



Quarterly statement: Elia Group Q1 2023

Regulated information

- Good progress made on key infrastructure projects in Belgium and Germany
- Elia Group secures future funding to finance the energy transition
- Stefan Kapferer confirmed as CEO of 50Hertz for another five years
- Financial outlook for 2023 reiterated

GRID MANAGEMENT

Application documents submitted for third and final section of Ostwind 3

With the timely submission of the application documents for the land cable section of the Ostwind 3 project, 50Hertz has taken another important step towards the approval of the entire project. Last year, the planning application documents for the offshore route sections in the German Exclusive Economic Zone (EEZ) and Germany's coastal waters were submitted to the relevant permitting authorities. The application documents contain many expert statements, studies and detailed explanations outlining why the trajectory of the route proposed by 50Hertz and the new future substation are the least harmful options for humans and nature. Ostwind 3 is the grid connection project that will link the Windanker wind farm to the onshore grid. Windanker will have a total capacity of 300 MW.

Construction work on the converter for the SuedOstLink connection started

At the Wolmirstedt substation near Magdeburg, 50Hertz held the groundbreaking ceremony which marked the first day of the construction of the SuedOstLink's (SOL) first converter. The SOL is one of the most important grid development projects for the German energy transition: it will reliably transport large amount of electricity generated by onshore and offshore wind farms in the north of Germany. It will therefore supply electricity to several millions of households and companies and ensure the stability of the German and European power grids. The converter will convert alternating current from the surrounding extra-high-voltage grid into direct current that will run for a distance of around 540 kilometres between Wolmirstedt in Saxony-Anhalt and Landshut in Bavaria.

50Hertz orders major components for largest wind farm in the Baltic Sea

50Hertz has committed to order two offshore substation from existing framework contract with Belgian-Dutch consortium, composed of Smulders, HSM Offshore Energy and Iv-Offshore, for the Gennaker wind farm. 50Hertz and wind farm operator Skyborn Renewables (Skyborn) are seeking to jointly develop Gennaker, which will be with 927 MW the largest offshore wind project in the German Baltic Sea once it has been constructed. The connection that will link the Gennaker wind farm with the onshore grid is one of 50Hertz's major projects over the next decade, alongside the grid connection projects to the north-east of Rügen Island and the joint German-Danish project Bornholm Energy Island. The development of offshore wind is key for increasing the share of renewable energy in Germany's electricity supply. The swift realisation of the Gennaker project is therefore of paramount importance for the fulfilling of German and European climate targets.

First draft of latest grid development plan published by Germany's four TSOs

What will the German extra-high-voltage grid of the future look like? The Grid Development Plan (GDP), drafted by Germany's four transmission system operators: 50Hertz, Amprion, TenneT and TransnetBW, identifies the grid expansion projects to run an electricity system matching the country's climate protection and renewables targets. The recently presented draft of the GDP 2037/2045 is a milestone for Germany's energy transition: for the first time, it presents a power grid that can achieve climate neutrality by 2045 and reflects the faster deployment of variable renewables as reflected in the Federal Government's 2022 Easter Package ('Osterpaket'). For an order of magnitude: to cover the electricity consumption (which is expected to be double today's and will likely exceed 1,000 TWh) the GDP assumes a five-fold increase in renewable energy installed capacity, reaching around 700 GW by 2045.

The new GDP addresses also the development of hydrogen, storage technologies and load-side flexibilities will play an increasingly important role, according to the draft after 2037, to be able to guarantee the stability of the power grid and security of supply. Sector coupling is becoming increasingly important. This will result in increased requirements that need to be addressed for ensuring a reliable grid operation, which the TSOs will meet through the use of innovative operating equipment such as grid boosters and modern system management concepts. Another change will involve additional measures for meshed onshore DC structures and offshore measures.

The next step in the GDP process is the public consultation of the first draft. After the consultation, the TSOs write the 2nd draft, which is to be handed over to the BNetzA on 12 June 2023 and published. The final GDP is expected at the beginning of 2024. The measures could be incorporated into the Federal Requirements Plan by law in the first half of next year.

