



Annual report 2022

Moving forward with **energy**

Focusing on facilitating the energy transition

Table of contents

FOREWORD BY THE EXECUTIVE BOARD	4
HIGHLIGHTS	6
2022 IN FIGURES	9
WE ARE ENEXIS	10
Our role in the energy chain	11
Our strategy	12
Our organisation	14
Our core values	15
How we add value	16
Value creation model	18
The interrelationship between strategy, opportunities and risks	19
Our contribution to the Sustainable Development Goals	21
We measure our impact	22
Our objectives and our performance	25
TRANSMISSION SHORTAGE	27
CONGESTION MANAGEMENT	29
MAKING MORE EFFICIENT USE OF THE GRID	31
FOCUSING ON FACILITATING THE ENERGY TRANSITION	33
Access to a reliable energy grid for everyone	34
Safe grids that everyone can rely on	36
Customer satisfaction is a top priority in our services	37
Increasing the sustainability of our energy supply	40
WORKING SAFELY AND STRENGTHENING EACH OTHER	46
Safe and healthy working conditions	47
Investing in work, professional skills and personal development	49
WORKING ON A SUSTAINABLE IMPACT	53
Ensuring a well-functioning energy market	54
Working smarter and smarter	55
Sharing expertise and vision for policy development	56
The proactive safeguarding of digital security	57
Increasing the sustainability of our organisation	58
REMAINING FINANCIALLY SOUND	62
GOVERNANCE AND RISK MANAGEMENT	73
Corporate governance	74
Interview with the Supervisory Board	77
Report of the Supervisory Board	79
Risk management	84
Employee participation in 2022	91

Board Statement	92
Biographies Executive Board Members	93
Biographies Supervisory Board Members	94
FINANCIAL STATEMENTS	96
Consolidated income statement	97
Consolidated statement of comprehensive income	98
Consolidated balance sheet	99
Consolidated cash flow statement	100
Consolidated statement of changes in equity	101
EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	102
1. General information	102
2. Accounting principles governing the financial reporting	102
2.1 General	102
2.2 Amendments to IFRS	102
2.3 Changes in estimates	103
2.4 Accounting principles for consolidation	103
2.5 Valuation principles and accounting policies relating to the determination of the result	104
3. Segmentation	108
4. Acquisitions and sales	109
5. War in Ukraine	110
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	111
1. Revenue	111
2. Transmission services and distribution losses	113
3. Other operating income	113
4. Employee benefit expenses	113
5. Depreciation and decommissioning	114
6. Cost of subcontracted work, materials and other external expenses	115
7. Other operating expenses	116
8. Capitalised expenses of own production	116
9. Financial income and expenses	116
10. Non-recurring items	117
11. Taxes	117
12. Property, plant and equipment	119
13. Intangible fixed assets	120
14. Right-of-use assets	124
15. Other financial fixed assets	125
16. Inventories	125
17. Receivables	126
18. Other financial assets (current)	127
19. Cash and cash equivalents	127
20. Assets held for sale	128
21. Equity	128
22. Interest-bearing liabilities (non-current)	129
23. Provisions	130
24. Advance contributions for the installation of grids and connections	131
25. Deferred taxes	132
26. Other non-current liabilities	132
27. Trade and other payables	133
28. Interest-bearing liabilities (current)	133



29. Corporate income tax expense	133
30. Notes to the cash flow statement	133
31. Financing policy and risks associated with financial instruments	135
32. Related party disclosures	140
33. Off-balance sheet commitments and assets	141
34. Remuneration of the Executive Board and the Supervisory Board	142
35. Events after the balance sheet date	143
COMPANY FINANCIAL STATEMENTS 2022	144
Company income statement	144
Company balance sheet	145
EXPLANATORY NOTES TO THE COMPANY FINANCIAL STATEMENTS	146
Accounting principles governing the financial reporting	146
NOTES TO THE COMPANY FINANCIAL STATEMENTS	147
36. Share in results of group companies	147
37. Other operating expenses	147
38. Financial income and expenses	147
39. Taxes	148
40. Investments in group companies	148
41. Other financial fixed assets	149
42. Receivables	149
43. Other financial assets (current)	150
44. Cash and cash equivalents	150
45. Equity	150
46. Deferred taxes	150
47. Interest-bearing liabilities (non-current)	151
48. Trade and other payables	151
49. Interest-bearing liabilities (current)	152
50. Corporate income tax expense	152
51. Related party disclosures	152
52. Remuneration of the Executive Board and the Supervisory Board	152
53. Associates and joint arrangements	152
54. Profit appropriation	154
55. Events after the balance sheet date	154
INDEPENDENT AUDITOR'S REPORT	155
OTHER INFORMATION	167
About this report	168
Profit appropriation according to the articles of association	177
Facts and figures	178
Benchmarks	185
GRI index	187
EU: disclosure of non-financial information	205
Glossary	207
Colophon	211

Foreword by the Executive Board



MOVING FORWARD WITH ENERGY

2022 was a historical year for both Enexis and our customers. Many of the developments that we had to deal with hardly ever occur. For example, customers saw energy prices rise to levels that no one in the Netherlands could ever have imagined. These high prices are an extra incentive for many households and businesses to electrify houses, factories and means of transport. The number of households with solar panels in our service area increased from 663,000 to nearly 850,000. In addition, Enexis spent a record amount on work on the energy grids: € 1,027 million. The net profit from ordinary business operations amounts to € 187 million. Due to the sale of Fudura B.V., Enexis's net profit for 2022 amounts to € 1,300 million. We intend to invest the proceeds of the sale of Fudura mainly in the energy transition.

We expected the transition to renewable energy. In our new strategy, which we presented in the beginning of 2022, we already wrote about how we are preparing our energy grids for the transition to a carbon-neutral society. For instance, in the past year, we invested more than ever in the expansion and upgrading of our grids and we expanded our transmission capacity by 1,180 megawatt, an increase of nearly 10 percent of our total grid capacity compared to 2021.

The war in Ukraine has led to a further acceleration of the energy transition. In the past year, we were confronted with so much demand for and supply of electricity in our grids that the grid was no longer able to handle this in some areas. Grid operators in other regions and TenneT, the national grid operator, were also confronted with a shortage of capacity. As a result, we were unable to handle customer requests for, for example, the upgrading of their electricity connection as fast as we would have liked to. Many customers landed up on a waiting list. We can very well imagine their frustration. Frustration that we also felt, as we want to make it as easy as possible for customers to switch to renewable energy. However, we are now faced with a new reality, and we realise that we will not be able to solve this problem in the short term. The demand for electricity will remain structurally higher in the coming years than the rate at which we can expand the grid. This is a huge challenge for us and, unfortunately, for our customers as well. Longer wait times are the new normal in the coming years.



We are doing everything in our power, together with our employees, to build as much additional capacity as possible so that we can connect customers faster. The fact that the labour market for technical and IT personnel is very tight makes our work even more challenging. We were able to welcome around 500 new employees in 2022. Recruiting and retaining qualified technical personnel remains an important precondition to realise our ambitions.

Despite all of these challenges, as Executive Board, we are still entering 2023 with optimism.

WE HAVE FURTHER STRENGTHENED OUR FINANCIAL POSITION

The developments in 2022 have strengthened our confidence that we have chosen the right path with our new strategy. The key word in this strategy is focus. And focus has only become more important. At Enexis, we have to focus our attention on our main tasks: ensuring a safe, reliable and affordable energy supply, connecting customers timely and helping to build the energy system of the future.

As a result of this focus, we decided to sell our subsidiary Fudura. Fudura's core business is energy management for the business market, a specialisation that is insufficiently aligned with our core tasks. We have taken this step with confidence. We see new growth opportunities for Fudura outside Enexis, which employees and customers can also benefit from. And for us, the sale means that we will be able to concentrate better on our core tasks. In addition, the largest share of the book profit on the sale of Fudura will remain within Enexis so that it will be used for the energy transition.

In the meantime, we have further improved our financial position with agreements about a possible future capital contribution by the Dutch State. Together with Alliander and Stedin, our colleague grid operators, we discussed a possible strengthening of our equity position with the Dutch State. We also involved our shareholders in this process. We are very pleased with the Framework Agreement that this joint effort has produced, from the perspective of Enexis as well as of our shareholders' committee. Following the Framework Agreement, the credit rating agency Standard & Poor's assigned the status Government-Related Entities (GREs) to the large regional grid operators. This GRE status enhances our creditworthiness and, as a consequence, our capacity to raise loan capital. Standard & Poor's also revised Enexis's credit rating on 14 February 2023 from A+ stable outlook into A+ positive outlook.

Also due to our sound capital position, we can step up our ambitions: we aim for a grid expansion of over 2,000 megawatt in 2023 - nearly twice as much as in 2022. Our work package (the total of all the work on our grids) will increase up to at least € 1,340 million.

TOGETHER WITH PARTNERS, OUR COLLEAGUES ARE MAKING A HUGE EFFORT

With all this work, we continue to pay attention to safety. We saw how important this is in 2022. We were confronted with several incidents. Fortunately, most of these incidents were relatively small; however, in one incident, two employees of a subcontractor were seriously injured. We carry out a thorough investigation of all incidents to find out what happened and to learn how we can improve our safety. We aim to ensure that everyone returns home safely everyday.

Together with partners, we are not only working on building extra capacity. We are also looking into other solutions, such as making more efficient use of our grids, the optimal deployment of batteries, steering supply and demand to avoid overburdening, and agreements with consumers about consumption outside of peak hours, if there is sufficient room. Enexis employees are developing these solutions in close cooperation with our suppliers, customers, local and national governments and colleague grid operators. Parallel to this, we continue to advocate appropriate regulation and new types of contracts in consultation with our supervisor.

This brings us to the most important reason for our optimism: our employees. We see how hard they work to ensure the quality and reliability of our grids. How motivated they are to contribute to the energy transition. And how committed they are to our customers: from the homeowner who switches to solar panels to the entrepreneur who decides to run his business gas-free. We would like to thank our employees for their hard work and dedication in 2022.

Together, we are taking the steps that are necessary to build the energy system of the future: moving forward with energy!

Executive Board Enexis Holding N.V.

Evert den Boer

Mariëlle Vogt

Rutger van der Leeuw

Jeroen Sanders

Highlights 2022

Without transforming the energy system, we will not have a carbon-neutral society in 2050. This transformation is a huge challenge and the role of the grid operator is crucial in this. Therefore, we adopted a new strategy in 2022. Our focus in this new strategy is completely on facilitating the energy transition. In this overview, you can see a number of examples of how we worked on facilitating the energy transition in 2022.



OPENING THE 'EMERGENCY LANE' EMMEN - WEERDINGE

In February 2022, together with TenneT, we took the reserve capacity of the high voltage grid into use in the municipality of Emmen for the first time. This 'emergency lane' of the electricity grid ensures that electricity can still be supplied when, for example, an interruption occurs or work is scheduled.

As this does not occur very often, this grid capacity is usually not used. As the electricity grid is becoming fuller and fuller, we should and can make use of the reserve capacity as extra capacity. We do this for large initiatives such as solar farms that feed the electricity that they generate back into the electricity grid. By making use of the 'emergency lane', the grid continues to be reliable for customers who require electricity.

HYDROGEN DISTRICT WAGENBORGEN

A hydrogen pilot was launched in Wagenborgen, a village in Groningen, in 2022. We wanted to demonstrate that hydrogen is a solution for heating homes gas free. Hydrogen can be transmitted via the existing gas grid. We already investigated this in 2018. Rental homes of the housing association Groninger Huis which were built in the seventies, will participate in the pilot. These houses are being equipped with a hybrid heat pump and a boiler that runs on hydrogen. The hydrogen comes from a farm that is located 2 kilometres away.

In the first phase, the hydrogen is still delivered in tanks, but the farmer wants to have an electrolyzer within two years that is fuelled by energy from a wind turbine and solar panels. As of June 2023 it is possible to heat the homes by hydrogen.



URGENT REPLACEMENT OF CAPACITY TRANSFORMER IN BORN

A capacity transformer in Born in Limburg was replaced very quickly after an outage had occurred on a Sunday night. With the new transformer, our customers were assured of a stable electricity grid. We do not replace a transformer lightly. This is quite an operation which usually requires weeks of planning. Fortunately we were able to take action quickly in Born and replace the defect transformer with a transformer that recently became available in Waalwijk. We completed the job within three days.



TECHNICIANS OF THE FUTURE WORK WITH THE HOLOLENS

Grid operators require a lot of qualified people to carry out the work in the field. We train technicians at our in-company vocational training sites. We do this in an innovative way inspired by the work of a technician in the future. Extended reality (XR) is set to play a large role in this. XR is the umbrella term for virtual reality, augmented reality and mixed reality. We have been testing the added value of these technologies for our sector for some time.

This year we carried out a preliminary investigation into the use of the HoloLens to train new employees. The HoloLens is similar to a pair of VR glasses; however, contrary to a pair of VR glasses, you continue to see your actual surroundings and 3D content is projected in the glasses. In this way, it is suitable for use in our sector.

Supervisors and trainees experimented with this in 2022 at our in-company vocational training sites in Waalwijk, Hoogeveen and Weert. Trainees can practice carrying out the work, while seeing text, media or video in the glasses. The HoloLens enables trainees to work more independently and provides more flexibility to supervisors. Our trainees indicate that they find this way of training more fun and easier.

SMART COMBINATION OF PRODUCTION, STORAGE AND CHARGING SYSTEMS IN 'S-HERTOGENBOSCH

Together with the municipality of 's-Hertogenbosch, the Eindhoven University of Technology and suppliers of (fast) charging solutions Heliox and GreenFlux, we have looked into how we can combine production, storage and charging systems smartly for a public transport hub in 's-Hertogenbosch.

There are 1,500 solar panels on the roof of this public transport hub, which generate twice as much energy than the parking garage uses. The extra energy is stored in a battery. By combining the various systems smartly, we can use this energy to charge e-bikes, cars and buses. In this manner, the burden on the electricity grid during peak hours is halved. This project was financed by the European Commission and the Rijksdienst voor Ondernemend Nederland (RVO).



EXPANSION, EXPANSION AND EXPANSION AGAIN

Together with TenneT, we are working hard every day on the expansion of our electricity grid. This is necessary for the energy transition. These expansions often take place in combination with the installation of one or several transformers. This was also the case for the medium-voltage power station Maarheeze. We installed a new transformer with a capacity of about 100 megawatt here in 2022. This is 2.5 times the capacity of the old transformer in this power station (40 megawatt).



A transformer of 100 megawatt can provide electricity to around 40,000 households. The old transformer was reused in a power station in the Biesbosch to provide more capacity there.

ENEXIS AND POWERFIELD CONCLUDE A TIME-BOUND CONTRACT

The maximum transmission capacity of the electricity grid has been reached in some parts of the Netherlands. Besides expansion of the grid, this also demands efficient use of the available capacity. This is why we have developed a time-bound contract as a temporary solution. This is a type of contract where customers only have access to transmission capacity when capacity is available. Many companies or parties that feed electricity back into the grid make use of the capacity of the electricity grid at certain times (when the sun is shining strongly or the production process is running). The grid has to have sufficient reserve capacity to handle these peaks. However, this reserve capacity is not used or hardly used outside of these peak hours. With time-bound contracts, it is possible, under certain conditions, to make the 'unused capacity' available to other customers within specific timeframes. Together with PowerField, a company specialised in sustainable energy, we are looking into whether we can also make maximum use of the available capacity of the electricity grid outside peak hours. With time-bound contracts, we will be able to connect more sustainable initiatives in the future, such as solar parks and wind farms. In this manner, PowerField can expand existing solar parks in Emmen by connecting a second solar park there, whereas this would not have been possible in the current situation. PowerField can reduce its existing fixed connection in Meppel at certain times so that transmission capacity becomes available for applicants that are on the waiting list.



SMART ENERGY HUB HESSENPOORT PROVIDES LOCAL SOLUTION

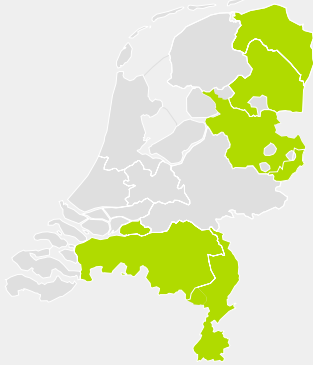
A pilot with a Smart Energy Hub, a local energy system for the generation and use of renewable energy, is running at the industrial park Hessenpoort in Zwolle. Together with entrepreneurs, the municipality of Zwolle, the province of Overijssel, Transferro, Nieuwe Energie Overijssel and industrial park Hessenpoort, we are testing whether we can make more efficient use of the grid. We can make more capacity available on the grid by distributing the capacity better. By entering into grid-balancing agreements and ensuring that the amount of electricity fed into the grid is in balance with the demand for electricity, possibilities arise to connect new businesses to the grid faster or to help existing businesses expand or increase the sustainability of their business operations. With this pilot, we expect to be able to match supply and demand better so that grid capacity becomes available.

Together, we work on a reliable and sustainable energy supply now and in the future. Mobilising energy.



2022 in figures

Key figures



Electricity grid

144,900 km | 2,941,000 connections | 31 TWh



Gas grid

46,200 km | 2,303,000 connections | 4,714 Mm³



Outage time electricity

in minutes

14.0 -20%

2022 14.0

2021 17.6



Outage time gas

in seconds

109 +45%

2022 109

2021 75



Work package

in millions of euros

1,027 +7%

2022 1,027

2021 959

Revenue

in millions of euros

1,705 +4.3%

2022 1,705

2021 1,634

Profit for the year

in millions of euros

1,300¹ **187²**

2022 1,113

187

2021 199

Balance sheet total

in millions of euros

10,339 +10.0%

2022 10,339

2021 9,395

Installed renewable energy capacity

in megawatt

10,600 +25%

2022 10,600

2021 8,500

Number of connections feeding energy back into the grid

in numbers

857,159 +27%

2022 857,159

2021 671,348

Workforce Enexis

in numbers

4,984 +0.7%

2022 4,984

2021 4,947

1 Including book profit sale Fudura
2 Excluding book profit sale Fudura

We are Enexis

We are a regional grid operator. Households and businesses in Groningen, Drenthe, Overijssel, Limburg and Noord-Brabant are supplied with electricity and gas via our grid.

Ensuring that energy is delivered to households and businesses safely and reliably, that is our most important task. In addition, we contribute to increasing the sustainability in our regions via our grid. For example, by connecting wind farms, solar parks and charging points. Together with governments, businesses, households and other stakeholders, we are thus helping to build the energy system of the future.

About three-quarters of the energy that we distribute comes from large power plants, solar parks and wind farms in the Netherlands and abroad. TenneT and Gasunie transmit this energy via their national grids to our regional grid. We receive the rest from customers. More and more households are generating their own electricity from the wind, the sun, waste and combined heat and power systems and feeding this back into our grid.

What is the energy system of the future?

An energy system is a network that connects production, storage, transmission and consumption of energy. In the future (to be precise no later than in 2050), the Dutch energy system has to be carbon neutral. The government, companies and social organisations have agreed this in the Dutch Climate Agreement. The energy system may then no longer have a negative effect on the climate. This is possible when the switch is being made to renewable energy sources, such as green gas, hydrogen, district heating and electricity from solar and wind energy.

In order to ensure that the energy system is carbon neutral in 2050 - and that emissions are 55 percent lower in 2023 than in 1990, as laid down in the coalition agreement of 2021 - a lot of preparatory work has to be carried out now. For example, we have to decide how and when we will transform or expand our grids. This is difficult, because we do not know exactly which choices governments, businesses and households are going to make in the coming years - and therefore what the energy system of the future will look like. It is crucial to decide timely when and where new infrastructure must be installed. We advocate optimal energy choices for society. However, we are partly dependent on political choices and the choices that are made in society.

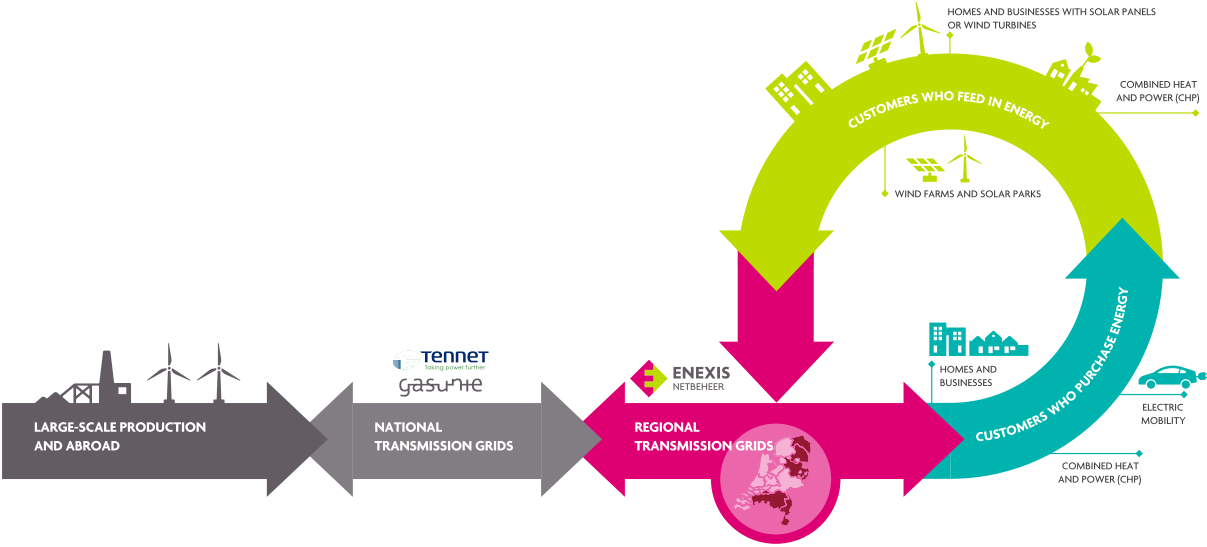


Our role in the energy chain

All the energy in our regions comes together in our grid. We play a central role in the energy chain.

This role comprises various tasks. We develop, build, manage and maintain the energy grids in our region. And we aim to ensure that energy flows safely through these grids 24 hours a day, 365 days a year.

In addition, we are looking into ways to make the energy supply more efficient and sustainable. And to make optimal use of the capacity of our grids. This is possible with innovative technical solutions, such as energy storage and congestion management. But digitalisation of processes and data analysis also help. With this, we can expand the capacity of our grids more efficiently and we can obtain more insight into the growth in the energy supply and demand.



Our strategy

In the Netherlands, households and businesses are switching to renewable energy en masse. In our strategy, which was adopted by our shareholders in 2022, we describe how Enexis intends to support this transition.

More and more governments, businesses and households are making plans to contribute to the Dutch Climate Agreement and the Coalition Agreement of 2021 and are starting to implement these plans. More is being invested in electric mobility. Homes are made more sustainable. Wind and solar parks are being built and there is an increasing number of investments in electric transport and making the industry more sustainable.

Just like other grid operators, we must adapt our infrastructure and prepare for a carbon-neutral future. This is a difficult task. As we do not know exactly what types of renewable energy will be flowing through our grids in the future. And therefore we also do not know what our infrastructure should look like. Another question is how can we keep up with the increasingly faster pace of the energy transition, exactly at this time when we are facing a shortage of personnel. And how can we keep the costs of the transformation of our grids within limits, so that the energy transition remains affordable for everyone.

These challenges demand that we make clear choices. These choices form the basis for the new strategy that was approved by our shareholders in 2022. The central theme of our new strategy is: focus on facilitating the energy transition. We plan to concentrate more and more on our core tasks in order to facilitate the energy transition.

Our vision

We are transitioning to a carbon-neutral energy supply. There are still many uncertainties regarding the final configuration and the path that should be taken. The coming ten years will be characterised by a large diversity of parties and solutions that will exist alongside one another. This means that Enexis, together with its stakeholders, will be going through a period of accelerated development to realise the climate goals. In view of the large number of solutions and accompanying complexity, the total costs of the energy supply will increase substantially.



Our mission

We aim to provide more and more renewable energy to people. We do this by helping to realise the energy system of the future and by investing smartly in a reliable energy infrastructure. In this manner, we ensure that the energy transition remains feasible and affordable.



OUR STRATEGY

Together with our stakeholders, we want to make the energy system in our service area carbon neutral. In order to achieve this, we advocate making optimal choices for society, we offer everyone access to energy at all times and we ensure that customers can count on us.

WE ADVOCATE OPTIMAL ENERGY CHOICES FOR SOCIETY

We aim to play an active role in designing the energy system of the future. We contribute to an energy system that is reliable, affordable and feasible. Such a system can only be built when the plans are realistic and when we involve stakeholders as much as possible. This is why we develop these plans together with, among other stakeholders, businesses and governments.



We also share our knowledge and expertise. We are aware of the advantages and disadvantages of new energy carriers, such as solar and wind energy and green gas. We know what the requirements of these energy carriers are with regard to the infrastructure and how much time it takes to adapt and expand our grids. Thanks to this knowledge, we can make a sound estimate of the technical and financial consequences of the various options. And we help think of possible solutions.

WE OFFER ACCESS TO ENERGY FOR EVERYONE AT ALL TIMES

We ensure that households and businesses can rely on a safe energy infrastructure and a high reliability of supply at the lowest possible costs - also during the energy transition. More and more customers are feeding energy back into the grid. Homes, production processes and mobility are being electrified. With as a consequence that the demand for capacity is growing.

We aim to meet this demand by making more efficient use of our grids and by making use of reserve capacity. We plan to expand our grids with at least 1,000 megawatt a year. And we ensure that we make the most efficient use possible of the existing grids outside peak hours.

CUSTOMERS CAN COUNT ON US

We are transparent, predictable and efficient in our services to households and businesses. This means that we are transparent about the processing time and status of requests. We connect customers on the requested date. And if that is really not feasible, then we make clear agreements on a different timeframe.

We aim to connect at least 85 percent of our customers on the requested date by no later than 2026. We still have a way to go in this. In order to realise this, we make sure that we are constantly engaged in a dialogue with our customers to manage expectations and we work together closely with parties in the energy sector.

Preconditions for success

Our new strategy can only be successful with sufficient dedicated and skilled employees and a strong organisation. Therefore, we ensure that we have skilled employees who work safely and strengthen each other. In addition, we strive to make a sustainable impact and to maintain a sound financial position.

Our organisation

In our strategy, we have chosen to focus on our core activities: facilitating the energy transition. We downscaled activities in 2022 that are less well aligned with our core activities.

The activities on which we are focusing:

- Connecting customers in our service area to our energy grids as fast as possible.
- Maintaining, upgrading and replacing these grids.
- Expanding the transmission capacity of these grids.
- Arriving at optimal energy choices for society together with provinces, municipalities, businesses and other stakeholders.
- Helping to build and determine the energy system of the future.
- Facilitating a free energy market by making energy data available to suppliers and market parties in a safe manner.

We phased out a number of roles of our subsidiary Enpuls in 2022. Under the Enpuls Warmte Infra flag, we are now focussing exclusively on the development, construction and management of district heating systems. As we expect that heating will play an important role in the energy system of the future.

The focus on our core activities was also the reason why we decided to sell Fudura. This company specialises in energy management for the business market, a specialisation that is insufficiently aligned with our core tasks.



Our core values

Enexis introduced new core values in 2021: clarity, inclusiveness and continuous learning. We chose the core values that are necessary to carry out our strategy successfully in a rapidly changing environment. We further activated our core values in 2022.

With the energy transition, Enexis and society are facing huge challenges. We do not know yet what the energy system of the future will look like, but we do know that the grid is becoming increasingly overburdened and that work has to be carried out on the grid almost everywhere. In addition, there is a shortage of skilled technicians, materials and capacity, while request continue to pile up. Therefore, we chose our core values based on this: on what is necessary for the energy transition.

CLARITY

In the coming eight years, we have to reinstall the whole grid that we have installed over the past fifty years. Then it is important that it is clear what we expect from employees and what employees can expect from each other. Being clear means being explicit about what is going well and what is not, and that you call each other to account on this. And making courageous choices, even though it is unnerving and we do not know exactly how a decision will turn out. Being clear makes us more productive, because you do not have to second guess you know exactly what is meant, what is expected of you and what you can expect from others.

INCLUSIVENESS

The energy transitions requires problem-solving abilities. Inclusiveness stands for all of the perspectives inside and outside the organisation that we bring together for this. No one of us has all the answers, that is why it is important that every opinion and every solution is being heard. Also - or exactly - when these are completely different from what we usually do. Inclusiveness also stands for our ambition to be a good mirror of society. This is also about diversity and good gender ratio, also in management positions.

CONTINUOUS LEARNING

Trying new things, learning from lessons, mistakes and successes. The energy transition demands that we continue to grow every day to make better results possible. To this end, we rely on each other and we are open to feedback. It also demands asking questions, experimenting and daring to make mistakes - with an eye to a safe working environment. We learn from this.

IN THIS MANNER, WE PROMOTE THE VALUES INTERNALLY

A new strategy and core values; these are major changes for the organisation. Implementing such a change process usually takes on average three to five years. Fortunately, we are not starting from scratch; the core values go a step further than we were used to. An important precondition for working in accordance with the core values is a socially safe working environment. People must be able to be themselves and express themselves.

We searched for ambassadors in the organisation in 2022, who would be able to provide the right example and actively promote the core values in the organisation in 2023. We found these people everywhere in the organisation; from agile coaches and team managers to secretaries. They explain to colleagues why they are doing things, gather stories and share them, also in team sessions. We also introduced the leadership compass in 2022, with which managers can promote the core values in their teams. We will incorporate the core values into skills, systems and process in 2023.

How we add value

As a large grid operator, we work in the interests of society and we add value to society. To this end, we follow the trends and developments that are important for us. This comprises more than the daily energy supply.

TRENDS AND DEVELOPMENTS



The transition to renewable energy takes place faster

The war in Ukraine is accelerating the transition to renewable energy. Energy prices rose exponentially in 2022. This has stimulated many households and businesses to switch to electricity more rapidly and to generate their own energy.



It is becoming increasingly difficult for households and business to bear the energy prices

The cost of living and raw materials rose more than ever in 2022. Rising electricity and gas prices put many households and businesses in a tight spot financially. The government took measures to partially compensate the higher energy prices, such as an energy allowance for low-income households. A price ceiling for electricity and gas for households and other low-volume consumers applies in 2023.



There are not enough skilled employees

Thousands of skilled technical employees are required to make the Dutch energy system carbon neutral, for instance, technicians, supervisors, engineers and IT personnel. But these specialists are very hard to find. This is also due to the ageing of the Dutch population. More and more people are entering retirement and less young people are entering the workforce. In addition, fewer young people are opting for a technical education.



Resources are becoming increasingly scarce

Not only are skilled employees scarce, copper, aluminium and other raw materials are also becoming scarcer. These are the most important components of the materials that we need for the construction and expansion of our energy grids, for instance, cables, pipes and distribution transformers. And other companies use the same materials. This leads to a larger demand than suppliers can meet and, as a result, materials are not always available.



Digitalisation offers convenience and risks

We can work more efficiently by digitalising our energy grids. For instance, we are equipping our transformer stations with sensors. Data from these sensors help us to better estimate whether we can burden our grids more and thus connect more customers. However, digitalisation also makes us more vulnerable to digital attacks. These form a risk for the energy supply.

VALUE CREATION MODEL

By making our energy grids, employees and financial resources available, we help society to advance. Concretely, this means that we contribute to the Sustainable Development Goals of the United Nations. Our value creation model shows how we add value. In this model, we show:

- The resources (input) that we use to achieve our goals, such as energy grids and employees.
- How we make use of these resources to add value to society (added value).
- What this value consists of exactly (output).
- What we achieve for our customers, employees and other stakeholders (outcome)
- How we thus contribute to the SDGs of the United Nations.

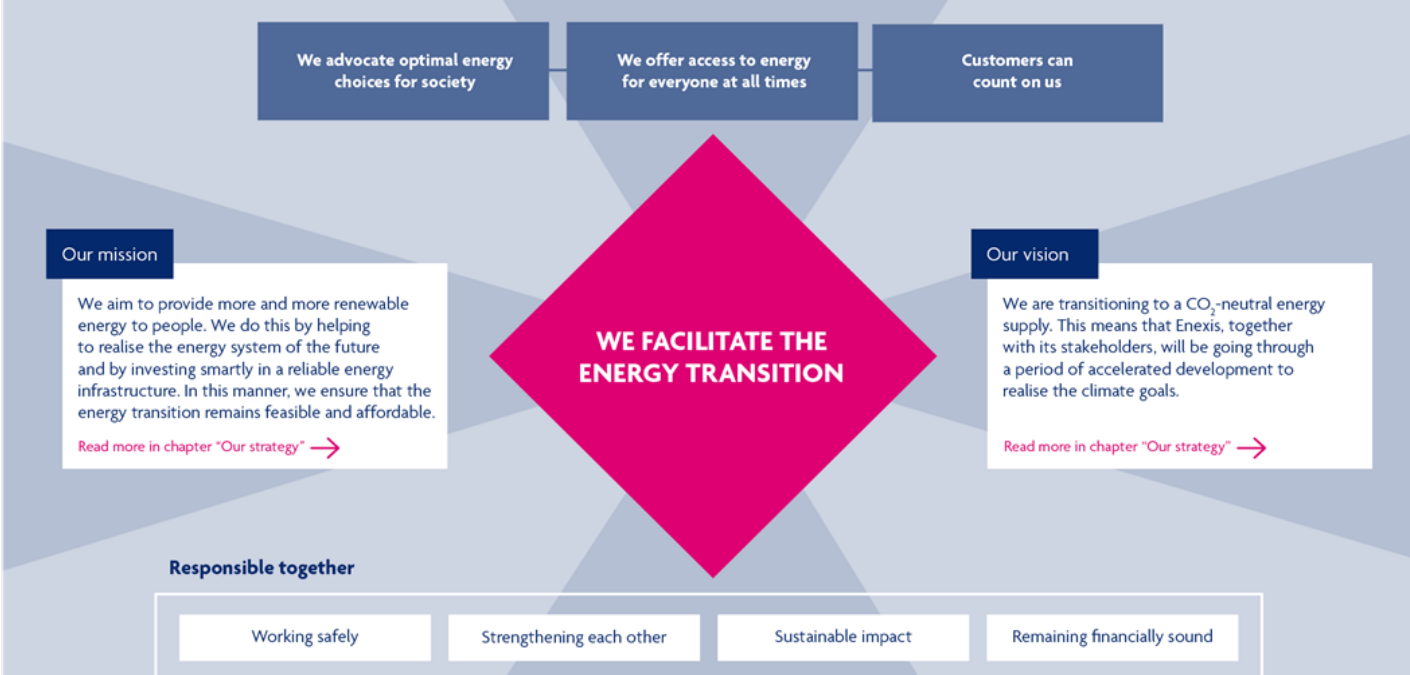
Our value creation model



INPUT

Our grid <ul style="list-style-type: none"> Via connections to our grids, we deliver electricity (2,941,000 connections) and gas (2,303,000 connections) to customers. Over 857,159 connections feed energy back into our grids. 	Raw materials and energy Based on our strategy, we are growing towards a conscious attitude towards the procurement and circularity of materials. When tendering cables, transformers and gas pipes, we demand a raw materials passport and carbon pricing.	Our knowledge and experience We support Regional Energy Strategies and, with systems and data, we enable customers to make their own energy choices.	Our stakeholders We involve our stakeholders in projects and initiatives to build solutions for the energy system of the future.	Our employees Our employees contribute skills, vision and experience.	Our financial position Shareholders, lenders, and revenues from grid tariffs make it possible to finance investments in the energy grids.
---	---	--	--	---	---

ADDED VALUE



OUTPUT

Safe an reliable network	We give our customers access to energy	Safe working environment	Skilled employees	Sustainable organisation	Financial position
---------------------------------	---	---------------------------------	--------------------------	---------------------------------	---------------------------

OUTCOME

Increasing the sustainability of the energy supply Customers can count on energy that is safe, reliable accessible and as sustainable as possible. We offer a high reliability of supply at the lowest possible costs. Energy regions gain insight into local possibilities to increase sustainability. Suitable innovative solutions are developed together with our stakeholders for their energy supply, for instance hydrogen, heating grids congestion management.	Customer satisfaction They can make their own (sustainable) energy choices. The CES gives us insight into customer satisfaction and where there is improvement potential.	A safe working environment for employees The well-being of employees and their family members is enhanced by a safe working environment (LTIF Enexis 1.9) and sustainable employability. We provide employment in municipalities. Existing and new employees are trained and can contribute to the realisation of the energy transition.	Increasing the sustainability of our organisation It is our aim to take responsibility for a sustainable world. We focus constantly on reducing our gross CO ₂ emissions.	Creditworthy company with a solid return Interest and dividend payments and repayments of loans to investors and shareholders. Our credit rating inspires confidence.
---	---	--	--	---

IMPACT



The interrelationship between strategy, opportunities and risks

We facilitate the energy transition

Material topics ¹	Strategic opportunities and risks	Target and realisation 2022 ²	Contribution to SDGs ³
Focus on facilitating the energy transition.			
Reliable and accessible energy grid	<p>Opportunity: Uninterrupted delivery of energy for customers, access to an energy grid with sufficient capacity, and a well-functioning energy market.</p> <p>Risk: Large-scale interruptions of the energy supply</p>	<p>Annual outage Electricity Target: ≤ 17.5 minutes Realisation: 14.0 minutes</p> <p>Quantitative progress year order book Target: ≥ €1,044 million Realisation: €1,027 million</p>	7.1
Safe energy grid	<p>Opportunity: Limiting risks for people and society.</p> <p>Risk: Accidents suffered by employees and/or bystanders due to unsafe situations and/or asset failures.</p>		7.1
Sustainable energy supply	<p>Opportunity: Reducing the environmental impact by means of developing the energy supply independently and in consultation with stakeholders.</p> <p>Risk: An active role of Enexis in the energy transition is hampered by new laws and regulations.</p>	<p>Expansion of transmission capacity Target: ≥ 1,000 MW Realisation: 1,180 MW</p>	7.2 9.1 9.4
Affordable energy supply	<p>Opportunity: Expanding and managing the energy grid at costs that are acceptable for society.</p> <p>Risk: Consequences of payment difficulties for customers and energy suppliers due to high energy prices.</p>	<p>Controllable costs and revenues Target: ≤ €525 million Realisation: €512 million</p>	7.1
Customer-oriented services	<p>Opportunity: Customer needs and customer satisfaction as the basis for the development of our services and performance.</p> <p>Risks: Customer demand cannot be met sufficiently timely due to a shortage of personnel, material and/or grid capacity.</p>	<p>Customer Effort Scores (CES)</p> <ul style="list-style-type: none"> • Q4 score Installation of Customized connections Target: ≤ 19% Realisation: 34% • Q4 score Standard connections Target: ≤ 22% Realisation: 21% • Q4 score Outages Target: ≤ 15% Realisation: 20% 	7.1



Material topics ¹	Strategic opportunities and risks	Target and realisation 2022 ²	Contribution to SDGs ³
Working safely and strengthening each other			
Effective market facilitation	Opportunity: A free energy market in which administrative processes are carried out smoothly for customers.		9.1
Safe and healthy working environment	Opportunity: Limiting risks for employees and partners. Risk: Accidents suffered by employees and/or bystanders due to unsafe situations and/or asset failures.	Lost Time Injury Frequency Target: every accident is one too many • Enexis Target: ≤ 1 Realisation: 1.9 • Contractors Target: ≤ 2.5 Realisation: 3.0	4.3 4.4 4.7 8.3
Employment and skilled employees	Opportunity: Providing work for employees, suppliers, and contractors and being able to respond timely to issues in the organisation and energy transition. Risk: Customer demand cannot be met sufficiently timely due to a shortage of personnel, material and/or grid capacity.	Employee Net Promoter Score Target: ≥ 30 Realisation: 27.2 Increase/decrease # of FTE scarce technical personnel Target: ≥ 169 FTEs Realisation: 133 FTEs	8.3 8.8
Efficient business operations	Opportunity: Development of processes to respond timely to issues in the organisation and energy transition. Risk: Enexis is insufficiently agile to execute complex and profound changes		9.1 9.4
Sustainable impact			
Influencing policy	Opportunity: Adjusting to a changing world with relevant regulations. Risk: An active role of Enexis in the energy transition is hampered by new laws and regulations.		7.1 7.2
Information security	Opportunity: Development of processes and grids through innovations and digital technologies. Risk: Unauthorised use of data and/or systems not being available due to inadequate security measures.		9.1
Sustainable organisation	Opportunity: Improving the (chain) footprint on society and the environment.		12.2 12.4 12.6 13.2
Financially sound			
Financially sound	Opportunity: Create financial value for shareholders. Risk: Deterioration of our financial position due to price effects and effects of the energy transition and regulation method		8.1

1 The material themes are the outcomes of the 2021 stakeholder dialogue, presented on page 170.

2 As reported in the annual report of Enexis Holding N.V. 2021; objectives and achievements 2022.

3 Detailed information is included on page 173.

Our contribution to the Sustainable Development Goals

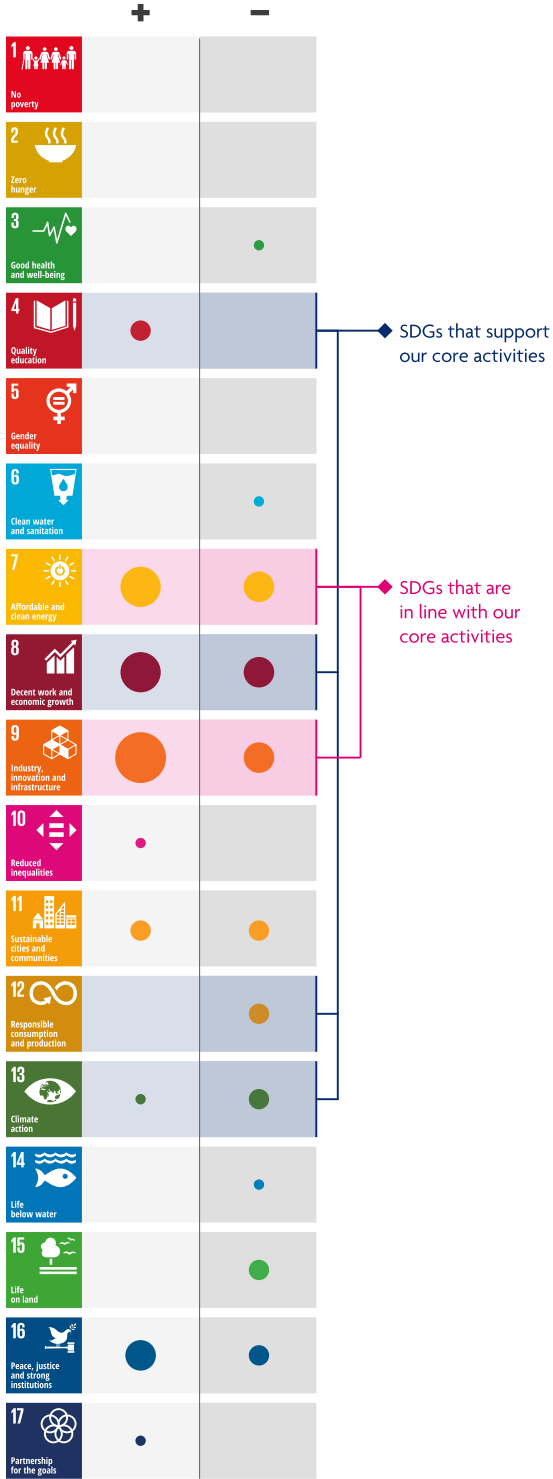
We see sustainable development as one of the great challenges of our time. With our work and our ambitions, we contribute directly to the Sustainable Development Goals (SDGs) of the United Nations.

We adopted our new strategy in 2022. Everything is aimed at ensuring that the energy supply remains safe and reliable, that we connect customers timely, and that we realise the energy system of the future. With this, we contribute directly to SDG 7 (affordable and clean energy) and SDG 9 (industry, innovation and infrastructure). We also aligned our corporate social responsibility (CSR) policy, which brings focus in Enxsis's CSR activities, with the new strategy.

In addition to the two focus SDGs, we distinguish four SDGs that support our core activities. These are the SDGs 4 (quality education), 8 (decent work and economic growth), 12 (responsible consumption and production) and 13 (climate action). With regard to the other SDGs, we adhere to a no-harm principle: we aim to cause no harm.

This also applies with regard to SDG 11 (sustainable cities and communities). As a result of the new strategic focus, we phased out part of our activities in Enpuls and sold Fudura. Therefore, SDG 11 is no longer a priority.

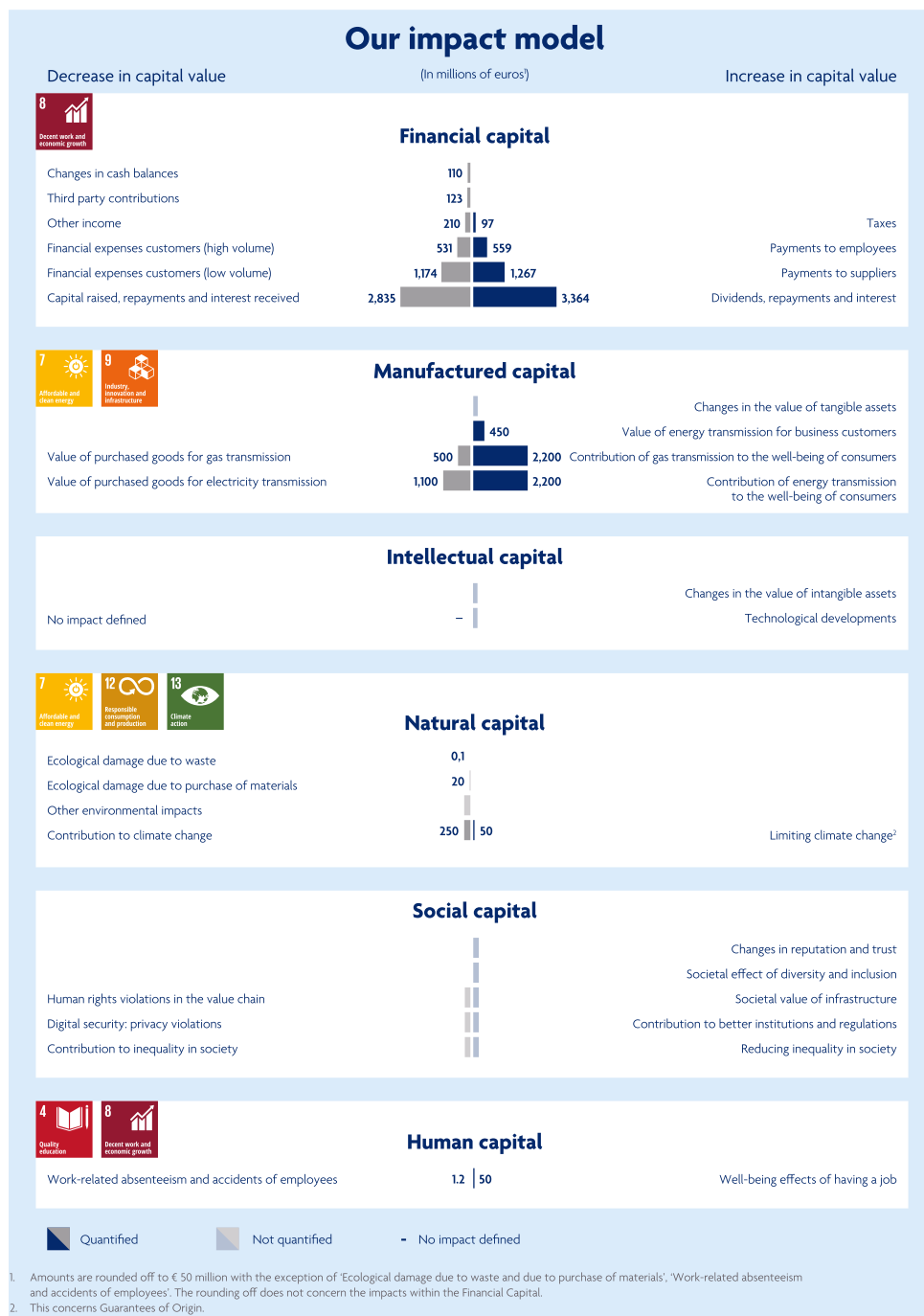
The size of the circles in the illustration provide an indication of the size of the impact (positive or negative).



We measure our impact

We want to measure the size of our contribution to the SDGs accurately. Because when we know the impact, we are better able to improve our impact. Together with other grid operators, we are gradually learning the best way to do this. We added new impact measurements in 2022. There are a number of new impact measurements in the natural capital, such as ecological damage due to waste and the purchase of materials.

In 2022, we drew up a more detailed inventory of our relevant impacts and calculated the effects that our activities have on society. Our impact model shows our impact on the six categories of capital. The result is this table, in which the impact is expressed in euros. This produces - as it were - a corporate social responsibility report that provides an integrated impression of our value creation for our stakeholders and our contribution to the SDGs.



The financial flows through our company increased strongly in comparison to 2021 due to the increase in our work package and in investments to realise the energy system of the future. Furthermore, we saw that the consumption of gas decreased strongly in 2022. With our impact measurement, we observed that, on the one hand, our consumers experienced less well-being from the use of gas compared to last year; on the other hand, this also meant a decrease in the contribution to climate change.

The various aspects of the impact measurement are explained below.

The impacts are categorised in accordance with the value creation model of the Value Reporting Foundation (VRF), which categorises these impacts in six capitals: Financial, Manufactured, Intellectual, Natural, Social, and Human Capital. Enexis quantifies one or several indicators for the capitals Financial, Manufactured, Natural and Human.

FINANCIAL CAPITAL

The financial consequences of the energy transition are not fully compensated by the existing regulation method, also because our operating expenses and other expenses are not compensated timely and fully and thus, we have to pre-finance our activities. Our investments were higher again in 2022 than in the previous year in order to facilitate the energy transition.

More and more financial capital is required from society to finance our activities. The proceeds from the sale of Fudura B.V. provided a positive impulse. We intend to invest the proceeds of the sale of Fudura mainly in the energy transition. Furthermore, the capital from the payments of our customers rose slightly from € 1.6 billion in 2021 to € 1.7 billion in 2022.

By virtue of our role and position in the energy chain, we return - in addition to long-term value - value in the short term to our stakeholders. Our employees receive a salary for their work and time (€ 0.6 billion in 2022; € 0.5 billion in 2021). We pay our suppliers for goods, services, and assets (€ 1.3 billion in 2022; € 1.2 billion in 2021), with which Enexis generates income and work at other parties.

On balance, our activities stimulate the economy, and we generate long-term employment, income, and prosperity.

MANUFACTURED CAPITAL

Enexis's contribution to the well-being value of gas transmission for consumers amounted to € 2.2 billion. This is lower than in the previous year (€ 2.4 billion), in particular due to a significantly lower transmitted gas volume (-24%). The same effect can be seen for the contribution to this well-being value at Enexis's suppliers, which is included in the impact value of purchased goods for gas transmission (€ 0.5 billion in 2022; € 0.6 billion in 2021).

Enexis's contribution to the well-being value of electricity transmission for consumers amounted to € 2.2 billion. This is nearly the same as in 2021, with a slight decrease in the distributed volume of electricity (-3%). The price increase, which many households were confronted with in 2022, is not reflected in the average transaction price (source: CBS Statistics Netherlands 2021) that is used in the model. The same effect can be seen for the contribution to this well-being value at Enexis's suppliers, which is included in the impact value of purchased goods for electricity transmission.

Within the contribution of electricity transmission to well-being, the impact of Enexis making feeding electricity back into the grid possible is taken into account. More and more consumers are feeding renewable electricity back into the grid. Within the contribution of electricity transmission to well-being, we also calculated a positive prosperity effect from households feeding solar energy back into the grid of nearly € 10 billion. The well-being value for consumers was corrected for the effect of gas and electricity outages at Enexis in comparison to the average in the Netherlands. Our electricity grid was more reliable than the average in the Netherlands in 2022 with, on average, 0.18 unplanned outages and 14 minutes outage duration per household. At 109 seconds, the outage duration of our gas grid per household per year was higher than the average in the Netherlands.

NATURAL CAPITAL

The total negative impact on the climate due to carbon emissions by our activities was € 250 million in 2022. Due to the lower volume of gas flowing through our grids, this impact decreased compared to 2021 (€ 300 million). Enexis is working on reducing the negative impact by helping to accelerate the energy transition and by improving the impact of its own activities. The emissions in connection with Enexis's own activities were compensated fully by means of the purchase of Gold Standard Certificates for € 50 million, the same amount as in the previous year. In addition, 2022 was the first year that we calculated our negative environmental impact from waste and the use of materials at € 20 million. As we separate the largest share of our waste, this negative impact mainly came from the production and purchase of new materials.

For more information, reference is made to [Facts and figures](#) (Corporate Social Responsibility - Carbon footprint).

HUMAN CAPITAL

Enexis contributes to the well-being of employees through the work that the organisation offers them. The positive impact value amounted to € 50 million. This is the same as the previous year also due to a limited increase in the number of employees in 2022. Employee satisfaction, measured based on the outcomes of the employee satisfaction survey in 2022, has a direct positive effect on well-being. Employee engagement scored 7.8 in 2022, which is the same as last year.

Safety and the prevention of work-related complaints have a high priority for Enexis. Despite this high priority, there were cases of long-term work-related absenteeism and safety incidents. This has a negative impact on the positive value of having a job and amounted to € 1 million. Rounded off, this was equal to 2021, despite an increase in the number of accidents with absenteeism.

For the method, the most important criteria, and the comparative figures, reference is made to the section [About this report](#).

Our objectives and our performance

Strategic goal ^[1]	KPI	Target 2022	Realisation 2022	Target 2023	Target 2026 ^[2]
Always offering everyone access to energy	Expansion of transmission capacity ^[3]	≥ 1.000 MW	1.180 MW	≥ 2.000 MW	Annually at a minimum 1.000 MW
	Annual outage time	≤ 17,5 min	14,0 min	≤ 17,5 min	≤ 17,5 min
Our customers know what they are getting from us	% Standard connections preferred date ^[4]	-	-	≥ 70%	≥ 85%
	% Custom connections preferred date ^[4]	-	-	≥ 65%	≥ 85%
	Quantitative progress year order book ^[5]	≥ € 1.044 mln	€ 1.027 mln	≥ € 1.340 mln	-
Working safely	Lost Time Injury Frequency Enexis	≤ 1	1,9	≤ 1	≤ 1
	Lost Time Injury Frequency contractors	≤ 2,5	3,0	≤ 2	≤ 2
Reinforce each other	Increase/decrease # FTE scarce technical personnel ^[6]	≥ 169 FTE	133 FTE	≥ 361 FTE	-
	Employee Net Promoter Score	≥ 30	27,2	≥ 35	≥ 40
Remaining financially sound	Controllable costs and revenues ^[7]	≤ € 525 mio	€ 512 mio	≤ € 590 mio	-

1 With regard to the strategic objectives 'We realise the energy system of the future' and 'Making a sustainable impact', periodic monitoring takes place by means of measuring stakeholders' perception of Enexis's image and by means of measuring Enexis's carbon emissions respectively. These strategic objectives are not included in the table.

2 It is the case for most of the KPIs that long-term strategic targets have been set based on the new strategy. For the KPIs that do not have a target for 2026, it is the case that it is not possible to set this target as the target is set each year.

3 This definition will change as of the financial year 2023. All the built transmission capacity will be included in the realisation as from 2023; depending on the moment that this capacity is connected by TenneT. The targets for 2023 and 2026 have been adjusted accordingly.

4 The KPIs for 2023 were added to the targets and performance and therefore they do not have a target and realisation for 2022.

5 Based on standard costs.

6 This definition will change as of the financial year 2023. As from 2023, only the inflow is measured instead of the balance of the in- and outflow as in 2022. Various technical positions were added in the definition of 2023 compared to 2022. The target and realisation for 2022 in accordance with the new definition amounted to 325 FTEs and 314 FTEs respectively.

7 Enexis Netbeheer (including staff departments).

We are proud of the steps that we took in 2022. We completed a record work package again and we expanded the transmission capacity by around 1.2 gigawatt. The reliability of our grids remains equally high. Unfortunately, we did not achieve all of the targets that we had set. The safety of our employees came under pressure due to minor accidents. In addition, we would have liked to have recruited more technical employees to be able to carry out the growing work package now and in the future.

RECORD WORK PACKAGE OF MORE THAN € 1 BILLION REALISED

Despite the aftermath of the Covid-19 pandemic and the shortage of technical personnel, we succeeded in carrying out more work in 2022. The work package that we carried out amounted to € 1,027 million; a 7 percent increase compared to 2021. We exceeded our target for the expansion of the transmission capacity by connection 1,810 megawatt in capacity to the high-voltage grids of TenneT. In addition, we installed 490 megawatt extra transmission capacity, which will become available for our customers as soon as TenneT has connected this. The load on our grid is changing, due to factors such as increased feed-in from wind farms and solar parks, and the growth in the number of electric cars and heat pumps. Despite these changes, the supply reliability remains at a high level with an outage time of 14 minutes.

For 2023, we have set the target to realise 70% of the connection requests for Standard Connections within the preferred date and to realise 65% of the connection requests for Custom Connections within the preferred date.

We did not achieve our target regarding the safety of personnel at Enexis. In 2022, we ascended to step 3 (of the 5) on the Safety Culture Ladder; however, unfortunately, we do not yet see this effect reflected in a decrease of the number of accidents resulting in absenteeism.

We took a large step in our cost savings programme in 2022 with the objective to cut our expenses by at least € 220 million in the period 2022 - 2026. The cost savings realised in 2022 amounted to € 60 million. This is partly due to executing our work package more efficiently, phasing out the activities of Enpuls, and lower expenses for improvement projects. We will continue to work on our cost savings target in 2023. With this cost savings programme, we are not only controlling the costs of the energy transition, we are also able to carry out more work for our customers.

