

Elia Group
Société anonyme / Naamloze vennootschap
Boulevard de l'Empereur / Keizerslaan 20
1000 Brussels
Company number 0476.388.378 (RLE Brussels)

(the "Company")

**REPORT OF THE BOARD OF DIRECTORS PREPARED IN ACCORDANCE
WITH ARTICLE 7:198 *JUNCTO* ARTICLES 7:179, 7:191 and 7:193 OF THE
BELGIAN CODE OF COMPANIES AND ASSOCIATIONS**

1 Purpose of this report

In accordance with article 7:198 *juncto* articles 7:179, §1, first alinea, 7:191 and 7:193 of the Belgian Code of Companies and Associations (the "**Code**"), the board of directors of the Company (the "**Board of Directors**") justifies in this report the capital increase decided on 26 March 2025 in the context of the authorised capital with the cancellation of statutory preference right in favour of specific persons to allow the investors listed below to subscribe to shares of the Company (the "**PIPE Capital Increase**"). More in particular, this report relates to the issue price, the effects of the PIPE Capital Increase on the financial and membership rights of the shareholders, the reasons for the cancellation of the statutory preference right in favour of specific persons, and the effects of the cancellation of the statutory preference right on the financial and membership rights of the shareholders, considering in particular the financial condition of the Company, the identity of the subscribing investors, and the nature and extent of their contributions. This report must be read in conjunction with the report prepared by the College of Auditors of the Company in accordance with the aforementioned articles.

As a result of the PIPE Capital Increase, the Company will issue new shares in a manner that is not proportionate to the number of shares within each class, as described below in section 4. However, the Board of Directors did not need to apply the procedure of article 7:155 of the Code, since this procedure was already applied when the extraordinary general meeting of 21 June 2024 authorised the Board of Directors to decide on a capital increase.

2 Context of the PIPE Capital Increase

The proceeds of the PIPE Capital Increase, as well as the proceeds of the Rights Issue Capital Increase, as defined below, will be used to (i) support regulated investments in Belgium and Germany in the subsidiaries Elia Transmission Belgium and Elia Asset and in the German subsidiaries Eurogrid GmbH and 50Hertz Transmission GmbH and their subsidiaries, and (ii) finance the investment in energyRe Giga for a maximum amount of EUR 200 million (issue premium included), with the balance being financed by debt.

On 6 March 2025, the Company entered into subscription agreements (the "**Subscription Agreements**") with several investors, namely ATLAS Infrastructure Partners, Canada Pension Plan



Investment Board, certain funds and accounts managed by BlackRock, and Publi-T (together the "**Subscribers**"), according to which the Subscribers will subscribe to shares that the Company will issue in the context of the PIPE Capital Increase. The completion of the PIPE Capital Increase is subject to several conditions being satisfied, including the Board of Directors' or ad hoc committee's approval to undertake the Rights Issue Capital Increase and publish the launch press release for the Rights Issue Capital Increase, as defined below.

The Board of Directors decided on 20 March 2025 on a capital increase with extra-statutory preference rights (the "**Rights Issue Capital Increase**"). The ad hoc committee decided on March 25, 2025, to effectively launch the Rights Issue Capital Increase and to determine the issue price, the subscription ratio, and the maximum number of shares to be issued for the Rights Issue Capital Increase. The Board of Directors subsequently decided on the same day to approve the launch press release for the Rights Issue Capital. The PIPE Capital Increase will be completed and the shares will be issued to the Subscribers before the record date of the Rights Issue Capital Increase, so that the Subscribers to the PIPE Capital Increase will also be granted rights to participate in the Rights Issue Capital Increase. The Subscribers have committed in the Subscription Agreements to fully exercise their rights to participate in the Rights Issue Capital Increase. The completion of the Rights Issue Capital Increase is scheduled to take place on 8 April 2025.

3 Authorisation by the extraordinary general meeting of 21 June 2024

The extraordinary general meeting of 21 June 2024 has granted the following authorisation to the Board of Directors, as provided in article 7 of the articles of association:

"7.1 The board of directors is authorised (i) to increase the capital, in one or more occurrences, both by cash contributions and, subject to legal restrictions, by contributions in kind, as well as by incorporation of available or unavailable reserves or issue premiums, with or without issuance of new securities, and (ii) to determine all terms and conditions of the capital increase, the issue of securities and their placement.