ETB awards construction contract for Princess Elisabeth Island

The world's first artificial energy island, which will be located off the Belgian coast, is one step closer to being built. ETB (Elia Transmission Belgium) has awarded the Engineering, Procurement, Construction & Installation (EPCI) contract to DEME and Jan De Nul, two global players in offshore construction who together form the joint venture TM EDISON. The foundation work for the Princess Elisabeth Island will begin in early 2024 and will last for two and a half years. The artificial island will be located 45 km off the Belgian coast and will form a crucial link in Belgium's energy supply. It will open up the future Princess Elisabeth wind zone (that will have a capacity of 3.5 GW) and help to connect our country to Great Britain and Denmark via additional interconnectors (Nautilus and TritonLink respectively).

Green light given for the preferred route for Ventilus

The Flemish Government has now determined a preferred route for the Ventilus project, which will play an essential role in transporting green electricity generated at sea to the onshore grid, will strengthen the grid in West Flanders, reinforce security of supply for families and companies in West Flanders and encourage the region's economic development. The Government took its decision following months of detailed investigation into all relevant considerations and environmental implications. Ventilus follows an integrated planning process, drawn up by the Flemish government. In the upcoming months, concerned stakeholders can provide advice, that will be resubmitted to the Flemish government for provisional adoption before the summer, followed by a public consultation in autumn.

Once the Ventilus project has been built, the entire Belgian electricity grid will be even stronger and more robust than it is today.

INTERNATIONAL ACTIVITIES

New contracts for EGI in Egypt

Elia Grid International (EGI) and the Egyptian Electricity Transmission Company (EETC) signed two consultancy contracts in the presence of the Egyptian Prime Minister and the Minister of Energy. The first contract relates to the integration of renewable energy into the Egyptian system. EGI will carry out studies to strengthen the existing electricity grid and develop new grid corridors. Renewable energy will then be able to be used for green hydrogen projects, for example. The second contract relates to system management and how changes in this area are accommodated by the system. Work is also underway to update EETC's protection and recovery plans.

FINANCE

ETB places first €500 million green bond

In January 2023, ETB successfully priced its inaugural €500 million Green Bond transaction. The bonds carry a coupon of 3.625% and have a 10-year bullet maturity due 18 January 2033. The proceeds of the bond are being used to finance and/or refinance eligible green projects. It demonstrates ETB's ability to diversify its financing sources and investor base to carry out its ambitious investment plans.

Elia Group successfully issues €500 million hybrid securities together with a capped tender offer on its existing hybrid security

In March 2023, Elia Group SA/NV successfully priced a new €500 million hybrid securities. The latter will carry a fixed coupon of 5.85% (€29.25 million per annum) until 15 June 2028, with a reset every five years thereafter and will be callable from 15 March 2028. The issue has been rated BBB-by Standard & Poors. The main purpose of the transaction was to proactively manage Elia Group's hybrid layer by refinancing part of the outstanding €700 million hybrid securities. The new securities, together with the €100 million amount of equity from Elia Group's June 2022 capital increase previously allocated to hybrid equity content replacement, fully replaces Elia Group's outstanding hybrid securities from an S&P equity content standpoint. At the same time, Elia Group tendered €499.4 million of the outstanding €700 million hybrid securities.

Eurogrid GmbH secures first Green Loan of €600 million to co-finance an offshore grid connection in the Baltic Sea

Eurogrid GmbH, the parent company of 50Hertz Transmission GmbH, has secured a syndicated contract for an amortising loan of €600 million with a term of ten years with seven banks. The funds for this first Green Loan are being provided by the banks and refinanced under KfW's "Climate Protection Programme for Companies". The funds will be used to co-finance the offshore grid connection for the Gennaker wind farm project. Securing the Green Loan marks another important step in Eurogrid's sustainable financing strategy and constitutes another important project for the German energy transition.

Elia Group part of the sustainable stock market index BEL®ESG

Elia Group is one of the Belgian companies that has been selected to be part of BEL®ESG, the new stock market index which is linked to sustainability and was launched by Euronext in February 2023. This index is designed to meet the increasing market demand for improved visibility over sustainable investment tools. It will monitor 20 listed Brussels-based companies that adopt the best environmental, social, and governance (ESG) practices. We are proud to be part of this index which confirms our leading position on the ESG front.