When looking ahead towards 2023, it is clear that our targets are ambitious. Our work package exceeds € 1,300 million. Given our intensive recruitment and training programme for technical personnel, the close cooperation with contractors and an even more efficient working method, we see possibilities for further growth in 2023. We plan to expand the transmission capacity in the coming years with no less than 2,000 megawatt. When expanding the transmission capacity, we are also dependent on the work that TenneT carries out on the high-voltage grid. Therefore, it is possible that Enexis expands the grid capacity, but that this is not yet available pending the work that TenneT has to carry out. When carrying out this work, we do not make any concessions with regard to reliability and safety. We upped our target in 2023 for the timely connection of customers. In order to enter into realistic agreements with customers, we will discuss their wishes and the waiting times. In this process, we will make every possible effort to recruit and retain sufficient technical personnel so that we will be able to carry out the growing work package.

Transmission shortage

RESOLVING THE TRANSMISSION SHORTAGE WILL TAKE A JOINT EFFORT

In the past year, the maximum capacity of the Dutch electricity grid came into view in several areas. Our customers were also confronted with this. Han Slootweg, Asset Management Director at Enexis, explains what is causing this - and how grid operators, customer and other stakeholders can create new possibilities together to make more efficient use of the electricity grid.



HAN SLOOTWEG

Transmission shortage, or in other words, a shortage of capacity on the electricity grids for the distribution of electricity, was in the news more often in 2022. “It is a symptom of a change that has been going on for some time now.” “In the Netherlands, we are producing and consuming more and more electricity. This is also due to the digitalisation of society with, for example, large data centres that consume a lot of energy. And the transition to sustainable energy is accelerating. The number of electric cars is increasing, factories are switching from gas to electricity and solar parks and wind farms are being built everywhere.”

The growing volume of electricity demands more and more grid capacity. The national grid operator (TenneT) and the regional grid operators, such as Enexis, are therefore working extremely hard to expand and upgrade their infrastructure. “We invested over € 1 billion in the past year - a higher amount than ever before. And we expanded our grid capacity by 1,180 megawatt”, Slootweg explains. “These are huge numbers. Due to the gas crisis and the war, the electrification process accelerated in 2022 faster than we expected and the demand for capacity rose rapidly. Faster than the grid operators could handle. There are not enough technical people who can carry out the work and there is a lot of demand for materials, so delivery times are getting longer.”

TEMPORARY STOP

As a consequence, the national and regional grid started to reach maximum capacity in several areas in the Netherlands. The national grid in Noord-Brabant and Limburg reached their maximum capacity in June for both the consumption of electricity and feeding electricity back into the grid. This led to a temporary stop for commercial high-volume users: requests for new connections or upgrades could not be processed immediately.

“Such a stop is extremely frustrating for us,” Slootweg says, “because it means that we have to ask customers to wait till there is more capacity. This can be a business that wants to expand its operations and requires an upgraded electricity connection for this. Or the developer of a solar farm that wants to deliver energy to our grids. Transmission shortage means that they will have to postpone their plans. We understand very well that this is a major disappointment for them.”

REGIONAL AND NATIONAL SOLUTIONS

In order to create more capacity quickly for connections in Noord-Brabant and Limburg, a task force of regional government bodies, grid operators and businesses investigated the possibilities of congestion management and other measures. The basic idea is that customers minimise their use of the grid during peak hours, which frees up capacity for new connections. And this works: the study freed up 1,700 extra grid capacity - ten times the energy consumption of the city Maastricht. As from December, Enexis was thus able to start processing connection requests again.

As shortages are occurring throughout the country, the Ministry of Economic Affairs and Climate scaled the task force up to national level. The original initiators were joined by, among others, the Authority for Consumers & Markets (ACM) and the Dutch government. The partners presented the National Action Programme for Grid Congestion in December. The main message: expand the capacity of the grid faster, make smarter use of the electricity grid and make the necessary flexibility available to do so.

1. *Expand quicker*

Expanding the grid has undiminished priority. Up to 2030, Enexis aims to expand its grid each year with 2,000 megawatt. “However, employees and materials will also remain scarce in the coming time”, Slootweg says. “Consequently, maintaining this pace remains a challenge. Therefore, grid operators, government and market parties should inform each other about planned investments earlier in order to align expansions of the grid and construction and sustainability plans better. In practice, it turns out that this saves a lot of time. And with provinces and municipalities, we are looking into how we can speed up the permit procedures for building projects. These are all gains.”

2. *Make smarter use of the electricity grid*

Expansion of the grid is important, but this will only lead to extra capacity in the future. A solution that will help in the short term is making better use of the existing grid. With congestion management for example; the approach that Enexis and TenneT are now implementing in Noord-Brabant and Limburg. With flexible and time-bound contracts and with a combined connection for generating and storing wind and solar energy.

3. *Increase flexible capacity*

Flexibility will become the key word in any case. Slootweg; “In the future, energy must be used mainly at times that it is readily available. For instance, a factory that you run at a higher capacity when off-shore wind farms produce a lot of electricity. We are also looking into how parties at business parks and in industrial areas can share their transmission capacity with each other. This unburdens the grid and creates new possibilities for these businesses and for new initiatives.

JOINT EFFORT

These solutions are already feasible, according to Slootweg. “But only if we work together, we will succeed. Grid operators, governments, market parties and the ACM should all take their role. To provide sufficient capacity structurally, we will have to tackle this problem together and all make an effort.”

Congestion management

CONGESTION MANAGEMENT WILL FREE UP EXTRA GRID CAPACITY IN THE COMING YEARS

Congestion management is an effective instrument to free up capacity on the grid.” According to Ton van Cuijk, portfolio director Flexibility at Enexis, it can be interesting for businesses to participate, he says “They receive financial compensation and they help to increase the sustainability of the Netherlands more rapidly.”



TON VAN CUIJK

As from the spring of 2022, the term congestion management also appeared more and more often in the Dutch media. Which was quickly followed by the more popular term of avoiding peak hours. That is exactly what it is, Van Cuijk explains. “We ask customers to temporarily use less electricity or feed less electricity back into the grid at peak times. You can compare this to not being on the road during rush hour, so that no traffic jams occur and other road users - new connections- can use the road. In the meantime, we are working very hard on widening the road, thus on expanding the grid.

MILLIONS OF EUROS

It already became clear in 2020 that congestion management would be one of the solutions for transmission shortage. In order to make this possible, the Authority for Consumers and Markets (ACM) had to amend the rules. The ACM came with a proposal in August 2021

regarding how, when, and under which conditions congestion management could take place. “The proposed approach could threaten the safety and reliability of our grid”, Van Cuijk said in response to this proposal. “Moreover, the costs would increase. Money that we would not be able to spend on the energy transition.” Enexis and the other grid operators came up with counter proposals. This ultimately led to a final decision in May 2022. “Many of our proposals were included in this final decision.”

A LOT OF HARD WORK

The ACM gave grid operators until November 2022 to prepare for the implementation of congestion management. We really needed this time, Van Cuijk says. “We did an awful lot of work. We hired dozens of people, such as asset managers, relationship managers, data analysts and supervisors. Processes were designed, systems were built and contracts were drawn up. We made the deadline; we are now able to carry out congestion management properly.”

COMPLICATED

In the mean time, Enexis has been applying congestion management. The grid operator forecasts, in practice, a day in advance whether a peak demand will occur somewhere in an area. This is complicated: it depends on electricity consumption, but certainly also on electricity being fed back into the grid via solar panels and wind turbines. Van Cuijk: “The energy fed back into the grid depends strongly on the weather. Is the wind force two or three? And is there or is there not a cloud hanging over a specific solar farm tomorrow morning between ten and eleven? This can mean the difference between a peak demand or no peak demand.” If Enexis expects a peak, then companies with whom we have concluded a contract will be asked to reduce the energy they feed back into the grid or to use less electricity for a few hours. Enexis offers two flexible contracts for this.

ENOUGH POSSIBILITIES

According to Van Cuijk, industry sector organisations are positive about congestion management, but, in practice, it is difficult to get companies really interested in it. “Developers of solar farms have already sold the electricity that they generate far in advance when we ask them a day before to deliver, for example, half as much electricity. Nevertheless, we try to find a solution together with them.” He sees enough possibilities where electricity users are concerned. “Electric boilers and large cold storage units can easily be turned off for a few hours. Charging electric cars can take place outside of peak hours. It can be financially interesting to participate for parties that can shift their production and for horticulturists.”

TEMPORARY

Van Cuijk hopes that Enexis, will be able to conclude many contracts with both energy producers and energy users in the coming period. “With congestion management, we can free up capacity for new users and connections. It can be interesting financially for participants, and it certainly helps to accelerate sustainability.” And although it is a temporary instrument, Van Cuijk expects that congestion management will continue to free up capacity on the grid for years to come. “It is getting more and more congested on the grid. We cannot keep up with this by only expanding the grid.”

GOPACS: THE DUTCH CONGESTION MANAGEMENT PLATFORM

GOPACS is a platform with which the Dutch grid operators are seeking to mitigate transmission shortages together with market parties and high-volume users. Customers that have the flexibility to regulate their power can contribute to increasing sustainability in the Netherlands by adjusting their demand and supply of electricity and receiving a financial compensation in return. Every market party or high-volume user who is able to influence their electricity consumption or the electricity that they generate, and who thus has a degree of flexibility available in their energy supply and demand that they can trade, can participate in GOPACS. When the grid threatens to become overburdened, flexible capacity can be traded on the GOPACS platform based on bids. As a result, the platform is, as it were, an exchange for the short-term purchase of flexible capacity. The platform is an important step in reducing transmission shortages and help us keep the electricity grid reliable and affordable.

Making more efficient use of the grid

TWICE AS MUCH ENERGY CAN BE TRANSMITTED THROUGH THE GRID

How can we make efficient use of the grid, so that less congestion management is required and we do not have to upgrade the grid as much or as fast? This is the central question at our Innovation & Development department. Two teams, in total 25 people, are working on solutions for the current shortage and the energy system of the future.



BRAM GERRIST

The guarantee that you can use as much electricity as you want day and night, when in fact you only really need that capacity a few times a year. This has been the most normal thing in the world for our large-volume users for years. But with the current shortage, the reserve capacity - the availability of capacity that large-volume users do not use - is necessary for new connections and for the expansion of existing connections for renewable energy.

“Our current customers only make use of 30% of the grid capacity”, according to Bram Gerrist, Director Innovation & Development. “By avoiding the peaks and making use of low-demand times, twice as much energy can be transmitted via the grid. Not all the time, but usually it is possible.”

OUTSIDE PEAK HOURS

At present, we have a number of pilot projects running to make better use of reserve capacity. For instance, with a number of large-volume customers, we are discussing how they can avoid peak hours. “A lot of the energy consumption of companies is not necessarily bound to a specific time”, Gerrist says. “For example, you can easily charge an electric vehicle fleet at night and electric boilers do not have to be on 24/7.”

In the Tilburg region, Enexis and large-volume customers are testing the counter-contract. Customers can only feed solar energy back into the grid if there is sufficient grid capacity. The intensity of the sun is measured real time. If the intensity is 50 percent or lower, then the large-volume customer can feed energy back into the grid. If the intensity is higher than 50%, not all energy can be fed back into the grid. The large-volume customer can then use the solar energy for its own use or store it temporarily. This stimulates companies to make use of each others solar energy. “With forecasts, models and the weather forecast, this is rather complicated”, Gerrist says. “We are looking into at which customers this works, after which we intend to scale up. We have to do that via the Authority for Consumers and Markets (ACM). We are doing this together with other grid operators.”

TIME-BOUND CONTRACT

In the north of the country, we are looking into the time-bound contract, together with PowerField, a builder and manager of solar farms. “With this contract, we enter into tailored agreements. The existing connection in Meppel is reduced at agreed times”, Gerrist says. “This works fine for a large group of companies. And in this way, transmission capacity becomes available for those who are on a waiting list for a connection.” PowerField has flexible access to the grid in Emmen. If capacity is available, they can connect a second solar farm.

LEARNING FAST

The most important stakeholder in using the grid more efficiently? “The customer”, Gerrist says. “If we want them to change to new contracts, it has to be worthwhile for them. That is why we choose to introduce our ideas quickly, so that customers can test these ideas. I often hear that the motto in innovation is fail fast. I prefer to say innovation is learn fast. The sooner we know whether a solution is, for example, in line with the customer's revenue model, the better. Then we know whether it is worthwhile to develop this solution further.”

New contracts will first apply to new customers. After that - if necessary - possibly also for existing customers. “We cannot simply break open contracts”, Gerrist says. If it is up to the innovation director, customers will be able to choose from various types of contracts in the future. “They will then enter into a dialogue with our relationship managers: what do you need? By making efficient use of the grid, more capacity will become available in the short term. The advantage for the long term is that we have more time to upgrade the grid.”

RENEWABLE ENERGY IN SMART ENERGY HUB

Businesses that organise their energy consumption together. Business parks in Zwolle, Almelo and Hapert are participating in pilot projects with a group contract. The management of the business park Hessenpoort in Zwolle approached Enexis with the idea for the energy hub. The region is an important hub and many businesses in the business park want to become more sustainable. For instance, there are also plans with hydrogen. Electrolysis - the technique that is used to convert hydrogen takes a lot of energy. In order to become more sustainable despite the increasing energy demand and the shortage of grid capacity, the businesses decided to generate renewable energy together. The energy that they do not need is sold in the district. They are also trying to save as much energy as possible.

The pilot project in Zwolle is in an advanced stage. An ecosystem has already arisen here with various partners. The province and the municipality are financing the project and have granted permits. “In addition, there are private parties, such as data vendors that provide insight to the businesses with dashboards”, Gerrist says. “We are pleased with this; it is important that businesses have insight. If the pilot projects are a success, we also want to develop this into a standard contract.”



Focusing on facilitating the energy transition



We invested more than ever in the expansion and upgrading of our grids in 2022. But, in particular, among large-volume customers, the demand for capacity rose faster than we could keep up with. Therefore, we are not only working on realising new capacity, but we are also going to make more efficient use of the existing capacity. So that our customers can continue to build healthy, sustainable businesses and work on projects to produce renewable energy.

IN THIS SECTION

- Reliable and accessible energy grid
- Safe energy grid
- Sustainable energy supply
- Affordable energy supply
- Customer-oriented services





Access to a reliable energy grid for everyone

The reliability of our electricity grid was equally high, whereas the reliability of our gas grid was lower than last year due to two large outages. In the meantime, the number of new electricity connections rose compared to 2021. However, we were confronted with a shortage of transmission capacity in several locations due to electricity consumption and electricity being fed back into the grid. We were unable to help high-volume customers with large connection requests directly in those locations.

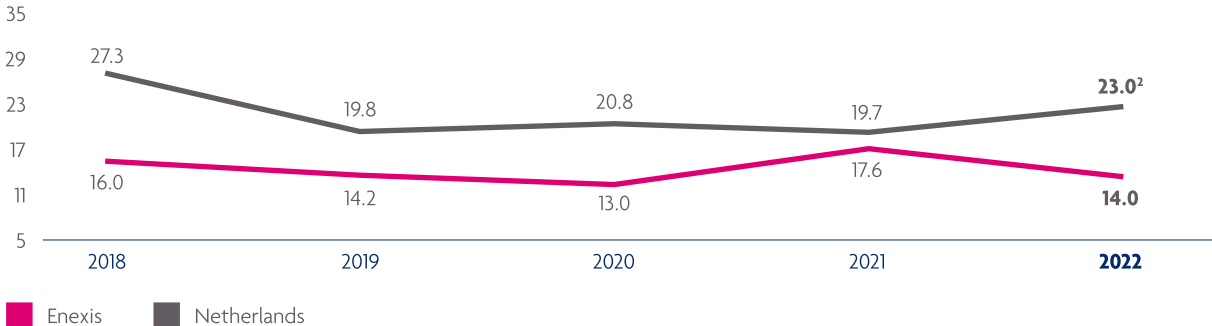
A warm house in the winter. An electric car with a full battery. Smoothly running machines and installations. Our customers can count on energy. It is up to us to deliver electricity and gas to their homes and businesses the whole year through a reliable and accessible energy grid. We do everything in our power to avoid the risk of (longer) outages.

Enexis has a reliable grid. The annual electricity outage time (JUD) is an important indicator in this. On average, our customers were without electricity for 14 minutes in 2022 (2021: 17.6 minutes). A result that we are proud of, as our outage time has been below the national average already for a number of years. The high reliability of our grid is partially due to the huge investments in our grids and the use of innovative systems, such as Distribution Automation Light (DALI). Customers can be helped sooner because DALI locates interruptions fast.

Outage duration	Electricity (in minutes)	Gas (in seconds)
Groningen/Drenthe	21.4	91
Overijssel	11.9	68
Noord-Brabant Oost	10.2	39
Noord-Brabant West	14.4	36
Limburg	10.6	299
High voltage ¹	0.5	-
Average	14.0	109

¹ Unable to allocate geographically.

ELECTRICITY OUTAGE TIME¹ COMPARED TO THE NATIONAL AVERAGE



¹ Nestor electricity registration system.

² National average 2022 is a concept; the final outcome was not yet known when this annual report was published.

The gas supply was interrupted for 109 seconds (2021: 75 seconds). The outage time for gas was higher than a year earlier due to two long outages. Long outages occurred in Heerlen and Landgraaf. The outages were caused by a leak in the water pipeline. The water that flowed out made a hole in the gas pipeline, causing water to run into the gas pipeline. The outage did not lead to a dangerous situation, but nearly 400 customers were without gas for a while. While our colleagues resolved the outages, we provided temporary shower stalls and meals.

THE NUMBER OF ELECTRICITY CONNECTIONS ROSE

In 2022, we were able to provide a transmission indication for 79 percent of the connection requests with which our customers could apply for an SDE+ subsidy (2021: 71 percent). At the time, there was still transmission capacity available in the region in question. Although, the number of transmission indications was often greater than the still available transmission capacity; therefore, a transmission indication does not offer a guarantee that the transmission capacity will actually be able at the time that this is requested.

In some regions, new high-volume customers had to wait longer for a connection than desirable. This was also due to the scarce supply of electricity on our grid. The cause of the shortage of capacity lay largely in the national high-voltage grid of TenneT. In addition, we were unable to expand and upgrade our transmission capacity fast enough to keep up with the rapid increase in the number of connection requests. We had difficulty recruiting and retaining sufficient technical personnel due to the continuing shortage on the labour market.



Safe grids that everyone can rely on

Distributing and working with electric voltage and flammable gas under pressure can lead to safety risks for the environment. We try to protect everybody as much as possible. This is why we have high safety standards and we take proactive measures.

Enexis's gas and electricity grids form part of the vital infrastructure in the Netherlands. It is very important that Enexis can continue to provide its services without interruption. To keep the public safe and prevent incidents, we closely monitor our grids to spot any signs of possible faults. For instance, we make use of the ROBAM method (Risk and Opportunity Based Asset Management). We measure the number of incidents according to the seriousness of the incident. No accidents occurred in 2022 with a 'serious' or 'very serious' effect. We pay attention to securing technical spaces properly and to the prevention of incidents during excavation work. Prevention staff inform those who are carrying out excavation work or supervise high-risk excavation activities and we inform our customers about what they should pay attention to ensure safe excavation. In the last few years, we have also been replacing older switchgear installations (COQ installations) and brittle gas pipelines. In this way, we aim to minimise the risk of unsafe situations and ensure a safe energy grid.

Milestones	At 2022 year-end	
	Gas	Electricity
Public safety		
Number of incidents with a moderate or considerable impact[1] ≤ 4	1	1
Number of incidents with a serious impact[2] ≤ 2	0	0
Number of incidents with a disastrous impact[3] ≤ 4	0	0

1 Moderate or considerable impact: Accidents requiring First Aid or treatment by medical staff (victim(s) among the public) or damage to the environment amounting to between €10,000 and €1 million.

2 Serious impact: Accidents resulting in serious (permanent) injury (victim(s) among the public) or damage to the environment amounting to between €1 million and €10 million.

3 Disastrous impact: Accidents with one or several fatalities (victim(s) among the public) or damage to the environment of at least €10 million.

OUR CRISIS ORGANISATION IS PREPARED AND READY.

A crisis situation can arise in any organisation. Therefore, adequate preparation for such a crisis is necessary. Enexis has a crisis organisation that can adequately deal with incidents by means of standard procedures and based on experience. Staff from various departments (such as communications, marketing, operations and ICT) and of all levels are stand-by or on-call. However, when an incident exceeds a certain scope, a broader more specific approach is required tailored to the situation. In that case, we scale up and put together a crisis team. The crisis team consists of a corporate team, communications team and department team. Aspects such as communication with authorities and customers and organising the special deployment of people and equipment, are organised by this team in the form of a tailored approach. A crisis management plan (CMP) has been drawn up with the aim of organising this specific process to deal with the crisis adequately.

Members of the crisis organisation are trained and drilled in taking decisions under time pressure and a large degree of uncertainty. This takes place at least once a year at each location. In addition, we participate in a crisis drill organised by external parties, such as the safety region or Netbeheer Nederland a number of times a year. New colleagues, such as spokespersons, follow a media training when starting their job to prepare themselves for possible crisis situations.

Customer satisfaction is a top priority in our services

The demand for electricity is growing faster than the capacity of our grids. We are working hard to expand this capacity. However, due to the shortage on the labour market, we are unable to recruit sufficient technical personnel to speed up the pace. In addition, we are dependent on expansion of the capacity in the high-voltage grid by TenneT and of the processing times of building permits. As a result, processing times for customer who, for example, want to upgrade their connection are getting longer in many areas. They are rightfully disappointed about this. By communicating clearly and proactively, we reduce the frustration for a most of these customers.

In order to support the transition to a carbon-neutral energy system, expansion of our grids is urgently required. Although we are working hard on expanding the grid, customer demand is much greater. Unfortunately, it is not always possible to expand the grid fast enough, also because it is difficult to recruit sufficient technical personnel. A problem that has already existed for sometime and that other companies are also facing. Despite these limitations, we are doing what we can to expand the capacity of our regional grids. Also when this temporarily leads to more capacity than the national grid of TenneT can handle. As is the case for Enexis, TenneT is also having to deal with transmission scarcity on a number of stations. We will make sure that we are ready as soon as there is sufficient capacity.

Fortunately, we were able to inform our customers in December that more capacity has become available for new connections in Noord-Brabant and Limburg, both for high-volume users and for producers of renewable energy. This availability of capacity came to the fore as a result of a study conducted by TenneT into the possibilities of congestion management.

A BETTER SCORE FOR STANDARD CONNECTIONS AND A LOWER SCORE FOR CUSTOM CONNECTIONS

We inform customers as clearly as possible about the causes of longer wait times for connections. We believe that this is part of [customer-oriented services](#). For example, we publish [up-to-date information](#) about the capacity of our grids on the website of Enexis Netbeheer. We then make realistic agreements about the connection, we keep customers informed about the progress and we do everything in our power to deliver on our promises.

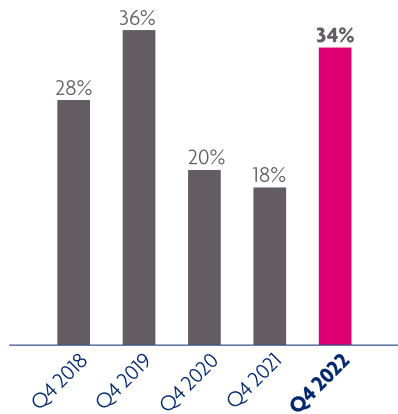
The Customer Effort Scores (CES) show that our customers appreciate how we keep them informed. These scores show how much effort customers have to make to have a request handled by us.

- Where Custom Connections are concerned, the customer experience was under pressure. We were not always able to realise custom connections within the term desired by the customer. The method for the Customer Effort Score (CES) measurement was adjusted as of 2022 and therefore the score is no longer comparable to that of previous years.
- For Standard Connections (connections of households and SMEs), we scored better in 2022 than in previous years.
- For Outages, we scored lower than in previous years.

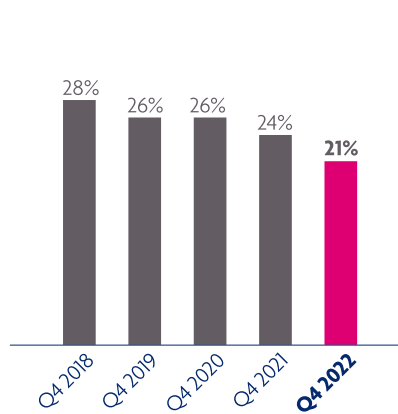
We are doing everything in our power to connect customers timely. Unfortunately, it is not always possible to connect customers within the statutory connection time due to a shortage of technical personnel and materials. In view of the growing work package and the continuing shortage on the labour market, we don't expect this to change in the short term. Not being able to connect customers timely can have financial consequences for Enexis, for example, by having to offer temporary solutions or due to other developments. The potential financial consequences cannot be estimated with certainty.

CUSTOMER EFFORT SCORE¹

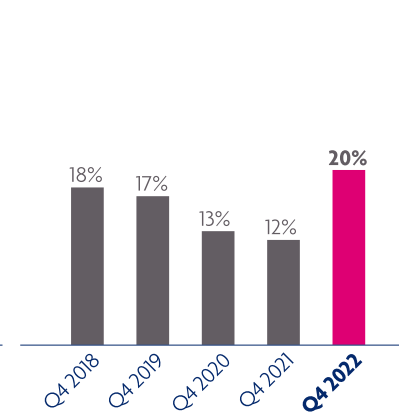
Customized Connections



Standard Connections



Outages



¹ The following applies to the score; the lower the better.

We received more complaints from customers in 2022 about the quality of the voltage of the electricity grid than in 2021. Insufficient voltage can lead to, for example, blinking lights and solar panels switching off.

The cause lies in the increased demand for electricity in and around homes. Our low-voltage grids cannot always handle this larger demand. In the summer the voltage increases, because a lot of solar energy is being generated. On the other hand, in the winter the voltage decreases because less electricity is being generated and more is being used.

If the cause lies in our grid, then we do everything in our power to resolve this as soon as possible. In addition, we are also developing methods to monitor the quality of and capacity in the low-voltage grid even better. In this manner, we are better able to predict where problems will occur and to deal with these problems timely.

OUR TARIFFS ARE GOING UP, ALSO DUE TO HIGHER ENERGY PRICES

The increase in tariffs remained limited in 2022 (1.4 percent) and the tariff for gas even decreased slightly (-2.3 percent). This is mainly due to the government's measure to lower the VAT to 9 percent in the period July 2022 - December 2022. Without this government measure, the tariffs for electricity and gas would have risen by 6.7 percent and 2.8 percent respectively.

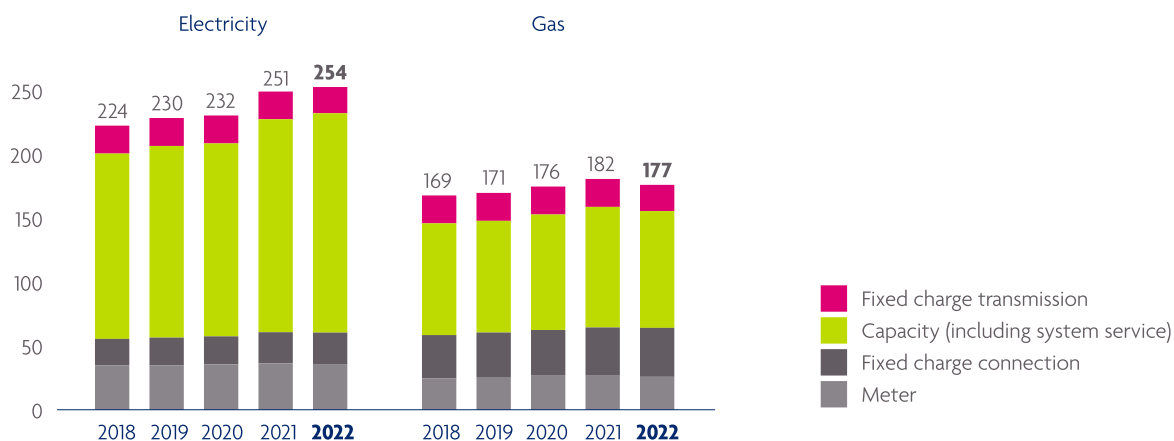
The tariffs for the transmission of energy via our grid will go up in 2023. The increase, which was approved by the Authority for Consumers and Markets (ACM), is higher than in previous years. When we compare the calculated tariffs for 2023 to the paid tariffs in 2022 (including the VAT reduction), then households will be paying 28 percent more for electricity in 2023 and 15 percent more for gas. Without the temporary VAT reduction in 2022, the increase in the tariffs would have amounted to 22 percent for electricity and 9 percent for gas.

That the tariffs are rising is first of all due to the higher energy prices. As a result, we have to pay more for the energy that we purchase to compensate the grid losses. Energy losses arise when energy is lost, for example, during the transmission of electricity and gas. Furthermore, besides the temporary VAT reduction, inflation is an important reason for the increase in tariffs. Finally, we also have to pay more for the transmission of energy over the national grid of TenneT to our regional grids.

We advocate a fair tariff model

The costs of operating the grid will rise in the coming years because of the work that we have to carry out to facilitate the energy transition. These higher costs will probably lead to higher tariffs for our customers. We advocate making use of a good mix of instruments to limit this increase. For instance, tariffs that stimulate customers to make more efficient use of the grid, or technical or contractual measures or advice. The optimal mix of instruments will lead to higher grid efficiency and limit the increase in costs of the grid. In addition, we believe that it is fairer that customers contribute to the costs of the grid based on their actual demand for transmission capacity.

AVERAGE HOUSEHOLD BILL (annual grid costs in euros)

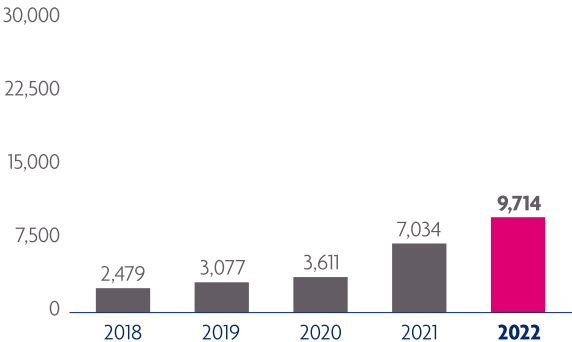




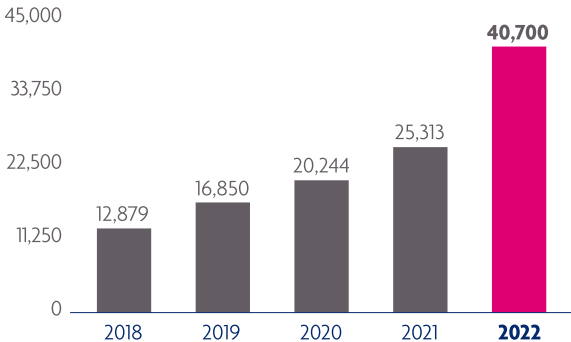
Increasing the sustainability of our energy supply

The shortage of transmission capacity has not only led to delays of new connections. We were also not always able to upgrade existing connections immediately. These upgrades are necessary for customers, who, for example, wish to expand their business operations or want to switch from gas to electricity. The transmission shortage therefore is also having an impact on the economy and the energy transition.

NUMBER OF REMOVED GAS CONNECTIONS



NUMBER OF UPGRADED ELECTRICITY CONNECTIONS



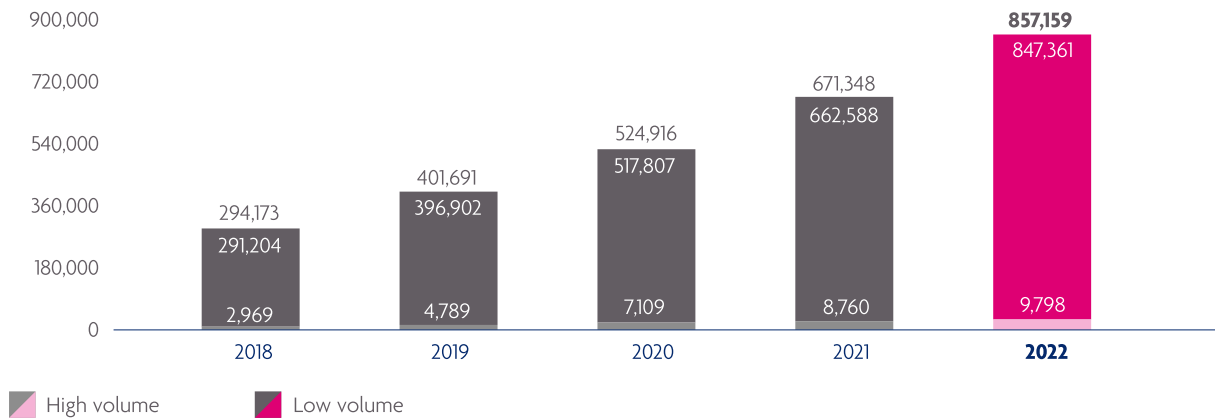
The transition to renewable energy is not new. However, the pace rose considerably in 2022. More and more businesses were considering electrifying their energy supply, while households were installing heat pumps and solar panels and switching to electric mobility. We removed 9,714 gas connections in 2022 (38 percent more than in 2021) and upgraded 40,700 electricity connections at customers; an increase of approximately 61 percent in comparison to 2021.

In addition, more and more businesses and households generated their own energy and fed part of this energy back into the grid. The number of connections that feed solar and wind energy back into the grid rose by over 27 percent to 857,159 connections (nearly equal to the increase in 2021). The installed renewable capacity (the maximum capacity of all renewable energy sources) in our region increased in 2022 by 25 percent. The share of green gas that customers fed back into the grid remained more or less the same. This is how we contribute to a sustainable energy supply.

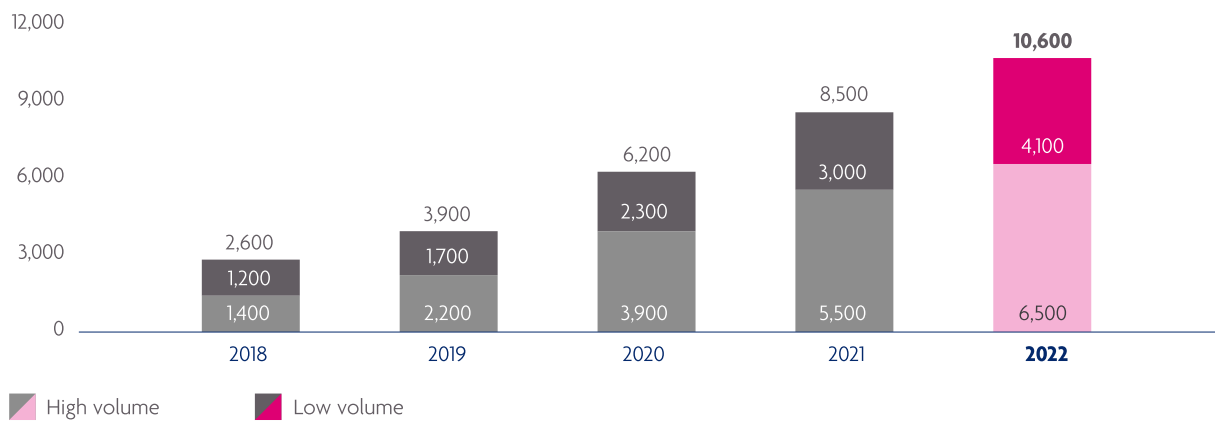
The demand for electricity and the supply of locally generated energy increased faster than we could keep up with in the expansion of our grids. This did not only impact customers requesting new connections; We were also not able to help customers directly who wanted to upgrade an existing connection. The transmission shortage for feeding electricity back into the grid, which already existed in 2021, was still an issue in 2022. As a result, there was insufficient capacity for new wind farms and solar parks to feed energy back into the grid in some regions.



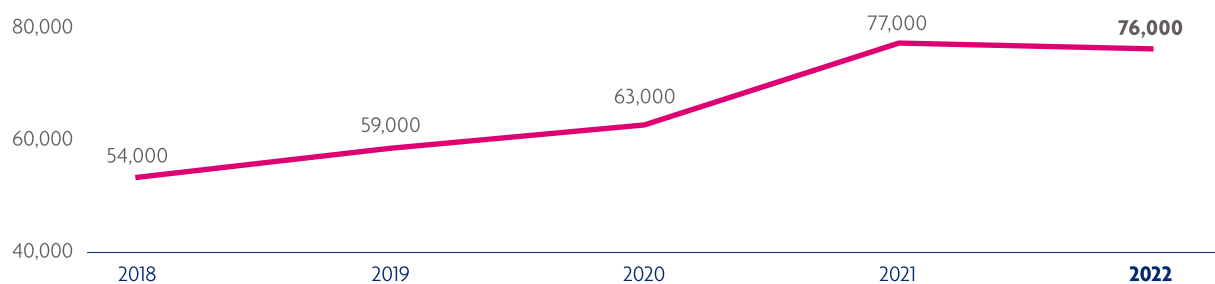
NUMBER OF CONNECTIONS THAT FEED BACK INTO THE GRID



SUSTAINABLE INSTALLED CAPACITY (in megawatt)



GREEN GAS (Transmitted volumes in Mm³)



FASTER PERMIT PROCEDURES ARE NECESSARY

As Enexis, we endorse the Dutch Climate Agreement and the Coalition Agreement. Emission have to be reduced in 2030 by 55 percent compared to 1990. This is in accordance with the energy goals of the EU laid down in Fit for 55. This package, which is based on the European Green Deal, contains a substantiation of the Green Deal climate goals. The war in Ukraine led to a further stepping up of these goals in 2022. As Europe wants to reduce its dependency on Russian gas sooner, without losing sight of the the climate goals. This stepping up of the goals has been laid down in the REPowerEU package. In this package, the European Commission proposes to increase the share of renewable energy in 2030 to 45 percent (previously 40 percent in Fit for 55). Energy consumption must also be 13 percent lower than in 2020 (previously 9 percent).

These policy ambitions lead to a considerable challenge for grid operators. Because this means that even more capacity will be required on the grid for renewable and regional energy generation. Consequently, further expansion of the grid is also necessary. This is why we stress the importance of faster permit procedures. We are also advocating adjustments to the transmission tariffs in order to stimulate users to make more efficient use of the grid and that also include a tariff for the generators of energy. At present, only those who purchase energy pay for using the grid. Customers who feed energy back into the grid on a large scale do not pay anything for this.

WHAT DOES THE 'NITROGEN RULING' OF THE DUTCH COUNCIL OF STATE MEAN FOR OUR GRID EXPANSION PLANS?

The Council of State announced its 'nitrogen ruling' at the beginning of November 2022: the council decided that the construction exemption for nitrogen may no longer be used for building projects. This ruling can lead to delays in the expansion and upgrading of our grid.

This is the issue

The Nature Protection Act contained a construction exemption since 2021. This exemption stipulated that the nitrogen emissions of construction activities did not have to be taken into account when granting a building permit. This made it easier to obtain a permit for such projects. However, according to the Council of State, the exemption did not comply with European nature protection laws.

Impact on Enexis

The ruling can have consequences for Enexis's activities, such as building new transformer stations. For such projects, we now first have to calculate the amount of nitrogen that will be emitted and whether this will have an impact on Natura2000 areas. If the emissions are too high, we have to apply for a Nature Protection permit. Measures are then often required to prevent the emission of nitrogen. Projects for which we already have a Nature Protection permit will not be effected by the ruling. It is not clear yet how many projects will be effected by the ruling.

In collaboration with water company Vitens and Enexis Netbeheer, BAM Energie & Water started a pilot project near the nature area Lemelerberg which will be carried out completely emission-free. This means that pipelines and cables will be replaced emission-free. In this manner, underground grids can be installed in the vicinity of vulnerable Natura-2000 areas and the emission of CO₂, nitrogen and fine particles will be reduced. In addition, working clean and emission-free also improves the working conditions considerably.



MAKING MORE EFFICIENT USE OF THE GRID

It is also important to make more efficient use of the available transmission capacity to avoid excessive expansion and upgrading of the grid. By making more efficient use of the grid, we can reduce the shortage in the short term, in addition, less expansion will be required in the long term. This is how we contribute to an affordable energy supply.

Together with governments, colleague grid operators and businesses, we devised and tested methods in 2022 to make the best possible use of the available capacity and to serve our customers optimally. For instance, congestion management, time-bound contracts, making use of reserve capacity and incorporating and setting up local energy hubs.

Furthermore, we expect a lot from the digitalisation of processes and applying data analysis. This will enable us to expand our grids more efficiently and provide more insight into the growth of the energy requirement and we will be able to better resolve and prevent shortages.

Prioritising projects can help in the future, for example, based on the relevance of the project for society. Which projects are the most urgent for society? Which projects can be postponed? Together with other stakeholders, we are looking into a possible framework for this.

WE DISCUSS THE FEASIBILITY OF PLANS WITH STAKEHOLDERS

In order to expand our grid more efficiently, we wish to obtain more insight into the demand for capacity. For example, we inform municipalities and project developers about the capacity that we can provide now and in the near future on the local level. They can then take this into account when developing their plans. We try to combine sustainable initiatives, such as solar parks and wind farms, on one connection by using the concept cable pooling.

We discuss the Regional Energy Strategies (RES) with the regions. Ten RESs were adopted in our service area in 2022. Together, these aim to generate over 26 TWh in renewable energy before 2030, mainly with solar panels on land and on roofs. A large ambition, certainly if we combine this with the plans for the heat transition of the built environment, the charging infrastructure for electric mobility and increasing the sustainability of the industry. Together with regions, we are thus looking into what is feasible.

One thing is clear: electricity cannot provide for the total future energy requirement. Therefore, we advocate an energy mix with, for example, green gas, heat or hydrogen. We can transmit green gas via our existing grid and this can then help to increase the sustainability of the energy supply in the short term. However, the production will have to be increased considerably. The ambition in the Climate Agreement is to produce 2 billion m³ green gas in 2030. 76,000 Mm³ was produced in our service area in 2022. However, the pace at which green gas is produced has to be increased in order to achieve the climate goals.



WE ARE DEVELOPING A VISION ON THE ENERGY SYSTEM OF THE FUTURE.

The transition to carbon-neutral energy is accelerating. In order to make this transition possible, we as a grid operator also have to expand and upgrade our grids faster. This is a huge and complex undertaking. Therefore, we are already drawing up an inventory now of the energy requirement that we can expect in our regions in the coming years for the industry, mobility and other sectors. Based on this information, we calculate what this means for our grids: which adjustments are necessary to satisfy this requirement. And where the urgency is the greatest? We also formulated our own vision for each sector in 2022.

Our inventory and the sector visions result in our vision on the energy system of the future, a living document that will be published in the spring of 2023. In this document, we link all work up to 2030 to a plan. In this manner, we get a better grip on the projects and investments in the coming period. And provinces, municipalities and other stakeholders can see exactly where our grids offer the most capacity for the consumption of electricity and feeding electricity back into the grid and therefore, what the best locations are for new industrial estates, solar parks and wind farms.

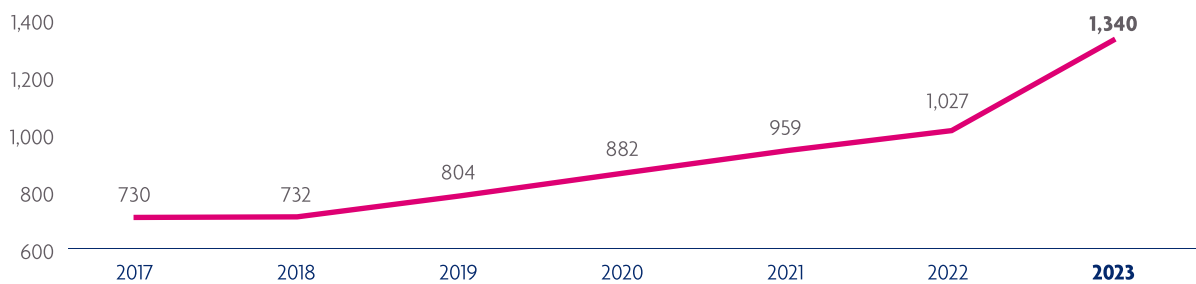
NEW STRATEGY FOR CONTRACTORS

We worked on a new contractors strategy in the past year with the aim of entering into longer-term collaborations with contractors. The new strategy focusses on growth in capacity, development and innovations. Contractors took over tasks from us and thus helped us to carry out more work. We also provided certainty about the amount of work that they can expect from us in the coming years. Contractors helped us with the expansion of our grids and to process connection or upgrading requests faster. Of the total costs of our work package, 55 percent pertained to work carried out by Enexis itself and 45 percent pertained to work carried out by contractors.

The new contractors strategy will also lead to a large tender project worth € 2.7 billion for Aannemerij Noord. In this tender, Enexis will enter into a contract for a minimum term of eight years. With this contract term, we will be able to better assure the continuity of the work. The final award of the work will take place before the summer of 2023. We will start with the preparations of a tender for the provinces Noord-Brabant and Limburg in 2023.

GROWTH OF OUR WORK PACKAGE

In 2022, for the first time in our history, we invested more than € 1 billion in the maintenance and expansion of the electricity and gas grids. The growing work package is a direct consequence of the energy transition and the work that is required for this. For instance connecting more solar and wind energy and meeting the growing demand due to heat pumps, electric mobility and industry that is increasingly electrifying. Other work is regular maintenance of the electricity and gas grids and installing and maintaining smart meters. The work package that we plan to complete in 2023 is set to grow to € 1,340 million.



Work package 2017-2022 based on standard costs.

WORK PACKAGE

Groningen

Planned 2022
€186 millions

Realised 2022
€161 millions

Planned 2023
€268 millions

Drenthe

Planned 2022
€114 millions

Realised 2022
€114 millions

Planned 2023
€143 millions

Overijssel

Planned 2022
€185 millions

Realised 2022
€178 millions

Planned 2023
€225 millions

Noord-Brabant

Planned 2022
€364 millions

Realised 2022
€386 millions

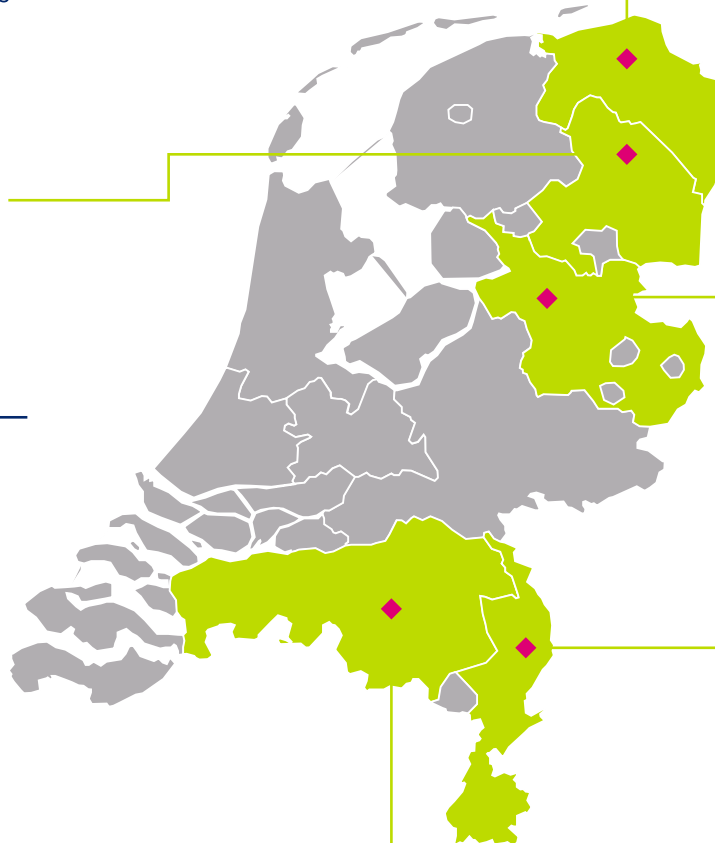
Planned 2023
€456 millions

Limburg

Planned 2022
€195 millions

Realised 2022
€187 millions

Planned 2023
€248 millions



Working safely and strengthening each other



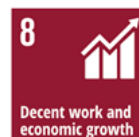
At Enexis, we are working very hard on the energy system of the future. This demands a lot from our organisation: innovation, the ability to change and a huge effort on the part of our employees. And that while there is a shortage of technical personnel. Our skilled employees work hard to tackle these challenges in a safe and healthy working environment.

IN THIS SECTION

- Safe and healthy working environment
- Employment and skilled employees



Quality education



Decent work and economic growth

Safe and healthy working conditions

Enexis aims to ensure a safe and healthy working environment. Here again, the shortage on the labour market and the energy transition are placing us for huge challenges. In 2022 we took significant steps in the safety area.

With the aid of the Safety Culture Ladder, we further strengthened Enexis's safety culture in 2022. This instrument measures the safety awareness of organisations, such as attitude, behaviour and culture. During our measurements in November 2022, we scored ample on step 3 'calculating'. Organisations receive this classification when they have proven that they consider safety rules important. 'Calculating organisations' adopt a vulnerable approach and assume responsibility, but this is often driven by self-interest. Involvement in safety and compliance with rules and laws is mainly the task of (senior) management. In the coming years, we will work towards attaining step 4 'proactive': an organisation that gives safety a high priority and is constantly improving.

Enexis satisfies all of the most important safety standards, such as ISO 9001 for quality management, ISO 55001 for asset management, NTA-8210 and ISO 27001 for information security.

WE FOCUS ON SAFE BEHAVIOUR

Enexis stimulates safe behaviour of employees. We do this by means of workplace inspections and workshops, by continually improving and providing positive safety examples. With our Health, Safety & Environment (HSE) Award, we pay tribute to colleagues every year who have promoted safety in special or visible way. The HSE Award went to the vocational practice hall, our in-company vocational training site in Hoogeveen in 2022. They won with the project 'Vakmanschap in de Praktijk'. In this project, employees learn via training sessions constantly from things they encounter daily.

WE ARE RECRUITING MORE SKILLED PERSONNEL

The combination of a shortage on the labour market and a growing work package puts pressure on our organisation. In order to be able to carry out our work safely, we need employees who are sufficiently qualified. We hired many new people in 2022 and we made more use of the services of our contractors.

We also looked into how we could work together better with contractors in the area of safety. With pilots, we investigated how we could outsource more work in the chain. This means that contractors will be providing even more support to us in our tasks where possible. When doing so, they have to adhere to the same safety requirements as we do, i.e. the requirements stipulated in the BEI (Bedrijfsvoering Elektrische Installaties) for electricity and the VIAG (Veiligheidsinstructies Aardgas) for natural gas. Contractors work, for example, with VCA (Veiligheid, Gezondheid en Milieu Checklist Aannemers) SHE certifications for contractors. In addition, we expect from them that they have at least attained step 3 on the Safety Culture Ladder. Contracted contractors and subcontractors report the hours that they have worked on projects to us monthly. Based on these hours, we estimate that about 2,300 FTEs in direct personnel of contractors and subcontractors will carry out work for Enexis.

Furthermore, we continue to recruit qualified personnel, including lateral entrants. We are also looking into how we can safely employ people without a Dutch language background.

INCIDENTS WITH ABSENTEEISM

Of course, we want to prevent work-related accidents. Therefore, we are constantly working on ensuring a safe and healthy working environment and minimising risks. This is the case for both our permanent employees and external hires. No incidents occurred in 2022 that posed danger for local residents. However, there were several minor incidents involving Enexis employees. The Lost Time Injury Frequency (LTIF) shows the number of incidents resulting in absenteeism per 1 million hours worked. The LTIF for Enexis employees amounted to 1.9 (2021: 1.2). The number of accidents increased, but no serious accidents occurred. The LTIF for employees of our contractors amounted to 3.0 (2021: 1.2). One incident was serious in nature. Two colleagues of a contractor were seriously injured during planned work on our gas grid.



Every incident is one too many. Learning from accidents and near accidents has top priority; therefore, we monitor and analyse all incidents. We share the outcomes and incorporate these lessons in our work protocols, team meetings, training programmes and training sessions at our in-company vocational training sites. We also work together closely with contractors to improve safety.

When carrying out work in the field, we also try to protect our employees as much as possible. They are being confronted more and more often with verbal and physical aggression and people that ignore speed limits. We carried out a number of successful experiments in 2022 together with municipalities in which we closed off work sites completely for traffic. As from 2023, we will be doing this more often.

Accidents and LTIF ¹	2022	2021	2020	2019	2018
Fatal accidents	-	-	-	-	-
Enexis	1.9	1.2	0.8	1.2	1.5
Contractors	3.0	1.2	2.6	2.6	4.5

¹ LTIF: the LTIF is the number of accidents resulting in absence per 1,000,000 hours worked.

ATTENTION FOR EMPLOYEES AND THEIR MENTAL AND PHYSICAL WELL-BEING

The physical and mental health of employees can have an influence on working safely. Worries or problems, even if they have nothing to do with the work, can form a major mental distraction. Therefore, more and more managers are discussing these issues with their employees and we offer workshops, e-learning, information, online platforms and adequate help to our employees. For instance, employees can consult career coaches and confidential counsellors. They can also request a preventive consultation at the company's health and safety agency. In addition, managers can offer interventions, for example, via our health insurer.

EQUAL RIGHTS FOR EVERYONE

Enexis endorses the United Nations Universal Declaration of Human Rights and the fundamental principles and rights to work of the International Labour Organisation. We do not make any distinction based on gender, sexual orientation or origin. Our employment conditions are based on: equal pay for equal work. We actively combat corruption, bribery, conflicts of interest and the violation of human rights. We have laid all of this down in our collective labour agreement, in company regulations, the Enexis Code of Conduct for employees, the Suppliers Code of Conduct and General Procurement Conditions. With our compliance protocol, we stimulate employees to comply with laws and internal and external regulations.

WE ENSURE A SOCIALLY SAFE WORKING ENVIRONMENT

At Enexis, we consider it important to embed integrity in our organisation. This concerns, in particular, good behaviour and good communication. Furthermore, we have reporting procedures and regulations, for example, for reporting any violations. Employees can also contact internal and external confidential counsellors. In addition, an internal integrity committee discusses integrity and fraud issues and ensures that we continue to work on embedding integrity in our culture.

We consider a socially safe workplace important for all employees. We also pay attention to unacceptable behaviour. With an awareness campaign with anonymous stories, we lead employees to our internal website about social safety. Here, they can find information about the rules and how they can submit a report. In this manner, we create the conditions for a safe and inclusive working environment in which people can express their opinions.

OUR SOCIAL FUND OFFERS FINANCIAL ASSISTANCE TO EMPLOYEES IN NEED

Integrity also has to do with solidarity. For this we have, for example, the Enexis Groep Social Fund. With this fund, we provide assistance to employees and former employees who need help and for whom existing regulations provide insufficient help. This concerns financial support, but also bringing people into contact with experts, such a coach from the National Institute for Family Finance Information (Nidbud). Every request is assessed individually by the board of the Social Fund. The board renders account on this via an annual report. This report contains amounts and figures; names of members who have called on the Social Fund are never disclosed. Every member pays € 12 a year. The Executive Board of Enexis supports this form of solidarity by doubling the membership revenues every year.

Investing in work, professional skills and personal development

The energy transition poses a large and complex challenge for Enexis. This requires high quality, well-trained technical personnel. At the same time, we are being confronted with a shortage on the labour market and ageing organisation. Recruiting and retaining employees was more important than ever in 2022.

Finding sufficient people to realise the energy transition. We had our hands full in 2022 trying to do this. We experienced, even more than in previous years, how difficult it is to recruit personnel. The supply of, in particular, trained technical personnel, such as engineers and technicians was low. Whereas, it is exactly this group of employees that are ageing quickly in the coming years. We also need IT personnel and data analysts. Especially in the south of the country, companies are competing for the same skilled employees. It was easier to fill job vacancies in the north of the Netherlands.

Personnel	2022	2021	2020	2019	2018
Number of employees at year-end (own personnel)	4,984	4,947	4,767	4,488	4,324
FTEs at year-end (own personnel)	4,794	4,772	4,591	4,317	4,167
Female employees as a % of the total workforce	20.6	19.8	19.7	18.8	18.6
Absence due to illness (%)	5.5	4.68	4.85	5.4	5.6

At year-end 2022, Enexis employed 22 FTEs own personnel more compared to 2021. The limited growth of own personnel is due to the sale of Fudura as a result of which we took leave of 265 FTEs in 2022. Disregarding the sale of Fudura our workforce increased over 5 percent.

MORE NEW COLLEAGUES JOINED THE COMPANY

We put a lot more effort in 2022 in recruiting new colleagues. We shared our job vacancies and projects via online campaigns with appealing videos. As always, we were present at trade fairs and open days at schools to tell people personally why Enexis is such a great company and what makes our work so relevant. The open days at our vocational training centre BeroepsPraktijkVormingshallen also attracted a lot of visitors. With this targeted labour market communication, and by offering attractive recruitment bonuses for introducing scarce personnel, and offering our own training facilities, we were able to hire 300 new colleagues in 2022 in positions for which there is a shortage of personnel on the labour market. This also includes lateral entrants and students with a secondary or higher vocational education whom we train in our in-company training schools. Lateral entrants in technical positions follow the required safety courses of the VIAG and obtain the necessary Business Operations Electrical Installations certifications. For more inflow, we are also looking at other, often longer, training programmes. In total, we filled 775 job vacancies, 270 of these vacancies were filled by Enexis's own employees. Recruitment will continue to be a priority in the coming years. We aim to recruit an additional 360 technical specialists in 2023.

In- and outflow ²	Male				Female			
	Inflow	Outflow	Total male	Average term of employment ¹	Inflow	Outflow	Total female	Average term of employment ¹
under 30 years	143	34	109	1.71	27	8	19	1.13
30 - 50 years	274	87	187	4.78	115	29	86	7.07
over 50 years	92	139	-47	31.76	51	22	29	22.82
Total	509	260	249	18.8	193	59	134	12.14

1) Average term of employment in the event of outflow.

2) Employee turnover rate 6,4%.

WE ARE INCREASING OUR OPERATIONAL FLEXIBILITY

Our work package is growing faster than we can recruit and train colleagues. That is why we increased our operational flexibility by outsourcing work to contractors. For instance, contractors took over more tasks from us than in previous years and thus helped us to carry out more work. We also provided certainty about the amount of work that they can expect from us in the coming years. Contractors helped us with the expansion of our grids and to process connection or upgrading requests faster.

