ELIA GROUP SA/NV
Keizerslaan 20, 1000 Brussels, Belgium
Incorporated with limited liability (naamloze vennootschap/société anonyme) in Belgium
Enterprise number 0400.388.378 — RPR Brussels

EUR 600,000,000 3.875 per cent. fixed rate bonds due 11 June 2031
Issue Price: 99.477 per cent. – ISIN Code: BE6352705782 – Common Code: 284009649
Issue date: 11 June 2024

Elia Group SA/NV (the "**Issuer**") which is incorporated with limited liability (*naamloze vennootschap*/*société anonyme*) in the Belgium with its registered office at Keizerslaan 20, 1000 Brussels, Belgium and enterprise number 0400.388.378 (RPR Brussels), is offering EUR 600,000,000 3.875 per cent. fixed rate bonds due 11 June 2031 (the "**Bonds**"). The Bonds will be issued in denominations of EUR 100,000 each (and integral multiples thereof) and will be settled in principal amounts equal to that denomination (and integral multiples thereof).

This information memorandum (the "**Information Memorandum**") does not constitute a prospectus within the meaning of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended (the "**Prospectus Regulation**"). Accordingly, the Information Memorandum does not purport to meet the format and the disclosure requirements of the Prospectus Regulation and Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004, as amended. The Information Memorandum has not been, and will not be, submitted for approval to the Belgian Financial Services and Markets Authority nor any other competent authority within the meaning of the Prospectus Regulation. This Information Memorandum constitutes a prospectus for the purposes of Part IV of the Luxembourg law on prospectuses for securities dated 16 July 2019.

Application has been made to the Luxembourg Stock Exchange for the Bonds to be listed and to be admitted to trading on the Euro MTF market operated by the Luxembourg Stock Exchange (the "**Euro MTF**"). The Euro MTF is a multilateral trading facility for the purposes of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, as amended. References in this Information Memorandum to Bonds being "**listed**" (and all related references) shall mean to the Bonds as listed and admitted to trading on the Euro MTF and have been admitted to the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's Euro MTF market is neither a regulated market for the purposes of Directive 2014/65/EU nor a UK regulated market for the purposes of Regulation (EU) No 600/2014 as it forms part of United Kingdom (UK) domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, the "**EUWA**").

The Bonds will be issued in dematerialised form under the Belgian Companies and Associations Code (*Wetboek van Vennootschappen en Verenigingen/Code des Sociétés et des Associations*), as amended and cannot be physically delivered. The Bonds will be represented exclusively by book entries in the securities settlement system operated by the National Bank of Belgium or any successor thereto (the "**NBB-SSS**"). Access to the NBB-SSS is available through those of its NBB-SSS participants whose membership extends to securities such as the Bonds. NBB-SSS participants (each a "**Participant**") include certain banks, stockbrokers (*beursvennootschappen/sociétés de bourse*), Euroclear Bank SA/NV, Euroclear France S.A., Clearstream Banking AG, Frankfurt, SIX SIS AG, Euronext Securities Milan (former Monte Titoli S.p.A.), Euronext Securities Porto (former Interbolsa S.A.), Iberclear, LuxCSD S.A. and OeKB CSD GmbH. Accordingly, the Bonds will be eligible to clear through, and will therefore be accepted by, each Participant and investors may hold their Bonds within securities accounts in each Participant. The Bonds issued in dematerialised form and settled through the NBB-SSS may be eligible as ECB collateral, provided that the applicable ECB eligibility requirements are met.

The Bonds have been rated BBB- by S&P Global Ratings Europe Limited ("**S&P**"). S&P is established in the European Union (the "**EU**") and is registered under Regulation (EC) No 1060/2009, as amended (the "**CRA Regulation**"). S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website (https://www.esma.europa.eu/credit-rating-agencies/cra-authorisation) in accordance with the CRA Regulation. S&P is neither established in the UK nor registered under the CRA Regulation as it forms part of UK domestic law by virtue of the EUWA (the "**UK CRA Regulation**"). However, S&P Global Ratings UK Limited, which is established in the UK and registered under the UK CRA Regulation, has endorsed the global scale ratings assigned by its non-UK affiliates, including S&P. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The Bonds constitute debt instruments. An investment in the Bonds involves risks. Each prospective investor must carefully consider whether it is suitable for that investor to invest in the Bonds in light of its knowledge and financial experience and should, if required, obtain professional advice. In particular, prospective investors should have regard to the factors described under Part I (*Risk Factors*) on pages 10 to 34 in this Information Memorandum.

The Bonds may be held only by, and transferred only to, eligible investors referred to in Article 4 of the Belgian Royal Decree of 26 May 1994, holding their securities in an exempt securities account that has been opened with a financial institution that is a direct or indirect participant in the NBB-SSS.

No Bonds will be offered or sold to any "consumer" (*consument*/*consommateur*) within the meaning of the Belgian Code of Economic Law (*Wetboek van economisch recht*/*Code de droit économique*) dated 28 February 2013, as amended from time to time.

Information memorandum dated 7 June 2024.

Joint Lead Managers

BELFIUS **BNP PARIBAS**

CITIGROUP **NATWEST MARKETS**

IMPORTANT INFORMATION

This Information Memorandum does not comprise a prospectus for the purpose of the Prospectus Regulation. This Information Memorandum intends to provide information with regard to the Issuer and its subsidiaries taken as a whole (the "**Group**") and the Bonds which, according to the particular nature of the Issuer and the Bonds, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

This Information Memorandum has been prepared on the basis that any offer of Bonds in any Member State of the European Economic Area or in the United Kingdom (each a "**Relevant State**") will be made pursuant to an exemption under the Prospectus Regulation or the Prospectus Regulation as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") (the "**UK Prospectus Regulation**"), as applicable, from the requirement to publish a prospectus for offers of Bonds. Accordingly, any person making or intending to make an offer in that Relevant State of Bonds which are the subject of an offering contemplated in this Information Memorandum, may only do so in circumstances in which no obligation arises for the Issuer or any Manager (as defined in Part VIII (*Subscription and Sale*)) to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation (or the relevant provisions of the UK Prospectus Regulation), in each case, in relation to such offer. None of the Issuer or the Managers has authorised, nor do they authorise, the making of any offer of Bonds in circumstances in which an obligation arises for the Issuer or any Manager to publish or supplement a prospectus for such offer.

The Issuer accepts responsibility for the information contained in this Information Memorandum. To the best of the knowledge of the Issuer, having taken all reasonable care to ensure that such is the case, the information contained in this Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Information Memorandum is to be read in conjunction with all documents which are incorporated herein by reference (see Part II (*Documents incorporated by reference*)). Unless specified otherwise, information contained on websites mentioned herein does not form part of this Information Memorandum.

Unless stated otherwise, capitalised terms used in this Information Memorandum have the meanings set forth in the Conditions. Where reference is made to the "Terms and conditions of the Bonds" or to the "Conditions", reference is made to the terms and conditions of the Bonds as set out in Part III (*Terms and conditions of the Bonds*).

An investment in the Bonds involves risks. Potential investors should take note of Part I (*Risk Factors*) of the Information Memorandum to understand which factors may affect the Issuer's ability to fulfil its obligations under the Bonds. This Information Memorandum does not constitute an offer or an invitation to subscribe for or purchase any Bonds and should not be considered as a recommendation by the Issuer and the Managers or by any of them that any recipient of this Information Memorandum should subscribe for or purchase any Bonds. Each recipient of this Information Memorandum shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and the Group.

No person is or has been authorised to give any information or to make any representation not contained in, or not consistent with, this Information Memorandum and any information or representation not so contained or inconsistent with this Information Memorandum must not be relied upon as having been authorised by or on behalf of the Issuer or the Managers. Neither the delivery of this Information Memorandum nor any offering or sale of Bonds made in connection herewith shall, under any circumstances, create any implication that:

(i) the information contained in this Information Memorandum is true subsequent to the date of this Information Memorandum or the date upon which this Information Memorandum has been most recently amended or supplemented;

(ii) there has been no change in the affairs of the Issuer or of the Group since the date hereof or the date upon which this Information Memorandum has been most recently amended or supplemented;

(iii) there has been no adverse change, or any event likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer or the Group since the date hereof or, if later, the date upon which this Information Memorandum has been most recently amended or supplemented; or

(iv) the information contained in it or any other information supplied in connection with the Bonds is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

To the fullest extent permitted by law, none of the Agent nor any of the Managers accepts any responsibility for the contents of this Information Memorandum or for any other statement, made or purported to be made by the Issuer or on its behalf or for the acts or omissions of the Issuer (or any other person other than the Agent and the Managers) in connection with the issue and offering of the Bonds. The Agent and each Manager accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to in this Information Memorandum) which it might otherwise have in respect of this Information Memorandum or any such statement. Neither this Information Memorandum nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Agent or the Managers that any recipient of this Information Memorandum or any other financial statements should purchase the Bonds. Each potential purchaser of Bonds should determine for itself the relevance of the information contained in this Information Memorandum and its purchase of Bonds should be based upon such investigation as it deems necessary. The Agent nor any of the Managers undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Information Memorandum nor to advise any investor or potential investor in the Bonds of any information coming to the attention of the Agent or any of the Managers.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS INFORMATION MEMORANDUM AND OFFERS OF SECURITIES GENERALLY

This Information Memorandum has been prepared in connection with the listing of the Bonds on the Euro MTF market operated by the Luxembourg Stock Exchange and the admission to trading of the Bonds on the Euro MTF market operated by the Luxembourg Stock Exchange. The Euro MTF market operated by the Luxembourg Stock Exchange is not a regulated market but is a multilateral trading facility for purposes of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, as amended ("**MiFID II**"), nor Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**").

This Information Memorandum does not constitute an offer of Bonds and may not be used for the purposes of an offer or solicitation by anyone, in any jurisdiction in which such offer or solicitation is not authorised, or to any person to whom it is unlawful to make such offer or solicitation. No action is being taken to permit a public offering of the Bonds or the distribution of this Information Memorandum in any jurisdiction where any such action is required, except as specified herein.

The distribution of this Information Memorandum and the offering or sale of Bonds in certain jurisdictions may be restricted by law. None of the Issuer, nor the Managers represent that this Information

Memorandum may be lawfully distributed, or that the Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. Accordingly, no Bonds may be offered or sold, directly or indirectly, and neither this Information Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Information Memorandum or any Bonds may come are required by the Issuer and the Managers to inform themselves about, and to observe any such restriction.

For a description of further restrictions on offers and sales of Bonds and the distribution of this Information Memorandum, see Part VIII (*Subscription and Sale*) of the Information Memorandum.

The Bonds may not be a suitable investment for all investors. Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in the Bonds unless it has the expertise (either alone or with a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of the Bonds and the impact the investment will have on the potential investor’s overall investment portfolio. Investors should note that they may lose all or part of their investment. Furthermore, each prospective investor in the Bonds must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Bonds is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Bonds.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Bonds are legal investments for it, (ii) Bonds can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Bonds. Potential investors should consult their legal advisers to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States. Subject to certain exceptions, Bonds may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")).

PRIIPS REGULATION / PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Bonds are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II or (ii) a customer within the meaning of Directive (EU) 2016/97, as amended (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014, as amended (the "**PRIIPs Regulation**") for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

UK PRIIPS REGULATION / PROHIBITION OF SALES TO UK RETAIL INVESTORS - The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or (ii) customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the "**FSMA 2000**") and any rules or regulations made under the FSMA 2000 to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR. Consequently no key information document required by Regulation (EU) No. 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

PROHIBITION OF SALES TO CONSUMERS IN BELGIUM – The Bonds are not intended to be offered, sold or otherwise made available, and will not be offered, sold or otherwise made available, to any consumer (*consument*/*consommateur*) within the meaning of the Belgian Code of Economic Law (*Wetboek van economisch recht*/*Code de droit économique*) dated 28 February 2013, as amended from time to time.

ELIGIBLE INVESTORS ONLY – The Bonds may only be held by, and can only be transferred to, Eligible Investors (as defined in Condition 8 (*Taxation*)).

MiFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a "**distributor**") should take into consideration the manufacturers' target market assessment. However, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

UK MiFIR PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET – Solely for the purposes of each manufacturer's product approval process, the target market

assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in UK MiFIR; and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a "**distributor**") should take into consideration the manufacturers' target market assessment. However, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Unless stated otherwise, market data and other statistical information used in the Information Memorandum have been extracted from a number of sources, including independent industry publications, government publications, reports by market research firms or other independent publications. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, it is able to ascertain from information published by the relevant independent sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

All references in this Information Memorandum to "euro", "EUR" and "€" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

This Information Memorandum contains various amounts and percentages which are rounded and, as a result, when these amounts and percentages are added up, they may not total correctly.

STABILISATION

In connection with the issue of the Bonds, BNP Paribas as stabilisation manager (the "**Stabilisation Manager**") (or persons acting on behalf of the Stabilisation Manager) may over allot Bonds or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Bonds is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Bonds and 60 days after the date of the allotment of the Bonds. Any stabilisation action or over allotment must be conducted by the Stabilisation Manager (or persons acting on behalf of the Stabilisation Manager) in accordance with all applicable laws and rules.

WARNING

Potential purchasers and sellers of the Bonds should furthermore be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Bonds are transferred or other jurisdictions. Potential investors are advised not to rely upon the tax summary contained in this Information Memorandum but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, sale and redemption of the Bonds. Only these advisors are in a position to duly consider the specific situation of the potential investor. This investment consideration has to be read together with Part VII (*Taxation*) of the Information Memorandum.

The Managers, the Agent as well as their respective affiliates have engaged in, or may in the future engage in, a general business relationship and/or specific business transactions with, and may offer certain services to, the Issuer and its subsidiaries in their capacity as manager or in another capacity. Potential investors should also be aware that the Managers, the Agent and their respective affiliates may from time to time hold debt securities, shares and/or other financial instruments of the Issuer and/or

its subsidiaries. Furthermore, the Managers and the Agent receive commissions and/or fees in relation to the offering of the Bonds.

The summaries and descriptions of legal provisions, taxation, accounting principles or comparisons of such principles, legal company forms or contractual relationships reported in this Information Memorandum may in no circumstances be interpreted as investment, legal or tax advice for potential investors. Potential investors are urged to consult their own legal advisor, accountant or other advisors concerning the legal, tax, economic, financial and other aspects associated with the subscription to the Bonds.

FORWARD-LOOKING STATEMENTS

This Information Memorandum (including the information incorporated by reference into this Information Memorandum) may contain statements that are or may be deemed to be "forward-looking statements" that are prospective in nature. Such statements, certain of which can be identified by the use of forward-looking terminology such as "believes", "expects", "may", "are expected to", "intends", "will", "will continue", "should", "could", "would be", "seeks", "approximately", "estimates", "predicts", "projects", "aims" or "anticipates" or similar expressions or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy, plans, commitments or intentions, involve a number of risks and uncertainties. Such forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and that may be incapable of being realised. Factors that might affect such forward-looking statements include, among other things, (a) the ability to maintain sufficient liquidity and access to capital markets, (b) market and interest rate fluctuations, (c) the strength of the global economy in general and the strength of the economies of the countries in which the Group conducts operations, (d) the potential impact of sovereign risk, (e) adverse rating actions by credit rating agencies; (f) the ability of counterparties to meet their obligations to the Group, (g) the effects of, and changes in, fiscal, monetary, trade and tax policies, financial and company regulation and currency fluctuations, (h) the possibility of the imposition of foreign exchange controls by government and monetary authorities, (i) operational factors, such as systems failure, human error, or the failure to implement procedures properly, (j) actions taken by regulators with respect to the Group's business and practices in one or more of the countries in which the Group conducts operations, (k) the timing, impact and other uncertainties of future actions and events and (l) the Group's success at managing the risks involved in the foregoing. The foregoing list of important factors is not exhaustive. When evaluating forward-looking statements, investors should carefully consider the foregoing factors and other uncertainties and events, as well as the other risks identified in this Information Memorandum.

The Issuer is not obliged to, and it does not intend to, update or revise any forward-looking statements made in this Information Memorandum whether as a result of new information, future events or otherwise and does not guarantee future performance, as the actual results or developments may be substantially different from the expectations described in the estimates and forward-looking statements. All subsequent written or oral forward-looking statements attributable to the Issuer, or persons acting on its behalf, are expressly qualified in their entirety by the cautionary statements contained throughout this Information Memorandum. As a result of these risks, uncertainties and assumptions, a prospective purchaser of the Bonds should not place undue reliance on these forward-looking statements.

ALTERNATIVE PERFORMANCE MEASURES

This Information Memorandum may include certain measures of the Group's performance that are not required by, nor are presented in accordance with, IFRS, including, among others, Adjusted items, Adjusted EBIT, Adjusted net profit, Capex, EBIT and EBITDA (the "**Alternative Performance Measures**").

The Alternative Performance Measures are not recognised measures under IFRS nor any other generally accepted accounting standards. Additionally, certain of the Alternative Performance

Measures or similarly titled measures are used by different companies for different purposes and are often calculated in ways that reflect the circumstances of such companies. The Group believes the Alternative Performance Measures to be useful in evaluating the Group's performance and results of operations, and explaining changes and trends in its historical results, because they allow performance to be compared on a consistent basis. In addition, they are commonly used by securities analysts, investors and other interested parties in the evaluation of companies in the Group's industry, meaning that such measures can prove helpful in enhancing the visibility of underlying trends in the Group's operating performance. However, readers should exercise caution in comparing any of the Alternative Performance Measures to the non-IFRS measures of other companies. The information presented by the Alternative Performance Measures has not been prepared in accordance with IFRS nor any other accounting standards. The Alternative Performance Measures are not measures of financial condition, liquidity or profitability under IFRS, and should not be considered to be an alternative to consolidated net income, cash flows generated by operating activities or any other measure recognised by and determined in accordance with IFRS. The Alternative Performance Measures have important limitations as analytical tools, and readers should not consider them in isolation nor as a substitute for analysis of the Group's results of operations.

FURTHER INFORMATION

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PART I – RISK FACTORS

Before making an investment decision, prospective investors should carefully review the specific risk factors described below, in addition to the other information contained in this Information Memorandum. The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Bonds. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. The business of the Issuer, its financial condition and results of operations could be materially affected by each of these risks presented. Also other risks and uncertainties not described herein could affect the Issuer's ability to fulfil its obligations under the Bonds. Additional risks and uncertainties not presently known to the Issuer, or that the Issuer currently believes are immaterial, could impair the ability of the Issuer to fulfil its obligations under the Bonds. Certain other matters regarding the operations of the Issuer that should be considered before making an investment in the Bonds are set out in Part VI (Description of the Issuer), among other places. The order of presentation of the risk factors in this Information Memorandum is not intended to be an indication of the probability of their occurrence or of their potential effect on the Issuer's ability to fulfil its obligations under the Bonds.

*Any reference to the "**Group**" should be construed as a reference to the Issuer and its subsidiaries. Words and expressions defined in the "Terms and Conditions of the Bonds" below or elsewhere in this Information Memorandum shall have the same meanings in this section.*

Risks related to the regulatory environment in which the Group operates

The Group is subject to an extensive set of regulations and its income is in large part dependent on the applicable tariff methodology in its core markets, which is subject to potential changes and periodic revisions

As operator of the electricity transmission system, the Group is subject to an extensive set of European, federal and regional legislation and regulations and supervision, including in relation to the transmission tariffs which apply to the use of the transmission system. Such legislation and regulation, as well as the interpretation thereof by competent bodies, is subject to changes and evolution over time, in part to give effect to a changing environment and societal expectations. Any unplanned or adverse changes in the regulatory framework or diverting interpretations in regulatory, legal or policy mechanisms (including in relation to the tariffs, incentives, renewable energy targets and operating rules) could conflict with the Group's existing and envisioned strategy and have a significant financial and organisational impact on the Group.

Approximately 95 per cent. of the Group's revenues is generated by the tariffs which apply to the electricity networks it operates. These tariffs are determined by the tariff methodologies which are set by regulators, typically for periods of four years in Belgium and five years in Germany. In addition, some parameters for the determination of the regulatory return of the regulated subsidiaries of the Issuer are subject to specific uncertainties which may negatively impact the Group's profit and financial position. Any modification to the tariff methodologies, the licenses and certifications needed to operate the grid, or the Group trustee obligations could affect the revenue, profits and/or financial position of the Group. This could, in turn, have an adverse effect on the implementation of the Issuer's infrastructure programme and its timely contribution to the energy transition. Moreover, unfavourable changes to tariffs can adversely impact the energy transition infrastructure programme.

Tariff-setting regulations - Belgium

The vast majority of revenues (approximately 97 per cent. in 2023) and profits (approximately 88 per cent. in 2023) of Elia Transmission Belgium SA/NV ("**ETB**") are generated by the network tariffs set pursuant to the legislation in force and to the tariff methodology established by the Commission for Electricity and Gas Regulation (*Commissie voor de Regulering van de Elektriciteit en het*

Gas/Commission de Régulation de l'Électricité et du Gaz) (the "**CREG**"), which in turn is based on tariff guidelines set out in the law of 29 April 1999 "*relative à l'organisation du marché de l'électricité" / "betreffende de organisatie van de elektriciteitsmarkt*" (the "**Electricity Law**"). A new tariff methodology applies as from 2024 until the end of 2027. Future changes to the Belgian federal regulatory framework may have a negative impact on the Issuer's profitability and activities (see "*Description of the Issuer – The Belgian regulatory framework*").

The new tariff methodology, applicable to the four-year period from 2024 (2024-2027) was adopted by the CREG on 30 June 2022. It is based on largely the same drivers as those stipulated in the tariff methodology for the previous period (2020-2023), subject to certain changes (see "*Description of the Issuer – Tariffs methodology applicable for the period 2024-2027*"). In November 2023, the CREG approved electricity transmission tariffs for the tariff period 2024-2027. The decision takes into account a revaluation of the remuneration to consider the significant changes that have occurred in the financial markets since the tariff methodology was established in June 2022. At the end of November 2023, the CREG launched a public consultation until 22 December 2023 on a proposed decision to adapt the tariff methodology in order to (i) revaluate the remuneration with respect to the calculation of the fair margin and (ii) introduce a regulatory framework for the expansion of the Modular Offshore Grid ("**MOG II**"). In particular, the fair margin is adjusted based on the evolution of the annual daily average of the 10-year Belgian linear bond rate ("**OLO10Y**")[1] with a distinction between new and old investments. The CREG submitted a proposal for comments to the federal parliament, absent which the change was approved by a decision of the CREG dated 29 February 2024.

Some of the parameters and elements of the methodology may be subject to specific uncertainties and interpretation issues that could have a positive or negative impact on the Group's financial position. A tariff methodology that allows for a lower remuneration would have a negative impact on the Group's financial position. The remuneration is based on a number of parameters and incentives which could each have a positive or negative impact. Nevertheless, a decrease of the return on equity as a result of the new regulatory framework could, in turn, negatively impact the profitability and the financial position of the Group. Moreover, if ETB would no longer be able to meet the target equity/debt gearing ratio of 40/60 due to a lack of support of the major shareholder (being the Issuer) resulting from undersupply by the investors in the equity capital market, the profitability of the Issuer as well as its credit rating risk profile could be impacted (see "*A downgrade in the Issuer's, ETB's and/or Eurogrid's credit rating could affect their ability to access capital markets and impact their financial position*"). In 2023, ETB realised a return on equity of 6.2 per cent. Based on the parameters as currently described in the tariff methodology for the period from 2024 to 2027, the average regulatory return on equity for that period is expected to be around 7.2 per cent., depending in part on the actual results, the evolution of the annual daily average of the 10-year Belgian linear bond rate (assuming a OLO10Y of 3.27 per cent. over the period 2024-2027), the performance in relation to the various incentives, the respective weight of the new and old regulated asset base ("**RAB**")[2] and assuming a target equity/debt gearing ratio of 40/60 (see "*Description of the Issuer – Tariffs methodology applicable for the tariff period 2024-2027*"). Where the assumptions in relation to any of such elements are not met, this can have an adverse impact on the expected average regulatory return on equity. This could in particular be the case if the annual daily average of the 10-year Belgian linear bond rate were to fall below (the assumed OLO10Y rate of) 3.27 per cent. over a sustained period of time.

Tariff-setting regulations – Germany

Almost the entire profit of 50Hertz Transmission GmbH ("**50Hertz**") as a German Transmission System Operator ("**TSO**") (99 per cent.) and revenues (99 per cent.) is generated from regulated activities via network user charges and revenue from offshore activities which are subject to regulation by the German national regulatory authority, the Federal Network Agency (*Bundesnetzagentur* – "**BNetzA**").

[1] With a floor at 1.68%.

[2] The old RAB includes all assets commissioned until and including 31 December 2021, while the new RAB includes all assets commissioned on or after 1 January 2022.

The two main sources of profit from regulated activities are the network user charges for access to and usage of the 50Hertz transmission system based on an annual revenue cap (onshore) and the revenues for the recovery of costs incurred by 50Hertz due to the obligation to connect offshore windfarms (so-called '*Offshore-Netzumlage' or 'revenue from offshore regulation*') (the "**Offshore Grid Surcharge**").

The decisions made and the actions taken by the BNetzA in relation thereto may have a negative impact on 50Hertz and thus the Issuer (see "*Description of the Issuer – Tariff setting in Germany*"). These tariffs and offshore revenues are subject to several regulations and can have a direct impact on the profitability of the German activities of the Issuer and hence on the Issuer's own financial performance. The determination of and potential changes to the initial level of 50Hertz's revenue cap for a regulatory period could impact the profitability of the German regulated activities. A part of the revenue cap (the so-called 'influenceable costs' including, in particular, operational costs for onshore assets) is determined for a five-year regulatory period based upon a cost assessment for a base year. For the fourth regulatory period (2024-2028), the influenceable costs are based on the costs from the base year 2021. There is a risk this cost allowance does not provide a sufficient basis for the cost coverage over the regulatory period and therefore impacts the profitability of 50Hertz. Additionally, this cost base is subject to an efficiency benchmark resulting in an individual efficiency value ("**Xind**"), as well as an annual adjustment by a general productivity factor ("**Xgen**") and the inflation rate as part of the regulation formula. For the current regulatory period (2024-2028), the Xind was determined at 100 per cent., while the Xgen is not yet determined. There is a risk that an Xgen above zero will be set by BNetzA, reducing 50Hertz' revenue cap and thus having a negative impact on profitability.

A decrease in the regulatory return on capital invested as a result of the new regulatory framework could also negatively impact the profitability and the financial position of the Group. The return on equity is determined by an imputed equity and a specific rate of return on this equity. Every five years, BNetzA determines the rate of return and thereby the return on equity for the following regulatory period. In October 2021, BNetzA determined the return on equity for the fourth regulatory period starting 2024. The return on equity was determined at 4.13 per cent. post-tax (5.07 per cent. pre-tax) for investments realised after 2006 (3.51 per cent. pre-tax for investments until 2006) leading to a strong drop in return compared to the previous regulatory period (2019-2023). On 24 January 2024, the BNetzA announced the final decision regarding the regulatory Return on Equity (RoE) for onshore investments in response to an unexpected and substantial rise in interest rates. According to this decision, the RoE for new onshore investments starting in 2024 under the capital cost adjustment (*Kapitalkostenabgleich* or "**KKA**") will be determined annually, incorporating a fixed risk premium (3 per cent.) and an updated base interest rate ("**Base rate**") for that specific year. This base rate is not fixed and will depend on the performance of the risk-free rate in the underlying year published by the German Federal Bank. The preliminary RoE for investments in 2024 is set at 5.78 per cent. post-tax (corresponds to 7.09 per cent. before corporate income tax). Based on the yearly adjustment mechanism the RoE level is not fixed and depends on the evolution of the base rate. In case of a decreasing level of the base rate, the liquidity and profit are negatively affected. As for existing investments up to 2023 and projects that have already been realised, the initial unadjusted rate of 4.13 per cent. post-tax (corresponds to 5.07 per cent. before corporate income tax) will be applied throughout the entire regulatory period. Following discussions with the BNetzA, it appears that the same regulations may also be extended to offshore assets. Additionally, when determining the imputed interest rate on borrowed capital for onshore investments, the imputed interest rate on borrowed capital resulting for the respective year of acquisition is to be used for the imputed interest basis in accordance with Section 10a of the Ordinance on Incentive Regulation (*Anreizregulierungsverordnung* or "**ARegV**"). In this respect, the regulator determines a reference rate that considers (i) current yields on domestic bearer bonds – corporate bonds and (ii) loans to non-financial corporations over EUR 1 million, with an initial fixed interest rate with a term of more than one year and up to five years. The cost of debt incurred in the base year is covered via the influenceable cost allowance while the funding costs linked to offshore investments are pass-through costs. There is a risk that 50Hertz's costs of debt are higher than the average reference interest rate and therefore have a negative impact on 50Hertz's profitability.

Moreover, in case 50Hertz would deviate from the predefined target equity/debt ratio (i.e., the regulatory gearing) due to a lack of support of the major shareholder resulting from undersupply by the investors in the equity capital market, the profitability of the Issuer as well as its credit rating profile could be impacted (see "*A downgrade in the Issuer's, ETB's and/or Eurogrid's credit rating could affect their ability to access capital markets and impact their financial position*").

Finally, with the aim to foster BNetzA's competences with regard to tariff setting and BNetzA's independence and impartiality the Energy Industry Act ("**EnWG**") and central parts of subordinated regulations were respectively amended. As a result, the BNetzA has started the process to adapt the regulatory framework, initially for DSOs and gas network operators, and will extend this to the TSOs in the second half of 2024. The BNetzA's timetable envisages completing most of the framework and methodology definitions by the end of 2025 and then carrying out the individual definitions. There is yet no concrete information on the structure of the new regulatory framework, which is why the effects on 50Hertz will only become apparent in the course of the process.

There is a risk that a decision or regulatory ordinance by BNetzA could negatively affect 50Hertz's financial result for the onshore or offshore business, respectively.

Tariff-setting regulations – Nemo Link

A specific regulatory framework is applicable to the Nemo Link interconnector from its date of operation, 31 January 2019. The framework is part of the tariff methodology issued on 18 December 2014 by the CREG. The cap and floor regime is a revenue-based regime with a term of 25 years. The national regulators of the UK and Belgium (Ofgem and the CREG, respectively) determined the minimum and maximum return levels (below and above which revenue flows from and to the national operators ETB and National Grid) ex-ante (before construction) and these remain largely fixed (in real terms) for the duration of the regime (see "*Description of the Issuer – Regulatory framework for interconnector Nemo Link*").

While this cap and floor regime gives a high level of certainty about future return levels, some incidents, such as (but not limited to) a long-term unavailability (below 80 per cent. availability) of the interconnector, may result in Nemo Link not being entitled to the cap and floor regime in that period. Nemo Link is taking mitigating actions to prevent such incidents and/or to reduce their impact and duration, but these uncertainties cannot be fully excluded.

Under the Carbon Border Adjustment Mechanism ("**CBAM**"), which entered into force on 1 October 2023 and forms part of the EU's Fit for 55 package (see "*Description of the Issuer – Regulatory framework in Europe*"), imports of certain goods into the EU will as from 2026 be charged a carbon levy based on the embedded emissions generated during their lifecycle. The mechanism's key objective is to level the playing field for European producers who face a carbon price for their emissions under the EU ETS, while encouraging industrial decarbonisation globally. Imports of electricity will become subject to this carbon levy. Consequently, the CBAM may impact electricity prices and flows from non-EU countries and could as such impact the profitability of Nemo Link.

The TSO permits and certifications which are necessary for the Group's operations may be revoked or modified

The operation of the regulated activities of the Group depends on its licenses, authorisations, exemptions and dispensations. Approximately 95 per cent. of the Group's revenues is generated by the tariffs which apply to the electricity networks it operates. Such licenses, authorisations, exemptions and dispensations may be withdrawn or amended or additional conditions may be imposed on the regulated activities of the Group. Any such withdrawal or amendment or the imposition of any additional conditions could affect the revenue, profits and financial position of the Group.

Given the specificity of the asset and the fact that no procedure or rules are spelled out in applicable legislation in case of a revocation or modification of the TSO license, it is very difficult to predict or describe all possible scenarios. Accordingly, while considered very unlikely, in case of a final revocation or non-renewal of any of its licenses, ad hoc arrangements would have to be entered into in relation to the relevant electricity network assets owned by the Group in order to enable another party which would be appointed in lieu to operate such assets, and the relevant TSO would no longer be entitled to the regulated income in relation thereto. This would, however, raise a number of very complex issues in relation to further maintenance, personnel and future investments. To avoid such complexities, a more plausible scenario in the unlikely event that any license or permit would be revoked or not renewed is that the authorities would impose additional or new requirements or that this would delay the Group's contemplated investment plan.

Belgium

To date, ETB is the only entity that meets the relevant conditions to be appointed as TSO, both at national and regional level. To execute its activities of TSO, ETB has four TSO licenses (see "*Description of the Issuer – Introduction*"). Any of these can be revoked earlier if ETB would fail to maintain the human, technical and financial resources to guarantee the continuous and reliable operation of the grid in accordance with applicable legislation or fail to comply with the unbundling obligations described in Article 9 of the Electricity Law (resulting in a loss of its certification) and the regional legislation.

ETB was confirmed as the single TSO for the entire Belgian territory with effect from 31 December 2019 by different public entities (the federal and Walloon governments for a period of 20 years and the Brussels-Capital government for a period of 20 years). On 18 December 2023, ETB has been re-appointed as local TSO in the Flemish Region by the VREG for a renewable term of twelve years. This re-appointment is subject to the condition that ETB meets, by 1 January 2025 at the latest, a requirement regarding the independence of certain of its independent directors. More precisely, the VREG is of the opinion that the directors of ETB who also have a mandate in the Issuer cannot qualify as independent directors within the meaning of the Flemish energy legislation. As it is the first time that the VREG has imposed this requirement, ETB is examining adequate further steps. In any event, pursuant to a change to the Electricity Law published on 24 November 2023, ETB must have at least one independent director that is not a director of, and does not perform any function or activity in service of, the Issuer.

Five years prior to the expiry of the federal TSO appointment, ETB can request a renewal, provided that it still complies with the criteria set out above.

In the event of bankruptcy, winding-up, merger or demerger of ETB, its appointment will be terminated. In addition, the appointment can be revoked by the Belgian federal government following the advice of the CREG and consultation with ETB under certain circumstances, including:

1. a significant change in shareholding without prior certification, which could jeopardise the independent network operation;

2. serious breach of ETB's obligations under the Electricity Law or its implementing decrees; and/or

3. where ETB is no longer certified as a fully ownership unbundled system operator.

The early termination or non-renewal of the appointment of the ETB as the single Belgian TSO or any of its regional licenses would have a material adverse effect on the Issuer's activities, profits and financial situation. Moreover, an event of default would arise under ETB's bank and bond financings if ETB were to cease to be appointed as TSO at federal or any regional level (see Section 10 (*Financing arrangements of the Group*) of Part VI (*Description of the Issuer*)).

Germany

50Hertz is permitted to operate as a TSO in Germany and while this authorisation is not limited in time, it can be revoked by the Energy Authority of the State of Berlin (*Senatsverwaltung für Wirtschaft, Technologie und Betriebe*) if 50Hertz, inter alia, does not have the personnel, technical and financial means to guarantee the continuous and reliable operation of the network in accordance with the applicable legislation. Such revocation of the permit would have a material adverse impact on 50Hertz.

The unbundling regime in the German Energy Industry Act (*Energiewirtschaftsgesetz* — "**EnWG**") provides for different models (Ownership Unbundling, Independent Transmission Operator, Independent System Operator). In a certification process, BNetzA assesses if the unbundling provisions are met by the respective TSO. The certification as ownership unbundled TSO has been granted to 50Hertz by the BNetzA by decision of 9 November 2012 after having notified its draft decision to the European Commission. The certification can be revoked if 50Hertz does not meet the unbundling provisions anymore. The BNetzA could also impose a fine. However, after the revocation of the certification 50Hertz would still be able to operate the network. Nevertheless, the revocation could have a negative impact on 50Hertz's reputation and thereby affect its business results and operations.

Through its two TSOs, the Group is subject to certain trustee obligations which may negatively impact its working capital

As part of their role as TSO, ETB and 50Hertz fulfil a role of trusteeship. This encompasses the administration and coordination of certain national or regional levy systems on behalf of relevant authorities, mostly in relation to the financial support for the development of renewable energy.

Belgium

In Belgium, this is often referred to as public service obligations which are imposed on ETB by the different governments in connection with its role as TSO. These obligations are mainly related to the support of security of supply and to provide financial support for the development of renewable energy. The former includes the strategic reserve and the capacity remuneration mechanism ("**CRM**"), which has been introduced to guarantee the country's security of supply from November 2025 onwards, under which ETB has been entrusted with certain tasks (see "*Description of the Issuer – The Belgian regulatory framework*"). The latter includes an obligation for the TSO in Belgium to purchase green and combined heat power ("**CHP**") certificates at a guaranteed minimum price as a financial support instrument for the producers of renewable energy in Belgium. For some produced offshore energy, the scheme also includes a mechanism of prepayments before attribution of green certificates. The future wind parks of the Princess Elisabeth Zone will be supported through a different mechanism that no longer involves a minimum purchase obligation for green certificates by the TSO, but instead works with two-way contracts for difference. Unlike the existing minimum purchase obligation, ETB will not be financially involved in this new support mechanism.

Since 2022, the costs, including the prepayments, incurred for the performance of the federal public service obligations by ETB, including the purchase of offshore green certificates, the cost of the strategic reserve and the CRM and the federal surcharge, are fully passed on to the federal government, which finances this cost mainly via excise taxes (subject to the approval of the cost by the CREG). There is a semi-annual review mechanism in place to cover potential gaps between expenses incurred in connection therewith and the amounts recovered from the federal government.

On the regional level, the costs incurred for the performance of the regional public service obligations are covered through the application of surcharges (subject to the approval of the CREG) on top of the transmission tariffs, applied on the energy consumed in the relevant Region.

To the extent that there would be a timing difference between the incurrence and the recovery of such costs from the relevant authorities, the difference is either prefinanced by ETB or leads to an excess of

recovered amounts and, consequently, may temporarily impact the cash flow of ETB. Volatile energy markets may make it more difficult to correctly estimate the costs for each of these public service obligations.

Germany

50Hertz is responsible, as trustee, for managing cash-flows resulting from the German Renewable Energy Sources Act ("**EEG**"). This relates, amongst others, to the electricity generated from renewable installations in the 50Hertz control zone under the feed-in-tariff regime which is sold by 50Hertz at the day-ahead and intra-day market of nominated electricity market operators. 50Hertz is directly exposed to price fluctuations on electricity spot and futures markets as well as to market developments on balancing trading platforms. Increasing volatility of electricity prices increases the risk that collateral requirements negatively impact 50Hertz' available liquidity to a greater extent, which could require 50Hertz to draw down available credit facilities. Extraordinary developments in power prices may also have negative effects in the areas of EEG management, the procurement of grid losses and balancing energy, the handling of congestion itself and may also lead to higher financing requirements. The costs related to meeting the EEG obligations, including those associated with the management and financing of such obligations, are treated as pass-through costs. In cases of difference between actual costs and actual revenues in a given year, the net costs resulting therefrom are recovered by Governmental grant payments in the following year. As such, the EEG mechanism has no impact on the profitability of 50Hertz. The EEG balance is also neutral from a credit rating perspective. Nevertheless, it may temporarily negatively impact 50Hertz's cashflow position.

The further development of the offshore infrastructure may present specific challenges and the specific liability regime applicable to offshore connections may have an impact on the Group's profitability

The further development of the offshore infrastructure is a material part of the Group's strategy and the European energy transition. While the Group is well positioned in relation to the further development of the offshore infrastructure given its existing track record and experience, there are a number of inherent risks related thereto. Next to the innovative and untested nature of some of the proposed solutions, the planning, construction and operation of grid connections of offshore wind farms trigger a number of uncertainties (including, for example, weather and soil conditions) and technical challenges. There are also only a small number of potential suppliers for the main components of such grid connections. In addition, specific regulatory liability regimes apply to the offshore connections.

In Belgium, the TSO is in charge of the connection of offshore windfarms to its Modular Offshore Grid ("**MOG**") pursuant to current laws and regulations (see "*Description of the Issuer – Key projects of ETB*"). Any interruption of such connection that is attributable to the TSO's gross negligence or wilful misconduct ("*faute grave ou faute intentionnelle" / "zware fout of opzettelijke fout*") may subject the Issuer to statutory damages claims that cannot be passed through the transmission tariffs (capped to the net profit ETB could generate specifically on the MOG assets in the specific year the incident occurred). Any such claim for damages could negatively impact the Issuer's activities, profits and financial situation. A similar compensation mechanism will apply with respect to the late or unavailability of the planned expansion of the Modular Offshore Grid for the connection of the future offshore wind parks in the Princess Elisabeth Zone (MOG II).

In Germany, 50Hertz is obliged to connect, without undue delay, all renewable energy facilities in its control area pursuant to current laws and regulations. Any delay in such connections may subject 50Hertz to compensation payments to the offshore windfarm operators. In particular, 50Hertz's obligation to connect offshore wind farms results from specific provisions in the EnWG, while obligations to connect all other types of renewable energy facilities result from the EEG. Despite careful preparation and analyses, technical problems are often only discovered in the implementation and operational stage and have then to be solved immediately. Delays and changes in the planning and construction stages

(as well as later, unplanned changes in the operational stage) are therefore possible. Liabilities arising from this may not be covered by the Offshore Liability Surcharge nor (fully) covered by insurances taken out, and may therefore have an impact on the profit of 50Hertz.