These increases may result in the issuance of shares, convertible bonds and/or subscription rights, as well as other securities, whether or not attached to other securities of the Company.

The maximum amounts of the capital increases authorised by this Clause 7 are specified in Clause 7.3.

This authorisation is granted to the board of directors for a period of five years from the date of publication in the Annexes of the Belgian State Gazette of an extract from the decision of the general meeting approving the authorised capital and the resulting amendment to the articles of association.

7.2 The board of directors may, within the framework of the authorisation provided for in this Clause 7, limit or cancel the preference rights of shareholders, in the interests of the company and subject to compliance with the legal terms.

The board of directors may also limit or cancel shareholders' preference rights in favour of one or more specific persons who, where applicable, are not employees of the company or its subsidiaries. Such specific persons may or may not already be shareholders.

7.3 The maximum cumulative amounts over the authorisation period covered by the authorised capital clause, of the capital increases authorised by this Clause 7 are the following:

- (i) if the capital increases take place with the statutory preference right, or with the cancellation of the statutory preference right but combined with the granting of an extra-statutory preference right, the maximum amount equivalent to 50% of the existing capital of the Company on the date on which the general meeting approved the authorisation, rounded down to the nearest whole number; and

- (ii) in all other cases, the maximum amount equivalent to 20% of the existing capital of the Company on the date on which the general meeting approved the authorisation, rounded down to the nearest whole number.

In any event, the total amount by which the board of directors may increase the capital by combining the authorisations set forth under items (i) and (ii) above, is limited to an amount equivalent to 70% of the existing capital of the Company on the date on which the general meeting approved the authorisation, rounded down to the nearest whole number.

7.4 Any capital increase pursuant to this authorisation shall be decided in accordance with the terms of, and be consistent with, the special report submitted by the board of directors to the general meeting dated 21 June 2024.

7.5 Any decision to implement the authorisation granted to the board of directors to increase the capital in accordance with this Clause 7 shall require, in addition to a simple majority of the votes of the members of the board of directors present or represented, a majority of 3/4th (rounded down to the nearest whole number) of the votes of the non-independent directors present or represented. The 3/4th majority of the votes of the non-independent directors does not apply if all the non-independent directors are prevented from taking part in the deliberation and voting on the decision in accordance with Articles 7:96, 7:97 and/or 7:200, 2° of the Code of companies and associations. If one (or more) directors are unable to participate, they will not be taken into account for the calculation of the quorum."

The Board of Directors has so far only made use of the authorised capital for the Rights Issue Capital Increase, which (after it is completed) will count towards the cumulative amount provided in article 7.3 (i) in the articles of association. The PIPE Capital Increase will count towards the cumulative amount provided in article 7.3 (ii) in the articles of association.

4 Main characteristics of the PIPE Capital Increase

With the PIPE Capital Increase, the Company will increase its capital by a total amount of EUR 342.606.337,68 (EUR 849,999,954.44 including the issue premium), by issuing 7,600,529 new class B Shares and 6,135,734 new class C Shares in exchange for cash contributions that are fully paid up.

These shares will be subscribed as follows:

- NextGrid Holding NV/SA, a limited liability company, having its registered office at Galerie Ravenstein 4, box 2, 1000 Brussels, Belgium and registered with Brussels Register of Legal Entities under number 1018.657.277, will subscribe to 16,851 class B Shares and 6,135,734 class C Shares for a total of EUR 380,721,959.80, including the issue premium.
- ATLAS Infrastructure Partners (UK) Ltd, having its registered office at 4th Floor Phoenix House, 1 Station Hill, Reading, Berkshire, RG1 1NB and registered with English and Wales Companies House under number 10605792, acting via certain funds under the management of ATLAS Infrastructure Partners, will subscribe to 3,791,840 class B Shares for a total of EUR 234,639,059.20, including the issue premium.
- Canada Pension Plan Investment Board, a federal crown corporation established under the Canada Pension Plan Investment Board Act, having its registered office at One Queen Street East, Suite 2500, Toronto, ON M5C 2W5, Canada, will subscribe to 1,895,919 class B Shares for a total of EUR 117,319,467.72, including the issue premium.
- Certain funds and accounts under the management of BlackRock, whose names are set out in Schedule 1 to the Subscription Agreement with BlackRock, will subscribe in aggregate to 1,895,919 class B Shares for a total of EUR 117,319,467.72, including the issue premium.