STAKEHOLDER ENGAGEMENT

Elia Group joins InterOPERA consortium

Elia Group has joined the InterOPERA consortium through its German subsidiary 50Hertz. The consortium will focus on ensuring that future high-voltage direct current systems used across Europe will be compatible and interoperable by design. This will accelerate the integration of renewable energy into the grid. The consortium was established by the European Commission as part of a €70 million Horizon Europe project. Its mission is to facilitate the achievement of climate goals and make Europe less dependent on fossil fuels.

CORPORATE GOVERNANCE

Stefan Kapferer confirmed as CEO of 50Hertz for another five years

The Supervisory Board of 50Hertz confirmed Stefan Kapferer's position as Chief Executive Officer of 50Hertz for another five years until the end of November 2028. Stefan Kapferer has many years of management expertise that he has acquired in various positions in politics and the energy industry. He joined 50Hertz in December 2019 and has played a key role in positioning the group as a key player in the German 'Energiewende' (or energy transition).

FINANCIAL OUTLOOK FOR 2023

Elia Group remains confident in its ability to deliver an **Adjusted Return on Equity (ROE adj.¹) of between 6% - 7% for 2023.**

- In **Belgium**, we are confident of achieving a return on equity (ROE) of between 5% and 6% while investing roughly €690 million. The realisation of this investment programme is always prone to external risks.
- In **Germany**, we are confident of achieving a return on equity (ROE) of between 8% and 10% while investing €1,500 million. The realisation of the investment programme is always prone to external risks.
- The **non-regulated segment and Nemo Link**, which comprises the return of Nemo Link, the return of the non-regulated activities (mainly re.alto, EGI and WindGrid) and the operating costs inherent in the management of a holding company, is expected to have a negative contribution of up to -€5 million. Subject to the availability of the

¹ Determined as the result attributable to ordinary shareholders/Equity attributable to owners of ordinary shares adjusted for the value of the future contracts (hedging reserve).

interconnector, Nemo Link is expected to contribute around €20 million to the result, considering that the cumulative cap over the 5-year regulatory period is expected to be reached.

The guidance does not take into account any potential M&A transactions.

FINANCIAL CALENDAR

Trading of ex-coupon number 20	30 May 2023
Record date	31 May 2023
Payment of dividend for 2022	1 June 2023
Publication of half-year results 2023	26 July 2023
Quarterly statement Q3 2023	24 November 2023
Publication of full-year results 2023	6 March 2024

USEFUL LINKS

- [Press Release](#)
- [2022 Annual report](#)
- [2022 Sustainability event](#)
- [2021 Capital Markets Day](#)

About Elia Group

One of Europe's top five TSOs

Elia Group is a key player in electricity transmission. We ensure that production and consumption are balanced around the clock, supplying 30 million end users with electricity. Through our subsidiaries in Belgium (Elia) and the north and east of Germany (50Hertz), we operate 19,349 km of high-voltage connections, meaning that we are one of Europe's top 5 transmission system operators. With a reliability level of 99.99%, we provide society with a robust power grid, which is important for socio-economic prosperity. We also aspire to be a catalyst for a successful energy transition, helping to establish a reliable, sustainable and affordable energy system.

We are making the energy transition happen

By expanding international high-voltage connections and incorporating ever-increasing amounts of renewable energy into our grid, we are promoting both the integration of the European energy market and the decarbonisation of society. We also continuously optimise our operational systems and develop new market products so that new technologies and market parties can access our grid, thus further facilitating the energy transition.

In the interest of society

As a key player in the energy system, Elia Group is committed to working in the interest of society. We are responding to the rapid increase in renewable energy by constantly adapting our transmission grid. We also ensure that investments are made on time and within budget, with a maximum focus on safety. In carrying out our projects, we manage stakeholders proactively by establishing two-way communication channels between all relevant parties very early on in the development process. We also offer our expertise to different players across the sector in order to build the energy system of the future.

International focus

In addition to its activities as a transmission system operator, Elia Group provides consulting services to international customers through its subsidiary Elia Grid International. In recent years, the Group has launched new non-regulated activities such as re.alto - the first European marketplace for the exchange of energy data via standardised energy APIs - and WindGrid, a subsidiary which will continue to expand the Group's overseas activities, contributing to the development of offshore electricity grids in Europe and beyond.

The legal entity Elia Group is a listed company whose core shareholder is the municipal holding company Publi-T.

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