In accordance with Section 17e EnWG, 50Hertz is basically liable for financial damages regardless of its culpability if the cable connection is disrupted for more than 10 consecutive days or more than 18 non-consecutive days per calendar year or delayed by more than 90 days after the completion date that has to be published by the TSO after having ordered the assets required for the grid connection. This date becomes binding 36 months prior to it being reached. After the respective waiting period, the operator can demand a 90 per cent. compensation payment from 50Hertz. Should 50Hertz have caused the disruption or delay intentionally, the offshore wind farm operator can apply for compensation as of the first day and 50Hertz has to bear the compensation costs fully. Otherwise, it can pass-through at least part of the costs via the Offshore Liability Surcharge. If 50Hertz can prove that it did not act negligently, all costs can be passed through. If, however, 50Hertz has contributed negligently to disruptions or delays, according to Section 17f EnWG, it can only pass part of the cost of compensation to the end customer. In case of damage caused negligently but not grossly negligently, the own contribution of 50Hertz is limited to EUR 17.5 million per damage event. In case of gross negligence, a maximum own contribution of EUR 110 million per year (cap) may have to be borne by 50Hertz. Therefore, in case of costs which are not permitted to be passed on to the Offshore Liability Surcharge, the offshore regime might negatively impact the profitability of 50Hertz and, consequently, impact the profitability of the Issuer.

Risks related to the activities of the Group and the security of supply

Failure by the Group to maintain a balance between energy demand and supply on the grid may lead to load shedding and have significant adverse consequences on the country's security of supply

In order to enable the TSO to maintain the frequency and voltage on its network, which is key to ensure the reliability and continuity of supply, the production of electrical energy should in principle be equal to the demand at any time. Maintaining a constant balance between supply and demand is the core task of a systems operator. The two TSOs of the group (ETB and 50Hertz) use to that effect balancing energy to balance unplanned fluctuations in the production of electricity or the energy load, also taking into account exports to and imports from neighbouring countries.

However, new challenges are being created for the operation of the grid management as a result of the decentralisation of energy production through the growth in the number of renewable energy units connected to distribution systems across Europe as well as the connection of large offshore wind farms to the system. Together with the new opportunities that are being offered to customers to optimise their electricity management by selling their surplus energy and reducing their consumption (demand-response), this results in an increased volatility of energy flows on the network and, accordingly, a greater risk of mismatch between supply and demand at any given point in time.

If the TSOs would fail to keep the balance between energy supply and energy demand, the network frequency may be adversely impacted. Accordingly, if there is a risk of shortage of energy supply such that the energy demand may exceed the available supply at any point in time and therefore create an imbalance on the network, the relevant TSO would have to take action in order to reduce the electricity consumption on the grid by means of "load shedding" or "curtailment", that is by switching off the supply to certain (groups of) customers. Corrective actions such as load shedding at national or international level or the curtailment (i.e. downward regulation) of production means may then be required in such circumstances. This would lead to an adverse impact on the Group's image and reputation, adversely impact the gross domestic product of the countries or regions concerned and may lead to a detailed investigation from the TSO's regulators.

The Group's reputation may be damaged in various circumstances, including in case of a shortage of energy supply or as a result of a slower than expected energy transition

As operator of two TSOs, the Group carries out an important role in society and is perceived by society and its key stakeholders as an enabler of the energy transition. While it has an important role to play in the decarbonisation of society and in the continuity of energy supply, a number of important elements which are required to realise such ambition are outside of its control.

The federal authorities in both Belgium and Germany must ensure that there is enough capacity and supply of energy available in their countries in order to avoid the risk of an electricity shortage and problems of supply. The TSOs of the Group (ETB and 50Hertz), for their part, provide them with useful technical information. The methodology used to assess the adequacy situation as well as the reliability standard are defined at European level (by ACER). See "Description of the Issuer - *Regulatory framework in Europe*".

It is the authorities' responsibility to integrate geopolitical aspects and other relevant considerations and risks in the final decision-making in order to ensure adequacy of supply. Similarly, the authorities are responsible to determine the energy policy of a country, including the mix of energy and incentives available to market participants. The current geopolitical instability, as well as sustained increases in energy prices and the ongoing debate in Belgium in relation to the CRM and the future of nuclear power production, has resulted in an increased uncertainty in relation to the future adequacy of energy supply (see "*Description of the Issuer*"). A decrease in the supply of gas and or hard coal, as has occurred in the European Union, can adversely impact the adequacy of the electricity markets if, as a result, the generation system is not able to meet the demand. In case of a sudden shortage of gas, the resulting disruption of gas may lead to exposure of the European gas - and subsequently the electricity - markets that could have consequences in terms of ensuring security of supply. Due to the tense situation on the gas market in Germany, the German government has declared in 2022 the second escalation stage in the gas emergency plan ("*Notfallplan*") and in March 2024, the German government confirmed that it had no plans to end the second alert level of the *Notfallplan* for the time being. EU legislators, as part of a deal reached at the end of 2023 on a reform of the electricity market design, have also introduced measures to improve the EU's responsiveness in the face of a future energy crisis. This will allow member states' national governments to take temporary measures, including setting price caps for SMEs and energy-intensive industrial consumers. Depending on the circumstances, corrective measures may need to be taken (e.g. rotating blackouts) by the TSOs, with potentially an adverse reputational impact. Should all preventive measures fail to avoid an adequacy issue, then the TSOs may need to activate measures like load shedding at national or international level.

In the event of transmission fluctuations, disruptions, system breakdowns/blackouts of the grid, or non-implementation of emergency measures as prescribed by law, the TSOs of the Group may be held liable for damages by its customers and/or third parties or incur additional costs. See "*Failure by the Group to maintain a balance between energy demand and supply on the grid may lead to load shedding and have significant adverse consequences on the country's security of supply*". In order to mitigate this risk, the European Council has decided on some emergency measures and is as well considering long-term market design changes. In this respect, the TSOs are executing the tasks assigned to them by the national authorities.

In similar vein, circumstances may arise which could lead to a slower energy transition or decarbonisation than mandated by competent authorities. The Energy Transition ("Energiewende") is a societal project intensively discussed in Germany far beyond sole expert circles. 50Hertz being recognised by politicians, NGOs, industry and associations as one key facilitator of this transition (via the transformation of system control methods, the development of its grid assets and the evolution of market processes). Its reputation could be heavily impacted by its perceived inability to meet the expectation to "make Energiewende happen". Similar expectations and challenges exist in Belgium.

More generally, if the Group is unable to meet its energy or decarbonisation goals, this may also negatively impact the Group's reputation and business results. In this respect, please also refer to the risk factor entitled "*The Group is subject to certain physical and transitional climate risks and may not be able to meet relevant expectations in relation to the decarbonisation goals it has set*". If any of the aforementioned circumstances were to heavily impact the Group's reputation, this may also damage the trust placed by authorities and civil society in the Group, and the clean track record it has built over the years.

The Group's future profit will in part depend on its ability to realise its contemplated projects and organic growth (capex contributing to the RAB) which, in turn, depends on its ability to obtain the necessary permits without incurring significant costs and/or delays

As set out in more detail in section "*Description of the Issuer – Strategy*", the Group has an ambitious capex plan for the coming years. This results, amongst others, from the changing European energy market and largescale deployment of renewable-based generation technologies, which require the further development of the grid infrastructure. Electricity grids are recognised as key enablers for the energy transition. The development of such on- and offshore infrastructure and interconnectors with neighbouring countries, as well as the deployment of other elements of the investment and capital expenditure plan, is contingent on securing permits and approvals from relevant authorities. The need to obtain such approvals and permits within certain timeframes represents an important challenge for the timely implementation of the various projects. These approvals and permits can be challenged before the competent courts causing potentially further delays.

Since the remuneration of the Group is in part based on its ability to realise its projects (as the current remuneration in both Belgium and Germany is calculated on the average RAB (see "*Description of the Issuer – Regulatory framework*"), the Group's future profits will in part depend on its ability to maintain and grow its asset base (after amortisations and depreciations). To that effect, it will need to realise its contemplated organic growth (including its envisaged capital expenditure) and realise its various projects. In case the Group would not be able to realise or not timely realise its various projects and investment programme, this could have a negative impact on the Group's future profits.

Failure of information and communication technology (ICT), cyber-attacks, data security and protection issues may adversely affect the Group's results of operation

The Group is evolving towards the use of more IT driven tools and invests significantly more in digitalisation to manage the complexity of its system operations. A failure of the ICT systems and processes used by the Group or a breach of the security measures may result in losses for customers and reduced revenues for the Group and its affiliates.

This is particularly relevant given the drive towards digitalisation, the adoption of new technologies and the selection of innovation projects which focus on "real first" initiatives, such as the long distance drone flights and the use of robots in converter stations. This, in turn, increases the potential risk of failure or human mistakes, the impact of potential ICT failures as well as the operational risk and the risk of having stranded assets.

The Group also collects and stores sensitive data, which includes own business data as well as that of its suppliers and business partners. The Group is subject to several privacy and data protection rules and regulations, including since May 2018 the General Data Protection Regulation (Regulation (EU) 2016/679 of 27 April 2016 – GDPR) regarding personal data as well as Directive (EU) 2016/1148 of 6 July 2016 (the **"NIS Directive"**), which will be repealed by the Directive (EU) 2022/2555 of 14 December 2022 (the "**NIS 2 Directive**") on measures for a high common level of cybersecurity across the Union with effect from 18 October 2024.

Despite all of the precautions taken, important system hardware and software failures, failure of compliance processes, computer viruses, malware, cyber-attacks, accidents or security breaches could still occur, in particular in light of the increased geopolitical instability. Any such events could impair the ability of the Group or any of its subsidiaries to provide all or part of its services and may generally result in a breach of its legal or contractual obligations. This could, in turn, result in legal claims or proceedings, contractual liability, liability under any other data protection laws, criminal, civil or administrative sanctions, as well as a disruption in the operations and damage to the reputation of the Group, and could adversely affect the business and results of the Group.

Due to the specific nature of their activities, both TSOs are considered as "operators of essential services" and managers of so-called "grid critical infrastructure". Accordingly, the impact of any failure, attack, or malware is considered to be higher as a disruption in the activities could have a severe effect on society and has the potential to impact other network operators in Europe. In addition, both TSOs are subject to European, national and sector specific regulations, such as the European Programme for Critical Infrastructure Protection (EPCIP Directive), the NIS Directive, the NIS 2 Directive (which is expected to be transposed into Belgian and German law by October 2024) and the Directive on the Resilience of Critical Entities (CER Directive), as well as the Network Code on Cybersecurity for the EU electricity sector, which was adopted on 11 March 2024 and which, among other things, imposes a heightened burden on the TSOs to identify, assess and manage potential physical security and cybersecurity risks.

Contingency events and business continuity disruptions, including as a result of acts of terrorism or sabotage, may adversely affect the Group's results of operation

The transmission systems operated by the Group are very reliable (see "*Description of the Issuer – Key strengths*"). Nonetheless, the unavailability of one or more network elements (also called contingency events) may occur as a result of unforeseen events, such as unfavourable weather conditions, and may alter the smooth operation of one or more infrastructure components. In most cases, these lead to a so-called single contingency event, and have no impact on the end customers' power supply because of the meshed structure of the grids operated by the Group (and the fact that electricity can often reach end customers via a number of different connections in the system). However, it cannot be excluded that in more exceptional cases, an incident in the electricity system would lead to business continuity disruption that could result in a local or widespread electricity outage with (extra)contractual as well as statutory liability claims (see "*Description of the Issuer - The Belgian regulatory framework*") and as the case may be litigation, which, in turn, could negatively impact the reputation, financial position and results of the Group.

Contingency events and business continuity disruption may be caused by a number of events outside of unfavourable weather conditions. These may include human errors, negligence, accidents, the risk of electrocution, malicious attacks, cyber-attacks, terrorism, equipment failures, failure of the information and communication technology (ICT), unscheduled foreign electricity flow, failure to maintain the network parameters within the limits defined in the grid codes or lack of sufficient generation capacity. Offshore equipment deserves particular attention in this context as there is less track record with the applied technologies and curative actions are more complex. The occurrence of any of these circumstances would be considered as an emergency situation which would allow the TSO to take any emergency measures deemed appropriate. This would include measures such as disconnecting some or all electricity exports, requesting electricity-generating companies to increase or decrease their electricity production or requesting from the competent Minister a reduction in the electricity consumption in affected areas.

Furthermore, the TSO's electricity network, assets and operations (and those of its relevant affiliates) are widely spread geographically and are potentially exposed to acts of terrorism or sabotage. Such events could negatively affect such networks, assets or operations and may cause network failures, black-outs or system breakdowns. Network failures or system breakdowns could, in turn, have a

material adverse effect on the TSO's financial condition and operational results, particularly if the destruction caused by acts of terrorism or sabotage is of major importance and are not sufficiently insured and/or the financial impact could not be fully recovered via tariff mechanism. Parts of the TSO's networks have been classified as 'critical infrastructure' by the competent national authorities, as a result of which they have to comply with certain security regulations.

Any such acts or events or harm to the health safety of its staff or any third party could expose the Group to potential liabilities and affect the financial performance of the Group as well as its reputation. The upcoming increase in infrastructure and maintenance projects may lead to a higher exposure of the staff to health and safety risks. This could also result in damages or claims above the insured threshold. Moreover, adequate insurance for all those risks may not be available at reasonable conditions or may not be available at all. If they were to materialise and would not be fully covered by the regulatory mechanism, these exceptional costs would have to be borne by the relevant TSO and could, in turn, affect the overall profitability of the Group. See also "*The Issuer may not have adequate insurance coverage*".

The probability of the occurrence of one or more of the above-mentioned events may increase if the competent authorities do not approve the necessary operational procedures, investments or full time equivalent (FTE) resources proposed by ETB and Elia Asset NV/SA, operating as a single economic entity, and 50Hertz Transmission GmbH, as these companies would then lack the necessary means and resources to avoid and protect the electricity network against such above-mentioned events.

The Group is subject to certain physical and transitional climate risks and may not be able to meet relevant expectations in relation to the decarbonisation goals it has set

One of the Group's core strategies is to adapt its infrastructure and on- and offshore network in order to play its role in the electrification of society, the increased connection and supply of renewable energy sources ("**RES**"), including the further development of offshore infrastructure and new digital technologies and services, so as to be at the forefront of the energy transition and the decarbonisation of society. This includes a number of ambitious innovative projects and sizeable investment programmes, which involve a number of risks as further described in the risk factors in this section.

The physical climate risks to which the Group is subject may, if not adequately anticipated, lead to less favourable operating conditions for the Group's assets or even damage them. The physical climate risks fall into two categories: chronic and acute ones. A climate vulnerability assessment of the Group's activities was conducted, based on the best climate scenario information available today and in accordance with the technical screening criteria of the Commission Delegated Regulation EU 2021/2139 of 4 June 2021 supplementing Regulation EU 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaption and for determining whether that economic activity causes no significant harm to any of the other environmental objectives (the "**EU Taxonomy Delegated Act**"). This assessment highlighted the possible harmful effect of storms, cold spells, heatwaves, flooding, drought and wildfires. All these phenomena belong to acute physical risks which could lead to less favourable operating conditions for the Group's assets or even damage them. More frequent or severe heatwaves may also lead to less optimal working conditions for teams in charge of executing the Group's projects. Working procedures may need to be adapted to limit the impact on the people's wellbeing. Such circumstances may trigger risk factors for contingency events and business continuity disruption. For example, two substations were heavily affected by the exceptional flooding which occurred during the summer of 2021 and caused temporary business discontinuity. Given the critical nature of the Group's infrastructure and the fact that its assets are spread over a wide territory (in particular its overhead line infrastructure), the Group's assets are regarded as facing a heightened vulnerability to physical climate risk, as is the case with other system operators and operators of utilities.

The transitional climate risks to which the Group is subject relate to the transition to a lower carbon economy, which implies extensive policy, legal, technology and market changes. Even though facilitating the decarbonisation lies at the heart of the Group's business strategy and important efforts are being made to contribute thereto (through, amongst others, its ActNow programme, see "*The Description of the Issuer – Strategy*"), a number of factors are outside of the Group's control. For example, the Group depends on the energy producers for the carbon-intensity of the energy that is being produced and transported on its network. The carbon-intensity of the transported energy has an important impact on the amount of greenhouse gas emissions caused by grid losses on the Group's network, which is one of the main sources of greenhouse gas emissions resulting from the Group's operations. Furthermore, the introduction of stringent regulation related to greenhouse gas emissions such as SF6 may lead to increased maintenance costs, difficulty to find alternative technologies or write-offs of assets which are not fully amortised. The impacts of new regulatory requirements are expected to be covered by the respective tariff methodologies in place for both TSOs. However, given the fast-evolving technological and regulatory requirements and environment, as well as the uncertainties in relation to the interpretation of some of the new ESG rules and regulations (including, for example under the EU Taxonomy Delegated Acts and the Corporate Sustainability Reporting Directive), no assurances can be given that the Group will be able to meet all such requirements or expectations or requirements of investors, shareholders, other stakeholders or pressure groups.

The Group is subject to environmental and zoning laws, as well as increased public expectations and concerns, which may impair its ability to obtain relevant permits and realise its planned investment programme in a timely manner or result in additional costs

The operations and assets of the Group are subject to regional, national and international regulations dealing with environmental matters, city planning and zoning, building and environmental permits, rights of way and wildlife protection rules. Such regulations are often complex and subject to frequent changes (resulting in a potentially stricter regulatory framework or enforcement policy). Compliance with existing or new environmental, soil sanitation, city planning and zoning regulations, and more recently laws relating to the protection of natural habitat and wildlife, may impose significant additional costs on the Group and delay the projects which it pursues. Such costs include expenses relating to the implementation of preventive or remedial measures or the adoption of additional preventive or remedial measures to comply with future changes in laws or regulations.

While the Group has recognised provisions in connection with such obligations in its financial statements, the provisions made by the Group may not be sufficient to cover all costs that are potentially required to be made in order to comply with these obligations, including if the assumptions underlying these provisions prove to be incorrect or if the Group would face additional, currently undiscovered, contamination.

In recent years, there has also been an increased concern in relation to the impact of electric and magnetic fields which emanate from underground and overhead electrical cables and are inherent to the Group's operations. Accordingly, it cannot be excluded that the legal environment in this respect may become more restrictive in the future. This may result in the Group incurring additional costs in managing environmental and public health risks or city planning constraints, as well as an increased risk of potential liability claims or administrative proceedings initiated by affected persons, or may have an impact on the way and the timing in which investment projects can be realised. Due to the increased actions from pressure groups and local residents, authorities may become more reluctant to issue the necessary permits in the future.

Furthermore, to the extent any of the related costs cannot be covered or recovered through the applicable tariff methodologies, these could adversely affect the financial results of the Group.

The Group depends on a limited number of suppliers and their ability to deliver good quality infrastructure works in a timely manner

To realise their investment projects, the two TSOs of the Group rely on a limited number of key suppliers to deliver the high-quality equipment and/or to deliver infrastructure works in a timely manner. Given the complexity of the infrastructure works, the increasing demand in the market for such specialised skills and equipment, and the factories' full order books, the Group may not be able to find sufficient suppliers or supply capacity in order to realise its projects or realise them within the anticipated budget and/or in a timely manner.

In addition, supply chain bottlenecks as well as raw material and staffing scarcity have resulted in a significant increase of commodity and transportation prices, which have also affected the supply chain of the Group's suppliers and have led to a general increase in the inflation rates (a yearly inflation adjustment of the costs of the two TSOs is foreseen under the current Belgian and German tariff methodology – see "*Description of the Issuer – Regulatory Framework*"). Furthermore, economic headwinds combined with increased inflation could lead to the insolvency of certain suppliers or partners on which suppliers rely. It must be noted that inflation is a pass-through cost under the current tariff methodologies to which the Group is subject. Nevertheless, there could be a time-lag in the regulatory coverage which may negatively impact working capital. Even though the Group tries to mitigate the credit risk of its suppliers through appropriate bank guarantees, any such financial difficulty or insolvency at the level of its suppliers or partners on which its supplier rely could further result in delays in the realisation of any project and could adversely impact the future profits of the Group.

The maintenance and construction of an onshore and offshore electricity grid also requires a specific technical expertise. If the Group's contractors would fail to employ a sufficiently skilled workforce, this might adversely impact the Group's business, including the safety of its works. In addition, the Group is exposed to the risk of (i) public procurement claims and (ii) the fact that their respective suppliers, when facing financial difficulties, may not be able to comply with their contractual obligations.

Any cancellation of or delay in the completion of its projects as a result thereof could have an adverse effect on the Group's reputation, future profits and the realisation of its strategy or contribution to the energy transition or sustainability programme which, in turn, could have a negative effect on the Group's reputation. Increases in the prices of equipment and work lead to higher project costs, which in turn result in higher financing needs.

A lack of highly qualified staff may result in insufficient expertise and knowhow to meet its strategic objectives

The Group has an ambitious programme to, among other things, deliver on its commitment to contribute to the decarbonisation of society. The push towards more offshore and the energy transition in general, digitalisation to manage increasing complexity and consumer empowerment requires significant investments and changes to the Group's organisation and business activities. To be able to achieve these strategic goals, the Group's culture and work force must be fully aligned to the Group's strategy and the Group must succeed in attracting and retaining the necessary specific technical expertise. See also risk factors "*Failure of information and communication technology (ICT), cyber-attacks, data security and protection issues may adversely affect the Group's results of operation*" and "*The Group depends on a limited number of suppliers and their ability to deliver good quality infrastructure works in a timely manner*".

Given the highly specific and complex nature of the expertise and the high demand in the market, it has become increasingly challenging to find these profiles on the hiring market. This is being further compounded by the current war for talent. The Group's ability to attract and retain the necessary specific technical expertise is key to support its development and its digital transformation. The Group is expected to play a major role in the energy transition which, in combination with volatile energy markets,

puts significant pressure on the Group's teams. This may have an adverse effect on the wellbeing of the staff.

If the Group does not manage to have the adequate human resources and expertise available, there is an increased risk of failure to implement its strategy (delay, failure to manage the increasing complexity of network operation, delay in capex realisation which supports the energy transition, etc.), bearing in mind the highly specialised and complex nature of its business. Moreover, a loss of highly qualified staff may result in insufficient expertise and knowhow to meet the Group's strategic objectives, which will consequently impact the Group's ability to contribute to the energy transition.

The Issuer may not have adequate insurance coverage

The Group has subscribed to insurance contracts necessary to operate its businesses in line with industry standards. However, there are no assurances that the contracted insurance coverage will prove to be sufficient in all circumstances. Even though the Group has contracts which seek to limit the Group's exposure in relation to certain risks (see "*Description of the Issuer*"), the Group and in particular ETB and 50Hertz are not (fully) insured against all the risks to which they are exposed. This includes, and is not limited to, risks stemming from material damages to overhead lines, offshore assets, third-party losses, damages, blackout claims, cyber-attacks or losses resulting from human error or defective training. Any damage or claim above the insured threshold may have a negative impact on the profitability of the Group.

Furthermore, for some specific risks (such as blackout claims in excess of insurance coverage and environmental liabilities, terrorism or cyber-attack) adequate insurance may not be available at reasonable conditions or may not be available at all. Should those risks materialise, the regulatory mechanism could cover these costs, but there is a risk that a part of this exceptional costs would have to be borne by the relevant TSO (up to a certain cap), which in turn would affect the overall profitability of the Group.

Financial risks

A downgrade in the Issuer's, ETB's and/or Eurogrid's credit rating could affect their ability to access capital markets and impact their financial position and refinancing capacity

The Group, and more specifically its two regulated subsidiaries ETB and 50Hertz, have significant amounts of debt outstanding. The amount of debt is likely to further increase in light of the Group's ambitious capex and investment plans, in particular at the level of the two regulated TSOs but also potentially at the level of the Issuer in the case of further inorganic growth. Accordingly, the ability of the Issuer, ETB and 50Hertz to access global sources of financing to cover their financing needs to fund their plans and refinance their existing indebtedness is a key component of the Group's business and strategic plan. A deterioration in financial markets more generally or a downgrade of the credit rating of any of these entities could negatively impact their ability to access financial markets and would have an adverse effect on the Group's business, financial position and ability to realise its strategic plan.

S&P has issued separate credit ratings for the Issuer, ETB and Eurogrid GmbH, which is the holding above 50Hertz. At the date of this Information Memorandum, the credit rating for the Issuer and Eurogrid GmbH is BBB with a stable outlook and for ETB BBB+ with a stable outlook. These credit ratings largely reflect the new capex plans 2024-2028 for Belgium and Germany (respectively) and remain consistent with the Issuer's financial policies. There are, however, no assurances that the rating of any of these entities will remain the same for any given period or that the rating will not be lowered by the rating agency if, in its judgment, circumstances in the future so warrant.

Given the specific nature of the Group's business and the large recovery of its financing costs through the tariff methodology at the level of its two regulated subsidiaries, ETB and 50Hertz (Eurogrid GmbH), the Group has implemented (including at the request of its regulators) a number of measures. This

includes the adoption of a funding and dividend policy applicable to ETB and Eurogrid and differences in the composition of their boards of directors compared to the Issuer. These seek to ring-fence the impact of the Group's business and future investment and strategic plans on the individual ratings of ETB and Eurogrid. Accordingly, since both ETB and Eurogrid are ring-fenced from the Issuer from a ratings perspective up to a certain extent, a downgrade in the credit rating of the Issuer of up to 1-notch should not automatically affect the rating of ETB or a downgrade of up to 2-notch for Eurogrid (as long as the stand-alone credit ratings of such entities support their respective ratings).

The tariff methodology applicable in Belgium provides that if a downgrade were to occur and this would be entirely attributable to activities independent of ETB, being regulated activities outside of Belgium or non-regulated activities, the potential increase of the interest cost on newly issued financial instruments resulting from such downgrade would have to be borne by the shareholders of the TSO, instead of being passed on through the transmission tariffs, affecting in such case the financial result and profitability of the Group. However, if the downgrade were to result from business as usual and this would be attributable to the transmission activities of the TSO under the regulatory framework, the increased cost would be recoverable through the tariffs.

A downgrade in the credit rating of the Issuer could also result from any effects on its credit metrics in the context of its future inorganic growth (e.g. additional debt raised) (see risk factor "*If the Issuer progresses in its inorganic growth strategy, this may result in less predictability and higher volatility in its revenues and additional financial debt at the level of the Issuer*").

A decision by a rating agency to downgrade the credit rating of the Issuer, ETB and/or 50Hertz could reduce the Group's funding options and increase its costs of funding and impact its financial position and profitability.

If the Issuer progresses in its inorganic growth strategy, this may result in less predictability and higher volatility in its revenues and additional financial debt at the level of the Issuer

As part of the Issuer's strategy, it aims to further expand its activities beyond its current perimeter ("inorganic growth") in order to deliver societal value. This growth could be related to activities that are regulated outside of its core markets, Belgium and Germany, or non-regulated. The areas the Issuer is currently exploring for further inorganic growth include, amongst others, offshore development beyond the maritime boundaries of the regulated TSOs (ETB and 50Hertz). In 2022, the Issuer established a new subsidiary WindGrid, which it sees as a logical step in the further expansion of the Group towards an international energy company to capitalise and contribute to the accelerated development of offshore energy. Through WindGrid, in February 2024, the Issuer has invested in energyRe Giga Projects, an independent US developer which focuses on transmission led clean energy assets.

An increase in exposure towards these and other new activities could, however, reduce the predictability and increase the volatility of the results of the Issuer, cash flow and funding needs. Even though there is no visibility or certainty as to whether the Issuer will be able to realise its ambition to expand through M&A, nor the pace as to which this would occur, if it materialises the proportion of the revenues and profits of the Issuer which are derived from its more stable and predictable regulated business could decrease over time. In addition, the subsidiaries' costs linked to the development or management of such activities will, in light of the regulatory environment and ring-fencing applicable to ETB and 50Hertz, have to be fully borne by the Issuer as the costs thereof may not be covered through any of the regulatory tariff frameworks. The development of these new activities by the Issuer may therefore represent an additional financial risk for the Issuer, which may affect its profitability, financial performance, credit rating (see "*A downgrade in the Issuer's, ETB's and/or Eurogrid's credit rating could affect their ability to access capital markets and impact their financial position*").

Negative changes in financial markets and the macro-economic environment could affect the Issuer's ability to meet its financing obligations and needs or make these more onerous

The ability of the Issuer to access global sources of financing to cover its financing needs or repayment of its debt could be negatively impacted by the deterioration in the financial markets. In particular, the Issuer is dependent on its ability to access debt and capital markets in order to raise the funds necessary to repay its existing indebtedness and meet its financing needs under its future investments. As part of the Issuer's efforts to mitigate the funding risk, the Issuer aims to diversify its financing sources in debt instruments.

The refinancing risk is managed through developing strong bank relationships with a group of financial institutions, through maintaining a strong and prudent financial position over time and through diversification of funding sources.

The short-term liquidity risk is managed on a daily basis with funding needs being fully covered through the availability of credit lines and/or commercial paper programme. In light of the current volatility and inflationary pressures in the market, no assurances can however be given as to the sufficiency of these measures.

Risks associated with the Group's outstanding financial debt and future financing needs

The ability of the Issuer to access global sources of financing to cover its financing needs or repayment of its debt could be impacted negatively by the deterioration in the financial markets and/or the level of the terms of the Group's existing financial debt.

The terms and conditions of its existing financings contain certain financial covenants. Covenants are monitored on an on-going basis in order to ensure compliance. A breach of financial covenants could, however, have an adverse effect on the financial position of the Issuer.

The Issuer's level of debt could:

- make it difficult for the Issuer to comply with its obligations, including interest payments;
- limit its ability to obtain additional financing to operate its business;
- limit its financial flexibility in planning for and reacting to industry changes; and
- place it at a competitive disadvantage as compared to less leveraged companies.

Extra need for further development of in-organic growth and working capital could be financed by the Issuer in the form of bank loans, issuing bonds or other debt instruments.

Furthermore, both ETB and 50Hertz have significant amounts of debt outstanding and will raise further financial indebtedness to finance their contemplated capex programmes and refinance their existing indebtedness. If such outstanding financial indebtedness or any developments in the debt markets were to impact the rating of ETB and/or 50Hertz or constrain their ability to distribute dividends to the Issuer, this would negatively impact the Issuer. See also risk factor entitled "*A downgrade in the Issuer's, ETB's and/or Eurogrid's credit rating could affect their ability to access capital markets and impact their financial position*" and risk factor entitled "*If the Issuer does not generate positive cash flows, merely through the dividends received from its subsidiaries, it will be unable to fulfil its debt obligations*".

If the Issuer does not generate positive cash flows, merely through the dividends received from its subsidiaries, it will be unable to fulfil its debt obligations

The Issuer monitors its cash flow forecasts and the cash available and the unutilised credit facilities to ensure to have sufficient cash available on demand to meet expected expenses and investments including complying with the financial obligations.

The cash flows of the Issuer may be impacted by the uncertainties on the liquidity and solvency of its counterparties. Although the Issuer continuously assesses the liquidity and solvency of its counterparties, there is a risk that the Issuer may face difficulties in meeting its financial obligations if its counterparties do not pay the outstanding amounts owed to the Issuer as and when they fall due. This risk could be further exacerbated by the current inflationary pressures and geopolitical uncertainty. The Issuer limits this risk to the extent possible by monitoring cash flows continually, by making sure that credit facilities are available and by requiring suppliers and/or customers in some contracts to provide an appropriate bank guarantee in favour of the Issuer.

The ability of the Issuer to pay principal and interest on the Bonds and on its other debt depends in large part on the ability of its two regulated TSOs to generate profits and upstream dividends and therefore on the regulatory framework and the regulated tariffs applicable to ETB and 50Hertz.

Furthermore, changing conditions in the credit markets and the level of the outstanding debt of the Issuer can make the access to financing more expensive than anticipated and could increase the Issuer's financial vulnerability. Consequently, the Issuer cannot assure investors that it will have sufficient cash flows to pay the principal, premium, if any, and interest on its debt. If the cash flows and capital resources are insufficient to allow the Issuer to make scheduled payments on its debt the Issuer may have to reduce or delay further developments of in-organic growth, sell assets, seek additional capital or restructure or refinance its debt. There can be no assurance that the terms of its debt will allow these alternative measures or that such measures would satisfy its scheduled debt service obligations. If the Issuer cannot make scheduled payments on its debt, it will be in default and, as a result:

- its debt holders could declare all outstanding principal and interest to be due and payable; and
- its lenders could terminate their commitments and commence foreclosure proceedings against its assets.

High inflation and high energy prices can impact both the revenues (e.g. congestion rents) as well as the costs (e.g. ancillary costs) of the Group. Even though these costs are ultimately recoverable through the tariffs of subsequent years, the delay could nevertheless have a temporary impact on the liquidity position of the Group.

Risks associated with tax assessments

The statements in relation to taxation set out in this Information Memorandum are based on current law and the practice of the relevant authorities in force or applied at the date of this Information Memorandum. Potential investors should be aware that any relevant tax law or practice applicable as at the date of this Information Memorandum and/or the date of purchase of any Bonds may change at any time, potentially with retroactive effect (including during any subscription period or the term of such Bonds). Any such change may have an adverse effect on a Bondholder, including that the liquidity of such Bonds may decrease and/or the amounts payable to or receivable by an affected Bondholder may be less than otherwise expected by such Bondholder. Furthermore, although tax rules are applied with accuracy and precision, it is possible that the Issuer's own interpretation of tax laws does not correspond with that of the relevant authorities at the time of potential controls.

Potential purchasers and sellers of the Bonds should also be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Bonds are transferred, where the investors are resident for tax purposes and/or other jurisdictions. Any such taxes may adversely affect the return of a Bondholder on its investment in the Bonds.

Tax audits may result in a higher taxable income or in a lower amount of tax losses carry forwards being available to the Issuer.

Factors which are material for the purpose of assessing the market risks associated with the Bonds

Risks related to the nature of the Bonds

The Bonds rank behind the current and future secured obligations of the Issuer and are structurally subordinated to the current and future secured and unsecured debt of the Issuer's subsidiaries and do not benefit from a security or guarantee

The Bonds rank behind the secured obligations of the Issuer and are structurally subordinated to the secured and unsecured debt of the Issuer's subsidiaries.

The right of the Bondholders to receive payments in respect of the Bonds is not secured or guaranteed. In the event of liquidation, winding-up, reorganisation, bankruptcy or similar proceedings affecting the Issuer, secured creditors of the Issuer will be paid out of the proceeds of the security they hold in priority to the holders of the Bonds, and neither the Issuer nor any Subsidiary is restricted from granting security for existing or such additional indebtedness. In this respect, please also refer to the risk factor entitled "*The Issuer may incur substantially more debt in the future which may impact its ability to satisfy its obligations under the Bonds*".

Also, in the event of an insolvency of a subsidiary of the Issuer, it is likely that in accordance with applicable insolvency laws the creditors of such subsidiary will need to be repaid in full prior to any distribution being possible to the Issuer as shareholder of such subsidiary.

For an overview of the existing financing arrangements of the Issuer, please refer to Section 10 (*Financing arrangements of the Group*) of Part VI (*Description of the Issuer*).

In the event of an insolvency scenario (or similar procedure), due to the ranking and structural subordination described above, the holders of secured indebtedness of the Issuer and the creditors of the Issuer's Subsidiaries will be repaid before the Bondholders. Please also refer to risk factor "*The right of the Bondholders to obtain (full or partial) repayment of the Bonds may be substantially affected due to the application of insolvency or reorganisation proceedings*".

The market value of the Bonds may be affected by various factors, including the creditworthiness of the Issuer and by other factors

The market value of the Bonds may be affected by the creditworthiness of the Issuer and by a number of additional factors, such as market interest, exchange rates and yield rates and the time remaining to the Maturity Date and, more generally, all economic, financial and geopolitical events in any country, including factors affecting capital markets generally and the stock exchange on which the Bonds are traded. The price at which a Bondholder will be able to sell the Bonds prior to maturity may be at a discount, which could be substantially lower than the issue price or the purchase price paid by such investor.

The market value of the Bonds may be adversely affected by movements in market interest rates and inflation

Investment in the Bonds involves the risk that the price of such Bond falls as a result of changes in market interest rates. While the interest rate of the Bonds is fixed, the current interest rate on the market (market interest rate) typically changes on a daily basis. As the market interest rate changes, the price of a Bond tends to evolve in the opposite direction. If the market interest rate increases, the price of such Bond typically falls, until the yield of such bond is approximately equal to the market interest rate. Inflation risk is the risk relating to the future value of money. In this respect, the real rate of return on the Bonds would be reduced due to the effect of inflation. The higher the inflation, the lower the real rate of return of a Bond. If the inflation is equal to or higher than the interest rate applicable to the Bonds, then the real rate of return is equal to zero or could be negative. Bondholders should therefore be aware that movements of the market interest rate and the inflation can adversely affect the price of the Bonds and can lead to losses for the Bondholders if they sell the Bonds.

The Issuer may incur substantially more debt in the future which may impact its ability to satisfy its obligations under the Bonds

The Conditions do not limit the amount of indebtedness which the Issuer or its subsidiaries may incur. Such additional indebtedness can also be guaranteed or secured, while the Bonds do not benefit from any security or guarantee, subject only to the negative pledge provision in Condition 3 (*Negative Pledge*). It cannot be excluded that the Issuer would enter into additional indebtedness, potentially benefiting from guarantees or security where there is no obligation to provide the same or similar guarantees or security for the benefit of the Bondholders, and which will then benefit first from the proceeds from the enforcement of such guarantees or security in the event of liquidation, dissolution, reorganisation, bankruptcy or any other similar procedure affecting the Issuer. Any financings currently outstanding and any future financings of the Issuer or its subsidiaries may include similar but also different terms than the Bonds. They typically include customary events of default, such as in relation to insolvency proceedings and cross-defaults. In circumstances where such events of default are triggered, this will impact the Issuer's financial position and its potential to satisfy its obligations under the Bonds. If the Issuer's financial condition would deteriorate, the Bondholders could suffer direct or indirect and materially adverse consequences, including loss of interest, and if the Issuer would be liquidated, the Bondholders could suffer loss of their entire investment.

The right of the Bondholders to obtain (full or partial) repayment of the Bonds may be substantially affected due to the application of insolvency or reorganisation proceedings

The Issuer is a company incorporated under Belgian law and has its statutory seat in Belgium. The Issuer is therefore, in principle, subject to Belgian insolvency laws. The application of these insolvency laws may substantially affect the ability of the Bondholders to obtain a full or partial repayment of the Bonds. Pursuant to such insolvency laws, secured creditors of the Issuer, under both existing and future indebtedness, will be paid out of the proceeds of the security they hold in priority to the holders of the Bonds, which do not benefit from security. In this respect, please also refer to the risk factors entitled "*The Bonds rank behind the current and future secured obligations of the Issuer and are structurally subordinated to the current and future secured and unsecured debt of the Issuer's subsidiaries and do not benefit from a security or guarantee*" and "*The Issuer may incur substantially more debt in the future which may impact its ability to satisfy its obligations under the Bonds*". In addition, the right of the Bondholders to obtain (full or partial) repayment of the Bonds may be substantially affected due to the application of insolvency or reorganisation proceedings. Payments under the Bonds and enforcement measures are in principle suspended. Bondholders may also be forced to accept a reorganisation plan on the basis of which their claims to obtain payment of principal and interest under the Bonds are significantly reduced, without their prior consent.

The Issuer may not have the ability to make interest payments or to repay the Bonds at maturity or in case of an Event of Default

The Issuer may not be able to pay the interest under the Bonds when due or to repay the Bonds at their maturity. The Issuer may also be required to repay all or part of the Bonds in case of an Event of Default (see Condition 10 (*Events of Default*)). If the Bondholders were to ask the Issuer to repay their Bonds following an Event of Default, the Issuer cannot be certain that it will be able to pay the required amount in full. The Issuer's ability to make interest payments under the Bonds and to repay the Bonds will depend on the Issuer's financial condition (including its cash position as well as its ability to receive income and dividends from other members of the Group) at the time of the requested repayment, and may be limited by law, by the terms of its indebtedness and by the agreements that it may have entered into on or before such date, which may replace, supplement or amend its existing or future indebtedness. The Issuer's failure to make interest payments under or repay the Bonds when these become due and payable, may result in an event of default (however described) under the terms of other outstanding indebtedness, taking into account applicable thresholds of non-payment which will be set out in the terms of such other indebtedness. This may in turn lead to the creditors under such other indebtedness declaring this debt to be immediately due and payable. In this respect, please also refer to the risk factor entitled "*The Issuer may incur substantially more debt in the future which may impact its ability to satisfy its obligations under the Bonds*".

The Bonds may be redeemed prior to maturity and investors may not be able to invest the repayment proceeds at a comparable yield.

The Issuer's ability to redeem the Bonds at its option may affect the market value of the Bonds.