WE ARE WORKING ON RETAINING EMPLOYEES

At the same time, we were confronted with colleagues leaving the company. This is a matter of concern because it puts extra pressure on the training and coaching of new colleagues. It takes, on average, two years to train new colleagues to technicians before they can start working independently. Therefore, we are very grateful that a number of retired colleagues still like to do work for us.

It is crucial that we ensure that technical operational jobs at Production Noord, Production South and EBS remain attractive now and in the future. Therefore, we provide as much support as possible to employees in their development and training, they are entitled to a large number of leave days and also special leave, for example, for caregivers. We concluded a new company collective labour agreement with the trade unions for 2023. For the department Production and EBS two extra agreements were added. Special attention was given to the growth perspectives and salary of employees in these collective labour agreements.

WE ARE STRENGTHENING THE DIVERSITY AND INCLUSIVENESS OF OUR ORGANISATION

The policy and targets for diversity and inclusiveness were adopted in October 2022. With this, the first important steps were taken towards a more diverse and inclusive organisation. We also started with concrete actions. For instance, an external party examined our job vacancy advertisement texts. Based on this input, we rewrote our job vacancy texts so that we can appeal to a wider target group. A number of status holders also started working for Enexis in 2022 at the locations and at the IT department. The diversity and inclusiveness action plan will be adopted in Q1 2023.

AN ENEXIS FOR EVERYONE

Our aim is to create an Enexis for everyone. An inclusive, diverse, and future-proof organisation, where your contribution matters, where you can be yourself and where you are appreciated.

We do this by working on:

- An inclusive organisation culture
- A good diversity balance at all job levels
- Embedding diversity and inclusiveness in (HR) processes

We consider equality important. However, we do acknowledge that one target group may have a different starting point than another target group. We distinguish 5 target groups in our policy. Where we examine from within whether the various target groups require specific attention. The 5 target groups are:

- Gender
- Four generations on the shop floor
- Ability to work
- Cultural diversity
- LHBTIQ+

TARGETS

Gender ratio

In order to have a more well-balanced gender ratio in the Executive Board and the senior management (sub-top), we have set new targets for the senior management, and we have set more ambitious targets for the Executive Board. The aim is that half of the Executive Board and higher management positions are held by women by no later than 2030. The gender ratio at year-end 2022 was as follows:

Level of management	%		fte	
	Male	Female	Male	Female
Executive Board	75%	25%	3	1
Senior management	58%	42%	14	10

The Supervisory Board consists of 60 percent men and 40 percent women. This is in line with the objective of at least 30 percent male and at least 30 percent female board members.

Cultural diversity

As Enexis, we want to be a better representation of society. To achieve this, it is important that we recruit more employees with diverse cultural backgrounds. We are starting to work towards this objective by stating that 10% of our new colleagues should belong to this target group.

Ability to work

One of the five defined target groups concerns employees with poor job prospects. To this end, we entered into a collaboration with the foundation 'Onbeperkt aan de slag'. The table below provides a breakdown of the data per target group.

Labour participation	Male			Female			Total male	Total female	Total
	Wajong ¹	WAO ²	WIA ³	Wajong ¹	WAO ²	WIA ³			
under 30 years	1	-	-	1	-	-	1	-	1
30 - 50 years	3	-	3	6	1	-	6	1	8
over 50 years	-	8	5	13	-	2	13	2	17
Total	4	8	8	20	1	2	20	3	26

1) Disablement Assistance Act for Handicapped Young Persons.

2) Invalidity Insurance Act.

3) Work and Income according to Labour Capacity Act.

WE STIMULATE PERSONAL DEVELOPMENT

We train new colleagues via the Enexis Academy for technicians, engineers and supervisors. For example, people can obtain a recognised vocational diploma for gas or electricity technician in about two years. In 2022, 98 people will start participating in this programme.

We also recruited new employees via a three-year training and work programme for electricians that we offer together with a regional vocational training centre. Student who are following this programme work in our training centre, accompany one of our experienced technicians and follow courses in technical skills and safety training. When they have obtained their diploma, they start working at Enexis Netbeheer as electricians.

We motivate all our employees to continue to develop during their careers - in addition to obligatory training. Therefore, together with external parties, we offer hundreds of professional training and personal development programmes.



HYBRID WORK IS THE NORM

We decided to adopt the hybrid work model in 2021. We were able to start working this way in 2022 without Covid-19 restrictions. Since April 2022, employees are working partially at the office and other locations, and partially from home. With the programme EnexisWerkt!, we are supporting this new way of working as much as possible. We made sure that everyone received a good workstation at home and we started to facilitate suitable Enexis accommodation. Both our existing buildings and our new buildings will support hybrid working with the right tools and meeting rooms.

Together with teams and individual employees, we will continue to work on facilitating hybrid working. How do you work well together? When do you see each other online, when is live contact necessary? How do you ensure a healthy work-life balance? We will continue to fine-tune our hybrid working model in 2023. We will also review and revise our mobility policy, so that work and mobility are well-aligned. In addition, we also share our knowledge with partners and society. For instance, by organising webinars.

Working on a sustainable impact



Enexis wants to make a sustainable impact. This is why we support the energy market as optimally as possible, and we strive to work smarter and more efficiently every day. This is why we help politicians and governments to make policy choices by actively contribution our knowledge and expertise. In the past years, we have also started working on our circularity. We aim to operate completely circular in 2050.

IN THIS SECTION

- Effective market facilitation
- Efficient business operations
- Influencing policy
- Information security
- Sustainable organisation



Ensuring a well-functioning energy market

An accurate forecast of the electricity consumptions is crucial for the proper functioning of the energy market. The smart meter helps us with this. Data traffic rose exponentially in 2022 due to the high energy prices.

As a grid operator, we facilitate the energy market. Together with market parties such as energy suppliers, metering companies and colleague grid operators, we ensure that customers can easily switch to another energy supplier, can feed back the energy that they generate themselves and have insight into their energy consumption. The number of customers who want to know how much energy they consume increased enormously due to the high energy prices. As a result, the data traffic has also increased. We processed 2.5 billion measurement data requests in 2022, nearly ten times as many as five years ago. We expect that the data traffic will continue to increase at a high rate in the coming years. This also increases the risk of unauthorised use.

WE IMPROVE THE ALLOCATION OF ENERGY

The allocation process is also an important aspect of effective market facilitation: we allocate the energy that is transmitted via our grid to energy companies daily. The quality of this allocation is important to keep the grid in balance. If the demand for electricity is higher than the supply, this can result in an outage. We calculate the amount of energy that is transmitted via our grids based on consumption profiles. However these are no longer up-to-date as generating one's own energy and the charging of electric cars are not included in these profiles. The difference between the forecast and the actual situation is already considerable. And this will only increase as more and more people are purchasing solar panels, heat pumps and electric cars. This leads to a considerable imbalance, supply risks and cost risks as differences have to be settled retrospectively.

The solutions lies in smart meters. The best thing would be if we could read these meters collectively, so that we can allocate energy accurately. But this form of allocation, referred to as Allocation 2.0, is not yet allowed by law. This is allowed under the proposed new Energy Act; however, this act still has to be approved. Therefore, we have devised an interim solution together with the other grid operators and MFFBAS, the independent intermediary for exchanging energy data. We create dynamic profiles based on smart meters that we are allowed to read; customers have given permission for this. In 2022, we worked on developing these profiles. The first simulation results show that this improves the accuracy of the forecast considerably. We expect to be able to use these profiles as from the spring of 2023.

SMART METERS COULD NOT BE READ TEMPORARILY

We were unable to read some of the smart meters in the beginning of 2022. As a result, users were temporarily unable to view their meter readings or energy consumption via the portal or the app of their energy supplier, who receives this information from us. They also had to submit their meter readings to their energy supplier themselves. The problems were caused by a malfunctioning in the new meter reading system. We solved these problems in the course of 2022. Besides problems in the system, the demand for meter data has increased enormously in a short period of time due to the energy crisis. As a consequence, it was also not possible to read the data from the smart meters timely.

WE LIMITED THE COSTS OF OUR ENERGY PROCUREMENT

The higher energy prices were an important topic in 2022. For customers, for energy companies, but also for us as a grid operator. As during the transmission of energy some of the energy is lost. It is our statutory task to make up for this loss by purchasing energy ourselves. As we purchase energy in advance spread over several years, the effects of the high energy prices were minor for us; before the year started, we had already purchased all the energy we needed for 2022. We have also already purchased part of the energy for future years, so that high prices only have an effect on the share that we still have to purchase. Nevertheless, due to higher market prices, the total costs from 2023 will be considerably higher than the level of 2022.

Working smarter and smarter

Better every day, that is the aim within Enexis. We succeeded in making various processes more efficient in 2022. As a result, we were able to do more with the same number of employees.

The energy transition demands more electricity connections and more upgrading of connections. Consequently, we expect that the work on our electricity grid will continue to grow strongly in the coming years. Unfortunately, we are unable to recruit sufficient technical personnel due to the shortage on the labour market. This is why we continue to work on more **efficient business operations**. By eliminating unnecessary steps in processes and by organising the work differently, we are achieving more and more efficiency. This has contributed to a strong increase in the realised work package in the past years.

WE IMPROVED OUR EFFICIENCY

At Enexis, we incorporate working smartly and efficiently in our culture, our skills and the daily collaboration in our company. We worked on three important improvements in 2022: acceleration of the process for custom connections, doing everything the first time right and more efficient deployment of scarce technical personnel. We have made progress in all areas. For instance, we worked on a new design for the engineering process for custom connections. We also looked into whether non-technical personnel could take over some of the work of technical personnel. For example, when technical personnel are relieved of administrative tasks, they can spend more time on their core tasks.

CONTINUOUS IMPROVEMENT AWARD

Enexis introduced the Continuous Improvement Award in 2022. The prize is a sign of appreciation for colleague who want to make Enexis a bit better every day with their ideas for improvement and who have achieved good results. By sharing these ideas internally, we can also learn from each other. An internal jury of experts nominates the best entries based on their positive impact on customers, employees and our organisation. Employees then choose the winners at the beginning of 2023.

LEAN TRAINING BY OUR OWN ENEXIS TEAM

Business units and departments can count on support from Enexis's specialist team Operational Excellence to work smarter and more efficiently. This team gives workshops and training and coaches and advises employees at all levels in the organisation.

The team was accredited in 2022 to give the training Lean yellow belt and Lean green belt and to take the exams. Lean is a systematic approach to reduce or eliminate activities that do not add value to a process. The first recognised diplomas have been awarded. In total, about 670 employees have now been certified in the LEAN method at Enexis. They help colleagues to improve further.

Sharing expertise and vision for policy development

Enexis actively contributes expertise on important energy issues in the national and European political arena. This can help politicians to make the right policy choices. Important issues in 2022 were the raising of the targets in the Dutch Climate Act and the European energy dependence on Russia.

Many energy decisions are taken by the European Union (EU). It is therefore important to make our voice heard. Enexis does this together with colleague grid companies via interest groups such as E.DSO and Eurelectric. We also joined the GD4S, a European association of gas grid operators in 2022. As where the EU's focus was mainly on electricity in the past years, gas has now also become a real focus area in 2022. Europe wants to become independent from Russian gas as quickly as possible.

In order to influence policy decisions, we analyse the impact that political choices have on our grid and draft position papers together with colleague grid operators.

WE STIMULATE THE PRODUCTION OF GREEN GAS

The EU introduced the Gas Package in December 2021. This proposal for laws and regulations contains measures to make the gas system more sustainable. Enexis stimulates the production of green gas, we advocate a European production target of 35 billion m3 of green gas in 2030 at the EU. With the Gas Package, the EU also provides laws and regulations for hydrogen grid operators. Our lobby is aimed at that we can also become hydrogen grid operators.

WE INFORM THE DUTCH HOUSE OF REPRESENTATIVES ABOUT GRID CAPACITY

The capacity of our grid was already a problem in 2021 and this problem only became bigger in 2022. We are expanding our grids more than ever before; nevertheless, the limitations of the electricity system have come into view. In the Dutch House of Representatives, we participated in a round table discussion about the electricity grid and a hearing about the congestion problems in Limburg and Noord-Brabant. The objective of this discussion was to inform the members of the House of Representatives about the development of the electricity grid. The House of Representative can help by providing an incentive to businesses or making it mandatory to make use of their flexibility, through price incentives and regulations.

WE GAVE THE MINISTER AND THE PROVINCE A PEEK BEHIND THE CURTAIN

Minister Rob Jetten visited our in-company vocational training site where we train new technicians at the beginning of 2022 together with a delegation of the Ministry of Economic Affairs and Climate Policy and representatives of the Province Noord-Brabant. They got an impression there of what Enexis does regarding recruiting and training technical personnel in a time in which there is a shortage of skilled personnel and they are urgently needed.

The proactive safeguarding of digital security

The threat of cyberattacks has increased enormously in recent years. With an integral and proactive approach, we focus on technology, employees and processes. As a result, we were again able to fend off such threats in 2022.

Digital security is a top priority at Enexis. Various teams and employees work full-time on safeguarding digital security within Enexis. As hackers and cybercriminals are becoming increasingly inventive and audacious, the risk of, for example, a hack or data leak is increasing. This is why we are extra alert and take additional measures. We protect our vital infrastructure, IT and personal data (Technology), train employees in digital resilience (People) and have adequate information security processes in place (Processes). Furthermore, we work together intensively with the government, businesses and other grid operators.

TECHNOLOGY

We are constantly upgrading our IT landscape with the newest updates and specialists monitor our network 24/7. We carried out hacker tests regularly in 2022 in which hackers try to see if they can penetrate our network at our request. This provides valuable information for the further improvement of our security.

PEOPLE

The behaviour of employees is crucial for digital security. We performed a cyber security scan in 2022. This scan showed that employees are more and more aware of the dangers of cybercrime. For example, clicking on links in phishing mails and sharing passwords.

The scan also showed that there is room for improvement. Therefore, we held a Safety Week in 2022 to make employees more aware of the importance of digital security and social safety at work. We also started working with the IT security service Hoxhunt, which offers a service where employees receive simulated phishing mails and directly learn how to recognise fake emails. In this manner, they are able to quickly increase their awareness. This is important for Enexis, but also for their own digital resilience at home.

PROCESS

Enexis Netbeheer is ISO 27001 certified. This means that we have a well-functioning management system for information security. We maintain contacts with the National Cyber Security Centre of the Dutch Ministry of Justice and Security and with the European Network for Cyber Security, a non-profit organisation of grid operators.

In addition, our cyber security specialists are members of the European Energy Information Sharing & Analysis Centre (EE-ISAC), a public-private collaboration between governments and cyber security specialists in the energy sector.

As members of the EE-ISAC, we are constantly informed about current threats, incidents and vulnerabilities in systems. We can thus take adequate measures quickly to ward off cyber criminals and to prevent damage.

Increasing the sustainability of our organisation

Enexis aims to operate completely circular in 2050. At present, we already separate 95 percent of our waste. We are looking into solutions for the other 5 percent.

Climate change is something we are very concerned about. Therefore, we are working on contributing to a sustainable world and we have committed ourselves to the goals of the Dutch Climate Agreement and the Coalition Agreement. We are increasingly reusing materials. With our work and our sustainability ambitions we contribute to Sustainable Development Goals (SDG's) of the United Nations.

TOWARDS A CIRCULAR WORLD

The Netherlands want to be a circular economy in 2050. An economy without waste and with only reusable raw materials. Enexis is eager to conform to this goal. We carried out a baseline measurement in 2021 to see where we stand now and how we can achieve this goal. This baseline measurement showed that 80 percent of our procurement concerned cables, gas pipelines and transformers. Consequently, with regard to circularity, we are focusing on these materials; we can make the largest impact with these materials.

We have the ambition to become a circular grid operator. To achieve this, we drew up a top 10 of measures together with a team of internal and external experts in 2022. We realised the first two measures already in 2022, we will implement the other measures in the coming years together with our suppliers.

Top 10 circularity measures

- Increase the reuse of distribution transformers
- New medium-voltage cables with more recycled material
- New gas pipelines with 100 percent recycled copper
- Eliminating inner sheath of low-voltage cables
- New medium-voltage cables with 50 percent recycled plastic in the external jacket
- New distribution transformers with 50 percent recycled oil
- New cables with 33 percent recycled copper
- New cables with 100 percent recycled rubber
- Return unused sections of new cables to manufacturer
- Return unused sections of new gas pipelines to manufacturer

SEPARATING WASTE

Our work produces a lot of waste and residual flows; we distinguish in total 85 waste and residual flows. We have already succeeded in separating 95 percent of these flows. This mainly concerns valuable materials such as iron, aluminium and copper.

At the end of 2021, we found a solution for the processing of the remaining 5 percent, i.e. steel containing asbestos. This material can be found in, for example, gas pipelines, gas lines and fittings. Together with other grid operators and our waste manager, we entered into a chain-wide collaboration with PMC in Delfzijl. This company has developed a technique to separate asbestos from metal. The asbestos is disposed of and the clean steel is reused. In this manner, we recycled 40,000 kilos asbestos-containing scrap metal in 2022. Unfortunately, PMC was declared bankrupt at the end of 2022. We are now looking for alternatives, but comparable processing methods that do not undermine the sustainability goals that we have formulated in connection with this waste flow.

Amount of waste (in tons) ²	2022 ¹	2021 ¹	2020 ¹	2019 ¹	2018 ¹
Recycled waste	26,715	24825	29369	28540	27281
Incinerated waste	1,213	1325	1505	1523	1618
Waste to landfill	96	203	471	355	1142
Biomass	130	162	126	92	203
Fermentation	65	50	78	95	101
Composting	22	9	33	33	35
Total	28,242	26574	31582	30638	30380
Of which hazardous waste (%)	6.1	6.9	9.3	4.7	5.3

¹ Figures 2022 - 2019 contain the period januari 1st up to december 31st within which the last weeks of the year are based on an estimate by Milgro because the definite numbers are not yet known. Figures 2018 contain the 12 month period December 2017 up to November 2018.

² Enexis does not dispose of any radioactive waste. This is not released in our operating processes.

WE REPLACED BRITTLE GAS PIPELINES

Since 2009 we have been replacing brittle grey cast iron and asbestos cement gas pipelines with stronger steel and plastic gas pipelines. We do this in connection with safety, and indirectly for sustainability. As replacing gas pipelines results in a reduction of methane emissions. We dug up the last asbestos cement pipelines in the first quarter of 2022. We are also on track with the replacement of grey cast iron gas pipelines. These will be replaced before the end of 2023, with the exception of a few pipelines (in total 6.6 kilometres) which we will replace later in combination with a sustainable development project. The new pipelines result in a lot less loss of gas during transmission.

GOLD STANDARD

We were awarded the Gold Standard again in 2022 by United Nations Environmental Programme (UNEP) for the reduction of methane emissions. We are the only regional grid operator who has succeeded in winning this award for the second time in a row. The Gold Standard is awarded to grid operators who have and achieve concrete reduction targets. The award is closely linked to our grey cast iron gas pipelines replacement programme.

OUR CO₂ FOOTPRINT

No less than 98 percent of our CO₂ footprint consists of grid losses - this is the energy that is lost during transmission. The annual electricity grid loss equals the consumption of 400,000 households. The gas grid leaks equal the consumption of 2,600 households.

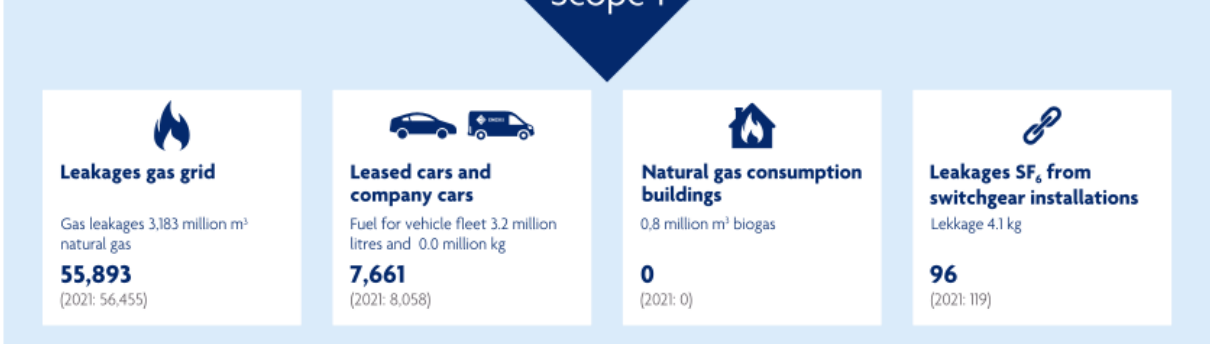
If we want to reduce our CO₂ footprint, the grid losses will have to be reduced considerably. For physics-related reasons, this is only possible to a limited extent. During the transmission of electricity, energy loss occurs in our cables and transformers due to resistance and the heat that is generated. And despite the replacement of brittle gas pipelines, gas is still lost along the way unfortunately. As long as gas flows through the pipelines, CO₂ is released and we contribute to global warming.

We are reducing our footprint and we are purchasing green where this is possible. We consider it important to make a realistic contribution to achieving the Dutch climate goals. Concretely, this means that we purchase more green electricity in the Netherlands every year, rising up to 55 percent in 2030. And should the Dutch climate goals be set at a higher level, we will follow suit. We compensate our remaining footprint. In doing so, we invest in sound CO₂ reduction projects that also contribute to the sustainable development of local communities. This is how we choose to remain carbon neutral.

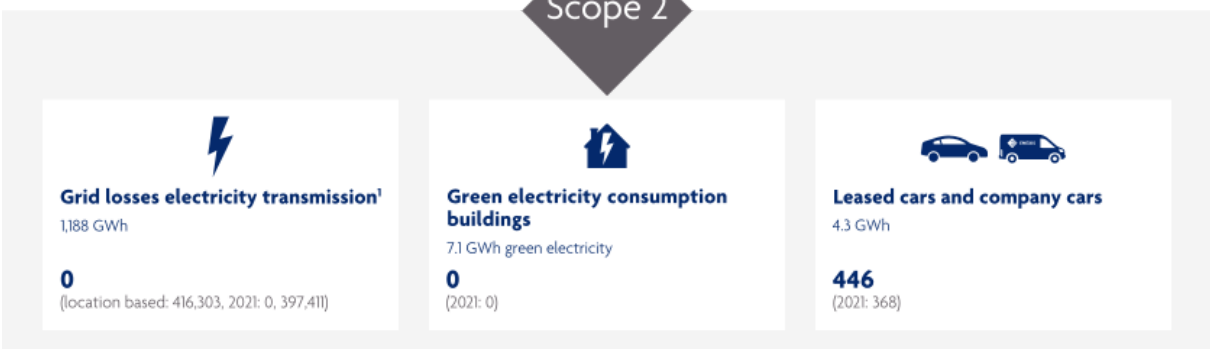
Our gross emissions amounted to 218,849 tons CO equivalent in 2022. A detailed explanation of our carbon footprint, for example an explanation of the increase in network components from suppliers, can be found in the section Facts and figures.

CO₂ footprint (in tons of CO₂ equivalent)

Scope 1

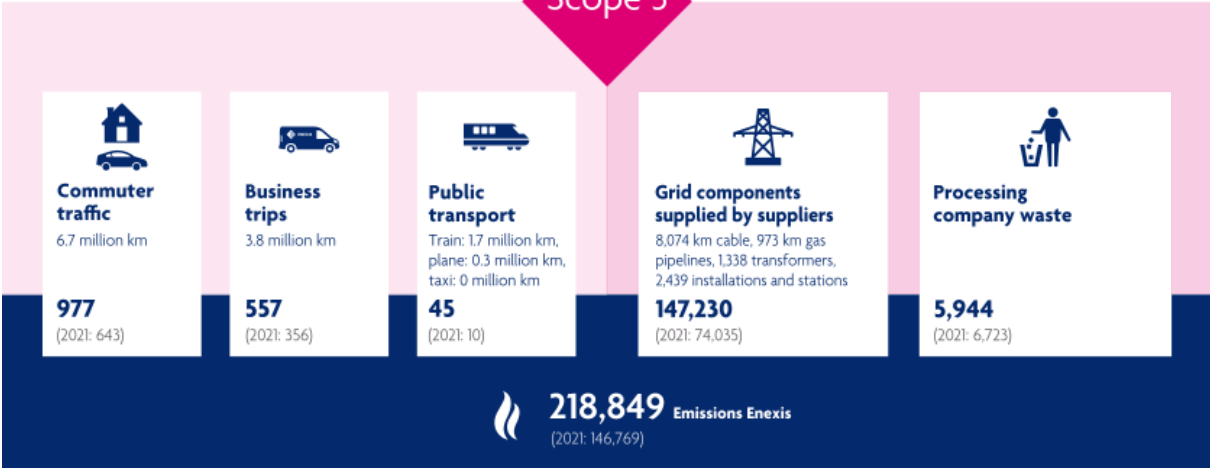


Scope 2



¹ These losses are purchased by Enexis are completely green.

Scope 3



Scope: Emission scopes GHG (Greenhouse Gas protocol).
 Scope 1: Direct emissions: These are emissions of greenhouse gases from property owned or equipment leased by Enexis resulting directly from Enexis' core activities.
 Scope 2: Indirect emissions: All emissions of greenhouse gases when producing electricity consumed by the company, but produced by third parties.
 Scope 3: Other indirect emissions: emission of greenhouse gases resulting from energy and fuel consumption for transport, generating and producing energy (excluding generating electricity) and emissions at third parties resulting from the activities of the grid operator.

CARBON PRICING IN PROCUREMENT

Enexis has taken the initiative, together with Alliander and Stedin, to incorporate carbon pricing in their purchase and investment decisions. This was € 50 per ton in 2021, we raised this to € 100 per ton in 2022. When taking purchasing decisions, the CO2 emissions are taken into account as part of the price. As a result, environmental unfriendly investments will become more expensive. This way of working contributes to awareness taking sustainability into consideration in purchase and investment decisions.

WE ARE INCREASING THE SUSTAINABILITY OF OUR BUILDINGS

Our ambition is that the accommodation of Enexis satisfies the requirements of BREEAM In-Use Very Good in 2026. This means that our buildings score 'very good' on, for example, health and well-being, energy and water consumption, and waste. Of our twenty mandatory energy label sites, fifteen now have at least energy label A, whereas three sites have even been awarded an A++++.

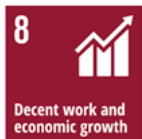
Enexis's office buildings, industrial buildings and process buildings make use Dutch green electricity and green gas. Where we have long-term leases or we own the buildings, there are solar panels on the roofs where possible. Many buildings also make use of heat and cold storage, a sustainable technique to heat and cool buildings.

Remaining financially sound



IN THIS SECTION

- Remaining financially sound



Remaining financially sound

Our investment level is reaching a record high in the energy transition. Building the energy system of the future requires a lot of money. Our expenditure in connection with work on the energy grids amounted to a record amount of € 1,027 million in 2022. We are grateful for the confidence of shareholders and investors which is essential for our robust financial position.

Our expenditure is increasing every year in order to make the energy transition possible with our infrastructure. We were able to afford this high extra expenditure due to our sound financial position. Our work package amounted to € 1,027 million this year; this is € 68 million more compared to the € 959 million in 2021. We are constantly aware that we have to spend our money wisely. This is part of our public task and contributes to being able to keep energy affordable for everyone. This is why we focus on our core tasks and we make cost-efficient choices, for example, by working in accordance with the LEAN method and optimising our IT landscape. We also worked on innovations in 2022 to expand the grid as efficiently and cost-effective as possible.

FINANCING THE ENERGY TRANSITION

Enexis will see a huge growth in investments and expenditure in the coming years. 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. We are aware of the risk that Enexis's financial position will deteriorate if the financial consequences of the energy transition are not compensated for in the present regulation method. Therefore, Enexis, together with other regional grid operators, has lodged an objection to the current method decisions and entered into consultations with the ACM about the regulation in the next method decisions.

The sale of Fudura B.V. resulted in a positive contribution to Enexis's equity position in 2022. We want to use the proceeds of the sale to help facilitate the energy transition. Consequently, we are pleased with the positive advice from the shareholders' committee for an extra dividend payment over the result of the sale of Fudura B.V. of € 100 million. The remaining book profit of € 1,013 million can then be used for investments to facilitate the energy transition.

We expect that we will need more equity capital in the long term due to the increasing expenditure and the limitations of the regulation method in order to maintain our sound financial position. This is why we made agreements with the Dutch State in 2022 about a possible capital contribution in the future.

The Dutch State and the grid operators Alliander, Enexis and Stedin came to an agreement at the end of 2022 on the conditions under which a capital contribution and thus shareholding by the Dutch State in the grid operators would become possible in the future. These conditions have been laid down in a Framework Agreement that the Minister Kaag (Minister of Finance) and Jetten (Minister of Climate and Energy) sent to the House of Representatives in November 2022. Strengthening the equity position of the grid operators is a crucial precondition to be able to continue to make investments in the energy transition at costs that are acceptable to society and to ensure that investments in the gas and electricity grids do not come further under pressure. Should the Dutch State decide in the future, at the request of the grid operators and in cooperation with their shareholders, to become a shareholder, then this will take place under certain conditions. The conditions, such as the processing time of a participation request and agreements about governance are described in the Framework Agreement. The Framework Agreement serves as the basis for a possible participation agreement, in which more detailed agreements will be laid down the time that the State actually becomes a shareholder. Information sessions for members of the Dutch Senate and members of the municipal councils are currently being held, after which the Framework Agreement will be submitted the General Meeting of Shareholders on 13 April 2023 for adoption.

A SUSTAINABLE INVESTMENT

A bond with an interest rate of 3.4% was repaid at the beginning of 2022 and in the second half of the year interest was received on the proceeds of the sale of Fudura. At present, Enexis still has five bonds outstanding. We did not have to raise any additional funding. Two of the five outstanding bonds are green bonds. We will also continue to look at the possibilities of green financing in the future. The Green Finance Framework has been set up for this purpose. According to the independent rating agency ISS-ESG, the Framework contributes 'significantly' to realising the Sustainable Development Goals (SDGs). By following the EU taxonomy and the Green Bond Principles and incorporating these in the Green Finance Framework, Enexis ensures that there is complete transparency in the process. In combination with good ratings at Sustainalytics and ISS-ESG, this provides guidance and assurance to investors for investments in green bonds issued by Enexis. All our green bonds are listed on Euronext Amsterdam.

EU TAXONOMY

In accordance with the EU Taxonomy for sustainable activities, we report in this annual report explicitly about our sustainable activities. The Taxonomy is a classification system for economic activities that arose from the EU Action Plan on Sustainable Finance. The Taxonomy clarifies which activities can be and cannot be classified as sustainable based on science-based criteria for the prevention of climate change or mitigating the consequences of climate change.

THE CRITERIA

An economic activity can qualify as sustainable when it satisfies the criteria that are set out in the EU Taxonomy Delegated Regulations. At present, the criteria for sustainable economic activities in these regulations have been elaborated for two environmental objectives: climate change mitigation and climate change adaptation.

In the Taxonomy, reference is made to Taxonomy-eligible economic activities and Taxonomy-aligned economic activities. When an economic activity corresponds with the description of an activity in the Taxonomy, this is then regarded as an eligible economic activity. If the eligible activity satisfies the technical screening criteria and is carried out taking into account the social minimum safeguards, then this is regarded as a Taxonomy-aligned economic activity. The technical screening criteria consist of criteria to determine whether the activity contributes substantially to one of the environmental objectives and criteria to determine that the activity does not do significant harm to other environmental objectives. If an activity is classified as Taxonomy aligned, this means that the economic activity satisfies the criteria to be qualified as sustainable according to the Taxonomy.

As a public interest entity, Enexis is obliged to report in accordance with the EU Taxonomy. For 2022, we report on three key performance indicators (KPIs), i.e., the share of the revenue, capital expenditure (CapEx) and operational expenditure (OpEx) in connection with eligible economic activities and the share thereof that can be qualified as aligned.

OUR ACTIVITIES WITH A SUSTAINABLE CHARACTER IN 2022

The following paragraphs provide an explanation on the manner in which Enexis has applied the Taxonomy. Enexis applied the Taxonomy regulation using its best judgement in interpreting the guidance. In view of the fact that the Taxonomy is new and is still subject to changes, this can lead to changes in interpretations in future reporting.

Eligibility

For the determination of the eligible activities alignment was sought as far as possible with the existing segmentation of our business activities (electricity, gas and other). The existing activities are compared to the activities described in the Taxonomy. In 2022, Enexis reported on four eligible activities being:

- 4.9 Transmission and distribution of electricity;
- 4.15 District heating/cooling distribution;
- 6.5 Transport by motorbikes, passenger cars and light commercial vehicles;
- 7.7. Acquisition and ownership of buildings.

Enexis has determined that these activities are in accordance with the descriptions as set out in the Taxonomy. The last two activities are new compared to 2021. Enexis recognises these activities as eligible in 2022 due to changed interpretations of the guidelines. The descriptions of these activities do not overlap in the Taxonomy so there is no risk of double counting.

Alignment

Technical screening criteria

The most important activity under the Taxonomy for Enexis is activity 4.9 'Transmission and distribution of electricity'. This activity pertains to one of our core tasks, i.e. the distribution of electricity. Enexis's electricity grid is part the European network of electricity grids and thus it delivers a substantial contribution to climate change mitigation. In addition to distribution of electricity, more and more customers are feeding electricity back into the grid. This electricity is mostly generated with solar and wind energy and in a few cases also with natural gas (i.e. combined heat and power systems or CHP). As natural gas is a fossil fuel and therefore does not contribute to climate change mitigation, these connections are excluded from alignment. This also applies with regard to the conventional metres as these meters do not satisfy the criteria in the Taxonomy for smart meter systems and therefore do not satisfy the criteria for alignment. Regarding activity 4.9, It was also concluded that this activity does not cause significant harm to any of the other environmental objectives. Therefore, the revenue, OpEx and CapEx in connection with activity 4.9 qualify for alignment, with the exception of the revenue, OpEx and CapEx attributable to the CHP connections and conventional meters. Activity 4.9 concerns a facilitating activity under the Taxonomy.

Activity 4.15 'District heating/cooling distribution' pertains to the district heating and cooling system of Mijwater Warmte Infra B.V. Despite the fact that the district heating and cooling system of Mijwater is one of the most efficient ones in the Netherlands, at present, we are not yet able to demonstrate that it satisfies all the technical screening criteria. This is mainly related to proving the sustainability of components in the system that were purchased in the past. Enexis aims to be able to demonstrate that it satisfies the technical screening criteria for activity 4.15. in the future.

For activity 6.5 'Transport by motorbikes, passenger cars and light commercial vehicles', it is the case that for satisfying the technical screening criteria, Enexis is strongly dependent on the information that lease companies provide. The relevant information is not available for 2022 and therefore activity 6.5 has not been qualified as aligned.

For activity 7.7 'Acquisition and ownership of buildings', it is the case that Enexis is at present unable to demonstrate that it satisfies the criteria in the Taxonomy for alignment. Therefore, there was no capital expenditure in relation to buildings in 2022 that qualified for alignment.

Social minimum safeguards

The Taxonomy requires an overall assessment of the social minimum guarantees as defined in the Taxonomy. The social minimum safeguards pertain to ethics and human rights and are based on the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. No cases have been identified within Enexis where the principles of the Taxonomy regarding social minimum safeguards have not been satisfied.



Economic Activities	Code(s)	SCC criteria		DNSH criteria (Do No Significant Harm)							Minimumsafeguards	Taxonomy-aligned portion of revenue 2022	
		Absolute revenue	Proportion of revenue	Climate change mitigation	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems		Y/N	%
		In millions of euros	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N		Y/N	%
A. Taxonomy-eligible activities													
A.1 Environmentally sustainable activities (Taxonomy-aligned)													
Transmission and distribution of electricity	4.9	1,185	69%	69%		Y	Y	Y	Y	Y	Y	69%	
Revenue of environmentally sustainable activities (Taxonomy-aligned) (A.1)		1,185	69%	69%								69%	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)													
Transmission and distribution of electricity	4.9	7	1%										
Distribution of district heating and cooling	4.15	1	0%										
Revenue of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		8	1%										
Total (A.1 + A.2)		1,193	70%										
B. Taxonomy-non-eligible activities													
Revenue of Taxonomy-non-eligible activities (B)		512	30%										
Total (A + B)		1,705	100%										

Economic Activities	Code(s)	SCC criteria		DNSH criteria (Do No Significant Harm)							Minimumsafeguards	Taxonomy-aligned portion of CapEx 2022	
		Absolute revenue	Proportion of revenue	Climate change mitigation	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems		Y/N	%
		In millions of euros	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N		Y/N	%
A. Taxonomy-eligible activities													
A.1 Environmentally sustainable activities (Taxonomy-aligned)													
Transmission and distribution of electricity	4.9	627	68%	68%		J	J	J	J	J	J	68%	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		627	68%	68%								68%	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)													
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	17	2%										
Acquisition and ownership of buildings	7.7	8	1%										
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		25	3%										
Total (A.1 + A.2)		652	71%										
B. Taxonomy-non-eligible activities													
CapEx of Taxonomy-non-eligible activities (B)		270	29%										
Total (A + B)		922	100%										



Economic Activities	Code(s)	SCC criteria		DNSH criteria (Do No Significant Harm)							Minimum safeguards	Taxonomy-aligned portion of OpEx 2022
		Absolute revenue	Proportion of revenue	Climate change mitigation	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems		
		In millions of euros	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%
A. Taxonomy-eligible activities												
A.1 Environmentally sustainable activities (Taxonomy-aligned)												
Transmission and distribution of electricity	4.9	90	68%	68%		Y	Y	Y	Y	Y	Y	68%
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		90	68%	68%								68%
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)												
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	10	7%									
Acquisition and ownership of buildings	7.7	2	2%									
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		12	9%									
Total (A.1 + A.2)		102	77%									
B. Taxonomy-non-eligible activities												
OpEx of Taxonomy-non-eligible activities (B)		30	23%									
Total (A + B)		132	100%									

CALCULATION OF THE EU TAXONOMY

Revenue

70% of the total revenue is related to Taxonomy eligible activities. The revenue in connection with the transmission of Electricity and Heat (NACE code 35.13 and NACE code 35.30) qualifies as eligible revenue. Only 1% of the eligible revenue cannot be qualified as aligned. This revenue pertains to revenue in connection with CHP connections, conventional meters and revenue in connection with the transmission and distribution of Heat (activity 4.15). The other 30% pertains mainly to revenue in connection with the transmission and distribution of natural gas. 69% of the total revenue can be qualified as aligned. The determination of the total revenue under the Taxonomy is in line with the IFRS reporting standards and is thus the same as the financial statements (note 1. Revenue Enexis).

Capital Expenditure (CapEx)

71% of the total CapEx is related to Taxonomy eligible activities. Eligible capital expenditure is defined as: all investments in tangible fixed assets related to our electricity grid (Activity 4.9/NACE code 35.13), all investments in tangible fixed assets pertaining to pipelines and installations in heating and cooling systems (Activity 4.15/ NACE code 35.30), all investments in our vehicle fleet (Activity 6.15) and office and industrial buildings (Activity 7.7). It was concluded for 3% of the eligible capital expenditure that the technical screening criteria could not be satisfied so that 68% of the total capital expenditure pertains to Taxonomy-aligned activities. For the CapEx KPI, it is also the case that the largest share of the non-eligible and non-aligned capital expenditure pertains to investments in the natural gas grid.

The investments in CHP connections, conventional meters and the district heating grid were nil in 2022. The investments in connection with activity 6.5 and activity 7.7 did not satisfy the criteria for alignment.

Total capital expenditure under the Taxonomy are in alignment with the IFRS reporting standards and concern:

- Investments in property, plant and equipment (note 12 in the financial statements);
- Investments in intangible fixed assets (note 13 in the financial statements);
- Additions to the right of use assets (IFRS 16) (note 14 in the financial statements).

Operational Expenditure (OpEx)

77% of the total OpEx is related to Taxonomy eligible activities. It was concluded for 9% of the eligible operational expenditure that the technical screening criteria could not be satisfied. 68% of the total OpEx is related to Taxonomy aligned activities.

Operational expenditure under the Taxonomy is defined as direct non-capitalised costs pertaining to the maintenance of assets. Based on this definition, Enexis has determined that operational expenditure in connection with the activities 4.9 and 4.15 concerns expenditure for maintenance and outages.

When determining the eligible operational expenditure, alignment was again sought with the existing classification of business activities and the existing NACE coding method. The operational expenditure under NACE code 35.12 and NACE code 35.30 concerns expenditure for maintenance and outages of assets in connection with maintaining our electricity grid.

The maintenance and outage expenses related to the district heating grid (activity 4.15) are not further specified and are therefore included under the non-eligible OpEx. Operational expenditure in connection with activity 6.5 and 7.7 concerns all expenditure in connection with daily maintenance of the vehicle fleet and buildings that has not been capitalised.

MAINTAINING CREDIT RATINGS

Maintaining an at least A/A2 credit profile with a five-year horizon is essential for investor confidence and is in line with the cost of capital for the cost of capital compensation of the Netherlands Authority for Consumers and Markets (ACM). Enexis makes use of credit ratings issued by Standard & Poor's (S&P) and Moody's. These ratings consist of a long-term rating with an outlook and a short-term rating. The outlook indicates the expected change in the long-term rating for the coming years. The ratings of S&P and Moody's have remained unchanged. However, the S&P rating obtained a stable outlook in August 2022. This was still negative in 2021. The negative outlook of S&P in 2021, was due to the lower regulatory compensation for capital costs during the period 2022-2026. At the time, S&P did not consider it likely that Enexis (without extra measures) would be able to keep the financial ratio FFO/net interest-bearing liabilities above the threshold value corresponding with the existing credit rating in the coming 24 months. Due to the sale of Fudura and the possible future state participation, S&P does expect this now.

After the balance sheet date, on 14 February 2023, Standard & Poor's assigned the Government-Related Entities (GREs) status to the regional grid operators and consequently S&P raised Enexis's credit rating by one level. At the same time, S&P lowered the credit rating by one level due to the ongoing pressure on the financial ratios; however, it did add a 'positive outlook'. On balance, as a consequence, S&P revised Enexis's credit rating on 14 February 2023 from A+ stable outlook into A+ positive outlook.

As a result of the GRE status, Enexis has reduced the minimum target value for the ratio FFO/net interest-bearing liabilities from 16% to 12% as of 14 February 2023 in order to maintain at least an A credit rating profile and a financially sound capital structure.

Our performance in the area of sustainable business operations is also assessed by rating agencies. For the financing, liquidity and credit ratings, we refer to note 31 in the financial statements 'Financing policy and risks associated with financial instruments'.

STRONG SUSTAINABILITY PROFILE

The degree in which we engage in sustainable entrepreneurship is increasingly becoming an important decision factor for investors when investing in green investments. Our contribution to the Sustainable Development Goals and our ESG ratings play an important role in this. ESG stands for Environment, Social & Governance. A good ESG score is important when issuing green bonds. The ESG rating is also determined based on our impact on climate change, our role in the community, the reliability of our grid, safety, business ethics, good corporate governance, and measures against corruption and money laundering. With our present ESG ratings, we show a strong sustainability profile. Enexis maintains close contacts with rating agencies ISS and Sustainalytics.



- Enexis is in the category low risk and ranks among the best 4 percent scoring companies in the group Utilities.
- Rating agency Sustainalytics qualifies the degree in which Enexis manages the risks in connection with material topics as strong.
- Rating agency ISS ESG has given us a B rating with Prime label. With this rating, Enexis ranks among the best scoring companies in the category Gas and Electricity Network Operators.

These good ESG (Risk) ratings give confidence and strengthen our position as a sustainable company.

2022 FINANCIAL PERFORMANCE

Our net profit for 2022 amounted to € 1,300 million; an increase of € 1,101 million compared to 2021. This increase is wholly attributable to the result of € 1,113 million on the sale of Fudura in 2022. Without this result, net profit would have amounted to € 187 million; a decrease of € 12 million compared to last year.

Looking at the net profit of € 187 million excluding the result on Fudura, we see an increase in revenue by € 71 million. This is partially offset by an increase in the costs of transmission services and distribution losses of € 56 million. In addition, operating expenses rose by € 62 million. The negative balance of financial income and expenses decreased by € 15 million. Finally, the taxes on the result were € 19 million lower.

As we put a lot of extra effort into recruiting, training and retaining employees, we succeeded, for the first time ever, in carrying out a work package that was larger than one billion euros.

€ Million	2022	2021	2020	2019	2018	2017
Result						
Revenue	1,705	1,634	1,516	1,491	1,445	1,398
Costs of transmission services and distribution losses	380	324	316	232	228	231
Other operating income	3	2	1	12	4	4
Balance available for operating activities	1,328	1,312	1,201	1,271	1,221	1,171
Operating expenses excluding depreciation, impairments and decommissioning	583	561	554	539	468	487
Depreciation, impairments and decommissioning	469	429	405	379	349	345
Operating profit	276	322	242	353	404	339
Share of result of associates and joint ventures	1,113	0	0	-1	0	-3
EBIT ¹	276	322	242	353	404	336
Financial income and expenses	-28	-43	-41	-52	-58	-59
Profit before tax	1,361	279	201	300	346	277
Profit for the year	1,300	199	108	210	319	207
Financial position (before profit appropriation)						
Net working capital ¹	-37	-99	-106	-43	-89	-61
Non-current assets	9,214	8,765	8,496	7,980	7,480	7,181
Capital employed ¹	8,019	7,802	7,418	7,056	6,594	6,386
Equity	5,441	4,241	4,116	4,112	4,024	3,912
Net interest-bearing liabilities ¹	2,211	3,182	2,929	2,634	2,272	2,201
Total assets	10,348	9,395	8,751	8,258	7,715	7,668
Ratios						
Solvency ¹	52.6	45.1	47.0	49.8	52.2	51.0
ROIC ¹	17.3	4.1	3.3	5.0	6.1	5.3
Return on equity ¹	23.9	4.7	2.6	5.1	7.9	5.3
Cash flow						
Cash flow from operational activities	673	732	726	647	679	628
Cash flow from investing activities	-129	-984	-872	-753	-646	-597
Cash flow from financing activities	-434	312	131	137	-58	-9
Cash flow	110	60	-15	31	-25	22

¹ For definitions, please refer to the glossary.

BALANCE AVAILABLE FOR OPERATING ACTIVITIES

The balance available for operating activities rose in 2022 by € 16 million. This concerns the balance of an increase in revenue (€ 71 million), other operating income (€ 1 million) and the costs of transmission services and distribution losses (€ 56 million).

Total revenue amounted to € 1,705 million in 2022. The increase in revenue is mainly attributable to the increase in regulated tariffs. The average tariff increase for low-volume customers for electricity and gas (including meter rent) amounted to 7% and 3% respectively.

The increase in revenue can be broken down as follows:

- Electricity: revenue rose by € 91 million compared to 2021. This increase is mainly due to the fact that both the higher TenneT procurement costs for the year 2022 and a recalculation for 2020 were incorporated in the tariffs in the financial year 2022. The post-calculation of TenneT procurement costs for 2020 led to a one-off increase of revenue by € 52 million in 2022.
- Gas: revenue rose by € 6 million compared to 2021, mainly due to a tariff increase.
- Other regulated turnover rose by € 15 million, mainly due to an increase of the regulated metering tariffs and amortised customer contributions due to a larger work package and applying the diminishing balance depreciation method to customer contributions of gas assets as of 2022.
- Non-regulated and other revenue amounted to approximately 6% of the total revenue. This is 2% lower than in 2021 due to the sale of Fudura in the third quarter of 2022.

Costs of transmission services and distribution losses rose by € 56 million in 2022 to € 380 million in 2022. € 36 million of this increase is attributable to higher costs for TenneT transmission services. TenneT increased the tariffs in connection with the investments that TenneT is making to expand and upgrade the high-voltage grid.

In addition, the costs for distribution losses increased by € 20 million. Of this amount, an increase of € 8 million is attributable to a higher electricity grid loss volume. The limited increase caused by price differences is due to Enexis's procurement policy. As we already purchased the electricity grid losses in advance (spread over a number of years), the impact of the considerable price increases as from the fall of 2021 remained limited. The grid losses arising from the transmission of gas rose by € 12 million, mainly due to higher energy prices. The gas grid losses were purchased in 2021 so the effect of the higher energy prices was bigger for gas than for electricity.

OPERATING EXPENSES

Total operating expenses rose by € 62 million to € 1,052 million in 2022. This increase is mainly attributable to the growth of the work package due to the energy transition. This resulted in higher expenses and depreciation and amortisation charges.

The main developments were:

- € 11 million higher employee benefit expenses: this increase is the balance of € 15 million extra expenses in connection with own personnel and € 4 million lower expenses for hiring external personnel. At year-end 2022, Enexis employed 22 FTEs more own personnel and 68 FTEs less external personnel compared to 2021. The limited growth of own personnel is due to the sale of Fudura as a result of which we took leave of 265 FTEs own personal and 53 FTEs external personnel in 2022. The total number of employees of Enexis (own and other personnel), without the sale of Fudura, rose by 272 FTEs compared to 2021.
 - The increase in the costs of our own personnel can be attributed for € 10 million to higher salary costs due to an increase in FTEs in combination with a Collective Labour Agreement salary increase as of 1 April 2022.
 - Social security contributions remained unchanged compared to 2021 and the pension premiums decreased by € 1 million compared to 2021.
 - Other employee benefit expenses rose by € 6 million due to a one-off payment pursuant to the new Collective Labour Agreement, higher costs for training programmes and leased cars and lower allocations to personnel provisions.
 - The costs of external hires decreased by € 4 million. This concerns the combination of an increase in rates and a decrease in the number of external FTEs due to the sale of Fudura.
- Due to the fact that less work was carried out on large IT improvement projects in 2022, the capitalised production showed a small decrease of € 2 million.
- Depreciation rose by € 40 million to € 469 million in 2022. This is attributable, on the one hand, to the further growth of investments in the electricity and gas grids. On the other hand, depreciation charges also rose due to the switch to a diminishing balance depreciation method for gas assets as of 2022. Finally, depreciation charges were once-off higher in 2022 due to a change in the depreciation periods. This change resulted from an assessment of the asset administration in connection with the data migration to a new system
- The cost of subcontracted work, materials and other external expenses rose by € 7 million in 2022 compared to 2021. This increase is mainly attributable to the indexation of prices and an increase in the work package in 2022. The increase was partially offset by the sale of Fudura B.V. in the third quarter of 2022.

FINANCIAL INCOME AND EXPENSES

The negative balance of financial income and expenses in 2022 amounted to € 28 million and is thus € 15 million lower than in 2021. A bond with an interest rate of 3.4% was repaid at the beginning of 2022 and in the second half of the year interest was received on the proceeds of the sale of Fudura.

TAX

The income tax expense amounted to € 61 million in 2022, € 19 million lower than in 2021. The decrease is mainly attributable to a one-off allocation to the provision for deferred tax liabilities in 2021 of € 11 million due to the adjustment of the corporate income tax rate from 25.0% to 25.8%. The remaining decrease of € 8 million is due to the lower profit before tax (excluding the result of the sale of Fudura B.V.) in 2022.

GROSS CAPITAL EXPENDITURE

The growth in our capital expenditure is mainly due to investments in our electricity grid to facilitate the energy transition. Gross investments in tangible and intangible fixed assets increased in 2022 by € 15 million to € 901 million.

Gross investments in the electricity and gas grids (including smart meters) were € 64 million higher in 2022 than in 2021 due to an increase in energy transition driven investments. For instance, grid expansion investments rose by € 55 million. In addition, safety-driven investments were € 12 million higher and concerned, for example, the replacement of brittle gas pipelines and older switchgear installations. Smart meters are currently only being installed at the customer's initiative or in the event of malfunctioning, so that we invested € 11 million less in this workflow. The increase in the investments in other workflows amounted to € 8 million.

Other investments decreased by € 27 million due to less investments in IT improvement projects, Enexis's buildings and district heating projects. Due to the fact that Fudura B.V. was classified as held for sale as of September 2021, the investments of Fudura B.V. were no longer part of the tangible and intangible fixed assets in Enexis's consolidated financial statements as of that date. As a result, capital expenditure was € 22 million lower in 2022.

Customers pay a contribution for some of our customer-driven activities. After the deduction of € 123 million in customer contributions, the net capital expenditure in 2022 amounted to € 778 million. This is an increase of € 12 million compared to 2021.

The table below shows the gross capital expenditure (excluding customer contributions) in our electricity and gas grids and smart meters.

€ Million	Gross investments				
	2022	2021	2020	2019	2018
Electricity					
Standard connections	48	37	33	30	26
Customised connections	89	90	94	73	34
Grid expansions	350	298	254	194	153
Reconstructions	23	26	25	21	24
Replacements	73	62	48	38	34
Other	32	31	23	22	20
Total Electricity	615	544	477	378	291
Gas					
Standard connections	3	4	6	9	9
Customised connections	3	2	2	2	2
Grid expansions	15	12	13	16	17
Reconstructions	17	17	19	18	19
Replacements	162	161	153	139	127
Other	3	3	2	2	2
Total Gas	203	199	195	186	176
Smart meters					
Low-volume electricity	20	24	34	57	53
Low-volume gas	13	20	29	36	40
Total smart meters	33	44	63	93	93
Total	851	787	734	657	560



Corporate governance and risk management



IN THIS SECTION

- Corporate governance
- Interview with the Supervisory Board
- Report of the Supervisory Board
- Risk management
- Employee participation in 2022
- Board Statement
- Biographies Executive Board Members
- Biographies Supervisory Board Members

Corporate governance

In providing a reliable energy supply, we fulfil an essential task within society, which is largely funded with public money. Therefore, we consider it important to be transparent about the way our company is governed and how supervision is exercised. This is why we attach great importance to a good governance structure. And we are transparent about the way in which our company is managed and how the supervision takes place.

Enexis Holding N.V. is a public limited liability company under Dutch law. Our company is subject to what is known as the two-tier board structure. As our shares are not listed, we are not required to adhere to the Corporate Governance Code, code 2016. Nevertheless, we apply the code when possible and applicable. This choice emphasises our commitment to social responsible entrepreneurship. Our articles of association, regulations and other documentation regarding corporate governance can be found on [our corporate site](#).

EXECUTIVE BOARD

The Executive Board (EB) is responsible for the management of Enexis. The EB defines the strategy and the criteria for the realisation of the strategy and sets the operational and financial objectives. The EB is also responsible for ensuring compliance with all relevant laws and regulations as well as effective risk control and adequate funding of the company.

The EB operates within the provisions of the articles of association under the supervision of the Supervisory Board (SB). The EB is responsible, together with the SB, for the corporate governance structure of Enexis and for compliance with the Dutch Corporate Governance Code. The EB renders account to the General Meeting of Shareholders (AGM) every year.

The members of the EB are appointed for an indefinite period. The EB members receive a remuneration in accordance with the remuneration policy that was adopted by the AGM. This policy falls within the framework of the Dutch Standards for Remuneration of Senior Officials in the Public and Semi-Public Sector Act (WNT). The SB sets the remuneration for each EB member. The total remuneration of the EB is disclosed in the financial statements.

The male-female ratio in the EB is 75 percent - 25 percent. In order to have a more well-balanced gender ratio in the Executive Board, we have set more ambitious targets. The aim is that half of the Executive Board positions are held by women by no later than 2030. A provision regarding diversity is included in the profile for the EB.

SUPERVISORY BOARD

The Supervisory Board (SB) has three tasks: exercising supervision, providing advice and acting as the employer of the EB. When carrying out its supervision, the SB focuses in particular on the realisation of the objectives and the strategy, the risks in connection with the company's activities, the internal systems for risk management and control and the financial reporting.

The SB has two permanent committees: the Audit Committee and the Remuneration and Selection Committee. These committees prepare the decision-making for the SB for their areas of focus and advise the SB on these topics.

The SB members receive a remuneration for their work. This remuneration is set by the AGM and falls within the WNT framework. The total remuneration of the SB is disclosed in the financial statements.

The SB consists of 60 percent men and 40 percent women. This is in line with the objective of at least 30 percent male and at least 30 percent female board members.

The composition of the SB changed in 2022. Chairman Piet Moerland resigned after two terms of four years, as stipulated in the articles of association. Jos Nijhuis was appointed as his successor in April 2022. In addition, the composition of the Audit Committee and the Remuneration and Selection Committee changed as well. The current composition of these committees can be found on [our corporate site](#).

The members of the SB and their retirement schedule:

Member rvc (function)	Year of first appointment	Year of reappointment	Retiring
Mr. Jos Nijhuis (chair)	2022	N.v.t.	2026 (eligible)
Mrs. Anita Arts (member)	2019	N.v.t.	2023 (eligible)
Mr. Joost van Dijk (vice chair/member)	2016	2020	2024 (not eligible)
Mrs. Carmen Velthuis (member)	2016	2020	2024 (not eligible)
Mr. Paul Rüpp (member)	2020	N.v.t.	2024 (eligible)

GENERAL MEETING OF SHAREHOLDERS

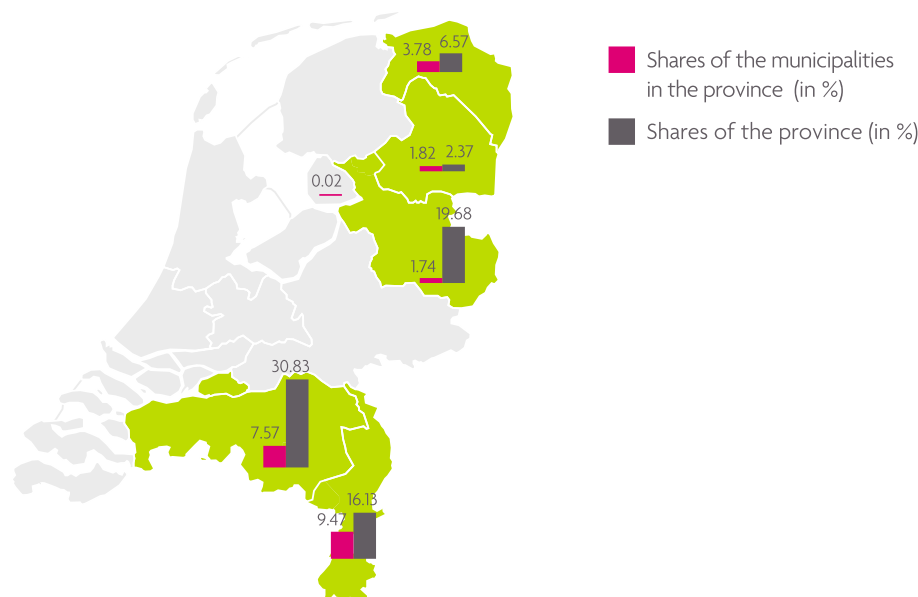
The General Meeting of Shareholders (AGM) is the highest decision-making body within Enexis. The AGM is responsible, for example, for the adoption of the the annual report and financial statements, discharging the EB and the SB (releasing them from responsibility) and determining the profit appropriation. The AGM also approves the company's strategy and appoints the members of the SB.

