	22	18
Customised connections	42	39
Grid expansions	130	112
Reconstructions	11	14
Replacements	30	29
Other	35	28
Total Electricity	270	240
Gas		
Standard connections	2	2
Customised connections	1	1
Grid expansions	6	5
Reconstructions	8	8
Replacements	78	81
Other	2	2
Total Gas	97	99
Smart meters		
Low-volume electricity	10	13
Low-volume gas	6	8
Total smart meters	16	21
Total	383	360

ASSETS HELD FOR SALE

The Executive Board of Enexis Holding N.V. decided to sell Fudura B.V. in September 2021 in order to focus more on Enexis's core activities to optimally facilitate the realisation of the energy transition. Consequently, Fudura B.V. has been classified as assets held for sale since September 2021. Agreement was reached with the buyer Lion Bidco B.V., a consortium consisting of DIF Capital Partners and PGGM, on 3 May 2022 and the share purchase agreement was signed. It was stipulated in the share purchase agreement that the sale can only take place after the condition precedent laid down in the share purchase agreement has been satisfied. The condition precedent concerns the European Commission's approval of the transaction.

Only when the European Commission has granted its approval will the shares in Fudura B.V. be transferred to the buyer and Enexis Holding N.V. will lose its decisive control. The European Commission has not yet granted its approval as at 30 June 2022 and therefore Fudura B.V. is still classified as assets held for sale.

The European Commission has until no later than 2 August 2022 to grant its approval. After approval, the control over Fudura B.V. will be transferred to the buyer Lion Bidco B.V. The transfer of the shares will take place mid-August. The proceeds of the sale amount to about € 1.3 billion. The result from this transaction amounts to about € 1.1 billion.

FUNDING

Enexis Holding N.V. repaid a € 300 million bond with an interest rate of 3.375% in January 2022. This bond had already been refinanced in 2021 with a € 500 million green bond with an interest rate of 0.375%. No new bonds were issued in the first half of 2022.

FAIR VALUE OF INTEREST-BEARING LOANS

As at 30 June 2022, Enexis Holding N.V. had a total of € 3,359 million (year-end 2021: € 3,283 million) in interest-bearing loans (excluding lease liabilities) on its balance sheet. The fair value of these interest-bearing loans (excluding lease liabilities) amounted to € 2,950 million (year-end 2021: € 3,350 million). The fair value of listed bonds is based on their listed prices and the fair value of other loans, including the convertible hybrid shareholders' loan, is based on the calculation method using the Euro Utility (A) BFV yield curve as at 30 June 2022. In calculating the fair value of the convertible hybrid shareholder loan a mark-up for the subordinated and illiquid nature is taken into account.

The carrying amount of the interest-bearing loans as at 30 June 2022 was in line with the carrying amount at year-end 2021. However, the fair value of the interest-bearing loans decreased as at 30 June 2022 compared to year-end 2021 due to the higher market interest rate in the first half of 2022 at which the interest-bearing loans were discounted in order to calculate the fair value.

CREDIT RATING

The long-term credit ratings of Standard & Poor's (A+ with negative outlook) and of Moody's (Aa3 with stable outlook) remained unchanged in the first half of 2022. Enexis Holding N.V.'s short-term credit ratings also remained unchanged as at 30 June 2022 compared to year-end 2021: P-1 (Moody's) and A-1 (Standard & Poor's). In order to achieve the objective of maintaining at least an A credit rating and a financially robust capital structure, the following financial ratios are pursued:

	Standard	Actual
FFO-interest cover	≥ 3,5	18.4
FFO/net interest-bearing liabilities	≥ 16%	20%
Net interest-bearing liabilities/(equity + net interest-bearing liabilities)	≤ 60%	43%

The above ratios are calculated as follows:

- FFO - interest coverage ratio: (operating result + depreciation - amortisation + dividend received from associates + financial income - taxes due and payable) / paid interest expenses.
- FFO/net interest-bearing liabilities: (operating income + depreciation – amortisations + dividend received from associates – financial expenses + financial income – taxes due and payable) / net interest-bearing liabilities.
- Net interest-bearing liabilities / (equity + net interest-bearing liabilities): (total interest-bearing liabilities – deposits – cash and cash equivalents.) / (equity + (total interest-bearing liabilities – deposits – cash and cash equivalents)).