In particular, during any period when the Issuer has the right to elect to redeem the Bonds or the market anticipates that redemption might occur, the market value of those Bonds generally would not be expected to rise substantially above the redemption price. This also may be true prior to any redemption period. The Issuer may, for example, be expected to redeem Bonds when its cost of borrowing is lower than the interest rate on the Bonds. In the case of any such early redemption, an investor would generally not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Potential conflicts of interest could have an adverse effect on the interests of the Bondholders

Potential investors should be aware that the Issuer and other members of the Group are involved in a general business relation or/and in specific transactions (including, without limitation, long or short term financing facilities) with the Managers and their respective affiliates, including their respective parent companies, if any, and that they might have conflicts of interests which could have an adverse effect on the interests of the Bondholders. Potential investors should also be aware that the Managers and their respective affiliates, including their respective parent companies, if any, may hold from time to time debt securities, shares or/and other financial instruments of the Issuer. The Managers and their affiliates (including their respective parent companies, where applicable) have engaged in, and may in the future engage in, investment banking and other commercial dealings with, and may perform services for, the Issuer and other members of the Group. They have received, or may in the future receive, customary fees and commissions for these transactions. In addition, in the ordinary course of their business activities, the Manager and their affiliates (including their respective parent companies, where applicable) may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer and other members of the Group. Certain of the Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Managers and their

affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Bonds. Any such short positions could adversely affect future trading prices of Bonds. The Managers and their affiliates (including their respective parent companies, where applicable) may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. The Bondholders should be aware of the fact that the Managers, when they act as lenders to the Issuer and other members of the Group (or when they act in any other way as a counterparty to the Issuer and other members of the Group), have no fiduciary duties or other duties of any nature whatsoever vis-à-vis the Bondholders and that they are under no obligation to take into account the interests of the Bondholders and may therefore act in a manner that is contrary to the interests of the Bondholders.

Risks related to the Conditions

No early redemption at the option of the Bondholders, including in the event of a change of control, except in case of an Event of Default.

Bondholders do not have a right to require the Issuer to redeem the Bonds early, other than in circumstances constituting an Event of Default pursuant to Condition 10 (*Events of Default*) of the Bonds. Accordingly, Bondholders do not have the benefit of a put option in the event a change of control (howsoever defined) occurs in respect of the Issuer, including when such change of control would have as a consequence that the Issuer is downgraded by any relevant credit rating agency or the creditworthiness of the Issuer is adversely affected. Any downgrade of the Issuer by any relevant credit agency or an adverse effect of a change of control on the creditworthiness of the Issuer may adversely affect the market value of the Bonds, increase the likelihood that an Event of Default occurs and/or reduce the amount (if any) recoverable by Bondholders on a winding-up of the Issuer.

Modification and waivers without the consent of the Bondholders

The Conditions contain provisions for Bondholders to consider matters relating to the Bonds and affecting their interests generally, including the modification or waiver of any provision of the Conditions. These provisions permit defined majorities to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority or, as the case may be, who did not sign the relevant written resolution or provide their electronic consents for the passing of the relevant resolution. Such decisions may include decisions relating to a reduction of the amount to be paid by the Issuer upon redemption of the Bonds.

Furthermore, the Conditions also provide that the Agency Agreement, any agreement supplemental to the Agency Agreement and the Conditions may be amended without the consent of the Bondholders for the purpose of (i) curing any manifest error, (ii) complying with mandatory provisions of law or (iii) in the case of the Agency Agreement or any agreement supplemental to the Agency Agreement, in any manner which the Issuer and the Agent may deem necessary or desirable, provided that no such change shall be inconsistent with the Conditions nor, in the reasonable opinion of the Issuer, adversely affect the interests of the Bondholders.

Accordingly, there is a risk that the terms of the Bonds may be modified, waived or varied in circumstances where a Bondholder does not agree to such modification, waiver or variation, which may adversely impact the rights of such Bondholder.

Belgian Withholding Tax

If the Issuer, the NBB, the Agent or any other person is required to make any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatever nature in respect of any payment in respect of the Bonds, the Issuer, the NBB, the Agent or that other person shall make such

payment after such withholding or deduction has been made and will account to the relevant authorities for the amount so required to be withheld or deducted.

The Issuer will pay such additional amounts as may be necessary in order that the net payment received by each Bondholder in respect of the Bonds, after withholding for any taxes imposed by tax authorities in Belgium upon payments made by or on behalf of the Issuer in respect of the Bonds, will equal the amount which would have been received in the absence of any such withholding taxes, except that no such additional amounts shall be payable in respect of any Bonds in the circumstances described in Condition 8 (*Taxation*).

Reliance on the procedures of the NBB-SSS, including Euroclear, Euroclear France, Clearstream, SIX SIS, Euronext Securities Milan, Euronext Securities Porto, Iberclear, LuxCSD and OeKB for transfer, payment and communication with the Issuer

The Bonds will be issued in dematerialised form under the Belgian Companies and Associations Code and cannot be physically delivered. The Bonds will be represented exclusively by book entries in the records of the NBB-SSS.

Access to the NBB-SSS is available through its NBB-SSS participants whose membership extends to securities such as the Bonds. NBB-SSS participants include certain banks, stockbrokers (*beursvennootschappen/sociétés de bourse*) and Euroclear, Euroclear France, Clearstream, SIX SIS, Euronext Securities Milan, Euronext Securities Porto, Iberclear, LuxCSD and OeKB.

Transfers of interests in the Bonds will be effected between the NBB-SSS participants in accordance with the rules and operating procedures of the NBB-SSS. Transfers between investors will be effected in accordance with the respective rules and operating procedures of the NBB-SSS participants through which they hold their Bonds.

The Issuer and the Agent will have no responsibility for the proper performance by the NBB-SSS or the NBB-SSS participants of their obligations under their respective rules and operating procedures.

A Bondholder must rely on the procedures of the NBB-SSS, including Euroclear, Euroclear France, Clearstream, SIX SIS, Euronext Securities Milan, Euronext Securities Porto, Iberclear, LuxCSD and OeKB or other participants in the NBB-SSS to receive payments under the Bonds. The Issuer will have no responsibility or liability for the records relating to, or payments made in respect of, the Bonds within the NBB-SSS.

Risks related to the listing of the Bonds and the market in the Bonds

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk and credit risk.

There may be no secondary market for the Bonds and if a trading market is established, it may be illiquid

An active secondary market in respect of the Bonds may never be established or may be illiquid and this could adversely affect the value at which investors could sell their Bonds. Bonds may have no established trading market when issued, and one may never develop. If a market for the Bonds does develop, it may not be liquid. Therefore, no assurances can be given that it will continue or that it will be or remain liquid. In such circumstances, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Bonds that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Bonds

generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Bonds.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Bonds in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the euro would decrease (1) the Investor's Currency-equivalent yield on the Bonds, (2) the Investor's Currency equivalent value of the principal payable on the Bonds and (3) the Investor's Currency equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Credit ratings may not reflect all risks

The Issuer has been rated BBB by S&P with a stable outlook as from 8 December 2023. The Bonds have been rated BBB- by S&P. Any such rating may, however, not reflect the potential impact of all risks related to the structure, market, additional factors discussed in this section, and other factors that may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In addition, any negative change in or withdrawal of the credit rating assigned to the Bonds and/or to the Issuer could adversely affect the trading price of the Bonds.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not (1) issued by a credit rating agency established in the EEA and registered under Regulation (EC) No 1060/2009 (the "**EU CRA Regulation**") or (2) provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (3) provided by a credit rating agency not established in the EEA which is certified under the EU CRA Regulation. Similarly, in general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not (1) issued by a credit rating agency established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**") or (2) provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (3) provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation.

The Agent is not required to segregate amounts received by it in respect of the Bonds and any insolvency or bankruptcy proceeding against the Agent may affect payments to be made under the Bonds

The Agency Agreement provides that the Agent will debit the relevant account of the Issuer and use such funds to make payments to the Bondholders. In accordance with Condition 7 (*Payments*), the payment obligations of the Issuer under the Bonds will be discharged by payment to the NBB as operator of the NBB-SSS in respect of each amount so paid. The Agency Agreement provides that the Agent will, simultaneously with the receipt by it of the relevant amounts, pay to the Bondholders, through the NBB, any amounts due in respect of the Bonds. However, the Agent is not required to segregate any such amounts received by it in respect of the Bonds and in the event that the Agent were subject

to insolvency or bankruptcy proceedings at any time when it held any such amounts, the Issuer would be required to claim such amounts from the Agent in accordance with applicable insolvency laws. The Issuer may not be able to recover all or part of such amounts. This may impact the Issuer's ability to meet its obligations under the Bonds.

The Calculation Agent does not assume any fiduciary or other obligations to the Bondholders and, in particular, is not obliged to make determinations which protect or further their interests

The Calculation Agent will act in accordance with the Conditions in good faith and endeavour at all times to make its determinations in a commercially reasonable manner. However, Bondholders should be aware that the Calculation Agent does not assume any fiduciary or other obligations to the Bondholders and, in particular, is not obliged to make determinations which protect or further the interests of the Bondholders. The Calculation Agent may rely on any information to which it should properly have regard that is reasonably believed by it to be genuine and to have been originated by the proper parties.

PART II – DOCUMENTS INCORPORATED BY REFERENCE

This Information Memorandum should be read and construed in conjunction with:

(i) the audited consolidated financial statements of the Issuer as at and for the financial year ended 31 December 2022, together with the audit report thereon;

(ii) the audited consolidated financial statements of the Issuer as at and for the financial year ended 31 December 2023, together with the audit report thereon; and

(iii) the press release of the Issuer dated 22 May 2024 entitled "Quarterly statement: Elia Group Q1 2024", but excluding the section entitled "Financial outlook for 2024".

Such documents shall be incorporated in, and form part of, this Information Memorandum, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Information Memorandum. Any non-incorporated parts of a document referred to in this Information Memorandum are either deemed not relevant for prospective investors in the Bonds or the relevant information is included elsewhere in this Information Memorandum. Any documents themselves incorporated by reference in the documents incorporated by reference in this Information Memorandum shall not form part of this Information Memorandum.

This Information Memorandum and each document incorporated by reference will also be published on the website of the Issuer (www.eliagroup.eu).

The table below sets out the relevant page references for the audited consolidated financial statements as at and for the financial year ended 31 December 2022 as set out in the Issuer's relevant Annual Report.

Issuer's Annual Report as at and for the year ended 31 December 2022 (Consolidated Financial Statements)	
Consolidated Statement of Profit or Loss	Pages 3-4
Consolidated Statement of Comprehensive Income	Page 4
Consolidated Statement of Financial Position	Page 5
Consolidated Statement of Changes in Equity	Page 6
Consolidated Statement of Cash Flows	Page 7
Notes	Pages 8-84
Auditors' Report	Pages 85-89

The table below sets out the relevant page references for the audited consolidated financial statements as at and for the financial year ended 31 December 2023 as set out in the Issuer's relevant Annual Report.

Issuer's Annual Report as at and for the year ended 31 December 2023 (Consolidated Financial Statements)	
Consolidated Statement of Profit or Loss	Pages 274-275
Consolidated Statement of Comprehensive Income	Page 275
Consolidated Statement of Financial Position	Page 276

Issuer's Annual Report as at and for the year ended 31 December 2023 (Consolidated Financial Statements)

PART III – TERMS AND CONDITIONS OF THE BONDS

The issue of the EUR 600,000,000 3.875 per cent. bonds due 11 June 2031 (the "**Bonds**", which expression shall, unless the context otherwise requires, include any Further Bonds issued pursuant to Condition 12 (*Further issues*) and forming a single series with the Bonds, and each, a "**Bond**") by Elia Group SA/NV, a Belgian limited liability company with its registered office at Keizerslaan 20 Boulevard de l'Empereur, 1000 Brussels, Belgium, enterprise number 0476.388.378 (RPR/RPM Brussels) (the "**Issuer**"), was authorised by a resolution of the Issuer's board of directors adopted on 12 December 2023.

The Bonds are issued subject to and with the benefit of (i) an agency agreement dated on or about the date of this Information Memorandum and entered into between the Issuer and KBC Bank NV as paying agent and calculation agent (the "**Agent**", which expression shall include any successor thereto) (such agency agreement, as modified and/or amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**"), and (ii) a service contract for the issuance of fixed income securities which will be entered into on or about the Issue Date between the Issuer, KBC Bank NV as paying agent and the National Bank of Belgium (the "**NBB**") (the "**Clearing Agreement**").

The statements set out in these terms and conditions of the Bonds (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Agency Agreement and the Clearing Agreement. Copies of the Agency Agreement and of the Clearing Agreement are available for inspection during normal business hours at the specified office of the Agent. On the date of this Information Memorandum, the specified office of the Agent is at Havenlaan 2, 1080 Brussels, Belgium. The Bondholders (as defined below) are deemed to have notice of all of the provisions of the Agency Agreement and the Clearing Agreement applicable to them.

Each capitalised term used herein shall have the meaning ascribed to such term in Condition 17 (*Definitions*).

In these Conditions, any reference to any law, decree, regulation, directive or any implementing or other legislative measure shall be construed as a reference to such law, decree, regulation, directive or implementing or other legislative measure as the same may be amended, supplemented, restated or replaced from time to time.

Where these Conditions refer to any computation of a term or period of time, Article 1.7 of the Belgian Civil Code (*Burgerlijk Wetboek*/*Code Civil*) of 13 April 2019 (the **"Belgian Civil Code**") shall not apply to the extent inconsistent with these Conditions.

1. FORM, DENOMINATION AND TITLE

The Bonds will be issued in dematerialised form in accordance with the Belgian Companies and Associations Code (*Code des Sociétés et des Associations*/*Wetboek van Vennootschappen en Verenigingen*) (the "**Belgian Companies and Associations Code**") and cannot be physically delivered. The Bonds will be represented exclusively by book entry in the records of the securities settlement system operated by the NBB or any successor thereto (the "**NBB-SSS**"). The Bonds can be held by the Bondholders through (i) participants in the NBB-SSS, including Euroclear Bank SA/NV ("**Euroclear**"), Euroclear France S.A. ("**Euroclear France**"), Clearstream Banking Frankfurt ("**Clearstream**"), SIX SIS AG ("**SIX SIS**"), Euronext Securities Milan (formerly Monte Titoli S.p.A.) ("**Euronext Securities Milan**"), Euronext Securities Porto (formerly Interbolsa, S.A.) ("**Euronext Securities Porto**"), Iberclear ("I**berclear**"), LuxCSD S.A. ("**LuxCSD**") and OeKB CSD GmbH ("**OeKB**") and (ii) other financial intermediaries which in turn hold the Bonds through Euroclear, Euroclear France, Clearstream, SIX SIS, Euronext Securities Milan, Euronext Securities Porto, Iberclear, LuxCSD, OeKB or other participants in the NBB-SSS. The Bonds are accepted for settlement through the NBB-

SSS, and are accordingly subject to the applicable Belgian settlement regulations, including the Belgian law of 6 August 1993 on transactions in certain securities, its implementing Belgian royal decrees of 26 May 1994 and 14 June 1994 (each as amended or re-enacted or as their application is modified by other provisions from time to time) and the rules of the NBB-SSS and its annexes, as issued or modified by the NBB from time to time (the laws, decrees and rules mentioned in this Condition 1 (*Form, denomination and title*) being referred to herein as the "**NBB-SSS Regulations**"). Title to the Bonds will pass by account transfer. Bonds may be held only by, and transferred only to, eligible investors referred to in Article 4 of the Belgian Royal Decree of 26 May 1994, holding their securities in an exempt securities account that has been opened with a financial institution that is a direct or indirect participant in the NBB-SSS. The Bondholders will not be entitled to exchange the Bonds into securities in bearer form.

If at any time the Bonds are transferred to another securities settlement system, not operated or not exclusively operated by the NBB, these provisions shall apply *mutatis mutandis* to such successor securities settlement system and successor securities settlement system operator or any additional securities settlement system and additional securities settlement system operator.

Bondholders are entitled to exercise the rights they have, including voting rights, making requests, giving consents, and other associative rights (as defined for the purposes of the Belgian Companies and Associations Code) upon submission of an affidavit drawn up by the NBB (or any other participant duly licensed in Belgium as a recognised accountholder for the purposes of Article 7:41 of the Belgian Companies and Associations Code (a "**Recognised Accountholder**")) (or the position held by the financial institution through which such Bondholder's Bonds are held with such Recognised Accountholder, in which case an affidavit drawn up by that financial institution will also be required).

The Bonds are issued in the principal amount of EUR 100,000 (the "**Specified Denomination**") each and may only be settled through the NBB-SSS in principal amounts equal to that denomination or an integral multiple thereof.

In these Conditions, "**Bondholder**" means, in respect of any Bond, the holder from time to time of such Bond as determined by reference to the records of the relevant securities settlement systems or financial intermediaries and the affidavits referred to in this Condition 1 (*Form, denomination and title*) (together, the "**Bondholders**").

2. STATUS

The Bonds constitute (subject to Condition 3 (*Negative pledge*)) direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 3 (*Negative pledge*), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

3. NEGATIVE PLEDGE

(a) **Restriction:** So long as any Bond remains outstanding:

(i) the Issuer will not, and it shall procure that none of its Material Subsidiaries will, create, grant or permit to subsist any Security Interest (other than a Permitted Security Interest) upon, or with respect to, the whole or any part of its business, undertaking, assets or revenues present or future to secure any Relevant Debt (as defined below) of any person, including the Issuer or any of its Material Subsidiaries, or any guarantee of or

indemnity in respect of any Relevant Debt of any person, including the Issuer or any of its Material Subsidiaries; and

(ii) the Issuer will, and shall procure that its Material Subsidiaries will, procure that no other person creates, grants or permits to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of the business, undertaking, assets or revenues present or future of that other person to secure any of the Issuer's or any of its Material Subsidiaries' Relevant Debt, or any guarantee of or indemnity in respect of any of the Issuer's or any of its Material Subsidiaries' Relevant Debt,

unless, at the same time or prior thereto, the Issuer's obligations under the Bonds (i) are secured equally and rateably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, or (ii) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by an Extraordinary Resolution (as defined in Schedule 1 (*Provisions on meetings of Bondholders*) to these Conditions) of the Bondholders.

(b) For the purposes of these Conditions**,** "**outstanding**" means all the Bonds issued other than (a) those that have been redeemed in accordance with the Conditions, (b) those in respect of which the date for redemption has occurred and the redemption moneys (including all accrued and unpaid interest on such Bonds to the date for such redemption and any interest payable after such date) have been duly paid to the Agent as provided in this Agreement and remain available for payment to the Bondholders, (c) those which have become void or in respect of which claims have become prescribed, and (d) those which have been purchased and cancelled as provided in the Conditions; provided that, for the purposes of (i) ascertaining the right to attend and vote at any meeting of Bondholders and (ii) the determination of how many Bonds are outstanding for the purposes of Condition 3 (*Negative Pledge*), Condition 11 (*Meeting of Bondholders and Modifications*) and Schedule 1 (*Provisions on meetings of Bondholders*), those Bonds that are held by, or are held on behalf of, the Issuer, the Issuer or any of their respective Subsidiaries and not cancelled shall (unless and until ceasing to be so held) be deemed not to be outstanding.

4. INTEREST

(a) **Interest Payment Dates**

The Bonds bear interest on their principal amount at the rate of 3.875 per cent. per annum (the "**Interest Rate**") from (and including) 11 June 2024 (the "**Issue Date**") to (but excluding) the Maturity Date.

Interest shall be payable on the Bonds annually in arrear on 11 June in each year (each an "**Interest Payment Date**"). The first Interest Payment Date will be 11 June 2025 (the "**First Interest Payment Date**").

(b) **Interest Accrual**

The Bonds (and any unpaid amounts thereon) will cease to bear interest from (and including) the date due for redemption thereof pursuant to these Conditions, unless payment of all unpaid amounts in respect of the Bonds is not made on the relevant payment date, in which event interest shall continue to accrue at the Interest Rate in respect of the principal amount of, and any other unpaid amounts on, the Bonds, both before and after judgment, and shall be payable as provided in these Conditions up to (but excluding) the Relevant Date.

When interest is required to be calculated in respect of a period of less than a full year, such interest shall be calculated on the basis of the actual number of days in the period from (and

including) the most recent Interest Payment Date (or, if none, the Issue Date) to (but excluding) the relevant payment date divided by the actual number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Issue Date) to (but excluding) the next (or, as the case may be, the first) scheduled Interest Payment Date (the "**Day-Count Fraction**"). Where it is necessary to compute an amount of interest in respect of any Bond for a period of more than an Interest Period, such interest shall be the aggregate of the interest computed in respect of a full year plus the interest computed in respect of the period exceeding the full year calculated in the manner as aforesaid.

The amount of interest on the Bonds calculated for any period shall be equal to the product of the Interest Rate, the principal amount of the Bonds and the Day-Count Fraction for the relevant period and rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

5. REDEMPTION

(a) Final Redemption

Unless previously redeemed, purchased and cancelled as provided below, each Bond shall be finally redeemed at its principal amount on 11 June 2031 (the "**Maturity Date**").

(b) Redemption for Taxation Reasons

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable), at their principal amount together with accrued and unpaid interest up until, but excluding the date fixed for redemption, if (i) the Issuer has or will become obliged to pay Additional Amounts as provided or referred to in Condition 8 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Belgium or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the Bonds, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to this Condition 5(b) (*Redemption for Taxation Reasons*), the Issuer shall deliver to the Agent a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Amounts as a result of such change or amendment.

(c) Make-Whole Redemption at the Option of the Issuer

The Issuer may, on giving not less than 15 nor more than 30 days' notice to the Bondholders (which notice shall be irrevocable and shall specify the date fixed for redemption (the "**Make-Whole Optional Redemption Date**")), redeem all, but not some only, of the Bonds at a redemption price per Bond equal to such amount per Bond as is equal to the higher of the amounts in (i) and (ii) below, as calculated by the Calculation Agent, in each case together with accrued and unpaid interest up until, but excluding the Make-Whole Optional Redemption Date, if applicable:

(i) the principal amount outstanding of the Bond; and

(ii) the sum of the then current values of the remaining scheduled payments of principal and interest (not including any accrued and unpaid interest on the Bonds up until, but excluding, the Make-Whole Optional Redemption Date) discounted to the Make-Whole Optional Redemption Date on an annual basis at the Reference Dealer Rate (as defined below) plus any Make-Whole Margin, in each case as determined by the Reference Dealers,

provided, however, that if the Make-Whole Optional Redemption Date occurs on or after the earliest date on which the Bonds may be redeemed in accordance with Condition 5(e) (*Residual Maturity Call*), the redemption price will be such amount per Bond as is equal to the nominal amount outstanding of the relevant Bond together with accrued and unpaid interest up until, but excluding the Make-Whole Optional Redemption Date, if applicable.

(d) **Redemption upon a Substantial Repurchase Event**

(i) If a Substantial Repurchase Event has occurred, the Issuer may, by giving not less than 15 nor more than 30 days' notice to the Agent and, in accordance with Condition 13 (*Notices*), the Bondholders (which notice shall be irrevocable and shall specify the date fixed for redemption (the "**Clean-Up Call Optional Redemption Date**")), redeem all, but not some only, of the Bonds at any time at their principal amount together with accrued and unpaid interest up until, but excluding the Clean-Up Call Optional Redemption Date.

(ii) Together with the delivery of the notice to the Agent described in paragraph 5(d)(i) above, the Issuer shall deliver to the Agent a certificate signed by two directors of the Issuer stating that a Substantial Repurchase Event has occurred.

(iii) For the purpose of this Condition 5(d) (*Redemption upon a Substantial Repurchase Event*), a "**Substantial Repurchase Event**" shall be deemed to occur if the Issuer and/or any of its Subsidiaries repurchases and cancels or has at any time repurchased and cancelled, a principal amount of Bonds equal to or greater than 75 per cent. of the aggregate principal amount of the Bonds initially issued (which shall include, for these purposes, any Further Bonds).

(e) **Residual Maturity Call**

The Issuer may, on giving not less than 15 nor more than 30 days' notice to the Bondholders (which notice shall be irrevocable and shall specify the date fixed for redemption (which shall be within the 3 months prior to the Maturity Date (the "**Residual Maturity Call Optional Redemption Date**")), redeem all, but not some only, of the Bonds at a redemption price per Bond equal to the nominal amount outstanding of the relevant Bond together with accrued and unpaid interest up until, but excluding the Residual Maturity Call Optional Redemption Date, if applicable.

6. PURCHASES AND CANCELLATION

(a) **Purchase**

Subject to the requirements (if any) of any stock exchange on which the Bonds may be admitted to listing and trading at the relevant time and subject to compliance with applicable laws and regulations, the Issuer and each of its Subsidiaries may at any time purchase Bonds, both on the open market or otherwise, at any price.

(b) **Cancellation**

Bonds purchased by the Issuer or any of its Subsidiaries may be held, reissued or resold at the option of the Issuer or the relevant Subsidiary, or cancelled. All Bonds that are redeemed will be cancelled and may not be reissued or resold. Any Bonds held by or on behalf of the Issuer or any of its Subsidiaries shall not entitle such holder(s) to vote at any meeting of Bondholders and shall not be deemed to be outstanding for the purpose of calculating quorums at meetings of Bondholders or for the purpose of Condition 11(a) (*Meeting of Bondholders*) or Schedule 1 (*Provisions on meetings of Bondholders*) to these Conditions.

7. PAYMENTS

(a) **Payment:** Without prejudice to Article 7:41 of the Belgian Companies and Associations Code, payment of principal in respect of the Bonds, payment of accrued and unpaid interest payable on a redemption of the Bonds and payment of any interest due on an Interest Payment Date in respect of the Bonds will be made through the NBB-SSS in accordance with the NBB-SSS Regulations. The payment obligations of the Issuer under the Bonds will be discharged by payment to the NBB in respect of each amount so paid.

(b) **Method of Payment:** Each payment referred to in Condition 7(a) (*Payment*) will be made in euro by transfer to a euro account maintained by the payee with a bank in a city in which banks have access to T2.

(c) **Payments Subject to Fiscal Laws:** All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payments, but without prejudice to the provisions of Condition 8 (*Taxation*) and (ii) any withholding or deduction imposed pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "Code") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8 (*Taxation*)) any law implementing an intergovernmental approach thereto ("FATCA Withholding"). No commission or expenses shall be charged to the Bondholders in respect of such payments.

(d) **Appointment of Agents:** The Agent and Calculation Agent initially appointed by the Issuer and its respective specified offices are listed in the Information Memorandum. The Agent and Calculation Agent act solely as agent of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Agent and/or Calculation Agent provided that the Issuer shall at all times maintain (i) an Agent and Calculation Agent where the Conditions so require and (ii) such other agents as may be required by any other stock exchange on which the Bonds may be listed.

Notice of any such change or any change of any specified office shall promptly be given to the Bondholders.

(e) **No Charges:** The Agent shall not make or impose on a Bondholder any charge or commission in relation to any payment in respect of the Bonds without prejudice to any such charges that may be charged by the Agent in another capacity, or any such fees or charges that may be charged by intermediaries.

(f) **Fractions:** When making payments to Bondholders, if the relevant payment is not of an amount which is a whole multiple of the smallest unit of the relevant currency in which such payment is to be made, such payment will be rounded down to the nearest unit.

(g) **Payments on Business Days:** If any date for payment in respect of the Bonds is not a Business Day on which the NBB-SSS is operating, the holder shall not be entitled to payment until the next following Business Day on which the NBB-SSS is operating, nor to any interest

or other sum in respect of such postponed payment. For the purpose of calculating the interest amount payable under the Bonds, the Interest Payment Date shall not be adjusted.

8. TAXATION

All payments of principal, premium and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without withholding or deduction for, or on account of, any taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or within the Kingdom of Belgium or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay Additional Amounts, except that, with respect to any Bond, no Additional Amounts shall be payable:

(a) "**Other connection**": to, or to a third party on behalf of, a Bondholder who is liable to such Taxes in respect of such Bond by reason of such Bondholder having some connection with the Kingdom of Belgium other than the mere holding of the Bond; or

(b) "**Non-Eligible Investor**": to a Bondholder, who at the time of issue of the Bonds, was not an eligible investor within the meaning of Article 4 of the Belgian royal decree of 26 May 1994 on the deduction of withholding tax (an "**Eligible Investor**") or to a Bondholder who was an Eligible Investor at the time of issue of the Bonds but, for reasons within the Bondholder's control, either ceased to be an Eligible Investor or, at any relevant time on or after the issue of the Bonds, otherwise failed to meet any other condition for the exemption of Belgian withholding tax pursuant to the law of 6 August 1993 relating to certain securities; or

(c) "**Conversion into registered Bonds**": to a Bondholder who is liable to such Taxes because such Bond held by it was upon its request converted into a registered Bond and could no longer be settled through the NBB-SSS; or

(d) "**Lawful avoidance of withholding**": to, or to a third party on behalf of, a Bondholder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Bond is presented for payment.

Any reference in these Conditions to any amounts payable in respect of the Bonds shall be deemed to include any Additional Amounts which may be payable under this Condition 8 (*Taxation*).

The Bondholder will bear any tax, duty or fiscal liability which may rise from the purchase or holding of Bonds.

Notwithstanding any other provision of these Conditions, any amounts to be paid on the Bonds by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or required pursuant to any FATCA Withholding. Neither the Issuer nor any other person will be required to pay any Additional Amounts in respect of FATCA Withholding.

9. PRESCRIPTION

Claims against the Issuer for payment in respect of the Bonds shall be prescribed and become void unless made within 10 years (in the case of principal and premium) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10. EVENTS OF DEFAULT

If any of the following events (each an "**Event of Default**") occurs and is continuing and only in each such case:

(a) **Non-Payment**: the Issuer fails to pay any principal or interest due in respect of the Bonds when due and such failure continues for a period of 7 days in the case of principal and 15 days in the case of interest; or

(b) **Breach of Other Obligations**: the Issuer does not perform or comply with any one or more of its other obligations under these Conditions and the Bonds which default is incapable of remedy, or, if capable of remedy is not remedied within 30 days after notice of such default shall have been given by any Bondholder to the Agent at its specified office; or

(c) **Cross-Acceleration and Cross-Default**: (i) any other present or future indebtedness for borrowed money ("**Indebtedness**") of the Issuer or any of its Material Subsidiaries becomes due and payable, or becomes capable of being declared due and payable prior to its stated maturity by reason of any event of default (howsoever described), or (ii) any such Indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer or any of its Material Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any Indebtedness provided that the aggregate amount of the Indebtedness, guarantees and indemnities in respect of which the relevant event mentioned in this paragraph (c) has occurred equals or exceeds EUR 50 million or its equivalent in any other currency (on the basis of the middle spot rate for the relevant currency against the euro as quoted by any leading bank on the day on which this paragraph operates) and provided further that, for the purposes of this paragraph (c), the Issuer or any of its Material Subsidiaries shall not be deemed to be in default with respect to such Indebtedness, guarantee or indemnity if it shall be contesting in good faith by appropriate means its liability to make payment thereunder; or

(d) **Security Enforced**: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Material Subsidiaries in an aggregate amount exceeding EUR 50 million or its equivalent in any other currency (on the basis of the middle spot rate for the relevant currency against the euro as quoted by any leading bank on the day on which this paragraph operates), becomes enforceable and any step is taken to enforce any such mortgage, charge, pledge, lien or other encumbrance (including the taking of possession or the appointment of a receiver, administrative receiver, administrator, manager or other similar person); or

(e) **Insolvency**:

(i) the Issuer or any of its Material Subsidiaries becomes insolvent or bankrupt or unable to pay its debts as they fall due, stops or threatens to stop or suspends payment of all or substantially all of its debts, is under judicial reorganisation, as applicable, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of or affecting all or substantially all of the debts or assets of the Issuer or any of its Material Subsidiaries; or

(ii) the Issuer or any of its Material Subsidiaries ceases to carry on all or substantially all of its business or operations, provided that such cessation either (a) occurs pursuant to a situation, or an expected situation, of financial

distress at the level of the Issuer or such Material Subsidiary, or (b) could reasonably be expected to result in a situation as referred to under paragraph (i) above; or

(f) **Winding-up**: an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer or any of its Material Subsidiaries, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) in respect of any of its Material Subsidiaries, which is not insolvent (*failliet verklaard*/*déclaré en faillite*, or any similar proceedings in a foreign jurisdiction), or (ii) on terms approved by an Extraordinary Resolution of the Bondholders; or

(g) **Delisting**: the listing of the Bonds on the Euro MTF market operated by the Luxembourg Stock Exchange is withdrawn or suspended for a period of at least 30 subsequent Business Days as a result of a failure of the Issuer, unless the Issuer obtains the listing of the Bonds on another multilateral trading facility similar to the Euro MTF market operated by the Luxembourg Stock Exchange or a regulated market of the European Union at the latest on the last day of this period of 30 Business Days,

then any Bond may, by notice in writing given to the Agent at its specified office by the Bondholder, be declared immediately due and payable whereupon it shall become immediately due and payable at its principal amount together with accrued and unpaid interest without further formality unless such Event of Default shall have been remedied prior to the receipt of such notice by the Agent.

Without prejudice to the foregoing, the Bondholders waive to the fullest extent permitted by law their rights under Article 5.90, second paragraph of the Belgian Civil Code and Article 7:64 of the Belgian Companies and Associations Code.

11. MEETINGS OF BONDHOLDERS; MODIFICATION AND WAIVER

(a) Meetings of Bondholders

All meetings of Bondholders will be held in accordance with the provisions on meetings of Bondholders set out in Schedule 1 to these Conditions (the "**Bondholders' Provisions**"). The provisions of this Condition 11(a) (*Meeting of Bondholders*) are subject to, and should be read together with, the more detailed provisions contained in the Bondholders' Provisions (which shall prevail in the event of any inconsistency).

Meetings of Bondholders may be convened to consider matters in relation to the Bonds, including the modification or waiver of the Bonds or any of the Conditions. For the avoidance of doubt, any modification or waiver of the Bonds or the Conditions shall always be subject to the consent of the Issuer.

A meeting of Bondholders may be convened by the Issuer and shall be convened by the Issuer upon the request in writing of Bondholders holding at least 20 per cent. of the aggregate principal amount of the outstanding Bonds.

Any modification or waiver of the Bonds or the Conditions proposed by the Issuer may be made if sanctioned by an Extraordinary Resolution (as defined in the Bondholders' Provisions). However, any such proposal to (i) modify the dates of redemption of the Bonds or any date for payment of interest or any other amounts due or payable under the Bonds, (ii) reduce or cancel the principal amount of or any premium payable on the redemption of or interest on or varying the method of calculation the interest or to reduce the rate of interest on, the Bonds, (iii) change the currency of payment of the Bonds, (iv) modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary

Resolution, or (v) amend this provision, (vi) approve the substitution of any entity for the Issuer (or any previous substitute) as principal debtor under the Bonds, or (vii) approve the exchange or substitution of the Bonds into shares, bonds or other obligations or securities of the Issuer or another person, in each case, in circumstances not provided for in the Conditions or under applicable law, may only be sanctioned by a Special Quorum Resolution.

Resolutions duly passed by a meeting of Bondholders in accordance with the Bondholders' Provisions shall be binding on all Bondholders, whether or not they are present at the meeting and whether or not they vote in favour of such a resolution.

The Bondholders' Provisions furthermore provide that, for so long as the Bonds are in dematerialised form and settled through the NBB-SSS, in respect of any matters proposed by the Issuer, the Issuer shall be entitled, where the terms of the resolution proposed by the Issuer have been notified to the Bondholders through the relevant securities settlement systems as provided in the Bondholders' Provisions, to rely upon approval of such resolution given by way of electronic consents communicated through the electronic communications systems of the relevant securities settlement system(s) by or on behalf of the Bondholders of not less than 75 per cent. in principal amount of the Bonds outstanding. To the extent such electronic consent is not being sought, the Bondholders' Provisions provide that, if authorised by the Issuer and to the extent permitted by Belgian law, a resolution in writing signed by or on behalf of Bondholders of not less than 75 per cent. of the aggregate principal amount of the outstanding Bonds shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held, provided that the terms of the proposed resolution have been notified in advance to the Bondholders through the relevant securities settlement system(s). Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

(b) **Modification and Waiver**

The Agency Agreement and these Conditions may be amended without the consent of the Bondholders (i) for the purpose of curing any manifest error, (ii) for the purpose of complying with mandatory provisions of law, or (iii) in the case of the Agency Agreement, in any manner which the Issuer and the Agent may deem necessary or desirable, provided that no such change shall be inconsistent with these Conditions nor, in the reasonable opinion of the Issuer, adversely affect the interests of the Bondholders. In addition, the Issuer shall only permit any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Bondholders.

12. FURTHER ISSUES

The Issuer may from time to time, without the consent of the Bondholders, create and issue further Bonds having the same terms and conditions as the Bonds (so that, for the avoidance of doubt, references in these Conditions to "**Issue Date**" shall be to the first issue date of the Bonds) in all respects (or in all respects except for the first payment of interest) so that the same shall be consolidated and form a single series with the Bonds ("**Further Bonds**"), and references in these Conditions to "Bonds" shall be construed accordingly.

13. NOTICES

All notices regarding the Bonds will be valid if published through the electronic communication system of Bloomberg. For so long as the Bonds are held by or on behalf of the NBB-SSS, notices to the Bondholders will also be valid if delivered to the NBB for communication by it to the participants of the NBB-SSS (for onward delivery to the Bondholders) in substitution for

such publication. Any such notice shall be deemed to have been given to Bondholders on the calendar day after the date on which the said notice was given to the NBB-SSS.

The Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of any other stock exchange or other relevant authority on which the Bonds are for the time being listed.

14. NO HARDSHIP

The Issuer acknowledges that the provisions of Article 5.74 of the Belgian Civil Code shall not apply to it with respect to its obligations under these Conditions and that it shall not be entitled to make any claim under Article 5.74 of the Belgian Civil Code.

15. EXTRA-CONTRACTUAL LIABILITY

Upon the entry into force of the new book 6 on "extracontractual liability" (*buitencontractuele aansprakelijkheid/responsabilité extracontractuelle*) of the Belgian Civil Code (through the *Wet houdende boek 6 "Buitencontractuele aansprakelijkheid" van het Burgerlijk Wetboek/Loi portant le livre 6 "La responsabilité extracontractuelle" du Code civil*), the provisions of the new Article 6.3 of the Belgian Civil Code shall, to the maximum extent permitted by law, not apply with respect to any obligations under these Conditions and neither the Issuer, nor any Bondholder shall be entitled to make any extra-contractual liability claim against any other party or any auxiliary (*hulppersoon*/*auxiliaire*) of (any affiliate of) such party with respect to a breach of a contractual obligation with respect to the obligations under these Conditions, even if such breach of obligation also constitutes an extra-contractual liability.

16. GOVERNING LAW AND JURISDICTION

(a) **Governing Law:** The Bonds and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, Belgian law.

(b) **Jurisdiction**: The Issuer agrees for the benefit of the Bondholders that any dispute in connection with the Bonds or any non-contractual obligations in connection with the Bonds shall be subject to the exclusive jurisdiction of the courts of Brussels, Belgium.

17. DEFINITIONS

In these Conditions:

"**Additional Amounts**" means, for the purposes of a relevant payment referred to in Condition 8 (*Taxation*), such additional amounts as shall result in receipt by the Bondholders of such amounts as would have been received by them had the relevant Taxes not been so imposed, levied, collected, withheld or assessed.

"**Agency Agreement**" has the meaning given in the preamble of these Conditions.

"**Agent**" has the meaning given in the preamble of these Conditions.

"**Belgian Civil Code**" has the meaning given in the preamble of these Conditions.

"**Belgian Companies and Associations Code**" has the meaning given in Condition 1 (*Form, denomination and title*).

"**Bondholder**" and "**Bondholders**" have the meanings given in the preamble to these Conditions.

"**Bondholders' Provisions**" has the meaning given in Condition 11 (*Meeting of bondholders; modification and waivers*).

"**Bonds**" and "**Bond**" have the meanings given in the preamble to these Conditions.

"**Business Day**" means a day other than a Saturday or a Sunday on which (i) the NBB-SSS is operating, (ii) banks and foreign exchange markets are open for general business in Belgium and (iii) if a payment in euro is to be made on that day, T2 is operating.

"**Calculation Agent**" means the Agent in its capacity as calculation agent under the Agency Agreement.

"**Clean-Up Call Optional Redemption Date**" has the meaning given in Condition 5 (*Redemption*).

"**Clearing Agreement**" has the meaning given to it in the preamble to these Conditions.

"**Clearstream**" has the meaning given in Condition 1 (*Form, denomination and title*).

"**Code**" has the meaning given to it in Condition 7 (*Payments*).

"**Conditions**" means these terms and conditions of the Bonds, as amended from time to time.

"**continuing**" is an Event of Default that has not been remedied or waived.

"**Day-Count Fraction**" has the meaning given thereto in Condition 4 (*Interest*).

"**Eligible Investor**" has the meaning given in Condition 8 (*Taxation*).

"**Event of Default**" has the meaning given thereto in Condition 10 (*Events of Default*).

"**EUR**" and/or "**euro**" means the lawful currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended.

"**Euroclear**" has the meaning given in Condition 1 (*Form, denomination and title*).

"**Euroclear France**" has the meaning given in Condition 1 (*Form, denomination and title*).

"**Euronext Securities Milan**" has the meaning given in Condition 1 (*Form, denomination and title*).

"**Euronext Securities Porto**" has the meaning given in Condition 1 (*Form, denomination and title*).

"**Extraordinary Resolution**" has the meaning given in Schedule 1 (*Provisions on meetings of Bondholders*).

"**FATCA Withholding**" has the meaning given to it in Condition 7 (*Payments*).

"**First Interest Payment Date**" has the meaning given to it in Condition 4 (*Interest*).