Certain powers of the AGM have been delegated to a Shareholders' Committee. This committee, comprising seven members, promotes efficient and effective decision-making within the AGM. The members receive no remuneration for their work.

The 91 shareholders of Enexis Holding N.V. are mostly provinces and municipalities within the service area of Enexis Netbeheer B.V.

SHARES OF ENEXIS HOLDING N.V.

(percentage of shares of the provinces and of the municipalities in the provinces)



INTERNAL AUDIT FUNCTION

Enexis has an Internal Audit & Risk (IA&R) Department with independent auditors. They provide insight, advice and additional assurance to the EB and the management regarding operational control, effectiveness, efficiency and compliance (compliance with laws and regulations). The internal audit function falls under the responsibility of the CFO, whereby the IA&R activities are also reported to the whole EB. In addition, they have direct access to the CEO, the chair of the Audit Committee and the external auditor. The Audit Committee supervises the Internal Audit & Risk Department and advises the SB on the role and functioning of the Internal Audit & Risk Department.

A risk-based audit plan is drawn up annually with the involvement of senior management, the EB, the Audit Committee and the external auditor. Which internal audits will take place is set out in this plan. The EB determines the audit plan and the SB approves this plan. The Audit Committee discusses the progress and the most significant audit findings. The internal audit function is present at the meetings of the Audit Committee. The Internal Audit & Risk Department also reports its findings to the external auditor.

EXTERNAL AUDITOR

The external auditor is appointed by the AGM. EY is the external auditor as of the financial year 2021 for a period of four years with three extension options of each two years.

The Audit Committee supervises the relationship with the external auditor. EY is present at all meetings of the audit committee and participates in the AGM in which the financial statements are adopted.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

We deviate from the Corporate Governance Code with regard to two important provisions:

PROVISION 2.2.1: MAXIMUM APPOINTMENT (AND REAPPOINTMENT) PERIODS FOR EXECUTIVE BOARD MEMBERS

Enexis has not set a maximum appointment and reappointment period for Executive Board members. It states in the remuneration policy for the EB (adopted on 5 December 2012 by the AGM) that employment agreements with the members of the EB are entered into for an indefinite period.

PROVISION 4.2.2: POLICY REGARDING BILATERAL CONTACTS WITH SHAREHOLDERS

Enexis does not have a formal policy for bilateral contacts with shareholders, as stipulated in the code. We do have a covenant in place with detailed agreements between the EB, SB and the shareholders' committee about the fulfilment of tasks, as laid down in the articles of association.

Various provisions in the code are not applicable for Enexis, for example, because the statutory two-tier status applies to us, our shares are held by Dutch government bodies and our shares are not listed on a stock exchange. Concretely, this concerns:

- Provision 2.1.3: executive committee
- Provision 2.8.2-2.8.3: takeover bid
- Provision 3.1.3: remuneration executive committee
- Provision 3.3.2-3.3.3: remuneration of supervisory board members in shares and share ownership of supervisory board members
- Provision 4.2. 6: anti-takeover measures
- Provision 4.3.3: cancelling the binding nature of a nomination or dismissal
- Provision 4.3.4: voting right on financing preference shares
- Provision 4.3.5: publication of institutional investors' voting policy
- Provision 4.3.6: report on the implementation of institutional investors' voting policy
- Provision 4.4: issuing depositary receipts for shares
- Provision 5: one-tier governance structure

Interview with the Supervisory Board

'WE CHALLENGE THE EXECUTIVE BOARD WITH REGARD TO DETERMINING AND IMPLEMENTING THE STRATEGY'

Helping to realise the energy transition, whereas we are confronted with transmission scarcity and a shortage of personnel and materials. Enexis is facing a huge task. What is the Supervisory Board's perspective on this? Chairman Jos Nijhuis explains the SB's view.

YOU JOINED THE SB IN APRIL AS THE CHAIRMAN. HOW DID YOU EXPERIENCE YOUR FIRST HALF YEAR AT ENEXIS?

'Before becoming a member of the SB, I didn't really know Enexis - I live in a different region - and I was also not involved in the energy transition. However, as the former CEO of Schiphol Group, I did have a lot of experience with vital infrastructures, public-private collaborations and various government-shareholders. I was able to read up on the subject matter quickly and thoroughly and I talked to a lot of different people across the organisation. For instance, I also visited Enexis's in-company training centre, where new technicians are trained. This gave me a better understanding of Enexis and the challenges that we are facing. It think it is an extremely interesting company.'

'I am deeply impressed by Enexis's employees. They have a lot of knowledge and I see that they are struggling with the choices that they have to make. For instance, they see connection requests increasing exponentially, but are not allowed to determine priorities with regard to who they will connect first. Employees want to help their customers, but they are not always able to do so. Due to lack of available grid capacity, due to longer connection waiting times, due to not being able to prioritise, etc. Nevertheless, they do look for solutions within the existing possibilities to make more efficient use of the available transmission capacity; together with governments, colleague grid operators and companies. I have a lot of respect for their innovative ability in addition to their commitment to ensuring the reliability of our grids.'

ENEXIS IS FACING A HUGE SOCIETAL TASK HOW DOES THE SB PLAY A ROLE IN THIS?

'We challenge the Executive Board with regard to determining and implementing the strategy. I have to say, we can debate well together. The SB has to back an EB proposal completely. Take, for instance, a profitable subsidiary like Fudura. We sold this company because Enexis is focusing on its core tasks in its new strategy. We wanted to use the proceeds from the sale to help facilitate the energy transition. We held consultations with the shareholders and together we arrived at a dividend proposal in which the largest share of the proceeds of the sale remains within Enexis to finance the investments that are necessary for the energy transition.'

THE SALE OF FUDURA STRENGTHENS ENEXIS'S FINANCIAL POSITION. HOW IMPORTANT IS THAT?

'That is very important. Enexis's financial position was already sound and the sale has further strengthened Enexis's equity capital. It is was not the objective of the sale, but it was a positive consequence. In the coming decades, we will have to invest substantially in the grid. This concerns billions of equity and loan capital. Therefore, we have also entered into consultations with the Dutch State regarding possible future strengthening of our equity capital. We entered into these consultations together with colleague grid operators, for one of which the urgency is greater at this moment. We recently arrived at a framework agreement with the Dutch State. We are now discussing this with our shareholders as they are the ones that have to approve the framework agreement.'

ENEXIS RENDERS ACCOUNT TO A LARGE NUMBER OF SHAREHOLDERS. HOW DO YOU GET EVERYONE ON THE SAME PAGE?

'With 91 shareholders, this is a complex and interesting challenge. Take, for example, the sale of Fudura. Enexis wants to use the profit on the sale for the energy transition. We discussed this matter with the shareholders' committee, in which the shareholders are represented. It is important to arrive at an outcome that would do justice to both Enexis's wishes and the shareholders' wishes.'

WHAT ELSE WAS ON THE SB'S AGENDA IN 2022?

'All sorts of things; from human resources to financial issues and everything to do with safety. As SB, we attach a lot of value to safety. Working with gas and electricity entails high risks. We are looking into how we can make safety an even more integral part of the organisational culture. Safety is a top priority at Enexis. With the Safety Culture Ladder certification process, the organisation assesses and develops the safety culture. In the SB, we discuss where the organisation stands and what that means. A serious accident occurred in Made in November in which two employees of a subcontractor were injured. As SB members, we were informed immediately. After the first concerns about the well-being of employees, we focused on the safety policy: what measures can Enexis take to ensure that this does not happen again? Evaluating incidents is very important. Not to pin the blame on anyone, but to learn from it.'

'We also discussed the shortages on the labour market extensively and what we can do to ensure that Enexis is and remains an attractive employer. It is certainly clear that we will need many new people in the coming years for the realisation of the energy transition in our service area. Consequently, as the SB, we support the EB's initiative to invest in the diversity and inclusiveness of the organisation in the coming years.'

SO THERE'S MORE THAN ENOUGH WORK. AND THE GOVERNMENT AND POLITICAL PARTIES ARE ALSO CONSTANTLY COMING UP WITH NEW ATTENTION POINTS.

'Minister Jetten of Climate Affairs announced in October that district heating systems must become public. This is again an important development for Enexis. As SB, we make an inventory of the knowledge that we have within the SB and what is required. Both to ensure that we are well prepared and to ensure that the risks are sufficiently identified and controllable.'

WHAT TURNED OUT BETTER THAN EXPECTED THIS YEAR?

'We were concerned when CEO Evert den Boer was temporarily incapacitated due to health reasons, both for him personally as well as for the organisation. It is not easy to have to miss a CEO. However, we soon saw how well the other EB members took over his duties. For that matter, this is not a matter of course. It turned out to have been a good choice that the EB had been expanded from two to four people earlier. Of course, we are happy that Evert is back at his post again.'

HOW DO YOU SEE THE FUTURE?

'I had not foreseen how big Enexis's task is within society, also managerial. The demand for connections continues to increase, whereas the capacity remains behind. In addition, existing and changing laws and regulations support the energy transition insufficiently. Many laws were drafted for times gone by. We continue to bring this to the attention of the Ministry of Economic Affairs and Climate Policy and our supervisor the Authority for Consumers and Markets. As a person, I can be impatient, but that is different as an SB member. I also see where we are making progress. The State is starting to take action, more integral regional plans are being drawn up, and the image of technical educations is finally getting more attention. As SB, you exert pressure where you can, without being too pushy. After all, it has to be feasible.'

HOW DOES THE SB DO THAT?

'It is in the small things. For instance, as the new chairman of the SB, I went to The Hague with EB member Mariëlle Vogt, to shake the hands of senior officials of the Ministries of Finance and Economic Affairs and Climate Policy. A kind of renewing old acquaintances. As the former CEO of Schiphol Group, I encountered the same players. It is good to meet with senior officials in my new role. In addition, such an occasion gives the EB the opportunity to ask for extra attention for the challenges that Enexis is facing.'

WHEN IS THE SB SATISFIED?

'I don't know if you should ever be satisfied. Certainly not given the challenge that Enexis is facing. But if we have done our very best and have realised everything within our sphere of influence, then I would not be dissatisfied.'

Report of the Supervisory Board



REPORT OF THE SUPERVISORY BOARD

The 2022 financial statements prepared by the Executive Board (hereafter EB) and the combined audit opinion and assurance report on the sustainability information was discussed with the external auditor EY in the presence of the EB. The 2022 financial statements were audit by the external auditor and an unqualified audit opinion was issued. This audit opinion is included in the annual report. The Audit Committee discussed the financial statements and the annual report extensively with the Chief Financial Officer (CFO), her team, and the external auditor and issued a positive recommendation. As the Supervisory Board (hereafter SB), we concluded that the annual report meets the criteria of good governance, transparent reporting, and accountability. The SB will submit the 2022 financial statements to the General Meeting of Shareholders (AGM) together with the profit appropriation proposal for the financial year 2022. In addition, the SB proposes to the AGM to grant the EB discharge for the management of the company and to grant the SB discharge for their supervision of the management of the company in the financial year 2022.

COMPOSITION AND ORGANISATION

As SB, we supervise the EB and provide solicited and unsolicited advice to the EB with regard to the formulation and realisation of the objectives, strategy and policy of Enexis Holding N.V., hereafter also referred to as Enexis or the company. We also act as the employer of the EB. The formation of the SB changed during 2022. Piet Moerland resigned formally at the Annual General Meeting of Shareholders on 14 April 2022 after serving on the Supervisory Board for eight years.

As an experienced supervisor in the energy sector, Piet felt completely at home as chairman of the SB. Piet also brought a lot of knowledge in the field of corporate governance. We are very grateful to Piet Moerland for his commitment and dedication as an SB member and chairman of the SB and chairman of the Remuneration and Selection Committee.

On the same date, Jos Nijhuis was appointed as an SB member and then appointed as chairman by the SB members, after a thorough selection process. After his appointment, he went through an extensive onboarding programme. He forms the Remuneration and Selection Committee together with Paul Rupp.

The Audit Committee consisted of Carmen Velthuis (chair), Anita Arts and Joost van Dijk. Frans Voorwinde acted as secretary of our Supervisory Board again in 2022. At the nomination of the shareholders, Paul Rüpp was appointed as a Supervisory Board member in 2020. Anita Arts was appointed as a Supervisory Board member in 2019 at the nomination of the Works Council.

INDEPENDENCE

Throughout the entire year, all members of the Supervisory Board were independent within the meaning of the Dutch Corporate Governance Code. The Supervisory Board is of the opinion that its composition is such that the members can operate independently from each other and from the Executive Board. None of the members holds a position outside the company that is in conflict with their membership of the Supervisory Board of Enexis.

DIVERSITY

A number of diversity aspects have been laid down in the Executive Board and Supervisory Board profiles. These can be summed up as the aspiration to achieve a balanced composition that reflects the diversity that society requires. At present, the EB consists of three men and one woman with which the target percentage for a well-balanced gender ratio has not been achieved. The composition of the SB is based on the profile for SB members and we are of the opinion that the SB is sufficiently diverse, both with regard to knowledge and experience as well as gender ratio (the SB consisted of three men and two women in 2022). The point of departure is that when fulfilling future vacancies in the EB and the SB, the further implementation of the diversity policy will be taken into account when possible.

EVALUATION OF THE FUNCTIONING OF THE SUPERVISORY BOARD

We evaluated our performance most recently in 2018 with an external agency. This will take place again in 2023. The functioning of the Supervisory Board and its individual members was discussed as part of this evaluation. The Supervisory Board regularly reviews the insights and recommendations, including systematic discussions within the Supervisory Board, to continuously improve the functioning of the Supervisory Board.

OUR DUTIES

In addition to our role as employer and our advisory role, an important task of the SB is supervising the EB's management of the company and the general course of affairs of the company and its subsidiaries. We exercise this oversight primarily through meetings with the EB, working visits to company locations, attendance of meetings of the Works Council and the perusal of reports, publications and other information produced by or about Enexis. We have regular contact with the shareholders through periodic meetings and dialogue sessions with the Shareholders' Committee (SC). We concluded a covenant with the Shareholders' Committee. The SC has been assigned certain powers to facilitate an efficient and effective decision-making process in the AGM and, in some cases, to also take certain decisions.

Various members of the SB were present in the Consultation Meeting of the (Central) Works Council with the Executive Board. In accordance with a long tradition, the whole SB, EB and Works Council sat down together again for a theme dinner and this year's theme was 'shortages'. Mid-2022, Works Council elections were held at Enexis. The new Works Council members met the new SB chairman Jos Nijhuis already in December at the employee participation day. Anita Arts was also present on that day. She is regularly in contact with the Board of the Central Works Council and participates occasionally in internal Central Works Council meetings. The EB, SB and the Central Works Council consider collaboration of vital importance and have started a process at the end of 2022 to optimise their relationship and collaboration to discuss the strategic themes in an open dialogue from several perspectives. Under the heading The Golden Triangle, several meetings between the SB, EB and the Works Council are being prepared for 2023.

In addition, we aim for the right balance between formal meetings on the one hand and a more informal dialogue with the organisation on the other hand. Practically all meetings were attended by all SB members. In addition to our scheduled meetings, we held several meetings to discuss matters in more depth with the EB, while also conferring internally as SB. The SB meets before a regular meeting with only the SB members. Besides during meetings, the EB also informed us regularly about relevant topics.

TOPICS

The agenda for our meetings is based on our most important oversight duties (such as the realisation of objectives, strategy and risks, and regulatory compliance) and contains a series of recurring topics in addition to specific topics that require our attention.

Safety is our number one priority and is always discussed as the first agenda item. Enexis uses the national Safety Culture Ladder to measure and stimulate safety awareness. The SB was pleased to hear that Operations more than satisfied the certification criteria for step 3 in the past year. When discussing the topic, both quarterly reports and concrete situations are discussed, so that we not only talk about numbers but are also aware of the actual situations behind these numbers. For instance, the SB also reviewed the gas incident in Made in November 2022.

The daily conduct of business is discussed in our meetings based on detailed management reports. Enexis's performance (including reliability of supply) is a recurring subject in these reports. We discussed material topics regularly, such as the progress regarding the execution of the strategy and the realisation of the energy transition, affordability, efficiency, shortage of technical personnel, influencing policy and information security. The shortage of transmission capacity for large-volume customers was also a topic of discussion. In a special deep-dive session with the EB, the SB was informed in detail about the company's approach to tackling these issues such as making smarter and more optimal use of the grid and accelerating the realisation of grid expansions. Other reported topics concerned important projects, customer and other processes, customer satisfaction and financial data on a monthly and cumulative basis as well as forecasts for the financial results and cash flow. We are concerned about the well-being of employees and have attention for topics that are important for the Works Council.

The annual report, financial statements, interim report, year plan and risk inventories were discussed and adopted based on the advice of the Audit Committee.

TOPICS REQUIRING OUR SPECIAL ATTENTION

The most important issues in the year 2022 were Enexis's huge task in facilitating the energy transition, the financing policy in order to carry out this task, and the sale of the commercial subsidiary Fudura. In this process, close and frequent consultations took place between the SB and the EB. As SB, we convened thirteen times in 2022 (partially in person and partially online) in four regular meetings and nine extra meetings.

The shareholders approved the new strategic plan on 14 April 2022. The SB discussed the execution of the strategic plan several times with both the EB and the SC. We oversaw that the process was carried out thoroughly and carefully and appreciate the input that we received. With this new strategy, Enexis will focus on facilitating the energy transition. Everything must be aimed at ensuring a safe and reliable energy supply, the timely connection of customers, and the realisation of the energy system of the future.

Based on the focus on its core tasks, Enexis makes choices and searches for the right balance in the scarce time, money and capacity. Tasks that do not contribute to Enexis's core tasks are being phased out or organised differently. Therefore, the EB decided to sell Fudura in 2022. A careful and thorough process preceded the sale taking into consideration the interests of all stakeholders and close coordination between the EB, the SB and shareholders. We discussed the one-off dividend payment over the book profit of the sale of Fudura with the EB and the SC. The General Meeting of Shareholders will decide on this dividend proposal on 13 April 2023.

The sale of Fudura has resulted in a further improvement of Enexis's financial position. The long-term financing requirement of the regional grid operators in connection with facilitating the energy transition is large. In view of this financing requirement, consultations, under the name of Rembrandt's famous painting the 'Night Watch', were started with the Dutch State, the three grid operators, and representatives of the shareholders to arrive at a structural solution for the capital requirement of the regional grid operators. Several consultations were held with the EB and SC on a possible participation of Dutch State in which, in particular, the conditions were discussed. This led to a Framework Agreement that we fully support and that will be submitted to the General Meeting of Shareholders for adoption on 13 April 2023.

After all, strengthening the equity capital of grid operators is a crucial precondition to be able to continue to meet the growing demand for electricity and to continue to invest in expanding and upgrading the regional electricity grids at costs that are acceptable for society.

It is not only the growing demand for electricity that has our attention. The Strategic Plan endorses that district heating systems could also become a realistic expansion of Enexis's product portfolio. Enexis has been working on realising district heating infrastructure via its subsidiary Enpuls since 2017. By means of gaining experience by taking part in actual district heating projects in controlled stages and on a small scale. The EB prepared an investment decision for one of the district heating projects, Mijnwater, in 2022. As preparation for this decision, the SB spoke with the EB about topics such as the risks of this project, the business plan and relevant regulations. In addition, we paid a working visit to Mijnwater and we discussed this topic with the SC. We approved the proposed investment decisions under conditions on 30 November 2022. During the extraordinary General Meeting of Shareholders on 9 February 2023, the AGM approved the € 80 million investment in the district heating and cooling grid of Mijnwater in Heerlen.

Other topics that were discussed in 2022 included:

- Important court verdicts where Enexis was involved;
- The outcome of the Employee Satisfaction Survey;
- The use of data and digitalisation as a catalyst of the future energy system.

AUDIT COMMITTEE

The Audit Committee met seven times in 2022. The Audit Committee supervises the internal risk management and control systems and the financial reporting procedures and prepares the decision-making of the Supervisory Board for these topics. The committee took note of the audit plan of the external auditor as well as the audit plan of the internal auditor and recommended their adoption by the Supervisory Board. Furthermore, the agenda contained the standard items, including the 2021 financial statements, the 2022 interim report, the audit findings of the external auditor, the findings of the internal auditor and the accompanying action points, and the Business Plan 2023.

The long-term financial forecast and the structurally higher investments (and funding requirement) in connection with facilitating the energy transition were discussed frequently. The Audit Committee paid structural attention to the topic ICT in a broad sense and, in particular, also to digital security and the long-term IT programme during 2022.

REMUNERATION AND SELECTION COMMITTEE

The committee convened twice formally in 2022. The new evaluation procedure, developed in 2021, was a topic of discussion. After conducting evaluation discussions with the members of the EB, it was clear that the new evaluation method had been positively received. The committee discussed the remuneration paragraph in the annual report and the requirements and the development of these requirements based on the Dutch Standards for Remuneration of Senior Officials in the Public and Semi-Public Sector Act (WNT). The committee concluded that (once again) the remuneration policy in 2022 satisfied laws and regulations and Enexis's remuneration policy. In addition, the committee was actively involved in the process with regard to the appointment of Jos Nijhuis.

SUPERVISORY BOARD MEMBER ATTENDANCE

The attendance percentages of the Supervisory Board members at the meetings in 2022 were as follows:

	Jos Nijhuis (since April 2022)	Joost van Dijk	Carmen Velthuis	Anita Arts	Paul Rüpp
Supervisory Board	88%	92%	100%	100%	92%
Audit committee	n/a	71%	100%	100%	n/a
Remuneration and Selection committee	100%	n/a	n/a	n/a	100%

WORD OF APPRECIATION

The Executive Board, managers and employees achieved good results again throughout 2022. This in a time when the workload is increasing and it is becoming more and more difficult to meet the demands of our customers. It was a year in which we literally reached the limits of our capacity. Nevertheless, the commitment and dedication of our employees remains high and we see an organisation that is doing everything in its power to facilitate the energy transition. We thank them for their flexibility, engagement and commitment and wish them success and pleasure in their work in 2023.

's-Hertogenbosch, 27 February 2023

Supervisory Board

Jos Nijhuis, chair

Joost van Dijk, vice-chair

Carmen Velthuis

Anita Arts

Paul Rüpp

Risk management

Risk management helps us to identify and control risks timely so that we can realise our objectives. Our approach is embedded in the planning and control cycle and in the standard processes. We stimulate risk awareness within the organisation and encourage employees to deal carefully with risks.

With risk management, we don't only control risks, we also create and maintain value, improve performance, and provide the certainty that we comply with laws and regulations.

We use risk assessments to identify and analyse risks at all levels within the organisation. We take measures based on these risk assessments. The management is responsible for risk management and is supported here in by our business controllers and other staff functions. The group risk managers of the Internal Audit & Risk Department coordinate the risk management process.

RISK MODEL

Enexis uses the global risk management standards of the COSO ERM model and the Three Lines Model for risk management.

We had an external agency assess the effectiveness of our risk management processes in 2022. This assessment showed that our risk management process was basically sound and that the various processes were designed well-structured and effectively. Based on the results of this assessment and other input, we drew up a roadmap to further develop our risk management from process to business oriented.

We have divided our risk management processes in strategic and operational risk management. The outcomes of this strategic and operational risk assessments are reported to and discussed in the Audit Committee. This process enables the Executive Board to issue its Board Statement.

STRATEGIC RISK MANAGEMENT

In our strategic risk analysis, we identify events that threaten Enexis's continuity or the realisation of its strategic objectives. Also when the events actually occur, but the impact and degree of control are uncertain, we continue to treat these as a strategic risk.

Departments assess every year of the strategic risks that are relevant for them and describe these risks on a risk card. The identified risks are analysed and quantified after this assessment. We then estimate the likelihood that an event could occur and the impact of this event on one or several business values. To this end, we make use of a risk matrix which specifies Enexis's risk appetite for each business value. We then cluster comparable risks on the group level. The Executive Board discusses and values these clustered risks.

Risks with a 'high' score exceed the risk appetite. We take measures for these risks, with the aim that these risks are reduced to 'medium'. The management determines whether additional measures are necessary for risks with a 'medium' score.

Each strategic risk is assigned to an owner. This owner is responsible for taking adequate measures and monitors the development of the risk. The risk measures are incorporated in the business plans. The management monitors the development of the risks and the effectiveness of the measures via the planning and control cycle. The development of the most important strategic risks is reported to the Executive Board periodically by the risk owners.

OPERATIONAL RISK MANAGEMENT

Via operational risk analyses, we identify risks at tactical and operational levels that constitute a threat to Enexis's business processes. In the operational risk analyses, we analyse the risks that came to the fore in periodic compliance, privacy, security and data management analyses. We aim to document risks and measures integrally in our internal control framework (ICF).

The management assesses the functioning of the most important control measures twice a year, via a control self-assessment (CSA). Managers assess themselves to what extent risks are controlled. The department management weighs the outcomes of the CSA and, if necessary, adds these to the Internal Letter of Representation (LOR). In this LOR, the departments and the Executive Board indicate the extent to which the internal risk management and control systems are adequate.

In addition to the hard controls in the ICF, we also pay attention to soft controls. These are directed at integrity, engagement and collaboration. Our internal integrity committee pays attention to integrity and to controlling fraud risks. To this end, they carry out a fraud risk analysis periodically.



THE IDENTIFIED STRATEGIC RISKS

Potential consequences					Frequency or probability of occurrence		
Company values					< Once in 10	≥ Once in 10 years	≥ Once a year
Affordability	Reputation*	Safety	Reliability	Grid accessibility	< 10%	10-50%	> 50%
					Low	Medium	High
H	Damage > €50 million	International commotion; > 20,000 complaints	Accidents resulting in one or several fatalities	> 20,000,000 outage minutes (MV/MS station > 16 hours)	Structurally not being able to meet customer demand		
M	Damage €5-50 million	National commotion; 2,000-20,000 complaints	Accident with serious, lasting injury and/or prolonged absenteeism	2,000,000 to 20,000,000 outage minutes (HV/MV station 4 hours outage)	Temporarily not being able to meet customer demand		
L	Damage < €5 million	Local or regional commotion; < 2,000 complaints	Accident with injury resulting in (short-term) absenteeism or serious incident (HSE)	< 2,000,000 outage minutes (MV-T station 4 hours outage)	Briefly not being able to meet customer demand		

* Reputation with regard to stakeholders: customers, employees, shareholders, suppliers and supervisors

■ Position 2021 ■ Same position 2021/2022 ■ New position 2022 ■ New in the top

2022 Risks

Trend in relation to 2021

A	Customer demand cannot be met sufficiently timely due to a shortage of personnel, material and/or grid capacity	☰ Same
B	Unauthorised use of data and/or systems not being available due to inadequate security measures *	➔ Opportunity
C	Accidents suffered by employees and/or bystanders due to unsafe situations and/or asset failures	➔ Opportunity
D	Large-scale interruptions of the energy supply *	➔ Opportunity
E	Deterioration of our financial position due to price effects and effects of the energy transition and regulation method *	⬇ Impact
F	Consequences of payment difficulties for customers and energy suppliers due to high energy prices	— New
G	Enexis is insufficiently agile to execute complex and profound changes *	☰ Same
H	An active role of Enexis in the energy transition is hampered by new laws and regulations	⬅ Opportunity

* Title has been changed from last year

The strategic risks are described below. We have described specific risks relating to financial instruments in the notes to the financial statements.

A. CUSTOMER DEMAND CANNOT BE MET SUFFICIENTLY TIMELY DUE TO A SHORTAGE OF PERSONNEL, MATERIALS AND/OR GRID CAPACITY

We run this risk

Customer demand is growing fast, both on the part of the renewable energy suppliers and on the part of the users. This is also due to gas being replaced by electricity. The total required capacity exceeds the transmission capacity of our electricity grid and of the national high-voltage grid of TenneT. In addition, we are confronted with very long processing times for grid expansions and a shortage of technical personnel. We can only partially compensate for this shortage by increasing efficiency. In the coming five years, we expect a large outflow of experienced employees who will be entering retirement. The uncertainty whether we and our subcontractors will be able to recruit sufficient technical personnel is large. Already only due to the strong decrease in years of experience, the capacity both internal and external - for example, via collaboration with contractors - will have to grow strongly.

Furthermore, we are also being confronted with a shortage of materials. It is difficult to make a sound estimate of the materials requirement due to fluctuations in demand. But also due to the circumstances on the procurement market, the likelihood has increased that the right quantity or the right type of materials will not be available at the right time.

The risk exists that we will not be able to meet the expectations of customers and that this will lead to a negative sentiment in society. It can also lead to discussions regarding our license to operate.

This is how we reduce the risk

Enexis is anticipating future developments by investing proactively based on the Regional Energy Strategies (RES) and Cluster Energy Strategies (CES). We try to steer the growth of renewable energy generators and consumers to areas where there still is transmission capacity in the grid, we make use of congestion management and flexible contracts with batteries.

With regard to personnel, we have also taken measures to reduce the outflow of employees, to stimulate the inflow of new employees and to optimise internal training programmes.

And to counter the shortage of materials, we have developed category plans based on the long-term plans to ensure the future availability of materials. We also drew up a supply chain roadmap with improvement initiatives that lead to a better availability of materials.

This is how high we estimate the risk

As a result of these measures, the risk equals that of last year; it did not rise further.

More information about the growing customer demand and scarce grid capacity can be found in section [access to a reliable energy grid for everyone](#)

B. UNAUTHORISED USE OF DATA AND/OR SYSTEMS NOT BEING AVAILABLE DUE TO INADEQUATE SECURITY MEASURES

We run this risk

Digitalisation is continuing to increase in our company. This entails risks. For instance, cloud services could not be available for longer periods. In addition, there is a growing threat of cyberattacks. Unauthorised access to our systems and data can lead to incidents in the area of data security, business continuity and compliance (compliance with, for example, the General Data Protection Regulation).

This is how we reduce the risk

We have taken numerous security measures such as network segmentation, including security requirements in tenders, audits, penetration tests, security scans, and training and screening of employees. Specific measures have also been taken to protect our operational technology, including staff certification, firewalls and security assessments at our stations.

Furthermore, we categorise the IT landscape to identify critical components so that we can take the appropriate internal control measures. Enexis periodically assesses the available assurance statements and certifications of the most important IT suppliers to ensure that risks are being controlled adequately. We have continuity plans for the critical systems that we test periodically.

This is how high we estimate the risk

Also due to the increased activity of cybercriminals, organised crime and rogue states, we estimate the likelihood of this risk higher than last year.

More information about this risk can be found in the section [the proactive safeguarding of digital security](#).

C. ACCIDENTS SUFFERED BY EMPLOYEES AND/OR BYSTANDERS DUE TO UNSAFE SITUATIONS AND/OR ASSET FAILURES

We run this risk

Work on the energy grids exposes our employees and bystanders to health risks. Due to the nature of our primary processes – working on the electricity and gas infrastructure and in public spaces – the likelihood of an accident occurring with consequences for the health of employees and bystanders is an ever-present risk. Asset failures or material failures can also have serious safety consequences.

This is how we reduce the risk

Enexis gives top priority to safety. We analyse the risk of unsafe situations in our electricity and gas grids on a continual basis. We have a robust maintenance and replacement policy in order to limit the probability of unsafe situations as much as possible. We monitor public safety in connection with the gas and electricity grids and the progress of safety-driven work via performance indicators.

We reinforce the safety awareness and the alertness of employees and the management. We take the safety performance of our contractors into account and we pay extra attention to a correct follow-up of the ‘workplace dialogue’. In alignment with Enexis’s new strategy and our core values ‘clarity, continuous learning and inclusiveness’ we aim to ascend to step 4 on the Safety Culture Ladder.

This is how high we estimate the risk

The likelihood of this risk increases due to a high inflow of new (inexperienced) personnel and pressure on employees due to the workload. Despite the fact that employees are trained carefully to work with safety procedures, we still see an increase in the number of incidents and accidents among both experienced and inexperienced colleagues.

More information about safety can be found in the section [safe and healthy working environment](#).

D. PROLONGED OUTAGES OF THE GRID DUE TO NATURAL DISASTERS, INTERNAL FAILURES OR DELIBERATE WRONGDOING

We run this risk

Natural disasters, such as earthquakes and floods, and deliberate wrongdoing (including terrorism) can cause serious outages in our grids. The threat of a gas shortage is also increasing. This can all lead to large-scale and prolonged interruptions of the energy and/or gas supply to customers.

This is how we reduce the risk

In order to reduce the likelihood of large disasters as much as possible, we carry out a maintenance and replacement policy. We have replacement equipment and materials that we can deploy quickly in emergencies, we are constantly fine-tuning our crisis management plans and we regularly hold crisis drills. We have both preventive and reactive measures in place for earthquakes (for example in Groningen). We have also drawn up an inventory of flood risks. We have drawn up an inventory of measures to mitigate the consequences of these risks and we are implementing these.

Together with other grid operators, we are implementing a uniform security system for high-voltage stations.

The developments in connection with the war in Ukraine and the (potential) consequences thereof are being actively monitored. We are also in close consultation with the Ministry of Economic Affairs and Climate Policy about the national Protection and Repair Plan for Gas.

This is how high we estimate the risk

We estimate the likelihood of this risk higher than last year, also due to the increased physical threat in Europe of attacks on energy infrastructure.

E. DETERIORATION OF OUR FINANCIAL POSITION DUE TO PRICE EFFECTS AND EFFECTS OF THE ENERGY TRANSITION AND REGULATION METHOD

We run this risk

The electricity regulation method for the period 2022-2026 was not designed for this change in the trend in investments and operating costs due to the energy transition. And the new regulation for gas does not take a scenario into account in which gas consumption and the number of connections decrease faster than the costs. As a consequence, the costs will not be compensated timely and completely. This puts pressure on the financial ratios and on our ability to invest. Therefore, we need extra capital. In addition, price risks, in particular interest rate increases and grid losses, can lead to a considerable extra equity capital requirement.

This is how we reduce the risk

Enexis is active in several areas to raise additional funds to finance the energy transition. We are discussing the financing issue with several stakeholders and we are working on internal efficiency improvements.

We are talking to the Authority of Consumers and Markets (ACM) about the the future of the regulation method. We also lodged an appeal with the Trade and Industry Appeals Tribunal against the Method Decision together with other grid operators.

Our Treasury Department monitors and reports price risks. In order to control the risk in connection with electricity and gas grid losses, we are accelerating the purchase of energy up to and including 2026.

This is how high we estimate the risk

We estimate that this risk is as high as in 2021; the financial position remains a risk. However, the impact is somewhat lower as we have reached a Framework Agreement with the Dutch State. This gives us the possibility to strengthen our equity capital if necessary.

More information about this risk can be found in the section [remaining financially sound](#).

F. CONSEQUENCES OF PAYMENT DIFFICULTIES FOR CUSTOMERS AND ENERGY SUPPLIERS DUE TO HIGH ENERGY PRICES

We run this risk

More customers and energy suppliers are having difficulties paying for gas and electricity due to the high energy prices. This can lead to bankruptcies of suppliers and a debt collection risk for Enexis. An increase in customers without an energy contract also leads to higher operating expenses and an increase in grid losses. Furthermore, this can also lead to an increase in aggression towards Enexis employees.

This is how we reduce the risk

We constantly monitor the creditworthiness of energy suppliers and the guarantee provisions. In addition, we have tight collection procedures in place. We keep our procedures for bankruptcy requests up-to-date so that we can take action timely in the event of financial problems of energy suppliers. We stimulate customers without a contract to conclude an energy contract. Within Enexis, the Working Group Energy Poverty coordinates all developments with regard to this issue. Netbeheer Nederland (NBNL) coordinates the consultation with energy suppliers and ACM/EZK.

This is how high we estimate the risk

We also identified the collection risk in connection with the bankruptcy of energy suppliers in the past. Due tot the consequences of unstable energy prices, we are now taking this risk into account again.

G. ENEXIS IS INSUFFICIENTLY AGILE TO EXECUTE COMPLEX AND PROFOUND CHANGE PROCESSES

We run this risk

The energy transition demands that we accelerate. If we are insufficiently agile, it will be difficult to respond quickly to changing regulations and customer needs. Our services, effectiveness and reliability can then come under pressure. This demands a lot of our organisation's and our employees' ability to change. We have the will to change and to accelerate, but there are also obstacles. For instance, we have complex customer processes. When implementing changes, there are uncertainties that can lead to higher costs, longer processing times and insufficient alignment with our strategy. There are also many changes in the market facilitation chains, which we have to anticipate as grid operators. For example, the new Energy Act and making flexible markets and congestion management possible.

This is how we reduce the risk

We are taking measures to improve the agility of our customer processes, to manage complex change projects and increase our employees' capacity for change. We have already invested a lot in behaviour, leadership, vitality and sustainable employability of employees. In addition, we also monitor their engagement periodically.

We are looking into where we can simplify our processes and increase our agility. We have learned from the bottlenecks in large-scale programmes in recent years. We have taken measures to reduce the risk of projects failing, such as limiting the scope of projects. We have developed roadmaps for various value chains, so that we are better able to inventorise the dependencies. We aim for closer collaboration with other grid operators and we are sharing our lessons learned and knowledge with them more and more intensively.

This is how high we estimate the risk

We estimate the size of the risk to be at the same level on balance as last year.

More information about this risk can be found in the section [working smarter and smarter](#).

H. FACILITATING THE ENERGY TRANSITION CAN BE HINDERED BY A TOO LIMITED TASK DESCRIPTION IN THE NEW ENERGY ACT**We run this risk**

The Ministry of Economic Affairs and Climate Policy has started working on drafting the Energy Act. Gas and electricity are both included in this act, as well as the introduction of the Clean Energy Package. The risk exists that the new Energy Act contains a too limited task description for the grid operator. This can lead to a delay or not being able to realise the objectives that Enexis has set with regard to the energy transition.

This is how we reduce the risk

We have scaled up our internal organisation in order to prepare ourselves for the introduction of the Energy Act. We are closely coordinating our response to the new version of the Energy Act within the sector and we have entered into consultations with the Ministry of Energy and Climate Policy via Netbeheer Nederland.

This is how high we estimate the risk

We are positive about the collaboration within the sector and with the government, we now estimate this risk to be low.

More information about this risk can be found in the section [sharing expertise and vision for policy development](#).

Employee participation in 2022

A new structure, elections, and a new method of working. Employee participation within Enexis developed in various areas in 2022.

In order to tackle the energy transition, the Executive Board of Enexis was expanded from two members to four members. The Works Council decided to adjust their structure accordingly. Up to that moment, employee participation consisted of one Works Council and five sub-committees. At present, three business unit councils are dealing with topics that are relevant for their business unit: Operations, Transition and Staff. A central Works Council deals with Enexis-wide topics. Representatives of the business unit councils have a seat in the central Works Council. Elections were held for the central Works Council and the business unit councils in 2022. The Executive Board installed the new Works Council in June.

POSITION OF THE WORKS COUNCIL

As a company with more than fifty employees, Enexis is required to have a Works Council. The Works Council Act (WOR) prescribes in which situations the Executive Board is at least obliged to request the Works Council's advice or consent. The Executive Board has made a conscious choice to inform the Works Council as soon as possible and to take their feedback into account in the process.

Enexis organised an Employee Participation day in 2022. On this day, the Executive Board, directors, Supervisory Board, HR colleagues and members of the Works Councils came together. The aim was to get to know each other better and to further improve their collaboration. The central Works Council was also involved in a number of large processes, such as the new strategy, the sale of the subsidiary Fudura, and the Framework Agreement with the Dutch State regarding possible future shareholding of the State in the regional grid operators.

FUTURE-PROOF WORKS COUNCIL

The Works Council took action in various areas in 2022 to make the Works Council more future-proof. For instance, the Works Council decided to hold new elections. Extra members are needed badly, in particular in the business unit councils Transition and Staff. It is important that the Works Council has sufficient members to be a good representation of the organisation and to be able to divide the tasks properly.

Board Statement

The Executive Board (EB) is responsible for the effectiveness of the design and operation of the internal risk management and control system of Enexis. The objective of this system is to monitor the realisation of strategic, operational and financial objectives and to focus on all facets of the business; from strategic and operational risks to the reliability of financial and other reports while also complying with laws and regulations.

The section on 'Risk management' describes our internal risk management and control system and our risk profile. No system can provide absolute certainty concerning the achievement of company objectives or prevention of material errors, losses, fraud, or violations of laws and regulations that may occur in the processes and financial reporting. The EB has evaluated the set-up and effectiveness of the internal risk management and control system during 2022, based on the business control information, 'Letters of Representation' and reports from the internal auditor and the external auditor. The outcomes of this evaluation and the risk profile were discussed with the Audit Committee of the Supervisory Board, in the presence of the internal and external auditors.

We declare that:

- this report provides sufficient insight into deficiencies in the operation of the internal risk management and control system;
- the aforementioned system provides a reasonable degree of certainty that the financial and other reports contain no inaccuracies of material significance;
- the current state of affairs justifies the preparation of the financial report on a going concern basis of accounting;
- this report states the material risks and uncertainties, insofar as relevant in relation to the expectation of the company's continuity for the twelve months following the preparation of this report.

's-Hertogenbosch, 27 February 2023

Executive Board Enexis Holding N.V.

Evert den Boer, CEO

Mariëlle Vogt, CFO

Rutger van der Leeuw, COO

Jeroen Sanders, CTO

Biographies Executive Board Members



EVERT DEN BOER

CHAIRMAN OF THE EXECUTIVE BOARD / CEO

Evert den Boer (1969) is Chief Executive Officer (CEO). Evert has considerable experience in the energy sector in which he has held various board and management positions including at Ørsted and Vattenfall. His last position was CEO of Greenchoice, a position that he filled as from 2015. Evert is also Chairman of the members' council of Netbeheer Nederland, chairman of the Supervisory Board of the foundation Stichting Buitenfonds of Staatsbosbeheer and member of the board of the NVDE. Since September 2021, Evert is also a supervisory board member at Port of Amsterdam.



MARIËLLE VOGT

MEMBER OF THE EXECUTIVE BOARD / CFO

Mariëlle Vogt (1965) is Chief Financial Officer (CFO). Mariëlle began her career at Enexis Groep as Financial Director. Prior to that, she held the position of Financial Director at Delft University of Technology. Earlier, Mariëlle worked for KPN for some time in various financial management positions. In addition to her position as CFO at Enexis Groep, Mariëlle is a member of the Supervisory Board, and chair of the Audit Committee, of the Residentie Orkest. Mariëlle is also chair of the Audit Committee and a member of the Advisory Council of the Sociale Verzekeringsbank (SVB).



RUTGER VAN DER LEEUW

MEMBER OF THE EXECUTIVE BOARD / COO

Rutger van der Leeuw (1976) is Chief Operating Officer (COO). In this role, he is responsible for the total operational process at Enexis. Before Rutger became Infra Director at Enexis Netbeheer in 2016, he held the positions of Customer & Market Director and Procurement Manager. Earlier, he held various management positions at KPN.



JEROEN SANDERS

MEMBER OF THE EXECUTIVE BOARD / CTO

Jeroen Sanders (1973) is Chief Transition Officer (CTO). In this role, he focuses, together with stakeholders, on structuring and building the energy system of the future with special attention for asset management, innovation & digitalisation, and market facilitation. Jeroen has held various management positions within Enexis Groep including the position of ICT Director. Before that, he was active as General Director of Endinet, Sustainability Manager at Fudura and in various management positions at Edon and Essent.

Biographies Supervisory Board Members



JOS NIJHUIS

Jos Nijhuis (1957) is Chairman of the Supervisory Board and a member of the Remuneration and Selection Committee. Jos joined the Schiphol Group in 2008 where he was the president and CEO from 2009 to 2018. Prior to that, he was chairman of the Executive Board of PricewaterhouseCoopers. He is also chairman of the Supervisory Board at Bouwinvest Real Estate Investors and a supervisory board member at Vision-Boxin Portugal. In addition, he is also active in a number of other positions, including supervisory board member at Hotel Okura and member of the Advisory Council of Interstellar. Jos was appointed as a Supervisory Board member in 2022 and is due to retire in 2026. He is eligible for reappointment for a term of four years. He is a Dutch national.



ANITA ARTS

Anita Arts (1959) is member of the Supervisory Board and also member of the Audit Committee. Anita fulfilled advisory and management positions in the railway sector for 20 years, her last position in the railway sector was member of the Executive Board of ProRail. She joined the board of the OLVG hospital in Amsterdam in 2009 and the board of the Flevo hospital in Almere in 2012, as from 2013 to mid-2022 as chair of the Executive Board. Since the beginning of 2019 up to mid-2022 she was also a member of the board of the Nederlandse Vereniging van Ziekenhuizen (the Dutch Association of Hospitals). From 2011 -2019 she was also a supervisory board member at the Dutch public broadcaster NOS and the vocational training college ROC of Amsterdam-Flevoland. Anita is a Dutch national. She was appointed as a Supervisory Board member in 2019 and is due to retire in 2023. She is eligible for reappointment for a term of four years.



JOOST VAN DIJK

Joost van Dijk (1961) is Vice-Chairman of the Supervisory Board and a member of the Audit Committee. Joost is also active as an adviser and coach supporting company directors with the implementation of strategic transitions. He is also connected to TSM Business School. Earlier, he was the CEO of EON Benelux and COO Steam at EON Generation. Before that, Joost held various management positions within Shell. He is a Dutch national. Joost was reappointed as a Supervisory Board member in 2020 and is due to retire in 2024.



PAUL RÜPP

Paul Rupp (1957) is member of the Supervisory Board and chairman of the Remuneration and Selection Committee. Paul is deputy mayor the municipality Maashorst. Mr Rupp was Chairman of the Board of Directors of Avans Hogeschool up to 2021. Before that he was an Alderman in the province of Noord-Brabant. He is Chairman of the Supervisory Board of KRO-NCRV, Chairman of the Supervisory Board of Sitech B.V., Chairman of the Supervisory Board of Instituut voor de Nederlandse Taal (Dutch Language Institute) (up to 30-11-22) and member of the Supervisory Board of Eindhoven Airport (up to 31-10-2022). During 2022, Paul was also the chairman of Van Gogh National Park and member of the executive board of the Dutch christian democratic political party CDA. In addition, he is Chamberlain of His Majesty the King in the province of Noord-Brabant. Paul was appointed as a Supervisory Board member in 2020 and is due to retire in 2024. He is eligible for reappointment for a term of four years. He is a Dutch national.



CARMEN VELTHUIS

Carmen Velthuis (1974) is Vice-Chairman of the Supervisory Board and a member of the Audit Committee. Carmen has been working as the CFO of Vodafone Germany since 2022. Before that, she was CFO of the European Cluster at Vodafone Group in London and CFO at Vodafone Netherlands. Before making the switch to Vodafone, she was the CFO of V&D and she held various management positions at, among other companies, KPN and PricewaterhouseCoopers. She is a Dutch national. Carmen was reappointed as a Supervisory Board member in 2020 and is due to retire in 2024.



Financial statements



Consolidated financial statements 2022

CONSOLIDATED INCOME STATEMENT

€ Million	Notes	2022	2021
Revenue	1	1,705	1,634
Less: Transmission services and distribution losses	2	380	324
Other operating income	3	3	2
Balance available for operating activities		1,328	1,312
Employee benefit expenses	4	559	548
Depreciation and decommissioning	5	469	429
Costs of subcontracted work, materials and other external expenses	6	236	229
Other operating expenses	7	17	15
Capitalised expenses of own production	8	-229	-231
		1,052	990
Operating profit		276	322
Financial income	9	5	1
Financial expenses	9	33	44
Financial income and expenses		-28	-43
Result from subsidiary	20,30	1,113	0
Profit before tax		1,361	279
Income tax expenses	11	-61	-80
Profit for the year		1,300	199
Attributable to:			
Minority shareholders		0	0
Shareholders		1,300	199
Average number of shares during the financial year		149,682,196	149,682,196
Profit per share¹		8.69	1.33

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



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ Million	2022	2021
Profit for the year	1,300	199
Release of cashflow hedge reserve	0	1
Income tax on release of cashflow hedge reserve	0	0
Total comprehensive income¹	1,300	200
Attributable to:		
Minority shareholders	0	0
Shareholders	1,300	200

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

CONSOLIDATED BALANCE SHEET

€ Million	Notes	31 December 2022	31 December 2021
Assets			
Property, plant and equipment	12	8,889	8,420
Intangible assets	13	222	227
Right-of-use assets	14	92	106
Other non-current financial assets	15	11	12
Non-current assets		9,214	8,765
Inventories	16	74	41
Receivables	17	186	158
Other current financial assets	18	657	108
Cash and cash equivalents	19	217	107
Assets held for sale	20	0	216
Current assets		1,134	630
Total assets		10,348	9,395

€ Million	Notes	31 December 2022	31 December 2021
Liabilities			
Issued and paid-up share capital		150	150
Share premium reserve		2,436	2,436
General reserve		1,555	1,456
Profit for the year		1,300	199
Equity	21	5,441	4,241
Non-current interest-bearing liabilities	22	2,547	3,058
Non-current provisions	23	21	31
Advance contributions for the installation of grids and connections	24	1,125	1,039
Deferred corporate income tax	25	352	355
Other non-current liabilities	26	1	1
Non-current liabilities		4,046	4,484
Trade and other payables	27	282	286
Current interest-bearing liabilities	28	531	331
Corporate income tax	29	11	2
Current provisions	23	4	5
Advance contributions to be amortised in the following year	24	33	27
Liabilities held for sale	20	0	19
Current liabilities		861	670
Total liabilities		10,348	9,395

CONSOLIDATED CASH FLOW STATEMENT

€ Million	Notes	2022	2021
Profit for the year		1,300	199
Adjustments for:			
Depreciation and decommissioning	5	469	429
Amortised contributions for installation of grids and connections	24	-31	-26
Received contributions for installation of grids and connections	24	123	120
Change in deferred corporate income tax	25	-3	20
Change in non-current provisions	23	-10	-13
Financial income	9	-5	-1
Financial expenses	9	33	44
Corporate income tax expense recognised through profit or loss	11	63	60
Profit on sale of Fudura B.V.	20 en 30	-1,113	0
Change in operational working capital excluding tax and interest	30	-58	-6
Other		0	2
Interest received	30	1	0
Interest paid	30	-41	-39
Corporate income tax paid or received	30	-55	-65
Dividends from joint ventures and associates	32	0	8
Cash flow from operating activities		673	732
Investments in property, plant and equipment	12	-867	-841
Investments in intangible assets	13	-34	-45
Net proceeds from sale of Fudura B.V.	20 en 30	1,320	0
Loans granted	15	-7	-6
Repayment of loans granted	15	9	8
Increase in deposits ¹	18	-650	-125
Decrease in deposits ¹	18	100	25
Cash flow from investing activities		-129	-984
Cash flow before financing activities		544	-252
Green bond issue	22 en 28	0	491
Increase interest-bearing liabilities ²	22 en 28	2,835	375
Repayment of interest-bearing liabilities ²	22 en 28	-3,135	-445
Repayment of lease liability	22 en 28	-34	-34
Dividend paid	32	-100	-75
Cash flow from financing activities		-434	312
Total cash flows		110	60
Cash and cash equivalents at the beginning of the financial year	30	107	47
Cash and cash equivalents at the end of the financial year	30	217	107

¹ In 2022, besides deposits in and withdrawals from deposits, excess liquidity was placed in money markets funds. At 31 December 2022 €179 million was placed in money market funds.

² Concerns drawdowns and repayments on Euro Commercial Papers and bilateral cash loans.

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
As at 1 January 2021	149,682,196	150	2,436	1,423	-1	108	4,116
Profit for the year 2021		-	-	-	-	199	199
Amortisation hedge reserve for the year 2021		-	-	-	1	-	1
Total result including comprehensive income		-	-	-	1	199	200
Profit appropriation for 2020		-	-	33	-	-33	0
Dividend paid for 2020 ¹		-	-	-	-	-75	-75
At 31 December 2021²	149,682,196	150	2,436	1,456	0	199	4,241
As at 1 January 2022	149,682,196	150	2,436	1,456	-	199	4,241
Profit for the year 2022 ¹		-	-	-	-	1,300	1,300
Total result including comprehensive income		-	-	-	-	1,300	1,300
Profit appropriation for 2021		-	-	99	-	-99	0
Dividend paid for 2021		-	-	-	-	-100	-100
At 31 December 2021²	149,682,196	150	2,436	1,555	-	1,300	5,441

1 The dividend payment over the 2021 results, due and paid in 2022, amounts to € 0.66 per share (2021: € 0.50) based on the weighted average number of shares outstanding during the period.

2 Total equity per share (before profit appropriation) at year-end 2022 was € 36.35 (2021: € 28.33), calculated on the basis of the number of shares at the end of the period.

Explanatory notes to the consolidated financial statements

1. GENERAL INFORMATION

Enexis Holding N.V. has its registered office at Magistratenlaan 116, 's Hertogenbosch, in the Netherlands (Chamber of Commerce registration number 17238877) and is responsible for the installation, maintenance, operation and development of distribution grids for electricity (cables and medium and low voltage power stations) and gas (gas pipelines and gas stations) and related activities. The related activities mainly concern core-strengthening non-regulated activities in the area of metering services, public lighting, the rental of mid-voltage installations, the installation and operation of private energy distribution grids and the acceleration of the transition to a sustainable energy supply.

Enexis Holding N.V. is a public limited liability company under Dutch law. The consolidated financial statements of the company for the financial year 2022 comprise the company and its subsidiaries (hereafter referred to as the Group). Approximately 76% of the shares of Enexis Holding N.V. are held by five Dutch provinces and approximately 24% of the shares are held by 85 municipalities. Enexis Holding N.V. heads the Group.

The financial statements, prepared by Enexis Holding N.V. and audited by Ernst & Young Accountants LLP, were presented to the Supervisory Board for signing on 27 February 2023. The financial statements, signed by the Supervisory Board, will be presented to the General Meeting of Shareholders for adoption on 13 April 2023.

These consolidated financial statements are an English translation of the original consolidated financial statements prepared in Dutch language. The annual report in Dutch, including the Dutch consolidated financial statements, is available online on our website: enexisgroep.nl/jaarverslag. The Dutch version takes precedence.

2. ACCOUNTING PRINCIPLES GOVERNING THE FINANCIAL REPORTING

2.1 GENERAL

The consolidated financial statements of Enexis Holding N.V. include the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement and the consolidated statement of changes in equity. The explanatory notes to the financial summaries included in the consolidated financial statements form an integral part of the consolidated financial statements of Enexis Holding N.V.

Enexis Holding N.V. uses the euro as its functional currency. Unless otherwise stated, all amounts are in millions of euros. Purchase and sale transactions in foreign currencies are recognised at the settlement exchange rate on the transaction date.

Enexis Holding N.V. applies the International Financial Reporting Standards (IFRS), as adopted within the European Union, as the accounting principles for valuation and determination of the result. The financial statements have been prepared in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code. The financial statements are prepared based on historical cost unless stated otherwise.

The consolidated financial statements of Enexis Holding N.V. have been prepared on a going concern basis. This means that the principles of valuation and determination of results used in the annual accounts are based on the assumption that the company will be able to continue to operate as a going concern for a period of at least twelve months after preparation of the annual report. The Board of Directors of Enexis Holding N.V. has made an assessment of the company's ability to continue as a going concern. Based on this assessment it has been concluded that there are no material uncertainties regarding the company's ability to continue as a going concern for a period of at least twelve months after preparation of the annual report.

2.2 AMENDMENTS TO IFRS

NEW STANDARDS IN EFFECT IN 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 impact on the equity and result of or are not applicable to Enexis Groep.

FUTURE STANDARDS NOT YET IN FORCE ON THE REPORTING DATE

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

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current, (published on 23 January 2020 and 15 July 2020); into effect as of 1 January 2023;
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Notes to accounting policies (published on 12 February 2021); into effect as of 1 January 2023;
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Notes to accounting policies (published on 31 March 2021); into effect 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), into effect as of 1 January 2023;
- Amendments to IFRS 17 Insurance Contracts: Initial application of IFRS 17 and IFRS 9 – comparative information (published on 9 December), effective as of 1 January 2023;
- IFRS 17 Insurance Contracts (published on 18 May 2017) including amendments to IFRS 17 (published on 25 June 2020), effective as of 1 January 2023;
- Amendments to IFRS 16 Leases: Lease liability in sale-and-leaseback transactions (published on 22 September 2022), effective as of 1 January 2024.

The amendments to standards as from 2022 are not expected to have a direct impact on the equity and result of or are not applicable to Enexis Groep.

2.3 CHANGES IN ESTIMATES

DIMINISHING BALANCE DEPRECIATION METHOD GAS ASSETS

Enexis estimates that the number of users of the gas grid will decrease up to 2050. However, Enexis assumes that the decrease in the number of users of the gas grid will not lead to the large-scale decommissioning of gas assets. 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. Therefore, Enexis sees no reason to shorten the economic and/or technical useful life of the gas assets.

Based on IFRS, the depreciation method chosen shall reflect the pattern in which the asset's future economic benefits are expected to be consumed. This consumption pattern is best reflected by the expected utilization pattern of the gas grid. The expected use pattern of the gas grid is determined based on Enexis's most recent estimates regarding the decrease in the number of users of the gas grid in the period up to and including 2050. These estimates are also based on the future scenarios from the Integral Infrastructure Orientation 2030-2050 as prepared by TenneT, GasUnie and the regional grid operators. These future scenarios have been applied to Enexis's service area taking into account the actual decrease in the number of gas connections in the past years.