SEGMENTATION

Enexis Holding N.V. distinguishes between two reporting segments, specifically:

- Enexis Regulated; and
- Enexis Other.

The above classification is based on the internal reporting structure, in particular the consolidated monthly reports and the (annual) business plan.

The “Enexis Regulated” segment comprises Enexis Netbeheer B.V. and Enexis Personeel B.V. jointly and forms by far the largest segment within Enexis (with regard to revenue and total assets, the share of these activities is more than 90%). Enexis Netbeheer B.V. is responsible for the construction, management, maintenance and modernisation of the regional gas and electricity grid over which suppliers deliver gas or electricity to consumers at home or to businesses. Enexis Personeel B.V. provides labour for the companies in its group as well as providing other services and supplying goods with respect to own employees. To the extent that Enexis Personeel B.V. works for entities operating outside the ‘Enexis Regulated’ segment, a settlement of costs has taken place.

The “Enexis Other” segment comprises the activities of Enexis Vastgoed B.V., Enpuls B.V. (including Enpuls Projecten B.V. and Mijwater Warmte Infra B.V.) and Fudura B.V. Enexis Vastgoed B.V. leases its own real estate within Enexis. Enpuls B.V. and its affiliated entity Enpuls Projecten B.V. focus on developing and managing affordable, scalable and sustainable heat grids. Mijwater Warmte Infra B.V. manages and maintains heating and cooling networks, expands existing heating and cooling networks and invests in new heating and cooling networks in the Parkstad region. Fudura B.V. offers additional services to organisations, such as measuring energy flows, design and realisation of infrastructure, rental and maintenance of casings,

transformers and switchgear installations and provides advice. Fudura B.V. ensures that companies can organise their energy supply efficiently. Fudura B.V. is also responsible for non-regulated activities that help organisations increase the sustainability of their energy supply. At 30 June 2022 Fudura B.V. is classified as assets held for sale. For more information refer to paragraph ‘Assets held for sale’.

Enexis Holding N.V., which is responsible for the financing of all entities operating within Enexis, cannot be assigned to a segment and therefore forms part of the column ‘Normalisations, eliminations and reconciliations’.

The segment information for the first half of 2022 is as follows:

€ Million	Enexis Regulated		Enexis Other		Subtotal		Normalisations, eliminations and reconciliations		Enexis total	
	1st half year 2022	1st half year 2021	1st half year 2021	1st half year 2021	1st half year 2021					
Income statement										
Revenue	818	769	49	46	867	815	-2	-4	865	811
Other operating income	2	3	2	2	4	5	-3	-5	1	0
Operating profit	116	142	22	10	138	152	-2	0	136	152
Assets and liabilities										
Total assets	8,406	8,574	306	291	8,712	8,865	753	374	9,465	9,239

RELATED PARTY DISCLOSURES

In the first half of 2022, an amount of € 99 million was paid to shareholders of Enexis Holding N.V. in the form of dividend.

Enexis has a current account facility with EDSN. In the first half of 2022, two drawdowns took place under this current account facility amounting to in total € 4 million and in total € 3 million in repayments were made. For EDSN’s funding requirement in 2022 of € 10 million, € 6 million remains available after the above drawdowns which is presented under the off-balance sheet liabilities. As at 30 June 2022, € 12 million of the in total € 20 million outstanding loans to EDSN are presented under current liabilities under other financial assets.

Related-party transactions are conducted in the ordinary course of business and at arm’s length rates and conditions.

OFF-BALANCE SHEET RIGHTS AND LIABILITIES

LONG-TERM FINANCIAL LIABILITIES

The long-term financial liabilities (with the exception of the purchase of materials) amounted to € 304 million as at 30 June 2022 (year-end 2021: € 333 million).