"**Further Bonds**" has the meaning given to it in Condition 12 (*Further issues*).

"**Iberclear**" has the meaning given in Condition 1 (*Form, denomination and title*).

"**IFRS**" means International Financial Reporting Standards as adopted by the European Union.

"**Indebtedness**" has the meaning given thereto in Condition 10 (*Events of Default*).

"**Interest Payment Date**" has the meaning given in Condition 4 (*Interest*).

"**Interest Period**" means the period from (and including) the Issue Date to (but excluding) the First Interest Payment Date and each successive period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date.

"**Interest Rate**" has the meaning given in Condition 4 (*Interest*).

"**Issue Date**" has the meaning given in Condition 4 (*Interest*).

"**Issuer**" has the meaning given in the preamble to these Conditions.

"**LuxCSD**" has the meaning given in Condition 1 (*Form, denomination and title*).

"**Make-Whole Margin**" means 0.25 per cent. *per annum*.

"**Make-Whole Optional Redemption Date**" has the meaning given in Condition 5 (*Redemption*).

"**Material Subsidiary**" means a Subsidiary whose (i) turnover, or (ii) total assets (in each case determined on a non-consolidated basis and determined on a basis consistent with the preparation of the consolidated accounts of the Issuer) represent (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer relate, are equal to) no less than 20 per cent. of the consolidated turnover or total assets (as the case may be) of the Issuer, all as calculated respectively by reference to the then latest audited accounts of such Subsidiary and the then latest audited consolidated accounts of the Issuer, provided that:

(a) in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer relate, the reference to the then latest audited consolidated accounts of the Issuer for the purposes of the calculation above shall, until consolidated accounts of the Issuer for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest audited accounts, adjusted as deemed appropriate by the auditors of the relevant Subsidiary from time to time (the "**Auditors**"); and

(b) in the case of a Subsidiary in respect of which no audited accounts are prepared, its turnover and total assets shall be determined on the basis of pro forma accounts of the relevant Subsidiary prepared for this purpose by the Auditors on the basis of accounting principles consistent with those adopted by the Issuer.

"**Maturity Date**" has the meaning given thereto in Condition 5 (*Redemption*).

"**NBB**" has the meaning given to it in the preamble to these Conditions.

"**NBB-SSS**" has the meaning set out in Condition 1 (*Form, denomination and title*).

"**NBB-SSS Regulations**" has the meaning set out in Condition 1 (*Form, denomination and title*).

"Permitted Security Interest" means any Security Interest securing any Relevant Debt issued for the purpose of financing of all or part of the costs of the acquisition, construction or development of any project if the person or persons providing such financing expressly agree to limit their recourse to the project financed and the revenues derived from such project as the sole source of repayment for such Relevant Debt.

"Reference Bond" means the German federal government bond bearing interest at a rate of 0.00 per cent. per annum and maturing on 15 February 2031 (ISIN: DE0001102531).

"Reference Dealers" means four banks selected from time to time by the Calculation Agent in consultation with the Issuer, which are primary European government security dealers, and their respective successors, or market makers in pricing corporate bond issues.

"**Reference Dealer Rate**" means with respect to the Reference Dealers and the Make-Whole Optional Redemption Date, the average of the four quotations of the mid-market annual yield to maturity of the Reference Bond or, if the Reference Bond is no longer outstanding, a similar security in the reasonable judgement of the Reference Dealers, quoted in writing to the Issuer by the Reference Dealers at 11.00 am (Central European time (CET)) on the fourth Business Day preceding the Make-Whole Optional Redemption Date.

"**Relevant Date**" means in respect of any payment, the date on which such payment first becomes due and payable but, if the full amount of the moneys payable on such date has not been duly received by the Agent on or prior to such date, the Relevant Date means the date on which such moneys shall have been so received and notice to that effect shall have been given to the Bondholders by or on behalf of the Issuer in accordance with Condition 13 (*Notices*).

"Relevant Debt" means any present or future indebtedness in the form of, or represented by, bonds, notes or other transferable securities (*effecten*/*valeurs mobilières*) which are for the time being quoted or listed or capable of being quoted or listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market, having an original maturity of more than one year from its date of issue.

"**Residual Maturity Call Optional Redemption Date**" has the meaning given thereto in Condition 5 (*Redemption*).

"**Security Interest**" means any mortgage, charge, pledge, lien or other form of encumbrance or security interest.

"**SIX SIS**" has the meaning given in Condition 1 (*Form, denomination and title*).

"**Special Quorum Resolution**" has the meaning given in Schedule 1 (*Provisions on meetings of Bondholders*).

"**Subsidiary**" means an entity from time to time which the Issuer controls and, for this purpose, **control** has the meaning as set out in IFRS 10 – "Consolidated Financial Statements" (or any successor or replacement thereof).

"**Substantial Repurchase Event**" has the meaning given in Condition 5 (*Redemption*).

"**T2**" means the real time gross settlement (RTGS) system operated by the Eurosystem, or any successor or replacement system.

"**Taxes**" has the meaning given in Condition 8 (*Taxation*).

SCHEDULE 1. PROVISIONS ON MEETINGS OF BONDHOLDERS

Interpretation

1. In this Schedule:

1.1 references to a "**meeting**" are to a physical meeting, a virtual meeting or a hybrid meeting of Bondholders and include, unless the context otherwise requires, any adjournment;

1.2 "**agent**" means a holder of a Voting Certificate or a proxy for, or representative of, a Bondholder;

1.3 "**Block Voting Instruction**" means a document issued by a Recognised Accountholder or the NBB-SSS in accordance with paragraph 10;

1.4 "**Electronic Consent**" has the meaning set out in paragraph 35.1;

1.5 "**electronic platform**" means any form of telephony or electronic platform or facility and without limitation, telephone and video conference call and application technology systems;

1.6 "**Extraordinary Resolution**" means a resolution passed (a) at a meeting of Bondholders duly convened and held in accordance with this Schedule 1 (*Provisions on Meetings of Bondholders*) by a majority of at least 75 per cent. of the votes cast or (b) by a Written Resolution or (c) by an Electronic Consent;

1.7 "**hybrid meeting**" means a combined physical meeting and virtual meeting convened pursuant to this Schedule at which persons may attend either at the physical location specified in the notice of such meeting or via an electronic platform;

1.8 "**meeting**" means a meeting convened pursuant to this Schedule and whether held as a physical meeting or as a virtual meeting or as a hybrid meeting;

1.9 "**NBB-SSS**" has the meaning set out in Condition 1 (*Form, denomination and title*);

1.10 "**Ordinary Resolution**" means a resolution with regard to any of the matters listed in paragraph 4 and passed or proposed to be passed by a majority of at least 50 per cent. of the votes cast;

1.11 "**physical meeting**" means any meeting attended by persons present in person at the physical location specified in the notice of such meeting;

1.12 "**present**" means physically present in person at a physical meeting or a hybrid meeting, or able to participate in or join a virtual meeting or a hybrid meeting held via an electronic platform;

1.13 "**Recognised Accountholder**" has the meaning set out in Condition 1 (*Form, denomination and title*);

1.14 "**virtual meeting**" means any meeting held via an electronic platform;

1.15 "**Voting Certificate**" means a certificate issued by a Recognised Accountholder or the NBB-SSS in accordance with paragraph 9;

1.16 "**Written Resolution**" means a resolution in writing signed by the Bondholders of not less than 75 per cent. in principal amount of the Bonds outstanding; and

1.17 references to persons representing a proportion of the Bonds are to Bondholders, proxies or representatives of such Bondholders holding or representing in the aggregate at least that proportion in principal amount of the Bonds for the time being outstanding.

General

2. All meetings of Bondholders will be held in accordance with the provisions set out in this Schedule. Where any of the provisions of this Schedule would be illegal, invalid or unenforceable, that will not affect the legality, validity and enforceability of the other provisions of this Schedule.

Powers of meetings

3. A meeting shall, subject to the Conditions and (except in the case of sub-paragraph 3.5) only with the consent of the Issuer and without prejudice to any powers conferred on other persons by this Schedule, have power by Extraordinary Resolution:

3.1 to sanction any proposal by the Issuer for any modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Bondholders against the Issuer (other than in accordance with the Conditions or pursuant to applicable law);

3.2 to assent to any modification of this Schedule or the Conditions proposed by the Issuer or the Agent;

3.3 to authorise anyone to concur in and do anything necessary to carry out and give effect to an Extraordinary Resolution;

3.4 to give any authority, direction or sanction required to be given by Extraordinary Resolution;

3.5 to appoint any person or persons (whether Bondholders or not) as an individual or committee or committees to represent the Bondholders' interests and to confer on them any powers (or discretions which the Bondholders could themselves exercise by Extraordinary Resolution);

3.6 to approve the substitution of any entity for the Issuer (or any previous substitute) as principal debtor under the Bonds;

3.7 to approve the exchange or substitution of the Bonds into shares, bonds or other obligations or securities of the Issuer or any other person, in each case in circumstances not provided for in the Conditions or under applicable law; and

3.8 to accept any security interests established in favour of the Bondholders or a modification to the nature or scope of any existing security interest or a modification to the release mechanics of any existing security interests,

provided that the special quorum provisions in paragraph 22 shall apply to any Extraordinary Resolution (a "**Special Quorum Resolution**") for the purpose of sub-paragraph 3.6 and 3.7 or for the purpose of making a modification to this Schedule or the Conditions which would have the effect of (other than in accordance with the Conditions or pursuant to applicable law):

(i) to modify the maturity of the Bonds or any date for payment of interest or any other amounts due or payable under the Bonds;

(ii) to reduce or cancel the principal amount of or any premium payable on the redemption of or interest on or varying the method of calculation the interest or to reduce the rate of interest on, the Bonds;

(iii) to change the currency of payment of the Bonds;

(iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution; or

(v) to amend this provision.

Ordinary Resolution

4. Notwithstanding any of the foregoing and without prejudice to any powers otherwise conferred on other persons by this Schedule, a meeting of Bondholders shall have power by Ordinary Resolution:

4.1 to assent to any decision to take any conservatory measures in the general interest of the Bondholders;

4.2 to assent to the appointment of any representative to implement any Ordinary Resolution; or

4.3 to assent to any other decisions which do not require an Extraordinary Resolution to be passed.

Any modification or waiver of any of the Conditions shall always be subject to the consent of the Issuer.

5. No amendment to this Schedule or the Conditions which, in the opinion of the Issuer, relates to any of the matters listed in paragraph 4 above shall be effective unless approved at a meeting of Bondholders complying with the provisions set out in this Schedule.

Convening a meeting

6. The Issuer may at any time convene a meeting. A meeting shall be convened by the Issuer upon the request in writing of Bondholders holding at least 20 per cent. of the aggregate principal amount of the Bonds for the time being outstanding. Every physical meeting shall be held at a time and place approved by the Agent. Every virtual meeting shall be held via an electronic platform and at a time approved by the Agent. Every hybrid meeting shall be held at a time and place and via an electronic platform approved by the Agent.

Notice of meeting

7. Convening notices for meetings of Bondholders shall be given to the Bondholders in accordance with Condition 13 (*Notices*) not less than fifteen days prior to the relevant meeting. The notice shall specify the day and time of the meeting and the manner in which it is to be held, and if a physical meeting or hybrid meeting is to be held, the place of the meeting, and the nature of the resolutions to be proposed and shall explain how Bondholders may appoint proxies or representatives obtain Voting Certificates and use Block Voting Instructions and the details of the time limits applicable. With respect to a virtual meeting or a hybrid meeting, each such notice shall set out such other and further details as are required under paragraph 37.

Cancellation of meeting

8. A meeting that has been validly convened in accordance with paragraph 6 above, may be cancelled by the person who convened such meeting by giving notice to the Bondholders prior to such meeting. Any meeting cancelled in accordance with this paragraph 8 shall be deemed not to have been convened.

Arrangements for voting

9. A Voting Certificate shall:

9.1 be issued by a Recognised Accountholder or the NBB-SSS;

9.2 state that on the date thereof (i) the Bonds (not being Bonds in respect of which a Block Voting Instruction has been issued which is outstanding in respect of the meeting specified in such Voting Certificate and any such adjourned meeting) of a specified principal amount outstanding were (to the satisfaction of such Recognised Accountholder or the NBB-SSS) held to its order or under its control and blocked by it and (ii) that no such Bonds will cease to be so held and blocked until the first to occur of:

(i) the conclusion (or cancellation) of the meeting specified in such certificate or, if applicable, any such adjourned meeting; and

(ii) the surrender of the Voting Certificate to the Recognised Accountholder or the NBB-SSS who issued the same; and

9.3 further state that until the release of the Bonds represented thereby the bearer of such certificate is entitled to attend and vote at such meeting and any such adjourned meeting in respect of the Bonds represented by such certificate.

10. A Block Voting Instruction shall:

10.1 be issued by a Recognised Accountholder or the NBB-SSS;

10.2 certify that the Bonds (not being Bonds in respect of which a Voting Certificate has been issued and is outstanding in respect of the meeting specified in such Block Voting Instruction and any such adjourned meeting) of a specified principal amount outstanding were (to the satisfaction of such Recognised Accountholder or the NBB-SSS) held to its order or under its control and blocked by it and that no such Bonds will cease to be so held and blocked until the first to occur of:

(i) the conclusion (or cancellation) of the meeting specified in such document or, if applicable, any such adjourned meeting; and

(ii) the giving of notice by the Recognised Accountholder or the NBB-SSS to the Issuer, stating that certain of such Bonds cease to be held with it or under its control and blocked and setting out the necessary amendment to the Block Voting Instruction;

10.3 certify that each such Bondholder has instructed such Recognised Accountholder or the NBB-SSS or other proxy mentioned therein that the vote(s) attributable to the Bonds so held and blocked should be cast in a particular way in relation to the resolution or resolutions which will be put to such meeting or any such adjourned meeting and that all such instructions cannot be revoked or amended during the period commencing

48 hours prior to the time for which such meeting or any such adjourned meeting is convened and ending at the conclusion, cancellation or adjournment thereof;

10.4 state the principal amount of the Bonds so held and blocked, distinguishing with regard to each resolution between (i) those in respect of which instructions have been given as aforesaid that the votes attributable thereto should be cast in favour of the resolution, (ii) those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution and (iii) those in respect of which instructions have been so given to abstain from voting; and

10.5 naming one or more persons (each hereinafter called a "**proxy**") as being authorised and instructed to cast the votes attributable to the Bonds so listed in accordance with the instructions referred to in 9.4 above as set out in such document.

11. If a Bondholder wishes the votes attributable to it to be included in a Block Voting Instruction for a meeting, he must block such Bonds for that purpose at least 24 hours before the time fixed for the meeting to the order of the Agent with a bank or other depositary nominated by the Agent for the purpose. The Agent or such bank or other depositary shall then issue a Block Voting Instruction in respect of the votes attributable to all Bonds so blocked.

12. If the Issuer requires, a certified copy of each block voting instruction shall be produced by the proxy at the meeting or delivered to the Issuer prior to the meeting but the Issuer need not investigate or be concerned with the validity of the proxy's appointment.

13. No votes shall be validly cast at a meeting unless in accordance with a Voting Certificate or Block Voting Instruction.

14. The proxy appointed for purposes of the Block Voting Instruction or Voting Certificate does not need to be a Bondholder.

15. Votes can only be validly cast in accordance with Voting Certificates and Block Voting Instructions in respect of Bonds held to the order or under the control and blocked by a Recognised Accountholder or the NBB-SSS and which have been deposited with the Issuer (or any person acting on behalf of the Issuer) not less than 48 hours before the time for which the meeting to which the relevant voting instructions and Block Voting Instructions relate, has been convened or called. The Voting Certificate and Block Voting Instructions shall be valid for as long as the relevant Bonds continue to be so held and blocked. During the validity thereof, the holder of any such Voting Certificate or (as the case may be) the proxies named in any such Block Voting Instruction shall, for all purposes in connection with the relevant meeting, be deemed to be the holder of the Bonds to which such Voting Certificate or Block Voting Instruction relates. A vote cast in accordance with a block voting instruction shall be valid even if it or any of the Bondholders' instructions pursuant to which it was executed has previously been revoked or amended, unless written intimation of such revocation or amendment is received from the relevant Agent by the Issuer or the Agent at its specified office (or such other place or delivered by another method as may have been specified by the Issuer for the purpose) or by the chairperson of the meeting in each case at least 24 hours before the time fixed for the meeting.

16. No Bond may be deposited with or to the order of a Agent at the same time for the purposes of both paragraph 9 and paragraph 10 for the same meeting.

17. In default of a deposit, the Block Voting Instruction or the Voting Certificate shall not be treated as valid, unless the chairperson of the meeting decides otherwise before the meeting or adjourned meeting proceeds to business.

18. A corporation which holds a Bond may, by delivering at least 48 hours before the time fixed for a meeting to a bank or other depositary appointed by the Agent for such purposes a certified copy of a resolution of its directors or other governing body or another certificate evidencing due authorisation (with, in each case, if it is not in English, a translation into English), authorise any person to act as its representative in connection with that meeting.

Chairperson

19. The chairperson of a meeting shall be such person as the Issuer may nominate, but if no such nomination is made or if the person nominated is not present within 15 minutes after the time fixed for the meeting the Bondholders or agents present shall choose one of their number to be chairperson, failing which the Issuer may appoint a chairperson. The chairperson need not be Bondholder or agent. The chairperson of an adjourned meeting need not be the same person as the chairperson of the original meeting.

Attendance

20. The following may attend and speak at a meeting:

    20.1 Bondholders and their respective agents, financial and legal advisers;

    20.2 the chairperson and the secretary of the meeting (if any);

    20.3 the Issuer and the Agent (through their respective representatives) and their respective financial and legal advisers; and

    20.4 any other person approved by the Meeting.

    No one else may attend or speak.

Quorum and Adjournment

21. No business (except choosing a chairperson) shall be transacted at a meeting unless a quorum is present at the commencement of business. If a quorum is not present within 15 minutes from the time initially fixed for the meeting, it shall, if convened on the requisition of Bondholders, be dissolved. In any other case it shall be adjourned until such date, not less than 14 nor more than 42 days later, and time and place or manner in which it is to be held as the chairperson may decide. If a quorum is not present within 15 minutes from the time fixed for a meeting so adjourned, the meeting shall be dissolved.

22. One or more Bondholders or agents present in person shall be a quorum:

    22.1 in the cases marked "**No minimum proportion**" in the table below, whatever the proportion of the Bonds which they represent; and

    22.2 in any other case, only if they represent the proportion of the Bonds shown by the table below.

Purpose of meeting	**Any meeting except for a meeting previously adjourned through want of a quorum**	**Meeting previously adjourned through want of a quorum**
	Required proportion	Required proportion

To pass a Special Quorum Resolution	75 per cent.	No minimum proportion
To pass any other Extraordinary Resolution	A majority	No minimum proportion
To pass an Ordinary Resolution	A majority	No minimum proportion

23. The chairperson may with the consent of (and shall if directed by) a meeting adjourn the meeting from time to time and from place to place and alternate manner. Only business which could have been transacted at the original meeting may be transacted at a meeting adjourned in accordance with this paragraph 23 or paragraph 21.

24. At least ten days' notice of a meeting adjourned due to the quorum not being present shall be given in the same manner as for an original meeting and that notice shall state the quorum required at the adjourned meeting. Subject as aforesaid, it shall not be necessary to give any other notice of an adjourned general meeting.

Voting

25. At a meeting which is held only as a physical meeting, each question submitted to a meeting shall be decided by a show of hands, unless a poll is (before, or on the declaration of the result of, the show of hands) demanded by the chairperson, the Issuer or one or more persons representing not less than 2 per cent. of the Bonds.

26. Unless a poll is demanded, a declaration by the chairperson that a resolution has or has not been passed shall be conclusive evidence of the fact without proof of the number or proportion of the votes cast in favour of or against it.

27. If a poll is demanded, it shall be taken in such manner and (subject as provided below) either at once or after such adjournment as the chairperson directs. The result of the poll shall be deemed to be the resolution of the meeting at which it was demanded as at the date it was taken. A demand for a poll shall not prevent the meeting continuing for the transaction of business other than the question on which it has been demanded.

28. A poll demanded on the election of a chairperson or on a question of adjournment shall be taken at once.

29. On a show of hands every person who is present in person and who produces a Bond or a voting certificate or is a proxy or representative has one vote. On a poll, every person has one vote in respect of each nominal amount equal to the Specified Denomination of the Bonds so produced or represented by the voting certificate so produced or for which he is a proxy or representative. Without prejudice to the obligations of proxies, a person entitled to more than one vote need not use them all or cast them all in the same way.

30. In case of equality of votes the chairperson shall both on a show of hands and on a poll have a casting vote in addition to any other votes which he may have.

31. At a virtual meeting or a hybrid meeting, a resolution put to the vote of the meeting shall be decided on a poll in accordance with paragraph 39 and any such poll will be deemed to have been validly demanded at the time fixed for holding the meeting to which it relates.

Effect and Publication of an Extraordinary Resolution, a Special Quorum Resolution and an Ordinary Resolution

32. An Extraordinary Resolution, a Special Quorum Resolution and an Ordinary Resolution shall be binding on all the Bondholders, whether or not present at the meeting, and each of them shall be bound to give effect to it accordingly. The passing of such a resolution shall be conclusive evidence that the circumstances justify its being passed. The Issuer shall give notice of the passing of an Extraordinary Resolution, a Special Quorum Resolution or an Ordinary Resolution to Bondholders within fifteen days but failure to do so shall not invalidate the resolution.

Minutes

33. Minutes shall be made of all resolutions and proceedings at every meeting and, if purporting to be signed by the chairperson of that meeting or of the next succeeding meeting, shall be conclusive evidence of the matters in them. Until the contrary is proved every meeting for which minutes have been so made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

34. The minutes must be published on the website of the Issuer within fifteen days after they have been passed.

Written Resolutions and Electronic Consent

35. For so long as the Bonds are in dematerialised form and settled through the NBB-SSS, then in respect of any matters proposed by the Issuer:

35.1 Where the terms of the resolution proposed by the Issuer have been notified to the Bondholders through the relevant securities settlement system(s) as provided in sub-paragraphs (a) and/or (b) below, the Issuer shall be entitled to rely upon approval of such resolution given by way of electronic consents communicated through the electronic communications systems of the relevant securities settlement system(s) to the Agent or another specified agent in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in principal amount of the Bonds outstanding (the "**Required Proportion**") by close of business on the Specified Date (as defined below) ("**Electronic Consent**"). Any resolution passed in such manner shall be binding on all Bondholders, even if the relevant consent or instruction proves to be defective. The Issuer shall not be liable or responsible to anyone for such reliance.

(a) When a proposal for a resolution to be passed as an Electronic Consent has been made, at least fifteen days' notice (exclusive of the day on which the notice is given and of the day on which affirmative consents will be counted) shall be given to the Bondholders through the relevant securities settlement system(s). The notice shall specify, in sufficient detail to enable Bondholders to give their consents in relation to the proposed resolution, the method by which their consents may be given (including, where applicable, blocking of their accounts in the relevant securities settlement system(s)) and the time and date (the "**Specified Date**") by which they must be received in order for such consents to be validly given, in each case subject to and in accordance with the operating rules and procedures of the relevant securities settlement system(s).

(b) If, on the Specified Date on which the consents in respect of an Electronic Consent are first counted, such consents do not represent the Required Proportion, the resolution shall be deemed to be defeated. Such determination shall be notified in writing to the Agent. Alternatively, the Issuer may give a

further notice to Bondholders that the resolution will be proposed again on such date and for such period as determined by the Issuer. Such notice must inform Bondholders that insufficient consents were received in relation to the original resolution and the information specified in sub-paragraph (a) above. For the purpose of such further notice, references to "**Specified Date**" shall be construed accordingly.

For the avoidance of doubt, an Electronic Consent may only be used in relation to a resolution proposed by the Issuer which is not then the subject of a meeting that has been validly convened in accordance with paragraph 7, unless that meeting is or shall be cancelled or dissolved.

35.2 To the extent an Electronic Consent is not being sought in accordance with paragraph 35.1, if authorised by the Issuer, a Written Resolution shall for all purposes be as valid and effective as an Extraordinary Resolution, a Special Quorum Resolution or an Ordinary Resolution passed at a meeting of Bondholders duly convened and held, provided that the terms of the proposed resolution have been notified in advance to the Bondholders through the relevant securities settlement system(s). Such a Written Resolution may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders. For the purpose of determining whether a Written Resolution has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer (a) by accountholders in the securities settlement system(s) with entitlements to the Bonds or (b) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, the NBB-SSS, Euroclear, Clearstream or any other relevant alternative securities settlement system (the "**relevant securities settlement system**") and, in the case of (b) above, the relevant securities settlement system and the accountholder identified by the relevant securities settlement system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Bondholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant securities settlement system (including Euroclear's EUCLID or Clearstream's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of Bonds is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

36. A Written Resolution or Electronic Consent shall take effect as an Extraordinary Resolution, a Special Quorum Resolution or an Ordinary Resolution. A Written Resolution and/or Electronic Consent will be binding on all Bondholders whether or not they participated in such Written Resolution and/or Electronic Consent.

Additional provisions applicable to virtual and/or hybrid meetings

37. The Issuer (with the Agent's prior approval) may decide to hold a virtual meeting or a hybrid meeting and, in such case, shall provide details of the means for Bondholders or their proxies

or representatives to attend, participate in and/or speak at the meeting, including the electronic platform to be used.

38. The Issuer or the chairperson (in each case, with the Agent's prior approval) may make any arrangement and impose any requirement or restriction as is necessary to ensure the identification of those entitled to take part in the virtual meeting or hybrid meeting and the suitability of the electronic platform. All documentation that is required to be passed between persons at or for the purposes of the virtual meeting or persons attending the hybrid meeting via the electronic platform (in each case, in whatever capacity) shall be communicated by email (or such other medium of electronic communication as the Agent may approve).

39. All resolutions put to a virtual meeting or a hybrid meeting shall be voted on by a poll in accordance with paragraphs 27-30 above (inclusive).

40. Persons seeking to attend, participate in, speak at or join a virtual meeting or a hybrid meeting via the electronic platform shall be responsible for ensuring that they have access to the facilities (including, without limitation, IT systems, equipment and connectivity) which are necessary to enable them to do so.

41. In determining whether persons are attending, participating in or joining a virtual meeting or a hybrid meeting via the electronic platform, it is immaterial whether any two or more members attending it are in the same physical location as each other or how they are able to communicate with each other.

42. Two or more persons who are not in the same physical location as each other attend a virtual meeting or a hybrid meeting if their circumstances are such that if they have (or were to have) rights to speak or vote at that meeting they are (or would be) able to exercise them.

43. The chairperson of the meeting reserves the right to take such steps as the chairperson shall determine in its absolute discretion to avoid or minimise disruption at the meeting, which steps may include (without limitation), in the case of a virtual meeting or a hybrid meeting, muting the electronic connection to the meeting of the person causing such disruption for such period of time as the chairperson may determine.

44. The Issuer (with the Agent's prior approval) may make whatever arrangements it considers appropriate to enable those attending a virtual meeting or a hybrid meeting to exercise their rights to speak or vote at it.

45. A person is able to exercise the right to speak at a virtual meeting or a hybrid meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, as contemplated by the relevant provisions of this Schedule.

46. A person is able to exercise the right to vote at a virtual meeting or a hybrid meeting when:

    46.1 that person is able to vote, during the meeting, on resolutions put to the vote at the meeting; and

    46.2 that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting who are entitled to vote at such meeting.

47. The Agent shall not be responsible or liable to the Issuer or any other person for the security of the electronic platform used for any virtual meeting or hybrid meeting or for accessibility or connectivity or the lack of accessibility or connectivity to any virtual meeting or hybrid meeting.

PART IV – SETTLEMENT

The Bonds will be accepted for settlement through the NBB-SSS under the ISIN code BE6352705782 and Common Code 284009649 and will accordingly be subject to the NBB-SSS Regulations.

The number of Bonds in circulation at any time will be registered in the register of registered securities of the Issuer in the name of the NBB.

Access to the NBB-SSS is available through those of its NBB-SSS participants whose membership extends to securities such as the Bonds.

NBB-SSS participants include certain banks, stockbrokers (*beursvennootschappen/sociétés de bourse*) and Euroclear, Euroclear France, Clearstream, SIX SIS, Euronext Securities Milan, Euronext Securities Porto, Iberclear, LuxCSD and OeKB. Accordingly, the Bonds will be eligible to clear through, and therefore accepted by, Euroclear, Euroclear France, Clearstream, SIX SIS, Euronext Securities Milan, Euronext Securities Porto, Iberclear, LuxCSD and OeKB and investors can hold their Bonds within securities accounts in Euroclear, Euroclear France, Clearstream, SIX SIS, Euronext Securities Milan, Euronext Securities Porto, Iberclear, LuxCSD and OeKB. The NBB-SSS maintains securities accounts in the name of authorised participants only. Bondholders, unless they are participants, will not hold Bonds directly with the operator of the NBB-SSS but will hold them in a securities account through a financial institution which is a participant in the NBB-SSS or which holds them through another financial institution which is such a participant.

Transfers of interests in the Bonds will be effected between NBB-SSS participants in accordance with the rules and operating procedures of the NBB-SSS. Transfers between investors will be effected in accordance with the respective rules and operating procedures of the NBB-SSS participants through which they hold their Bonds.

The Agent will perform the obligations of paying agent included in the Clearing Agreement.

The Issuer and the Agent will not have any responsibility for the proper performance by the NBB-SSS or by the NBB-SSS participants of their obligations under their respective rules and operating procedures.

PART V – USE OF PROCEEDS

The Issuer intends to use the net proceeds from the issue of the Bonds for General corporate purposes, including financing of Eurogrid and refinancing of existing indebtedness.

PART VI – DESCRIPTION OF THE ISSUER

1 Introduction

Elia Group SA/NV (the "**Issuer**") is a limited liability company ("*société anonyme"* / "*naamloze vennootschap"*) and was established under Belgian law by a deed enacted on 20 December 2001, published in the Appendix to the Belgian State Gazette ("*Moniteur belge" / "Belgisch Staatsblad"*) on 3 January 2002, under the reference 20020103-1764. Its registered office is located at 1000 Brussels, Keizerslaan 20 (telephone number: +32 (0)2 546 70 11) and it is registered in the Brussels Register of Legal Entities under the number 0476.388.378. The Issuer's LEI is 549300S1MP1NFDIKT460. The Issuer's shares are listed on Euronext Brussels under the ISIN code BE0003822393. The Issuer's website can be accessed via www.eliagroup.eu. Unless indicated otherwise, the information on this website is not incorporated in, and does not form part of, this Information Memorandum.

Elia Transmission Belgium ("**ETB**"), a subsidiary of the Issuer, is the TSO for the Belgian extra-high (380kV - 110kV) and high-voltage (70kV – 30kV) electricity networks, and for the offshore grid in the Belgian territorial waters in the North Sea. The electricity transmission networks and related assets are owned by ETB's wholly owned subsidiary (minus one share), Elia Asset NV/SA ("**Elia Asset**"). ETB and Elia Asset operate as a single economic entity ("**Elia**"). ETB was appointed as the sole TSO in Belgium by a ministerial decree of 13 January 2020 (published in the Belgian State Gazette of 27 January 2020 and with effect as of 1 January 2020) for a 20-year period. ETB has also been re-appointed as a local TSO (operating the high voltage grid) in the Flemish Region by a decision of the Flemish Regulator for the Electricity and Gas Markets (*Vlaamse Regulator van de Elektriciteits- en Gasmarkt*) ("**VREG**") of 18 December 2023 for a 12-year period[3] (published in the Belgian State Gazette of 25 January 2024 and with effect as of 1 January 2024), has been appointed as the local TSO in the Walloon Region for a 20-year period starting on 31 December 2019 (in its capacity as the national TSO) and has been appointed as the regional TSO in the Brussels-Capital Region by a decree of the Brussels Government of 19 December 2019 (published in the Belgian State Gazette of 14 February 2020) for a 20-year period starting on 31 December 2019. ETB is allowed to ask for the renewal of these appointments for the same duration. As a precondition to the appointment as national TSO, compliance with the unbundling requirements is assessed through a certification procedure run by the CREG. In a decision of 27 September 2019, the CREG confirmed, based on a notification file submitted by ESO, that the new group structure was not of a nature to call into question the core elements of the CREG's previous decision of 6 December 2012 certifying ESO as a fully ownership unbundled TSO, and that it was hence not necessary to proceed to a new certification of its subsidiary ETB. Hence, ETB is a fully ownership unbundled TSO with an obligation to stay in line and comply with the criteria and requirements to obtain and maintain such certification, and is monitored for its compliance on an ongoing basis by the CREG (see "*Description of the Issuer – The European legal framework*").

Besides regulated activities in Belgium, the Issuer also owns regulated activities outside of Belgium.

On 27 February 2015, a joint venture Nemo Link was set up between the Issuer and National Grid Interconnector Holdings Limited ("**National Grid**"), a subsidiary company of National Grid Plc, a major UK company which owns and manages gas and electricity infrastructure in the UK and in north-eastern US. Nemo Link is active in the development, construction and operation of an electricity transmission interconnector (1,000MW) linking the electricity networks of Belgium and Great Britain. It consists of subsea and underground cables connected to a converter station and an electricity substation in each country, which allows electricity to flow in either direction between Belgium and the UK. Nemo Link is

[3] On 18 December 2023, ETB has been re-appointed as local TSO in the Flemish Region by the VREG for a renewable term of twelve years. This re-appointment is subject to the condition, to be fulfilled no later than 1 January 2025, to meet a certain requirement regarding the independence of certain independent directors of ETB. More precisely, the VREG is of the opinion that the independent directors of ETB that also have a mandate in Elia Group NV cannot qualify as independent directors within the meaning of the Flemish energy legislation. As it is the first time that the VREG imposes this requirement, ETB is examining adequate further steps in view of this decision of the VREG. For further information, please refer to the paragraph "*Belgium*" in the risk factor entitled "*The TSO permits and certifications which are necessary for the Group's operations may be revoked or modified*".

governed by a regulatory framework determined by OFGEM and the CREG. On 31 January 2019, the Nemo Link interconnector was taken into operation resulting in energy exchanges between the countries. It constitutes a crucial stage in the ongoing integration of the European power grid. It is a European Project of Common Interest ("**PCI**") and constitutes a crucial link in the ongoing integration of the European power grids (part of the Trans-European Networks for Energy – TEN-E).

In 2010, the Group expanded its activities on a broader European level by acquiring 60 per cent. of Eurogrid International SC/CV ("**Eurogrid International**"), the holding company above 50Hertz, one of Germany's four grid operators active in the northeast part of the country, in joint control with Industry Funds Management ("**IFM**"). On 26 April 2018, the Issuer acquired an additional 20 per cent. of Eurogrid International from IFM. The acquisition increased the Issuer's total share in Eurogrid International to 80 per cent., allowing the Issuer to fully control and consolidate Eurogrid International. On 22 August 2018, the Issuer welcomed the German state-owned bank Kreditanstalt für Wiederaufbau ("**KfW**") as a new shareholder in Eurogrid International. This change in ownership followed the execution of the Issuer's pre-emption right on the remaining 20 per cent. of the shares in Eurogrid International which were sold immediately on the same terms and conditions to KfW. These transactions foster the Belgian-German cooperation regarding critical grid infrastructure. On 18 June 2019, Eurogrid International transferred 20 per cent. of its shares in Eurogrid GmbH to KfW. That same date, the Issuer acquired 20 per cent. of the shares in Eurogrid International, which was converted into an SA/NV. As a result of these transactions, the Issuer currently owns 100 per cent. of the shares in Eurogrid International SA/NV, while the ownership of Eurogrid GmbH is now split between Eurogrid International SA/NV (80 per cent.) and KfW (20 per cent.).

50Hertz is one of the four TSOs in Germany that owns, operates, maintains and develops a 400kV – 150kV transmission network with an installed capacity of around 70,000MW (thereof around 46,000MW renewables, thereof around 22,500MW wind on- and offshore). 50Hertz's grid has a circuit length of around 10,500 km in an area covering the five former Eastern German states of Thuringia, Saxony, Saxony-Anhalt, Brandenburg and Mecklenburg-Western Pomerania as well as Berlin and Hamburg and also the grid connections of offshore wind farms in the Baltic Sea. 50Hertz' control area covers approximately 110,000 km² (a third of Germany) with about 18 million inhabitants consuming approximately 20 per cent. of Germany's electricity. Maintenance of the transmission system, substations and switching stations is organised through five regional centres renewable energy already accounts for over 70 per cent. of the electricity consumption in the 50Hertz-grid region. This share is expected to further increase over the next years following further investments in integrating photovoltaic generation, wind onshore and connecting the offshore wind farms in the Baltic and North Sea. 50Hertz has the youngest asset base among the German TSOs. Its administrative centre is situated in Berlin-Mitte. In addition, 50Hertz's network is situated at the crossroads between the Western and North Eastern European electricity markets due to the central location of its network between Denmark, Sweden, Poland, the Czech Republic and Central Western Europe.

Besides the regulated business activities, the Group's non-regulated business activities are allowing it to develop the key competencies it needs to ensure a successful energy transition. They are helping the Group to embrace innovation, develop sustainable energy markets and shape growth opportunities that increase its societal relevance. Elia Grid International SA/NV ("**EGI**") offers consultancy and engineering services related to energy market development, asset management, system operation, grid development and RES integration. As a wholly owned subsidiary of the Issuer and 50Hertz, EGI is able to harness the expertise of two large European system operators, each with a solid track record in delivering high-quality projects and many decades of experience. Its clients are mainly comprised of TSOs, but EGI also supports regulators, public authorities and private developers.

In September 2020, the Group announced the official launch of re.alto-Energy SRL/BV ("**re.alto**"), its very own corporate start-up and the first European marketplace dedicated to the exchange of energy data and services. The start-up enables the exchange of energy data through its innovative Application Programming Interface ("**API**") platform, so enabling the energy industry to take a huge digital leap

forward towards a more widespread adoption of Energy-as-a-Service business models, ultimately hastening the establishment of a low-carbon society.

The Group's newest legal entity, **WindGrid**, focuses on the offshore development outside of its current regulated perimeters. In February 2022, the Board of Directors approved the formation of this new subsidiary, solidifying the group's commitment to accelerating the energy transition in the interest of society both in its home countries and abroad. In this respect, on 4 December 2023, WindGrid announced that it had entered into an agreement to acquire a 35.1 per cent. stake in energyRe Giga Projects ("**energyRe Giga**"), an independent developer which focusses on transmission-led clean energy assets in the U.S. The acquisition of the minority equity interest in energyRe Giga was completed on 1 February 2024. This aligns with the Issuer's growth strategy in Europe and in the U.S., which is aimed at expanding its overseas activities and reinforcing the Issuer's commitment to the development of sustainable energy solutions.

2 General information in relation to the Issuer

2.1 General

The Issuer qualifies as a listed company ("*société cotée*" / "*genoteerde vennootschap*") within the meaning of Article 1:11 BCCA. It is a company whose securities are admitted to trading on a regulated market within the meaning of Section 3, 7°, of the Belgian Act of 21 November 2017 on the infrastructures for markets in financial instruments and transposing Directive 2014/65/EU and is therefore subject to the provisions of the BCCA relating to listed companies.

2.2 Corporate object

As at the date of this Information Memorandum[4], Article 3 of the Articles of Association of the Issuer stipulates the following with regards to the Issuer's corporate object:

- the main object of the Issuer is the management of electricity networks, whether or not through participations in undertakings that own electricity grids and/or are active in this sector, including related services. Furthermore, it can invest on an ancillary basis in other activities in the energy sector (including the production and supply of electricity), provided that these other activities do not conflict (in light of the applicable legislation and regulations, in particular the ownership unbundling rules) with the aforementioned main object of the Issuer;

- to this effect, the Issuer may particularly take on the following tasks relating to the electricity network or the electricity networks referred to in the foregoing:

    - operation, maintenance and development of secure, reliable and effective networks, including interconnectors from them to other networks in order to guarantee continuity of supplies;

    - improvement, study, renewal and extension of the networks, particularly in the context of a development plan, in order to ensure the long-term capacity of the networks and to meet reasonable demand for the transmission of electricity;

    - management of electrical currents on the networks, having regard to exchanges with other mutually connected networks and, in this context, ensuring coordination of the switching-in of production plants and determining the use of interconnectors on the basis

[4] On 21 May 2024, the Extraordinary General Meeting of Shareholders of the Issuer approved an amendment to the Articles of Association regarding the object of the Issuer. More information in this regard is available on the website of the Issuer (https://investor.eliagroup.eu/en/elia-group-share/shareholder-meetings/2024-may-shareholders-meeting-details). The information on this webpage is not incorporated in, and does not form part of, this Information Memorandum.

of objective criteria in order to guarantee a durable balance among the electrical currents resulting from the demand for and the supply of electricity;

- providing secure, reliable and effective electricity networks and, in this connection, ensuring availability and implementation of the necessary support services and particularly emergency services in the event of defects in production units;
- contributing to security of supply via an adequate transmission capacity and network reliability;
- guaranteeing that no discrimination arises among network users or categories of network users, particularly in favour of affiliated undertakings;
- collecting revenues from congestion management;
- granting and managing third-party access to the networks;
- in the context of the foregoing tasks, endeavouring and ensuring that market integration and energy efficiency are promoted according to the legislation and regulations applicable to the Issuer.