As the expected use pattern of the gas grid shows a diminishing balance, Enexis is applying a diminishing balance depreciation method as of the financial year 2022. The amortisation pattern of the prepaid amounts for the gas assets has also been adjusted to this diminishing balance method as of the financial year 2022 so that the net depreciation charges (gross depreciation less the amortised contributions) of the gas assets follow a diminishing balance pattern.

Due to the change in the estimate, the gross depreciation charges of the gas assets in 2022 are € 26 million higher and the amortised contributions are € 4 million higher than when Enexis would have continued to apply the linear depreciation method. As a result, the net depreciation charges are € 22 million higher. The increase in net depreciation charges in 2022 due to switching to the diminishing balance depreciation method in relation to the total net depreciation charges in 2022 of Enexis Groep as a whole amounts to 6%. Based on the current estimates, the increase in the annual net depreciation charges compared to the linear method will decrease each year until the difference is nil around 2029, after which the diminishing balance depreciation method will lead to lower annual depreciation charges than the linear depreciation method.

2.4 ACCOUNTING PRINCIPLES FOR CONSOLIDATION

The consolidated financial statements contain the financial statements of Enexis Holding N.V. and its group companies.

Group companies concern all entities over which the Group exercises control, i.e. the Group is exposed or entitled to variable results based on its involvement with the entity and has the capacity to influence these results based on its power to steer the activities of the entity. Group companies are included in the consolidation from the date on which decisive control is obtained. Group companies are no longer included in the consolidation as from the date on which the criteria for group companies are no longer fulfilled.

Consolidation takes place using the integral consolidation method. In the event that the interest of Enexis Holding N.V. in the group company amounts to less than 100%, the minority interest is disclosed in equity and in the income statement. Financial relationships and results between consolidated companies are eliminated.

In the event of loss of control, the assets and liabilities of the subsidiary, any minority interests and other equity components in connection with the subsidiary are no longer included in the balance sheet. Any surplus or shortfall resulting from the loss of control is recognised in the income statement. If the Group retains an interest in the former subsidiary, that interest is recognised at fair value as of the date that control ceased to exist. After the initial recognition, the interest is valued in accordance with the equity method if Enexis exercises significant influence. If Enexis does not exercise significant influence, the interest is recognised based on IFRS 9 Financial Instruments.

2.5 VALUATION PRINCIPLES AND ACCOUNTING POLICIES RELATING TO THE DETERMINATION OF THE RESULT

ESTIMATES AND ASSUMPTIONS

Preparing financial summaries requires making use of estimates and assessments. In the event of significant estimates there is, per definition, a large degree of uncertainty involved in making estimates. Due to the large degree of uncertainty in the estimates, actual results will often differ from the estimates and assumptions. The value-in-use calculation in connection with the goodwill impairment test (note 13) is an estimate involving a high degree of judgement and complexity. This management qualifies this estimate as significant. Detailed information about this estimate, including an explanation of the criteria applied and the sensitivity is provided in note 13. Intangible fixed assets.

Currencies

Non-monetary assets valued in a foreign currency based on the acquisition price are converted at the exchange rate applicable on the transaction date. Non-monetary assets valued in a foreign currency based on the present value are converted at the exchange rate applicable on the date on which the present value was determined. Monetary assets and liabilities valued in a foreign currency on the balance sheet date are converted into euros at the exchange rate applicable on the balance sheet date.

Offsetting

Offsetting of asset and liability items takes place per counter party if there is a contractual right to offset the recognised amounts and there is the intention to offset. In the event that there is no right to offset amounts or no intention to settle asset and liability items at the same time, then the items are recognised separately.

Where the right exists to offset the asset and liability items based on a contract, this is disclosed in the relevant note. Further information is then also provided concerning the balances of the asset and liability item.

Presentation

The presentation of the income statement follows the classification by nature. The costs of transmission services and distribution losses are presented directly following revenue and other operating income. This is due to the relationship with revenue, as well as their distinction from other operating costs that our organisation can influence in the short term.

Valuation at fair value

Enexis Groep values a number of financial instruments (such as derivatives) at fair value on the balance sheet date. In addition, an explanation of the fair values of interest-bearing liabilities is provided in note 31. Financing policy and risks associated with financial instruments. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principle market for the asset or the liability; or, if that does not exist,
- in the most advantageous market for the asset or the liability.

The principal or the most advantageous market must be accessible by Enexis Groep.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. Valuation of a non-financial asset at fair value takes into account a market participant's ability to generate economic benefits by maximising and optimising the use of the asset or by selling it to another market participant who would maximise and optimise the use of the asset.

Enexis Groep applies valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Fair value equals the listed prices in an active market.
- Level 2: Fair value is based on parameters that are directly or indirectly observable in the market.
- Level 3: Fair value is based on parameters that are not observable in the market.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, Enexis Groep determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

When disclosing fair values, the Enexis Groep has determined categories of assets and liabilities based on their nature, characteristics and risks, along with their level in the fair value hierarchy explained above.

BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for by using the acquisition method. The costs of the acquisition are valued at the total of the fair value on the acquisition date of the transferred compensation and the amount of the minority interests in the acquired entity. For each business combination, the Group determines whether the minority interests in the acquired entity are valued at fair value or the proportional share of the identifiable net assets of the acquired entity. Costs related to the acquisition are recognised in the result in the year in which these costs are incurred.

When the Group acquires a company, it assesses the financial assets and acquired liabilities for the appropriate classification and allocation based on contractual terms, economic conditions and relevant circumstances on the acquisition date. This also comprises the separation of derivative instruments contractually embedded in the acquiring party's base contracts.

Every contingent payment that is transferred by the Group will initially be valued at its fair value on the acquisition date. A contingent payment classified as an asset or liability classified as a financial instrument is valued at fair value, with changes in fair value being recognised on the income statement.

Goodwill is the difference between the costs of the acquisition of the company less the balance of the fair value of the company's identifiable assets and transferred liabilities. The costs of the acquisition of the company are valued at the total of the fair value on the acquisition date of the transferred compensation and the amount of the minority interests in the acquired entity. Goodwill is carried at cost less any impairment losses. Goodwill is assessed each year for impairment, or more frequently if events or changes in circumstances indicate that the carrying value may be subject to impairment. An impairment of goodwill cannot be reversed.

Where goodwill is allocated to a cash-flow generating unit and forms part of the divested activities within this unit, the goodwill that pertains to the divested activities forms part of the book value of the activities when determining the book result of the divested activities. The goodwill divested under these circumstances is valued on the basis of the relative values of the divested activities and the part that remains in the cash-flow generating unit.

Impairments

During the financial year, an assessment is made to determine whether there is any indication that an asset may be impaired. If any such indications exist, an estimate is made of the recoverable amount of the asset. The recoverable amount of an asset is the highest of the fair value less the costs of selling the asset or its net realisable value.

An impairment loss is recognised if the carrying value of an asset or of the cash-generating unit to which it belongs exceeds the recoverable amount of the asset concerned. Impairment losses are charged to the result.

An impairment is reversed if the assumptions used to determine the recoverable amount are deemed to have changed and to the extent that the remaining carrying value of the asset is lower than the carrying value that would have been determined, net of depreciation or amortisation, if no impairment had been recognised for the asset in previous years. The effects of reversing an impairment are credited to the result. Impairments of goodwill will not be reversed.

FINANCIAL INSTRUMENTS

Classification

All financial assets and liabilities are valued at amortised cost, fair value through other comprehensive income or fair value through profit or loss. The classification depends on the business model used by Enexis to hold these financial assets and liabilities and the characteristics of the cash flows generated by them.

Accounting on initial recognition

Purchases and sales of financial instruments are recognised on the transaction date. Enexis Groep no longer recognises a financial asset on the balance sheet if the contractual rights to the cash flows from the asset have expired or if the Group transfers the contractual rights to the receipt of the cash flows from the financial asset by means of a transaction, whereby all of the risks and rewards connected with ownership of this asset are transferred. On initial recognition, assets are accounted for at fair value.

Financial assets and liabilities at amortised cost

This category of financial instruments comprises trade and other receivables, loans provided, deposits, borrowings and other financing obligations, as well as trade and other payables. These financial instruments are recognised initially at fair value. After initial recognition, they are valued at amortised cost price on the basis of the effective interest method.

Financial assets and liabilities at fair value through other comprehensive income

Enexis Groep does not hold any interests that are classified at fair value through other comprehensive income.

Financial assets and liabilities at fair value through profit and loss

Enexis Groep does not hold any interests that are classified as fair value through profit and loss.

Derivative financial instruments

Enexis Groep can make use of derivatives to hedge the risk of changes in future cash flows of periodically to be paid interest or to hedge the risks of foreign currencies. These changes in cash flows may be the result of developments in market interest rates or market exchange rates for foreign currencies. The specific use of derivatives to mitigate interest rate and exchange rate risk on cash flows makes it possible for Enexis Groep to apply hedge accounting.

Derivatives are measured at fair value. The fair value of interest rate derivatives is determined by means of discounting the future cash flows. The fair value of currency derivatives is determined by means of discounting future cash flows converted at the market exchange rates. The discount rate is determined based on the market interest rate at the end of the financial year. Cash flows are determined based on the contractual agreed interest rates, maturity dates and nominal amounts. Changes in the fair value are recognised in the hedge reserve (part of the equity capital), provided that hedging is effective to a large degree. The ineffective part of the hedge is recognised directly on the income statement under financial income and expenses.

Derivatives are classified under current or non-current other financial assets in the event that the fair value is positive and under current or non-current financial liabilities in the event that the fair value is negative.

Impairment

Any impairments are identified using either the generic or the simplified method.

The generic method applies the following model:

- 12 months' expected credit loss; or
- lifetime expected credit losses for financial assets where circumstances cause the credit risk to rise significantly. In this situation, all the expected credit losses for the lifetime of the asset are actively accounted for; or
- lifetime expected credit losses, with interest being calculated on the net liability less impairment.

The expected credit loss is determined on the basis of a long-term average credit loss rating derived from a risk profile allocated by credit rating agencies.

Loans granted to associates and joint arrangements, receivables from suppliers under the supplier model and all other receivables are assessed for possible impairment using the generic model.

The simplified method is applied to the other receivables. This involves accounting immediately for the lifetime expected credit losses, determined on the basis of a historic series of average irrecoverable amounts (on the basis of historic debt collection data).

ASSETS HELD FOR SALE

Fixed assets or groups of assets are qualified as held for sale if the carrying value is mainly realised by selling the asset and not by means of the continued use of the asset. The assets held for sale are recognised at carrying value or lower fair value less the estimated costs of selling the asset.

The criteria for qualification as held for sale are only deemed to have been met when the sale is very probable and the asset is immediately available for sale in its current state. Depreciation and amortisation is no longer applied to these assets as soon as qualification as assets held for sale has taken place. Interest and other expenses in connection with liabilities pertaining to a group of assets that are to be sold are recognised.

Assets and liabilities that are qualified as held for sale are presented separately in the balance sheet.

LEASES

ENEXIS GROEP AS LESSEE

In accordance with IFRS 16, leases are recognised in the balance sheet as soon as the Group has the right of use over the asset. The paid lease instalments are split into financing expenses and a repayment of the outstanding liability, making use of a weighted average marginal interest rate. The right-of-use of assets is then depreciated in accordance with the total expected term of the lease. The depreciation period can be shorter if the lease period is shortened, the contract will not be extended and the asset in question will not be purchased.

Assets and liabilities arising from leases are initially measured based on a present value model. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate and are measured on initial recognition based on the index or interest rate at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease period reflects the lessee exercising that option.

Lease payments are discounted using the interest rate implicit in the lease, if this rate can be readily determined. If this rate cannot be readily determined, Enexis's incremental borrowing rate will be used. The incremental borrowing rate is the rate of interest that Enexis would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

At the commencement date, lease liabilities are measured at the present value of the lease payments that have not been made at that date. Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- all lease payments made at or before the commencement date less all lease incentives received;
- all initial direct costs incurred by Enexis; and
- an estimate of the costs to be incurred by Enexis for decommissioning and removing the underlying asset and for restoring the site where it is located, or for restoring the underlying asset to the condition described in the terms of the lease, unless those costs are incurred for producing inventories.

Extension and termination options

Enexis determines the lease period as the non-cancellable period of a lease, including:

- the periods subject to an extension option if it is reasonably certain that Enexis will exercise this option;
- the periods subject to a termination option if it is reasonably certain that Enexis will not exercise this option.

In determining the lease term, Enexis considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

ENEXIS GROEP AS LESSOR

Enexis has entered into operating leases for energy-related installations. Operating leases are leases that do not qualify as finance leases. The risks and rewards associated with the ownership of the underlying assets have not been transferred to the purchaser.

Assets that have been provided to third parties under operating leases are recognised within property, plant and equipment. Income from operating leases is recognised through the income statement over the term of the lease as other operating income within revenue.

CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method, with the change in cash and cash equivalents at the end of the year being based on the profit after taxes. Net cash and cash equivalents as included in the cash flow statement refer to cash and cash equivalents as stated on the balance sheet.

SEGMENT INFORMATION

Segments are reported according to the method used for internal reporting to the Chief Operating Decision-Maker (CODM). The Executive Board has been identified as the highest-ranking officer (CODM), with responsibility for the allocation of funding and assessing the performance of the segments. Internal reports are based on the same principles as those applied to the consolidated financial statements. An adjustment is made for incidental items and changes in fair value.

3. 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 covers 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 the supplier delivers 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 its 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 covers the activities of Enexis Vastgoed B.V., Enpuls B.V. (including Enpuls Projecten B.V. and Mijnwater Warmte Infra B.V.) and Fudura B.V. Enexis Vastgoed B.V. leases its own real estate within Enexis. Enpuls B.V. and its related entity Enpuls Projecten B.V. were established with the objective of facilitating energy saving and greening by achieving scalable solutions within the context of Enexis’s objectives. Mijnwater 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.

Enexis Holding N.V. lost control over Fudura B.V. in 2022 due to the sale of all shares in Fudura B.V. Fudura B.V.’s results have been included in the segment Enexis Other up to the acquisition date. In addition, ‘Normalisations, eliminations, and reconciliations’ includes the result from the sale of Fudura B.V. as part of the line item result from subsidiaries and joint ventures. Reference is made to section 4 and notes 20 and 30 of the consolidated financial statements of Enexis Holding N.V. for more information on the sale of the shares in Fudura B.V.

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’.

€ Million	Enexis regulated		Enexis Other		Subtotal		Normalisations, eliminations and reconciliations		Enexis total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Income statement										
Revenue	1,650	1,545	57	95	1,707	1,640	-2	-6	1,705	1,634
Transmission services and distribution losses	380	324	0	0	380	324	0	0	380	324
Other operating income	4	8	4	4	8	12	-5	-10	3	2
Balance available for operating activities	1,274	1,229	61	99	1,335	1,328	-7	-16	1,328	1,312
Operating expenses	1,021	927	38	78	1,059	1,005	-7	-15	1,052	990
Operating profit	253	302	23	21	276	323	0	-1	276	322
Result from subsidiaries and joint ventures	0	0	0	0	0	0	1,113	0	1,113	0
Financial income and expenses	-29	-35	-1	-2	-30	-37	2	-6	-28	-43
Profit before tax	224	267	22	19	246	286	1,115	-7	1,361	279
Corporate income tax expenses	56	66	1	4	57	70	4	10	61	80
Profit for the year	168	201	21	15	189	216	1,111	-17	1,300	199
Assets and liabilities										
Total assets	8,580	8,722	79	311	8,659	9,033	1,689	362	10,348	9,395
Non-consolidated associates and joint ventures	0	0	0	0	0	0	0	0	0	0
Liabilities (provisions and debts)	4,072	4,281	42	89	4,114	4,370	793	784	4,907	5,154
Other information										
Additions to property, plant and equipment, intangible assets and right-of-use-assets	918	872	4	41	922	913	0	0	922	913
Number of employees at year-end (FTE)	4,787	4,475	7	297	4,794	4,772	0	0	4,794	4,772

Costs and revenues charged between the segments and receivables, payables and current- account positions between the segments have been eliminated. In the segmentation overview, these costs and revenues are recognised under 'Normalisations, eliminations and reconciliations'. The eliminated costs and revenues mainly concern accommodation expenses charged by Enexis Vastgoed B.V. and costs charged by Enexis Personeel B.V. for services that it has provided to Fudura B.V., Enpuls B.V. and Enexis Vastgoed B.V. The result from the sale of Fudura B.V. has been recognised under 'Normalisations, eliminations and reconciliations' as result from subsidiaries and joint ventures.

NON-RECURRING ITEMS PER SEGMENT

Enexis reports the normalised results per segment internally. This normalisation takes place based on the items as included in note 10 Non-recurring items. The result from the sale of Fudura B.V. was recognised in 2022 as a non-recurring item.

4. ACQUISITIONS AND SALES

The share purchase agreement for the sale of all shares in Fudura B.V. to Lion Bidco B.V., a consortium consisting of DIF Capital Partners and PGGM, was signed on 3 May 2022. 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 concerned the obligatory approval of the transaction by the European Commission. The European Commission granted its approval on 3 August 2022. The purchase price was received, and the shares were transferred to the buyer on 24 August 2022.

As Enexis had already taken the decision in September 2021 to sell Fudura B.V. in order to focus more on its core task of optimally facilitating the energy transition, Fudura B.V. was presented as held for sale as from this date. The proceeds from the sale amounted to € 1,326 million. The result of this transaction amounted to € 1,113 million and was recognised under 'Result from subsidiary' and the incoming cash flow of € 1,326 million was recognised under investment activities (see note 20. Assets held for sale and note 30. Notes to the cash flow statement). Fudura B.V. was part of the segment Enexis Other.

5. WAR IN UKRAINE

War broke out in Ukraine in February 2022. The financial consequences of the war were limited for Enexis Groep in 2022. Despite higher energy prices, the increase in the costs of distribution losses remained limited in 2022 (see note 2. Costs of transmission services and distribution losses). The war in Ukraine has not had any consequences for the valuation of property, plant and equipment and intangible fixed assets as at 31 December 2022 or the application of the going concern assumption in the financial statements 2022.

Notes to the consolidated financial statements

1. REVENUE

Revenue consists of regulated and non-regulated income.

Regulated revenue accounts for the income from the supply of services relating to the connection and transmission of electricity and gas, measurement services, and other services, less turnover and energy tax. Non-regulated revenue accounts for the income from the supply of services such as measuring energy flows, design and realisation of infrastructure, rental and maintenance of casings, transformers and switchgear installations, and advice.

The transmission and connection fees agreed in the contracts with low-volume energy consumers and high-volume energy consumers are identified as a single performance obligation given that the transmission of the electricity and gas cannot take place without the connection and grid. The transaction price is determined on the basis of the standard tariffs adopted by Enexis Groep, which for the regulated revenue are based on the maximum tariffs set by the Netherlands Authority for Consumers & Markets (ACM). Transmission of electricity or gas during the contract period constitutes a series of services, which are realised over time. Progress is measured on the basis of the number of days that Enexis Groep provides its services to the customer.

Enexis Groep only supplies goods and services within the Dutch market.

Revenue is determined by adding the estimate of the still-to-be-invoiced grid charges to the invoiced grid charges and deducting the estimate of the still-to-be-invoiced grid charges at the end of the previous reporting period. The periodic charging of low-volume energy consumers takes place based on fixed amounts depending on the size (capacity) of the connection and is invoiced and collected by the energy suppliers. The energy suppliers pass the amounts charged to consumers on to Enexis Groep periodically. Charging of high-volume energy consumers takes place periodically based on the contractually agreed capacity and, in addition, for electricity, based on the metered consumption and actual grid load.

Non-regulated rental income does not fall under the scope of IFRS 15 and qualifies as a lease under the lease accounting standards. These income items are classified as a separate category within revenue, not being income from customer contracts. In the specification of revenue, there is a further breakdown into regulated and non-regulated items:

€ Million	2022	2021
Regulated		
Periodic transmission- and connection fees for electricity		
High-volume consumers	402	366
Low-volume consumers	672	617
Periodic transmission- and connection fees for gas		
High-volume consumers	42	42
Low-volume consumers	310	304
Metering services	141	137
Amortised contributions	31	26
Other	12	6
Total regulated	1,610	1,498
Non-regulated		
Income from sale of products and services	51	62
Metering services	20	35
Total non-regulated	71	97
Other revenue		
Rental income	24	39
Total	1,705	1,634

Revenue rose by 4.3% compared to 2021. This concerns an increase of 7.5% in regulated revenue and a decrease of 30.1% in non-regulated and other revenue. The decrease in non-regulated and other revenue is attributable to the sale of Fudura B.V. in the third quarter of 2022.

The increase in regulated revenue is mainly attributable to an increase of the periodic transmission and connection charges for electricity and gas.

The revenue from electricity transmission and connection charges increased by 9.3% compared to 2021. This increase is due to an average tariff increase of 7.8% and an increase in volume of 1.5%. Revenue from gas transmission and connection charges rose by 1.7% compared to 2021. This increase is attributable to an average tariff increase of 3.2% and a decrease in volume of 1.5%. Regulated revenue from electricity and gas metering services rose by 2.9% compared to 2021. This increase is mainly attributable to a tariff increase.

In the revenue for 2022, the estimated grid charges for low-volume customers amounted to € 96 million (2021: € 90 million) and for high-volume customers € 37 million (2021: € 33 million), together 7.8% (2021: 7.5%) of total revenue.

The settlement differences on these still-to-be invoiced income items are generally small. Estimated revenue relates to the month of December and is largely based on the revenue generated in November.

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 up to and including 2050. 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. Switching to the diminishing balance depreciation method for the regulated depreciation charges by the ACM has led to a fractional increase (1%) of revenue in 2022. As a result of the switch to a diminishing balance depreciation method, Enexis's revenue is also expected to increase fractionally (0-1%) in the years 2023 up to and including 2024 and then to decrease fractionally (0-1%) as from 2025.

2. TRANSMISSION SERVICES AND DISTRIBUTION LOSSES

This includes the transmission services invoiced by TenneT and distribution losses related to revenue.

€ Million	2022	2021
Transmission services	295	259
Distribution losses	85	65
Total	380	324

Costs of transmission services and distribution losses rose by € 56 million in 2022 to € 380 million in 2022. € 36 million of this increase was due to higher TenneT costs for transmission and system services due to tariff increases (€ 31 million) and volume differences (€ 5 million).

In addition, the costs for distribution losses rose by € 20 million. An increase of € 8 million is attributable to electricity (€ 2 million due to price differences and € 6 million due to volume differences). Grid losses in connection with gas transmission rose by € 12 million (€ 9 million due to price differences and € 3 million due to volume differences).

Enexis Netbeheer B.V. divides the transmitted energy among 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 final reconciliation result as accurately as possible in order to ultimately minimise the distribution loss. User profiles, the actual annual feed-in and historical data are used as input for these forecasts. The gain from reconciliation amounted to € 7 million in 2022 (2021: loss of € 1 million).

3. OTHER OPERATING INCOME

Other operating income comprises income not directly related to core activities. Operating subsidies are recognised in the results of the period to which they relate. Subsidies are only recognised as soon as the receipt of these subsidies can be determined with reasonable certainty.

€ Million	2022	2021
Subsidies and received refunds	1	1
Other income	2	1
Total	3	2

4. EMPLOYEE BENEFIT EXPENSES

Expenses are allocated to the financial year to which they relate.

€ Million	2022	2021
Salaries	315	305
Social security contributions	39	39
Pension costs	45	46
External staff	131	135
Charges to/release from employee-related provisions	-2	1
Other employee-related expenses	31	22
Total	559	548

The development of the workforce in 2022 can be specified as follows:

	2022	2021
Own staff	4,794	4,772
External staff with temporary employment	1,031	1,099
Total FTE at year-end	5,825	5,871

The average number of FTEs in 2022 amounted to 5,848 (2020: 5.775). Due to the sale of Fudura B.V., Enexis took leave of 265 FTEs. There are no employees working outside the Netherlands.

Employee benefit expenses rose by € 11 million to € 559 million in 2022. This increase is the balance of a € 15 million increase in expenses for own personnel and a € 4 million increase in expenses for external personnel.

The increase in own personnel costs compared to 2021 is due to the increase in FTEs, regular wage increases, a CAO wage increase as of 1 April 2022 of 2% and a once-only CAO payment to all employees in October 2022.

The costs of external hires decreased by € 4 million due to less external personnel being hired as well as due to the sale of Fudura B.V. and fewer IT improvement projects in 2022.

PENSION OBLIGATIONS

Enexis employees participate in the pension scheme of Stichting Pensioenfonds ABP (the Dutch pension fund for employees in the government, public and education sectors). The coverage ratio of pension fund ABP at the end of 2022 amounted to 109.8% (year-end 2021: 110.2%). This percentage is well above the minimum of 90% that was (temporarily) set by the government.

The policy coverage ratio is the average of the last 12 actual monthly coverage ratios. On 1 July 2022, the government temporarily lowered the threshold for this coverage ratio, at which retirement pensions may be increased, from 110% to 105%. The policy coverage ratio amounted to 118.6% at the end of 2022. Therefore, the ABP decided to increase the pensions by 11.96% as of 1 January 2023.

The contribution for retirement pensions and surviving dependants' pensions will rise in 2023 from 25.9% to 27.9%. The employer pays 19.53% and the employee pays 8.37% of this contribution. Furthermore, the VPL pension scheme (conditional pension) will be terminated as of 1 January 2023. The employer no longer has to pay the contribution for this VPL pension scheme.

As Enexis does not have access to the necessary specific information, these schemes are treated as defined contribution plans and the pension contributions payable for the financial year are recognised in the financial statements as pension expenses.

5. DEPRECIATION AND DECOMMISSIONING

The depreciation charges can be specified as follows:

€ Million	2022	2021
Depreciation of property, plant and equipment	380	333
Amortisation of intangible assets	35	34
Depreciation of right-of-use assets	32	34
Decommissioning	22	28
Total	469	429

PROPERTY, PLANT AND EQUIPMENT

As of 2022, gas assets are depreciated based on the diminishing balance depreciation method. For more information about this change in the depreciation method see paragraph '2.3. Changes in estimates' in section 2. 'Accounting principles governing the financial reporting'. The useful life of the gas assets was not changed in 2022. The linear depreciation method continues to be used for other tangible fixed assets that are subject to depreciation.

Depreciation is calculated in accordance with the straight-line method. The expected future useful life of the asset is taken into account in determining the depreciation. The useful life and residual value of assets are assessed each year. Any adjustments are recognised prospectively. Land is not depreciated. A tangible fixed asset is no longer recognised on the balance sheet when it is divested or when no future economic benefits are expected from the further use of the asset or in the event of disposal of the asset. Any profit or loss arising from the de-recognition of an asset is recognised in the result.

The expected useful lives of the main categories of property, plant and equipment are as follows:

	Period
Buildings	25-50 years
Cables, pipelines and equipment	25-55 years
Other non-current assets	5 - 15 years
Work in progress	n/a

The depreciation charges on property, plant and equipment were € 47 million higher in 2022 due to changes in the applicable depreciation periods (€ 16 million) and due to the switch to diminishing balance depreciation for gas assets (€ 26 million). The remaining increase was caused by a higher capital expenditure level.

INTANGIBLE FIXED ASSETS

Amortisation is calculated in accordance with the straight-line method. The expected future useful life is taken into account in determining the amortisation. The useful life is assessed each year. Any adjustments are recognised prospectively.

The estimated useful life of the main intangible fixed asset categories is as follows:

	Period
Software	5 year
Goodwill	n/a
Work in progress	n/a

DEPRECIATION OF RIGHT-OF-USE ASSETS

Leases are recognised on the balance sheet as right-of-use assets. Right-of-use assets are then depreciated on a straight-line basis over the total term of the lease.

IMPAIRMENTS

For a more detailed specification of the impairments, reference is made to note 13: Intangible fixed assets. There were no impairments in 2022.

6. COST OF SUBCONTRACTED WORK, MATERIALS AND OTHER EXTERNAL EXPENSES

Expenses are allocated to the financial year to which they relate.

€ Million	2022	2021
Subcontracted work	74	85
Materials	27	25
IT costs	86	73
Other external expenses	49	46
Total	236	229

The cost of subcontracted work, materials and other external expenses rose by € 7 million in 2022 compared to 2021. This increase is mainly attributable to the indexation of prices and an increase in the work package in 2022. This increase was partially offset by the sale of Fudura B.V. in the third quarter of 2022.

AUDITOR'S FEES

Fees charged by Ernst & Young Accountants LLP in the financial year for the audit of the financial statements of Enexis Holding N.V. and Enexis Netbeheer B.V. amounted to € 0.7 million in 2022 (2021: € 0.7 million), and for other audit services € 0.1 million (2021: € 0.1 million), and assurance services € 0.1 million (2021: € 0.1 million). No other type of service were provided. The audit fees for 2021 have been paid to Ernst & Young.

7. OTHER OPERATING EXPENSES

€ Million	2022	2021
Charges to/releases from provisions	-3	-5
Other	20	20
Total	17	15

Other operating expenses mainly concern allocations to and/or releases from non-employee-related provisions, corporate taxes, as well as expenses for compensation and service guarantees. Other operating expenses rose by € 2 million in 2022 compared to 2021. This increase is mainly attributable to a non-recurring release from other provisions in 2021.

8. CAPITALISED EXPENSES OF OWN PRODUCTION

€ Million	2022	2021
Capitalised employee benefit expenses	-177	-179
Capitalised other direct expenses	-52	-52
Total	-229	-231

Capitalised production costs relate to the hours of the company's employees and contracted employees allocated to the company's investment projects, additional charges recognised in connection with investment projects and logistical warehousing. The capitalised expenses over 2022 were in line with 2021 due to the balance of higher capitalised costs, in connection with the larger work package in 2022 (+ € 8 million), lower capitalised expenses for the execution of fewer improvement projects, and the sale of Fudura B.V. (- € 10 million).

9. FINANCIAL INCOME AND EXPENSES

Interest income and expenses are allocated to the period to which they relate based on time proportionality, using the effective interest method. Construction period interest is applied to investment projects with estimated durations of more than 12 months (see note 12: Property, plant and equipment).

€ Million	2022	2021
Financial income	5	1
Total financial income	5	1
		0
Other financial expenses	33	44
Total financial expenses	33	44
		0
Total, net financial expenses	-28	-43

Financial expenses mainly consist of interest payments related to borrowings. For further details on these loans, please refer to note 22: Interest-bearing liabilities (non-current) and note 28: Interest-bearing liabilities (current).

The decrease in financial expenses is mainly attributable to the repayment of a € 300 million bond with an interest rate of 3.375% in January 2022. Financial income rose due to the fact that the proceeds from the sale of Fudura B.V. were invested in money market funds and deposits as of the third quarter of 2022 at a positive interest rate. Finally, up to the sale of Fudura B.V., Enexis made use of Euro Commercial Paper (ECP) and bilateral cash loans, on which a positive result was realised in 2022.

10. NON-RECURRING ITEMS

Non-recurring items include income and expense items which do not arise in the normal course of business and which, because of their nature and size, should be considered separately for a better analysis of the results.

The result from the sale of Fudura B.V. was recognised in 2022 as a non-recurring item. This non-recurring item was presented separately in the income statement on the line item 'Result from subsidiary'. Due to the participation exemption, the taxes on the result of the financial year were not influenced by the result of the sale. For more information about the sale of Fudura B.V., see note 20. Assets held for sale and note 30. Notes to the cash flow statement.

No other income or expense items were recognized in 2022 which do not arise directly from the normal course of business and which, because of their nature and size, should be considered separately for a better analysis of the results.

11. TAXES

BASIC TAX RULES AND TAX RISK MANAGEMENT

Fulfilling its tax obligations correctly and fully is an important area of attention for Enexis Groep. This concerns both corporate income tax and other taxes that apply to Enexis.

A new individual Horizontal Supervision covenant was signed in 2022. With the signing of this covenant, Enexis and the Dutch Tax and Customs Administration state their intention to base their relationship on transparency, understanding and trust. Of course, the rights and obligations based on laws and regulations continue to apply without any limitation. The covenant was agreed for a maximum period of three years. It will be assessed again in 2025 whether Enexis satisfies the criteria for the 'further advanced Horizontal Supervision'.

In the area of the payment of taxes and social security contributions, Enexis stands for:

- Compliance with laws and regulations: Enexis Groep acts in accordance with the applicable tax laws and regulations. In doing so, Enexis does not make use of unconventional tax structures.
- Transparency: The way in which Enexis operates is aimed at maintaining an open, constructive and respectful relationship with all bodies involved in levying taxation and social security contributions.

In order to realise these objectives use is made of:

- A clear assignment of taxation responsibilities within the organisational structure (tax governance);
- Up-to-date taxation process descriptions;
- Automation and technology for preparing correct and comprehensive tax returns;
- The Enexis Internal Control Framework, of which the functioning is assessed twice a year via a Control Self-Assessment (CSA), in which specific identified tax risks and the corresponding mitigating measures have been laid down;
- A working relationship with the bodies involved in the levying of taxes and social security contributions that is based on trust, understanding and transparency; and
- Internal and external communication about tax matters with the aim of having contact with employees (and representatives of employees) and other stakeholders about the impact of the levy of taxes and social security contributions on the organisation.

Enexis Holding N.V. forms a tax group together with its subsidiaries for corporate income tax. There is also a tax group for turnover tax (VAT), with the exclusion of Mijwater Warmte Infra B.V.

The companies are jointly and severally liable for the tax liabilities of the tax group for the period in which they belonged to the tax group.

CORPORATE INCOME TAX

The business activities of Enexis Groep are subject to corporate income tax.

Enexis Holding N.V. is head of the tax group for corporate income tax. The companies that were members of the tax group at year-end 2022 are: Enexis Netbeheer B.V., Enexis Personeel B.V., Enexis Vastgoed B.V., Enpuls B.V., Enpuls Projecten B.V. and Mijwater Warmte Infra B.V. Within this group of companies, the corporate income tax that Enexis Holding N.V. owes the Dutch Tax and Customs Administration is apportioned among the companies included in the tax group based on realised commercial results taking into account the applicable exemptions and non-deductible amounts. In the event of changes in the composition of the tax group, deferred tax items are settled between Enexis Holding N.V. and the relevant group company or companies.

Fudura B.V. was part of the tax group up to the sale in 2022.

The tax on the result for the reporting period comprises current, offsetable and deferred corporate income tax. The corporate income tax is included in the income statement, except when it relates to items recognised directly in equity.

Corporate income tax amounted to € 61 million in 2022 (2021: € 80 million).

The corporate income tax can be specified as follows:

€ Million	2022	2021
Current income tax expense	63	61
Deferred income tax expense	-2	8
	61	69
Change in deferred income tax liability following future tax rate changes	0	11
	61	80
Current income tax expense prior years	0	0
Deferred income tax expense prior years	0	0
Total corporate income tax expense	61	80

A non-recurring deferred tax liability in the year 2021 led to a € 11 million increase in the tax expense. The increase was due to an increase in the highest corporate income tax rate as of 1 January 2022 by 0.8% to 25.8%. This increase in the future corporate income tax rate led to a recalculation of the deferred tax liability and thus to a non-recurring tax expense.

The corporate income tax was calculated as follows:

€ Million	2022	2021
Profit before tax	1,361	279
Income tax exempt result under the participation exemption from sale of Fudura B.V.	-1,113	0
Non-taxable results and non-deductible expenses	0	6
Permanent differences between the taxable and commercial results (i.a. energy- and environmental investment deduction)	-10	-8
Profit for calculation of corporate income tax expense	238	277
Tax on current year	61	69
Change in deferred tax liability following future tax rate changes	0	11
Total corporate income tax expense	61	80

The permanent differences between the calculation of the commercial and the taxable profit are mainly due to the fact that Enexis can make use of tax deduction schemes for energy and environmental investments. Investing in sustainable and environmentally friendly operating assets resulted in a tax deduction of € 9 million in 2022 as a result of these investment schemes (2021: € 7 million). There were no uncertain tax liabilities arising from previous years as at year-end 2022.

The reconciliation of the statutory income tax rate with the reported income tax rate (€ 61 million), expressed as a percentage of profit before tax (€ 1,361 million), was as follows:

	2022	2021
Nominal statutory corporate income tax rate in the Netherlands	25.80%	25.00%
Effect from non-taxable result from sale of Fudura B.V.	-21.10%	0.00%
Effect from non-taxable results and non-deductible expenses	0.00%	0.55%
Effect of permanent differences between the calculation of the taxable and commercial result	-0.20%	-0.70%
Change in deferred tax liability following future tax rate changes	0.00%	3.96%
Effect of adjustments for preceding years	0.01%	-0.20%
Effective tax rate¹	4.51%	28.61%

¹ Total corporate income tax as a percentage of profit before tax.

The tax-exempt result from the sale of Fudura B.V. had a large impact on the effective tax rate in 2022. The effective tax rate in 2022, if the result on the sale of Fudura B.V. is not taken into consideration, would have amounted to 24.8%. The higher effective tax rate in 2021 compared to the statutory tax rate was mainly due to the non-recurring tax expense resulting from adjusting the highest corporate income tax rate from 25.0% to 25.8% as of 1 January 2021.

12. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment (tangible fixed assets) are valued at acquisition price or (internal) production cost, less depreciation calculated on this value and any impairments. Investment subsidies are deducted from the acquisition costs of the asset concerned and credited to the result based on the useful life of the asset. Costs are only capitalised if it is likely that future economic benefits will result from the use of a specific asset and the costs can be determined reliably. Assets ordered but not yet received are not recognised in the balance sheet. Enexis makes use of fully depreciated assets in performing its activities as a regional grid operator.

Changes in property, plant and equipment in 2022 were as follows:

€ Million	Land and Buildings	Cables, pipelines and equipment	Other non-current assets	Work in progress	Total 2022
Cost at 1 January 2022	793	13,820	130	545	15,288
Accumulated depreciation at 1 January 2022	381	6,435	52	0	6,868
Carrying amount at 1 January 2022	412	7,385	78	545	8,420
Reclassified work in progress	21	255	9	-285	0
Other reclassifications ¹	0	4	-8	0	-4
Additions	14	433	8	412	867
Depreciation	-28	-342	-10	-	-380
Decommissioning	0	-14	0	-	-14
Carrying amount at 31 December 2022	419	7,721	77	672	8,889
Accumulated depreciation at 31 December 2022	409	6,752	57	-	7,218
Cost at 31 December 2022	828	14,473	57	672	16,107

¹ The other reclassifications relate to an amount of € 4 million for smart meters that were reported as inventory under 'Other non-current assets' at year-end 2021 and were installed in 2022 (Cables, pipelines and equipment), as well as a reclassification of € 4 million software from property, plant and equipment to intangible fixed assets.

The comparative overview for 2021 is as follows:

€ Million	Land and Buildings	Cables, pipelines and equipment	Other non-current assets	Work in progress	Total 2021
Cost at 1 January 2021	768	13,430	122	455	14,775
Accumulated depreciation at 1 January 2021	369	6,263	52	0	6,684
Carrying amount at 1 January 2021	399	7,167	70	455	8,091
Reclassified work in progress	14	235	11	-260	0
Additions	13	465	9	354	841
Depreciation	-14	-309	-10	-	-333
Decommissioning	0	-13	0	-	-13
Held for sale	0	-160	-2	-4	-166
Carrying amount at 31 December 2021¹	412	7,385	78	545	8,420
Accumulated depreciation at 31 December 2021	381	6,435	52	-	6,868
Cost at 31 December 2021	793	13,820	130	545	15,288

¹ The comparative overview for 2021 has been adjusted for a reclassification with a book value at year-end 2021 of €11 million from 'Other non-current assets' to 'Cables, pipelines and equipment'.

IMPAIRMENTS OF PROPERTY, PLANT AND EQUIPMENT

The recoverable value of property, plant and equipment is calculated if events or changes in circumstances give cause to do so ("triggering event" analysis). The results of this calculation are used to determine if any impairment exists. An assessment is performed annually and in the event of interim publication in order to ascertain whether such events or changes have occurred. As a result, there were no impairments in 2022.

In this 'triggering event' analysis, Enexis Groep has also taken the developments in connection with the energy transition into account. The developments in connection with the energy transition are not a trigger for making a calculation of the recoverable amount for the assets of the gas grid. For more information about this topic, we refer to the paragraph 'Future outlook for the gas grid' in note 13. Intangible fixed assets.

13. INTANGIBLE FIXED ASSETS

Intangible fixed assets consist of goodwill, acquired or self-created application software and capitalised leases. Intangible fixed assets, except for goodwill, are valued at acquisition costs, less amortisation calculated on this value and any impairments. Costs are only capitalised if it is likely that future economic benefits will result from the use of a specific asset.

Changes in intangible fixed assets in 2022 were as follows:

€ Million	Goodwill	Software	Work in Progress	Total 2022
Cost at 1 January 2022	96	314	44	454
Accumulated depreciation at 1 January 2022	-	227	-	227
Carrying amount at 1 January 2022	96	87	44	227
Reclassified work in progress	-	24	-24	0
Other reclassifications ¹	-	4	0	4
Additions	0	18	16	34
Amortisation	-	-35	-	-35
Decommissioning	-	-8	-	-8
Carrying amount at 31 December 2022	96	90	36	222
Accumulated depreciation at 31 December 2022	-	242	-	242
Cost at 31 December 2022	96	332	36	464

¹ The other reclassifications relate to a reclassification of software for an amount of € 4 million from property, plant and equipment to intangible fixed assets.

Assets classified as software consist mainly of the grid registration system, various operating systems, connection registrations, customer information systems, job order management systems, and other support systems. The capitalized software mainly consists of the purchase and external development of software, as a result no legal reserve has been formed.

The comparative overview for 2021 is as follows:

€ Million	Goodwill	Software	Lease contracts	Work in Progress	Total 2021
Cost at 1 January 2021	115	326	7	44	492
Accumulated depreciation at 1 January 2021	-	223	3	-	226
Carrying amount at 1 January 2021	115	103	4	44	266
Reclassified work in progress	-	34	0	-34	0
Additions ¹	0	10	0	35	45
Amortisation	-	-34	0	-	-34
Decommissioning	-	-15	0	-	-15
Held for sale	-19	-11	-4	-1	-35
Carrying amount at 31 December 2021	96	87	0	44	227
Accumulated depreciation at 31 December 2021	-	227	0	-	227
Cost at 31 December 2021	96	326	0	32	454

¹ Het vergelijkend overzicht over 2021 is aangepast op de regel investeringen met een herrubricering van € 12 miljoen van 'Software' naar 'In uitvoering'.

IMPAIRMENTS OF INTANGIBLE FIXED ASSETS

The recoverable value of intangible fixed assets is calculated if events or changes in circumstances give cause to do so ("triggering event" analysis). The results of this calculation are used to determine if any impairment exists. An assessment is performed annually and in the event of interim publications in order to ascertain whether such events or changes have occurred. As a result, there were no impairments in 2022.

In this 'triggering event' analysis, Enexis Groep has also taken the developments in connection with the energy transition into account. The developments in connection with the energy transition are not a trigger for making a calculation of the recoverable amount for the assets of the gas grid. For more information about this topic, we refer to the paragraph 'Future outlook for the gas grid'.

GOODWILL IMPAIRMENT TEST

The goodwill relates to the acquisitions of Intergas Energie B.V. in 2011, Endinet Groep B.V. in 2016 and N.V. Stedin Netten Weert in 2017 and is the result of the difference between the cost of the acquisition and the fair value of the net assets at the time of the acquisition. Enexis Groep performed a goodwill impairment test at year-end 2022 for the segments in which goodwill is included.

Goodwill due to acquisitions has been allocated to the segments as follows:

€ Million	Enexis regulated	Total
Intergas Energie B.V.	15	15
Endinet Groep B.V.	78	78
N.V. Stedin Netten Weert	3	3
Total	96	96

Outcomes

The calculated indirect realisable values of the regulated assets are significantly higher than the carrying values of the corresponding assets, plus the goodwill allocated to them. As a result, there is no necessity for an impairment of goodwill.

Assumptions

The indirect realisable values of the regulated assets are determined based on the most recent Long-Term Financial Calculation. This calculation comprises a forecast period of fifteen years. The forecast period concerns a period of fifteen years to make a proper reconciliation between the necessary investments and the income from these investments in connection with the energy transition. The main assumptions included in the Long-Term Financial Calculation are an estimate of the discount rate based on the Weighted Average Cost of Capital (WACC) rates used by the ACM, regulated tariffs, and changes in the number of connections and services, as well as operating and other costs. The chosen assumptions concern estimates, mainly based on the most recent information with regard to tariff regulation (Method Decision 2022-2026), the investment programme (quality and capacity document, and strategic asset management plan), the smart meter roll-out programme, and Enexis Groep's efficiency objectives.

There will be a strong increase in revenue in 2023 relative to 2022. This increase is mainly attributable to an inflation correction of 12%, an increase in the TenneT 2023 procurement costs and advance contributions on the post-calculation of the grid losses that still have to be incorporated in the tariffs of 2024 and 2025 (2022 and 2023). Together with the reduction imposed by the ACM to stimulate efficient business operations, i.e., the x-factor, this leads to a tariff increase for electricity of nearly 28% and a tariff increase for gas of nearly 20% in 2023.

Due to the x-factors laid down in the Method Decisions, which is a reduction to stimulate efficient business operations, revenues in the years 2024-2026 will decrease yearly. This is offset by a revenue increase due to an inflation adjustment and a combination of growth of the number of connections and the expected capacity demand of customers.

Enexis Groep devotes a great deal of attention to efficient operations, initiating programmes designed to achieve a level of efficiency that is at least equal to the increase in costs due to inflation. Despite these efforts, operating cost levels are expected to increase, mainly due to extra work as a result of the energy transition.

The efficient (average) costs are covered in the tariffs to be set by the ACM as determined in the regulation. It is estimated that Enexis Netbeheer B.V.'s performance will be average compared with other grid operators in relation to investments, as the grids of all grid operators in the sector are comparable.

A growth rate for the regulated activities of 0% is used to determine the final value under the assumption that the whole sector shall be operating equally efficient at that time. The final value is therefore assumed to be equal to the efficient book value (Standardised Asset Value). The assumption here is that the regional grid operator will continue to receive compensation for its efficient costs including a reasonable return in accordance with the existing tariff regulation method. For more information regarding Enexis Groep's views on the future outlook for the gas grid and the consequences thereof for the valuation of gas assets, reference is made to the paragraph 'Future outlook for the gas grid' at the end of this note.

The impairment assessment is based on the variables:

Variables	2022	2021
Segments	Enexis Regulated Long Term Financial Calculation	Enexis Regulated Long Term Financial Calculation
Source: financial results in future years		
Cost of debt	2.7%	1.6%
Cost of equity	5.4%	4.2%
Discount rate after taxes	3.8%	2.1%

Sensitivity analysis

The calculated indirect realisable value of the regulated assets in the operating segment Enexis Regulated is considerably higher than the carrying value of the corresponding assets, plus the goodwill allocated to them. Despite the fact that the indirect realisable value is significantly higher than the carrying value of the regulated assets plus the goodwill allocated to these assets, Enexis Groep performed a sensitivity analysis of the most important assumptions that were used to determine the indirect realisable value of the regulated assets in order to provide insight into the degree of uncertainty of the assumptions. Based on this analysis, Enexis Groep concluded that a plausible change in the assumptions, such as shown in the sensitivity analysis below will not lead to an impairment of the goodwill. The sensitivity analysis has the following outcomes:

- A decrease in the expected market share, expressed in Compound Output, of Enexis Netbeheer B.V. by 0.1% leads to a decrease in the realisable value by € 27 million;

- A delay of the convergence assumption, the year in which all regional grid operators operate equally efficiently, by one year leads to a decrease in the realisable value by € 14 million;
- An increase in the discounting rate after tax by 0.1% leads to a decrease in the realisable value by € 146 million;
- A structural increase in the expected operating expenses by € 10 million a year leads to a decrease in the realisable value by € 15 million, due to the delay of the compensation in the future tariffs;
- A structural increase in the expected operating expenses by € 50 million a year leads to a decrease in the realisable value by € 56 million, due to the delay of the compensation for capital costs in the tariffs.

The above sensitivity analysis shows that an increase in the discounting rate after tax by 0.1% leads to a decrease in the indirect realisable value by € 146 million. However, the discounting rate is based on the regulatory Weighted Average Cost of Capital (WACC). The reasonable return that Enexis Groep receives on its efficient investments also depends on the regulatory WACC. In the above sensitivity analysis, only an adjustment of the discounting rate is taken into account and a corresponding comparable increase in the reasonable return that Enexis Groep receives on its efficient investments is not taken into account. A plausible change in the discounting rate, due to changes in the regulatory WACC, will therefore not lead to an impairment of the goodwill.

FUTURE OUTLOOK FOR THE GAS GRID

Part of the National Energy Agenda of the Ministry of Economic Affairs and Climate Policy is the aim of the Netherlands to achieve a low-carbon energy supply by 2050. The interim target was set that the total emissions in the Netherlands must have decreased by at least 49% in 2023 compared to 1990. In its Coalition Agreement 'Looking out for each other, looking ahead to the future', the current government upped the target further to at least 55% reduction of CO₂ emissions in 2030. In order to ensure that this target is actually met, it was also agreed that they would aim for a higher target in their policy, which would amount to around 60% reduction in 2030.

Various measures were proposed in the Climate Agreement in 2019 to realise this ambition. The share of natural gas in the total energy supply will be limited strongly and terminated where possible. The abolition of the gas connection obligation for new buildings is one of the first concrete measures in built-up areas. The Regional Energy Strategies and Municipal Heating Transition Proposals will also reduce the dependence of existing buildings on natural gas as from 2020. A potential risk associated with this development might be that the useful lives of the gas grids transporting this natural gas become shorter than the currently applied depreciation periods.

However, Enexis Netbeheer B.V. does not believe that the gradual phasing out of natural gas will also lead to the large-scale decommissioning of gas grids. The Climate Agreement also acknowledges that it is virtually impossible to meet the heating demand without a gaseous energy carrier. Use of electricity alone is not always a technically and economically feasible option. A heating grid is by no means suitable for use everywhere. In such situations, the use of sustainable gaseous energy carriers—such as hydrogen produced from sustainable electricity or green gas—in combination with the use of hybrid heat pumps is the most viable route to sustainability. The war in Ukraine accelerated this electrification and hybridisation trend in 2022. To this end, road maps have been drawn up for both green hydrogen and green gas together with colleague grid operators within Netbeheer Nederland and the Ministry of Economic Affairs and Climate Policy. A safe and reliable gas grid is expected to continue to be necessary - even within a (more) sustainable energy supply.

In the new Method Decision Gas for the regulation period 2022-2026, ACM has taken the expected future decrease in the number of users of the gas grid into account. The ACM also did this by switching to the nominal method instead of the real method for the calculation of the WACC so that inflation compensation is no longer shifted to the future. Another important change concerns the switch to a diminishing balance depreciation method for gas assets as of 2022. The ACM has opted for a 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 avoids 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 ACM sees no reason to revise the economic and technical useful life of the gas assets. Despite these changes in the Method Decision Gas for the regulation period 2022-2026, the regional grid operator continues to receive compensation for its efficient costs including a reasonable return.

Due to the fact that the number of users of the gas grid is decreasing, but that this is not expected to lead to large scale decommissioning of gas assets, Enexis Groep also switched to the diminishing balance depreciation method for gas assets as from the financial year 2022. The consumption pattern of the future economic benefits of the assets is reflected in the pattern in which the number of users of the gas grid decreases. For more information about this change in the depreciation method see paragraph '2.3. Change in estimation method' in section '2. Accounting principles governing the financial reporting'.

Enexis Groep does not see any need at present to shorten the depreciation periods of the existing gas grids or to start impairing the existing gas grids. However, to further limit this risk, Enexis Netbeheer B.V. is extremely reluctant to construct new or replace existing gas grids when alternative heating systems, such as heating grids or all-electric solutions, are available. Furthermore, Enexis Netbeheer B.V. is closely involved in consultations regarding the Regional Energy Strategies, Heating Transition Proposals, and pilot projects in gas-free districts. Within these pilot projects, consultations are held frequently with the parties involved such as provinces, municipalities, project developers, and housing corporations. Analyses performed by both the Netherlands Environmental Assessment Agency and Enexis Groep in connection with the Heating Transition Proposals also indicate that a hybrid solution continues to be an option, which means that an infrastructure for gaseous energy carriers remains necessary.

Enexis Groep has arrived at the above assumptions and criteria carefully. However, at present, there is still a lot of uncertainty surrounding the assumptions and criteria regarding the future of the gas grid. The assumptions and criteria are reviewed periodically in principle, unless unexpected significant events occur that require immediate adjustment.

14. RIGHT-OF-USE ASSETS

Enexis Groep has recognised assets with rights of use and lease liabilities for those leases that classify as a lease under IFRS 16, with the exception of short-term leases, leases for low value assets, and agreements which do not qualify as a lease under IFRS 16.

Right-of-use assets relate to lease agreements for company and employee cars and property where the right-of-use is depreciated in accordance with the total expected lease term.

Changes in right-of-use assets in 2022 were as follows:

€ Million	Buildings	Lease cars	Total 2022
Cost at 1 January 2022	65	137	202
Accumulated depreciation at 1 January 2022	24	72	96
Carrying amount at 1 January 2022	41	65	106
Additions	4	17	21
Disposals	-3	0	-3
Depreciation	-8	-24	-32
Carrying amount at 31 December 2022	34	58	92
Accumulated depreciation at 31 December 2022	32	96	128
Cost at 31 December 2022	66	154	220

Changes in right-of-use assets in 2021 were as follows:

€ Million	Buildings	Lease cars	Total 2021
Cost at 1 January 2021	57	121	178
Accumulated depreciation at 1 January 2021	16	46	62
Carrying amount at 1 January 2021	41	75	116
Additions	8	19	27
Disposals	0	0	0
Depreciation	-8	-26	-34
Held for sale	0	-3	-3
Carrying amount at 31 December 2021	41	65	106
Accumulated depreciation at 31 December 2021	24	72	96
Cost at 31 December 2021	65	137	202

For the lease liabilities related to the right-of-use assets, reference is made to note 22. Interest-bearing liabilities (non-current) and note 28. Interest-bearing liabilities (current).

LEASE EXPENSES

Expenses arising from right-of-use assets can be specified as follows:

€ Million	Buildings	Lease cars	Totaal 2022
Depreciation	8	24	32
Financial expenses	0	0	0
Total	8	24	32

15. OTHER FINANCIAL FIXED ASSETS

Other financial fixed assets consist of the following:

€ Million	2022	2021
Loans and receivables	11	12
Total	11	12

Changes in financial fixed assets in 2022 were as follows:

€ Million	Loans granted to staff	Other loans	Deposits	Total 2022
At 1 January 2022	1	19	100	120
New loans	1	6	650	657
Repayments	-1	-8	-100	-109
At 31 December 2022	1	17	650	668
Less: current portion	0	7	650	657
Total non-current portion	1	10	0	11

Other financial fixed assets concern loans provided to EDSN B.V. and loans provided to employees in connection with financing arrangements. The average weighted effective interest rate amounted to 1.6% (2021: 1.4%).

The interest rate charged for the loans included in other financial fixed assets differed from the market interest rate at the end of 2022. Due to the limited size, the deviation from the market rate did not have a significant effect on fair value.

The agreed interest rate on the loans provided to EDSN B.V. was determined on the arm's length basis at the time these loans were concluded, which resulted in a market interest surcharge for each associate in addition to the standard market interest rate.

Drawdowns took place under the current account facility with EDSN of in total € 6 million and repayments were made of in total € 8 million in 2022.

As at 31 December 2022, € 7 million of the in total € 17 million outstanding loans to EDSN are presented as current under other financial assets.

In addition, excess liquidity of € 650 million was transferred to short-term deposits as at 31 December 2022.

16. INVENTORIES

Inventories are recognised at costs or lower net realisable value (the estimated selling price in the normal course of business less selling costs). Cost is calculated based on the weighted average cost method.

Cost comprises all expenses and costs directly attributable to the purchase of inventories and to bringing these inventories to their present location and condition.

€ Million	2022	2021
Materials	76	45
Provision for obsolescence	-2	-4
Total	74	41

Materials refer to items held as inventory for investment, maintenance and emergency repair activities, as well as for work performed for third parties. The inventory of materials was expanded during 2022 to increase the reliability of supply for the internal materials supply chain.

17. RECEIVABLES

€ Million	2022	2021
Trade receivables	53	40
Amounts receivable	139	122
Other receivables	11	12
Provision for expected credit losses	-17	-16
Total	186	158

Amounts receivable concern mainly the monthly additional estimate of transmission fees from large-volume and small-volume consumers.

As at 31 December 2022, the age of trade receivables without deduction of the provision for doubtful debts was as follows:

€ Million	2022							
	Trade receivables			Amounts receivable			Other receivables	Total
	Expected credit losses	Gross	Provision	Expected credit losses	Gross	Provision	Gross	Net
Not past due	1%	15	0	0.1%	139	0	11	165
0-30 days past due	2%	12	0	0.0%	0	0	0	12
31-60 days past due	11%	2	0	0.0%	0	0	0	2
61-90 days past due	27%	2	-1	0.0%	0	0	0	1
91-365 days past due	52%	4	-2	0.0%	0	0	0	2
Over 365 days past due	78%	18	-14	0.0%	0	0	0	4
Total		53	-17		139	0	11	186

As at 31 December 2021, the age of trade receivables without deduction of the provision for doubtful debts was as follows:

2021

€ Million	Trade receivables			Amounts receivable			Other	Total
	Expected credit losses	Gross	Provision	Expected credit losses	Gross	Provision	Gross	Net
Not past due	13%	9	-1	0.2%	122	0	12	142
0-30 days past due	13%	10	-1	0.0%	0	0	0	9
31-60 days past due	56%	2	-1	0.0%	0	0	0	1
61-90 days past due	80%	2	-1	0.0%	0	0	0	1
91-365 days past due	32%	5	-2	0.0%	0	0	0	3
Over 365 days past due	82%	12	-10	0.0%	0	0	0	2
Total		40	-16		122	0	12	158

18. OTHER FINANCIAL ASSETS (CURRENT)

€ Million	2022	2021
Short-term deposits	650	100
Loans with maturity < 1 year	7	8
At 31 december	657	108

The share of the loans provided to EDSN B.V. that will be repaid in 2023 amounts to € 7 million and is recognised as a current portion of the other financial assets.