€ Million	30 June 2022			31 December 2021		
	< 1 year	1-5 year	> 5 year	< 1 year	1-5 year	> 5 year
Service agreements	6	0	0	13	0	0
IT	32	30	0	32	21	0
Grid loss	62	160	0	79	170	0
Investment and financing obligation	9	1	0	12	3	0
Others	1	2	1	1	2	0
Total	110	193	1	137	196	0

EVENTS AFTER THE BALANCE SHEET DATE

There are no events after the balance sheet date that have an impact on this interim report.

Executive Board Enexis Holding N.V.,

Evert den Boer, CEO
 Mariëlle Vogt, CFO
 Rutger van der Leeuw, COO
 Jeroen Sanders, CTO

's-Hertogenbosch, the Netherlands, 27 July 2022

REVIEW REPORT

To: the executive board and supervisory board of Enexis Holding N.V.

OUR CONCLUSION

We have reviewed the condensed consolidated interim financial statements included in the attached half-yearly financial report of Enexis Holding N.V. based in 's-Hertogenbosch for the period from 1 January 2022 to 30 June 2022.

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial information of Enexis Holding N.V. for the period from 1 January 2022 to 30 June 2022, is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

The condensed consolidated interim financial statements comprises:

- The consolidated statement of financial position as at 30 June 2022
- The following consolidated statements for the period from 1 January 2022 to 30 June 2022:
 - The income statement and other comprehensive income, changes in equity and cash flows
- The notes comprising of a summary of the significant accounting policies and selected explanatory information

BASIS FOR OUR CONCLUSION

We conducted our review in accordance with Dutch law, including the Dutch Standard 2410, "Het beoordelen van tussentijdse financiële informatie door de accountant van de entiteit" (Review of interim financial information performed by the independent auditor of the entity). A review of interim financial information in accordance with the Dutch Standard 2410 is a limited assurance engagement. Our responsibilities under this standard are further described in the 'Our responsibilities for the review of the condensed consolidated interim financial information' section of our report.

We are independent of Enexis Holding N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

RESPONSIBILITIES OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD FOR THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The executive board is responsible for the preparation and presentation of the condensed consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Furthermore, the executive board is responsible for such internal control as it determines is necessary to enable the preparation of the condensed consolidated interim financial information that is free from material misstatement, whether due to fraud or error.

The supervisory board is responsible for overseeing the entity's financial reporting process.

OUR RESPONSIBILITIES FOR THE REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The level of assurance obtained in a review engagement is substantially less than the level of assurance obtained in an audit conducted in accordance with the Dutch Standards on Auditing. Accordingly, we do not express an audit opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the review, in accordance with Dutch Standard 2410 "Het beoordelen van tussentijdse financiële informatie door de accountant van de entiteit" (Review of interim financial information performed by the independent auditor of the entity). Our review included among others:

- Updating our understanding of Enexis Holding N.V. and its environment, including its internal control, and the applicable financial reporting framework, in order to identify areas in the condensed consolidated interim financial information where material misstatements are likely to arise due to fraud or error, designing and performing analytical and other review procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion
- Obtaining an understanding of internal control as it relates to the preparation of interim financial information
- Making inquiries of the executive board and others within the entity
- Applying analytical procedures with respect to information included in the condensed consolidated interim financial information



- Obtaining assurance evidence that the condensed consolidated interim financial information agrees with, or reconciles to, the entity's underlying accounting records
- Evaluating the assurance evidence obtained
- Considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle
- Considering whether the executive board has identified all events that may require adjustment to or disclosure in the condensed consolidated interim financial statements
- Considering whether the condensed consolidated interim financial statements has been prepared in accordance with the applicable financial reporting framework and represents the underlying transactions free from material misstatement

Eindhoven, 27 July 2022

Ernst & Young Accountants LLP

Signed by drs. P.A.E. Dirks RA



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