The Issuer may, provided it complies with any conditions laid down in the applicable legislation and regulations, both in Belgium and abroad, carry out any transaction that is such as to promote the achievement of its object as well as any public service task that might be imposed upon it by the legislator. The Issuer may engage on an ancillary basis in activities relative to the production or sale of electricity provided that these activities do not conflict (in light of the applicable legislation and regulations) with the main object of the Issuer as described above. The Issuer is particularly vigilant not to contravene the ownership unbundling rules imposed on it by the applicable legislation and regulations.

The Issuer may perform all operations generally of any nature, whether industrial, commercial, financial, relating to moveable or immoveable property, that is directly or indirectly related to its object. It may in particular own goods, moveable or immoveable, of which it performs the management or exercise or acquire all rights with respect to these goods such as are necessary to fulfil its mission.

The company may, provided it complies with any conditions laid down in the applicable legislation and regulations, participate, in any manner, in all other undertakings which are likely to promote the realisation of its object; in particular, it may participate, including in the capacity of shareholder, cooperate or enter into any form of cooperation agreement, whether commercially, technically or of any other nature, with any Belgian or foreign person, undertaking or company engaged in similar or related activities, without thereby contravening the ownership unbundling rules imposed on it by the applicable legislation and regulations.

The terms “producer”, “distribution system operator (DSO)”, “supplier”, “intermediary” and “subsidiary undertaking” have the meanings provided in Article 2 of the Electricity Law.

2.3 Proposed changes to the Articles of Association

An Extraordinary General Meeting of Shareholders of the Issuer was held on 21 May 2024, to decide on the following two proposals to amend the Issuer’s Articles of Association:

- an amendment of the object clause of the Issuer, through amending Articles 3 and 13 of the Articles of Association, in order to broaden and update the scope of the Issuer’s object; and

- insertion of an article on authorised capital, through inserting a new text in Article 7 of the Articles of Association.

The amendment regarding the Issuer's object was effectively approved by the Extraordinary General Meeting of Shareholders on 21 May 2024 (see Section 2.2 (*Corporate object*) above).

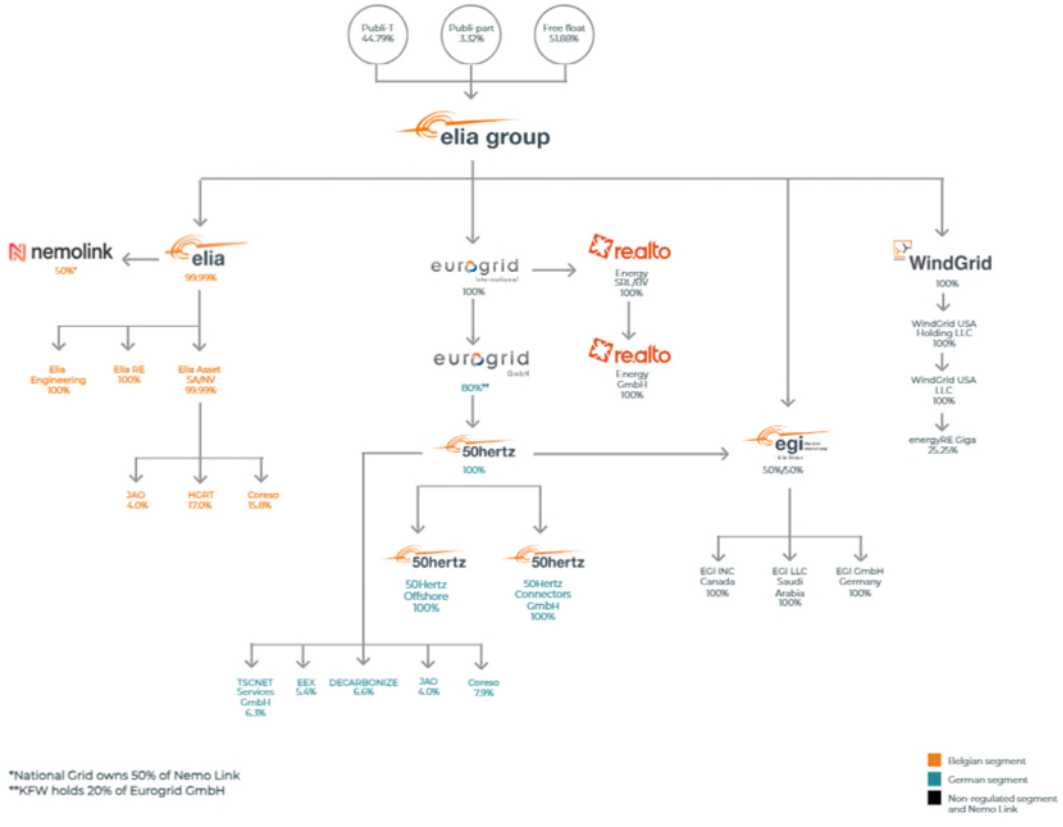
However, it was not possible to discuss the amendment relating to the authorised capital since the required quorum of attendance could not be reached. This matter will be addressed at a new Extraordinary General Meeting, which will be convened on Friday, 21 June 2024 at 9.30 a.m. CET. More information on the proposed amendment is available on the website (https://investor.eliagroup.eu/en/elia-group-share/shareholder-meetings/2024-may-shareholders-meeting-details).

3 Organisational structure

3.1 Structure of the Group

"Elia Group SA/NV" is a holding company listed on the stock exchange. This holding company holds stakes in various subsidiaries, including ETB (*i.e*. the Belgian TSO), Eurogrid International (*i.e.* comprising the activities of 50Hertz, the German TSO), EGI (*i.e.* Elia Group's international consultancy branch), re.alto (start-up launched in 2019 dedicated to the exchange of energy data and services) and WindGrid (entity set-up in 2022 with a focus on the development of international offshore electricity transmission solutions). The main shareholder of the Issuer is the municipal holding Publi-T SC/CV ("**Publi-T**").

The following diagram depicts, in simplified form, the organisational structure of the Group, as at the date of this Information Memorandum:

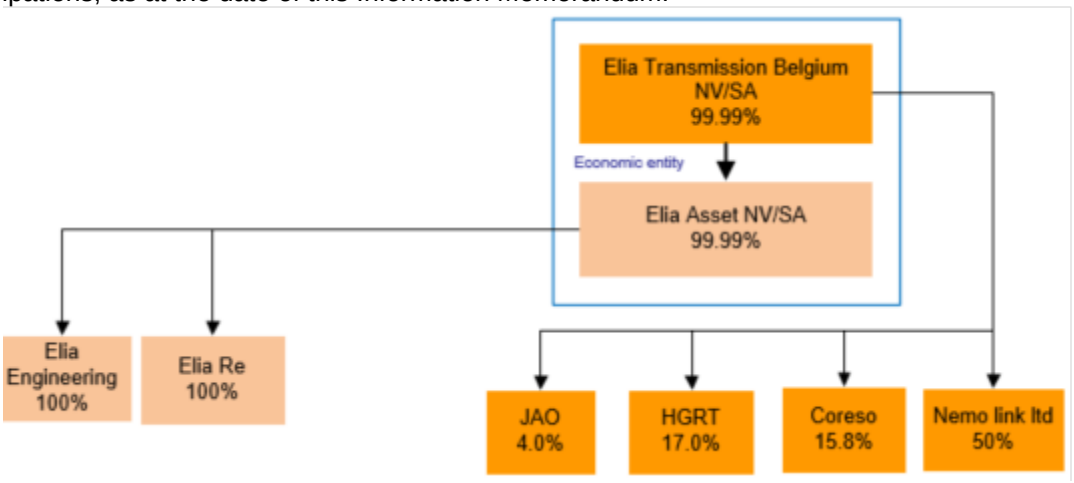


The Group includes two regulated transmission system operating companies ("ETB" in Belgium, consisting of ETB and Elia Asset, and "50Hertz" in Germany, consisting of 50Hertz Transmission and 50Hertz Offshore GmbH ("**50Hertz Offshore**")) operating under a regulatory framework. In addition to its activities as TSO, ETB also participates in the Nemo Link joint venture, which operates the first subsea interconnector between Belgium and the UK (collaboration with the British system operator National Grid). With Nemo Link in operation since the beginning of 2019, the Group is subject to a third regulatory framework.

The Group also provides various consulting services to international customers through their joint subsidiary EGI. EGI, lodged in Belgium, was incorporated on 28 March 2014 by the Issuer and 50Hertz. Since 13 May 2014, the Issuer has directly owned 50.0016 per cent. and 50Hertz owns the remaining 49.9984 per cent. EGI offers supporting services and advice related to the electricity grid in Belgium and abroad and such supporting services and advice are considered to be activities regulated outside of Belgium or non-regulated activities. EGI has branches in Dubai and in Abu Dhabi. EGI has three wholly owned affiliates: Elia Grid International GmbH in Germany, Elia Grid International LLC in Saudi Arabia and Elia Grid International ING in Canada.

3.2 Group structure of ETB and affiliates

The following diagram depicts, in simplified form, the organisational structure of ETB, including minority participations, as at the date of this Information Memorandum:



The subsidiaries, as indicated above and related to the role of the TSO in Belgium, Elia Asset, Elia Engineering and Elia RE S.A. ("**Elia RE**") are fully controlled by ETB.

3.2.1 Principal subsidiary Elia Asset

To perform some of the tasks legally required to be performed by a TSO, regional and local TSO, ETB acts with its wholly owned (99.99 per cent.) subsidiary, Elia Asset, which owns the extra high-voltage and owns (or has rights to use assets owned by third parties) the high-voltage electricity network. Elia Asset is controlled by ETB, which owns all shares, with the exception of one share held by Publi-T. Together, ETB and Elia Asset constitute a single economic unit (Elia) and has the role of a TSO in Belgium.

3.2.2 Elia Engineering

ETB, mainly through Elia Asset, acquired all shares in Elia Engineering on 26 December 2003. Elia Engineering manages all investment projects and major transformation works involving Elia Asset, as well as the connection of the customers' infrastructure and (electrical) asset-related projects ordered by industrial customers.

3.2.3 Elia RE

Following the events of 11 September 2001 in the USA, ETB's insurance policy covering the overhead network was terminated and the insurance premium relating to ETB's network-related assets coverage was significantly increased. ETB also faced market rates for insurance against industrial risks which it deemed unacceptable. As a response to these developments, ETB created a captive reinsurance company, Elia RE. Elia RE was incorporated in 2002, as a Luxembourg public limited liability company (*société anonyme*), for the purpose of reinsuring all or part of the risks of ETB. Elia RE is held by Elia Asset. Since its incorporation, ETB has entrusted Elia RE with three of its insurance programmes: the overhead network, electrical installations and buildings and civil liability. In practice, ETB enters into an insurance agreement with an insurer, which reinsures a portion of the risks with Elia RE. Therefore, there is no direct transfer of money from ETB or Elia Asset to Elia RE. Elia's insurance premiums, as well as reinsurance premiums paid to Elia RE by insurers, correspond to standard market rates.

3.2.4 Nemo Link

ETB and National Grid signed a joint venture agreement on 27 February 2015 to move ahead with the Nemo Link interconnector between the UK and Belgium. Manufacturing and site construction began in 2016 and the link started commercial operations in the first quarter of 2019. The high-voltage direct current ("**HVDC**") interconnector provides 1,000MW of capacity. The link runs for 140 km between Richborough on the Kent coast and Herdersbrug near Zeebrugge, using both subsea and subsoil cables, and a converter station on both sides to turn direct into alternating current for feeding it into the grid. Electricity flows in both directions between the two countries.

ETB and NGIH both hold 50 per cent. of the shares in Nemo Link Limited, a UK company. This shareholding is accounted for as an "equity method – joint venture" in the financial statements.

3.2.5 HGRT

ETB owns 17 per cent. of the shares in Holding des Gestionnaires de Réseau de Transport S.A.S., a French company ("**HGRT**"). The other shareholders are RTE (the French TSO), TenneT (the Dutch TSO), Swissgrid (the Swiss TSO), Amprion (a German TSO) and APG (the Austrian TSO). HGRT is the holding company of Central Western Europe ("**CWE**") TSOs, created in 2001, which currently holds a 49 per cent. equity stake in EPEX SPOT. The European Power Exchange EPEX SPOT SE and its affiliates are the leading exchange for the power spot markets at the heart of Europe. It covers Austria, Belgium, Denmark, Germany, Finland, France, Luxembourg, the Netherlands, Norway, Poland, Sweden, the UK and Switzerland. Striving for a well-functioning European single market for electricity, EPEX SPOT shares its expertise with partners across the continent and beyond. EPEX SPOT is a European company (Societas Europaea) in corporate structure and staff, which is based in Paris with offices or affiliates in Amsterdam, Bern, Brussels, Leipzig, London and Vienna. EPEX SPOT is held by EEX Group, part of Deutsche Börse, and HGRT.

3.2.6 JAO

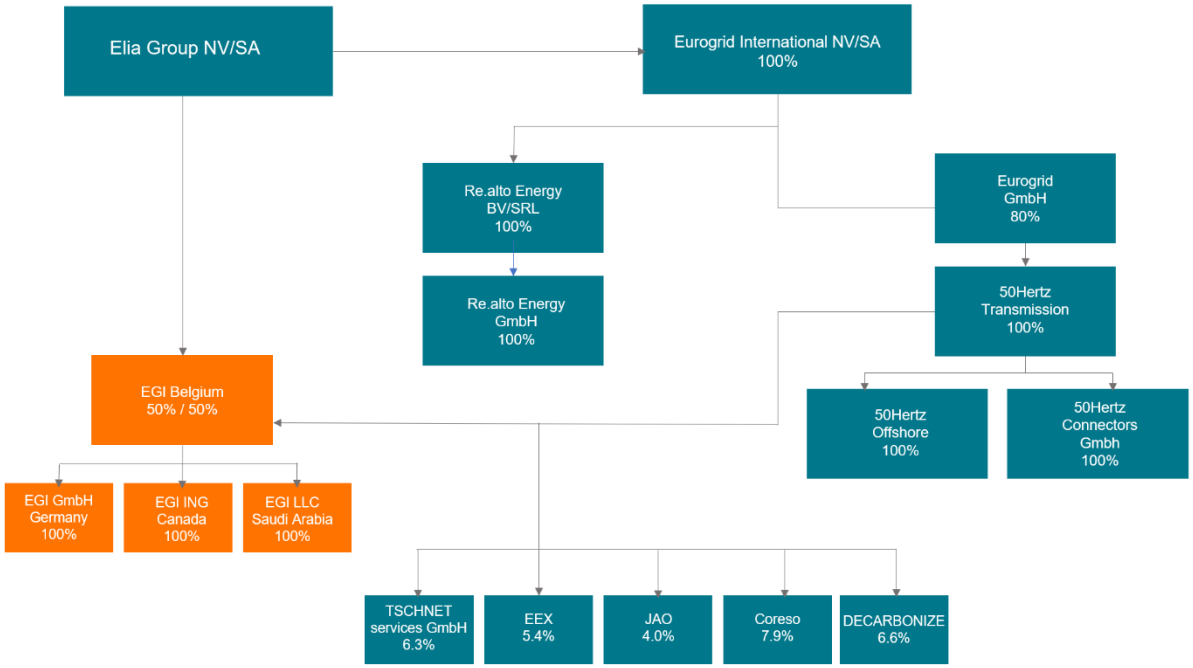
On 1 September 2015, Joint Allocation Office S.A. ("**JAO**") was incorporated. It is a Luxembourg-based service company of 22 TSOs. The company was established following a merger of the regional allocation offices for cross-border electricity transmission capacities, being CAO Central Allocation Office GmbH (in which the Group had a 6.66 per cent. stake) and Capacity Allocation Service Company.eu SA (in which the Group had a 8.33 per cent. stake). JAO mainly performs the annual, monthly and daily auction of transmission rights across 27 borders in Europe and acts as a fall-back for the European Market Coupling. The shareholders of JAO are ETB, 50Hertz Transmission and 20 other TSOs holding each 1/22 of the shares. ETB holds directly 4.0 per cent. of the shares in JAO, including the participation held by 50Hertz Transmission the Group holds a total participation of 7.2 per cent.

3.2.7 Coreso

The establishment of Coreso SA/NV ("**Coreso**") in 2008 by ETB, National Grid and RTE aimed at increasing the operational coordination between TSOs, in order to enhance the operational security of the networks and the reliability of power supplies in Central Western Europe ("**CWE**"). Coreso also contributes to a number of EU objectives, namely the operational safety of the electricity system, the integration of large-scale renewable energy generation (wind energy) and the development of the electricity market in CWE comprising France, Belgium, the Netherlands, Germany and Luxembourg. This geographical area is characterised by major energy exchanges and the co-existence of traditional generation facilities with an increasing share of renewable generation, whose output may fluctuate with changing weather conditions. Optimised management of electricity systems and corresponding network infrastructure, specifically interconnections between power networks are very important in this context. ETB owns directly 15.84 per cent. of the shares in Coreso.

3.3 Group structure of Eurogrid International and affiliates

The following diagram depicts, in simplified form, the shareholder structure and the organisational structure of Eurogrid International and its subsidiaries, including minority participations, as at the date of this Information Memorandum:



3.3.1 Eurogrid International SA/NV

Eurogrid International SA/NV is a holding company that holds 80 per cent. of the shares of Eurogrid GmbH and 100 per cent. of the capital of re.alto. Besides holding these participations, the activities of Eurogrid International SA/NV mainly consist of internal audit services and translations services towards the Issuer and its affiliates. A brief description of the organisational structure of re.alto and Eurogrid GmbH can be found below.

3.3.2 re.alto-Energy SRL/BV

re.alto was founded in August 2019 as a direct subsidiary of Eurogrid International SA/NV. re.alto's aim is to become the main European digital energy marketplace/platform for data and digital services in order to accelerate innovation, the digital transition and the development of energy as a service. re.alto set up a second office (direct subsidiary) in Düsseldorf in 2020 (re.alto-Energy GmbH) in order to be closer to the German market. re.alto is the Groups own corporate start-up and the first European marketplace dedicated to the exchange of energy data and services. The start-up enables the exchange

of energy data through its innovative API platform, so enabling the energy industry to take a huge digital leap forward towards a more widespread adoption of Energy-as-a-Service business models, ultimately hastening the establishment of a low-carbon society.

3.3.3 Eurogrid GmbH

Eurogrid GmbH is a holding company and is owned 80 per cent. by Eurogrid International SA/NV and 20 per cent. by KfW. The shareholder structure changed in 2019 (see "*Description of the Issuer – Introduction*"). Under the mandate, KfW is fully covered by a guarantee provided by the Federal Republic of Germany against any economic risks resulting from its investment in Eurogrid GmbH. KfW's stake in Eurogrid GmbH is held via the holding company Selent, a 100 per cent. subsidiary of KfW. Selent's principal asset is its investment in Eurogrid GmbH. Selent's business purpose is to hold and administer participations in other companies, in particular in Eurogrid GmbH.

Eurogrid GmbH's principal asset is the investment in 50Hertz and its subsidiaries and Eurogrid GmbH is responsible for the structuring of the financing and liquidity needs for its affiliates. The relevant financing and liquidity instruments are provided without any guarantee from either Eurogrid International or the Issuer. A brief description of the organisational structure of Eurogrid GmbH, 50Hertz and its subsidiaries can be found below.

3.3.4 50Hertz Transmission

The registered share capital of 50Hertz Transmission amounts to €200,000,000 comprising four shares with nominal values of €25,000, €149,975,000, €49,000,000 and €1,000,000, respectively. All four shares have been issued and fully paid up, and are owned by Eurogrid GmbH, which acquired 50Hertz from Vattenfall Europe AG on 19 May 2010. A brief description of the organisational structure of Eurogrid GmbH, 50Hertz and its subsidiaries can be found under "*Organisational Structure – Eurogrid GmbH*" below.

50Hertz Transmission owns 100 per cent. of 50Hertz Offshore and 50Hertz Connectors as well as a minority shareholding in JAO (4.0 per cent. ownership), CORESO (7.9 per cent. ownership), EEX (5.4 per cent. ownership), EGI (49.99 per cent. ownership), decarbon1ze (6.6 per cent ownership) and TSCNET Services GmbH (6.3 per cent. ownership). Each is described further below.

3.3.5 50Hertz Offshore

50Hertz Offshore was established in 2007 to facilitate the grid connection of the offshore wind farms to the control area of 50Hertz and operate these connections on behalf of 50Hertz as required now under Section 17d of the German Energy Industry Act (Energiewirtschaftsgesetz – "**EnWG**") in accordance with the 2006 Infrastructure Planning Acceleration Act (*Infrastrukturplanungsbeschleunigungsgesetz 2006*).

3.3.6 50Hertz Connectors

50Hertz Connectors GmbH was established in 2023, in particular to plan, erect, construct, acquire, operate, maintain in particular interconnectors including offshore interconnectors both in Germany and in foreign countries.

3.3.7 EGI

EGI is a company founded by 50Hertz Transmission (49.99 per cent.) and the Issuer (50.01 per cent.) in 2014 offering consultancy and engineering services on the international energy market.

3.3.8 TSCNET Services GmbH

TSCNET Services is one of Europe's leading Regional Security Coordinators. The company based in Munich, the Bavarian capital in southern Germany, renders integrated services for power TSOs and their control centres to maintain the operational security of our electricity system – 24 hours a day, seven days a week. The complexity of Europe's densely interconnected power grid is increasing at an enormous rate – more and more renewable energy, new production and transmission technologies and storage processes, and the predicted rise in e-mobility. TSCNET Services develops tailor-made coordination services for operational planning, forecast data merging, congestion assessment and capacity calculation for the control centres of TSOs in continental Europe. 50Hertz holds shares in the issued capital of TSCNET of 6.3 per cent.. Other shareholders are European TSOs, namely Amprion (Germany), APG (Austria), ČEPS (Czech Republic), CREOS (Luxembourg), ELES (Slovenia), HOPS (Croatia), MAVIR (Hungary), PSE (Poland), SEPS (Slovakia), Swissgrid (Switzerland), TenneT TSO (Germany), TenneT TSO (the Netherlands), Transelectrica (Romania), TransnetBW (Germany) and VUEN (Austria).

3.3.9 EEX

European Energy Exchange AG is an energy exchange offering e.g. exchange trading of energy and energy related products as well as registration services. 50Hertz Transmission holds shares in the issued capital of EEX of 5.4 per cent.

3.3.10 decarbon1ze

decarbon1ze is a startup still in the seed phase. The objective of decarbon1ze is the acceleration of the energy transition through sector coupling, exploitation of renewable electric energy and low level inclusion of end costumers, the development, operation and distribution of energy management IT- and metering system and the support and execution of energy management processes. 50Hertz holds shares of 6.6 per cent. in the issued capital of decarbon1ze.

3.3.11 JAO

JAO mainly performs the annual, monthly and daily auction of transmission rights across 27 borders in Europe and acts as a fall-back for the European Market Coupling. Currently, 50Hertz Transmission holds shares in the issued capital of JAO of 4.0 per cent. (see also section "*Group structure of ETB and affiliates"*).

3.3.12 CORESO

CORESO provides supporting services in the framework of security of supply inter alia by common system security calculations and coordination services between the respective customers or in cooperation with similar service providers; 50Hertz Transmission holds shares in the issued capital of CORESO of 7.9 per cent. (see also section "*Group structure of ETB and affiliates"*).

4 Business overview

4.1 Elia Transmission Belgium (ETB)

4.1.1 Role as TSO in Belgium

ETB develops, operates and maintains the national extra-high-voltage electricity transmission system (380kV to 110kV) in Belgium, which is regulated at the federal level. In addition, ETB owns and operates a major part of the local and regional high-voltage electricity transmission systems (70kV to 30kV) in each of the Regions, which are regulated at the regional level (all transmission systems together, the "**grid**"). It provides the physical link between electricity generators, DSOs, suppliers and direct supply customers and manages interconnections with the electricity grids of neighbouring countries. It also

manages the coordination of the flow of electricity across the grid in Belgium, to enable secure and reliable delivery from electricity generators to end customers.

ETB fully owns (through Elia Asset) the Belgian extra-high-voltage electricity network assets as well as approximately 98 per cent. of the Belgian high voltage electricity network (and has a right to use in relation to the remainder).

The extension of the activities of the TSO to include offshore activities was incorporated in the Electricity Law in 2012. ETB owns, operates, maintains and develops in particular an offshore grid in the Belgian North Sea, called the Modular Offshore Grid ("**MOG**").

ETB assures the management of the system in the Belgian electrical zone and is responsible of the balancing between production injected in the grid and consumption taken off the grid within this zone. In addition to its activities relating to the operation of the network, ETB also aims to improve the functioning of the open electricity market by acting as a market facilitator, in close cooperation with the power market operator(s).

As part of ETB's strategy, ETB is aiming for its grid to be ready for a 50 per cent. increase in electricity consumption across its control area by 2032. This trend of electrification is happening in society sooner and faster than initially expected. Importantly, for Belgium, increase in consumption is foreseen in the industrial sector, contributing 20 terawatt-hours (TWh), with notable increases in mobility and heating, each adding 10 terawatt-hours (TWh).

4.1.2 Transmission system operation

Transmission system operation refers to the regulated activity of operating the extra-high-voltage and high-voltage electricity networks and the management of electricity flows on these networks. The operator of such a network is called a TSO. The main users of these networks are the electricity generators, the traders, the DSOs, the commercial suppliers and large (industrial) off-takers (end customers). As such, ETB plays a crucial role in the community by transmitting electricity from generators to distribution systems, which, in turn, deliver it to the consumer. ETB also plays an essential part in the economy, as its grid supplies power directly to major companies connected to the grid and indirectly to all consumers and its operations allows for a reliable electricity system around the clock.

TSOs, such as ETB in Belgium, operate their electricity network independently of electricity generators and suppliers. The extra-high-voltage electricity networks, such as the ones operated by ETB, are also used to import and export electricity internationally and for mutual assistance between TSOs according to international standards set by European legislation and by the European Network of TSOs for Electricity ("**ENTSO-E**") operating rules (grid codes). Belgium's extra-high-voltage electricity network is interconnected with the transmission systems of France, Luxembourg, the Netherlands, Germany and the United Kingdom.

4.1.3 Core business of TSO in Belgium

The role of the TSO is comprised of four different areas: grid management, system operation, market facilitation and trusteeship.

Grid management

This activity consists of: (a) ownership; (b) maintenance; and (c) development of the network to enable the transmission of electricity at voltages ranging from 380kV to 30kV. In the upcoming five years (2024-2028), ETB plans to invest approximately €9.4 billion in Belgium. This investment relates to key new projects, ongoing projects, maintenance capex and IT investments to digitalise system operations.

(a) Ownership

ETB is Belgium's TSO (380kV to 30kV), operating over 8,849 km of lines and underground cables throughout Belgium. The grid, mainly owned (98 per cent.) and operated by ETB, is composed of three categories of voltage levels:

- the 380kV lines that are part of the backbone of the European network. Electricity generated at this voltage flows towards the Belgian regions and is also exported to foreign countries (such as Germany, France and the Netherlands);

- the 220kV and 150kV lines and underground cables that are strongly interconnected with the 380kV level and carry electricity in and between the Belgian electricity areas; and

- the high-voltage network, consisting of the 70kV to 30kV lines and underground cables, which carries electricity from the higher-voltage levels to the off-take points used by the DSOs and large industrial customers that are directly connected to ETB's network.

The use of different voltage levels is the result of technical and economical optimisation. Extra-high-voltage is required for the optimal transmission of electricity over long distances with minimal energy loss, while lower voltages are optimal for shorter distances and lower quantities.

(b) Maintenance and replacement capital expenditures

ETB's policy with respect to network maintenance is based on a risk assessment approach that takes into account the meshed structure of its network. A sophisticated asset management strategy has been put in place to closely monitor the functioning of critical infrastructure components. The main objectives are to reach maximum availability and reliability of the network with the highest efficiency so as to minimise the total cost of ownership. To implement this policy, ETB extensively monitors the network and performs routine preventative inspections.

Like most European TSOs, ETB is facing the challenges of an ageing network that was developed in or even before the 1970s. To meet these challenges, ETB has developed a number of risk-based models that are aimed at optimising asset replacement strategies. Investments peaks are levelled out thanks to a balanced maintenance and replacement policy. As working methods evolve, staff need training to help them develop the requisite skills and techniques. In the upcoming years, an increasing part of the capital expenditure plan will be allocated to replacement investments. These capital expenditures are included in the Regulatory Asset Base and as such remunerated under the tariff methodology.

(c) Grid development

ETB's network development is based on four investment plans: one federal plan and three regional plans. These investment plans identify the reinforcements to the networks that are required in order to achieve consistent and reliable transmission, to cope with the increase in consumption as well as new power plant requirements (conventional sources or RES), the connection and the integration of RES (onshore and offshore), and the increased import and export capacity with neighbouring countries.

The investment plans also take into account environmental and land-use constraints as well as applicable health and safety objectives (see Risk Factor "*The Group is subject to environmental and zoning laws, as well as increased public expectations and concerns, which may impair its ability to obtain relevant permits and realise its anticipated investment programme or result in additional costs*").

System operation

Given the growth in renewable energies and their variable generation, greater flexibility is needed within the electricity system to maintain a constant balance between supply and demand. Digitalisation and the latest technologies offer market players new opportunities to optimise their electricity management by selling their surplus energy or temporarily reducing consumption (demand flexibility). By opening the system to new players and technologies, ETB wants to create a more competitive energy market while maintaining security of supply at all times. To achieve this, ETB ensures that every market player has transparent, non-discriminatory access to the grid.

ETB monitors the electricity flows on its network and seeks to balance in real time the total electricity injected into and taken off its network, taking into account the power exchanged with the neighboring countries, through the procurement of the appropriate ancillary services. ETB also purchases electricity on the market to compensate for energy losses in the local transmission networks that are a consequence of the transmission of electricity.

ETB's network is the essential link between the supply of and demand for electricity both within Belgium and in the context of the EU's internal electricity market. To inject electricity into ETB's network, generation plants located in Belgium must be physically connected and receive access to (i.e. the right to use) the network. ETB's network is operated in such a way as to allow this electricity, as well as the electricity coming from neighbouring countries, to flow to the off-take points to which distributors, large corporate customers and foreign networks are connected. Parties accessing ETB's network are charged regulated tariffs based on their peak quarter-hourly demand and energy consumption.

As a system operator, ETB constantly monitors, controls and manages the electricity flows throughout the Belgian extra-high-voltage and high-voltage networks to ensure the reliability, continuity and quality of electricity transmission by maintaining the frequency and voltage within internationally determined limits.

ETB's network is monitored 24 hours a day, seven days a week by three control centres (one national and two regional). These control centres continuously monitor electricity flows, frequency, voltage at each off-take point, load on each network component and the status of each circuit breaker. When a network component is switched off, ETB's personnel takes appropriate measures to reinforce the operational reliability of the network and to safeguard electricity supply to ETB's customers. ETB has the ability to remotely activate or deactivate certain network components.

ETB has adopted other measures designed to maintain reliability for its customers. These measures consist of both operational measures (such as capacity allocation, load flow forecasts and compliance checks) and emergency procedures. Some of these measures have been adopted in cooperation with neighboring TSOs (and approved by their respective regulator) and/or with Coreso, the regional coordination service centre, in order to promote coordinated action.

Ancillary services contracts are granted in accordance with transparent, non-discriminatory and market based rules. Part of the costs incurred by ETB as a result of the purchase of ancillary services are directly invoiced to the balance responsible parties ("**BRPs**"), while the ancillary services (such as compensation for the electricity losses) are reflected in the network tariffs.

Market facilitation

In addition to its two core activities described above, ETB aims to improve the functionality of the open electricity market by acting as a market facilitator, both in the context of a single European electricity market as well as in the framework of the integration of renewable energy and unlocking value for consumers, in accordance with national and European policies. It does so in close cooperation with the relevant power market operators (ETB is also an indirect shareholder of certain of these market operators). Further to the legislative proposals in the Clean Energy Package, this cooperation will be further formalised and fine-tuned (see "*Third Energy Package and Clean Energy Package*").

Due to the central location of the Belgian network within continental Europe and the intensive cross-border commercial exchanges following the deregulation of the European electricity market, ETB's network is intensively used by other market participants for cross-border import and export and for the transit of electricity. ETB wants to facilitate further market integration, both at the national and European level by giving new market players and technologies a chance to help them innovate their systems and introduce new market products.

ETB's income from or charges due under the inter-TSO compensation mechanism for EU cross-border trade are passed through to the home market participants by a tariff reduction or increase.

ETB has played an important role for many years in various market integration initiatives, such as: (i) the design and implementation of the Belgian power hub; (ii) the establishment of regional markets, initially CWE (i.e. France, Belgium, the Netherlands, Luxembourg, Austria and Germany) and subsequently the Nordic countries and North West Europe (i.e. Central West Europe, the Nordic countries and the UK); (iii) the establishment of the CORE capacity calculation region (CWE region together with Central Eastern Europe); (iv) day-ahead price coupling in the North-Western Europe region, stretching from France to Finland, operating under a common day-ahead power price calculation using the Price Coupling of Regions solution, the MRC Region (Multi Regional Price Coupling; (v) the creation of the first regional technical coordination centre for CWE, Coreso, in cooperation with RTE and National Grid (the French and UK TSOs); (vi) the creation of a market coupling between the Benelux countries and France; and (vii) the participation in the establishment of the future single day-ahead coupling and single intraday coupling (covering the EU). The Issuer is also a stakeholder in a number of European initiatives aiming to optimise market operation, i.e. HGRT and ENTSO-E.

ETB's initiatives which aim to enhance market facilitation and integration include:

- having an equity interest of 17 per cent. in Holding HGRT, which itself has a 49 per cent. equity stake in EPEX SPOT. The European Power Exchange EPEX SPOT SE and its affiliates APX and Belpex operate organised short-term electricity markets in Germany, France, the UK, the Netherlands, Belgium, Austria, Switzerland and Luxembourg. The Issuer was a founding shareholder of Belpex SA/NV (see "HGRT");

- being a founding shareholder of Coreso. Coreso is the first regional technical coordination centre aiming to improve reliability across the CWE region. Coreso is shared by several TSOs and develops forecast management of electricity transits across this region (see "Coreso"); and

- being a shareholder of JAO, a service company performing the annual, monthly and daily auction of transmission rights across 27 borders in Europe and acting as a fall-back for the European Market Coupling (see "JAO").

Trusteeship

The legal responsibility for processing the regional and national levy systems that promote the integration of RES into the energy system lie with ETB in Belgium and 50Hertz in Germany. ETB and

50Hertz therefore collect these levies as trustees, administrating them and coordinating their distribution.

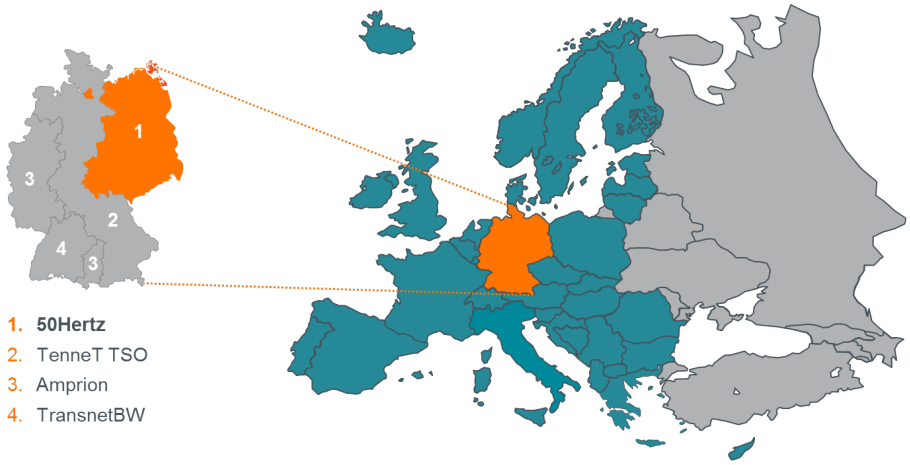
4.2 50Hertz

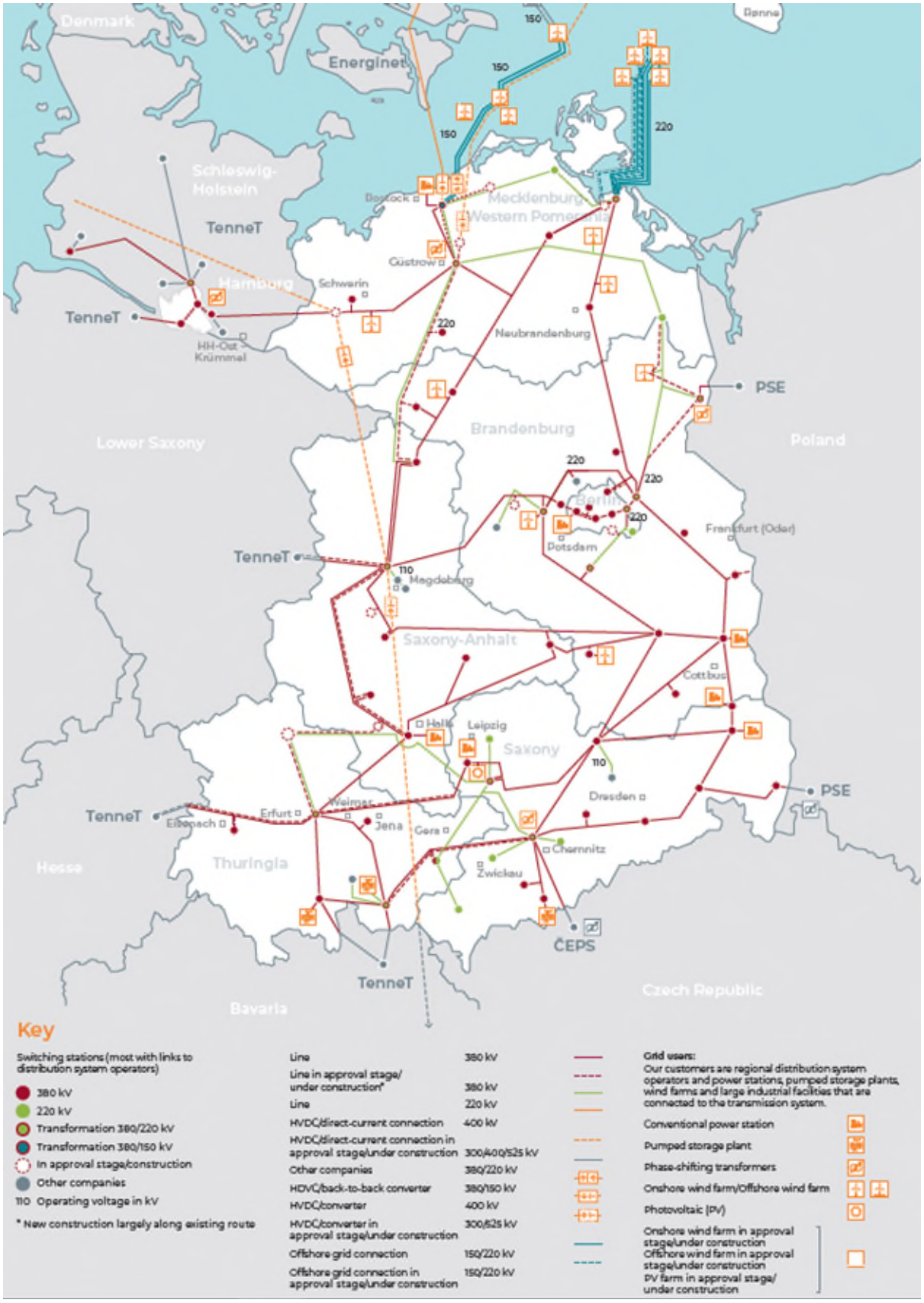
4.2.1 Role as TSO in Germany

50Hertz is one of four TSOs in Germany. 50Hertz has the same core business as ETB, as it owns, operates, maintains and develops a 380kV — 150kV transmission network with an installed capacity of around 70,000 MW (thereof around 46,000 MW renewables, thereof around 22,500 MW wind on- and offshore). The 50Hertz-grid has a length of around 10,500 km in an area covering the five Eastern German states of Thuringia, Saxony, Saxony-Anhalt, Brandenburg and Mecklenburg-Western Pomerania as well as Berlin and Hamburg and also the grid connections of offshore wind farms in the Baltic Sea. 50Hertz's control area covers approximately 110,000 km² (a third of Germany) with about 18 million inhabitants. Maintenance of the transmission system, substations and switching stations is organised through five regional centres; renewable energy already accounts for over 70 per cent. of the electricity consumption in the 50Hertz-grid region. This share will further increase over the next years following further investments in integrating photovoltaic generation, wind onshore and connecting offshore wind farms to its control area in the Baltic Sea and the North Sea.

Its administrative centre is situated in Berlin-Mitte. In addition, 50Hertz's grid is situated at the crossroads between the Western and North Eastern European electricity markets due to the central location of its network between Denmark, Poland, the Czech Republic and Central Western Europe.

50Hertz's location within Europe and Germany is shown below:





4.2.2 Transmission System Operations

Under the German legal and regulatory framework, 50Hertz performs the following services:

- *Operate a safe, reliable and efficient transmission grid on a non-discriminatory basis:* 50Hertz has to operate, maintain and develop its grid meeting the demands of its customers to the extent this is economically reasonable. In particular, the TSOs have to contribute to security of supply by providing appropriate transmission capacity and system reliability.