Excess liquidity of € 650 million was transferred to short-term deposits as at 31 December 2022.

19. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are recognised at nominal value. The item only includes cash and cash equivalents payable on demand. Cash and cash equivalents not payable on demand are recognised under other current financial assets, depending on the applicable maturities and conditions.

€ Million	2022	2021
Cash at bank and cash balances	38	2
Money market funds	179	105
Total	217	107

For a breakdown of cash flows, please refer to the cash flow statement and the explanatory notes to the cash flow statement included in note 30. Notes to the cash flow statement.

Enexis Holding N.V., Enexis Netbeheer B.V., Enexis Vastgoed B.V., Enexis Personeel B.V. and Enpuls B.V. have placed all bank accounts in a cash pool at the Rabobank. Credit balances of Enexis Holding N.V., Enexis Vastgoed B.V., Enexis Personeel B.V. and Enpuls B.V. in the cash pool at the Rabobank have been pledged as security for the credit facility of Enexis Netbeheer B.V. and for amounts owed to each other.

Cash and cash equivalents of the group companies that form part of the cash pool are reported on a net basis, as zero balancing is applied. As part of this, the companies' bank balances are automatically concentrated in the main account or negative bank balances are compensated from this main account. The cash and cash equivalents of the group companies that do not form part of the cash pool (Enpuls Projecten B.V. and Mijwater Warmte Infra B.V.) are not reported on a net basis. These group companies had positive balances on their bank accounts at year-end 2022. Bank and cash balances amounted to € 38 million at year-end 2022.

Excess liquidity of € 179 million was placed in money market funds on 31 December 2022. The excess liquidity placed in money market funds is available on demand and therefore qualifies as cash and cash equivalents.

20. ASSETS HELD FOR SALE

The share purchase agreement for the sale of all shares in Fudura B.V. to Lion Bidco B.V., a consortium consisting of DIF Capital Partners and PGGM, was signed on 3 May 2022. The condition precedent stipulated in the share purchase agreement was met on 3 August 2022 and the transaction thus became unconditional. The purchase sum was received, and the shares were transferred to the buyer on 24 August 2022.

As of 30 September 2021, Fudura B.V. satisfied the criteria of IFRS 5 to be classified as 'held for sale'. At year-end 2021, the assets and liabilities of Fudura B.V. were classified as held for sale and therefore recognised as current assets and liabilities in the balance sheet.

The assets and liabilities held for sale were sold for € 1,326 million. The result of this transaction amounted to € 1,113 million and was recognised under 'Result from subsidiary'. The incoming cash flow of € 1,326 million was recognised under investment activities. Fudura B.V. was part of the segment Enexis Other.

The carrying amount of the assets and liabilities of Fudura B.V. on 31 December 2022 amounted to:

€ Million	2022	2021
Assets held for sale		
Property, plant and equipment	0	166
Intangible assets	0	35
Right of use assets	0	3
Inventories	0	2
Receivables	0	9
Deferred tax asset	0	1
Total	0	216
Liabilities directly associated with the assets held for sale		
Trade and other payables	0	15
Current provisions	0	1
Interest bearing liabilities	0	3
Total	0	19

21. EQUITY

The company's authorised share capital amounts to three hundred million euros (€ 300,000,000) and is divided into three hundred million (300,000,000) ordinary shares of one euro (€ 1.00). Of these shares, 149,682,196 shares with a total nominal value of € 149,682,196 have been issued and fully paid up.

The share premium reserve is recognised for tax purposes.

The proposed dividend payment for 2022 is based on 50% of the profit from ordinary business operations (excluding the result on the sale of Fudura B.V. of € 1,113 million). The proposed dividend payment on the result of the sale of Fudura B.V. amounts to € 100 million. The proposed dividend payment will be paid out to the shareholders as an exact amount in proportion to the number of shares. The proposed dividend distribution for 2022 amounts € 1.29 per share (2021: € 0.66 per share). The proposed dividend payment amounts to € 193 million; and, as a result, the provision to be credited to the general reserve amounts to € 1,107 million. This profit appropriation proposal has not been taken into account in the balance sheet as at 31 December 2022.

The result before taxes for the financial year 2022 presented on the income statement exclusively relates to realised results. At year-end 2022, equity amounted to € 5,441 million (2021: € 4,241 million). At year-end 2022, total equity per share amounted to € 36.35 (2021: € 28.33).

Reference is made to the consolidated statement of changes in equity on page 101 for further details.

22. INTEREST-BEARING LIABILITIES (NON-CURRENT)

€ Million	2022	2021
Listed notes	1,984	2,481
Convertible hybrid shareholders' loan	500	500
Private green loan	0	2
Lease liabilities	63	75
Total	2,547	3,058

Non-current interest-bearing liabilities include borrowings that are available to Enexis for a period longer than one year. The amounts for repayments due within one year are included in the current interest-bearing liabilities.

For more information on the non-current and current interest-bearing liabilities, please refer to note 31. Financing policy and risks associated with financial instruments.

The total nominal value of listed notes with a term > 1 year amounted to € 2,000 million; deducting the costs to be amortised from these loans results in a residual value of € 1,984 million.

The carrying value of the convertible hybrid shareholders' loan amounted to € 500 million at year-end 2022. The convertible hybrid shareholders' loan was issued in 2020 in two tranches. Tranche A was issued on 29 July 2020 with a nominal value of € 422 million and an interest rate of 2.15%. Tranche B was issued on 30 November 2020 with a nominal value of € 78 million and an interest rate of 1.40%. Both tranches have a maximum term to maturity up to 30 November 2080. An interest revision on 30 November 2030 and after that every 10 years applies for both tranches. Early redemption is possible at each interest revision or under agreed conditions.

Enexis Holding N.V. has the right to convert the loan into shares if one of the credit ratings falls below Enexis's policy level (A/A2) or if it is threatened with a downgrade under credit watch. Enexis Holding N.V. can also obtain the right to convert the loan into shares in other cases with the consent of at least two-thirds of the shareholders. If Enexis Holding N.V. chooses to convert the loan into shares, then the nominal value of the loan (including still to be paid interest at that point in time) will be converted into an equal market value of the shares whereby the market value of the shares will be determined by an independent party. The conversion right is a right but not an obligation of Enexis Holding N.V.

The convertible hybrid shareholders' loan concerns a hybrid financial instrument in which various derivatives are embedded in the base contract. The embedded derivatives concern, for example, the conditional right of Enexis to convert the loan into shares as well as the conditional right of Enexis to redeem the loan earlier. Based on the assessment of these embedded derivatives, Enexis concludes that the embedded derivatives do not have to be separated from the base contract and that the whole convertible hybrid shareholders' loan must be recognised as a non-current interest-bearing liability with valuation at amortised cost. Enexis expects that on 30 November 2030 use shall be made of the option to repay the convertible hybrid shareholders' loan earlier. For this reason, a term to maturity up to 30 November 2030 has been taken into account in determining the amortised cost.

Lease liabilities amounted to € 92 million at year-end 2022, of which € 29 million is classified as current. Lease liabilities are recognised at the present value of the remaining lease payments, discounted at the marginal interest rate. The weighted average marginal interest rate for the lease liabilities at year-end 2022 was 0.39%. The financial expenses in connection with leases amounted to € 0.5 million for 2022. The average term of the liability arising from the right-of-use assets at year-end 2022 was 2.6 years. The term of the lease liabilities can be specified as follows:

€ Million	Buildings	Lease cars	Total 2022
< 1 year	8	21	29
> 1 year	26	37	63
Total	34	58	92

The table below shows the changes in the lease liability for 2022.

€ Million	Buildings	Lease cars	Total 2022
Lease liabilities at 1 January 2022	41	65	106
Additions	4	17	21
Disposals	-2	0	-2
Payments	-9	-24	-33
Interest	0	0	0
Lease liabilities at 31 December 2022	34	58	92

The comparative overview for 2021 is as follows:

€ Million	Buildings	Lease cars	Total 2021
Lease liabilities at 1 January 2021	41	75	116
Additions	8	19	27
Payments	-8	-26	-34
Interest	0	0	0
Held for sale	0	-3	-3
Lease liabilities at 31 December 2021	41	65	106

23. PROVISIONS

Provisions are recognised for obligations enforceable by law or factual obligations of an uncertain amount or timing as a result of past events. If the effect of an obligation is material, the provision is calculated by discounting expected future cash flows at a current discount rate, taking into account any specific risks inherent in the obligation. The present value of employee-related provisions is calculated using the project unit credit method. Actuarial results are recognised directly in the result.

Any expenditure expected within one year after the balance sheet date is recognised as a separate item under current liabilities.

Provisions at year-end 2022 can be specified as follows:

€ Million	Service-related benefits	Other employee benefits	Other	Total 2022
Obligations at beginning of year	16	4	16	36
Additions	2	0	4	6
Utilisation	-2	0	-2	-4
Released	-4	0	-9	-13
Total	12	4	9	25
Less: current portion	1	0	3	4
Total non-current portion	11	4	6	21

The current portion of provisions amounting to € 4 million (2021: € 5 million) has been included separately under the current liabilities.

The comparative overview for 2021:

€ Million	Service-related benefits	Other employee benefits	Other	Total 2021
Obligations at beginning of year	18	5	26	49
Additions	2	1	5	8
Utilisation	-2	0	-1	-3
Released	-2	-1	-14	-17
Held for sale	-	-1	0	-1
Total	16	4	16	36
Less: current portion	1	0	4	5
Total non-current portion	15	4	12	31

LONG-SERVICE BENEFITS

In accordance with the provisions of the collective labour agreement (CLA), Enexis grants long-service benefits to employees. As of the commencement of employment, a provision is formed for the long-service benefits based on the past number of years of employment, anticipated price and salary increases, as well as the probability of mortality, disability and dismissal.

The most important assumptions on which the calculations of the long-service benefits are based are the following:

	2022	2021
Discount rates	0%-3,13%	-0,42%-1,08%
Estimated future annual CLA wage increases	1.5%	1.5%
Company-specific annual periodic indexation	1.0%	1.0%
Estimate future resignation probability	4.0%	4.0%
Markup social security expenses	8.2%	8.2%

PROVISION FOR OTHER EMPLOYEE-RELATED EXPENSES

This provision covers various employee-related expenses, including expenses related to the voluntary termination of employment and severance payments, healthcare costs for former employees and retention and reorganisation costs.

The reorganisation provisions are calculated on an individual basis taking into account the employee's gross salary, length of employment, expected duration of redundancy and an addition of 35% for employer's contributions. An estimate has been made for part of the provisions regarding the future termination of employment of redundant employees.

OTHER PROVISIONS

At year-end 2022, other provisions consisted mainly of provisions for claims and disputes. In order not to damage Enexis's legal position, no further details are provided regarding the provisions for claims and disputes.

24. ADVANCE CONTRIBUTIONS FOR THE INSTALLATION OF GRIDS AND CONNECTIONS

Enexis does not regard advance payments from customers for providing a connection and installing the grid as a separate performance obligation. This means that a connection fee received before the connection is established can be regarded as an advance payment for a service still to be provided. Due to the causal relationship between the connection payments received and the capital expenditure incurred for the realisation of the connection, Enexis has opted to spread recognition of revenue from the payments received over the useful life of the connection.

Advance payments received for investments in the construction of grids and connections can be specified as follows:

€ Million	2022	2021
At 1 January	1,066	972
Received during the year	123	120
Amortised	-31	-26
Total	1,158	1,066
	0	0
Current portion to be amortised in following financial year	33	27
Total non-current portion as of 31 December	1,125	1,039

The current portion of the advanced contributions amounts to € 33 million (2021: € 27 million) and is included separately under current liabilities.

25. DEFERRED TAXES

Deferred corporate income tax assets and liabilities are created to reflect temporary differences between the carrying value of assets and liabilities in these financial statements and the value in the corporate income tax return. Deferred taxes are recognised at nominal value. The calculation is based on the tax rates expected to apply when the temporary differences are realised. The tax rates in question are those that apply on the reporting date or that already have been materially decided as at the balance sheet date.

A deferred corporate income tax asset is recognised on the balance sheet if and to the extent that sufficient taxable profits will likely be available. Offsetting deferred tax assets and liabilities only takes place if a formal right to offset exists and the company has the intention to settle the deferred taxes at the same time. The deferred tax liability is mainly of a long-term nature.

The deferred corporate income tax liability is mainly formed due to a lower tax valuation of property, plant and equipment. The differences in valuation originated from the start of the tax obligation (1998), a commercial revaluation (2009), and the tax incentive scheme arbitrary depreciation in 2009, 2010, 2011 and in the second half of 2013. In addition, deferred tax liabilities were recognised for the impact of IFRS 16 (leases).

The decrease in deferred tax liabilities of € 3 million compared to 2021 is mainly due to the fact that, in these financial statements, depreciation of the gas assets has taken place according to the diminishing balance depreciation method as of 2022. Whereas for tax purposes, the linear depreciation method was still applied in 2022. In consultation with the Tax and Customs Administration, Enexis will decide whether to also switch to the diminishing balance depreciation method for gas assets for tax purposes.

The deferred tax liability can be broken down as follows:

€ Million	2022	2021
Deferred corporate income tax liabilities related to fixed assets	352	355
Deferred corporate income tax liabilities related to right-of-use assets	24	27
Deferred corporate income tax asset related to lease liabilities	-24	-27
Total	352	355

26. OTHER NON-CURRENT LIABILITIES

€ Million	2022	2021
Payments to employees	1	1
Total	1	1

These liabilities relate to employee entitlements to leave.

27. TRADE AND OTHER PAYABLES

€ Million	2022	2021
Suppliers	109	94
Tax and social security contributions	36	74
Payments to employees	40	37
Other	97	81
Total	282	286

28. INTEREST-BEARING LIABILITIES (CURRENT)

€ Million	2022	2021
Listed notes	500	300
Subordinated green loan	2	0
Lease liabilities	29	31
Total	531	331

Current interest-bearing liabilities include borrowings that are available to Enexis for a period shorter than one year.

The note for an amount of € 500 million with an interest rate of 1.5% will be repaid in October 2023 and is therefore recognised under interest-bearing liabilities (current).

The current portion of the interest-bearing lease liabilities concerns lease contracts that will be paid in 2023.

29. CORPORATE INCOME TAX EXPENSE

The item corporate income tax consists of the corporate income tax payable less the amounts paid under provisional tax assessments. To be paid corporate income tax amounted to € 11 million at year-end 2022. This amount pertains to the financial year 2022.

The corporate income tax returns up to and including the financial year 2021 have been filed. The final assessments for the years 2020 and 2021 have not yet been received. There were no uncertain tax liabilities at year-end 2022.

€ Million	2022	2021
Corporate income tax payable	11	2
Total	11	2

30. NOTES TO THE CASH FLOW STATEMENT

For the consolidated cash flow statement, the following items have been included in net cash and cash equivalents:

€ Million	2022	2021
Cash at bank and cash balances	38	2
Money market funds	179	105
Total	217	107

The main items of the cash flow statement are specified below.

Changes in net working capital can be specified as follows:

€ Million	2022	2021
Corporate income tax expense recognised in the income statement	63	60
Corporate income tax paid or received	-55	-65
Interest income and expense recognised in the income statement	28	43
Interest received and paid	-40	-39
Working capital before tax and interest	-58	-6
Total	-62	-7

Specification net working capital:

€ Million	2022	2021	Delta
Inventories	74	43	-31
Receivables	186	167	-19
Subtotal	260	210	-50
Trade and other payables	-282	-301	-19
Corporate income tax	-11	-2	9
(Current) provisions	-4	-6	-2
Subtotal	-297	-309	-12
Total¹	-37	-99	-62

¹ The breakdown of net working capital includes the movements in financial line items that were reclassified as 'held-for-sale' at the end of 2021 (note 20).

Changes in net interest-bearing liabilities in 2022 can be specified as follows:

€ Million	Other assets		Liabilities from financing activities		Total 2022
	Cash and cash equivalents	Deposits	Non-current interest-bearing liabilities	Current interest-bearing liabilities	
At 1 January	107	100	-3,058	-331	-3,182
Cash flows ¹	110	550	0	334	994
Reclassification from non-current to current	0	0	531	-531	0
Other non-cash movements	0	0	-20	-3	-23
At 31 December	217	650	-2,547	-531	-2,211

¹ The total incoming cash flow from borrowings in 2022 amounts to € 2.835 million and the total outgoing cash flow from loans repaid in 2022 amounts to € 3.169 million.

Changes in net interest-bearing liabilities in 2021 can be specified as follows:

€ Million	Other assets		Liabilities from financing activities		Total 2021
	Cash and cash equivalents	Deposits	Non-current interest-bearing liabilities	Current interest-bearing liabilities	
At 1 January	47	0	-2,872	-104	-2,929
Cash flows ¹	60	100	-491	104	-227
Reclassification from non-current to current	0	0	331	-331	0
Changes in other non-cash generating units	0	0	-26	0	-26
At 31 December	107	100	-3,058	-331	-3,182

The proceeds of the sale of Fudura B.V. consist of a cash amount of € 1,326 million. The incoming cash flow has been recognised under investment activities, less the costs in connection with the sale. The cash funds over which decisive control has been lost amount to € 3 million. The carrying value of the assets and liabilities of Fudura B.V. on the acquisition date amounted to:

€ Million	
Assets held for sale	
Property, plant and equipment	178
Intangible assets	37
Right-of-use assets	4
Inventories	2
Receivables	16
Cash and cash equivalents	3
Total assets	240
Liabilities held for sale	
Trade and other payables	29
Provisions	1
Interest-bearing liabilities	3
Deffered tax liability	1
Total liabilities	34

31. FINANCING POLICY AND RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

GENERAL

The financing policy of Enexis Groep is aimed at securing the independent financing of Enexis by providing timely, permanent and sufficient access to capital and money markets while optimising the financing structure, costs and risks. The execution of the financing policy is laid down in the Treasury Charter, which contains the Treasury department's objectives, task description and mandate, reporting, risk management, and organisational and administrative frameworks for financing.

The funding of Enexis Groep takes place by means of external funding raised by Enexis Holding N.V., which funding is then loaned inter-company to the group companies. As part of its business operations, Enexis Holding N.V. is exposed to a number of risks, including market risk, credit risk, solvency risk, liquidity risk and process risk. One of the objectives of the financing policy is to minimise the effect of the above-mentioned risks on the financial results and equity position. Enexis Holding N.V. can make use of financial instruments and derivatives for this purpose.

MARKET RISK

Market risk relates to changes in the value of cash flows and financial instruments as a result of changes in market interest rates, foreign exchange rates and market prices. Enexis Holding N.V. and its group companies do not hold any financial instruments for trading purposes.

Market risk consists of interest rate risk, foreign exchange rate risk, and commodity price risk:

Interest rate risk

The interest rate risk partly consists of the risk that the interest component in the regulatory return will be lower in the future. This will have a dampening effect on Enexis's income. The compensation for interest expenses may also be lower than the interest payments laid down in existing loan agreements, while there is also a risk that the interest rates to be paid for future financing will be higher than the current market interest rate. Furthermore, there exists a risk that the value of a financial instrument will change as a result of fluctuations in market interest rates.

The basis for the interest rate risk policy is diversification. By means of diversification in refinancing, financing and maturities of loans, interest rate fixing and interest-typical maturity (fixed or floating), type of loan and possibly geographical diversification over financing markets, availability is ensured and the interest rate risk is reduced.

Within the adopted policy, Enexis Holding N.V. has the option to use derivatives to hedge specific risk positions, including but not limited to the interest rate risk. As in 2021, Enexis Holding N.V. did not use derivatives to hedge interest rate risks in 2022, nor does it have any derivatives outstanding.

Receivables

Enexis limits the interest rate risk on receivables in two ways:

- by matching the maturities of the receivables, including the financial assets such as short-term deposits, with the liquidity forecast; and
- by agreeing contractual interest rates beforehand with regard to the financial assets until the expiry date of the concluded contracts. Only part of the surplus cash and cash equivalents may be invested with a short horizon or at a floating interest rate to ensure diversification and flexibility.

Borrowed capital

Interest-bearing loans had the following maturities, interest rates and maturity dates at year-end 2022:

€ Million	Nominal value	Book value	Contractual maturity date	Initial contract period (years)	Remaining period (years)	Interest
Convertible hybrid shareholders' loan Tranche A	422	422	30 november 2080	60	57.9	2.2%
Convertible hybrid shareholders' loan Tranche B	78	78	30 november 2080	60	57.9	1.4%
Euro Medium-Term Notes (Green bond)	500	492	14 april 2033	12	10.3	0.4%
Euro Medium-Term Notes (Green bond)	500	498	17 juni 2032	12	9.5	0.6%
Euro Medium-Term Notes	500	497	2 juli 2031	12	8.5	0.8%
Euro Medium-Term Notes	500	497	28 april 2026	10	3.3	0.9%
Euro Medium-Term Notes	500	500	20 oktober 2023	8	0.8	1.5%
Private green loan	2	2	26 april 2023	10	0.4	1.7%
Lease liabilities	92	92	diversen	diversen	2.6	0.4%
Total	3,094	3,078				

The fair value of the interest-bearing loans (excluding lease liabilities) amounted to approximately € 2,463 million at year-end 2022 (year-end 2021: € 3,350 million). The fair value of bond loans 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 based on the Euro Utility (A) BFV yield curve as at 31 December 2022. In the calculation of the fair value of the convertible hybrid shareholders' loan a mark-up for the subordinated and illiquid character of the loan is taken into account. The fair value of the interest-bearing loans has decreased due to the repayment of the € 300 million bond and due to the higher market interest rate that was used for the calculation of the fair value.

At year-end 2022, all interest-bearing loans were fixed-interest loans.

The bonds concern "level 1" financial instruments. For Enexis Holding N.V., this means that the fair value is based on listed prices in an active market. The other loans, including the convertible hybrid shareholders' loan, concern "level 2" financial instruments. This means that for Enexis Holding N.V., the fair value is based on the discounting of the nominal cash flows at applicable market discounting curves.

Foreign exchange rate risk

Enexis may be exposed to foreign exchange rate risk when issuing financial instruments and when making purchases in currencies other than the euro. It is Enexis Holding N.V.'s policy to directly hedge most of the exchange rate risk when issuing financial instruments in foreign currencies.

The total amount of cash and cash equivalents, receivables, and liabilities held in foreign currencies was minimal at the end of 2022, which means that foreign exchange rate risks and sensitivity to foreign exchange rate fluctuations were not relevant. As in 2021, Enexis Holding N.V. did not use derivatives to hedge foreign exchange rate risks in 2022, nor does it have any derivatives outstanding to hedge foreign exchange rate risks.

Commodity price risk

Enexis is mainly exposed to fluctuations in energy prices. Grid losses are set off by means of the purchase of energy. The energy price risk is largely limited by repeatedly fixing the price a number of years in advance by means of the purchase of forward contracts so that the forecast quantity has already been purchased physically at the beginning of the year.

The forward contracts are concluded for own use and therefore do not qualify as derivatives in accordance with IFRS 9. Therefore, the forward contracts have not been recognised in the balance sheet at year-end 2022. For more information about the long-term financial liabilities in connection with forward contracts, reference is made to note 33. Off-balance sheet liabilities.

Despite Enexis' policy of purchasing energy a few years in advance, the costs for distribution losses will rise in the coming years due to the increased energy prices. This is also evidenced by the increase in multi-year financial liabilities for distribution losses as included in note 33. Off-balance sheet commitments and assets. Since regional grid operators are reimbursed for their efficient costs and investments through the regulation method, including a reasonable return, this increase in the costs of distribution losses will also lead to an increase in future tariffs and thus net turnover. For this reason, the financial consequences for Enexis are expected to be limited.

CREDIT RISK

The credit risk is the risk of sustaining a loss in the event that a counter party is unable or unwilling to fulfil its obligations. The majority of the activities of Enexis Holding N.V. and its group companies are regulated. The debtor risks in regulated markets are lower than the debtor risks in liberalised energy markets. For all low-volume consumer debtors with regard to the to be paid grid payments, the receivables are collected by the energy suppliers who bear the debtor risk with regard to the end customer. However, Enexis Netbeheer B.V. does run a debtor risk with regard to the energy suppliers. Despite the higher energy prices in 2022, the debtor risk with regard to energy suppliers did not increase significantly.

The maximum credit risk is, in principle, equal to the carrying value of the receivables and current assets.

Liquidity surpluses are placed, at market terms and conditions, with financial institutions and investment funds that are subject to the supervision of a central bank or legally appointed supervisor and with Dutch national or regional grid operators that satisfy the specified minimal rating requirements, or with the Dutch government in securities guaranteed by the Dutch government. In addition, Enexis aims to spread investment risks by observing counter party limits in combination with minimum rating requirements.

SOLVENCY AND LIQUIDITY RISK

Solvency risk

Solvency risk is the risk that Enexis's equity or capital base is insufficient to allow it to meet its obligations in the long term. We aim for at least an A credit rating profile (A/A2 with a stable outlook) for both Enexis Holding N.V. and Enexis Netbeheer B.V. This objective is monitored on the basis of defined minimum financial ratios as set out in the section 'Capital Management'. This credit rating ensures that Enexis Holding N.V. has sufficient access to international capital markets.

Liquidity risk and contractual term analysis

Liquidity risk

Liquidity risk concerns the risk that Enexis Groep will not be able to meet its short-term payment obligations.

As a minimum, Enexis Holding N.V. aims for an "adequate" liquidity profile in accordance with the current definitions applied by rating agency S&P for regulated grid operators, which includes liquidity requirements always being covered for a year in advance with a safety buffer of 10%. Enexis Holding N.V. regularly evaluates and adjusts its liquidity profile for the long, medium and short term.

To hedge the liquidity risk, Enexis Holding N.V. has also made a committed Revolving Credit Facility (RCF) available of € 850 million up to December 2024 and € 686 million up to December 2025.

Enexis Holding N.V. did not make use of this RCF in 2022; however, Enexis retains this facility for any unforeseen liquidity requirements. In order to retain the RCF, Enexis Holding N.V. has contractual obligations to the participating banks.

In addition to an availability fee, these obligations mainly concern providing information to the banks involved, satisfying the usual financial covenants and other general covenants that are customary for these facilities, such as pari passu and negative pledge. There are no financial covenants tied to the RCF.

Furthermore, Enexis Holding N.V., Enexis Netbeheer B.V., Enexis Vastgoed B.V., Enexis Personeel B.V. and Enpuls B.V. have placed all bank accounts in a cash pool. An uncommitted credit facility of € 30 million has been made available to this cash pool.

Enexis Holding N.V. had a consolidated positive cash balance of € 217 million at the end of 2022, of which € 179 million in excess liquidity was placed in money market funds (year-end 2021: a positive net balance of € 107 million).

Contractual term analysis

The table below shows the contractual non-discounted cash flows at year-end 2022:

€ Million	< 1 month	< 3 month	3-12 month	1-5 year	> 5 year	Total
Non-current interest-bearing liabilities	0	0	0	532	2,031	2,563
Trade and other payables	145	0	137	0	0	282
Current interest-bearing liabilities	2	5	524	0	0	531
Interest on interest-bearing liabilities	0	0	29	86	67	182
Total	147	5	690	618	2,098	3,558

The contractual and non-discounted cash flows at year-end 2021 amounted to:

€ Million	< 1 month	< 3 month	3-12 month	1-5 year	> 5 year	Total
Non-current interest-bearing liabilities ¹	0	0	0	1,077	2,000	3,077
Trade and other payables	168	0	118	0	0	286
Current interest-bearing liabilities	303	5	23	0	0	331
Interest on interest-bearing liabilities	1	0	31	96	86	214
Total	472	5	172	1,173	2,086	3,908

¹ In the comparative overview for 2021 the interest-bearing liabilities (non-current) has been increased by an amount of € 19 million (costs still to be amortized).

PROCESS RISK

Process risk consists of the risks associated with setting up the organisation, the procedures and the activities of the Treasury department of Enexis Holding N.V. These risks are hedged by an organisational segregation of duties between the front office and the back office, as well as by means of the adopted financing policy, the Treasury Charter, the Treasury Control Framework and related internal assessments and internal audits.

CAPITAL MANAGEMENT

The capital managed by the company includes the share capital paid up by shareholders and the accrued general reserves.

The capital management of Enexis Groep is aimed at maintaining a financially healthy capital structure and at least an A credit rating profile (A2/A with a stable outlook) for Enexis Holding N.V. and Enexis Netbeheer B.V. to support the continuity of its operations and to be able to realise planned investments.

In this process, Enexis Groep aims to achieve a return on equity for the shareholders as defined by the Netherlands Authority for Consumers & Markets (ACM) taking into account the interests of lenders and other stakeholders of Enexis Groep.

In order to achieve the objective of maintaining at least an A credit rating profile and a financially robust capital structure, the following financial ratios are pursued:

	Standard	Actual 2022	Actual 2021
FFO-interest coverage ¹	≥ 3,5	18.1	19.3
FFO/net interest-bearing liabilities ¹	≥ 16%	32%	22%
Net interest-bearing liabilities / (equity + net interest-bearing liabilities) ¹	≤ 60%	27%	41%

¹ For definitions, please refer to the glossary. For the ratio calculation, in accordance with S&P's calculation method, the convertible hybrid shareholder loan and associated interest are included for 50% as an interest-bearing liability and for 50% in the interest paid and interest expenses.

The long-term credit rating issued by Standard & Poor's (S&P) for Enexis Holding N.V. and Enexis Netbeheer B.V. was revised in August 2022 to A+ with a stable outlook (previously A+ with a negative outlook). The sale of Fudura B.V. and the possible future state participation have improved the rating outlook from negative to stable. Moody's only issues a credit rating for Enexis Holding N.V. and this remained unchanged at Aa3 with a stable outlook. The long-term credit ratings at year-end 2022 of Aa3/A+ satisfy the internal requirements for maintaining an A credit rating profile.

The short-term credit rating of Enexis Holding N.V. at year-end 2022 was: P-1 (Moody's) and A-1 (Standard and Poor's) and were unchanged.

By complying with the key financial ratios and maintaining the current credit rating, Enexis Groep amply satisfies its statutory requirements concerning capital ratios and creditworthiness (Besluit financieel beheer netbeheerders - Network Operator Financial Management Decree) as well as the financial covenants under existing financing agreements.

Enexis Groep manages its capital structure and adjusts its capital structure to changes in economic conditions and statutory or regulatory requirements taking into account the target minimum key financial ratios. In order to maintain or adjust its capital structure, subject to specific conditions, Enexis Groep can revise its dividend policy, distribute capital to shareholders, or issue new shares.

GROUP FUNDING

Group funding takes place within Enexis Groep, which means that Enexis Holding N.V. raises the necessary funding for the whole Enexis Groep on external capital markets and money markets, as well as, if necessary, makes use of credit facilities agreed with banks. All companies also have a current account relationship with Enexis Holding N.V. so that inter-company receivables and liabilities can be set off against one another internally.

Externally-raised funding is loaned to other group companies via inter-company loans and settled via the bank accounts or internal current account of the group companies and included in the joint cash pool. Interest and balance compensation takes place within the cash pools (notional cash pooling). The inter-company loans and cash-pool structure comply with the legal requirements for the group financing of grid companies, under which the grid operator may not provide security or assume liability for the financing of non-regulated activities.

Distinction is made between regulated and non-regulated activities when determining the financing conditions and interest rates of inter-company loans. Group funding for regulated activities takes place based on equal conditions and interest rates relative to financing externally raised by Enexis Holding N.V., assuming that Enexis Holding N.V. and Enexis Netbeheer B.V., as grid operators with regulated activities, both have equivalent creditworthiness / credit ratings. Group funding for non-regulated activities occurs according to conditions and at interest rates established on an arm's length basis, resulting in a market interest surcharge on top of the standard market interest rates that corresponds to the estimated credit risk of the relevant company.

Funding of associates is also carried out by Enexis Holding N.V. on an arm's length basis according to conditions and a market interest surcharge on top of the standard market interest rates established for each associate.

For the interest rates within the joint cash pool, a distinction is also made between regulated and non-regulated activities by setting up two sub-cash pools. The regulated sub-cash pool comprises the bank accounts of grid operator Enexis Netbeheer B.V. and the interest calculation is based on the current account rate agreed with the bank. The non-regulated sub-cash pool comprises the bank accounts of the other group companies, including Enexis Holding N.V., with a market interest surcharge applied above the bank's rate.

The benefits of the group funding are allocated to Enexis Holding N.V. and Enexis Netbeheer B.V.

32. RELATED PARTY DISCLOSURES

Transactions with related parties are conducted at arm's length prices and conditions. Year-end receivables and payables are settled in cash. No guarantees were received or issued in connection with assets and liabilities of related parties. The adjustment for doubtful debts was zero.

In 2022, Enexis Holding N.V. classified the shareholders and their affiliates, associates and senior executives as related parties. The shares of Enexis Holding N.V. are held by Dutch provinces and municipalities.

No purchase transactions outside the course of the company's regular operations took place with major shareholders (interest >20%) in 2022. The total amount of liabilities at the end of 2022 amounted to nil.

Shareholders' loans provided by the shareholders amounted to € 500 million at year-end 2022 (2021: € 500 million). Interest payments on these loans amounted to € 10 million in 2022 (2021: € 10 million). Dividend payments to shareholders amounted to € 100 million (2021: € 75 million).

There were no transactions with affiliates of shareholders other than in the course of regular operations.

With own associates and participations, sales transactions were concluded amounting to € 2 million (2021: € 2 million) and purchase transactions were concluded amounting to € 37 million (2021: € 30 million).

The total value of liabilities to associates at year-end 2022 amounted to nil (2021: also nil).

Loans provided by Enexis Holding N.V. to associates at year-end 2022 amounted to € 17 million (2021: € 19 million). Loans provided to Enexis Holding N.V. by associates at year-end 2022 amounted to nil (2021: also nil)

The dividend received from associates in 2022 amounted to nil (2021: € 8 million).

The term "senior officials" is used to refer to members of the Executive and Supervisory Boards. Transactions with senior officials only concern remunerations. For more information, please refer to note 34. Remuneration of the Executive Board and the Supervisory Board.

The non-consolidated associates of Enexis Holding N.V. or its affiliates are listed below.



	Registered office	Equity stake held by Enexis Holding N.V. 31 December 2021	Equity stake held by Enexis Holding N.V. 31 December 2020	Structure of division of
ZEBRA Gasnetwerk B.V. ¹	Bergen op Zoom	67%	67%	Enexis Netbeheer B.V.
Energie Data Services Nederland B.V.	Arnhem	23%	23%	Enexis Netbeheer B.V.

¹ Associate is not included in the consolidation because there is no significant influence (decisions are taken with a majority of 75%). ZEBRA Gasnetwerk B.V. concerns a joint venture with a bookvalue of nil at 31 December 2022. The entity ZEBRA Gasnetwerk B.V. will be liquidated in 2023.

33. OFF-BALANCE SHEET COMMITMENTS AND ASSETS

LONG-TERM FINANCIAL LIABILITIES

The long-term financial liabilities (with the exception of the purchase of materials) amounted to € 581 million at year-end 2022 (2021: € 333 million).

€ Million	2022			2021		
	< 1 year	1-5 year	> 5 year	< 1 year	1-5 year	> 5 year
Service agreements	14	0	0	13	0	0
IT	36	51	10	32	21	0
Grid loss	317	142	0	79	170	0
Investment and financing obligation	7	4	0	12	3	0
Other	0	0	0	1	2	0
Total	374	197	10	137	196	0

LEGAL PROCEEDINGS AND DISPUTES

Enexis Holding N.V. and its group companies were involved in various legal proceedings and disputes at year-end 2022. Based on the financial risk, provisions have been made or liabilities have been included in the financial statements with respect to the claims received.

GUARANTEES ISSUED

Enexis Holding N.V. has issued guarantees to third parties through its group companies Enexis Netbeheer B.V., Enexis Personeel B.V., Fudura B.V., Enexis Vastgoed B.V. and Enpuls B.V. for a total of € 6 million (2021: € 6 million).

Guarantees were provided to Lion Bidco B.V. in connection with the sales transaction of Fudura B.V. in the third quarter of 2022. This concerns title guarantees, tax guarantees and warranties that arose in the period before the sale. The liability for these guarantees is limited to seven years after the transaction date. The potential violation of guarantees is insured and therefore the maximum liability of Enexis in the event of violation of the guarantees is nil.

Guarantees were issued to SPIE at the time of Ziut's sale in 2017. This concerns title guarantees, taxation-related guarantees and securities that were issued in the period prior to the sale, whereby liability is limited to a maximum of 7 years after the transaction date and where threshold amounts were also agreed.

LESSOR RECEIVABLES

Due to the sale of Fudura B.V., Enexis Groep did not make any assets available in operational lease as lessor at year-end 2022. The lease receivables from the operational lease amounted to € 114 million at year-end 2021. The assets made available in operational lease were owned by Fudura B.V. These assets were classified at year-end 2021 as held for sale. For more information, reference is made to note 20. Assets held for sale.

The distribution of the term of the minimum lease receivables of the non-cancellable operational lease at 31 December 2021 amounted to:

€ Million	< 1 year	1-5 year	> 5 year	Total 2021
Compact stations	4	11	7	22
Fields	4	12	6	22
Transformators	15	36	17	68
Other	0	1	1	2
Total	23	60	31	114

34. REMUNERATION OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD

THE DUTCH STANDARDS FOR REMUNERATION OF SENIOR OFFICIALS IN THE PUBLIC AND SEMI-PUBLIC SECTOR ACT (WNT) ACCOUNTABILITY

The Dutch Standards for Remuneration of Senior Officials in the Public and Semi-Public Sector Act (WNT) is applicable to public and private limited liability companies designated as grid operators. Therefore, the WNT applies to Enexis Netbeheer B.V. and not to Enexis Holding N.V. The statutory mandatory WNT accountability pertaining to the remuneration of senior officials for their activities for Enexis Netbeheer B.V. is included in the financial statements of Enexis Netbeheer B.V. (refer to note 26. Remuneration and WNT (remuneration of senior officials in the public and semi-public sector on page 83). More information regarding the remuneration of the Executive Board and Supervisory Board is also provided in chapter 'Corporate Governance' on page 36 of the annual report of Enexis Netbeheer B.V.

In this note of the financial statements of Enexis Holding N.V. the total remuneration of the Executive Board and the Supervisory Board of Enexis Holding N.V. is disclosed, that they receive for their activities for the whole Enexis Groep, in order to comply with IFRS and Title 9, Book 2 of the Dutch Civil Code.

REMUNERATION EXECUTIVE BOARD

The remuneration policy for the Executive Board of Enexis Holding N.V. was adopted by the General Meeting of Shareholders on 5 December 2012 and came into effect on 1 January 2013. The decision was taken at the time to set the remuneration level of the Executive Board of Enexis within the framework of the WNT. The remuneration of Executive Board members consists of a gross annual salary, a pension provision, and other employee benefits.

FIXED GROSS MONTHLY SALARY

As the remuneration level of positions with comparable complexity and impact on society is considerably higher than the absolute maximised WNT norm, the decision was taken to set the remuneration of the Executive Board and the Supervisory Board of Enexis at the maximum level permitted by the WNT. A variable remuneration component has not been included in the remuneration policy.

PENSION

Executive Board members participate in the pension scheme that is administrated by the Stichting Pensioenfonds ABP, in accordance with the pension rules that apply to the employees of Enexis. Executive Board members are required to pay a contribution for participation in the pension scheme.

OTHER EMPLOYEE BENEFITS

Enexis Personeel B.V., a subsidiary of Enexis Holding N.V., acts as the employer of the members of the Executive Board. A contract for an indefinite period has been entered into with all members of the Executive Board, in accordance with the remuneration policy adopted at the end of 2012. This policy deviates from the guidelines in the Corporate Governance Code. However, the Supervisory Board sees no reason to opt for a remuneration policy in which contracts are concluded for a fixed term. A remuneration policy with employment contracts for an indefinite period suffices, as there are sufficient possibilities to take measures in the event that a member of the Executive Board does not function properly.

The point of departure is that the Grid Operators collective labour agreement and the Enexis company collective labour agreement, which both apply to the personnel employed by Enexis, do not apply to the members of the Executive Board. Some relevant employee benefits pursuant to these collective labour agreements can, however, be declared applicable, if and insofar as they are admissible within the WNT. Executive Board members are thus entitled to holiday and leave days, a pension scheme, and the occupational disability scheme in accordance with the Grid Operators collective labour agreement. Furthermore, the remuneration policy comprises a fixed expense allowance, a company car, accident insurance, and a directors' liability insurance. No loans or advances have been provided to Executive Board members.

EXECUTION OF REMUNERATION POLICY

The Supervisory Board is responsible for the execution of the adopted remuneration policy for the Executive Board.

REMUNERATION OF THE SUPERVISORY BOARD

The General Meeting of Shareholders adopted the remuneration policy for Supervisory Board members on 18 April 2016. The maximum remuneration of the chairman of the Supervisory Board is set at 15% and that of the members is set at 10% of the general maximum WNT remuneration level. The Supervisory Board members are also entitled to an expense allowance. Liability insurance has been concluded for the Supervisory Board members.

REMUNERATION OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD

The remuneration of the Executive Board amounted to € 0.89 million in 2022 (2021: € 1.02 million)^[1]. The remuneration of the Supervisory Board amounted to € 0.12 million in 2022 (2021: € 0.11 million).

A specification is provided of the remuneration of the Executive Board of Enexis Holding N.V. in the table below. Such a specification is not included for the Supervisory Board as the total compensation pertains to the category 'Periodic fees'.

€ Million	2022	2021
Short-term employee benefits	0.78	0.82
Pension costs and other long-term employee benefits	0.11	0.12
Termination benefits	-	0.08
Total	0.89	1.02

¹ The remuneration of the Executive Board and the Supervisory Board specified in note 34 is based on the expenses that can be attributed to the financial year. No loans, advances or guarantees have been provided to the members of the Executive Board and the Supervisory Board. There are also no outstanding amounts, written off amounts, waived amounts, nor repayments during the financial year. No share-based payments were made.

35. EVENTS AFTER THE BALANCE SHEET DATE

After the balance sheet date, on 14 February 2023, Standard & Poor's assigned the Government-Related Entities (GREs) status to the regional grid operators and consequently S&P raised Enexis's credit rating by one level. At the same time, S&P lowered the credit rating by one level due the ongoing pressure on the financial ratios; however, it did add a 'positive outlook'. On balance, as a consequence, S&P revised Enexis's credit rating on 14 February 2023 from A+ stable outlook into A+ positive outlook.

As a result of the GRE status, Enexis has reduced the minimum target value for the ratio FFO/net interest-bearing liabilities from 16% to 12% as of 14 February 2023 in order to maintain at least an A credit rating profile and a financially sound capital structure.

There are no other events after the balance sheet date that have an impact on these financial statements.

Company financial statements 2022

COMPANY INCOME STATEMENT

€ Million	Notes	2022	2021
Share of result of group companies	36	1,302	216
Other operating expenses	37	0	1
Operating profit		1,302	215
Financial income	38	36	38
Financial expenses	38	34	44
Financial income and expenses		2	-6
Profit before tax		1,304	209
Corporate income tax expense	39	-4	-10
Profit for the year		1,300	199

COMPANY BALANCE SHEET

(BEFORE PROFIT APPROPRIATION PROPOSAL)

€ Million	Notes	31 December 2022	31 December 2021
Assets			
Investments in group companies	40	4,547	4,663
Other financial assets	41	2,534	2,542
Non-current assets		7,081	7,205
Receivables	42	852	173
Other financial assets (current)	43	658	415
Cash and cash equivalents	44	216	107
Current assets		1,726	695
Total assets		8,807	7,900

€ Million	Notes	31 December 2022	31 December 2021
Liabilities			
Issued and paid-up share capital		150	150
Share premium reserve		2,436	2,436
General reserve		1,555	1,456
Profit for the year		1,300	199
Equity	45	5,441	4,241
Deferred tax liability	46	352	354
Provisions		352	354
Non-current interest-bearing liabilities	47	2,484	2,983
Non-current liabilities		2,484	2,983
Trade and other payables	48	17	20
Current interest-bearing liabilities	49	502	300
Corporate income tax	50	11	2
Current liabilities		530	322
Total liabilities		8,807	7,900

Explanatory notes to the company financial statements

ACCOUNTING PRINCIPLES GOVERNING THE FINANCIAL REPORTING

The company financial statements of Enexis Holding N.V. have been prepared in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code. The accounting principles applied are the same as those applied to the consolidated financial statements in accordance with the provisions of Section 362:8, Title 9, Book 2 of the Dutch Civil Code, in which investments in group companies are recognised based on the equity method of the assets.

The company financial statements of Enexis Holding N.V. consist of the company income statement, the company statement of comprehensive income and the company balance sheet. The notes to the financial summaries included in the company financial statements form an integral part of the company financial statements of Enexis Holding N.V.

Enexis Holding N.V. is a public limited liability company under Dutch law. Approximately 76% of the shares of Enexis are held by five Dutch provinces and approximately 24% of the shares are held by 85 municipalities.

The carrying values of the parties included in the consolidation are determined according to the equity method, which is based on the accounting principles governing the consolidated financial statements. The economic interest is initially valued at cost, whereby the carrying value is increased or decreased after initial recognition in tandem with the share in the results. Dividends received are deducted from the carrying value.

Enexis Holding N.V. uses the euro as its functional currency. Unless stated otherwise, all amounts are in millions of euros. For the accounting principles, please refer to the accounting principles for the financial reporting of the consolidated financial statements.

Notes to the company financial statements

36. SHARE IN RESULTS OF GROUP COMPANIES

€ Million	2022	2021
Enexis Netbeheer B.V.	152	185
Fudura B.V.	1,135	23
Enexis Vastgoed B.V.	0	0
Enexis Personeel B.V.	16	16
Enpuls B.V.	-1	-8
Total	1,302	216

Enexis Personeel B.V. and Enexis Vastgoed B.V. only provide services to the other operating entities within Enexis Groep, consequently a full settlement of costs has taken place.

The results in the above table consist of the result of Fudura B.V. up to the acquisition date and the result of the sale. For more information about the sale, reference is made to chapter 4. Acquisitions and sales and note 20 Assets held for sale in the consolidated financial statements of Enexis Holding N.V.

37. OTHER OPERATING EXPENSES

€ Million	2022	2021
Other operating expenses	0	1
Total	0	1

38. FINANCIAL INCOME AND EXPENSES

Interest income and expenses are allocated to the period to which they relate based on time proportionality, using the effective interest method. Construction period interest is applied to investment projects with estimated durations of more than 12 months.

€ Million	2022	2021
Interest income	36	38
Total financial income	36	38
Other financial expenses	34	44
Total financial expenses	34	44
Totaal, net expenses	2	-6

The decrease in financial expenses is mainly attributable to the repayment of the € 300 million note with an interest rate of 3.375% in January 2022. Financial income rose due to the fact that the proceeds from the sale of Fudura B.V. were invested in money market funds and deposits as of the third quarter of 2022 at a positive interest rate. Finally, Enexis made use of Euro Commercial Paper (ECP) and bilateral cash loans up to the time of the sale of Fudura B.V., on which a positive result was realised in 2022.

39. TAXES

As head of the fiscal unity, Enexis Holding N.V. is liable for the corporate income tax payable by the fiscal unity. The tax on the result for the reporting period comprises payable corporate income tax, deferred corporate income tax, and corrections from previous years. The corporate income tax that Enexis Holding N.V. charges to the group companies in the fiscal unity is offset with these amounts.

Taxes are recognised in the income statement, except insofar as they relate to items recognised directly in equity.

€ Million	2022	2021
Corporate income tax expense	4	10
Total corporate income tax expense	4	10

Corporate income tax over 2022 amounted to € 4 million. Corporate income tax over 2021 amounted to € 10 million. The difference between these two years is mainly attributable to a non-recurring tax expense of € 11 million in 2021, which was the consequence of the adjustment of the highest corporate income tax rate.

The to be paid corporate income tax is settled with the underlying group companies based on realised commercial results taking into account the applicable exemptions and non-deductible amounts. In the event of changes in the composition of the tax group, deferred tax items are settled between Enexis Holding N.V. and the relevant group company or companies.

The effective tax rate for the whole group was 4.5% in 2022 (2021: 28.6%) as set out in note 11. Taxes in the consolidated financial statements. Due to the fact that a substantial share of the corporate income tax was attributed to group companies, the effective tax rate for Enexis Holding N.V. amounted to 0.3 % in 2022 (2021: 3.7%). The effective tax rate for Enexis Holding N.V. was largely influenced in 2022 by the tax-exempt result of the sale of the shares of Fudura B.V.

40. INVESTMENTS IN GROUP COMPANIES

€ Million	2022	2021
Enexis Netbeheer B.V.	4,490	4,431
Fudura B.V.	0	174
Enexis Vastgoed B.V.	14	14
Enexis Personeel B.V.	16	16
Enpuls B.V.	27	28
Total	4,547	4,663

Changes in the investments in group companies were as follows:

€ Million	2022	2021
At 31 January	4,663	4,519
Profit for the year	189	216
Disposed by sale	-196	-
Dividends paid	-109	-72
At 31 December	4,547	4,663

For the specification of the results for 2022, please refer to note 36. Share in results of group companies. In 2022, dividends of in total € 109 million for 2021 were received from Enexis Netbeheer B.V. and Enexis Personeel B.V. No capital was paid-in in 2022 (2021: nil).

The carrying value of the participation Fudura B.V. on the takeover date amounted to € 196 million. This amount included inter-company positions. For more information about the sale, reference is made to note 4. Acquisitions and sales and note 20 Assets held for sale in the consolidated financial statements of Enexis Holding N.V.

For more information about the investments in group companies, please refer to note 53. Associates and joint arrangements.

41. OTHER FINANCIAL FIXED ASSETS

In the consolidated financial statements, expected credit loss from loans and receivables involving consolidated associates are eliminated. This also applies to loans and receivables involving the consolidated associate with regard to the company's financial statements. When valuing the associate according to the changes in equity method, the associate is regarded as a collection of assets and liabilities rather than an indivisible asset. The effect of expected credit loss on loans and receivables involving associates is also eliminated.

€ Million	2022	2021
Loans granted to group companies	2,524	2,531
Loans granted to associates	10	11
Total	2,534	2,542

The conditions as laid down in the current financing arrangements stipulate that no contractual or structural subordination of existing loans in relation to new external financing may occur. In order to avoid 'structural subordination', external financing is contracted by Enexis Holding N.V. The necessary funds for the business operations or investments in the energy grids are lent to Enexis Netbeheer B.V. by Enexis Holding N.V. as a back-to-back loan under the same conditions.

For the relevant conditions, reference is made to note 32. Financing policy and risks associated with financial instruments.

Loans to group companies decrease by € 313 million. This decrease was mainly attributable to the repayment of the € 300 million note, a repayment of € 15 million on a loan to Fudura B.V. and a repayment of € 1 million on a loan to Enexis Vastgoed B.V. Mijnwater Warmte Infra B.V. drew down € 1 million under the current account facility with Enexis Holding N.V. in 2022. At year-end 2022, the loans to Mijnwater Warmte Infra B.V. amounted to € 8 million and were recognised under non-current other financial fixed assets.

The loans to associates pertain to drawdowns by EDSN B.V. under the current-account facility with Enexis Holding N.V. Excess liquidity of € 650 million was transferred to short-term deposits as at 31 December 2022.

The fair value of the loans to group companies (including the current portion) amounted to € 2.005 million at year-end 2022 (2021: € 2.902 million).

Changes in other financial fixed assets, including the current portion, are as follows:

€ Million	Loans granted to group companies	Loans granted to associates	Deposits	Total 2022
At 1 January 2022	2,838	19	100	2,957
New loans	1	6	650	657
Repayments	-316	-8	-100	-424
Amortisation	2	0	0	2
At 31 December 2022	2,525	17	650	3,192
Less: current portion	1	7	650	658
Total non-current portion	2,524	10	0	2,534

42. RECEIVABLES

€ Million	2022	2021
Receivables from group companies	841	154
Interest receivable from group companies	9	19
Other receivables	2	0
Total	852	173

Receivables from group companies mainly concern the current account position created by group financing and the settlement of payable turnover tax and corporate income tax.

The item interest receivable from group companies relates to the interest to be paid by Enexis Netbeheer B.V. and other group companies.

43. OTHER FINANCIAL ASSETS (CURRENT)

€ Million	2022	2021
Loans granted to group companies	1	307
Loans granted to associates	7	8
Short-term deposits	650	100
Total	658	415

The loans granted to group companies relate to the current portion of the loans granted to Enexis Netbeheer B.V., Fudura B.V. and Enexis Vastgoed B.V.

The loans to associates pertain to the current portion of the drawdowns by EDSN B.V. under the current-account facility with Enexis Holding N.V.

Excess liquidity of € 650 million was transferred to short-term deposits as at 31 December 2022.

44. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are recognised at fair value, which is normally the same as the nominal value. The item only includes cash and cash equivalents payable on demand. Cash and cash equivalents not payable on demand are recognised under other current financial assets, depending on the applicable maturities and conditions.

€ Million	2022	2021
Cash at bank and cash balances	37	2
Money market funds	179	105
Total	216	107

45. EQUITY

No statutory reserve has been recognised for the cumulative result from minority interests because this result, insofar as not paid out, was nil. For more information, reference is made to note 21. Equity.

46. DEFERRED TAXES

As Enexis Holding N.V. settles the corporate income tax with group companies based on the commercial result, the deferred tax position is presented at the level of Enexis Holding.

Deferred corporate income tax assets and liabilities are created to reflect temporary differences between the carrying value of assets and liabilities in these financial statements and the value in the corporate income tax return. Deferred taxes are recognised at nominal value. The calculation is based on the tax rates expected to apply when the temporary differences are realised. The tax rates in question are those that apply on the reporting date or that already have been materially decided as at the balance sheet date.

A deferred corporate income tax asset is recognised on the balance sheet if and to the extent that sufficient taxable profits will likely be available. Offsetting deferred tax assets and liabilities only takes place if a formal right to offset exists and the company has the intention to settle the deferred taxes at the same time. The deferred tax liability is mainly of a long-term nature.

The deferred corporate income tax liability is mainly formed due to a lower tax valuation of property, plant and equipment. The differences in valuation originated from the start of the tax obligation (1998), a commercial revaluation (2009), and the tax incentive scheme arbitrary depreciation in 2009, 2010, 2011 and in the second half of 2013. In addition, deferred tax liabilities were recognised for the impact of IFRS 16 (leases).

The deferred tax liability can be broken down as follows:

€ Million	2022	2021
Deferred corporate income tax liabilities related to fixed assets	352	354
Deferred corporate income tax liabilities related to right of use assets	24	27
Deferred corporate income tax asset related to lease liabilities	-24	-27
Total	352	354

47. INTEREST-BEARING LIABILITIES (NON-CURRENT)

Non-current interest-bearing liabilities include borrowings that are available to Enexis for a period longer than one year.

€ Million	2022	2021
Listed notes	1,984	2,481
Convertible hybrid shareholders' loan	500	500
Private green loan	0	2
Total	2,484	2,983

The non-current interest-bearing liabilities can be specified as follows, according to the remaining term and interest rate percentages:

amounts in millions of euros	Interest	Remaining period (years)	2022		2021	
			1-5 years	> 5 years	1-5 years	> 5 years
Convertible hybrid shareholders' loan Tranche A	2.2%	57.9	0	422	0	422
Convertible hybrid shareholders' loan Tranche B	1.4%	57.9	0	78	0	78
Euro Medium-Term Notes (Green bond)	0.4%	10.3	0	492	0	491
Euro Medium-Term Notes (Green bond)	0.6%	9.5	0	498	0	498
Euro Medium Term Notes	0.8%	8.5	0	497	0	497
Euro Medium Term Notes	0.9%	3.3	497	0	496	0
Euro Medium Term Notes	1.5%	0.8	0	0	499	0
Private Green loan	1.7%	0.4	0	0	2	0
Total			497	1,987	997	1,986

The non-current interest-bearing liabilities amount to in total nominal € 2,500 million; deducting the costs to be amortised from these loans results in a residual value of € 2,484 million.

The fair value of the non-current interest-bearing liabilities amounted to approximately € 1,965 million at year-end 2022 (year-end 2021: € 3.040 million).

48. TRADE AND OTHER PAYABLES

€ Million	2022	2021
Interest payable	10	20
Taxes and social security contributions	7	0
Total	17	20

Interest payable relates to the interest due at year-end on the interest-bearing liabilities.

49. INTEREST-BEARING LIABILITIES (CURRENT)

€ Million	2022	2021
Listed notes	500	300
Private green loan	2	0
Total	502	300

Current interest-bearing liabilities include borrowings that are available for a period shorter than one year. The amounts for repayments due within one year are included in the current interest-bearing liabilities (current).

The bond for an amount of € 500 million with an interest rate of 1.5 % will be repaid in October 2023 and is therefore recognised under interest-bearing liabilities (current).

50. CORPORATE INCOME TAX EXPENSE

The item corporate income tax consists of the corporate income tax payable less the amounts paid under provisional tax assessments.

For a further explanation of this item, see notes 11. Taxes and 29. Corporate income tax expense of the consolidated financial statements of Enexis Holding N.V.

€ Million	2022	2021
Corporate Income tax payable	11	2
Total	11	2

51. RELATED PARTY DISCLOSURES

Transactions with related parties are conducted at arm's length prices and conditions. Year-end receivables and payables are usually settled in cash. No guarantees were received or issued in connection with assets and liabilities of related parties. The adjustment for doubtful debts was zero.

Shareholders' loans provided by the shareholders amounted to € 500 million at year-end 2022 (2021: € 500 million). Interest payments on the shareholders' loans amounted to € 10 million in 2022 (2021: € 10 million). Dividend payments to shareholders amounted to € 100 million (2021: € 75 million).