The issue price per share, including the issue premium, is EUR 61.88. This is the fixed price (without the possibility of adjustment up or down) provided for in the Subscription Agreements.

Under the Subscription Agreement with Publi-T, Publi-T has the right to assign its rights and obligations to NextGrid Holding NV/SA, a Belgian limited liability company, having its registered office at Ravensteingalerij 4, 1000 Brussels, Belgium and with enterprise number 1018.657.277 ("**NextGrid Holding**"). Publi-T has notified the Company on 21 March 2025 that it has done so, so that NextGrid Holding will subscribe to the portion of shares of Publi-T.

The Subscribers all constitute specific persons other than members of the personnel in favour of whom the statutory preference rights are cancelled in the context of the PIPE Capital Increase, in the meaning of articles 7:193 and 7:200, 2° of the Code.

In accordance with the Subscription Agreements, the completion of the PIPE Capital Increase was subject to several conditions precedent. These have been fulfilled as of the date of this report, so the PIPE Capital Increase can and must take place under the Subscription Agreements.

The shares issued in the context of the PIPE Capital Increase will have the same par value as the existing shares. The new shares will be identical to the existing shares and will have the same rights and benefits as the existing shares of the same class at the date of issuance of the new shares. The new shares will not be entitled to any dividend that will be paid in respect of financial year 2024, because shares have been traded ex-dividend from the opening of Euronext Brussels on 19 March 2025.

The new shares will be issued in registered form. The Subscribers, other than Publi-T/NextGrid Holding, have committed not to request the conversion of the new shares into dematerialised form until such time as they have received the preference rights in the context of the Rights Issue Capital Increase. The Company has undertaken to list and admit the new class B shares for trading on Euronext Brussels within three business days of closing of the PIPE Capital Increase.

5 Justification of the PIPE Capital Increase and the cancellation of statutory preference rights

5.1 Justification of the PIPE Capital Increase in general

The PIPE Capital Increase is necessary, together with the Rights Issue Capital Increase, for the Company to fund the investments described in section 2 of this report.

The Board of Directors considered when it authorised the signing of the Subscription Agreements on 6 March 2025 that the PIPE Capital Increase is in line with the Company's strategy to raise capital from current shareholders and new investors to finance the necessary investments by way of an equity raise of EUR 2.2 billion. After having considered various scenarios and in view of the anticipated capital needs, the Board of Directors considered that raising this amount through a combination of the PIPE Capital Increase and the Rights Issue Capital Increase in the respective amounts proposed presented several advantages to the Company:

- Attracting qualitative investors for the PIPE Capital Increase is a tangible proof of the inherent strength and attractiveness of the Company's strategy, which can be used as support and for the marketing of the Rights Issue Capital Increase;
- The PIPE Capital Increase mechanically reduces the size of the Rights Issue Capital Increase, thereby reducing the execution risk of the Rights Issue Capital Increase and increasing the chance of shareholders subscribing to the whole Rights Issue Capital Increase; this is a particularly important consideration given the amount of equity that is

needed to support the group's investment plan and the overhang this has created on the Company's share price; after having considered various options and scenarios and having regard to the recent decline in the Company's share price as well as market pressure to derisk any future rights issue, the Board of Directors decided that it was in the interest of the Company to propose the PIPE Capital Increase;

- It should be possible to carry out the PIPE Capital Increase at an issue price which should, in principle, be higher than the issue price that would typically be applied in a rights issue that would be carried out at the same time; moreover, given the very sizeable amount of the (future) Rights Issue Capital Increase, it is expected that the envisaged discount for the Rights Issue Capital Increase would be larger in case the entire EUR 2.2 billion amount needed to be raised solely by way of a rights issue;
- Finally, considering the Company's equity needs beyond the 2025 Rights Issue Capital Increase, the PIPE Capital Increase also enables the Company to attract a number of new reputable anchor investors with the capacity to support current and future capital increases equity raises in the future.

As indicated below, all these elements have been taken into account by the Board of Directors on 6 March 2025, when executing the Subscription Agreements.