- *Provide grid connection and transport electricity through the high voltage grid*: 50Hertz is obligated to provide physical connection to its grid to final customers, level or downstream electricity supply grids and lines, as well as generation facilities (whose statutory priority feed-in might have to be considered in case of congestions) subject to technical and economic conditions that are appropriate, non-discriminatory, and transparent. In addition, and in accordance with regulated third party access ("**TPA**") rules, 50Hertz must also grant TPA to their grid on an economically reasonable, non-discriminatory and transparent basis.

- *Provide preferential grid connection to, and feed-in electricity produced from RES:* With regards to electricity generated from renewable energy facilities, TSOs in Germany are under the obligation to optimise, amplify and expand their grid and, as far as economically reasonable, to ensure the purchase, transmission and distribution of such electricity. Accordingly, 50Hertz is obligated to connect without undue delay all renewable energy facilities in its control area to its transmission grid and any delay in such connections may subject 50Hertz to damages claims. In particular, 50Hertz is obligated to construct connections to all offshore wind farms in its control area under the further prerequisites of the EnWG and to share the costs incurred thereby with the other German TSOs.

- *Provide system service:* 50Hertz has the responsibility to maintain a secure and reliable energy supply system. The development of the German electricity market in recent years has led to a disproportionate share of energy being consumed in the southern and western parts of Germany, whereas the majority of the renewable energy generation is located in the northern and eastern parts of Germany. Taking into account these regional differences in the generation of renewable energy and fluctuating feed-in from renewable energy facilities, 50Hertz is focused on maintaining a system balance between generation and consumption at all times. In order to continuously balance demand and supply of electricity, 50Hertz primarily relies on the use of different types of control power (primary, secondary and tertiary control power). In addition, 50Hertz conducts congestion management measures when required and manages grid losses in its transmission system by procuring energy.

- *Manage cross-border connections:* 50Hertz operates a number of cross-border interconnections to Poland, Denmark and the Czech Republic. Their management involves non-discriminatory and transparent transfer capacity allocation mechanisms under pertinent European legislation and under EnWG.

In addition to the core businesses with respect to system operation and transmission ownership mentioned above, 50Hertz has further roles in the German electricity market:

- It is responsible as trustee for managing cash-flows resulting from the German Renewable Energy Sources Act ("**EEG**"). Amongst others, the electricity generated from renewable installations in the 50Hertz control zone under the feed-in-tariff regime is sold by 50Hertz at the day-ahead and intra-day market of nominated electricity market operators.

- It is facilitator for the development of the energy market, especially in the capacity calculation regions ("**CCRs**") Core, Hansa and Central Europe. Amongst others, 50Hertz is active in designing the European and national electricity market in a way that it serves best an efficient and secure system operation.

When the Electricity Price Brake Act came into force on 1 January 2023, far-reaching new tasks and obligations had to be established in the German energy market to mitigate the extreme increases in electricity prices for households and companies. The transmission system operators (and thus also 50Hertz) form a key position between the electricity supply companies and end consumers to be relieved and the plant operators and distribution system operators, who finance the relief by skimming off any excess revenues. Any differences between the amounts skimmed off and the amounts to be relieved were compensated by the Economic Stabilisation Fund of the Federal Republic of Germany. A public law agreement had been concluded between the Federal Republic of Germany and the transmission system operators to determine the precise details. The Energy Price Brake ceased to exist at the end of 2023.

4.3 50Hertz Offshore GmbH

50Hertz Offshore was formed to facilitate the connection of offshore wind farms to the 50Hertz control area and to provide for a transparent accounting of the costs and capital employed. 50Hertz Offshore is expected to incur all the capital expenditure and other related costs related to these offshore connections.

In accordance with EnWG, 50Hertz is obliged to construct the grid connections to offshore clusters foreseen in the Network Development Plan (*Netzentwicklungspläne* - "**NEP**") respectively the Site Development Plan, connect wind farms to which the BNetzA has assigned capacity on the grid connection and operate the connection assets after commissioning. Furthermore, according to Section 17f of the EnWG, the German connecting TSOs are obliged to distribute the costs of constructing and operating the grid connections to the offshore wind farms among them according to the electricity supply volume in their respective control areas.

By way of a framework agreement signed in November 2008 between 50Hertz and 50Hertz Offshore, 50Hertz with its last amendment in 2021 has delegated its obligation to construct and operate the grid connections to the offshore clusters and wind farms to 50Hertz Offshore, granting at the same time the right of being reimbursed for all respective costs. For the avoidance of doubt, this delegation did not result in 50Hertz Offshore qualifying as a TSO respectively being itself as a company directly subject to regulation. 50Hertz Offshore currently has no employees and instead relies on services provided by 50Hertz pursuant to service contracts.

Important investment needs of 50Hertz Offshore are primarily triggered by the procurement and installation of sea and land cables and other electrical equipment to connect offshore wind farms. The first commercial offshore wind farm in the Baltic Sea ("**Baltic 1**") was connected to 50Hertz's transmission grid in 2011. A second grid connection ("Baltic 2") was finalised in 2015; a third offshore cluster connection ("**Ostwind 1**") was approved by the BNetzA in the offshore network development plan (Offshore-Netzentwicklungsplan – "**O-NEP**") in 2013, with a further approval in 2015. This grid connection consists of three cable systems and was allocated to two wind farms (Wikinger and Arkona). The commissioning of the grid connection was completed in 2019, in line with the foreseen completion dates. During the 2018 capacity auction, three additional offshore wind farms (Arcadis Ost 1, Baltic Eagle and Wikinger Süd[5]) in the Baltic Sea north of Lubmin were awarded. As a result, BNetzA has approved three additional cable systems and associated on- and offshore substations in the Cluster Westlich Adlergrund ("**Ostwind 2**"). In 2023, 50Hertz Offshore commissioned the first grid connection system out of the three. In the 2019 grid development plan, the grid connection OST-1-4 was awarded. The site development plan foresees a single cable solution and a platform owned and operated by 50Hertz. The 2021 auction of the associated offshore site was held and awarded. By fall 2022, BNetzA had awarded 50Hertz to erect the grid connection OST-6-1 for the Gennaker wind park under the legal framework for wind farms in the 12 nautical mile zone (§17d (6) EnWG). Preparatory works and tenders for major components were awarded. Several additional offshore projects are foreseen by 50Hertz Offshore, resulting in total in offshore connections planned for wind farms of about 8 GW in aggregate.

[5] Wikinger Süd belongs to the Wikinger cluster but was awarded separately.

Among those, the Site Development Plan 2035 (*Flächenentwicklungsplan* – "**FEP**") (version 2021) has awarded two 2 GW HVDC grid connection systems, one in the Baltic Sea (OST-2-4– Ostwind 4) and one in the North Sea (NOR-11-1-LanWin 3).

The size of the offshore investment portfolio may fluctuate considerably over the coming years depending on the contents of the future FEP that shall determine a "balanced distribution of projects between North and Baltic Sea" for the period after 2025.

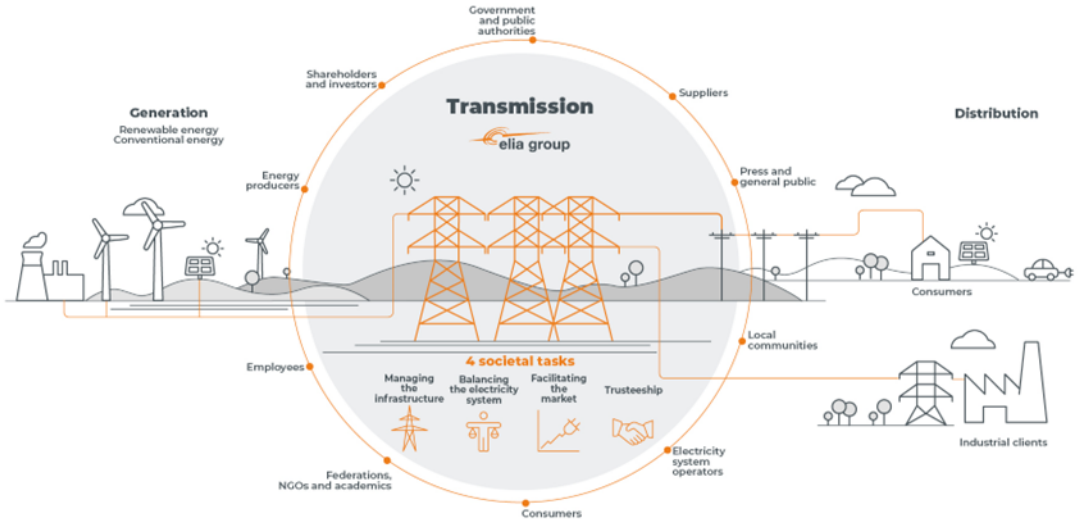
Based on German law, 50Hertz and 50Hertz Offshore may be subject to claims for damages in case of a culpable delay of grid connections or for interruption of their respective operation (see "*Risk Factors – The further development of the offshore infrastructure may present specific challenges and the specific liability regime applicable to offshore connections may have an impact on the Group's profitability*".

4.4 Trends in the Belgian and German electricity market and evolution in the offshore market

The ongoing conflicts between Russia and Ukraine returned a sense of urgency to the European energy debate since the beginning of 2022. The geopolitical crisis and increased energy prices have prompted the European Union to take stronger ownership of its energy production and more rapidly fulfil its commitments to renewable energy, decarbonisation and electrification.

On the one hand, industrial players are striving to quickly decarbonise, in line with the European Green Deal, Fit for 55 and REpowerEU plan. This includes the chemical, steel, automotive and oil and gas sectors. As these large customers are directly connected to the transmission grid, the Group plays an important role in linking them to RES, enabling innovative processes to be adopted and encouraging sector coupling (and so advancing the production of green steel or gas). In order to support such players and find quick and easy solutions to their decarbonisation needs, the Group is committed to undertaking real stakeholder dialogue, for example through the organisation of industry roundtables.

On the other hand, households and smaller consumers are slowly transforming into prosumers who want to play an active role in energy markets by producing their own energy (through their home solar panels) and injecting it back into the grid. Flexible consumption is becoming increasingly important both for supporting the grid as electrification spreads and renewable energy levels rise and for controlling system costs. Industrial electrification and the rise of electric vehicles, heat pumps and batteries are fundamentally changing the way consumers are interacting with the electricity system. Sector convergence is offering new opportunities for unlocking flexibility, meaning it is becoming an important accelerator for an efficient energy transition. New flexible appliances will allow households to consume more electricity at lower costs when there is lots of wind and sunshine available and reduce or even shift their consumption in time when renewable generation is limited, and energy use is more expensive. Digitalisation is making this possible.



Throughout the last years, the Group has seen several developments at political, market and technology level making offshore wind a substantial cornerstone of quick decarbonisation and electrification. This boosted a global trend for large-scale energy investment projects for the next years worldwide. The European Commission defined a target capacity of some 300GW offshore wind by 2050 in the EU to realise the Green Deal (the current installed capacity in Europe, including the UK, amounting today to some 32GW).

However, due to the geographic conditions, some countries (like BE/GE) will remain short in renewables and some countries (such as NO, DK, IRE...) will have huge offshore wind excess potential along their coasts. For this reason, the expansion of offshore wind is increasingly becoming a multilateral and international (cross-border) topic to master the various national energy transition challenges. Consequently, the Group observes in Europe an overall trend to plan offshore grid connections in a more meshed way (incl. hybrid solutions that combine wind infeed with the electricity trade across borders) in order to increase efficiency and security of supply. Furthermore, there are some advanced plans for offshore energy hubs connecting various countries with complementary export/ import needs.

These growth perspectives attract many established players of the energy business as well as new players that are scouting new opportunities. Also, industrial consumers are either directly acquiring equity stakes in offshore projects or concluding long-term Power Purchase Agreements ("**PPA**") to ensure future supply of green electricity. Finally, financial investors such as long-term investment funds, insurances or pension funds also show increased interest in offshore infrastructure.

Looking at the connection of offshore wind, projects have to be delivered in the next years along the Belgian North Sea coast. The Belgian Government increased the ambition for offshore wind in its domestic waters to 3.5GW by 2030, to be connected to the onshore network via the construction of an artificial island (the Princess Elisabeth Island). Further onshore grid reinforcements will also be required (cf. the Ventilus and Boucle du Hainaut projects – see section 8 "*Key projects of the Issuer*" below). Moreover, ETB is currently assessing opportunities to develop interconnectors with Denmark (Triton Link) and the UK (Nautilus), which could also be connected to the Belgian Grid via the Princess Elisabeth Island. Finally, Elia and Statnett (Norway) agreed to investigate the feasibility of constructing a high-voltage direct current (HVDC) hybrid interconnector that would link Belgium and Norway to offshore windfarms. In Germany, 50Hertz will deliver further grid connections for the 'Ost-6-1' and 'Ostwind 3' projects. In addition, there is a common initiative with Energinet.dk to build a meshed and

hybrid solution around the 'Bornholm Energy Island'. Finally, 50Hertz has become responsible for connecting a 2GW offshore wind cluster of the German North Sea.

In summary, the offshore wind market will be key for the decarbonisation of society. Against this background, the Group has set-up WindGrid SA/NV to deliver offshore activities outside Belgium and Germany that complement well the offshore evolution of ETB and 50Hertz in the home markets and that creates additional value via leveraging synergies.

4.5 Other related activities of the Group

4.5.1 Advisory services (EGI)

EGI offers consultancy and engineering services related to energy market development, asset management, system operation, grid development and RES integration. As a wholly owned subsidiary of the Issuer and 50Hertz, EGI is able to harness the expertise of two large European system operators, each with a track record in delivering high-quality projects and many decades of experience. Its clients are mainly comprised of TSOs, but EGI also supports regulators, public authorities and private developers.

4.5.2 Energy as a service (re.alto)

In September 2020, the Group announced the official launch of re.alto, its very own corporate start-up and the first European marketplace dedicated to the exchange of energy data and services. The start-up enables the exchange of energy data through its innovative API platform, so enabling the energy industry to take a huge digital leap forward towards a more widespread adoption of Energy-as-a-Service business models, ultimately hastening the establishment of a low-carbon society. At the UN Climate Change Conference held in Glasgow in November 2021 ("**COP26**"), the Issuer and Octopus Energy (a British company specialising in renewable energy) signed a memorandum of understanding which bolsters their joint commitment to placing consumers at the heart of the energy transition. Both parties will be setting up test projects over the next two years which will involve close working between KrakenFlex (Octopus Energy's real-time software platform) and re.alto, the Group's digital marketplace for energy data and services. In September 2022, the Issuer and re.alto signed a memorandum of understanding with Elli, a subsidiary of Volkswagen Group, to accelerate the integration of electric vehicles into the electricity system.

The partnership aims to make it possible for new energy services to be offered to consumers (such as the ability to charge their electric vehicles and use their heat pumps when there are large amounts of green electricity on the grid) whilst helping to ensure that the grid is kept in balance, so facilitating the transition to a sustainable energy system.

4.5.3 Offshore interconnection beyond its perimeter

The Group is active in the development, construction and operation of offshore transmission assets and has established itself as a capable player in the market throughout the last years. During more than ten years in the offshore wind industry, twelve offshore wind farms have been connected to the grid and are being operated by the Group today. Among them are innovative solutions like the Krieger´s Flak Combined Grid Solution, the world´s first hybrid interconnector, or the Modular Offshore Grid I (MOG I), which connects four offshore wind farms by one plug-at-sea and three shared export cables with 220kV AC. In summary, the Group has a project track record with solid grid planning and engineering skills, leading asset technology and operations know-how and large-scale project management skills. This set of strengths is complemented by a strong expertise in analysing market designs and their regulatory frameworks and shaping grid solutions that maximise value for society. Even though there are still important projects in the pipeline today, the growth perspectives in the Group´s regulated offshore projects in both the Belgian North Sea and the German Baltic Sea are limited, as all major generation sites in the Belgian North Sea and German Baltic Sea will be realised in the early 2030s.

By becoming active outside Belgium and Germany, the Group can use this expertise to continue its mission to support decarbonisation in the interest of society, deliver value to other markets and unlock further revenue streams**.** At the same time, the Group assures to remain at the forefront of offshore wind development towards a more holistic and meshed offshore and to maintain its relevance, also in the long term. However, the international offshore wind market is competitive and projects are usually being assigned in competitive tender processes to the bidder with the lowest price and/or most attractive offer. Consequently, the goal of winning competitive offshore tenders requires characteristics next to excellent engineering skills and a strong track record. Further principles like an entrepreneurial mind-set, speed in decision making and cost emphasis are essential. The entity WindGrid aims to build up and combine all these key capabilities and at the same time leverage from the know-how within the Group. By setting up WindGrid, the Group sends a strong signal towards the market regarding its commitment towards offshore wind development**.**

5 Key strengths

The Group capitalises on a number of inherent strengths, including the following:

- ***Large and highly reliable international TSO Group ideally positioned to drive the energy transition***

  The Group is a sustainable operator of critical transmission infrastructure in Europe with 19,460.5 km (in 2023) of high-voltage power lines and cables serving over 30 million of end users with electricity and operating multiple interconnections with neighbouring European countries and the UK. The Group not only operates and owns the transmission network as asset manager but also acts as system operator, seeking to balance, in real time, generation and demand on its network. The integration of both activities allows the Group to generate synergies, which in turn increase the efficiency of the network. With a reliability rate of 99.9 per cent. (Belgium) and 99.7 per cent. (Germany) of power supply, the Group is of the opinion that it is a highly reliable operator providing society with a robust power grid and with an excellent track record in ensuring grid safety and stability across critical transmission infrastructure in Europe. Through its subsidiary ETB, it has a factual and legal monopoly for owning, developing, maintaining and operating the 30kV-380kV national extra-high and high transmission network both onshore and offshore in Belgium. In Germany, 50Hertz is one of the four TSO's, and has a factual monopoly for owning, developing, maintaining and operating the 150kV - 400kV transmission network in an area covering the five former Eastern German states of Thuringia, Saxony, Saxony-Anhalt, Brandenburg and Mecklenburg-Western Pomerania as well as Berlin and Hamburg. Furthermore, 50Hertz also has the legal mandate to construct and operate the grid connections to the offshore clusters and wind farms in the German part of the Baltic Sea and North Sea that are connected to its control area. The Group strives to be a major catalyst for a successful energy transition, helping to establish a reliable, sustainable and affordable energy system.

  In 2023, the Group executed its growth strategy by venturing into the US market, aiming to bolster its international presence and advance sustainable energy solutions. Partnering with energyRe Giga, it gains access to a substantial pipeline of projects, leveraging the expertise of a strong local ally. This investment in energyRe Giga aligns with the Group's goal of leading the global energy transition and expanding into the promising US market.

  By improving high-voltage connections and integrating more renewable energy, the Group drives international energy market integration and societal decarbonisation, positioning itself to capitalise on emerging challenges and opportunities in the energy sector.

- ***Sustainability and ESG at the core of the Group's operations***

  Sustainability lies at the heart of the Group's strategy and its ActNow programme, which was developed and published in 2021, sets out its long-term sustainability objectives. These are guided by the United Nation's Sustainable Development Goals, demonstrating that its organisational goals are explicitly linked to global goals, and are implemented through its business. The Group's sustainability objectives are grouped under five different dimensions: Climate Action; Environment and Circular Economy; Diversity, Equity and Inclusion; Health and Safety; and Governance, Ethics and Compliance. The Group operationalises its sustainable business strategy via those dimensions that give concrete guidance internally to ensure the right implementation focus within its everyday processes and activities. The Group's main priority is to make the energy transition a reality. The Group fully supports the European Green Deal's ambitions to make Europe the first climate neutral continent by 2050. The Group's biggest contributions to sustainability as a company which owns two TSOs lies in the development of the power grid and the enhancement of electricity market design, which in turn enable the integration of rapidly growing amounts of Renewable Energy Sources ("**RES**") into the system and allow the further electrification of society to occur. These efforts are consolidated in the first objective of Dimension 1: enabling the decarbonisation of the power sector. However, as a socially responsible company, its commitment to sustainability reaches far beyond this: from reducing its own carbon footprint to embedding circularity in its core business processes to ensuring equal opportunities for all staff. With a goal to achieve climate neutrality by 2040 without compromising safety, the Group strives to set an example as a socially responsible company serving society.

- ***Diversification across established regulatory regimes reduces financial risk for the Group***

  Diversification across multiple well-established regulatory frameworks significantly mitigates financial risk for the Group. Operating within three distinct regulatory environments, each governed by separate regulatory bodies, provides a solid foundation for risk management.

  In Belgium, where the current regulatory period spans from 2024 to 2027, approved tariffs are fixed, ensuring stability for the Group's operations during this timeframe.

  In Germany, the current regulatory period took effect on 1 January 2024 for a five-year period from 2024 to (and including) 2028. The major components of the regulation have been finalised. To set the revenue cap for this period, the Federal Network Agency ("**BNetzA**") evaluates operational costs based on 2021 data. While the cost base (2021) has been approved by the BNetzA, the industry productivity factor (Xgen) has still to be set by the regulator. BNetzA has confirmed that 50Hertz remains 100% efficient (Xind) for its upcoming regulatory period 2024 to 2028. While inefficiencies are typically targeted during these periods, 50Hertz is exempt due to their 100% efficiency. The evaluation to set the Xind compares operators to a reference network and aims to reduce inefficiencies during the regulatory period. This efficiency factor contributes directly to the profitability of the Group.

  Nemo Link, in operation since January 2019, also operates under its own regulatory framework providing visibility for 25 years until 2044.

  This extended regulatory visibility, coupled with the Group's diversification across multiple regulatory regimes, serves to minimise overall risk exposure. In summary, the

Group's risk profile benefits from the combination of stringent regulatory oversight, tariff structures, and extended regulatory visibility, ensuring a lower financial risk profile and bolstering the Group's stability and profitability over the long term.

- ***Strategically positioned onshore and offshore infrastructure: powering Europe and the US***

  With strategically positioned onshore and offshore infrastructure in Europe and the US, the Group ranks as the fifth largest TSO in Europe by total assets, benefitting from its central location in Western Europe. This strategic advantage enables the Group to lead in shaping the European electricity market by fostering interconnections and integrating Renewable Energy Sources (RES). Strong partnerships with other TSOs facilitate the construction of future offshore energy hubs in the North Sea and Baltic Sea, positioning the Group as a pioneer in offshore grid development. This allows for greater integration of renewable energy, directly contributing to societal decarbonisation. Through operating cross-border power lines, the Group promotes international energy exchange, enhancing grid reliability and security of supply. Additionally, participation in ventures like Nemo Link, which operates a subsea interconnector between Belgium and the UK, underscores the Group's commitment to cross-border energy cooperation. With WindGrid, a subsidiary focused on offshore wind development, the Group further accelerates the energy transition efforts in Europe and the US.

- ***Sector leading organic growth prospects both in Belgium and Germany***

  Supported by its geographical location in the centre of Europe, the Group is determined to succeed in facilitating the energy transition and has therefore established a solid investment plan driving its organic growth. This plan is driven by the increasing need for interconnection between countries, reflected in large transmission network infrastructure projects to integrate the increasing amounts of renewable energy generation (particularly offshore wind), as well as efforts to further renovate, reinforce and digitalise the grid. Over the next five years (2024-2028), the Group plans to invest €30.1 billion, with €9.4 billion allocated to Belgium by ETB and €20.7 billion by 50Hertz in Germany. With a historical track record of exceptional organic growth, demonstrated by a Compound Annual Growth Rate ("**CAGR**") of the Regulated Asset Base ("**RAB**") at 6 per cent. between 2019 and 2023, the Group anticipates sustaining this momentum. It aims for an average yearly growth rate of nearly 19 per cent. over the next five years, fuelled by the substantial capital expenditure program outlined. In Belgium, growth primarily stems from investments aimed at offshore energy facilitation (e.g., Princess Elisabeth Island), infrastructure replacement and reinforcement to accommodate increased renewable energy influx (e.g., Ventilus & Boucle de Hainaut), and deeper integration into the European electricity network (e.g., Brabo & Nautilus). In Germany, the ongoing 'Energiewende,' coupled with heightened renewable energy production targets set by the government, will spur further investments by 50Hertz, both onshore (e.g., SuedOstLink, SuedOstLink+, Berlin Kabel) and offshore (e.g., Ostwind 2, Ostwind 3 & Ost-6-1).

- ***The Group at the forefront of the energy transition: empowering consumers for a sustainable future***

  On the path towards decarbonising society, the power system's focus is switching from centralised conventional generation to a more renewable, more decentralised and less controllable power mix. Going forward, it will be necessary to adapt consumption to available generation, rather than adapting generation to consumption, as it is currently the case. More than ever, a consumer-centric market design is needed to facilitate and

accelerate the active participation of consumers. This requires putting demand on an equal. To address the needs of changing market, the Group continuously develops series of initiatives to build the energy system of the future. Leveraging its experience with consumer centricity as part of its regulated activities, the Group is exploring and contributing to fostering a range of new opportunities - from sector coupling through to the provision of new digital services with partners like re.alto. Ultimately, the Group is of the opinion that these activities will further hasten the energy transition.

- ***Ensuring financial stability: robust financial track record allowing for foreseeable/predictable returns***

  The Group is exposed to multiple regulatory frameworks relying on a number of elements that contribute to the creation of a solid long-term financial basis for the Group. Firstly, the future investment plans in relation to its regulated business in Belgium and the vast majority of investment projects in Germany have to be approved by the government and the regulators before being rolled out, ensuring their inclusion in the tariffs. The corresponding real capex is included in the RAB from the moment it is spent and is as such remunerated, hereby covering the increasing prices of raw materials. Secondly, the tariff structure allows all costs (to the extent not deemed unreasonable by the regulator) over which ETB and 50Hertz have no direct control ("non-controllable costs" in Belgium and "permanently non-influenceable costs" in Germany) to be recovered through future tariffs. Also, the impact of inflation on the controllable costs is covered by the regulatory framework in Belgium and Germany. For Belgium, the budget is adjusted annually in line with inflation, while in Germany the onshore base year costs are increased annually in line with inflation (time-lag of 2 years). Furthermore, from a funding perspective, the optimal leverage ratio is set by the regulator for both ETB and 50Hertz and the financial expenses in relation to its regulated business are almost entirely covered by the tariffs. Finally, at the level of Nemo Link, the cap and floor levels are recalculated annually to consider the yearly average inflation in Belgium and UK.

6 Strategy

In line with its ambition, the Group aims to and is well on the way to become one of the leading European TSOs, which provides critical electricity infrastructure and a reliable electricity system for society. Through large-scale investments in infrastructure, digitalisation, and sector coupling, the Group is contributing to Europe's great and complex ambition of becoming climate-neutral by 2050, as outlined in its Green Deal and has developed a strategy for the activities carried out by the Group as well for its subsidiaries. In this context, 50Hertz aims to meet 100 per cent. of electricity consumption across its control area with renewable energy by 2032, while ETB targets its grid to be ready for a 50 per cent. increase in electricity consumption across its area by 2032.

6.1 Vision and mission

Decarbonisation is considered to be one of society's most pressing challenges. As system operators, the Group is central to overcoming this challenge. Its grid forms the backbone of the energy transition. The Group is strengthening its on- and offshore transmission grid to facilitate the integration of increasing amounts of renewable energy into the system and allow consumers to decarbonise. The Group is also furthering digitalisation and sector convergence and shaping energy markets, so supporting new market players to become active participants in the energy sector. As a driver of the energy transition, the vision that guides the Group every day is "A successful energy transition for a sustainable world".

The Issuer's mission describes who it serves, what it delivers and how: "In the interest of society, the Group makes the energy transition happen to decarbonise Europe by delivering the needed power infrastructure and shaping the European energy markets. Keeping the lights on by operating a reliable and sustainable system and innovate to meet evolving consumers' needs in an efficient way and to protect people's safety. Creating further value for society in the changing energy landscape."

6.2 Pillars of growth

The Issuer's strategy consists of three pillars of growth. As outlined in the figure below, the bottom pillar relates to its core business as a TSO, whilst the top two pillars relate to how it is expanding its activities beyond this to create additional value for its stakeholders.

The three pillars of growth outline how, by continuously improving its activities to deliver excellent services, products and projects, it is both fulfilling its societal mission and increasing its relevance in a rapidly changing environment. These pillars ensure that the Issuer keeps working in the continuously evolving interest of society.

6.2.1 Pillar 1: Deliver the infrastructure of the future & develop and operate a sustainable power system

The Group is committed to keeping the lights on around the clock, designing, delivering and operating the transmission infrastructure of the future and enabling the energy transition - not just in its home markets of Belgium and Germany, but also contributing at a European level. Its CAPEX projects, which is dedicated to delivering on time, within budget and to a high standard of quality with a maximum focus on safety, actively contribute to shaping solutions that meet its stakeholder needs and create value for wider society. For example, the onshore and offshore interconnectors the Issuer build allow renewable energy to be shared between countries that have excess RES and those that have RES deficits, so contributing to the strengthening of the internal European energy market.

6.2.2 Pillar 2: Grow beyond current perimeter to deliver societal value

This pillar aims to further expand its activities beyond its current perimeter in order to deliver additional societal value. Through its consultancy activity, EGI, the Group has developed a solid understanding of international markets and both detect and attract appealing business opportunities. Leveraging both this expertise and the experience it has gained through its regulated activities in offshore renewable development, the Issuer is actively shaping new growth opportunities. Areas the Issuer is exploring include offshore development beyond the maritime boundaries of Belgium and Germany in the North and Baltic Sea, respectively, as well as potential equity participation that creates additional value in combination with its current portfolio.

6.2.3 Pillar 3: Develop new services creating value for customers in the energy system

Through its third pillar, the Group is ready to continuously change, delivering new services that create value for energy customers and digital tools, which benefit the international energy ecosystem. The Group aims to achieve this by utilising and driving the digitalisation of the power sector and spurring

innovation. Leveraging its experience with consumer centricity as part of its regulated activities, the Group is exploring and contributing to fostering a range of new opportunities - from sector coupling through to the provision of new digital services with partners like re.alto. Ultimately, these activities will further hasten the energy transition.

6.3 The Group's digital transformation

In order to deliver the Group's strategy, the digital transformation of its business has become key.

In 2022, the Issuer set up a Digital Transformation Office (DTO) to accelerate its digital transformation. The DTO seeks to ensure that the Group is able to navigate increasingly complex challenges linked to the decarbonisation of energy systems and electrification of society and harness the associated opportunities. Through its digital transformation, the Group will realise its key ambitious: meeting customer demands for more electrification; maintaining system security while integrating high amounts of RES; accelerating the development of its infrastructure; reducing the total cost of ownership of its assets; taking better decisions based on sound data analytics; and increasing the impact and efficiency of its corporate activities.

Crucial to this digital transformation is the pursuit of change in mindset, which in turn attract talented and competent staff.

6.4 ActNow: The Group's sustainability programme

As the owner of two grid operations, the Issuer stands as a catalyst for the ongoing energy transition. Sustainability is embedded into the heart of the Group's business strategy and its ActNow programme, which was developed and published in 2021, setting out specific targets and actions to seamlessly integrate sustainability into every facet of the operations. Rooted in five dimensions, these targets and actions are guided by the UN SDGs, demonstrating that its organisational goals are explicitly linked to global goals, and are implemented through its business roadmaps and plans.

Its biggest contributions to sustainability lies in the development of the power grid and the enhancement of electricity market design, which in turn enable the integration of rapidly growing amounts of RES into the system and allow the further electrification of society to occur. These efforts are consolidated in the first objective of enabling the decarbonisation of the power sector. However, as a socially responsible Group, its commitment to sustainability reaches far beyond this: from reducing its own carbon footprint to embedding circularity in its core business processes to ensuring equal opportunities for all staff, ActNow is firmly embedded in its core business via its business roadmaps and plans. The ActNow programme is instrumental in the commitment to serving society during the decarbonisation process, enabling the Group to achieve the ambitious corporate objectives in a truly sustainable manner. This commitment is evident in the Group's focus on climate, environmental responsibility, and social and governance aspects.

The Group's ambitions are also reflected in the strong ratings assigned to it by the main Environmental, Social and Governance ("**ESG**") rating agencies such as Morningstar's Sustainalytics, which considers the Group to be at a low risk of experiencing material financial impacts from ESG factors, and which categorises the Issuer as both ESG industry top-rated and ESG regional top-rated, with a risk rating of 14.8. For MSCI, the Group has been an AA rated company since 2019.

ESG ratings may vary among ESG rating agencies as the methodologies used to determine ESG ratings may differ. The Group's ESG ratings are not necessarily indicative of its current or future operating or financial performance, or any future ability to service the Bonds and are only current as of the dates on which they were initially issued. Prospective investors must determine for themselves the relevance of any such ESG ratings information contained in this Information Memorandum or elsewhere in making an investment decision. Furthermore, ESG ratings shall not be deemed to be a recommendation by the Issuer, the Joint Bookrunners or any other person to buy, sell or hold the Bonds.

Currently, the providers of such ESG ratings are not subject to any regulatory or other similar oversight in respect of their determination and award of ESG ratings. For more information regarding the assessment methodologies used to determine ESG ratings, please refer to the relevant ratings agency's website (which website does not form a part of, nor is incorporated by reference in, this Information Memorandum).

7 Regulatory framework

7.1 Overview

The Group's risk profile is limited by the nature of its activities and the regulated environment in which it operates. The Group is active under three established regulatory regimes with separate regulators and with good visibility on the remuneration parameters within the regulatory cycles.

As set out in more detail in the Section 7.3 (*The Belgian regulatory framework*) below, the Belgian regulatory regime is fixed for a period of 4 years, and represents mostly a "cost-plus" model, whereby the non-controllable costs incurred by ETB (depreciation, financial costs and taxes) and approved by the regulator (CREG) are passed through the transmission tariffs. Those costs include the shareholders' remuneration. This remuneration is mainly based on two key items. First, for the equity corresponding to the regulatory gearing, ETB receives a fair remuneration which is driven by the perspective of the Belgian 10-year linear bond ("**OLO**") estimated by the Federal Planning Bureau, on which a risk premium weighted with a beta factor is applied (as further set out in Section 7.3.6 (*Tariff methodology applicable for the tariff period 2024-2027*)). The equity exceeding the regulatory gearing ratio (>40 per cent. of the regulated asset base ("**RAB**")) is remunerated at the same referential OLO rate increased with 70 bps. Additionally, the entire average equity will benefit from an additional remuneration if the annual daily average of the Belgian 10-year linear bond rate exceeds the risk-free rate of 1.68 per cent.

Secondly, various incentive components, linked to operational performance (i.e., specific costs and revenues over which ETB has direct control) have been defined in the current tariff methodology.

For 50Hertz, as set out in more detail in Section 7.4 (*The German legal framework*) below, the basic principle of the regulatory regime in Germany is an incentive regulation with a revenue cap and a 5-year regulatory period. The revenue cap defines how much revenues a German system operator is granted for a certain year. It comprises two different revenue components: (i) influenceable costs updated every 5 years and (ii) non-influenceable costs updated on an annual basis. For the influenceable costs, a cost assessment is performed by the regulator of the year (t-3) for the regulatory period starting in year (t) and is subject to yearly adjustments by a general sector productivity factor, an individual efficiency factor and inflation. This basic principle is complemented by several cost positions that are considered permanently non-influenceable, thus experiencing special treatment and which can be adjusted yearly. Firstly, as of 2024, the investment measures regime is replaced by a new Capital Cost Adjustment model ("**KKA regime**") that also foresees annual adjustments of capex investments. Secondly, several relevant cost positions like grid losses, balancing cost, reserves, congestion management and cost of European initiatives are subject to so-called voluntary commitments that allow for yearly adjustments based on planned cost with retroactive revision. Moreover, certain parts of HR-related costs are considered permanently non-influenceable. Finally, several surcharges complement the regulatory regime: Offshore cost are passed on to the end consumers including return on equity; renewable energy remuneration and management, combined heat power (CHP) subsidies and others are reimbursed on a cost basis.

As set out in more detail in Section 7.5 (*Regulatory framework for interconnector Nemo Link*) below, a specific regulatory framework is applicable to the Nemo Link interconnector whereby a revenue-based cap and floor regime has been agreed for a term of 25 years.

7.2 Regulatory framework in Europe

The European framework is applicable to: (i) ETB (as the TSO in Belgium); and (ii) 50Hertz (as the TSO in Germany).

7.2.1 The European legal framework

Over the past two decades, the European Union has been promoting the "unbundling" of vertically integrated electricity (and gas) companies. The current Electricity Directive and Electricity Regulation (part of the so-called "Clean Energy Package" of 2019), as defined below, have continued the liberalisation trend establishing common rules for an internal market in electricity, as well as providing conditions for third-party access to networks for the cross-border exchange of electricity.

7.2.2 Third Energy Package, Clean Energy Package, Fit for 55 and Green Deal Industrial Plan

(i) *Third Energy Package*

The previous generation of European electricity market regulation, the so-called "Third Energy Package" of 2009 was composed, among others, of Directive 2009/72/EC, Regulation (EC) No 714/2009 and Regulation (EC) No 713/2009 establishing an Agency for the Cooperation of Energy Regulators (ACER), all as amended from time to time. These acts have been replaced by the Clean Energy Package's Electricity Directive, the Electricity Regulation and ACER Regulation (each as defined below) respectively (see Section 7.2.2(ii) (*Clean Energy Package*) below).

Already under the Third Energy Package, for transmission activities, Member States have been required to implement provisions regarding: (a) the

appointment/licensing of the TSO(s); (b) the separation of generation and supply activities from the (ownership and) operation of the network (ownership, legal, functional and accounts unbundling) and related certification requirements; (c) confidentiality of commercially sensitive information; (d) non-discriminatory third-party network access; and (e) the creation of independent regulators.

(a) *Appointments of ETB and 50Hertz as TSOs*

Member States are required to appoint one or more TSOs. Belgium has elected to appoint one single TSO for its entire territory. This is set out in the Belgian federal electricity law of 29 April 1999, as amended (the "**Electricity Law**"). The duration of the appointment is not specified by EU law and, consequently, is determined at the national level by each Member State.

ETB was appointed as the Belgian TSO for a (renewable) 20-year term as from 31 December 2019 by a Ministerial Decree of 13 January 2020. ETB has also been appointed as the regional TSO in the Brussels-Capital Region for the same period by a Decree of the Brussels-Capital Region's government of 19 December 2019 and as the local TSO in the Flemish Region. As to the Walloon Region, it follows directly from the Walloon electricity decree of 12 April 2001, as amended, (the "**Walloon Electricity Act**") that the national TSO (ETB) is also the local TSO. On 18 December 2023, the Issuer has been re-appointed as local TSO in the Flemish Region by the VREG for a renewable term of twelve years. This re-appointment is subject to the condition, to be fulfilled no later than 1 January 2025, to meet a certain requirement regarding the independence of certain independent directors of ETB. More precisely, the VREG is of the opinion that the independent directors of ETB that also have a mandate in the Issuer cannot qualify as independent directors within the meaning of the Flemish energy legislation. As it is the first time that the VREG imposes this requirement, ETB is examining adequate further steps in view of this decision of the VREG.[6]

50Hertz is permitted to operate as a TSO in Germany and, while this authorisation is not limited in time, it can be revoked by the Energy Authority of the State of Berlin (*Senatsverwaltung für Wirtschaft, Technologie und Forschung (Energiewirtschaft/Energieaufsicht)*).

(b) *Unbundling*

TSOs are required to be "unbundled" from electricity production and supply undertakings. More precisely, the person or company that is appointed as TSO must, at least in terms of its ownership (subject to historical exemption regimes in certain EU Member States), its accounting, its legal form, its organisation and its decision-making process, be independent from undertakings active in the production or supply of electricity (and gas). Cross-participations between transmission activities on the one, and production and supply (and associate) activities on the other, are in principle excluded.

[6] It can be noted that pursuant to a change to the Electricity Law published on 24 November 2023, already ETB must have at least one independent director that is not a director of or performs any function or activity in service of the Issuer (see below).

The Electricity Law also provides that ETB cannot develop any activities with respect to the operation of distribution grids below 30kV and that neither ETB nor gas companies can hold any direct or indirect participations in each other. It can be noted, however, that a bill was approved by the federal parliament on 26 October 2023 and published on 23 November 2023, which amends these extended unbundling requirements amongst other things to bring them more in line with the requirements of the Electricity Directive and general EU law principles of proportionality[7]. Upon entry into force of this change in law, gas and electricity companies, other than companies active in production and supply, will no longer be prohibited from holding stakes in each other[8]. A certification procedure applies as a condition to (re)appointment, and is run by the competent national regulator together with the European Commission (and ACER) to verify compliance with the (ownership) unbundling requirements. The TSO must at all times continue to comply with those requirements. In addition to the restriction on operating distribution grids below 30kV as mentioned above, federal unbundling requirements directly applicable to ETB as a system operator (and therefore indirectly impacting the Issuer) include the following:

- the system operator must not exercise any form of control, directly or indirectly, over undertakings performing any of the functions of producing or supplying electricity and/or natural gas, or over distributors or intermediaries;
- the exercise of a function or activity in other legal entities by a member of the executive management board of the system operator shall not impair the independence of the transmission system operation;
- the system operator cannot be active in generation and supply except for its ancillary needs;
- the system operator cannot own nor operate energy storage facilities; and
- for metering purposes, the system operator must be the owner and operator of the metering devices used for access to the grid.