Loans provided to group companies at year-end 2022 amounted to € 2,525 million (2021: € 2,838 million). Loans provided to associates at year-end 2022 amounted to € 17 million (2021: € 19 million).

52. REMUNERATION OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD

REMUNERATION OF THE EXECUTIVE BOARD

For more detailed information, reference is made to note 34. Remuneration of the Executive Board and the Supervisory Board of the consolidated financial statements of Enexis Holding N.V.

REMUNERATION OF THE SUPERVISORY BOARD

For more detailed information, reference is made to note 34. Remuneration of the Executive Board and the Supervisory Board of the consolidated financial statements of Enexis Holding N.V.

53. ASSOCIATES AND JOINT ARRANGEMENTS

ASSOCIATES

The valuation of economic interests that are not included in the consolidation takes place based on the equity method based on the accounting principles governing the valuation and the determination of the result of Enexis Holding N.V. According to this method, the economic interest is initially valued at cost whereby the carrying value is increased or decreased after the initial recognition with the share of Enexis Holding N.V. in the result. Dividends received are deducted from the carrying value.

In the event of a negative net asset value, losses on associates are recognised up to the amount of the net investment in the associate. This net investment also includes loans that have been provided to associates insofar as these loans actually form part of the net investment. A provision is only recognised for the share in further losses in the event and insofar as, based on legal obligations, the debts of the associate are guaranteed.

In the event of a possible impairment of an associate, reference is made to the accounting method as included in the paragraph 'Impairments' in the Accounting principles for financial reporting'.

JOINT ARRANGEMENTS

The financial figures of entities that qualify as joint arrangements are classified as joint ventures or joint operations depending on the statutory and contractual rights and obligations that each investor has stipulated. The existing contractual agreements qualify as joint ventures. Joint ventures are entities in which Enexis, together with one or several other investors, has joint control. These are valued based on the equity method.

Group companies	Registered office	Equity stake held by Enexis Holding N.V.	Equity stake held by Enexis Holding N.V.	Structure of	Joint and several liability statement
		31 December 2022	31 December 2021		
Enexis Netbeheer B.V.	's-Hertogenbosch	100%	100%	Enexis Holding N.V.	No
Enexis Personeel B.V.	's-Hertogenbosch	100%	100%	Enexis Holding N.V.	Yes
Enpuls B.V.	's-Hertogenbosch	100%	100%	Enexis Holding N.V.	Yes
Fudura B.V. ¹	Zwolle	0%	100%	Enexis Holding N.V.	No
Enexis Vastgoed B.V.	's-Hertogenbosch	100%	100%	Enexis Holding N.V.	Yes
Enpuls Projecten B.V.	's-Hertogenbosch	100%	100%	Enpuls B.V.	No
Mijnwater Warmte Infra B.V.	Heerlen	100%	100%	Enpuls Projecten B.V.	No
Other associates and joint ventures (non- controlling interests)					
ZEBRA Gasnetwerk B.V. ²	Bergen op Zoom	67%	67%	Enexis Netbeheer B.V.	No
Energie Data Services Nederland B.V.	Baarn	23%	23%	Enexis Netbeheer B.V.	No

¹ Enexis Holding N.V. has lost control over Fudura B.V. as a result of selling all shares in Fudura B.V.

² Associate is not included in the consolidation because there is no significant influence (decisions are taken with a majority of 75%). ZEBRA Gasnetwerk B.V. concerns a joint venture with a bookvalue of nil at 31 December 2022. The entity ZEBRA Gasnetwerk B.V. will be liquidated in 2023.

54. PROFIT APPROPRIATION

In accordance with the articles of association the profit, insofar as it is not reserved, is at the disposal of the General Meeting of Shareholders (Article 36.2). In addition to these statutory provisions, it has been agreed with the shareholders that the dividend payable over the financial year 2022 shall not exceed 50% of the profit from ordinary business operations, while aiming to distribute a minimum dividend of € 100 million. This percentage shall be reduced if the dividend payment places the company at risk of losing its A rating profile within five years.

The proposed dividend payment for 2022 is based on 50% of the profit from ordinary business operations (excluding the result of the sale of Fudura B.V. of € 1,113 million). The proposed dividend payment on the result of the sale of Fudura B.V. amounts to € 100 million. The proposed dividend payment will be paid out to the shareholders as an exact amount in proportion to the number of shares. The proposed dividend distribution for 2022 amounts € 1.29 per share (2021: € 0.66 per share). The proposed dividend payment amounts to € 193 million; and, as a result, the provision to be credit to the general reserve amounts to € 1,107 million. This profit appropriation proposal has not been taken into account in the balance sheet as at 31 December 2022.

The proposal for the appropriation of the 2022 result is as follows:

€ Million	2022	2021
Profit for the year	1,300	199
Allocation to the general reserve	-1,107	-100
Proposed dividend	193	99

55. EVENTS AFTER THE BALANCE SHEET DATE

There are no events after the balance sheet date that have an impact on these financial statements.

Independent auditor's report

The following is an English translation of the combined independent auditor's report on the financial statements and assurance-report on the sustainability information issued 27 February 2023.

COMBINED INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS AND ASSURANCE-REPORT ON THE SUSTAINABILITY INFORMATION

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2022 AND SUSTAINABILITY INFORMATION INCLUDED IN THE ANNUAL REPORT

OUR OPINION ON THE FINANCIAL STATEMENTS

We have audited the financial statements for the financial year ended 31 December 2022 of Enexis Holding N.V. based in 's-Hertogenbosch (hereinafter 'Enexis' or 'the company'). The financial statements comprise the consolidated and company financial statements.

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Enexis Holding N.V. as at 31 December 2022 and of its result and its cash flows for 2022 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code
- the accompanying company financial statements give a true and fair view of the financial position of Enexis Holding N.V. as at 31 December 2022 and of its result for 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2022
- the following statements for 2022: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows
- the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2022
- the company income statement for 2022
- the notes comprising a summary of the accounting policies and other explanatory information.

Our conclusion on the sustainability information

We have reviewed the sustainability information in the annual report for the year 2022 of Enexis. A review is aimed at obtaining a limited level of assurance.

Based on our review procedures performed nothing has come to our attention that causes us to believe that the sustainability information does not present, in all material respects, a reliable and adequate view of:

- The policy and business operations with regard to corporate social responsibility
- The thereto related events and achievements for the year 2022

in accordance with the reporting criteria as included in the section 'Reporting criteria sustainability information'.

Sustainability information is included in the following sections of the annual report:

- Foreword by the executive board
- 2022 in figures
- We are Enexis, with exception of the section 'Our contribution to the Sustainable Development Goals'
- Focus on facilitating the energy transformation
- Working safely and strengthening each other
- Working on a sustainable impact
- About this report
- Facts and figures

Basis for our opinion on the financial statement and our conclusion on the sustainability information

We conducted our audit on the financial statements and the sustainability information in accordance with Dutch law, including the Dutch Standards on Auditing and Dutch Standard 3810N, “Assurance-opdrachten inzake maatschappelijke verslagen” (Assurance engagements relating to sustainability reports), which is a specific Dutch Standard that is based on the International Standard on Assurance Engagements (ISAE) 3000, “Assurance Engagements other than Audits or Reviews of Historical Financial Information”. *Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements and the review of the sustainability information section of our report.*

We are independent of Enexis in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the “Wet toezicht accountantsorganisaties” (Wta, Audit firms supervision act), 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. This includes not undertaking any activities that may conflict with our independent assurance engagements. Furthermore we have complied with the “Verordening gedrags- en beroepsregels accountants” (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements and our conclusion on the sustainability information.

Reporting criteria sustainability information

The reporting criteria used for the preparation of the sustainability information are the Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards) and the applied supplemental reporting criteria as disclosed in section ‘About this report’ of the annual report.

The sustainability information is prepared in accordance with the GRI Standards. The GRI Standards used are listed in the GRI Content Index as disclosed in section ‘GRI-Index’.

The absence of an established practice on which to draw, to evaluate and measure sustainability information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Consequently, the sustainability information needs to be read and understood together with the reporting criteria used.

Limitations to the scope of our review

The sustainability information includes prospective information such as ambitions, strategy, plans, expectations and estimates. Inherent to this prospective information the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the sustainability information.

In the section ‘working safely and strengthening each other’, the calculations of the non-financial impact in euros (hereinafter: the non-financial impact) are often performed using sources from external parties and on the basis of various assumptions. The assumptions and sources used are explained in the document ‘Accountability Document Impact Analysis Enexis Holding N.V.’ (hereinafter: the methodology of the non-financial impact) as available on the Enexis website.

The references to external sources or websites in the sustainability information are not part of the sustainability information as reviewed by us. We therefore do not provide assurance on this information.

Our conclusion is not modified in respect of these matters.

INFORMATION IN SUPPORT OF OUR OPINION ON THE FINANCIAL STATEMENTS

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

Enexis Holding N.V. is the parent company of a group of companies, including Enexis Netbeheer B.V., which manages the electricity and gas grid in the provinces of Groningen, Drenthe, Overijssel, Noord-Brabant and Limburg. Enexis is responsible for the construction, maintenance, management and development of these distribution grids and related activities. These are the legal tasks for a grid operator which are supervised by the Authority for Consumer and Markets (“ACM”). Enexis’ revenues are generated almost exclusively from the performance of these legal tasks. Enexis has an important role in the energy transition.

Based on the group's activities and our risk analysis we paid special attention in our audit to a number of topics. For this we refer to our key audit matters.

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	€71 million (2021: € 70 million)
Benchmark applied	0.75% of the total assets adjusted for the incidental result on the sale of Fudura B.V. (hereinafter Fudura) in 2022
Explanation	We have used total assets as the basis, because of the typology of Enexis and the regulatory model in which fees and operating cash flows mostly depend on the asset base. We consider that for this reason total assets are an important key figure for users of the financial statements. In 2022, we have deducted from this benchmark the deposits and money market funds purchased with the incidental result on the sale of Fudura as this transaction has no relationship with Enexis' operating cash flows and regulated activities in 2022.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of €3,25 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds

Scope of the group audit

Enexis is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit mainly focused on significant group entity Enexis Netbeheer B.V. We have performed analytical procedures at group level on the financial information of the other group entities, among other things, to confirm our assessment that these components do not contain any significant risks of material errors.

In total these procedures represent 97% of the group's total assets and 92% of gross revenues.

By performing the procedures mentioned above at components of the group, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

Teaming, use of specialists

We ensured that the audit team included the appropriate skills and competences which are needed for the audit of grid operator. We included specialists in the areas of IT audit, sustainability, and income tax.

Our focus on climate-related risks and the energy transition

Climate change and the energy transition determine to a significant extent the public agenda. Issues such as CO2 reduction impact financial reporting, as these issues entail risks for the business operation, the valuation of assets and provisions or the sustainability of the business model and access to financial markets of companies with a larger CO2 footprint.

The board of directors summarized Enexis' energy transition commitments and obligations, and reported in the section 'We are Enexis' of the management report how the company is addressing climate-related and environmental risks.

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the effects of the energy transition and the company's commitments and (constructive) obligations, are taken into account in estimates and significant assumptions as well as in the design of relevant internal control measures. Furthermore, we read the management report and considered whether there is any material inconsistency between the non-financial information and the financial statements in sections: We are Enexis, focusing on facilitating the energy transition, working safely and strengthening each other, working on a sustainable impact, remaining financially sound, governance and risk management and other information

The impact of the energy transition is mainly reflected in the increase of the level of investment in the electricity grid. Furthermore, the impact of the energy transition in 2022 has been important for the assumptions regarding depreciation of the gas grid. We refer to our key audit matter 'Change in estimate: Diminishing balance depreciation method gas assets.'

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes. We refer to section 'risk management' for management's (fraud) risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as, the code of conduct and the compliance protocol for employees, whistle blower policy and incident registration. We also took note of the policy to prevent corruption or bribery of employees, the process of consultation and monitoring of suppliers and any measures imposed, as described in the management report under 'Working safely and strengthening each other' and in the additional information to the annual report under 'Corporate social responsibility - chain responsibility and human rights'.

We evaluated the design and the implementation of internal controls designed to mitigate fraud risks. Specifically with regard to procurement and tendering, we performed the following procedures:

- We obtained an understanding on the internal controls relating to the tendering process;
- We examined the internal reports, including the control self-assessment and the realised results of European tendering;
- We have performed file audits to determine that procurement took place in accordance with the applicable tendering laws and regulations;
- We obtained understanding in payments and cash receipts of countries with a higher risk of corruption.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

As in all of our audits, we addressed the risks related to management override of controls. For these risks we have performed procedures among others to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed under "Estimates and assumptions" (part of paragraph 2.5) in the financial statements. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties. These risks did however not require significant auditor's attention.

We did not identify a risk of fraud in revenue recognition.

We considered available information and made enquiries of relevant members of the executive board, internal audit, legal affairs, the compliance department and the supervisory board.

The fraud risks we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations

We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the board of directors, reading minutes, inspection of internal audit and compliance reports and performing substantive tests of details of classes of transactions, account balances or disclosures.

We made inquiries with the in-house legal department, inspected correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern

As disclosed in section 'Accounting principles governing the financial reporting' in the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, the board of directors made a specific assessment of the company's ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with the board of directors exercising professional judgment and maintaining professional scepticism. We considered whether the board of directors' going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify material uncertainties about going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

We no longer consider the key audit matter '*Risk that investments in tangible fixed assets do not meet the criteria for capitalization in accordance with IFRS*' from our audit in the previous financial year as a key audit matter for this audit. This is due to a downward revision of the impact and likelihood of the risk.

The key audit matter '*The impact of the energy transition on the valuation of the gas grid*' of our audit of the previous financial year was changed to the key audit matter '*Change in estimate: Diminishing balance depreciation method gas assets*' as a result of the method decision 'regionaal netbeheer gas' 2022 - 2026 that proposes the implementation of a degressive depreciation methodology. The aim of this change is to better align the description of this key audit matter with the amended reporting on this matter.

Finally, we identified the '*Accounting sale of Fudura*' as a key audit matter this year. This is because of the size and incidental nature of this transaction.

Change in estimate: Diminishing balance depreciation method gas assets

Description	<p>For their gas assets Enexis has as from 2022 changed her depreciation method from straight-line to a diminishing balance depreciation method. The carrying amount of the gas assets in the financial statements of Enexis is €2,847 million as per balance sheet date, equivalent to 27% of the balance sheet total and is therefore material for the audit of the financial statements.</p> <p>Under IFRS, the depreciation method used must reflect the pattern in which the asset's future economic benefits are expected to be consumed by the company. As the company expects that until 2050 the energy transition will lead to a decrease in the consumption and number of users of the gas assets, Enexis is applying a diminishing balance depreciation method as of the financial year 2022. As a result of this change in estimate, depreciation expenses are €26 million higher in 2022 compared to if the straight-line depreciation method had been continued.</p> <p>The estimation of the expected utilization pattern of the gas assets and the calculation methodology used in the diminishing balance depreciation method are subject to assumptions. We therefore recognize the correct implementation of the diminishing balance depreciation method gas assets as a key audit matter.</p> <p>The effects of the change in estimate of the diminishing balance depreciation method of the gas assets are explained in section 2.3 of the notes to the consolidated financial statements. The impact of this change in depreciation compared to total depreciation expenses are explained in note 5 to the consolidated financial statements.</p>
Our audit approach	<p>We performed the following audit procedures, among others, tailored to address this key audit matter:</p> <ul style="list-style-type: none"> • Take note of the analysis of Enexis regarding the future consumption pattern of the gas assets up to and including 2050, specifically: <ul style="list-style-type: none"> - assess whether the parameter chosen by the board of directors to reflect consumption, that is the number of gas connections, is appropriate; - take note of the Climate Agreement and sector reports such as the Integral Infrastructure Orientation 2030-2050 prepared by TenneT, GasUnie and the other regional grid operators; - performing a retrospective analysis to assess the plausibility of the board of directors' estimates of the expected consumption pattern; - verifying the mathematical correctness of the expected consumption pattern of gas assets. • verifying that significant assumptions, including the extent of accelerated depreciation and to which lower level, are appropriate in the context of the future consumption pattern of gas assets. • evaluating the presentation and disclosures in the financial statements in respect of the change in estimate diminishing balance depreciation method for gas assets.
Key observations	<p>Based on the materiality described above and the work performed by us described above, we agree with the change in estimate accounted for by the board of directors.</p>

Accounting sale of Fudura

Description Enexis sold its 100% interest in Fudura to Lion Bidco B.V. on 3 May 2022. The European Commission approved this transaction on 3 August 2022, whereby Enexis transferred its power of control in Fudura to the buyer.

The sale of Fudura has a sales proceeds of € 1.326 million and a sales result of € 1.113 million. Given the size of the transaction together with its incidental nature, we recognize this transaction as a key audit matter. The sale of Fudura is explained in paragraph 4 of the notes to the consolidated financial statements and notes 20 and 30 of the consolidated financial statements and note 36 of the separate financial statements.

Our audit approach We have performed among other things the following audit procedures, specifically aimed at this key audit matter:

- taking note of the "signing protocol" between Enexis and the buyer, the sale agreement, the approval of the European Commission and the deed of transfer of shares from Fudura;
- verifying the timing of the transfer of power of control;
- auditing for the correct accounting of the sale in the financial statements in accordance with EU-IFRS, including the correct determination of the sale price, the carrying amount at the time of transfer of power control, the sales result and the cash flows associated with this transaction;
- auditing the presentation and disclosures in the financial statements in respect of the sales transaction and the obligations arising as a result of the transaction.

Key observations We can agree with Enexis' accounting treatment and disclosures regarding the accounting for the sale of Fudura in accordance with EU-IFRS.

INFORMATION IN SUPPORT OF OUR CONCLUSION ON THE SUSTAINABILITY INFORMATION

We designed our review procedures in the context of the sustainability information as a whole and in forming our conclusion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate conclusion on these matters.

Our understanding of the business

As a starting point for our review, we perform an environmental analysis and obtain insight into the relevant social themes and issues and the characteristics of Enexis. As a regional grid operator, the energy transition and the preparation of the infrastructure for more sustainable energy, Enexis is faced with a number of challenges. We paid particular attention in our review to a number of topics based on Enexis' activities and our risk analysis. We refer for more information to the key review matters of our review.

After determining materiality and identifying and assessing the risks that sustainability information may be materially misstated due to fraud or error, we determine review procedures in response to these risks to obtain evidence that is sufficient and appropriate as a basis for our conclusion. In fraud, the risk that sustainability information is misleading, unbalanced or that material misstatement is not detected is higher than in error.

Materiality

Based on our professional judgement we determined materiality levels for each relevant part of the sustainability information and for the sustainability information as a whole. When evaluating our materiality levels, we have taken into account quantitative and qualitative considerations as well as the relevance of information for both stakeholders and the company.

We agreed with the supervisory board that misstatements which are identified during the review and which in our view must be reported on quantitative or qualitative grounds, would be reported to them.

Key review matters

Key review matters are those matters that, in our professional judgement, were of most significance in our review of the sustainability information. We have communicated the key review matters to the supervisory board. The key review matters are not a comprehensive reflection of all matters discussed.

The impact of the energy transition on the disclosures in the annual report

Risk In conducting our review, we identify the risk that disclosures in the annual report do not fully reflect the impact of the energy transition on Enexis. We also identify the risk that estimates, and assumptions do not properly take into account the uncertainties in future developments and relevant current information, and its consequences for the financial position of the grid operator.

The disclosure with respect to the impact of the energy transition is disclosed in the annual report in the paragraphs 'We are Enexis', 'Focusing on facilitating the energy transition' and 'working on a sustainable impact'.

Because of the comprehensive impact of the energy transition on the operations and financial position of Enexis, and the relevance of this matter for its stakeholders, we identify it as a key matter in our review of the sustainability information.

Our audit approach We performed the following review procedures, among others, tailored to address this risk:

- Interviewing members of the board of directors regarding the impact of the energy transition on the business operations;
- Obtaining an understanding of the reporting processes relevant for the disclosures in the annual report;
- Evaluating whether the communications published on the website of Enexis with respect to the impact of the energy transition are consistent with the disclosures in its annual report;
- Reviewing whether the wordings with respect to the energy transition in the annual report are consistent with each other;
- Performing substantive procedures on the disclosures in the annual report with respect to future investments needed for the energy transition;
- Evaluating whether relevant current information is disclosed in the annual report;
- Take note of the updated long-term financial forecast, which includes the effects of the new Method Decision electricity and gas;
- Reviewing the sustainability information in the annual report with respect to environment and climate, including the CO2 footprint.

Key observations We have no reason not to assume that the impact of the energy transition on Enexis has not been properly disclosed in the annual report.

Reporting non-financial impact in euro's

Risk Stakeholders' expectations about accounting for the impact of an organization's business operations on society continue to grow. Non-financial information takes a more important role in this. Expressing the non-financial information impact in euro's enables stakeholders to better compare organizations. Enexis discloses in its annual report a few impact key performance indicators.

In calculating the non-financial impact as disclosed in paragraph 'impact measurement' Enexis uses a methodology. This methodology uses information from external parties and various internal assumptions, which are explained in more detail in the methodology of the non-financial impact.

Because of the impact of estimates and assumptions in the calculation, the importance of having a complete set of reporting criteria, and the increased interest of stakeholders in reported impact we consider the reported impact key performance indicators as a key review matter.

Our audit approach We performed the following review procedures, among others, tailored to address this risk:

- Evaluating the appropriateness of the reporting criteria as applied in the calculation of the impact key performance indicators and their consistent application;
- Obtaining an understanding of the reporting processes that are relevant for the calculation of the impact, including the internal controls, without obtaining assurance information on the implementation or effective operation of these internal control;
- Reviewing the disclosures for the impact related reporting criteria in the annual report;
- Reviewing whether the information from external parties that has been used in the calculation of the impact key performance indicators, is appropriate and reasonable;
- Executing substantive procedures on the input parameters for the impact calculation;
- Evaluating whether the estimates and assumptions in the impact calculation, which have been disclosed as part of the non-financial impact methodology, are reasonable.

Key observations We have no reason to assume that the non-financial impact in Euro as included in the annual report of Enexis is not in accordance with the relevant reporting criteria.

REPORT ON OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The annual report contains other information in addition to the financial statements and our combined auditor's report and assurance-report thereon.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Engagement

We were engaged by the supervisory board as auditor of Enexis Holding N.V. on 18 November 2020, as of the audit for the year 2021 and have operated as statutory auditor ever since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS AND SUSTAINABILITY INFORMATION

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE SUPERVISORY BOARD FOR THE FINANCIAL STATEMENTS AND SUSTAINABILITY INFORMATION

The board of directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code and for the preparation of reliable and adequate sustainability information in accordance with the reporting criteria as included in the section 'Reporting criteria sustainability information', including the identification of stakeholders and the definition of material matters. The management board is also responsible for selecting and applying the reporting criteria and for determining that these reporting criteria are suitable for the legitimate information needs of stakeholders, taking into account applicable law and regulations related to reporting. The choices made by the management board regarding the scope of the sustainability information and the reporting policy are summarised in the chapter 'About this report' of the annual report.

Furthermore, the board of directors is responsible for such internal control as the board of directors determines is necessary to enable the preparation of the financial statements and the sustainability information that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board of directors should prepare the financial statements using the going concern basis of accounting unless the board of directors either intends to liquidate the company or to cease operations or has no realistic alternative but to do so. The board of directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial and sustainability reporting process.

OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS AND THE REVIEW OF THE SUSTAINABILITY INFORMATION

Our objective is to plan and perform the audit engagement and review engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion and conclusion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Our responsibility is to plan and perform the review engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion. Procedures performed to obtain a limited level of assurance are aimed to determine the plausibility of information and vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in review is therefore substantially less than the assurance obtained in an audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements or sustainability information. The materiality affects the nature, timing and extent of our audit procedures, review procedures and the evaluation of the effect of identified misstatements on our opinion.

For our review of the sustainability information, we apply the 'Nadere voorschriften kwaliteitssystemen' (NVKS, Regulations for quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

We have exercised professional judgment and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The 'Information in support of our opinion to the financial statements' section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures;
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The 'Information in support of our conclusion on the sustainability information' section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our review included among others:

- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the sustainability information. This includes the evaluation of the results of the stakeholders' dialogue and the reasonableness of estimates made by the board of directors;
- Obtaining through inquiries a general understanding of internal control, reporting processes and information systems relevant to the preparation of the sustainability information, without obtaining evidence about implementation or testing the operating effectiveness of controls;
- Identifying areas of the sustainability information with a higher risk of misleading or unbalanced information or material misstatements, whether due to error or fraud. Designing and performing further assurance procedures aimed at determining the plausibility of the sustainability information responsive to this risk analysis. These procedures consisted amongst others of:
 - Interviewing management and/or relevant staff at corporate and business level responsible for the sustainability strategy, policy and results;
 - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the sustainability information;
 - Determining the nature and extent of the review procedures for the group components and locations. For this, the nature, extent and/or risk profile of these components are decisive;
 - Obtaining assurance evidence that the sustainability information reconciles with underlying records of the company;
 - Reviewing, on a limited test basis, relevant internal and external documentation
 - Performing an analytical review of the data and trends;
- Reconciling the relevant financial information with the financial statements;
- Evaluating the consistency of the sustainability information with the information in the annual report which is not included in the scope of our review;
- Evaluating the overall presentation, structure and content of the sustainability information;
- Considering whether the sustainability information as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

Communication

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and review and significant audit and review findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee of the supervisory board in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion and assurance report in this combined auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with the supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements and our review of the sustainability information. We describe these matters in our combined auditor's report and assurance report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Eindhoven, 27 February 2023

Ernst & Young Accountants LLP

P.A.E. Dirks

Other information



IN THIS SECTION

- About this report
- Profit appropriation according to the articles of association
- Facts and figures
- Benchmarks
- GRI index
- EU: disclosure of non-financial information
- Glossary
- Colophon

About this report

SCOPE

The scope of the report is Enexis Holding N.V., registered at 's Hertogenbosch. This also includes the activities of Enexis Netbeheer B.V., Enexis Personeel B.V., Enexis Vastgoed B.V. and Enpuls B.V. The activities of other associates are not included in the scope. The statutory board report is included on pages 34 through 97. The reporting period runs from 01 January 2022 up to and including 31 December 2022. Enexis reports semi-annually on its strategic and financial performance. The annual report is published in the first quarter of each year on the website www.enexisgroep.com; this year on 28 February 2022. The report for 2021 was published on 10 March 2022.

INTEGRATED REPORT

This is an integrated annual report incorporating financial, operational and corporate social responsibility (CSR) information.

- The financial information is consolidated. The financial report was prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted within the European Union, and the provisions of Title 9, Book 2 of the Dutch Civil Code.
- The non-financial information is consolidated. In general, Enexis aims to integrate non-financial information of new acquisitions as soon as possible and no later than after a full year of ownership, as stated in our Reporting Manual.
- The non-financial information was compiled in accordance with the Sustainability Reporting Standards (update 2021) of the Global Reporting Initiative (GRI).

TRANSPARENCY

Just as our stakeholders, we consider transparency very important. Our ambition is to secure a permanent position among the leaders in the Transparency Benchmark of the Ministry of Economic Affairs and Climate Policy. This report complies with the:

- Sustainability Reporting Standards of the GRI, update 2021, application level 'in accordance with';
- Internally applied reporting criteria, in accordance with our Reporting Manual;
- Transparency Benchmark Guidelines;
- Dutch Corporate Governance Code insofar as applicable;
- The Law on Entry Quotas and Target Figures [[Wet ingroeiquotum en streefcijfers](#)] ([The Dutch Social Economic Council](#));
- EU Directive on disclosure of non-financial information and diversity information;
- EU Taxonomy; a European classification for sustainable activities;
- Impact Measurement Manual Infra Organisations (November 2022);
- Accountability Document Impact Analysis Enexis Holding N.V. (2022).

DIALOGUE WITH STAKEHOLDERS

Our stakeholder classification has been revised based on an internal assessment, analysis of the stakeholder classification of other infrastructure companies, and the interests of stakeholders and/or Enexis. Enexis distinguishes in total eight groups of stakeholders. These are groups that we are regularly in contact with. In the dialogue with our stakeholders, in addition to current topics, we also address wider societal developments in the long term, such as the Sustainable Development Goals and our contributions to these goals. As this is directly related to our daily work, the dialogue focused mainly on affordable and renewable energy (SDG 7) and industry, innovation, and infrastructure (SDG 9). Due to our new strategic focus, as a result of which we have scaled down our activities in Enpuls and sold Fudura, sustainable cities and communities (SDG 11) is no longer a priority.

The stakeholder overview provides a general impression of how the dialogue with stakeholders is conducted, but it is not an exhaustive summary. The most important discussion items are formulated according to material topics. The Executive Board discussed the new strategy extensively with employees and shareholders in 2022.



COLLABORATIONS

We realise that collaboration is required to realise the energy transition. As a grid operator, we believe we have a role to play in bringing parties together. In 2022, we met with representatives of provincial councils, the industry and universities in order to collaborate on devising innovative, scalable solutions that work for all parties. We are also combining forces within the sector to increase our social impact. Enexis is a member of organisations such as Netbeheer Nederland, MVO (CSR) Nederland, Dutch Power, Nederlandse Vereniging Duurzame Energie (Dutch Association for Sustainable Energy), EDSO for smart grids, KVGN, the Coalitie Groene Netten (Coalition for Green Grids) and GD4S (Gas Distributors for Sustainability).

Stakeholder group	Our stakeholders	Most important stakeholder dialogue items ¹	Interaction with Enexis via:
Customers	Low-volume customers (consumers and SMEs), high-volume customers (corporates)	Customer-oriented services, reliability and accessibility of the energy grid, safe energy grid, sustainable energy supply, affordable energy supply	Periodic customer satisfaction surveys, customer service, account managers
Employees	Works Council, Business Unit committees, trade unions	Safe and healthy working environment, employment and skilled employees, efficient business operations, employment conditions, strategy	Internal media, work consultations, consultations between the Works Council and the Executive Board (around 8 times a year), consultations between Business Unit Committees and directors/managers of the business units concerned
Shareholders	Provinces and municipalities in the role of shareholders	Sustainable energy supply, financially sound, sustainable organisation	Annual General Meeting of Shareholders, Shareholders' Committee that meets with the Executive Board 3 to 4 times a year, strategic dialogue
Energy market parties	Energy suppliers, Independent Service Providers (ODAs), start-ups	Reliable and accessible energy grid, efficient market facilitation, information security, influencing policy	Periodic consultations within the MFFBAS (Market Facilitation Forum), via account managers
Investors	Bond investors, banks, rating agencies	Financial value	Investor presentations, annual report
Chain partners	Contractors, suppliers, infrastructure companies, technology companies	Reliability and accessibility of the energy grid, safe energy grid, sustainable energy supply, affordable energy supply, customer-oriented services, information security	Periodic Cables and Pipelines consultation
Policy makers	Political parties, the Dutch Ministry of Economic Affairs and Climate Policy, the Netherlands Authority for Consumers and Markets (ACM), State Supervision of the Mines (SODM), the Dutch Data Protection Authority, Uneto-VNI and KVGN	Reliability and accessibility of the energy grid, safe energy grid, sustainable energy supply, affordable energy supply, customer-oriented services, information security	Consultations, Public Affairs, periodic consultation with supervisors
Local energy transition partners	Municipalities, energy cooperatives, water boards, project developers, housing associations	Reliable and accessible energy grid, sustainable energy supply, effective market facilitation	Regional teams, stakeholder managers, regional scouts, FD Energy debate

¹ This concerns our own interpretation of what has come to the fore in various stakeholder dialogues.

DETERMINING THE MATERIALITY

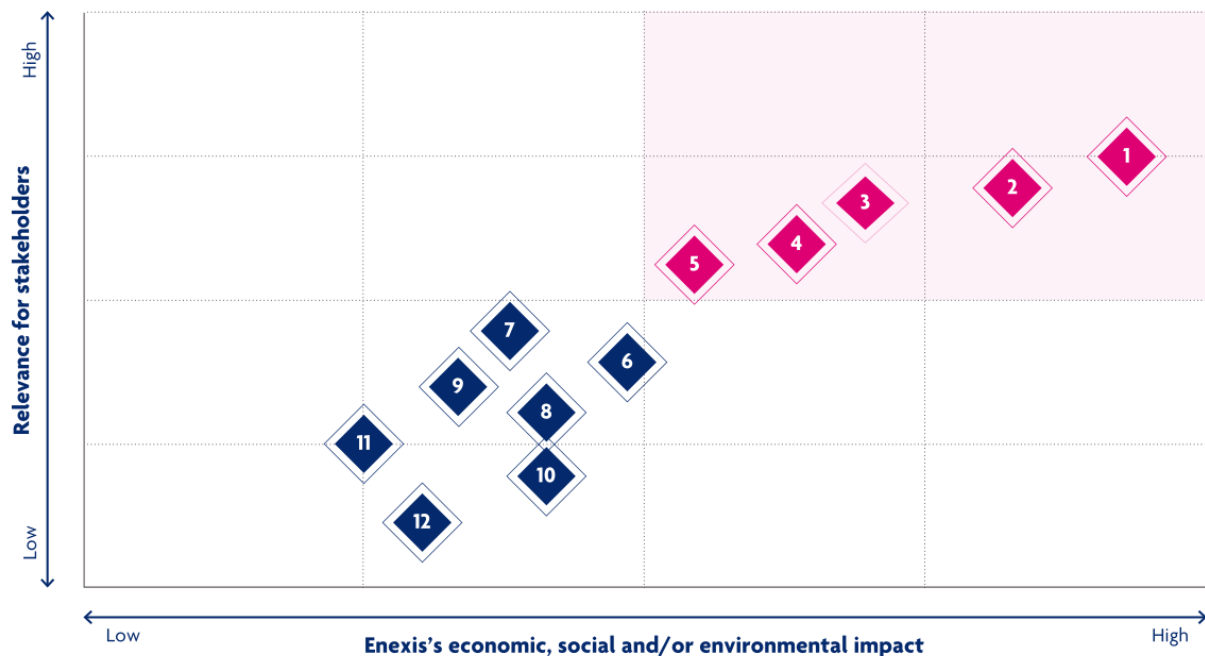
In our annual report, we account for our performance on topics that are relevant to internal and external stakeholders and on which Enexis has a large economic, environmental and/or social impact. We refer to these topics as 'material topics'.

The materiality matrix was revised in 2021 prior to the formulation of the new strategic plan. A stable top 5 of material topics came to the fore in the analysis. These topics are closely related to Enexis' s core tasks. The top 5 topics, which have remained unchanged since 2018, have been qualified as highly material by the Executive Board. These topics contribute to determining the focus in corporate planning, reporting and communication.

The strategic plan was adopted by the General Meeting of Shareholders in April 2022 and thus also the stakeholder classification, the scope and definitions of the material topics and the ranking, as in the analysis of 2021, that were explicitly mentioned in the strategic plan. We will carry out an extensive stakeholder dialogue in 2023, followed by a detailed materiality analysis, with attention for the double materiality principle.

Double materiality works two ways. On the one hand, it is about Enexis's possible positive and negative (material) impact on the environment and society: the inside-out perspective. On the other hand, double materiality is about the material effect of sustainability-related risks and opportunities for Enexis (of a financial nature): the outside-in perspective. The inside-out perspective is considered important in particular for society, consumers and (potential) employees. The outside-in perspective was mainly important for investors at first; however, more and more stakeholders are interested in the way in which Enexis deals with sustainability risks and opportunities.

In the annual report, we report extensively on the top 12 material topics. We show the connectivity between the topics, strategic risks and opportunities, formulate targets and results for 2022, and we show our contribution to the SDGs in the table on page 19. Although CO₂ emissions and the circularity of our business operations are not included in the top 12 material topics, we still report on this in the 'Increasing the sustainability of our organisation' section. Corporate social responsibility is an important aspect for Enexis Groep.



- | | | |
|--|---|--------------------------------|
| 1 RELIABLE AND ACCESSIBLE ENERGY GRID | 6 EFFECTIVE MARKET FACILITATION | 10 INFLUENCING POLICY |
| 2 SAFE ENERGY GRID | 7 SAFE AND HEALTHY WORKING ENVIRONMENT | 11 FINANCIALLY SOUND |
| 3 SUSTAINABLE ENERGY SUPPLY | 8 EMPLOYMENT AND SKILLED EMPLOYEES | 12 INFORMATION SECURITY |
| 4 AFFORDABLE ENERGY SUPPLY | 9 EFFICIENT BUSINESS OPERATIONS | |
| 5 CUSTOMER-ORIENTED SERVICES | | |

DEFINITIONS OF MATERIAL TOPICS

Reliable and accessible energy supply

The degree in which the energy grid is installed and managed at acceptable costs for society.

Safe energy grid

The degree in which customers can rest assured that the energy infrastructure is safe.

Sustainable energy supply

The degree in which investments are made in the energy infrastructure to realise the energy transition.

Affordable energy supply

The degree in which the energy grid is installed and managed at acceptable costs for society.

Customer-oriented services

The degree in which the customer's needs and satisfaction form the point of departure for the service level and clear communication in the customer processes. This also comprises the environment management in the event of infrastructural and other projects that effect individuals and companies.

Effective market facilitation

The degree in which market facilitation processes are carried out timely and flawlessly (available energy data) for a well-functioning energy market.

Safe and healthy working environment

The degree in which employees work in safe labour conditions. This also includes attention and care for the well-being and vitality of employees.

Employment and skilled employees

The degree in which employment is provided (also indirectly at suppliers and contractors) and in which we invest in the skills and personal development of employees.

Influencing policy

The degree in which knowledge, expertise and vision are contributed to arrive at endorsed and feasible plans and suitable laws and regulations for the realisation of the energy transition.

Efficient business operations

The degree in which business operations are organised cost-efficiently (for example, by means of digitalisation and active collaboration with chain partners and market parties).

Financially sound

The degree in which investments can be financed from a short- and a long-term perspective.

Information security

The degree in which data transmission, data storage, systems, and privacy-sensitive information is safeguarded by means of data security, privacy and cyber security.

MANAGEMENT OF MATERIAL ISSUES

The management directs the company based on various aspects of social entrepreneurship, as part of the strategy card. These aspects include promoting health and safety at work, ensuring a reliable and safe energy supply, reducing energy consumption and CO₂ emissions, contributing to the energy transition, and controlling costs. As part of the strategy card, these aspects also fall within the scope of audits and are reported to the Supervisory Board.

Enexis applies an integrated management system, comprising the management of both financial and non-financial issues. This is described in the 'Governance and risk management' section. Within the annual business planning cycle, strategic goals are translated into concrete objectives for the coming year. These annual objectives (2023) and long-term objectives (2026) are then incorporated in the business plan and the strategy card. Progress is reported monthly to the Executive Board and also discussed in the Supervisory Board. A formal risk management process, internal audit function and compliance function are in place to ensure the timely identification and recognition of strategic risks. The Netherlands Authority for Consumers & Markets (ACM) and the Dutch State Supervision of Mines (SodM) oversee our core activities.

The 'Increasing the sustainability of our organisation' section contains an explanation of the manner in which the topic sustainability is substantiated. In addition, a clarification of the management approach for each CSR topic, based on ISO 26000, can be found in the CSR principles on the Enexis website.

MEASURING METHODS AND DATA COLLECTION

Where possible, Enexis derived the quantitative information in this report from its own systems. Internal control measures are applicable to these systems. Corporate Control & Reporting of the Finance & Control Department is responsible – with the involvement of Business Control – for the collection and substantiation of the non-financial data. The GRI Index is included in the 'Additional Information' section.

The qualitative information was supplied and substantiated by the staff members in the organisation responsible for the various topics. The reported data was generated with the highest level of reliability; however, we are aware that some of the information could contain uncertainties that are inherent in the limitations of measuring methods and data collection. The composition of the data collected for the material topics is outlined below:

RELIABLE AND ACCESSIBLE ENERGY GRID

Reports on the outage time for electricity and gas, transmitted volumes and section lengths.

SAFE ENERGY GRID

Reports on State of Supervision of Mines (SSM) notifications, measurement of public safety electricity and gas, WAVE integrated permit management system reports. Reports of any data leaks, reports of any fines imposed by supervisors.

SUSTAINABLE ENERGY SUPPLY

Report on installed renewable capacity, upgraded electricity connections, removed gas connections and green gas feeding in.

AFFORDABLE ENERGY SUPPLY

Overview of controllable costs and revenues of Enexis Netbeheer B.V. (including corporate staff departments).

CUSTOMER-ORIENTED SERVICES

Reports from the GfK market research institute, reports from Perspective and Avaya, results of visits to the Enexis.nl website

SAFE AND HEALTHY WORKING ENVIRONMENT

Reported accidents and incidents in 2022, reports on HSE and VGWM (Safety, Health, Welfare and Environment), calculation of the number of accidents resulting in absenteeism per 1 million hours worked. Fatal commuter accidents are out of scope for the Lost Time Injury Frequency.

EMPLOYMENT AND SKILLED EMPLOYEES

Employee surveys, workforce reports including the number of FTEs, inflow and outflow, the development budget, diversity, age categories, and absenteeism.

EFFICIENT BUSINESS OPERATIONS

Reports on the number of stations equipped with Distribution Automation (light).

INFLUENCING POLICY

Reports on any fines imposed by supervisors (fine register) and claim overviews.

FINANCIALLY SOUND

Consolidated financial statements.

SUSTAINABLE ORGANISATION

Overview of measures and CO₂ savings in 2022, results and analysis of surveys. Waste materials reports and waste processors. All waste materials are stored and processed in a manner that is suited to the type of waste, as there are specific risks attached to each type of waste. Source documentation about CO₂ emissions resulting from grid and leakage losses. Circularity reports.

OVERVIEW SUBTARGETS SUSTAINABLE DEVELOPMENT GOALS

<div style="background-color: #c00000; color: white; padding: 5px;"> 4 Quality education </div>		<h3 style="color: white; margin: 0;">Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</h3>
Target <div style="background-color: #c00000; color: white; padding: 2px 5px; font-weight: bold; font-size: 18px;">4.3</div>	By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university	
Target <div style="background-color: #c00000; color: white; padding: 2px 5px; font-weight: bold; font-size: 18px;">4.4</div>	By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship	
Target <div style="background-color: #c00000; color: white; padding: 2px 5px; font-weight: bold; font-size: 18px;">4.7</div>	By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development	
<div style="background-color: #ffc000; padding: 5px;"> 7 Affordable and clean energy </div>		<h3 style="color: white; margin: 0;">Ensure access to affordable, reliable, sustainable and modern energy for all</h3>
Target <div style="background-color: #ffc000; color: white; padding: 2px 5px; font-weight: bold; font-size: 18px;">7.1</div>	By 2030, ensure universal access to affordable, reliable and modern energy services	
Target <div style="background-color: #ffc000; color: white; padding: 2px 5px; font-weight: bold; font-size: 18px;">7.2</div>	By 2030, increase substantially the share of renewable energy in the global energy mix	
<div style="background-color: #c00000; color: white; padding: 5px;"> 8 Decent work and economic growth </div>		<h3 style="color: white; margin: 0;">Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</h3>
Target <div style="background-color: #c00000; color: white; padding: 2px 5px; font-weight: bold; font-size: 18px;">8.1</div>	Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries	
Target <div style="background-color: #c00000; color: white; padding: 2px 5px; font-weight: bold; font-size: 18px;">8.3</div>	Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services	
Target <div style="background-color: #c00000; color: white; padding: 2px 5px; font-weight: bold; font-size: 18px;">8.8</div>	Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment	
<div style="background-color: #ff8c00; padding: 5px;"> 9 Industry, innovation and infrastructure </div>		<h3 style="color: white; margin: 0;">Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</h3>
Target <div style="background-color: #ff8c00; color: white; padding: 2px 5px; font-weight: bold; font-size: 18px;">9.1</div>	Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all	
Target <div style="background-color: #ff8c00; color: white; padding: 2px 5px; font-weight: bold; font-size: 18px;">9.4</div>	By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities	

12 Ensure sustainable consumption and production patterns	
Target 12.2	By 2030, achieve the sustainable management and efficient use of natural resources
Target 12.4	By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment
Target 12.6	Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle

13 Take urgent action to combat climate change and its impacts	
Target 13.2	Integrate climate change measures into national policies, strategies and planning

METHOD, CRITERIA AND ASSUMPTIONS OF IMPACT MEASUREMENTS

The Accountability Document Impact Analysis Enexis Holding N.V. can be downloaded from our website and provides more insight into, and a more detailed substantiation of the information included in the annual report.

FINANCIAL CAPITAL

The financial impacts are calculated based on Enexis's income statement and cash flow statement. This includes Enexis's incoming and outgoing cash flows. Enexis's outgoing cash flows have a positive effect on stakeholders and Enexis's incoming cash flows have a negative impact on stakeholders. The financial capital shows the incoming cash flows and how these are allocated in relation to our stakeholders.

MANUFACTURED CAPITAL

The availability of energy largely determines the prosperity and well-being of our customers. With the transmission of gas and electricity, Enexis plays an important role in making this value possible. The amounts shown as manufactured capital pertain to the share in the energy chain that can be attributed to Enexis. The value of energy is more than the price that consumers pay for energy. We call this the consumer surplus: the extra monetary value that customers, in theory, would be willing to pay above the price of the service or product. The consumer surplus is currently the most commonly used method to determine the economic value for both the unregulated and regulated markets. The consumer surplus concerns all price elements in the energy chain thus also the taxes and prices for the distribution and transmission of energy.

Within the contribution of electricity transmission to well-being, the impact of Enexis making feeding electricity back into the grid possible is taken into account.

The average effect of gas and electricity outages for the Netherlands is also included. The effect of gas and electricity outages at Enexis compared to the average in the Netherlands has been calculated.

We also estimate the value of electricity and gas transport for business customers, but the method for this is still being developed; to avoid double counting, it only consists of the revenue part.

NATURAL CAPITAL

Enexis is partially responsible for the CO₂ emissions of the amounts of electricity and gas that are transmitted via our grid. The impact contains the value of the CO₂ emissions in connection with the direct activities and that of the chain. The impact calculations of the direct activities are based on the CO₂ figures as reported in the CO₂ footprint in the annual report. The assumption is made that the electricity and natural gas mix of the energy transmitted by Enexis is the same as the national mix. The societal costs of one ton of CO₂ equivalent have been determined at 0.157 EUR/kg CO₂ eq.

Emissions in the chain are attributed to Enexis based on gross added value and responsibility. Enexis emits greenhouse gases when carrying out its activities, this concerns, for example, its buildings and mobility. The biggest impact of Enexis's own operations are in the grid losses of gas and electricity. This concerns scope 1 and 2 emissions as set out in the Greenhouse Gas Protocol. However, the largest impact comes from Enexis's share in the emissions of the Dutch energy chain.

HUMAN CAPITAL

For the calculations of these impacts, employees who are employed directly by Enexis are included. As an employer, Enexis aims to contribute positively to the well-being of its employees. Well-being effects as a result of being employed are calculated in relation to being unemployed in the Netherlands. The indicator concerns the non-financial direct well-being effect. The assumption is made that employee satisfaction, measured based on the outcomes of the employee satisfaction, has a direct positive effect on well-being.

The value of work for employees is more than only the income that they receive. People who have a job generally experience a higher feeling of well-being than people who do not have a job. In addition to income, immaterial factors such as appreciation, contact with colleagues and customers, and having a job are of importance.

Furthermore, there is compensation in the form of salary and secondary employee benefits; this compensation is included under the financial capital.

The calculation of the impacts of (work-related) absenteeism and accidents of employees (safety) is limited to direct impacts. An accident or illness can lead to other accidents or illnesses, which is not measured. The assumption is made that absenteeism that has been determined to be not 'work related' is not related to the work at Enexis.

MOST IMPORTANT IMPACT MEASUREMENT CRITERIA

Enexis quantifies one or several indicators for the capitals financial, manufactured, natural and human. In the coming years, Enexis will work further on quantifying the other capitals. Impacts are quantified by estimating the sum of the individual effects on prosperity and well-being and expressing this in euros. The method used for the calculation of the impacts is based on the Impact Measurement Manual Infra Organisations. It is taken into account that Enexis operates in a regulated market and is part of a broader value chain, to which the contribution of Enexis is attributed by means of attribution factors. Impacts for which several players in the chain are responsible are attributed to Enexis based on two elements: (i) Enexis's responsibility in the chain and (ii) Enexis's gross added value in the chain. The gross added value is calculated as the revenue less the use of products (such as goods and services) in the production process, valued at purchase prices. Impacts that Enexis realises independently are attributed fully to Enexis.

Our model and the methodology for impact measurements are laid down in the Manual Measuring Impact Infra Companies. This was updated at the initiative of the sector. We use the Framework for Impact Statements (FIS) and the Integrated Profit & Loss Assessment Methodology (IAM) 'core' as a scientific framework for the impact measurements. All three publications are published by the Impact Institute.

€ million	2022	2021
Financial capital		
Changes in cash balances	110	60
Contributions received	123	120
Other income	210	2
Financial expenses customers (high- volume)	531	502
Financial expenses customer (low- volume)	1,174	1,132
Capital raised, repayments and interest received	2,835	866
Taxes	-97	-154
Payments to employees	-559	-548
Payments to suppliers	-1,267	-1,178
Dividends, repayments and interest	-3,364	-605
Manufactured capital		
Value of purchased goods for gas transmission	-500	-550
Value of purchased goods for electricity transmission	-1,100	-1,100
Value of energy transmission for business customers	450	400
Contribution of gas transmission to the well-being of consumers	2,200	2,400
Contribution of electricity transmission to the well-being of consumers	2,200	2,250
Natural capital		
Ecological damage due to waste	-0.1	-
Ecological damage due to purchase of materials	-20	-
Contribution to climate change	-250	-300
Limiting climate change	50	50
Human capital		
Accidents and absenteeism of employees	-1.2	-1
Well-being effects of having a job	50	50

CHANGES COMPARED TO PREVIOUS YEARS

As of the financial year 2022, the non-financial indicators of Mijwater Warmte Infra B.V. were consolidated in Enexis's reporting.

The sales agreement for Fudura was signed in May 2022, with the transfers of shares in August 2022. Fudura was deconsolidated as of 1 August 2022, for both the financial information and the non-financial information.

ASSURANCE

EY performed an assurance assessment to obtain a limited assurance with regard to the sustainability information in the sections:

- Foreword by the Executive Board
- 2022 in figures
- This is Enexis, excluding the Sustainable Developments Goals (page 21)
- Focusing on facilitating the energy transition
- Working safely and strengthening each other
- Working on a sustainable impact
- Additional Information (sub-sections 'About this Report' and 'Facts and Figures')

In this Annual Report over 2022, all material aspects are fairly presented in accordance with the 'Sustainability Reporting Standards' of the Global Reporting Initiative (update 2021) and Enexis's internal reporting criteria (Reporting Manual). For more information, we refer to the assurance report of the independent auditor.

Profit appropriation according to the articles of association

In accordance with the articles of association the profit, insofar as it is not reserved, is at the disposal of the General Meeting of Shareholders (Article 36.2).

In addition to these statutory provisions, it has been agreed with the shareholders that the dividend payable over the financial year 2022 shall not exceed 50% of the profit from ordinary business operations, while aiming to distribute a minimum dividend of € 100 million. This percentage shall be reduced if the dividend payment places the company at risk of losing its A rating profile within five years.

The proposed dividend payment on the result of the sale of Fudura B.V. amounts to € 100 million.

This dividend policy ensures that shareholders can expect a predictable and stable dividend. At the same time, the dividend policy ensures sufficient own capital growth and indicates that the shareholders actively support a healthy financial position.

Read more about the profit appropriation proposal for the financial year 2022 in 'Profit Appropriation'.

Facts and figures

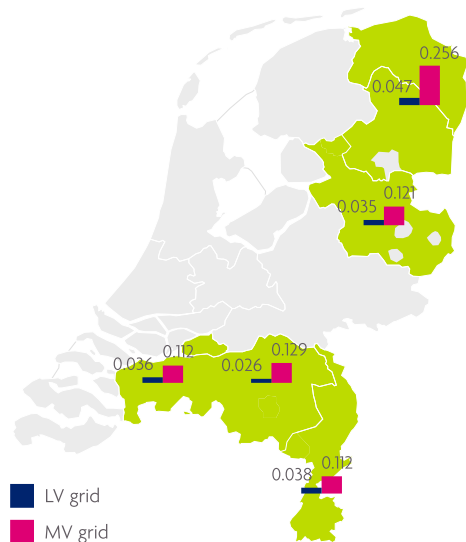
This part of the report gives you a section-by-section run-down on specific facts and figures.

FOCUSING ON FACILITATING THE ENERGY TRANSITION

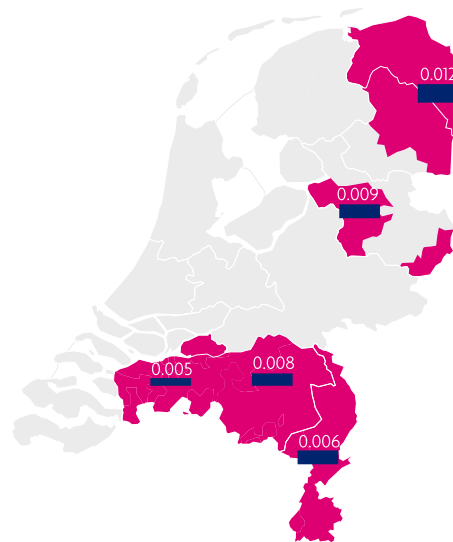
	2022	2021	2020	2019	2018
The grids					
Section lengths (x 1,000 km)					
Electricity grid	144.9	143.5	142.2	141	139.9
- Low voltage	98.5	97.6	96.9	96.1	95.3
- Medium voltage	46.3	45.8	45.2	44.8	44.5
- Intermediate voltage	0.1	0.1	0.1	0.1	0.1
Gas grid	46.2	46.3	46.3	46.4	46.4
- Low pressure	37.5	37.5	37.5	37.6	37.6
- High pressure	8.7	8.8	8.8	8.8	8.8
Stations (x 1,000)					
E-stations	57.2	56.6	55.7	54.6	53.8
G-stations	21.9	22	22.4	22.4	22.5
Distribution Automation (DA)-stations ¹	544	657	390	250	379
Distribution Automation Light (DALI)-stations ¹	4,249	3,544	3,531	2,447	1,502
Number of connections (x 1,000)					
Electricity	2,941	2,911	2,880	2,849	2,814
- Domestic (including 3x25 A)	2,683	2,661	2,640	2,618	2,597
- Low-voltage connections other (small-volume as from 3x25A)	240	233	223	215	202
- Medium voltage connections	18	17	17	16	15
Gas	2,303	2,315	2,324	2,328	2,324
- Domestic (G4 and G6)	2,248	2,259	2,266	2,267	2,260
- Low pressure other (small-volume as from G10)	52	53	55	58	61
- High pressure connections	3	3	3	3	3
Transported quantities					
Electricity (GWh)	30,991	31,989	31,176	33,759	34,112
Gas (Mm ³)	4,714	6,172	5,636	5,935	6,204
Of which green gas	76	77	63	59	54
Product quality					
Outage time electricity (in minutes)	14.0	17.6	12.98	14.2	16
- High voltage	0.5	0.7	0.01	0.5	0.2
- Medium voltage	7.7	11.1	7.36	8.4	10.5
- Low voltage	5.8	5.8	5.61	5.4	5.3
Outage time gas (in seconds)	109	75	81	51	90

¹ Reporting period November 2021 up to and including November 2022.

AVERAGE NUMBER OF LV AND MV OUTAGES PER CUSTOMER



AVERAGE NUMBER OF GAS OUTAGES PER CUSTOMER



COMPLAINTS AND DISPUTES PROCEDURE

It can occur that customers are not satisfied with our services. In such cases, they can report their complaint or claim via our website or by telephone. Enexis Netbeheer assesses every complaint or claim separately. A confirmation of receipt of the complaint is sent to the customer immediately stating when they can expect to receive a detailed response. Customers generally receive a detailed response within eight working days.

Enexis aims to prevent complaints and takes all complaints very seriously. We are affiliated with the Dutch Foundation for Consumer Complaints Boards (Geschillencommissie). Customers can contact the 'Geschillencommissie' if they are not satisfied with the way we handled their complaint or claim. The Energy Committee of the 'Geschillencommissie' deals with complaints of consumers against energy suppliers concerning the disconnection, delivery or billing of gas, electricity and heating. This Committee also handles complaints from consumers against the grid operator about the operation of the meter (calibration) or damage resulting from a power outage.

LAWS AND REGULATIONS

The Administrative and Legal Affairs & Digital Security departments and other relevant departments did not receive any fines in 2022 with regard to services provided by Enexis or for non-compliance with the Energy Act and the Gas Act, or environmental laws. Furthermore, there were no occurrences for which non-monetary sanctions were imposed.

EMPLOYMENT AND SKILLED EMPLOYEES

The tables below provide an impression of the development of our workforce in 2022. 99.92 percent of our employees fall under the Collective Labour Agreement for Grid Operators. Our total workforce of 4,984 employees consists of 4,161 full-time employees 823 part-time employees.

Personnel	Male	Female	Year-end 2022
Own personnel			
FTEs	3,901	892	4,794
Labour contract:			
-specific	464	105	569
-indefinite	3,437	788	4,225
Number	3,956	1,028	4,984
Labour contract:			
-specific	479	123	602
-indefinite	3,477	905	4,382
Contractors			
FTEs	842	189	1,031
- temporary workers	67	61	128
- consultants	543	96	639
- call specialist	232	32	264
- fixed price ¹	-	-	-
Number	1,057	280	1,337
- temporary workers	81	80	161
- consultants	598	116	714
- call specialist	260	40	300
- fixed price	118	44	162

¹ Carrying out work in accordance with a preset price; FTE factor = 0.