By way of further background, the Board of Directors noted that the investors that were initially approached, for purposes of gauging their interest in the potential PIPE Capital Increase, included a broad list of renowned blue chip long-term institutional investors, comprising both existing and potential new shareholders, which had been proposed by the Company's placement agents based on the criteria set by the Board of Directors with a view to obtaining the best possible result for the Company.

For the reasons described above, the Board of Directors concludes that the PIPE Capital Increase, including the participation by Publi-T/NextGrid Holding, is the best option for the Company and that the cancellation of statutory preference rights is in the corporate interest and in the interest of the existing shareholders.

5.2 Justification of the participation of Publi-T/NextGrid Holding in the PIPE Capital Increase

The Board of Directors considered when it authorised the signing of the Subscription Agreements on 6 March 2025 that the proposed subscription by Publi-T/NextGrid Holding, alongside the other Subscribers, in the context of the proposed PIPE Capital Increase is in line with the corporate interest for several reasons:

- The Company's equity needs, as previously communicated to the market, are very sizeable and largely driven by the Company's significant capex and investment plan; given the amounts at stake, the Board of Directors has been advised that, in order to raise such amounts, a multi-step approach will be required whereby the total amount will have to be raised by means of various different means and transactions spread out over time; moreover, to avoid a too long overhang and in view of the anticipated capital needs for 2025 and 2026, it is proposed to proceed with a capital raise in an amount of EUR 2.2 billion to be raised by means of the PIPE Capital Increase and the Rights Issue Capital Increase in the respective amounts and for the reasons as set out above in section 5.1; as was made clear in various presentations and from the feedback received by management in its interactions with investors, support from the core shareholder Publi-T/NextGrid Holding throughout each step of the anticipated multi-step capital raise exercise, including the PIPE

Capital Increase and Rights Issue Capital Increase, is critical in order to (i) derisk the capital raise exercise, (ii) send a strong message of support for the Company's equity story to the other subscribers and the market, and (iii) create a competitive advantage versus other companies in the sector who are also competing for large amounts of capital;

- The Company plays a critical role in safeguarding Belgium and Germany's energy autonomy and sovereignty; in the current uncertain geopolitical environment, the market would expect the public sector to retain oversight of key public infrastructure; accordingly, it is in the corporate interest of the Company to retain Publi-T/NextGrid Holding as the Company's key core shareholder, considering Publi-T/NextGrid Holding is a public-related entity and considering Publi-T/NextGrid Holding's alignment with the strategic vision and purpose of the Company; Publi-T/NextGrid Holding's participation in the PIPE Capital Increase pro rata to its shareholding, as well as its commitment to participate in the Rights Issue Capital Increase, has a key signalling effect for the market;
- Several global blue-chip institutional investors will be investing in the PIPE Capital Increase, to which Publi-T/NextGrid Holding would participate alongside to ensure a successful PIPE Capital Increase; this not only provides a signature to the Company's investment strategy, but is a testament of the relevance of Publi-T/NextGrid Holding as a core shareholder of the Company with whom these investors will co-invest in the Company; on that note, prospective investors in the PIPE Capital Increase all welcome Publi-T/NextGrid Holding's support and participation in the PIPE Capital Increase and Rights Issue Capital Increase.

It is not only common but also typically expected by the broader market that in the context of such a large capital increase to finance a company's growth strategy, the core shareholder participates pro rata to its existing shareholding in the Company; put differently, if Publi-T would not participate to the PIPE, this would send a negative signal to the market; furthermore, it is noted that, in the previous capital increases of the Company, Publi-T also participated pro rata to its shareholding; accordingly, the commitment of Publi-T/NextGrid Holding to support the PIPE Capital Increase and Rights Issue Capital Increase pro rata to its shareholding is seen as a key element of the success of the operation, as was the case in the Company's previous capital raises.

For the reasons described above, the Board of Directors concludes that the subscription by Publi-T/NextGrid Holding, alongside the other Subscribers, is the best option for the Company and that the cancellation of statutory preference rights in their favour is in the corporate interest and in the interest of the existing shareholders.

6 Procedures for related party transactions

The signing of the Subscription Agreement with Publi-T, of which the PIPE Capital Increase is the mechanical execution, was subject to the procedure provided for related party transactions in article 7:97 of the Code, because of the subscription by Publi-T/NextGrid Holding, which is a related party to the Company in the sense of IAS 24.