As local TSO in the Flemish region, ETB must also take into account that the unbundling requirements in the Flemish Region have been extended towards importers of foreign gas, intermediaries, energy service providers and ESCOs, aggregators and their affiliated/associated companies. This means, among other things, that:

- ETB as a local TSO cannot hold any direct or indirect participations in importers of foreign gas, producers, suppliers,

[7] In addition to that, the bill amends requirements for independent board members of the TSO and members of its Corporate Governance Committee, Audit Committee and Executive Management Board. Reference is also made to Section 12 (*Management and corporate governance*).

[8] This change, which scales back Belgian law requirements that were stricter than what is required under EU law, aims at enabling a potential rapprochement between the (controlling) shareholders of the Belgian gas and electricity network operators Elia and Fluxys.

intermediaries, energy service providers, ESCOs, aggregators, including companies affiliated or associated with them. Nor can its directors, executive officers and personnel perform any function or activity (whether remunerated or not) for/in importers of any such entities;

- due to the importance of the right of access, the preparation of decisions with regard to some strategic and confidential matters, such as operation of the grid, access to the grid, accountancy, metering, data management, can only be done by ETB's own personnel, and the performance of related implementation tasks cannot be outsourced to importers of foreign gas, producers, suppliers, intermediaries, energy service providers, ESCOs, aggregators, including companies affiliated or associated with them; and

- except for its own use, ETB cannot own nor operate charging points.

A similar principle applies to 50Hertz and German laws impose that it has to respect all unbundling principles as set forth hereabove. BNetzA (the German regulator) has certified 50Hertz as an ownership unbundled TSO, but BNetzA may revoke the certification and/or impose fines on 50Hertz if it ceases to meet the unbundling provisions.

(c) *Confidentiality of commercially sensitive information*

TSOs must preserve the confidentiality of commercially sensitive information obtained in the course of carrying out their activities, and shall prevent information about their own activities (e.g., on network availability and capacity allocation), which may be commercially advantageous from being disclosed in a discriminatory way. This obligation goes along with and aims at protecting the right of non-discriminatory network access of the market players, whose commercial position must not be revealed to competitors. As regulated actors, TSOs must be trustworthy actors in the competitive non-regulated part of the energy market and must exchange information with the other TSOs and disclose certain information to the market as necessary to preserve effective competition and the efficient functioning of the market, while preserving the confidentiality of commercially sensitive information.

(d) *Network access*

EU law requires each Member State to implement a regulated third-party access regime based on pre-approved and published tariffs that are applied to all network users in a non-discriminatory manner. The tariffs, or at least the methodologies for their calculation, have to be pre-approved by an independent regulator and must allow for the investments necessary for the long-term viability of the network. Reference is made to Section 7.3 (*The Belgian regulatory framework*) and 7.4 (*The German legal framework*) for a detailed description of the currently applicable tariff methodology.

(e) *Independent regulators*

EU law requires that each EU Member State establishes (an) independent regulator(s) specific to the energy industry. The regulator's main task is to ensure non-discrimination among grid users and end customers and the efficient functioning of the market through, inter alia, the setting or approval of the transmission tariffs (or at least the methodology for their calculation) and monitoring the compliance of the electricity undertakings with their obligations under EU law and the laws of the Member State. In addition, the regulator must monitor the management and allocation of the interconnection capacity, the mechanisms for managing congested capacity and the level of transparency and competition in the market. Furthermore, the regulator may also act as the dispute-settlement authority for complaints made by grid users against the TSOs and DSOs.

In Belgium, ETB's main regulator is the federal regulator CREG. In addition, for certain matters in relation to its capacity as local/regional TSO in Flanders, Brussels and Wallonia, the regional regulators VREG, Brugel and CWaPE are competent. Reference is made to Section 7.3.2 (*Regulatory authorities in Belgium*) below.

In Germany, 50Hertz is mainly regulated by the federal network agency "*Bundesnetzagentur (BNetzA)*". Reference is made to section 7.4.2 (*Regulatory agencies in Germany*) below.

(ii) *Clean Energy Package*

Under the Third Energy Package's successor, the so-called "Clean Energy Package", the key principles of the Third Energy Package (as described above) are maintained by the (recast) Electricity Directive, Electricity Regulation and ACER Regulation, each as defined below). Nonetheless, the recasts bring a number of important changes in how these principles are to be further implemented going forward, which affect the roles and responsibilities of, among others, the TSOs, the DSOs, ENTSO-E, the (new) EU DSO entity, national regulatory authorities ("**NRAs**") and ACER.

The Clean Energy Package is composed of a wider set of Directives and Regulations as further detailed below. Several of these Directives and Regulations have been or will be revised as part of the Fit for 55 package (see also section 7.2.2(iii) (*Green Deal, Fit for 55 package and Recovery and Resilience Facility*) below).

- The (recast) Directive (EU) 2019/944, as amended (the "**Electricity Directive**")

  The Electricity Directive confirms the principle of market-based power supply, specifying under which circumstances for which period of time derogations are possible with a view to protecting energy poor and vulnerable household consumers. It also enables suppliers to offer dynamic electricity price contracts and provides the possibility for consumers to purchase and sell electricity via aggregation, independently of their electricity supply contract and without requiring

their supplier's consent. By 2026 it must be possible for each consumer to switch its supplier or aggregator within 24 hours.

The Electricity Directive allows and provides incentives for DSOs to procure flexibility services with a view to improving efficiencies in the operation and development of the distribution system. It further requires the development of independent, free-of-charge price comparison tools for household consumers and micro-enterprises, and imposes detailed billing guidelines and information requirements. It also requires electromobility to contribute to a better functioning of and foster the participation of end consumers to the market (with a potential role to be played by the DSOs if the market does not do it).

All final consumers must be able to act as active consumers (i.e., able to consume, store or sell self-generated electricity within their premises, or to participate in flexibility schemes) without being subject to disproportionate or discriminatory technical requirements, administrative requirements, procedures and charges, and to network charges that are not cost-reflective (meaning they are entitled to network charges accounting separately for the electricity fed into and taken off the grid, based on smart meters). They should be able to delegate the management or their installations and balancing responsibility to third parties. The Electricity Directive also creates citizen energy communities, open to voluntary participation by natural persons, local authorities and small and micro-enterprises.

The Electricity Directive promotes energy efficiency and empowers end consumers, amongst others through the further deployment of smart metering systems and by setting rules on the access of end consumers to their data. In particular, all end consumers have a right to get a smart meter installed, if they bear the associated cost. A systematic roll-out of smart meters can be linked to a positive cost-benefit analysis.

The Electricity Directive clarifies the DSOs' tasks, particularly relating to the use of flexibility, co-ordination with the TSOs and the development of network development plans. The existing provisions for TSOs are largely maintained, with clarifications concerning energy storage, ancillary services and the new regional co-ordination centres (see below). The Electricity Directive further imposes constraints on the DSOs' and TSOs' right to own, develop, manage and operate EV charging, ancillary services and energy storage facilities. These are only possible if certain conditions are fulfilled (i.e., if the market fails to provide these functions), and subject to regular reassessments of the market situation.

Finally, the Electricity Directive reinforces and extends the powers of the NRAs.

- The (recast) Regulation (EU) 2019/943, as amended (the "**Electricity Regulation**")

  On top of the objectives already put forward by the Regulation (EC) No 714/2009, the Electricity Regulation aims to: (i) set the basis for an

efficient achievement of the objectives of the Energy Union and in particular the climate and energy framework for 2030 by enabling market signals to be delivered for increased efficiency, higher shares of renewable energy sources, security of supply, flexibility, sustainability, decarbonisation and innovation; and (ii) set fundamental principles for well-functioning, integrated electricity markets

In view of that, the Electricity Regulation defines principles on balance responsibility, non-discriminatory access to balancing markets and the settlement of the imbalance price having to reflect the real-time value of energy (i.e. reflecting the marginal cost of each imbalance in each quarter hour). The Electricity Regulation also enhances the cooperation between TSOs and nominated electricity market operators ("**NEMOs**") for the harmonised management of the integrated day-ahead ("**DA**") and intra-day ("**ID**") markets and requires TSOs to issue long-term transmission rights ("**LTTRs**") to allow market participants to hedge price risks across bidding zone borders.

The Electricity Regulation further sets a prohibition on maximum and minimum limits to wholesale electricity prices, except for applying harmonised limits on maximum and minimum clearing prices for DA and ID timeframes under certain conditions. It also sets detailed rules on the non-discriminatory, transparent and market-based dispatching (subject to priority dispatching of renewables in limited cases) of generation and demand response, as well as redispatching (including reliability curtailment) and congestion management. As a rule, redispatching, curtailment and congestion management must be market-based, with non-market-based methods (such as transaction curtailment) to be used only in limited circumstances, in particular where renewable generators are concerned. TSOs requesting redispatch or curtailment must financially compensate the affected facilities and network planning can take into account re-dispatching up to 5 per cent. of the annually generated electricity from renewable sources directly connected to the grid. Capacity can be allocated via explicit or implicit auctioning (i.e., via bids including both the price for the energy and the capacity) and must be freely tradeable on the secondary market. At least 70 per cent. of interconnector capacity must be available for cross-zonal trade. The Electricity Regulation also provides for regular reviews of bidding zone configurations as a way to solving congestion.

An important innovation, the Electricity Regulation (in conjunction with the Risk Preparedness Regulation – see below) sets a framework for capacity remuneration mechanisms ("**CRMs**") as a means to address security of supply issues. CRMs must be justified by a resource adequacy assessment. They must be temporary, technology-neutral (including storage and demand-response) and open to (direct or indirect) cross-border participation where technically feasible. They must take the form of a strategic reserve unless if that cannot address the adequacy concern. The Electricity Regulation also lays down some sustainability (emissions) criteria (with a grace period), and grandfathering provisions for existing contracts.

Under the Electricity Regulation, tariffs for network connection and access cannot be distance-related or create disincentives for self-generation, self-consumption and demand-response. There can be no (positive or negative) discrimination against production connected at transmission and distribution level, nor against storage and aggregation capacity.

Last but not least, under the Electricity Regulation, the tasks of ENTSO-E have been extended and the regional security centres are replaced by regional coordination centres ("**RCCs**"). The RCCs will complement the role of the TSOs by performing tasks of regional relevance and fostering coordination between the TSOs. The Electricity Regulation also provides for the creation of an EU DSO entity, allowing the DSOs to coordinate on things as network planning, grid codes, the integration of renewables and demand-response, and digitalisation.

- The (recast) Regulation (EU) 2019/942, as amended (the "**ACER Regulation**") establishes a European Union Agency for the Cooperation of Energy Regulators ("**ACER**"), the purpose of which is to assist the national regulatory authorities in exercising, at EU level, the regulatory tasks performed in the Member States and, where necessary, to coordinate their actions and to mediate and settle disagreements between them. ACER also contributes to the establishment of high-quality common regulatory and supervisory practices, thus contributing to the consistent, efficient and effective application of EU law in order to achieve the EU's climate and energy goals.

- Regulation (EU) 2019/941 on risk-preparedness in the electricity sector (the "**Risk-Preparedness Regulation**") aims at enhancing the cooperation between Member States with a view to preventing, preparing for and managing electricity crises and security of supply concerns in a spirit of solidarity and transparency and in full regard for the requirements of a competitive internal market for electricity. To that end, the Risk-Preparedness Regulation sets out methodologies to (i) assess security of supply; (ii) identify crisis scenarios in the Member States and on a regional level; (iii) conduct short-term adequacy assessments; and (iv) establish risk-preparedness plans and manage crises, including ex-post evaluation and monitoring.

- The (recast) Directive (EU) 2018/2001 on the promotion of the use of energy from renewable sources, as amended (the "**RES Directive**") establishes common principles and rules to remove barriers, stimulate investments and drive cost reductions in renewable energy technologies, and empowers citizens, consumers and businesses to participate in the clean energy transformation. At the heart of the RES Directive is the EU-wide objective of achieving a minimum RES share in the EU's gross final energy consumption by 2030. Member States can set their own individual targets towards achieving the EU-wide target. These targets have been increased as part of a recently approved revision of the RES Directive (Directive (EU) 2023/2413), published on 31 October 2023 as part of the Fit for 55 package (see Section 7.2.2(iii) (*Green Deal, Fit for 55 package and Recovery and*

Resilience Facility) below). Notably the headline target for 2030 has been raised to a share of renewables reaching 42.5% of the EU's final energy consumption.

To achieve these general objectives, the (revised) RES Directive sets out detailed rules, amongst other things, on RES support schemes, permitting, guarantees of origin, grid connection (including priority grid access for smaller installations, demonstration projects and renewable gas, but no longer applying to RES in a general way), renewable self-consumption and energy communities, and district heating and cooling.

- The Directive 2012/27/EU on energy efficiency, as amended including by Directive (EU) 2018/2002 and Directive (EU)2018/844 (the "**EE Directive**") lays out a common framework of measures for the promotion of energy efficiency within the EU in order to ensure the EU's 2020 and 2030 headline targets regarding energy efficiency could be met, and paves the way for further energy efficiency improvements beyond those dates. These targets have been updated under the recently approved recast of the EE Directive (Directive (EU) 2023/1791), published on 20 September 2023 as part of the Fit for 55 package, which will replace the current EE Directive with effect as from 12 October 2025 (see Section 7.2.2(iii) (*Green Deal, Fit for 55 package and Recovery and Resilience Facility*) below). Notably the headline energy savings target has been increased to a reduction of 11.7% in energy use by 2030 compared to the 2020 baseline scenario.

  To achieve its objectives, the (recast) EE Directive introduces an "energy efficiency first" principle, next to strengthened rules designed to remove barriers in the energy market and overcome market failures that impede efficiency in the supply and use of energy. Member States must set indicative national energy savings targets for final energy consumption. Member States must also ensure that the total final energy consumption of all public bodies combined is reduced by at least 1.9% each year, when compared to 2021. The (recast) EE Directive also contains rules on extended consumer rights, including on smart metering, access to billing and consumption information.

- The (recast) Directive 2010/31/EU on the energy performance of buildings, as amended including by Directive (EU) 2018/844 (the "**EPB Directive**") supplements the EE Directive particularly for the real estate and construction sector (appreciating the fact that the biggest energy efficiency gains can be achieved from buildings). The (recast) EPB Directive covers topics including, amongst other things, renovation targets, energy performance certificates ("**EPCs**"), inspection, monitoring and control of energy use and the deployment electrical vehicle ("**EV**") (re)charging points in buildings. The targets set under the (recast) EPB Directive will be updated through another recast of the EPB Directive on which political agreement was reached on 7 December 2023 and a text was approved by the European Parliament on 12 March 2024 (still to be endorsed by the Council), as part of the Fit for 55 package (see Section 7.2.2(iii) (*Green Deal, Fit for 55 package and Recovery and Resilience Facility*) below.

Amongst other things, the recast requires all new buildings to be zero-emission as of 2030 and all new buildings occupied or owned by public authorities by 2028, taking into account their lifecycle global warming potential. For residential buildings, member states will have to put in place measures to ensure a reduction in the average primary energy used of at least 16% by 2030 and at least 20 to 22% by 2035.

- The Regulation EU) 2018/1999 on the governance of the Energy Union and Climate Action, as amended (the "**Governance Regulation**") establishes a governance mechanism to:

  (a) implement strategies and measures designed to meet the objectives and targets of the Energy Union and the long-term EU greenhouse gas emissions commitments consistent with the Paris Climate Agreement, for the first ten-year period, from 2021 to 2030, covering in particular the EU's 2030 targets for energy and climate;

  (b) stimulate cooperation between Member States, including, where appropriate, at regional level, designed to achieve the objectives and targets of the Energy Union;

  (c) ensure the timeliness, transparency, accuracy, consistency, comparability and completeness of reporting by the EU and its Member States to the UNFCCC and Paris Climate Agreement secretariat; and

  (d) contribute to greater regulatory certainty as well as contribute to greater investor certainty and help take full advantage of opportunities for economic development, investment stimulation, job creation and social cohesion.

To achieve those objectives, the Governance Regulation, which covers the five dimensions of the Energy Union (i.e. decarbonisation, internal energy market, energy efficiency, energy security, research, innovation and competitiveness) introduces a new instrument in the form of the national energy and climate plans ("**NECPs**"). In practice, Member States had to submit their first NECPs by the end of 2019. Member States were then expected to submit draft updated NECPs for the 2021-2030 period by 30 June 2023 and are now required to send in the final update of their NECPs to the Commission by 30 June 2024, also to reflect the new ambitions emanating from the Climate Law and the Fit for 55 package (see below).

The Governance Regulation is currently undergoing an evaluation process requiring the Commission to report to the European Parliament and to the Council on the functioning of the Governance Regulation (including its contribution to the governance of the Energy Union and to the long-term goals of the Paris Climate Agreement), within six months of each "global stocktake" under the Paris Climate Agreement. The first such global stocktake has taken place at the COP28 meeting (between 30 November 2023 and 12 December 2023). New legislative proposals may accompany the evaluation report of the Commission. Since the adoption of the Governance Regulation back in 2018, numerous evolutions and changes have swept the political and geopolitical

context such as (amongst other things) Russia's war on Ukraine. Also, amongst other things, the release of the Green Deal and all related initiatives and legislation since 2019 entail implications for the governance of the Energy Union and of the EU's climate policy.

(iii) *Green Deal, Fit for 55 package and Recovery and Resilience Facility*

The European Union's vision to increase its climate ambitions in line with the Paris Climate Agreement was presented by the European Commission in its Green Deal[9] in December 2019. The Green Deal was presented as the new growth strategy for the EU and is regarded as laying "*down the blueprint for the transformational change"*[10] needed by the EU to meet its climate ambitions and become "*the first climate neutral continent by 2050"*[11].

In order to give teeth to the Green Deal, an EU Climate Law (the "**Climate Law**")[12], was adopted in June 2021. It imposes binding obligations both to the EU and the Member States and provides an overall framework for the EU's contribution to the Paris Climate Agreement. Amongst others, the Climate Law (i) sets out a binding objective of climate neutrality in the EU by 2050, (ii) sets out a binding intermediary target of a reduction of net greenhouse gas emissions by at least 55 per cent. compared to 1990 by 2030 and (iii) a second intermediary target still to be set for 2040.

Taking stock of the Green Deal, and the legally binding targets put forward in the Climate Law, in July 2021, the Commission published the first part of its so-called "**Fit for 55**" package to reduce greenhouse gas emissions by at least 55 per cent. compared to 1990 by 2030 (i.e. the intermediary target set in the Climate Law and confirmed by the European Council in December 2020). The package consists of a set of interlinked proposals, to support a "*fair, competitive and green transition*"**[13]**. This extensive package, which was complemented by a second series of legislative proposals in December 2021, entails the revision (in the form of amendments and recasts) of a wide array of existing energy and climate related legislations, as well as proposals for new pieces of legislation with relevance to the power markets and the Issuer.

Without being exhaustive, the package notably entails revisions of the RES Directive, the EE Directive, the EPB Directive, the Alternative Fuels Infrastructure Directive 2014/94/EU ("**AFI Directive**"), the Effort Sharing Regulation (EU) 2018/842 ("**ES Regulation**"), the EU Emission Trading System Directive 2003/87/EC ("**EU ETS Directive**"), the Energy Taxation Directive 2003/96/EC ("**Energy Taxation Directive**"), as well as of the current Gas Directive 2009/73/EC and Gas Regulation (EC) 715/2009. It also introduces a proposal for a carbon border adjustment mechanism ("**CBAM**") through a newly adopted Regulation (EU) 2023/956 ("**CBAM Regulation**").

Further changes were proposed and folded into the same legislative process in the context of the REPowerEU plan, which builds on the Green Deal, the

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9 European Commission, Communication from the Commission, "The European Green Deal", Brussels 11.12.2019, COM (2019) 640 final.

10 European Commission, Communication, "Fit for 55 : delivering the EU's 2030 Climate Target on the way to climate neutrality", COM(2021) 550 final, Brussels. 14.07.2021, p. 1.

11 European Commission, European Green Deal: Commission proposes transformation of EU Economy and society to meet climate ambitions, Press Release, Brussels. 14th July 2021.

12 Regulation 2021/1119 establishing the framework for achieving climate neutrality and amending Regulations (EC) N°401/2009 and (EU) 2018/1999 ("European Climate Law"), OJ L 243/1, 9.7.2021

13 European Commission, Communication from the Commission: "Fit for 55": delivering the EU's 2030 Climate Target on the way to climate neutrality", 14.07.2021, COM(2021) 550 final, p.3.

Climate Law and the Fit for 55 package in order to address both high energy prices and the dependence on Russian fossil fuels. The plan focused on the diversification of Europe's energy supplies, energy saving measures and increasing clean power.

As regards the Fit for 55 proposals published in July 2021 all final tests have now been agreed and most of them have been published and entered into force. The proposal for a revision of the Energy Taxation Directive has however not yet been agreed as it remains subject to much political debate.

(iv) As regards the additional Fit for 55 proposals published in December 2021, including the recast EPB Directive, the Gas Decarbonisation package (revising the Gas Directive and Gas Regulation, including new rules on hydrogen) and a proposal for a Regulation on methane emissions reduction in the energy sector, the current status (as at the date of this Information Memorandum) is as follows: (i) provisional political agreement was reached mid-November 2023 on the proposal for a Regulation on methane emissions reduction in the energy sector; (ii) provisional political agreement was reached on the proposal for a revision of the Gas Directive (end November 2023) and of the revision of the Gas Regulation (early in December 2023); and (iii) political agreement was reached on 7 December 2023 on the proposal for a recast of the EPB Directive. These texts now need to be finalised, endorsed and formally approved by the co-legislators. Political agreement on and publication and entry into force of all texts are expected still before the European elections of June 2024.

The aim of the Recovery and Resilience Facility ("**RRF**") is to mitigate the economic and social impact of the coronavirus pandemic and make European economies and societies more sustainable, resilient and better prepared for the challenges and opportunities of the green and digital transitions. The RRF is a temporary recovery instrument. It allows the Commission to raise funds on the debt capital markets (by issuing bonds on behalf of the EU) to help Member States implement reforms and investments that are in line with the EU's priorities and that address the challenges identified in country-specific recommendations under the European Semester framework of economic and social policy coordination. It coexists with other EU funding instruments (such as the Innovation Fund, which is funded through the sale of ETS allowances).

The RRF helps the EU achieve its target of climate neutrality by 2050 and sets Europe on a path of digital transition, creating jobs and spurring growth in the process. The reforms and investments in Belgium's Recovery and Resilience Plan (RRP), to which RRF funds will be allocated, aim for Belgium to become more sustainable, resilient and better prepared for the challenges and opportunities of the green and digital transitions. To this end, the plan consists of 105 investments and 35 reforms. They will be supported by €5.9 billion in grants, out of which €100 million is allocated to the construction of an artificial energy island in the North Sea (the Princess Elisabeth Island) to integrate offshore wind and further international interconnections (see below).

(v) *Green Deal Industrial Plan and Electricity Market Design Reform*

As part of its Green Deal Industrial Plan[14], the European Commission on 14 March 2023 published a proposal[15] to reform the EU's power market (the "**Electricity Market Design Reform**" or "**EDMR**"). The EMDR aims amongst other things at accelerating a surge in renewables (and accommodating grid access for increasing volumes of electricity from intermittent sources) and the phase-out of gas, making consumer bills less dependent on volatile fossil fuel prices, better protecting consumers and stabilising energy prices by providing more predictable long-term price signals. It also seeks to empower consumers and suppliers to participate more actively in the power and balancing markets, among other things through demand-response and storage solutions.

Corporate off-takers and renewable and low-carbon power producers will be able to achieve price stability and predictability either through (corporate) power purchase agreements, which may be backed by market-based credit support guarantees, for projects that are privately funded, or two-way contracts for difference ("**CfDs**"), for projects that receive public funding in the form of direct price support. The latter system offers producers a revenue guarantee, while on the other hand allowing governments to skim and redistribute windfall profits to final consumers. Two-way CfDs will become the only possible public support mechanism for infra-marginal technologies (i.e. wind, solar, geothermal, hydropower without reservoir and nuclear) going forward, with a three-year transition period for ongoing projects. Revenues above the strike price (increased by a margin) will be redistributed to final consumers, although Member States retain flexibility as to how that should occur.

Forward contracts are enhanced as another way to achieving price stability by allowing producers to hedge against future price fluctuations. The proposal suggests this can be achieved by creating combined bidding zones with reference prices against which suppliers and other market participants can hedge their positions, and virtual cross-zonal trading hubs, with matching long(er) term (financial) transmission rights (up to 3 years ahead). This may impact the Issuer's operations and the congestion revenues collected by the Issuer when allocating cross-border/zonal transmission capacity.

Tariff methodologies for TSOs and DSOs are updated, amongst other things by recognising and incentivising not only capital expenditures (CAPEX) but also operational expenditures (OPEX), as well as anticipatory investments (thus supporting a grid-leading approach to enable seamless connection of intermittent renewables and increased demand for electricity).

On the other hand, the proposal supports **consumer empowerment** by allowing the use by TSOs and DSOs of data from dedicated metering devices (sub-meters and embedded meters) for observability and settlement of flexibility services provided amongst other things by demand response and energy storage; and by enshrining the right of consumers to have multiple energy supply contracts in place (allowing for so-called "peak shaving").

[14] Next to the proposed EMDR, the Green Deal Industrial Plan includes proposals for a Net-Zero Industry Act (NZIA), a Critical Raw Materials Act (CRMA) and a state aid Temporary Crisis and Transition Framework.

[15] Proposal for a Regulation of the European Parliament and of the Council amending Regulations (EU) 2019/943 and (EU) 2019/942 as well as Directives (EU) 2018/2001 and (EU) 2019/944 to improve the Union's electricity market design, COM(2023) 148 final, 14.03.2023.

To improve the EU's responsiveness in the face of a future energy crisis, such a crisis can be declared, based on a set of criteria linked to wholesale and retail electricity prices reaching certain thresholds. Following such a declaration, member states' national governments will be able to take temporary measures, including setting price caps for SMEs and energy-intensive industrial consumers.

Accompanying the EMDR proposal, the Commission also proposed a revision[16] of Regulation (EU) No 1227/2011 on wholesale energy market integrity and transparency ("**REMIT**") with the aim of ensuring competitive markets and transparent price setting by providing ACER and national regulators with an enhanced ability to monitor energy market integrity and transparency. The revised REMIT proposal amongst other things strengthens the role of ACER (alongside national regulators) in investigations of potential market abuse cases of cross-border nature, and allows Member States more flexibility in setting administrative fines. It also includes limited updates to the ACER Regulation for the sake of coherence with the REMIT revision.

The EU's co-legislators have finetuned their positions on the revised REMIT and EMDR proposals and kicked off negotiations in October 2023, with provisional political agreements reached on 16 November 2023 and 14 December 2023. Formal adoption and publication of both final texts by the European Parliament and the Council is expected still before the European elections in June 2024, following which these new laws can enter into force.

7.2.3 Regulation on cross-border exchanges and on trans-European infrastructure

Cross-border exchanges in electricity

The Electricity Regulation determines conditions for access to the network for cross-border exchanges in electricity. It provides rules applicable to cross-border capacity allocation methods and to the establishment of a compensation mechanism for cross-border flows of electricity. It also provides the basic principles applicable to setting cross-border transmission charges. These charges must be transparent, take into account the need for network security, reflect actual, not unreasonable costs, be applied in a non-discriminatory manner and not be distance related. Furthermore, any revenues resulting from the allocation of capacity must be taken into account by regulatory bodies when setting the transmission tariffs. The principles on cross-border exchanges set out in the Electricity Regulation have been further developed in the European grid codes (see section 7.2.4 "*Grid codes*" below).

Trans-European infrastructure

Regulation (EU) 2022/869 on guidelines for trans-European energy infrastructure ("**TEN-E Regulation**") determines the structure and process to establish lists of projects of common interest ("**PCIs**") developed by project promotors. The selection is done based on a number of factors, including an energy system-wide cost-benefit analysis. The selected projects receive priority treatment in the permit-granting process and specific treatment for cost allocations and may receive incentives and European subsidies under the Connecting Europe Facility ("**CEF**").

Among the key elements of the new TEN-E Regulation (which replaced the old one from 2013) are:

(i) strengthened cross-border cooperation in offshore infrastructure developments, smart electricity grids and hydrogen;

[16] Proposal for a Regulation of the European Parliament and of the Council amending Regulations (EU) No 1227/2011 and (EU) 2019/942 to improve the Union's protection against market manipulation in the wholesale energy market, COM(2023) 147 final, 14.3.2023.

(ii) a mandatory sustainability assessment for all eligible projects; and

(iii) new provisions for projects of mutual interest ("**PMIs**") connecting the EU with third countries, in the interest of security of supply.

ETB has already received the label of PCI for many of its cross-border projects in the past. In the most recent list of the European commission (dated 29/11/2023) the projects of Triton-Link, Nautilus, Brabo II & III and Lonny-Achène-Gramme are identified as PCI or PMI.

7.2.4 Grid codes

A grid code contains the rules governing the connection and access to the electricity network, the provision of ancillary services by the network users (generators, distributors, suppliers and end consumers directly connected to the network) and their respective rights and duties, as well as the rights and duties of the TSOs. There are seven national grid codes in Belgium (one federal and six regional), four of which apply to ETB[17]. All codes deal with similar issues, mostly technical, but apply to different networks: they establish, among other matters, the procedure for the connection of a user to the network, the rights and duties of each network user, the parties' balancing obligations, the procedure for measuring the volume of electricity transmitted and emergency procedures in the event of an incident or an anticipated blackout. In Germany, for the same purpose, four laws and six regulations are relevant to 50Hertz.

At European level, the Electricity Regulation sets out the areas in which European grid codes have been and are being developed. These codes are developed by ENTSO-E in cooperation with ACER and are submitted to the European Commission to go through comitology and receive legislative force as Commission Delegated Regulations. The EU DSO entity contributes to the development of network codes which are relevant for the distribution systems and the DSOs. The European Commission can also approve grid codes in its own right, in certain areas. The European grid codes are sets of rules that apply to one or more parts of the energy sector. To date, eight European grid codes and guidelines have entered into force: "Capacity Allocation and Congestion Management", "Requirements for Generators", "Demand Connection", "HVDC", "Forward Capacity allocation", "Emergency and Restoration", "Electricity Balancing" and "System Operations". A ninth network code "Cybersecurity" has been adopted by the European Commission (it will enter into force if neither the Council nor the European Parliament object) and preparations for its implementation (following its entry into force) have commenced.

The website of ENTSO-E gives a status update of the development and implementation of all the European network codes: https://www.entsoe.eu/major-projects/network-code-development/updates-milestones/Pages/default.aspx[18].

Following the entry into force of the European grid codes and guidelines, the Belgian federal and regional grid codes applicable to ETB have been and are being updated to ensure the consistency of the various sets of rules. Nonetheless, the development of European grid codes and guidelines remains without prejudice to the rights of EU Member States to establish and maintain national grid codes, to the extent their content does not adversely interfere with the cross-border trade of electricity. Similar principles apply under the German legislation and to 50Hertz, which also has to respect these grid codes.

[17] Note that the previously existing Federal Grid Code has been split into the new Code of Conduct established by the CREG, and the remaining provisions of the Royal Decree of 22 April 2019 containing the technical regulations for the operation of the transmission system and access to it (the Technical Regulations) – see section 7.3.1 "*General overview*" below.

[18] See: ACER's Process on the grid connection NCs amendment. The information on this website is not incorporated in, and does not form part of, this Information Memorandum.

7.3 The Belgian regulatory framework

7.3.1 General overview

The Belgian electricity market is regulated both at federal and regional level, in accordance with the division of competencies as detailed in the Special Law of 8 August 1980 on the reform of the institutions.

The Third Energy Package has been transposed into law through amendments of the Electricity Law at the federal level, and of the regional legislation in place at the Flemish, Brussels-Capital and Walloon levels, each within their respective areas of competence. Following a judgement of the Court of Justice of the European Union ("**CJEU**") of 3 December 2020 in an infringement procedure brought against the Belgian State, the federal Electricity Law was amended on 21 July 2021 to bring it in line with Directive 2009/72/EC as to the designation of the TSO, the powers of the CREG to approve the terms and conditions for the access and connection to the grid and for ancillary services and to impose penalties (see below regarding the CREG's newly adopted Code of Conduct). Subject to completing the split of the Federal Grid Code as set out below, the implementation into Belgian law of the European grid codes (see section 7.2.4 "*Grid codes*" above) has been mostly completed. The Clean Energy Package has for the most part been transposed into Belgian law at the federal level and in all three Regions. Recent EU law changes (as resulting amongst others from the Fit for 55 package and the EMDR) will need to be transposed in due course.

With respect to the transmission grid and the local/regional transmission grids operated and owned by ETB (and Elia Asset), cost control and tariff matters are the responsibility of the federal State for the entire grid, whereas technical, operational and organisational (including unbundling) matters regarding access and connection to the grid fall under the responsibility of the Regions for voltages equal to or below 70kV (local and regional transmission systems) and of the federal State for voltages above 70kV (the national transmission system). The three Regions are also responsible for low- and medium-voltage public distribution networks (including distribution tariffs).

At federal level, the Electricity Law forms the overall basis of and contains the main principles of the legal framework applicable to ETB, including unbundling and the transmission tariffs. In addition, the Belgian federal government has enacted several royal decrees governing, amongst others, aspects of the generation of electricity, the technical operation of the transmission network and appointment, rights and obligations of the TSO (including the Royal Decree of 22 April 2019 containing technical regulations for the operation of the transmission system and access to it, as amended, the "**Technical Regulations**"), public service obligations and accounting requirements with respect to the transmission network and market monitoring and supervision by the CREG. Pursuant to the aforementioned law of 21 July 2021 amending the Electricity Law, the CREG has been given the competence, with effect as from 1 September 2022, to establish a code of conduct setting out, amongst other things, the conditions for (i) on a proposal of the TSO, the connection and access to the transmission system; (ii) the provision of ancillary services; and (iii) the access to cross-border infrastructure, including the capacity allocation and congestion management (CACM) procedures (in accordance with the European CACM grid code). On 20 October 2022, with effect from the date of publication on its website, the CREG has approved its electricity code of conduct (the "**Code of Conduct**"). While the Code of Conduct has meanwhile entered into force, the Technical Regulations have yet to be updated to reflect the split (likely resulting in the repeal of most chapters of the Technical Regulations, where they now overlap with the scope of the new Code of Conduct). The CREG has indicated that further consistency changes the scope of the new Code of Conduct may follow the amendment of the Technical Regulations in order to finalise the split. The Technical Regulations (as amended) and the Code of Conduct are together referred to as the "**Federal Grid Code**".

The Electricity Law entrusts the operation of the national extra-high and high-voltage electricity network to one single TSO, to be designated by the federal Minister for Energy for a renewable period of

20 years, upon the proposal of the historical network owners. According to the Electricity Law, the federal Minister for Energy designates as the single national transmission system operator the undertaking that (i) satisfies all applicable legal requirements, (ii) is certified as ownership unbundled, (iii) directly or indirectly, has full possession or ownership of the transmission system assets concerned and which form part of or coincide with the transmission system situated within the national territory. These conditions are currently satisfied by ETB, whose federal TSO designation was renewed for 20 years as of 31 December 2019 (see above).

Besides these considerations and the transposition of EU law, the Electricity Law has been amended several times, among others to create subsequent capacity mechanisms to better incentivise the participation of demand-side response to balancing and ancillary services, to adapt the support and connection mechanisms for the development of offshore wind farms and to create domain concessions for offshore transmission and storage installations, and to cover the cost of public service obligations.

A capacity remuneration mechanism ("**CRM**") has been introduced to guarantee the country's security of supply beyond 2025. With a decision of 18 March 2022 and following an agreement reached between the federal government and the operator of the nuclear power plants in Belgium ENGIE Electrabel in June 2023, the federal Council of Ministers decided that the two most recent nuclear units (Doel 4 and Tihange 3) can remain operational after 2025. Nonetheless, by the same decision, the government reconfirmed the need for additional capacity auctions through the CRM (including to bridge any capacity gaps during upgrade and maintenance of the extended nuclear units between 2025 and 2028).

The CRM has been introduced into the Electricity Act by a Law of 22 April 2019, as amended. Under that framework, several providers of capacity (consisting of both existing and new capacity, and of generation as well as demand-response and storage equipment), which have been prequalified and selected in a competitive auction, have entered into a capacity contract with ETB, under which they are remunerated for making that capacity available as and when called upon within the agreed timeframe. Following a recent law change, for future actions, foreign indirect capacity providers can offer a price in a pre-auction taking place prior to the prequalification procedure. All capacity providers, subject to limited exceptions for demand-response that can be provided for by royal decree, have a payback obligation for the positive difference between the reference price (fixed on the basis of projections about the future market price for electricity) and a strike price (based on the offer of the capacity provider), and are penalised in case they are proven not to be available (both pre-emptively and at the time of the obligation).

The first Y-4 auction held in October 2021 resulted in 4,447.70 MW of capacity contracted for delivery year 2025-2026, part of which had not obtained their necessary permits to build and operate the capacity. An additional Y-1 auction will take place in 2024 to fill the gaps (e.g. because certain capacity that received a contract in the Y-4 auction does not get built on time, and to allow smaller capacity providers to participate, including with other technologies such as large-scale storage and demand-response).

On 28 February 2022, the Electricity Act was again amended to allow a re-run of the auction to replace capacities that were awarded a capacity contract in the initial auction of October 2021 and which could not obtain the relevant (final) permits to build and operate the relevant capacity by 15 March 2022. This has led to the early termination of the capacity contract for the additional capacity of a proposed project in Vilvoorde and the instruction to launch the rerun. The result of the rerun has been published on 13 April 2022 and has resulted in a capacity contract being awarded to a project in Seraing to replace the one in Vilvoorde.

As per Ministerial Decrees of 30 March 2022 and March 2023, Elia received instructions to organise the Y-4 auction for the delivery periods starting on 1 November 2026 and 1 November 2027 respectively. The results of those auctions are published on ETB's website. Furthermore, at the end of

March 2024, Elia was notified of an instruction for the Y-4 auction (for delivery starting on 1 November 2028) and the Y-1 auction (for the delivery starting on 1 November 2025).

ETB monitors the status of the capacity during each pre-delivery period and applies financial penalties, so as to have the committed unites available during each relevant delivery period. Each year, an additional Y-1 auction is organised to contract existing capacities or new capacities for the next delivery year (i.e., 2026, 2027 etc.). The volume for the auctions is set by the federal Energy Minister based on an adequacy assessment carried out by the Issuer, which takes into account the prolongation of two nuclear power units, and a proposal from the CREG. An instruction for the first Y-1 auction for delivery starting on 1 November 2025 is also expected (by the same Ministerial Decree) before the end of March 2024.

To bridge any gaps in supply security until the start of the first delivery period under the CRM in November 2025, the law also provides the government (acting via Royal Decree) with a possibility to organise targeted auctions, whereby the procedure, parameters, criteria and capacity contract offered by the government are to be based as much as possible on those applying to the CRM.

All these developments are important steps towards avoiding power blackouts in Belgium.

At regional level, the Walloon Electricity Act was amended in 2012 and has subsequently been amended from time to time to transpose, amongst other things, the Third Energy Package and the (old) Energy Efficiency Directive 2012/27/EU (meanwhile replaced by the EE Directive) and most of the Clean Energy Package, to allow flexible access, to adapt the support level of certain types of renewables, to set up subsequent banking operations in 2015 ("*mise en reserve*") and in 2017 ("*temporisation*"), the latter having been extended in 2021, and a (albeit never implemented) refinancing and securitisation ("*mobilisation*") mechanism in 2019, all meant to limit the transmission tariffs and regional budget impact of the (re)purchase obligations for green and CHP certificates by ETB (see also the next paragraph, Section 7.3.3 (*Public service obligations*) and the risk factor titled "*Through its two TSOs, the Group is subject to certain trustee obligations which may negatively impact its working capital*").

In the context of the Public Service Obligations, the Walloon Electricity Act in 2019 has introduced a more structural and final solution to address the imbalance in the certificates market, and to avoid the cost for the Walloon region and the consumers rising too high. This new regime, which has not however been implemented to date, would enable a refinancing and securitisation ("*mobilisation*") of ETB's historic green certificates debt (resulting both from the initial purchase and from the subsequent repurchase obligations under the consecutive banking regimes). In the same context, in 2021, the exemption of the green certificate levies has been regularised and the second banking mechanism ("*temporisation*") has been extended (applying now to certificates bought by ETB until the end of 2024), with a possibility for the Walloon Government to order new banking operations on a quarterly basis (as opposed to annually before). The Walloon Electricity Act has also transposed partially the RED Directive with the creation of the concept of renewable energy communities. Other amendments concern the organisation of the Walloon Commission for Energy (*Commission Wallonne pour l'Energie*) ("**CWaPE**") and residential consumers.