Age category	Male	Female	Total
under 30 years	441	83	524
30 - 50 years	1,891	487	2,378
over 50 years	1,624	458	2,082
Total	3,956	1,028	4,984
Percentage	79.4%	20.6%	100%

Origin and type of employment agreement	Definite period	Indefinite period	Total
Belgium	8	42	50
Germany	2	30	32
Total outside of the Netherlands	10	72	82
Groningen	89	488	577
Friesland	10	96	106
Drenthe	59	377	436
Gelderland	21	169	190
Overijssel	56	557	613
Flevoland	2	17	19
Noord-Holland	1	13	14
Zuid-Holland	5	28	33
Utrecht	6	63	69
Noord-Brabant	213	1,531	1,744
Zeeland	2	14	16
Limburg	128	957	1,085
Total Netherlands	592	4,310	4,902
Total	602	4,382	4,984

Number of employees retired	within 5 years	within 10 years	Total
Outside the Netherlands	7	10	17
Drenthe	42	46	88
Flevoland	2	2	4
Friesland	15	19	34
Gelderland	21	24	45
Groningen	57	80	137
Limburg	131	204	335
Noord-Brabant	195	274	469
Noord-Holland	0	1	1
Overijssel	62	74	136
Utrecht	2	5	7
Zeeland	1	1	2
Zuid-Holland	0	6	6
Total	535	746	1,281
Percentage	10.7%	15.0%	25.7%

SUSTAINABLE EMPLOYABILITY

Our sustainable employability scheme 'Duurzame Inzetbaarheid Plus (DI+)' provides extra facilities and support to increase the employability of our employees. Employees receive a sustainable employability budget for activities and tools aimed at maintaining or expanding their knowledge and skills in a current or future position and/or remaining healthy, fit and motivated to do their work properly. In 2022, employees used the budget mainly for vitality-related purposes.



LTIF ^{1,2,3}	2022
Location Groningen	3.4
Location Overijssel W	2.8
Location Noord-Brabant W	2.6
Location Noord-Brabant NO	4.6
Location Limburg N	2.5
Location Limburg Z	1.8
Smart Meters N	17.8
Smart Meters Z	23.9
Consumers	1.5
EBS	0.9
Supply chain management	18.4

1 For the regional split, the organisational chart is used.

2 Nil accidents resulting in absenteeism in a location leads to a LTIF of zero. Each LTIF > 0 is identified as an attention point.

3 Numbers of hours exclude Fudura

STANDARDS AND NORMS

Enexis subscribes to the guidelines for employment terms and conditions that are regarded as fundamental principles and rights at work as formulated by the International Labour Organization (ILO). We have a Code of Conduct and a Compliance Protocol for employees. All employees are required to sign a confidentiality statement when they enter our employment, in which they state that they will comply with that which is stated in the Compliance Protocol. In addition, employees who have access to price-sensitive information are required to sign a confidentiality statement.

As described in the 'Increasing the sustainability of our organisation' section, the Suppliers Code of Conduct applies to our suppliers. The quality control systems of Enexis Netbeheer are ISO9001 certified. The asset management system of Enexis Netbeheer is certified according to ISO-55001, NTA-8120, and ISO27001.

Furthermore, Enexis has structured its CSR policy in accordance with the international ISO-26000 guideline for CSR. In connection with our new strategy, our CSR policy was updated and approved by the Executive Board. In addition, our CSR Statement and Principles were also updated.

SUSTAINABLE IMPACT

CORPORATE SOCIAL RESPONSIBILITY - CHAIN RESPONSIBILITY AND HUMAN RIGHTS

We assume responsibility for the whole chain that a product passes through and pursue a Socially Responsible Procurement Policy. We enter into agreements with suppliers in advance regarding how they should deal with people, materials and/or the environment. In the Suppliers Code of Conduct, which is part of our General Purchasing Conditions, suppliers state, for example, that they respect laws and regulations regarding human rights, labour conditions, child labour and discrimination. In the event of European tenders, we enter into additional agreements with suppliers, for example, regarding circularity or employing people with poor job prospects. We will continue to develop in this area in the future in accordance with the OECD guidelines. Our policy to prevent corruption or bribery of employees has been laid down in our Socially Responsible Procurement Policy, our Code of Conduct for Employees and our Suppliers Code of Conduct.

CORPORATE SOCIAL RESPONSIBILITY - CO₂ FOOTPRINT

Based on our corporate social responsibility, we take concrete measures to reduce our CO₂ emissions. For example, by increasing the sustainability of our mobility.

Sustainable vehicle fleet ¹	2022 ²	2021	2020	2019	2018
100% electric passenger cars	955	886	793	497	168
Compressed natural gas (CNG) passenger cars	-	-	1	-	-
Passenger cars on hydrogen	8	8	8	5	-
Passenger cars on biogas / natural gas	-	-	-	-	3
Hybride passenger cars	512	469	372	261	220

1) Calculation of these KPI figures for the period from December to November includes trainees and work experience placements, while vehicles with a grey number plate are excluded from this measurement.

2) At year-end 2022, the sustainable vehicle fleet constituted 95% of the total vehicle fleet (excluding non-passenger vehicle).

The CO₂ footprint has been calculated in accordance with the guidelines of the international Greenhouse Gas (GHG) Protocol.

As in previous years, we report our emissions in three different scopes. These scopes are explained below. The following criteria apply with regard to our CO₂ footprint:

- We strive for maximum transparency about our footprint.
- We calculate our footprint in accordance with the standards of the GHG protocol.
- We aim to make a clear distinction between green purchasing and compensation.

SCOPE 1: DIRECT EMISSIONS

These are direct emissions of greenhouse gases from sources that are owned by or controlled by the company.

In this category, Enexis reports the CO₂ emissions arising from gas grid leakages, switch equipment leakages (SF₆), the use of leased cars and company vehicles (excluding electric vehicles), and the heating of buildings. Gas leakage losses decreased again by 1 percent compared to the previous year. This decrease was due to the replacement programme of grey cast iron pipelines. This type of material is obsolete and has an above-average leakage frequency.

The greenhouse gases that are reported in our footprint are expressed in CO₂ equivalents. Besides CO₂, methane and SF₆ emissions are also reported. The conversion factors and emission factors used in the calculation were taken from the IPCC Fifth Assessment Report and the source www.CO2emissiefactoren.nl, in accordance with the previous year.

Our carbon footprint in connection with leased cars and company vehicles (excluding electricity) decreased by 5% compared to last year. This decrease is a consequence of the greening of the vehicle fleet.

SCOPE 2: INDIRECT EMISSION ELECTRICITY

This concerns all emissions of greenhouse gases produced in the generation of electricity that is used by the company.

Energy is always lost in the transmission of electricity, for example, due to electrical resistance. Enexis greens these losses by purchasing Guarantees of Origin (GoO). The purchase of GoO can be reported by means of two different methods. Location-based indicates the CO₂ emissions based on the physical energy mix on the grid. Market-based indicates the CO₂ emissions based on the purchased energy mix. As we purchase 100 percent green with Guarantees of Origin (GoOs), this is nil.

We purchase all our electricity green and aim to thus realise our fair share withing the Dutch climate goals. Concretely, this means that we purchase more green electricity in the Netherlands every year, increasing up to 55 percent in 2030.

SCOPE 3: OTHER INDIRECT EMISSIONS

This concerns all emissions of greenhouse gases as a consequence of the activities of the company, but that arise from sources that are not owned or controlled by the company.



This last category contains a number of elements which Enexis can influence directly, such as commuter traffic, public transport, and business trips. In addition, we also report a number of elements in this scope on which Enexis can exercise direct influence to a lesser degree, such as emissions in connection with the production of grid components supplied by suppliers, and emissions in connection with the processing of our waste. Not all grid components are reported as we have not yet received all the information from our partners for some of the components. There was a 99 percent increase in the carbon emissions for grid components compared to 2021. This increase was due to the upgrading and expansion of our grids for which nearly twice as many cables and installations were purchased than in 2021.

Our footprint in connection with mobility in scope 3 increased by 56 percent compared to last year. This increase is mainly due to the consequences of the resuming of commuter and other traffic after COVID-19. We compensate the share of our footprint that we can influence directly (scope 1, 2 and a share of scope 3) and that we cannot purchase green with Gold Standard certificates. As a result, our net emissions were nil. We also feel responsible for emissions in the chain (remainder of scope 3), such as the production of cables and pipelines and the processing of waste. Our suppliers of grid components cooperate actively in providing information on these carbon emissions by means of a raw materials passport. As a result, we are able to report in more detail and more accurately on the carbon emissions arising from our chain partners.

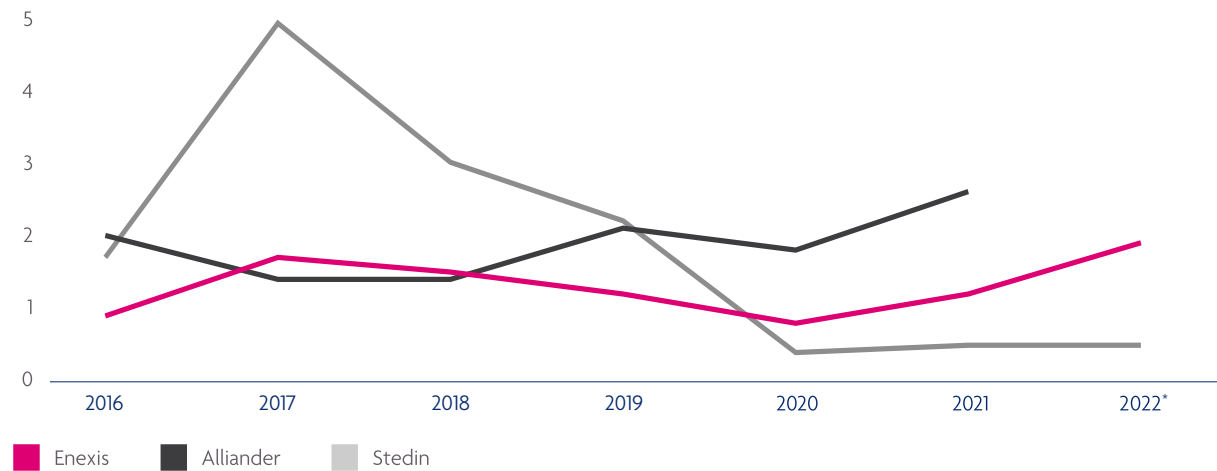
In order to make our environmental impact more comparable, we also calculated our market-based carbon intensity in addition to our carbon footprint. Our carbon intensity is calculated by dividing the CO₂ emissions in scope 1 and 2 by the revenue figures in millions of USD. The revenue figures were converted into US dollars using the average exchange rate over the years in question. The green purchased electricity grid losses were mistakenly taken into account in the calculation in the 2021 annual report. When corrected for this error, the carbon intensity in 2022 amounted to 36 ton CO₂ per million USD (2021: 32, 2020: 39).

Benchmarks

We are transparent about our results; also when they are lower than the average in the sector. We compare our performance to other companies to see where we are doing well and where there is room for improvement. The benchmarks have been included in our annual report already for a number of years and where possible and/or relevant additional benchmarks will be added.

SAFETY

To be able to compare safety performance better within the sector, Enexis measures the number of accidents via the Lost Time Injury Frequency (LTIF), i.e. the number of accidents resulting in absenteeism per 1 million hours worked. Enexis's safety score is satisfactory compared to its sector peers. However, we believe that every accident is one too many. Safety remains a central focus of attention in the coming years.

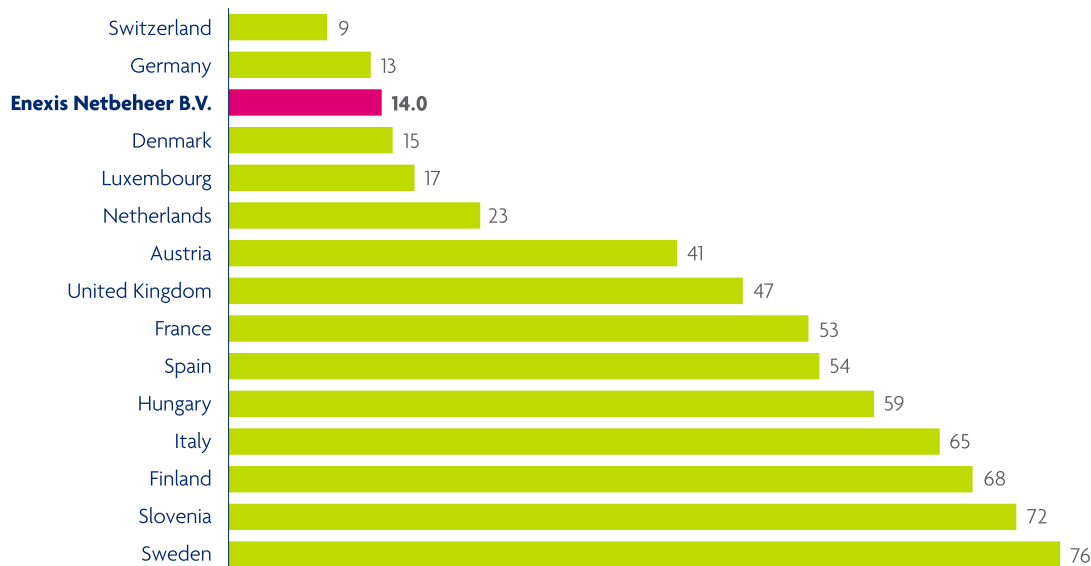


* The LTIF score of Alliander was not yet known at the time of publication of this annual report.



ELECTRICITY OUTAGE TIME

The grids in the Netherlands are among the top 5 most reliable grids in Europe. Dutch grid operators have minimal interruptions in the electricity grid. Enexis Netbeheer is even one of the most reliable grid operators in the Netherlands. In recent years, our electricity outage time was lower than the Dutch average. A graphical representation and an explanation are provided in the 'Focus on facilitating the energy transition' section.



Source: CEER – Continuity of Electricity and Gas supply (2016).

TRANSPARENCY

Our annual report is assessed every year for the Transparency Benchmark and the Crystal Award by the Ministry of Economic Affairs and Climate Policy. This provides insight into which companies are transparent about their activities and CSR policy. The emphasis lies on transparency, openness and insight into the work process and value chain. An assessment was not carried out in 2022, but the annual reports were assessed for the Crystal Award on the issue of 'transparency about the impact of and on human rights in light of global challenges'.

ABSENTEEISM

At 5.0 percent, the average absenteeism rate in the Netherlands was high compared to previous years; however, this differs considerably between various sectors. The difference is related to the characteristics of the work and employees. The average absenteeism rate for energy companies amounted to 4.8 percent at year-end 2022. The absenteeism rate at Enexis in the past year amounted to 5.5 percent and was thus higher than the average for energy companies. Therefore, we are increasing our absenteeism prevention efforts and are providing more assistance and coaching for employees who are unfit for work.

GRI index

Statement of use	Enexis Holding N.V. has reported in accordance with the GRI Standards for the period 1-1-2022 / 31-12-2022	
GRI 1 used	GRI 1: Foundation 2021	
Applicable GRI Sector Standard(s)		
GRI 1	The chosen application level	In accordance with
GRI 1	GRI content index	-

Category name / indicator	Name of the indicator	Reference	Not reported
---------------------------	-----------------------	-----------	--------------

GENERAL DISCLOSURES

GRI 2-1	Organisational details		
a	The organisation shall report its legal name	We are Enexis	
b	The organisation shall report its nature of ownership and legal form	We are Enexis	
c	The organisation shall report the location of its headquarters	Appendix; Colophon	
d	The organisation shall reports its countries of organisation	The Netherlands	
GRI 2-2	Entities included in the organisation's sustainability reporting		
a	The organisation shall list its entities included in its sustainability reporting	Appendix; Other information; About this report; Scope	
b	The organisation shall if the organisation has audited consolidated financial statements or financial information on public record, specify the differences between the list of entities included in its financial reporting and the list included in its sustainability reporting	Appendix; Other information; About this report; Scope	
c	The organisation shall if the organisation consists of multiple entities, explain the approach used for consolidation the information, including: <ul style="list-style-type: none"> i. whether the approach involves adjustments to information for minority interests; ii. how the approach takes into account mergers, acquisitions, and disposal of entities or parts of entities; iii. whether and how the approach differs across the disclosures in this Standard and across material topics. 	Appendix; Other information; About this report; Scope	

Category name / indicator	Name of the indicator	Reference	Not reported
GRI 2-3	Reporting period, frequency and contact point		
	a The organisation shall specify the reporting period for, and the frequency of, its sustainability reporting	2022. Annually	
	b The organisation shall specify the reporting period for its financial reporting and, if it does not align with the period for its sustainability reporting, explain the reason for this	2022. Annually	
	c The organisation shall report the publication date of the report or reported information	28-Feb-23	
	d The organisation shall specify the contact point for questions about the report or reported information	Appendix; Colophon	
GRI 2-4	Restatements of information		
	a The organisation shall report restatements of information made from previous reporting periods and explain: i. the reasons for the restatements; ii. the effect of the restatements.	Not applicable, no restatements of information from previous reporting periods were made in 2022	
GRI 2-5	External assurance		
	a The organisation shall describe its policy and practice for seeking external assurance, including whether and how the highest governance body and senior executives are involved	Appendix; Other information; About this report; Assurance	
	b The organisation shall if the organisation's sustainability reporting has been externally assured: i. provide a link or reference to the external assurance's report(s) or assurance statement(s); ii. Describe what has been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process; iii. describe the relationship between the organisation and the assurance provider.	Appendix; Other information; About this report; Assurance	
GRI 2-6	Activities, value chain and other business relationships		
	a The organisation shall report the sector(s) in which it is active	We are Enexis	
	b The organisation shall describe its value chain, including: i. the organisation's activities, products, services, and markets served; ii. The organisation's supply chain; iii. The entities downstream from the organisation and their activities	We are Enexis; Our role in the energy chain	
	c The organisation shall report other relevant business relationships	We are Enexis; Our role in the energy chain	
	d The organisation shall describe significant changes in 2-6a, 2-6b, and 2-6c compared to the previous reporting period	Not applicable for the reporting year 2022	

Category name / indicator	Name of the indicator	Reference	Not reported
GRI 2-7	Employees		
	a The organisation shall report the total number of employees, and a breakdown of this total by gender and by region	Working safely and strengthening each other; <u>Investing in work, professional skills and personal development</u> ; Appendix: Other information; Facts and figures; <u>Employment and skilled employees</u>	
	b The organisation shall report the total number of: i. permanent employees, and a breakdown by gender and by region; ii. Temporary employees, and a breakdown by gender and by region; iii. Non-guaranteed hours employees, and a breakdown by gender and by region; iv. full-time employees, and a breakdown by gender and by region; v. part-time employees, and a breakdown by gender and by region.	Appendix: Other information; Facts and figures; <u>Employment and skilled employees</u>	Incomplete data for iii and v; in the coming period we will try to provide insight into the division into regions
	c The organisation shall describe the methodologies and assumptions used to compile the data, including whether the numbers are reported: i. in head count, full-time equivalent (FTE), or using another methodology; ii. At the end of the reporting period, as an average across the reporting period, or using another methodology.	Appendix: Other information; Facts and figures; <u>Employment and skilled employees</u>	
	d The organisation shall report contextual information necessary to understand the data reported under 2-7a and 2-7b	Appendix: Other information; Facts and figures; <u>Employment and skilled employees</u>	
	e The organisation shall describe significant fluctuations in the number of employees during the reporting period and between reporting periods	Working safely and strengthening each other; <u>Investing in work, profession skills and personal development</u>	
GRI 2-8	Workers who are not employees		
	a The organisation shall report the total number of workers who are not employees and whose work is controlled by the organisation and describe: i. the most common types of worker and their contractual relationship with the organisation; ii. The type of work they perform.	Appendix: Other information; Facts and figures; <u>Employment and skilled employees</u>	



Category name / indicator	Name of the indicator	Reference	Not reported
	b The organisation shall describe the methodologies and assumptions used to compile the data, including whether the number of workers who are not employees is reported: <ul style="list-style-type: none"> i. in head count, full-time equivalent (FTE), or using another methodology; ii. At the end of the reporting period, as an average across the reporting period, or using another methodology. 	Appendix: Other information; Facts and figures; <u>Employment and skilled employees</u>	
	c The organisation shall describe significant fluctuations in the number of workers who are not employees during the reporting period and between reporting periods.	Not applicable, Enexis has a stable work package and a stable workforce	
GRI 2-9	Governance structure and composition		
	a The organisation shall describe its governance structure, including committees of the highest governance body	Governance and risk management; <u>Corporate governance</u>	
	b The organisation shall list the committees of the highest governance body that are responsible for decision-making on and overseeing the management of the organisation's impacts on the economy, environment, and people	Governance and risk management; <u>Corporate governance</u>	
	c The organisation shall describe the composition of the highest governance body and its committees by: <ul style="list-style-type: none"> i. executive and non-executive members; ii. Independence; iii. Tenure of members on the governance body; iv. Number of other significant positions and commitments held by each member, and the nature of the commitments; v. gender; vi. under-represented social groups; vii. competencies relevant to the impacts of the organisation; viii. stakeholder representation. 	Governance and risk management; <u>Corporate governance</u> ; <u>Biographies Supervisory Board Members</u> ; https://www.mccg.nl/de-code	
GRI 2-10	Nomination and selection of the highest governance body		
	a The organisation shall describe the nomination and selection processes for the highest governance body and its committees	Governance and risk management; <u>Corporate governance</u>	



Category name / indicator	Name of the indicator	Reference	Not reported
	b The organisation shall describe the criteria used for nominating and selecting highest governance body members, including whether and how the following are taken into consideration: <ul style="list-style-type: none"> i. views of stakeholders; ii. diversity; iii. independence; iv. competencies relevant to the impacts of the organisation. 	Governance and risk management; Corporate governance: Report of the Supervisory Board	Incomplete data for i and ii; we regard diversity and the viewpoints of stakeholders as important topics, which we will inventorise in the coming period and incorporate in the selection process for i and ii;
GRI 2-11	Chair of the highest governance body		
	a The organisation shall describe the nomination and selection processes for the highest governance body and its committees	Governance and risk management; Corporate governance	
	b The organisation shall if the chair is also a senior executive, explain their function within the organisation's management, the reasons for this arrangement, and how conflicts of interest are prevented and mitigated.	N/A	
GRI 2-12	Role of the highest governance body in overseeing the management of impacts		
	a The organisation shall describe the role of the highest governance body and of senior executives in developing, approving, and updating the organisation's purpose, value or mission statements, strategies, policies, and goals related to sustainable development	Governance and risk management; Corporate governance	
	b The organisation shall describe the role of the highest governance body in overseeing the organisation's due diligence and other processes to identify and manage the organisation's impacts on the economy, environment, and people, including: <ul style="list-style-type: none"> i. whether and how the highest governance body engages with stakeholders to support these processes; ii. how the highest governance body considers the outcomes of these processes. 	Incomplete data; in the coming period, an addition to the CSR statement aimed at providing more information about the manner in which supervision takes place	
	c The organisation shall describe the role of the highest governance body in reviewing the effectiveness of the organisation's processes as described in 2-12-b, and report the frequency of this review	Incomplete data; in the coming period, an addition to the CSR statement aimed at providing more information about the manner in which supervision takes place	

Category name / indicator	Name of the indicator	Reference	Not reported
GRI 2-13	Delegation of responsibility for managing impacts		
	a Delegate authority	Governance and risk management; Corporate governance ; Appendix; Other information; About this report; Determining the materiality	
	b Responsibility at the executive level for economic, environmental and social issues	Incomplete data; in the coming period, an addition to the CSR statement aimed at including responsibility	
GRI 2-14	Role of the highest governance body in sustainability reporting		
	a The organisation shall report whether the highest governance body is responsible for reviewing and approving the reported information, including the organisation's material topics, and if so, describe the process for reviewing and approving the information	Governance and risk management; Corporate governance ; Appendix; Other information; About this report; Management of material issues	
	b The organisation shall if the highest governance body is not responsible for reviewing and approving the reported information, including the organisation's material topics, explain the reason for this.	N/A	
GRI 2-15	Conflicts of interest		
	a The organisation shall describe the processes for the highest governance body to ensure that conflicts of interest are prevented and mitigated	Governance and risk management; Corporate governance ; https://www.mccg.nl/de-code	
	b The organisation shall report whether conflicts of interest are disclosed to stakeholders, including, at a minimum, conflicts of interest relating to: <ul style="list-style-type: none"> i. cross-board membership ii. Cross-shareholding with suppliers and other stakeholders iii. Existence of controlling shareholders iv. related parties, their relationships, transactions, and outstanding balances. 	Governance and risk management; Corporate governance ; https://www.mccg.nl/de-code	
GRI 2-16	Communication of critical concerns		
	a Communicate critical concerns	Governance and risk management; Corporate governance ; https://www.mccg.nl/de-code	
	b Nature and total number of critical points of concern	Governance and risk management; Corporate governance ; https://www.mccg.nl/de-code	

Category name / indicator	Name of the indicator	Reference	Not reported
GRI 2-17	Collective knowledge of the highest governance body		
	a The organisation shall report measures taken to advance the collective knowledge, skills, and experience of the highest governance body on sustainable development	Appendix; Other information; About this report; Management of material issues	
GRI 2-18	Evaluation of the performance of the highest governance body		
	a The organisation shall describe the processes for evaluating the performance of the highest governance body in overseeing the management of the organisation's impacts on the economy, environment, and people	Governance and risk management; Corporate governance ; https://www.mccg.nl/de-code	
	b The organisation shall report whether the evaluations are independent or not, and the frequency of the evaluations	Corporate Governance and risk management; Report of the Supervisory Board	
	c The organisation shall describe actions taken in response to the evaluations, including changes to the composition of the highest governance body and organisational practices.	Governance and risk management; Corporate governance ; https://www.mccg.nl/de-code	
GRI 2-19	Remuneration policies		
	a The organisation shall describe the remuneration policies for members of the highest governance body and senior executives, including: <ul style="list-style-type: none"> i. fixed pay and variable pay; ii. Sign-on bonuses or recruitment incentive payments; iii. Termination payments; iv. clawbacks; v. retirement benefits 	Consolidated Financial Statements; Explanatory notes to the consolidated financial statements; 34. Remuneration of the Executive Board and the Supervisory Board	ii not applicable remuneration is within the obligatory statutory remuneration framework of the WNT
	b The organisation shall describe how the remuneration policies for members of the highest governance body and senior executives relate to their objectives and performance in relation to the management of the organisation's impacts on the economy, environment, and people	Not applicable, Enexis's remuneration policy is not linked to realised Objectives and performance	



Category name / indicator	Name of the indicator	Reference	Not reported
GRI 2-20	Process to determine remuneration		
	<p>a The organisation shall describe how the remuneration policies for members of the highest governance body and senior executives relate to their objectives and performance in relation to the management of the organisation's impacts on the economy, environment, and people</p> <p>Process to determine remuneration</p> <p>The organisation shall describe the process for designing its remuneration policies and for determining remuneration, including:</p> <p>i. whether independent highest governance body members or an independent remuneration committee oversees the process for determining remuneration;</p> <p>ii. how the views of stakeholders (including shareholders) regarding remuneration are sought and taken into consideration;</p> <p>iii. whether remuneration consultants are involved in determining remuneration and, if so, whether they are independent of the organisation, its highest governance body and senior executives"</p>	<p>Consolidated Financial Statements; Explanatory notes to the consolidated financial statements; <u>34. Remuneration of the Executive Board and the Supervisory Board</u>; Governance and risk management; <u>Corporate Governance</u></p>	<p>ii and iii not applicable remuneration is within the obligatory statutory remuneration framework of the WNT</p>
	<p>b The organisation shall report the results of votes of stakeholders (including shareholders) on remuneration policies and proposals, if applicable</p>	<p>Not applicable, remuneration within the obligatory statutory framework of the WNT</p>	
GRI 2-21	Annual total compensation ratio		
	<p>a The organisation shall report the ratio of the annual total compensation for the organisation's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual)</p>	<p>The salaries of the CEO and the employees fall under the agreements laid down in the Collective Labour Agreement Netwerkbedrijven (Grid Companies). The total income of the CEO in 2022 amounted to 3.1 times the median of the salaries of all Enexis employees.</p>	
	<p>b The organisation shall report the ratio of the percentage increase in annual total compensation for the organisation's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual)</p>	<p>The salaries of the CEO and the employees fall under the agreements laid down in the Collective Labour Agreement Netwerkbedrijven (Grid Companies). The total income of the CEO in 2021 amounted to 3.0 times the median of the salaries of all Enexis employees.</p>	



Category name / indicator	Name of the indicator	Reference	Not reported
	c The organisation shall report contextual information necessary to understand the data and how the data has been compiled	The salaries of the CEO and the employees fall under the agreements laid down in the Collective Labour Agreement Netwerkbedrijven (Grid Companies).	
GRI 2-22	Statement on sustainable development strategy		
	a The organisation shall report a statement from the highest governance body or most senior executive of the organisation about the relevance of sustainable development to the organisation and its strategy for contributing to sustainable development	<u>Foreword by the executive board</u>	
GRI 2-23	Policy commitments		
	a The organisation shall describe its policy commitments for responsible business conduct, including: <ul style="list-style-type: none"> i. the authoritative intergovernmental instruments that the commitments reference; ii. whether the commitments stipulate conducting due diligence; iii. whether the commitments stipulate applying the precautionary principle; iv. whether the commitments stipulate respecting human rights; 	Working safely and strengthening each other; Safe and healthy working environment; <u>Equal rights for everyone</u> ; Appendix; Other information; Facts and figures; Duurzame impact; <u>Corporate social responsibility - chain responsibility and human rights</u>	Incomplete data for ii and iii; in the coming period, we will enter into consultations with the stakeholders and we will try and provide insight into this topic
	b The organisation shall describe its specific policy commitment to respect human rights, including: <ul style="list-style-type: none"> i. the internationally recognized human rights that the commitment covers; ii. the categories of stakeholders, including at-risk or vulnerable groups, that the organization gives particular attention to in the commitment; 	Working safely and strengthening each other; Safe and healthy working environment; <u>Equal rights for everyone</u>	
	c The organisation shall provide links to the policy commitments if publicly available, or, if the policy commitments are not publicly available, explain the reason for this;	Working safely and strengthening each other; Safe and healthy working environment; <u>Equal rights for everyone</u>	
	d The organisation shall report the level at which each of the policy commitments was approved within the organization, including whether this is the most senior level;	Working safely and strengthening each other; Safe and healthy working environment; <u>Equal rights for everyone</u> ; Appendix; Other information; Facts and figures; Duurzame impact; <u>Corporate social responsibility - chain responsibility and human rights</u>	

Category name / indicator	Name of the indicator	Reference	Not reported
	e The organisation shall report the extent to which the policy commitments apply to the organization's activities and to its business relationships;	We are Enexis; <u>Our core values</u> ; Working safely and strengthening each other; Safe and healthy working environment; <u>Equal rights for everyone</u>	
	f The organisation shall describe how the policy commitments are communicated to workers, business partners, and other relevant parties.	We are Enexis; <u>Our core values</u> ; Working safely and strengthening each other; Safe and healthy working environment; <u>Equal rights for everyone</u>	
GRI 2-24	Embedding policy commitments		
	a The organisation shall describe how it embeds each of its policy commitments for responsible business conduct throughout its activities and business relationships, including: <ul style="list-style-type: none"> i. how it allocates responsibility to implement the commitments across different levels within the organization; ii. how it integrates the commitments into organizational strategies, operational policies, and operational procedures; iii. how it implements its commitments with and through its business relationships; iv. training that the organization provides on implementing the commitments. 	Incomplete data; in the coming period, we will also embed responsible commercial behaviour in our intergity policy.	
GRI 2-25	Processes to remediate negative impacts		
	a The organisation shall describe its commitments to provide for or cooperate in the remediation of negative impacts that the organisation identifies it has caused or contributed to	We are Enexis; <u>Our contribution to the Sustainable Development Goals</u> ; <u>We measure our impact</u> ; Appendix; Other information; About this report; <u>Dialogue with stakeholder</u> ; <u>Collaborations</u>	
	b The organisation shall describe its approach to identify and address grievances, including the grievance mechanisms that the organisation has established or participate in	Appendix; Other information; Facts and figures; <u>Complaints and disputes procedure</u>	
	c The organisation shall describe other processes by which the organisation provides for or cooperates in the remediation of negative impacts that it identifies it has caused or contributed to	Incomplete data; in the coming period, we will also incorporate this in our CSR statement	
	d The organisation shall describe how the stakeholders who are the intended users of the grievance mechanisms are involved in the design, review, operation, and improvement of these mechanisms	Incomplete data; in the coming period, we will inventorise whether and in which way stakeholders wish to be involved in improvements	



Category name / indicator	Name of the indicator	Reference	Not reported
	e The organisation shall describe how the organisation tracks the effectiveness of the grievance mechanisms and other remediation processes, and report examples of their effectiveness, including stakeholder feedback	Focusing on facilitating the energy transition; Customer satisfaction is a top priority in our services; <u>Customer Effort Score</u> ; Appendix; Other information; Facts and figures; <u>Complaints and disputes procedure</u>	
GRI 2-26	Mechanisms for seeking advice and raising concerns		
	a The organisation shall describe the mechanisms for individuals to: <ul style="list-style-type: none"> i. seek advice on implementing the organisation's policies and practices for responsible business conduct ii. Raise concerns about the organisation's business conduct 	Appendix; Other information; Facts and figures; <u>Complaints and disputes procedure</u>	
GRI 2-27	Compliance with laws and regulations		
	a The organisation shall report the total number of significant instances of non-compliance with laws and regulations during the reporting period, and a breakdown of this total by: <ul style="list-style-type: none"> i. instances for which fines were incurred ii. Instances for which non-monetary sanctions were incurred 	Appendix; Other information; Facts and figures; <u>Laws and regulations</u> ; <u>Standards and norms</u>	
	b The organisation shall report the total number and the monetary value of fines for instances of non-compliance with laws and regulations that were paid during the reporting period, and a breakdown of this total by: <ul style="list-style-type: none"> i. fines for instances of non-compliance with laws and regulations that occurred in the current reporting period; ii. fines for instances of non-compliance with laws and regulations that occurred in previous reporting periods 	Appendix; Other information; Facts and figures; <u>Laws and regulations</u> ; <u>Standards and norms</u>	
	c The organisation shall describe the significant instances of non-compliance	Appendix; Other information; Facts and figures; <u>Laws and regulations</u> ; <u>Standards and norms</u>	
	d The organisation shall describe how it has determined significant instances of non-compliance	Appendix; Other information; Facts and figures; <u>Laws and regulations</u> ; <u>Standards and norms</u>	
GRI 2-28	Membership associations		
	a The organisation shall report industry associations, other membership associations, and national or international advocacy organisations in which it participates in a significant role	Appendix; Other information; About this report; <u>Collaborations</u>	

Category name / indicator	Name of the indicator	Reference	Not reported
GRI 2-29	Approach to stakeholder engagement		
	a The organisation shall describe its approach to engaging with stakeholders, including: <ul style="list-style-type: none"> i. the categories of stakeholders it engages with, and how they are identified; ii. The purpose of the stakeholder engagement; iii. How the organisation seeks to ensure meaningful engagement with stakeholders 	Appendix; Other information; About this report; Dialogue with stakeholder	
GRI 2-30	Collective bargaining agreements		
	a The organisation shall report the percentage of total employees covered by collective bargaining agreements	Appendix; Other information; Facts and figures; Employment and skilled employees	
	b The organisation shall for employees not covered by collective bargaining agreements, report whether the organisation determines their working conditions and terms of employment based on collective bargaining agreements that cover its other employees or based on collective bargaining agreements from other organisations	Appendix; Other information; Facts and figures; Employment and skilled employees	0.08 % is regarded as non-material and therefore is not reported
GRI 3-1	Process to determine material topics		
	a The organisation shall describe the process it has followed to determine its material topics, including: <ul style="list-style-type: none"> i. how it has identified actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights, across its activities and business relationships; ii. how it has prioritized the impacts for reporting based on their significance; 	Appendix; Other information; About this report; Determining the materiality	
	b The organisation shall specify the stakeholders and experts whose views have informed the process of determining its material topics.	Appendix; Other information; About this report; Dialogue with stakeholder ; Collaborations	
GRI 3-2	List of material topics		
	a The organisation shall list its material topics	Appendix; Other information; About this report; Determining the materiality ; Definitions of material topics	
	b The organisation shall report changes to the list of material topics compared to the previous reporting period.	Appendix; Other information; About this report; Definitions of material topics ; Changes compared to previous years	



Category name / indicator	Name of the indicator	Reference	Not reported
---------------------------	-----------------------	-----------	--------------

SPECIFIC DISCLOSURES

Reliable and accessible energy supply

GRI 3-3	For each material topic reported under Disclosure 3-2, the organization shall:		
a	Describe the actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights	Focusing on facilitating the energy transition; <u>Safe grids that everyone can rely on</u>	
b	Report whether the organization is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships	Focusing on facilitating the energy transition; <u>Safe grids that everyone can rely on</u>	
c	Describe its policies or commitments regarding the material topic	Focusing on facilitating the energy transition; <u>Safe grids that everyone can rely on</u>	
d	Describe actions taken to manage the topic and related impacts, including: i. actions to prevent or mitigate potential negative impacts; ii. actions to address actual negative impacts, including actions to provide for or cooperate in their remediation; iii. actions to manage actual and potential positive impacts	Focusing on facilitating the energy transition; <u>Safe grids that everyone can rely on</u>	
e	Report the following information about tracking the effectiveness of the actions taken: i. processes used to track the effectiveness of the actions; ii. goals, targets, and indicators used to evaluate progress; iii. the effectiveness of the actions, including progress toward the goals and targets; iv. lessons learned and how these have been incorporated into the organization's operational policies and procedures;	Focusing on facilitating the energy transition; <u>Safe grids that everyone can rely on</u> ; <u>Objectives and our performance</u> ; Appendix; Other information; About this report; <u>Dialogue with stakeholder</u> ; <u>Determining the materiality</u>	Incomplete data for iv; we will pay attention to the topic 'lessons learned' in the 2023 materiality analysis
f	Describe how engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e).	Incomplete data; attention will be paid to this in the materiality analysis 2023	



Category name / indicator	Name of the indicator	Reference	Not reported
---------------------------	-----------------------	-----------	--------------

Safe energy grid

GRI 3-3	For each material topic reported under Disclosure 3-2, the organization shall:		
	a Describe the actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights	Focusing on facilitating the energy transition; Safe grids that everyone can rely on	
	b Report whether the organization is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships	Focusing on facilitating the energy transition; Safe grids that everyone can rely on	
	c Describe its policies or commitments regarding the material topic	Focusing on facilitating the energy transition; Safe grids that everyone can rely on	
	d Describe actions taken to manage the topic and related impacts, including: <ul style="list-style-type: none"> i. actions to prevent or mitigate potential negative impacts; ii. actions to address actual negative impacts, including actions to provide for or cooperate in their remediation; iii. actions to manage actual and potential positive impacts 	Focusing on facilitating the energy transition; Safe grids that everyone can rely on	
	e Report the following information about tracking the effectiveness of the actions taken: <ul style="list-style-type: none"> i. processes used to track the effectiveness of the actions; ii. goals, targets, and indicators used to evaluate progress; iii. the effectiveness of the actions, including progress toward the goals and targets; iv. lessons learned and how these have been incorporated into the organization's operational policies and procedures; 	Focusing on facilitating the energy transition; Safe grids that everyone can rely on ; Appendix; Other information; About this report; Dialogue with stakeholder ; Determining the materiality	Incomplete data for iv; we will pay attention to the topic 'lessons learned' in the 2023 materiality analysis
	f Describe how engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e).	Incomplete data; attention will be paid to this in the materiality analysis 2023	



Category name / indicator	Name of the indicator	Reference	Not reported
Enexis indicator	Public safety electricity, Public safety gas	Focusing on facilitating the energy transition; <u>Safe grids that everyone can rely on</u>	

Sustainable energy supply

GRI 3-3	For each material topic reported under Disclosure 3-2, the organization shall:		
a	Describe the actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights	Focusing on facilitating the energy transition; <u>Increasing the sustainability of our energy supply;</u>	
b	Report whether the organization is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships	Focusing on facilitating the energy transition; <u>Increasing the sustainability of our energy supply;</u>	
c	Describe its policies or commitments regarding the material topic	Focusing on facilitating the energy transition; <u>Increasing the sustainability of our energy supply;</u>	
d	Describe actions taken to manage the topic and related impacts, including: <ul style="list-style-type: none"> i. actions to prevent or mitigate potential negative impacts; ii. actions to address actual negative impacts, including actions to provide for or cooperate in their remediation; iii. actions to manage actual and potential positive impacts 	Focusing on facilitating the energy transition; <u>Increasing the sustainability of our energy supply;</u>	
e	Report the following information about tracking the effectiveness of the actions taken: <ul style="list-style-type: none"> i. processes used to track the effectiveness of the actions; ii. goals, targets, and indicators used to evaluate progress; iii. the effectiveness of the actions, including progress toward the goals and targets; iv. lessons learned and how these have been incorporated into the organization's operational policies and procedures; 	Focusing on facilitating the energy transition; <u>Increasing the sustainability of our energy supply;</u> Appendix; Other information; About this report; <u>Dialogue with stakeholder; Determining the materiality</u>	Incomplete data for iv; we will pay attention to the topic 'lessons learned' in the 2023 materiality analysis



Category name / indicator	Name of the indicator	Reference	Not reported
	f Describe how engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e).	Incomplete data; attention will be paid to this in the materiality analysis 2023	
Enexis indicator	Expansion of transmission capacity	We are Enexis; Objectives and our performance ; Focusing on facilitating the energy transition; Access to a reliable energy grid for everyone ; Increasing the sustainability of our energy supply	

Affordable energy supply

GRI 3-3	For each material topic reported under Disclosure 3-2, the organization shall:		
	a Describe the actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights	Focusing on facilitating the energy transition; Increasing the sustainability of our energy supply ;	
	b Report whether the organization is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships	Focusing on facilitating the energy transition; Increasing the sustainability of our energy supply ;	
	c Describe its policies or commitments regarding the material topic	Focusing on facilitating the energy transition; Increasing the sustainability of our energy supply ;	
	d Describe actions taken to manage the topic and related impacts, including: <ul style="list-style-type: none"> i. actions to prevent or mitigate potential negative impacts; ii. actions to address actual negative impacts, including actions to provide for or cooperate in their remediation; iii. actions to manage actual and potential positive impacts 	Focusing on facilitating the energy transition; Increasing the sustainability of our energy supply ;	
	e Report the following information about tracking the effectiveness of the actions taken: <ul style="list-style-type: none"> i. processes used to track the effectiveness of the actions; ii. goals, targets, and indicators used to evaluate progress; iii. the effectiveness of the actions, including progress toward the goals and targets; iv. lessons learned and how these have been incorporated into the organization's operational policies and procedures; 	Focusing on facilitating the energy transition; Increasing the sustainability of our energy supply ; Appendix; Other information; About this report; Dialogue with stakeholder ; Determining the materiality	Incomplete data for iv; we will pay attention to the topic 'lessons learned' in the 2023 materiality analysis



Category name / indicator	Name of the indicator	Reference	Not reported
	f Describe how engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e).	Incomplete data; attention will be paid to this in the materiality analysis 2023	
Enexis indicator	Controllable costs and revenues	We are Enexis; <u>Objectives and our performance</u>	

Customer-oriented services

GRI 3-3	For each material topic reported under Disclosure 3-2, the organization shall:		
	a Describe the actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights	Focusing on facilitating the energy transition; <u>Customer satisfaction is a top priority in our services</u>	
	b Report whether the organization is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships	Focusing on facilitating the energy transition; <u>Customer satisfaction is a top priority in our services</u>	
	c Describe its policies or commitments regarding the material topic	Focusing on facilitating the energy transition; <u>Customer satisfaction is a top priority in our services</u>	
	d Describe actions taken to manage the topic and related impacts, including: <ul style="list-style-type: none"> i. actions to prevent or mitigate potential negative impacts; ii. actions to address actual negative impacts, including actions to provide for or cooperate in their remediation; iii. actions to manage actual and potential positive impacts 	Focusing on facilitating the energy transition; <u>Customer satisfaction is a top priority in our services</u>	



Category name / indicator	Name of the indicator	Reference	Not reported
	e Report the following information about tracking the effectiveness of the actions taken: i. processes used to track the effectiveness of the actions; ii. goals, targets, and indicators used to evaluate progress; iii. the effectiveness of the actions, including progress toward the goals and targets; iv. lessons learned and how these have been incorporated into the organization's operational policies and procedures;	Focusing on facilitating the energy transition; <u>Customer satisfaction is a top priority in our services</u> ; Appendix; Other information; About this report; <u>Dialogue with stakeholder</u> ; <u>Determining the materiality</u>	Incomplete data for iv; we will pay attention to the topic 'lessons learned' in the 2023 materiality analysis
	f Describe how engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e).	Incomplete data; attention will be paid to this in the materiality analysis 2023	
Enexis indicator	Customer Effort Scores	We are Enexis; <u>Objectives and our performance</u> ; Focusing on facilitating the energy transition; <u>Customer satisfaction is a top priority in our services</u>	

EU: disclosure of non-financial information

	Description	Reference
Business model		
	General description of the core processes and activities, in order to place non-financial information in the right context.	We are Enexis
Environmental matters		
Policy pursued and its results		Working on a sustainable impact; Increasing the sustainability of our organisation
Risks (and risk management)	Extensive and prolonged interruptions of the energy supply due to natural disasters, internal failures or intentional wrongdoing. New laws and regulations limiting Enexis's possibilities to play an active role in the energy transition.	Governance and risk management; Risk management
Non-financial performance indicators	Expansion of transmission capacity Annual increase in connections with which energy is fed back into the grid Annual installed renewable energy capacity Amount of waste CO ₂ footprint Sustainable vehicle fleet	Focusing on facilitating the energy transition; Access to a reliable energy grid for everyone ; Increasing the sustainability of our energy supply ; Working on a sustainable impact; Increasing the sustainability of our organisation ; Appendix; Other information; Facts and figures; Sustainable impact; Corporate social responsibility - CO₂ footprint
Social and personnel matters		
Policy pursued and its results		Working safely and strengthening each other; Safe and healthy working conditions ; Investing in work, profession skills and personal development
Risks (and risk management)	Accidents suffered by employees and/or bystanders due to unsafe situations and/or asset failures.	Governance and risk management; Risk management
Non-financial performance indicators	Accidents and Lost Time Injury Frequency % Absence due to illness Age category Labour participation Inflow and outflow	Working safely and strengthening each other; Safe and healthy working conditions; Incidents with absenteeism ; Investing in work, profession skills and personal development ; More new colleagues joined the company ; We are strengthening the diversity and inclusiveness of our organisation ; Appendix; Other information; Facts and figures; Employment and skilled employees



	Description	Reference
Respect for human rights		
Policy pursued and its results	Enexis is a signatory and supporter of the United Nations' Universal Declaration of Human Rights. Aspects with regard to human rights, such as equal treatment and employee participation, are set out in the Collective Labour Agreement (CAO), company regulations and the Enexis Code of Conduct (updated in 2021). Enexis has a complaints procedure, confidential counsellors and a whistleblower scheme to report any breaches. Enexis also adheres to the guidelines for terms of employment and working conditions that constitute fundamental principles and employment rights as formulated by the International Labour Organisation. The Code of Conduct is available to the public via our website. Breaches will be reported.	Safe and healthy working conditions; Equal rights for everyone ; Appendix; Other information; Facts and figures; Sustainable impact; Corporate social responsibility - chain responsibility and human rights
Risks (and risk management)		Enexis has not identified any risks in the context of the guidelines and arrangements in this area.
Non-financial performance indicators	Code of Conduct for suppliers Enexis Code of Conduct Complaints procedure Fraud regulations and implementation protocol	Enexis does not make use of a specific quantitative KPI with respect to human rights. We regard making our social performance measurable as an important topic on which we will focus our attention in the coming years.
Anti-corruption and bribery		
Policy pursued and its results	Enexis's policy to prevent corruption or bribery of employees is laid down in the Corporate Social Responsibility Purchasing policy, Code of Conduct for employees (updated in 2021) and the Supplier Code of Conduct (part of the General Purchasing Conditions). For reporting any violations, there is a regulation 'Alleged abuses and irregularities', and confidential advisers have been appointed. In addition, there is an internal integrity committee that discusses any integrity violations and ensures that we continue to work on fostering a culture of integrity.	Safe and healthy working conditions; Equal rights for everyone ; Appendix; Other information; Facts and figures; Sustainable impact; Corporate social responsibility - chain responsibility and human rights
Risks (and risk management)		Enexis has not identified any risks in the context of the guidelines and arrangements in this area.
Non-financial performance indicators	Code of Conduct for suppliers Enexis Code of Conduct Complaints procedure Fraud regulations and implementation protocol	Enexis does not make use of a specific quantitative KPI with respect to corruption and bribery. We regard making our social performance measurable as an important topic on which we will focus our attention in the coming years.

Glossary

NON-FINANCIAL TERMINOLOGY

ASSOCIATION OF ISSUING BODIES (AIB)

The purpose of the AIB is to develop, use, and promote a standardised system of energy certification for all energy carriers. (www.aib-net.org)

NETHERLANDS AUTHORITY FOR CONSUMERS & MARKETS (ACM)

The Netherlands Authority for Consumers & Markets ensures fair competition between companies, protects consumer interests, regulates the tariffs of energy companies, and oversees compliance with the Electricity Act 1998 and the Gas Act.

DUTCH DATA PROTECTION AUTHORITY

The Dutch Data Protection Authority is the independent regulator in the Netherlands that promotes and safeguards the protection of personal data.

RELIABILITY

The degree of reliability of the energy supply is expressed as the average duration and frequency of interruptions of the energy transmission to end users.

CUSTOMER EFFORT SCORE (CES)

The Customer Effort Score indicates how much effort a customer has to make to get an issue resolved.

- Customised connections: This survey measures how much effort a customer had to make to receive a quotation for a connection or to have the requested connection delivered.
- Standard connections: a survey among customers to whom Enexis delivered a new or revised connection a month before the survey. The survey measures how much effort a customer had to make to go through the process of requesting a standard connection up to the delivery of the connection.
- Outages: this survey provides insight into the degree of satisfaction regarding the outages process. Customers were asked how much effort was required to obtain information about an outage during a planned or unplanned outage.

SUSTAINABILITY

'Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs'. Enexis, briefly put, interprets this in relation to its primary tasks as 'Endeavouring to make sensible use of energy sources and the environment.'

INSTALLED RENEWABLE CAPACITY

Installed renewable energy capacity, expressed in Megawatt. Renewable energy sources concern solar and wind (biogas and water excluded)

EMPLOYEE NET PROMOTER SCORE

The Employee Net Promoter Score indicates the degree in which employees recommend Enexis as an employer to others. The score is determined by: % promoters - % criticasters.

ENERGY CHAIN

Everything relating to the origin, production, transmission and end use of energy.

ENERGY TRANSITION

Term referring to the ongoing efforts to switch the energy supply from centralised fossil generation to decentralised renewable generation.

GRI

Global Reporting Initiative; a global standard for annual sustainability reports.

ANNUAL OUTAGE TIME (AOT)

Annual outage time as a result of unforeseen interruptions (outages). The average number of minutes (electricity) or seconds (gas) that the customer is without energy in a calendar year.

- Electricity: per outage, the product of the number of effected connections and the duration of the outage in minutes, totalled over all outages and divided by the total number of connections in the grid area concerned in the year. The number of connections is checked and assessed by Movaris annually.
- Gas: per outage, the product of the number of effected connections and the duration of the outage in seconds, totalled over all outages and divided by the total number of connections in the year. The number of connections is checked and assessed by Movaris annually.

CHAIN

The group of parties that carry out a process together. Enexis is active in the energy chain and in the resources chain.

CUSTOMER SATISFACTION

The score that customers give for the performance of Enexis.

QUANTITATIVE PROGRESS YEAR ORDER BOOK

We compare the absolute value of the realised revenue from the year order book with the planned revenue. The realised revenue from the year order book is the value of the work package that was carried out (including work in progress); the planned revenue is the value of the ordered work package at standardised costs (including work in progress).

LOST TIME INJURY FREQUENCY (LTIF)

Indicator for employee safety during the performance of work expressed in the number of accidents resulting in absenteeism per 1 million hours worked.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Sustainable approach to business aimed at minimising the negative operational impact on the environment and maximising the positive operational impact on society.

GRID OPERATOR

An independent utility company appointed in a designated area to provide for the transmission of gas and electricity between supplier and customer and to construct and maintain grids for this purpose. The tasks of the grid operator are laid down in the Electricity Act 1998 and the Gas Act.

ENERGY COMPANY

Enexis Groep is an energy company consisting of a group of companies, including Enexis Netbeheer and Enpuls. Each company within Enexis Groep has its own specific focus area. Together, we work on a reliable and sustainable energy supply now and in the future.

REGIONAL ENERGY STRATEGY (RES)

The Regional Energy Strategy is a tool for making regional choices with societal involvement with regard to generating sustainable energy, the heat transition in the built environment and the required storage and energy infrastructure. The RES sets out the strategy that a RES region is adopting in order to set and achieve local/regional energy goals.

REGULATION

The development and alignment of laws and regulations for the activities of companies, such as grid operators and energy companies, and the government supervision of compliance with these laws and regulations.

SMART METER

A meter for measuring electricity and/or gas consumption that can be read remotely by the grid operator and that makes consumption data available to the customer via a local access portal for further processing via their own peripheral equipment.

STATE SUPERVISION OF MINES (SODM)

The independent regulator for mineral and energy extraction in the Netherlands, as well as gas safety.

STAKEHOLDER

Party involved in or affected by the activities of Enexis. Enexis identifies the following stakeholders: customers, employees, shareholders, market and chain partners, investors, policymakers, special interest groups, and local energy partners.

ENERGY FEED-IN

Process where a customer feeds self-generated (and usually renewable) energy into the energy grid.

INCREASE/DECREASE # FTE SCARCE TECHNICAL PERSONNEL

The growth in headcount own personnel in the 10 branches and Expertise, Bedrijfsvoering, Stations (EBS) that has to be realised in one year in the pre-defined scarce technical positions in the job categories Engineers, Servicemen, Foremen, Specialists, and Technicians.

INCREASE IN CONNECTION CAPACITY

The increase in connection capacity provides an indication of the efforts that we are making to prepare our grid for the energy transition. This is measured by multiplying the total number of transformers (in one year) by the capacity.

SAFETY AWARENESS

The ability to effectively translate feelings and experiences into preventive actions and alert responses to dangerous or potentially dangerous situations, so that actions can be carried out without danger.

IMPACTED USER MINUTES (IUM)

The average number of minutes (electricity) or seconds (gas) that the customer is without energy in a calendar year.

FOOTPRINT

Indication of the volume of CO₂ that Enexis emits in a calendar year. Within the footprint, Enexis distinguishes between its own emissions and chain emissions.

ABSENTEEISM

The absenteeism rate is calculated by dividing the number of absenteeism days by the number of available days, taking into account the part-time percentage (for the number of available days) and the occupational disability percentage (for the number of absenteeism days) In both cases, this concerns calendar days and not working days.

PREFERRED DATE

When requesting a connection the customer indicates on which preferred date they want the connection to be realised.

FINANCIAL TERMINOLOGY**CONTROLLABLE COSTS AND REVENUES**

The sum of the controllable costs and revenues of Enexis Netbeheer, including staff departments.

DEGENERATION EXPENSES

Expenses charged by municipalities for damage and inconvenience arising from work on the grid on municipal land.

EBIT

Earnings Before Interest and Tax.

FFO/NET INTEREST-BEARING LIABILITIES

This is calculated as follows: (operating income + depreciation – amortisations + dividend received from associates – financial expenses + financial income – taxes due and payable) / net interest-bearing liabilities.

FFO/INTEREST COVERAGE RATIO

This is calculated as follows: (operating result + depreciation - amortisation + dividend received from associates + financial income - taxes due and payable) / paid interest expenses.

INVESTED CAPITAL

Fixed assets plus assets held for sale minus contributions received in advance (non-current and current) less liabilities held for sale plus net working capital.

NET INTEREST-BEARING LIABILITIES

This is calculated as follows: total interest-bearing liabilities – deposits – cash and cash equivalents.

NET INTEREST-BEARING LIABILITIES / (EQUITY + NET INTEREST-BEARING LIABILITIES)

This is calculated as follows: (total interest-bearing liabilities – deposits – cash and cash equivalents.) / (equity + (total interest-bearing liabilities – deposits – cash and cash equivalents)).

NET WORKING CAPITAL

Total current assets (excluding cash and cash equivalents, excluding current financial fixed assets and excluding deposits) minus current liabilities (excluding interest-bearing liabilities, excluding prepayments to be amortised in the following year and excluding derivatives).

STANDARD COSTS

Internal price based on standard quantities and average standard costs.

RETURN ON EQUITY

Result after taxes divided by equity capital at year-end. ROIC
EBIT divided by the invested capital at year-end.

ROIC

EBIT divided by the invested capital at year-end.

SOLVENCY

Equity x 100% divided by the balance sheet total.

WORK PACKAGE

Gross investments and operational work on the electricity and gas grids plus activities relating to smart meters based on standard tariffs.

X-FACTOR

The X-factor is used by the ACM to calculate the reduction applied to promote operational efficiency.

Colophon

PUBLICATION

Enexis Holding N.V.
P.O. Box 856
5201 AW 's-Hertogenbosch

The annual report is available online on our website: enexisgroep.com/annualreport.

EDITOR AND PRODUCTION

Communication & Public Affairs Department Enexis Groep, 's-Hertogenbosch
Schrijf-Schrijf, Utrecht

DESIGN

DartGroup, Amsterdam

DOCUMENT & WEBSITE REALISATION

F19 Software

PHOTOGRAPHY & IMAGES

Enexis Groep

ENGLISH TRANSLATION

DartGroup (The English factory), Amsterdam

The annual report in Dutch is available online on our website: enexisgroep.nl/jaarverslag. The Dutch version takes precedence.

REACTIONS

We strive to improve our reporting every year. Input from critical readers is always welcome. If you have any suggestions for improvement, send an e-mail to communicatie@enexis.nl.



Enexis Holding N.V.

P.O. Box 856

5201 AW 's-Hertogenbosch

The Netherlands

Tel: +31 (0)88 857 77 77

www.enexisgroep.nl