The committee of independent directors issued a favourable and unreserved opinion on the PIPE Capital Increase in accordance with article 7:97, §3 of the Code. The conclusions of this opinion are as follows:

"The Committee is of the opinion that the proposed subscription by Publi-T in the context of the proposed PIPE Capital Increase is in line with the corporate interest, including the interest of minority shareholders."



The Committee is of the opinion that the subscription is not prejudicial to the Company and is not manifestly abusive.

The Committee therefore issues a favourable opinion on the subscription by Publi-T in the context of the proposed PIPE Capital Increase."

In addition, the College of Auditors of the Company prepared a report in accordance with article 7:97, §4 of the Code and concluded that (free translation):

"Based on our review, which was conducted in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", nothing has come to our attention that causes us to believe that the accounting and financial data included in the minutes of the Board of Directors of 6 March 2025 and in the advice of the independent directors of 6 March 2025, both drawn up in accordance with the requirements of Article 7:97 of the Code of Companies and Associations and which justify the proposed transaction, are not, in all material respects, presented fairly and consistent compared to the information available to us in the context of our assignment. We do not make any opportunity assessment, nor do we express an opinion on the fairness of the proposed transaction ("no fairness opinion")."

Furthermore, the PIPE Capital Increase is carried out with the application of articles 7:193 and 200, 2° of the Code (relating to the cancellation of statutory preference rights in favour of specific persons) and the procedure stipulated in the special report that the Board of Directors prepared when the extraordinary general meeting of 21 June 2024 approved the authorised capital. The same procedures were applied to the approval of the Subscription Agreement by the Board of Directors.

Consequently, the following directors of the Company did not take place in the deliberations and vote on this report and the PIPE Capital Increase: G. Versnick, P. De Crem, D. Offergeld, B. Thiry, E. Vermoesen and Interfin represented by T. Wyngaard.

7 Consequences of the transaction for shareholders

7.1 Justification of the issue price

The formula to determine the issue price of the shares that will be issued in the PIPE Capital Increase has been determined after at arms' length negotiations by the Company with the Subscribers, other than Publi-T/NextGrid Holding. Publi-T/NextGrid Holding did not take part in the negotiations of the issue price. The market sounding process that was followed for the PIPE and the ensuing negotiations that have taken place with a number of investors selected out of those initially approached, based on their response and profile, resulted in a market-conform price formula that aligns with the Company's corporate interest. Publi-T/NextGrid Holding has agreed to participate in the PIPE Capital Increase pro rata to its shareholding at the same price as the price independently negotiated with other Subscribers.

Based on the outcome of the negotiations with the relevant Subscribers (other than Publi-T/NextGrid Holding), which led to the entry into the Subscription Agreements on 6 March 2025, the issue price of the PIPE Capital Increase is the lower of the closing price of 6 March 2025 and the volume-weighted average price over the last 30 calendar days up to (and including) 6 March 2025). In addition, such issue price is subject to a technical adjustment to give effect to the fact that the new shares will not be entitled to the dividend that will be distributed for financial year 2024, reducing the agreed issue price by EUR 2.05, reflecting the amount of the dividend for 2024. The application of this formula resulted in an issue price of EUR 61.88.

For the abovementioned reasons, the Board of Directors considers that the issue price of the PIPE Capital Increase is justified and does not prejudice the existing shareholders.

7.2 Consequences for membership rights

Taking into account that there are 73.5 million shares outstanding prior to the PIPE Capital Increase, an existing shareholder who does not subscribe to the newly issued shares in the PIPE Capital Increase will be subject to a dilution of approximately 18.7% (based on the number of outstanding shares before the PIPE Capital Increase) and a dilution of 15.7% (based on the number outstanding shares after the PIPE Capital Increase). An existing shareholder who owns 1% of the Company's capital before the PIPE Capital Increase and who does not subscribe to the newly issued shares will consequently hold 0.84% of the Company's capital after the PIPE Capital Increase.

Publi-T/NextGrid Holding will participate proportionally in the PIPE Capital Increase and will therefore retain its existing percentage of shares in the Company. Publi-T/NextGrid Holding has been invited to participate in the PIPE Capital Increase in order to signal their support for the PIPE Capital Increase towards the new investors in the PIPE Capital Increase and to reassure these new investors that the vision of the Company and its existing shareholders are aligned, as described above in Section 5.2.

7.3 Consequences for financial rights

The following paragraphs provide an overview of certain financial consequences of the PIPE Capital Increase. For further information with regard to the financial consequences of the PIPE Capital Increase, reference is also made to the report prepared in accordance with article 7:198 *juncto* articles 7:179, 7:191 and 7:193 of the Code by the College of Auditors of the Company.

The table below describes certain financial consequences of the PIPE Capital Increase, based on the balance sheet of 31 December 2024 and the main characteristics of the PIPE Capital Increase, as described above in Section 4. The financial consequences that would follow from the Rights Issue Capital Increase are also described in the table by way of background. In the context of the Rights Issue Capital Increase, 21,814,521 shares will be issued at an issue price of EUR 61.88, for a total of EUR 1.35 billion.

The table below summarises the key metrics and assumptions used for both the PIPE Capital Increase and the Rights Issue Capital Increase, along with the number of total shares outstanding before and after the PIPE Capital Increase and the Rights Issue Capital Increase. In addition, the table also outlines the financial consequences from a market cap, earnings per share, dividends per share (DPS) and share ownership perspective.

	PIPE Capital Increase	Rights Issue Capital Increase
Total proceeds (€m)	850.0	1,350
Reference share price (€) ¹	63.93	82.00
TERP (€)	N/A	77.98
Bonus adjustment factor ²	N/A	0.95

¹ For the PIPE Capital Increase, the reference share price corresponds to the lower of the closing price of 6 March 2025 and the volume-weighted average price over the last 30 calendar days up to (and including) 6 March 2025. For the Rights Issue Capital Increase, the reference share price is the closing price of 25 March 2025, the last closing price before the this report of the Board of Directors was finalised.

² Refers to adjustment factor to reflect the bonus element of the rights issue, calculated as the TERP divided by the reference price.

Discount to TERP (%)	N/A	20.6%
Discount to the reference share price (%)	0% ³	24.5%
Issue price	61.88	61.88
Number of shares issued (m)	13.7	21.8

	Before Capital Increases	After PIPE Capital Increase	After Rights Issue Capital Increase
Market cap ⁴ (€m)	4,700	5,400	6,749
Number of shares	73.5	87.3	109.1
Market cap per share ⁵ (€)	63.93	61.88	61.88
2024E Earnings per share (€)	5.73	5.73	5.45
2024E Dividends per share (€)	2.05	2.05	2.05 ⁶
Share ownership by Publi-T/NextGrid Holding (%)	44.79%	44.79%	45.21% ⁷
Shares subscribed to in the PIPE (other than Publi-T/NextGrid Holding) (%)	N/A	8.69%	8.69% ⁸
Share ownership by other shareholders (%)	55.21%	46.52%	46.10% ⁹

As a result of the PIPE Capital Increase, the fractional value of each share would not change.

* *
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Brussels, 26 March 2025

For the Board of Directors,

³ To calculate the discount for the PIPE Capital Increase, EUR 2.05 is deducted from the reference share price, reflecting the 2024 dividend to which the new shares will not be entitled.

⁴ Assuming that the market capitalisation only increases by the amount of the total proceeds of the PIPE Capital Increase and of the Rights Issue Capital Increase.

⁵ Assuming that the market capitalisation only increases by the amount of the total issue price of the PIPE Capital Increase and of the Rights Issue Capital Increase.

⁶ The contemplated dividend of EUR 2.05 for financial year 2024 will only be distributed to shareholders that were already shareholder prior to the PIPE Capital Increase and is obtained by adding a special additional dividend of EUR 0.1 to the EUR 1.95 that will result from the technical restatement of the EUR 2.05 proposed dividend.

⁷ Combining the shares owned by NextGrid Holding, including after the exercise of the rights (44.79%), and those held by Publi-T further to the exercise of the former class A rights acquired from Publipart (0.42%).

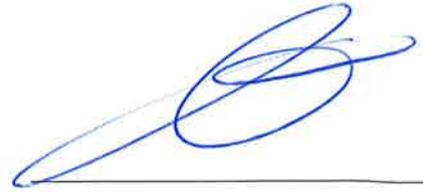
⁸ Assuming all Subscribers exercise all of the rights for the Rights Issue Capital Increase.

⁹ Assuming other remaining shareholder exercise all of the rights for the Rights Issue Capital Increase.



Frank Donck

Director



Roberte Kesteman

Director