The Flemish Energy Act of 8 May 2009, as amended (the "**Flemish Energy Act**") was amended in 2012 and has subsequently been amended from time to time to transpose, among other things, the Third Energy Package, the (old) Energy Efficiency Directive 2012/27/EU (meanwhile replaced by the EE Directive) and most of the Clean Energy Package. It has been further amended to introduce an objective liability regime in case of power interruption and power quality problems, to introduce a proper right of way regime for installing and operating electrical installations, to amend the process for adopting the technical regulations, to modify the support levels and mechanisms for renewables and combined heat-power (CHP), and to modify the role and supervising powers of the Flemish regulator VREG and the Flemish Energy and Climate Agency (part of the Flemish administration). An Act of 14 July 2023

has amended the Energy Act, amongst other things, to have the possibility for the local transmission system operator and the TSO to develop other activities than the ones assigned to them under the Flemish Energy Act, the implementing Energy Decree and Regulation 2019/943, depend upon the assessment by the VREG of the necessity of these other activities to perform their obligations under the Flemish Energy Act, the implementing Energy Decree and the Regulation 2019/943 task and upon the subsequent authorisation by the Flemish Government[19]. Other amendments were made to the Flemish Energy Act since 2019, amongst other things in relation to the green and CHP certificates, guarantees of origin and the roll-out of smart (digital) meters, alongside dispositions relating to corporate governance of the distribution and local transmission system operators (including ETB). In 2019, the Flemish Energy Act has also been aligned with the GDPR. A Flemish Act of 2 April 2021 (some articles of which are yet to enter into force) has partially transposed the RES Directive and the Electricity Directive for the energy communities, peer-to-peer trade and energy sharing. Many other smaller changes were made in the past couple of years, which are mainly of a more technical or institutional nature and/or which primarily concern distribution system operators and are therefore less relevant for ETB.

The Brussels ordinance of 19 July 2001, as amended (the "**Brussels Electricity Ordinance**") has been amended, among other things, to transpose the Third Energy Package and the (old) Energy Efficiency Directive 2012/27/EU and to extend the role and tasks of the Brussels regulator Brugel. Article 24ter, §2, first paragraph of the Brussels Electricity Ordinance, which relates to the mandatory installation of smart meters, as that paragraph had been introduced by an Ordinance of 23 July 2018, has been annulled by the Constitutional Court in its judgement No 162/2020 of 17 December 2020, insofar as it did not foresee in an adequate arrangement for electro-sensitive persons. Furthermore, an appendix 2 related to CHPs has been added to the Brussels Electricity Ordinance and the tax procedure for surcharges applicable to suppliers has been amended.

In addition to the fact that the scope of the grid was extended to the territorial waters of Belgium, Belgium opted for a fully ownership unbundled TSO regime under the Third Energy Package. The certification procedure as provided for under Directive 2009/72/EC (which remained unchanged under its successor Electricity Directive) has been fully transposed. The certification process of Elia Group first took place between March and December 2012. The CREG's final decision of 6 December 2012 confirmed that Elia Group complies with the full ownership unbundling rules. This positive decision was notified by the Belgian government to the European Commission and has been published in the Official Journal of the European Union.

Following the reorganisation in 2019, whereby ETB, as a wholly owned subsidiary of Elia Group, took over the Belgian transmission system operation activities, the certification of ETB as the new TSO was confirmed by the CREG in a decision of 27 December 2019, following which ETB was appointed as the national TSO by a Ministerial Decree of 13 January 2020, for a period of 20 years starting on 31 December 2019.

7.3.2 Regulatory authorities in Belgium

The CREG is a public, independent body established at federal level in Belgium as the regulator for gas and electricity markets. The functions of the CREG include the supervision of the TSO and the monitoring of the application of (national and European) grid codes and public service obligations at federal level. These missions include the approval of the transmission tariffs and the control of accounts of certain undertakings involved in the electricity sector (including for the purpose of calculating the excess profit tax). More specifically, with regards to ETB, the CREG is competent, amongst other things, for:

- establishing the Code of Conduct;

[19] The federal government has filed an annulment request against the Act of 14 July 2023 with the Constitutional Court.

- the approval of the terms and conditions of standard industry contracts used by ETB at federal level, the connection contract, the access contract and the T&Cs used for various system services, including balance responsible parties (BRPs), balancing service providers (BSPs), (reactive) voltage and restoration service providers (VSPs/RSPs), scheduling agents (SAs) and outage planning agents (OPAs), and the cooperation agreement with DSOs;

- the approval of the capacity calculation, capacity allocation and congestion management (CACM) methodologies for interconnection capacity at the borders of Belgium;

- the approval of the appointment of independent members of the Board of Directors;

- the approval of tariffs for connection and access to, and use of, ETB's network, as well as the approval of the imbalance tariffs applicable to the BRPs; and

- monitoring the compliance with the energy regulation at large, taking investigative measures and imposing administrative fines and sanctions in case of non-compliance.

The operation of electricity networks with voltages equal to or below 70kV (other than the transmission tariffs) falls within the jurisdiction of the respective regional regulators: the VREG for the Flemish Region, the CWaPE for the Walloon Region and the Brussels Commission for Energy ("*Bruxelles Gaz Electricité" /* "*Brussel Gas Elektriciteit"*, "**Brugel**") for the Brussels-Capital Region.

Their role includes the issuance of regional supply licenses, establishing grid codes for grids with a voltage level equal to or below 70kV, certification of cogeneration (CHP) facilities and facilities which generate renewable power, issuance and management of green power and CHP certificates and supervision of the respective local or regional TSO (i.e. in each case, ETB) and the DSOs. Each of them can require any operator (including ETB) to abide by any specific provision of the regional electricity rules under the threat of administrative fines and other sanctions. The regional regulators also have the authority with regard to distribution tariff setting for DSOs.

7.3.3 Public service obligations

Public authorities define public service obligations in various fields (promotion of renewables and the rational use of energy, social support, fees for use of roads, etc.) to be performed by network operators. Costs incurred by such operators in respect of those obligations are covered either by tariff surcharges applied at the level of the entity that has imposed the public service obligation or by a direct contribution made by that entity (see below).

ETB can ask the CREG annually to adapt tariffs to cover any gaps between expenses and tariff revenues caused by the performance of public service obligations (see below). To the extent that there would be a timing difference between the incurrence and the recovery of such costs, the costs would have to be pre-financed by ETB and, consequently, may negatively impact ETB's cash flow (see risk factor "*Through its two TSOs, the Group is subject to certain trustee obligations which may negatively impact its working capital*").

The short-term liquidity risk is managed on a daily basis with the funding needs being fully covered through the availability of credit lines and a commercial paper programme. Other risk mitigation measures include being involved in the design of public service obligation mechanisms aiming to support the development of renewable energy. Once these mechanisms are in place, performing good forecasts on end-user consumption, RES infeed, market prices, the expected number of sales of green and CHP certificates at a guaranteed minimum price, as well as reporting and communicating issues to governments and regulators can contribute to mitigating the potential impact on ETB's cash position.

At the end of 2021, the Electricity Law was amended to the effect that the cost of the public service obligations relating to the CRM and the federal green certificates scheme incurred by the TSO are no longer covered by surcharges on the transmission tariffs, but directly by the federal State (financed through a specific excise duty on all taxpayers and its general budget). This reform has already been implemented. A convention signed by the federal government, the CREG and ETB sets out the process to be followed for the determination of the eligible costs recoverable through the levy, as well as the payment modalities.

The existing nine offshore wind parks have received support through green certificates issued for each MWh produced during a period ranging between 17 and 20 years, with an obligation on the TSO to purchase those certificates at a guaranteed minimum price. Recent royal decrees of 23 and 26 May 2023 brought changes to this system for the five most recent wind parks, requiring developers to repay the Belgian government part of the upside if the market price is substantially higher than a certain strike price. The future wind parks of the Princess Elisabeth Zone will be supported through the same type of two-way contracts for difference for a 20-year maximum period, in accordance with future EU law (see section 7.2.2(iv) "*Green Deal Industrial Plan and Electricity Market Design Reform*"). A bill amending the Electricity Law was submitted to parliament to that effect on 27 October 2023 (which once approved will need to be further implemented via royal decrees). Unlike the existing system with the minimum purchase obligation for green certificates by the TSO, this new support mechanism will not need to be prefinanced by ETB.

In accordance with the Electricity Law, all future offshore wind projects within the Princess Elisabeth Zone will be connected offshore to the Modular Offshore Grid operated by Elia, which will be expanded for this purpose ("MOG II"), and export cables will be drawn to bring the power to land. If MOG II is delayed or, once in operation, if it becomes unavailable, ETB will need to pay a compensation to the wind project developers, similar to the compensation mechanism already in place with respect to the original Modular Offshore Grid (as from time to time amended). This compensation can only be recovered through the transmission tariffs on certain conditions (see section 7.3.6 "*Tariff methodology applicable for the tariff period 2024-2027*" below).

In the Walloon region, the Government in 2017 introduced a second banking scheme, designed to alleviate pressure on ETB to increase the surcharge to be paid by consumers in the Walloon region (as a result of the TSO passing on the costs of its obligation to purchase "green certificates"). The second banking scheme foresees a phased purchase of such "green certificates" by the Walloon Governmental Agency for Climate and Air (AWAC), initially between 2017 and 2021, but this has been extended until 31 December 2024. These are also placed in reserve ("*temporisation*") for a maximum period of 9 years (or such shorter period as the Walloon Government may decide) and are being gradually released back into the market between 2022 and 2033 (on a quarterly basis, as and when ordered by the Walloon Government based on ETB's and the energy administration's predictions about the evolution of the certificates market). Unlike the first banking scheme, this temporisation scheme is funded out of the general budget of the Walloon Region, rather than through a surcharge on the transmission tariffs. Each scheme is intended to delay the TSO's obligation to purchase "green certificates" by several years. Both schemes require administrative support of ETB and, ultimately, ETB may still be required to purchase a large amount of "green certificates" from the Walloon region.

As a more structural solution for this issue, in 2019 a new regime was introduced, enabling a refinancing and securitisation ("*mobilisation*") of Elia's historic green certificates debt (resulting both from the initial purchase and from the subsequent repurchase obligations under the consecutive banking regimes). In very broad terms, this scheme would allow ETB to refinance the cost of its purchase and repurchase obligations by creating a so-called "green energy claim (GEC)" against each of these (re)purchased certificates and selling those GECs to a financial counter party (the issuer), financed by a long-term bond placed by the Issuer in the capital markets and backed by the future tariff revenues of ETB when the GECs become payable, thus allowing ETB (and the Walloon Government) to spread the surcharge

associated with ETB's various (re)purchase obligations (and their effect on the consumers' power bills) over a longer period in time. This scheme has however not been implemented to date.

To the extent that: (i) the TSO is required to purchase a large amount of "green certificates"; and (ii) there is a delay in recovering the costs incurred in purchasing such "green certificates", the costs would have to be pre-financed by ETB and, consequently, there may be a negative impact on ETB's cash flow.

ETB does not provide any guarantees to third parties involved in these transactions.

7.3.4 General principles of tariff setting

The essential part of ETB's income and profits come from regulated tariffs charged for the use of the electricity transmission system.

Transmission tariffs are set pursuant to specific regulations and approved by the CREG, based on a methodology, which, in turn, is based on tariff guidelines set out in the Electricity Law. These tariff guidelines have been amended several times, amongst others, to incentivise demand-side response and storage and to increase the competitiveness of the electro-intensive industry, the efficiency of the market and the energy system (including energy efficiency).

Once approved, tariffs are published and are non-negotiable between individual network users and ETB. If the applicable tariffs are, however, no longer proportionate due to changed circumstances, the CREG may require ETB to, or ETB may at its own initiative, submit an updated tariff proposal for approval to the CREG.

The actual volumes of electricity transmitted may differ from the forecasted volumes. Deviations between real volumes of electricity transmitted and budgeted volumes and between effectively incurred costs/revenues and budgeted costs/revenues can result in a so-called "regulated debt" or a "regulated receivable", which is booked on an accrual account. This mechanism applies to all of the abovementioned key parameters for tariff-setting (i.e. fair remuneration, controllable elements, non-controllable elements, influenceable costs and other incentive components). The financial settlement of any such deviations is taken into account when setting the tariffs for the next period.

Regardless of deviations between forecasted parameters and actually incurred costs and revenues, the CREG takes the final decision as to whether the incurred costs and revenues are deemed reasonable, in order to be included in the tariff calculation. This decision can result in the acceptance or rejection of such costs or revenues. To the extent that certain elements are rejected, the corresponding amounts will not be taken into account for the setting of tariffs for the next period.

7.3.5 Tariff methodology applicable for the tariff period 2020-2023

This section describes the tariff methodology that applied from 2020 to 2023. As ETB's compliance with the methodology for each calendar year is assessed by the CREG ex-post, in the year n+1, the below description remains relevant in view of the CREG's verification of ETB's 2023 accounts. In other words, the CREG will verify Elia's regulated accounts over financial year 2023 in the course of financial year 2024 through the settlement of accounts review mechanism ("regulatoire saldi" / "soldes régulatoires"), with a potential impact on ETB's FY2024 results. A final decision on ETB's FY2023 accounts is expected to be made by the CREG in early July 2024.

On 28 June 2018, the CREG issued a decision fixing the tariff methodology applicable for the period 2020-2023 for the electricity transmission grid and the electricity grids which have a transmission function.

This methodology is the general framework on which transmission tariffs have been set for these four years. The tariff proposal for the regulatory period commencing on 1 January 2020, based on the methodology described below, was approved by the CREG on 7 November 2019.

The methodology is “service driven” (cost+) and is largely determined by a “fair remuneration” mechanism combined with certain “incentive components”.

The tariffs are based on budgeted costs reduced by non-tariff revenues and based on the estimated volumes of electricity transported through the grid.

The different drivers for tariff setting are determined based on the following key parameters: (i) fair remuneration; (ii) “non-controllable elements” (costs and revenues not subject to an incentive mechanism); (iii) “controllable elements” (costs and revenues subject to an incentive mechanism); (iv) “influenceable costs” (costs and revenues subject to an incentive mechanism under specific conditions); (v) “incentive components”; and (vi) the settlement of deviations from budgeted sales volumes.

Fair remuneration

For the period 2020-2023, the formula for the calculation of fair remuneration has been defined for any one year (n) as follows:

A: [40 per cent. x average RAB(n) x [(1 + α) x [(OLO (n)+(β x risk premium)]]]

plus

B: [(S – 40 per cent.) x average RAB(n) x (OLO (n) + 70 base points)]

for which:

- RAB(n) = RAB(n-1) + investments(n) – depreciation(n) – divestments(n) – decommissioning (n) +/- change in working capital needs;
- OLO (n), which is also referred to as the risk-free rate, is set at 2.4 per cent.;
- S = the aggregated capital and reserves/average RAB, in accordance with Belgian GAAP;
- alpha (α) = the illiquidity premium set at 10 per cent.;
- beta (β) = calculated over a historical three-year period, taking into account available information on ETB’s share price in this period, compared with the Bel20 index over the same period. The value of the beta cannot be lower than 0.53; and
- risk premium = 3.5 per cent.

Non-controllable elements

A number of costs are considered to be non-controllable by the tariff methodology. These include items such as depreciation of tangible fixed assets, ancillary services (except for the reservation costs of ancillary services excluding black start, which qualify as influenceable costs), costs related to line relocation imposed by a public authority, and taxes, partially compensated by revenues from non-tariff activities (for example cross-border congestion revenues).

ETB is deemed to have very limited or no impact on these items. Accordingly, these can be covered by tariffs whatever the amount, as long as they are considered to be “reasonable”. Under the current tariff

period, certain exceptional costs specific to offshore assets (e.g. the MOG I) have been added to the list of non-controllable costs. Non-controllable costs also include financial costs incurred in relation to indebtedness to which the so-called “embedded debt principle” is applied. As a consequence, all actual and reasonable finance costs related to debt financing are included in the tariffs.

Controllable elements

Controllable elements are costs that are considered by the tariff methodology to be under ETB’s control. The CREG pre-defines a yearly allowance for the period 2020-2023, taking inflation into account. ETB is incentivised to decrease these costs compared to the pre-defined allowance, meaning that they are subject to a sharing rule of productivity and efficiency improvements which may occur during the regulatory period. The sharing factor is 50 per cent. Therefore, ETB is encouraged to control its costs and revenue for those controllable elements.

The possible reduction of this pre-defined amount leads to an additional profit equivalent to 50 per cent. of the reduction. The remaining 50 per cent. is reflected in a reduction of future tariffs. Conversely, cost overruns are non-recoverable (and therefore at the expense of ETB’s shareholders) for 50 per cent. and covered by the (future) tariffs for the remaining 50 per cent.

Influenceable costs

The reservation costs for ancillary services, except for black-start and (reactive) voltage control, and the costs of energy to compensate for grid losses are considered as influenceable costs, meaning that budget overruns or efficiency gains will create a negative or positive incentive, insofar as they are not caused by a certain list of external factors. 20 per cent. of the difference in expenses between Y-1 and Y (corrected by external factors) constitutes a profit (pre-tax) for ETB. For each of the two categories of influenceable costs (power reserves and grid losses), the incentive cannot be less than €0.

Other incentive components

- Market integration and continuity of supply: This incentive consists of three elements: (i) financial participations, (ii) increase of cross-border commercial exchange capacity and (iii) the timely commissioning of investment projects contributing to market integration. These incentives can contribute positively to the ETB’s profit (€0 to €16 million for cross-border capacity, €0 to €5 million for timely commissioning). The profit (dividends and capital gains) resulting from financial participations in other companies, which the CREG has accepted as being part of the RAB, is allocated as follows: 40 per cent. is allocated to future tariff reductions and 60 per cent. is allocated to the ETB’s profit (amounts are pre-tax).

- Network availability: The incentive for ETB consists of: (i) if the average interruption time (“**AIT**”) reaching a target predefined by the CREG, ETB’s net profit (pre-tax) could be impacted positively with a maximum of €4.8 million; (ii) in case that the availability of the Modular Offshore Grid is in line with the level set by the CREG, the incentive could contribute to ETB’s profit from €0 to €2.53 million; and (iii) ETB could benefit from €0 to €2 million in case that the predefined portfolio of maintain and redeploy investments is realised in time and on budget (amounts are pre-tax).

- Innovation and grants: The content and the remuneration of this incentive covers: (i) the realisation of innovative projects which could contribute to ETB’s remuneration for €0 to €3.7 million (pre-tax); and (ii) the subsidies granted on innovative projects could impact ETB’s profit with a maximum of €0 to €1 million (pre-tax).

- Quality of customer-related services: This incentive relates to three sub-incentives: (i) the level of client satisfaction related to the realisation of new grid connections which can generate a profit for ETB of €0 to €1.35 million; (ii) the level of client satisfaction for the full client base which would contribute with €0 to €2.53 million to ETB's profit; and (iii) the data quality that ETB publishes on a regular basis which can generate a remuneration for ETB of €0 to €5 million (amounts are pre-tax).

- Enhancement of system balancing mechanisms: ETB gets a reward if certain projects related to system balancing as defined by the CREG are realised. This incentive can generate a remuneration between €0 and €2.5 million (pre-tax).

The tariff methodology 2020-2023 includes specific rules applicable to the investment in the first stage of the Modular Offshore Grid ("MOG I"). The main features of those rules are (i) a specific risk premium to be applied to this investment (resulting in an additional net return of 1.4 per cent. applicable to equity invested in MOG I assets, (ii) specific depreciation rates applicable to the MOG I assets, (iii) certain costs specific to the MOG I assets being treated differently compared to the costs for onshore activities and (iv) a dedicated incentive based on the availability of the MOG I assets.

The abovementioned parameters are independent of the compensation mechanism in the event of delayed completion or unavailability of the Modular Offshore Grid (see section 7.3.3 "*Public service obligations*" above). In accordance with the Electricity Law, these compensations can be included in the transmission tariffs, provided that any such compensations owing to the TSO's heavy or wilful default cannot be passed through and are to be borne by the TSO proportional to its fault (and capped on an annual basis at the maximum amount of revenue it could generate for any one year in accordance with the tariff methodology for the construction and operation of the Modular Offshore Grid).

7.3.6 Tariff methodology applicable for the tariff period 2024-2027

As foreseen by the Electricity Law, the CREG and ETB agreed in December 2021 on the formal process in relation to the organisation to the steps to be taken (i) to define the tariff methodology for the period 2024-2027 and (ii) to define the effective tariffs applicable for the tariff period 2024-2027.

The process relating to the definition of the tariff methodology for the period 2024-2027 was completed on 30 June 2022. On 30 June 2022, the CREG published its final tariff methodology for the period 2024-2027.

The tariff methodology for the period 2024-2027 is very similar to the previous tariff methodology. Main adaptations were limited to some of the parameters relating to the fair margin, as well as to the incentive framework.

For the fair margin, the tariff methodology for the period 2024-2027 contains the following parameters:

- the OLO(n) or risk-free rate set at 1.68 per cent.;

- a beta (β) factor set at 0.69;

- a risk premium maintained at 3.5 per cent.; and

- the elimination of the illiquidity premium alpha (α).

The formula which includes the risk-free rate, the beta (β) factor and the risk premium applies to the equity component applied to 40 per cent. of the RAB of the relevant year. Any equity above 40 per cent. threshold is remunerated at the risk-free rate plus 0.70 per cent.

Non-controllable elements

A number of costs remain considered to be non-controllable by the tariff methodology. These include items such as depreciation of tangible fixed assets, ancillary services (except for the reservation costs of ancillary services excluding black start, which qualify as influenceable costs), costs related to line relocation imposed by a public authority, and taxes, partially compensated by revenues from non-tariff activities (for example cross-border congestion revenues). Among the changes to be noted, seabed survey costs are now considered non-controllable, as are European integration costs (e.g. Coreso and JAO).

ETB is deemed to have very limited or no impact on these items. Accordingly, they can be covered by the transmission tariffs whatever the amount, as long as they are considered to be “reasonable”. Under the previous tariff methodology, certain exceptional costs specific to offshore assets (e.g. the Modular Offshore Grid) have been added to the list of non-controllable costs (see above). This was maintained under the new methodology (relevant e.g. for MOG II). Non-controllable costs also include financing costs incurred in relation to indebtedness to which the so-called “embedded debt principle” is applied. As a consequence, all actual and reasonable financing costs related to debt issued by ETB are included in the tariffs.

Controllable elements

Controllable elements are costs that are considered by the tariff methodology to be under the ETB’s control. The CREG pre-defines a yearly allowance for the period 2024-2027, taking inflation into account. The Issuer is incentivised to decrease these costs compared to the pre-defined allowance, meaning that they are subject to a sharing rule of productivity and efficiency improvements which may occur during the regulatory period. The sharing factor remains at 50 per cent. (in line with 2020-2023). Therefore, ETB is encouraged to control its costs and revenue for those controllable elements.

The possible reduction of this pre-defined amount leads to an additional profit equivalent to 50 per cent. of the reduction. The remaining 50 per cent. is reflected in a reduction of future tariffs. Conversely, cost overruns are non-recoverable (and therefore at the expense of the ETB’s shareholders) for 50 per cent. and covered by the (future) tariffs for the remaining 50 per cent.

Influenceable costs

The reservation costs for ancillary services, except for black-start and voltage control, and the costs of energy to compensate for grid losses are considered as influenceable costs, meaning that budget overruns or efficiency gains will create a negative or positive incentive, insofar as they are not caused by a certain list of external factors. 20 per cent. of the difference in expenses between Y-1 and Y (corrected by external factors) constitutes a profit (pre-tax) for ETB. For each of the two categories of influenceable costs (power reserves and grid losses), the incentive cannot be less than €0.

Other incentive components

The methodology maintains the incentives as defined for the tariff period 2020-2023 (see above), while adapting the technical parameters for some of them, and adding two new incentives to the current list (one relating to the maximisation of the intraday transmission capacity and the other relating to the improvement of the energy efficiency of ETB’s substations).

Based on hypotheses of performance, the contribution of the incentive is estimated at a net remuneration of 1.3-1.4 per cent. to be applied to 40 per cent. of the RAB, as long as ETB succeeds in reaching a reasonable target of 65-70 per cent. of the maximum amount on average for all the incentives.

For the specific investments already made in MOG I, the CREG confirmed the regulatory framework as defined in the previous tariff methodology (see above). On 29 February 2024, following a public consultation, the CREG has proposed a regulatory framework for the expansion of the Modular Offshore Grid ("**MOG II**"), which is similar to the regulatory framework for the MOG I infrastructure (see below).

The CREG has estimated the risk premium for MOG II at around 1.4 per cent. (applicable to 40 per cent. of the MOG II regulated asset base), taking into account the fact that MOG II will be part of the larger Princess Elisabeth island. For the island, the CREG proposes a depreciation period of 60 years. For MOG I and II, ETB expects that the risk premium will contribute around 0.2 per cent. to the regulatory return on equity of ETB.

In the context of the tariff setting process for 2024-2027, a specific agreement has been reached between ETB and the CREG taking the current context on the financial markets into account, positively affecting the expected remuneration (see below).

Based on this agreement and the tariff methodology 2024-2027, ETB has submitted a tariff proposal for the same period on 12 May 2023. On 9 November 2023, the CREG approved ETB's updated tariff proposal for the period 2024-2027, which has been published together with a press release on 14 November 2024. On 30 November 2024, an additional decision was taken to approve tariffs for ETB's public service obligations, taxes and surcharges applicable from 1 January to 31 December 2024. The tariff agreement between ETB and the CREG included a commitment by the CREG to start the process for enacting an adaptation to the tariff methodology 2024-2027. The purpose of this is double:

- on one hand, to complete the methodology with a new additional remuneration mechanism linked with the evolution of the Belgian ten-year linear bond rate, as further described below; under "*Characteristics of the proposed additional remuneration mechanism*"; and

- on the other hand, to formally integrate it into the MOG II parameters.

On 23 November 2023, the CREG initiated a public consultation. This public consultation was closed on 22 December 2023 and turned into a final tariff methodology for the period 2024-2027 which was published on 29 February 2024.

Characteristics of the additional remuneration mechanism

For each year of the new tariff period 2024-2027, the annual daily average of the Belgian ten-year linear bond rate ("**OLO10Y**") is determined. Depending on the OLO10Y, the fair margin will be determined based on a three-step, cumulative assessment:

- Step 1: as long as the OLO10Y falls within the range of 0 to 1.68 per cent., the fair margin remains fixed at 4.1 per cent., as initially outlined in the tariff methodology. This establishes the baseline, ensuring a minimum rate of return of 4.1 per cent.;

- Step 2: if the OLO10Y fluctuates between 1.68 per cent. and 2.87 per cent., the entire average equity will receive an additional compensation equal to the difference between the OLO10Y and 1.68 per cent. At the upper end of this range, this translates into an additional remuneration of 1.19 per cent.; and

- Step 3: if the rate surpasses 2.87 per cent., the entire average equity will benefit from the remuneration of step 1 & step 2, plus a contribution proportional to the difference between the OLO10Y and 2.87 per cent. Hereby, the CREG has decided to differentiate the remuneration between the old RAB and the new RAB. The old RAB, i.e. assets commissioned until and including 31 December 2021, will receive 50 per cent. of the

difference, while the new RAB, i.e. assets commissioned on or after 1 January 2022, will receive the full 100 per cent. of the difference.

Based on the parameters as described in the tariff methodology for the period from 2024 to 2027, the average regulatory return on equity for that period is expected to be around 7.2 per cent., depending in part on the actual results, the evolution of the annual daily average of the 10-year Belgian linear bond rate (assuming a OLO10Y of 3.27 per cent. over the period 2024-2027), the performance in relation to the various incentives, the respective weight of the new and the old RAB and assuming a target equity/debt gearing ratio of 40/60. Where the assumptions in relation to any of such elements are not met, this can have an adverse impact on the expected average regulatory return on equity. This could in particular be the case if the OLO10Y were to fall (and be lower than 3.27 per cent. over a sustained period, which has been assumed for purposes of arriving at an expected average return of 7.2 per cent. for ETB).

7.4 The German legal framework

7.4.1 The German legal framework

In order to understand the business of 50Hertz, which operates in a regulated environment, an overview of the applicable regulatory framework is provided below:

The German legal framework for electricity markets is laid down in various pieces of legislation. The key act is the EnWG, which defines the overall legal framework for the gas and electricity industry in Germany. The EnWG is supported by a number of laws, ordinances and regulatory decisions, which provide detailed rules on the current regime of incentive regulation, regulatory accounting methods and network access arrangements. In 2021 the Court of Justice of the European Union (CJEU) ruled *inter alia* that German legislation regarding the competences of BNetzA is not compliant with higher European Union law. With the aim to foster BNetzA's competences with regard to tariff setting and BNetzA's independence and impartiality the EnWG and central parts of subordinated regulations were respectively amended or in part terminated, including but not limited to the ordinances listed below. BNetzA is obliged to replace the terminated Ordinances by their own regulations and decisions in due time:

- The Ordinance on Electricity Network Tariffs (*Verordnung über die Entgelte für den Zugang zu Elektrizitätsversorgungsnetzen* (*Stromnetzentgeltverordnung* — "**StromNEV**")), which establishes, *inter alia*, principles (*Grundsätze*) and methods for the network tariff calculations and further obligations of network operators (expiry date 31 December 2028);

- The Ordinance on Electricity Network Access (*Verordnung über den Zugang zu Elektrizitätsversorgungsnetzen* (*Stromnetzzugangsverordnung* — "**StromNZV**")), which, *inter alia*, sets out the further detail on how to grant access to the transmission systems grids (and other types of grids) by way of establishing the balancing account system (*Bilanzkreissystem*), scheduling of electricity deliveries, control power and further general obligations, e.g. capacity shortage (*Engpassmanagement*), publication obligations, metering, minimum requirements for various types of contracts and the duty of certain network operators to manage the balancing account system for renewable energy (expiry date 31 December 2025)*;* and

- The Ordinance on Incentive Regulation (*Verordnung über die Anreizregulierung der Energieversorgungsnetze* (*Anreizregulierungsverordnung* – "**ARegV**"), which sets out the basic rules for incentive regulation of TSOs and other network operators (as further described below in "*Tariff Setting in Germany*"). It also describes in general terms how to benchmark efficiency, which costs enter the efficiency benchmarking, the method of determining inefficiency and how this translates into yearly targets for efficiency growth (expiry date 31 December 2028).

All TSOs in Germany with control area responsibility are subject to a number of obligations as a result of, *inter alia*, the following laws and ordinances (please note that the legal framework will be amended to implement the above mentioned CJEU ruling:

- *Network expansion obligations:* All German network operators are obliged to operate, maintain and, in line with demand, optimise and expand their network systems (Section 11 paragraph 1 EnWG). Based on this more general obligation, the German TSOs with control area responsibility are obliged to set up NEPs every two years in order to safeguard a coordinated development and the expansion of the German network systems. The NEP is subject to consultation and confirmation by the BNetzA. By confirmation of the NEP BNetzA confirms the network expansion projects included in the NEP. At least every four years, BNetzA provides the confirmed NEP to the Federal Government as draft for the federal demand plan (*Bundesbedarfsplan*) which is binding for the TSOs as to implementing the confirmed expansion measures as well as for the planning authorities as to the planning law and energy law related necessity of the measures. Further statutes, such as the Network Expansion Acceleration Act (*Netzausbaubeschleunigungsgesetz*) and Energy Line Expansion Act (*Energieleitungsausbaugesetz*), further promote the network expansion. The costs associated with such network expansion measures can be included in the network fee calculation.

- *EEG and Erneuerbare-Energien-Verordnung ("**EEV**") obligations*: To promote the use of renewable energy facilities, the former Renewable Energy Sources Act (2009) provided for a system of fixed tariffs for electricity generated from renewable sources which has been replaced for new facilities by so-called market premiums according to the current EEG that came into effect as of 1 January 2017. New wind, biomass and solar plants above a certain size will receive a bonus only if they have previously won in a tender procedure. The German TSOs with control area responsibility have to take off the energy generated by renewable energy facilities either connected directly to their network or being connected to DSOs who then pass the electricity on to the TSO level and pay such fixed tariffs or market premiums to the plant operators or reimburse prior DSO payments if the facility is connected to their network. Taking into account regional differences in the generation of renewable energy, the EEG provides in Section 58 EEG in conjunction with the newly created Energy Financing Act (EnFG) for a nationwide equalisation mechanism amongst the TSOs with control area responsibility for the costs associated with this obligation. As a result, the four TSOs in Germany with control area responsibility share these costs amongst themselves based on an agreed mechanism, technical proceedings and necessary information exchange. After the costs resulting from the EEG were fully financed by the EEG surcharge collected by the TSOs until 2021, a federal subsidy was introduced in 2022, which covered part of the costs. Since 2023, the costs resulting from the EEG have been financed entirely by a grant from the Federal Republic of Germany. The conditions for the subsidy payment are regulated between the TSO and the Federal Republic of Germany in a public law contract (according to Sec. 9 EnFG). Under the EEV, the TSOs with control area responsibility must market the feed-in from renewable energy facilities that they have been supplied with on the day-ahead or intraday markets on the power exchange. The costs related to meeting the EEG obligations, including the associated costs of managing and financing them, are treated as pass-through costs. In cases when there is a difference between actual costs and actual revenues in a given year, the net costs are recovered in the following years.

- *Connection obligations in respect of power generation facilities*: The EnWG sets the general rules for connection of power generation facilities. According to these rules, the German TSOs with control area responsibility must connect power generation facilities to their network on technical and economic conditions that are appropriate, non-discriminatory, transparent, and no less favorable than the network operator would apply to itself or to affiliated companies. TSOs can refuse a connection if they can prove that the connection is not possible or

unreasonable for operational, technical or economic reasons. The details of the procedures are laid down, *inter alia*, in the *Kraftwerks-Netzanschluss-Verordnung*.

- *Offshore Grid planning under the NEP Framework*: Offshore grid planning is based on the Network Development Plan (*Netzentwicklungsplan*), NEP, which is drawn up by the Transmission System Operators and confirmed by the Federal Network Agency (BNetzA). For offshore wind energy, the NEP takes into account the requirements of the so called Spatial Development Plan (Raumordnungsplan, "**ROP**") and the Site Development Plan (Flächenentwicklungsplan, "FEP") of the Federal Maritime and Hydrographic Agency (BSH). While the ROP defines all spatial restrictions in the EEZ, the FEP makes concrete spatial, technical and planning specifications for offshore wind turbines and offshore grid connection system to realise the specifications of the Offshore Wind Energy Act (Windenergie auf See-Gesetz, WindseeG). The BNetzA invites tenders for the capacities for wind farms specified annually in accordance with the requirements of the WindSeeG. These wind farms are to be connected by the TSO at their expense in accordance with Section 17d of the German Electricity and Gas Supply Act (Gesetz über die Elektrizitäts- und Gasversorgung, EnWG) in line with their control area responsibility. The costs incurred in connection with this obligation are covered via the offshore grid surcharge. Since 2023, the collection of the "Offshore-surcharge" has been regulated by the EnFG. The TSOs with control area responsibility are responsible to collect the Offshore-surcharge from the electricity-intensive network customers within the meaning of Sec. 12 EnFG directly.

- *Combined Heat and Power Act ("***CHP***" Act or "***KWKG***"):* The declared purpose of the law is to "make a contribution", particularly in the interests of energy saving and climate and environmental protection, the transformation to support sustainable and greenhouse gas-neutral energy supply in the national territory of the Federal Republic of Germany, including the German exclusive economic zone (federal territory), which is completely based on renewable energies. To ensure this aim, the KWKG defines a support mechanism for CHP plants and certain newly built or expanded heat networks. The law places a duty on network operators to connect certain eligible types of CHP plants and to prioritise the feed-in of their electricity. Whilst operators of a CHP plant with a CHP capacity exceeding 100 kW are obliged to direct marketing, operators of smaller CHP plants may opt for the purchase of the CHP energy by the network operator. The production of electricity from CHP is promoted up to a certain amount with a bonus payment to be paid by the network operator to whose network the CHP plant is connected, depending on the kilowatt-hours generated and in some cases on whether the plants have won a tender issued by the BNetzA. If such a CHP plant is connected to the DSO level, occurring costs of the DSO can be passed on to the upstream TSOs who share them pro rata to ensure that financial burdens are equally shared amongst all network operators. The equalised costs are then passed back to the downstream networks in form of a uniform nationwide "KWK-surcharge" which will then be paid by the end consumers together with the respective network fees. Since 2023 the collection of the "KWK-surcharge" has been regulated by the EnFG. The TSOs with control area responsibility are responsible to collect the KWK-surcharge from the electricity-intensive network customers within the meaning of Section 12 EnFG directly. The costs related to meeting the KWKG obligations are treated as pass-through costs.

- *Obligations in context with individual grid tariffs according to StromNEV:* Grid users can apply for so-called individual grid tariffs which are, compared to the standard grid tariffs, lower and take into account that particularly huge industrial grid users contribute to a permanent and steady usage of the network system. The TSOs are obligated to reimburse DSOs for loss of income resulting from such lower individual grid tariffs. The TSOs then balance their respective compensation payments towards DSOs and their own loss of income amongst each other according to a specific distribution key. The financial burden is then passed back to the

downstream networks in the form of a uniform nationwide "Section 19 StromNEV surcharge" which will then be paid by the end consumers together with the respective network fees.

- *Obligations according to Electricity Market Act:* In July 2016, the Electricity Market Act (*Strommarktgesetz*) entered into force. Main aspects with relevance to the TSOs were the introduction of several kinds of reserves (the so-called grid reserve and the grid stability units for the purpose of congestion management, voltage stability and black start capability, the capacity reserve to ensure generation adequacy and the security reserve that shall allow for a phase-out of lignite power plants and also ensure generation adequacy in the meantime). The costs resulting from these reserves are permanently non-influenceable costs in terms of the incentive regulation and therefore can be charged within the network tariffs without efficiency requirements.

- *Obligations according to the Digitalisation Act (Gesetz zur Digitalisierung der Energiewende):* In May 2023, the Digitalisation Act, the core of which is the new German Smart Meters Operation Act *(Messstellenbetriebsgesetz – "***MsbG**") was redesigned. The main aspects of the renewed Digitalisation Act which could have an impact on the TSOs is that grid operators will share in the costs arising from the rollout of smart meters. The extent to which the costs can be passed on has not yet been determined. Furthermore, the redesign of communication systems and processes to ensure the processing of a high volume of smart meter data will have an impact. The responsibility for the aggregation of the metering data for better balancing energy generation with consumption is given to the TSOs.

In 2021 the Court of Justice of the European Union ("**CJEU**") ruled inter alia that German legislation regarding the competences of BNetzA was not compliant with higher European Union law. The German legislation had thus to be amended as a result of the CJEU's ruling. With the aim to foster BNetzA's competences with regard to tariff setting and BNetzA's independence and impartiality, the EnWG and central parts of subordinated regulations were respectively amended. As a result, the BNetzA has started a process to adapt the regulatory framework, initially for DSOs and gas network operators, and will extend this to TSOs in the second half of 2024. The BNetzA's timetable envisages completing most of the framework and methodology definitions by the end of 2025 and then carrying out the individual definitions. There is as yet no concrete information on the structure of the new regulatory framework, which is why the effects on 50Hertz will only become apparent in the course of the process and will then have to be assessed. However, there is a risk that a decision or regulatory ordinance by BNetzA could negatively affect 50Hertz's financial result for the onshore or offshore business, respectively (see risk factor "*The Group is subject to an extensive set of regulations and its income is in large part dependent on the applicable tariff methodology in its core markets, which is subject to potential changes and periodic revisions"* and *"Tariff-setting regulations – Germany*").

7.4.2 Regulatory agencies in Germany

The regulatory agency for the energy sector in Germany is the BNetzA in Bonn for network systems to which 100,000 or more network users are directly or indirectly connected and the specific regulatory authorities in the respective federal states for network systems to which less than 100,000 network users are directly or indirectly connected. The regulatory agencies are, inter alia, in charge of ensuring non-discriminatory third-party access to networks and monitoring the tariffs levied by the TSOs. 50Hertz is subject to the authority of the BNetzA.

7.4.3 Tariff setting in Germany

The tariff regulation mechanism in Germany is currently determined by EnWG, StromNEV and ARegV. The grid tariffs are calculated based on the revenue cap (Section 17 ARegV) and comprise the onshore business. The revenue cap is determined by the BNetzA for each TSO and for each regulatory period. The revenue cap can be adjusted to account for specific cases provided for in the ARegV. The network

operators are not allowed to retain revenue in excess of their individually determined revenue cap. If network operators nevertheless retain revenues in excess of their individually determined revenue cap, a compensation mechanism applies that leads to the reduction of future tariffs (Section 5 ARegV). Each regulatory period lasts five years, and the fourth regulatory period started on 1 January 2024 and will end on 31 December 2028. Tariffs are public and are not subject to negotiation with customers. Only certain customers (under specific circumstances that are accounted for in the relevant laws) are allowed to agree to individual tariffs according to Section 19 StromNEV (for example, in the case of sole use of a network asset). The *Netzentgeltmodernisierungsgesetz* ("**NEMoG**"), which entered into force in July 2017 and the *Verordnung zur schrittweisen Einführung bundeseinheitlicher Übertragungsnetzentgelte* of 5 April 2018, introduce a step-by-step implementation of nationwide uniform network tariffs for all German TSOs with control area responsibility. This step-by-step approach started in 2019 with a nationwide uniform share of 20 per cent. of the individual cost basis of each TSO and led to nationwide uniform network tariffs in 2023. Moreover, the NEMoG introduces the transfer of offshore grid connection and operation costs as of 2019 to the former offshore liability surcharge which consequently was renamed offshore grid surcharge (*Offshore-Netzumlage*).

For the purposes of the revenue cap, the costs incurred by a network operator are classified into two categories as follows:

- Permanently non-influenceable costs ("**PNIC**"): these costs are generally direct pass-through costs to customers and are recovered in full, albeit with a two-year time lag, unless stated otherwise. The cost items recognised in the PNIC are defined in the ARegV and include a selected number of allowed cost items, such as worker council costs, operational taxes and costs and revenues resulting from so-called procedural regulations (see below). Until the end of the regulatory period in 2023, the regulation provides for a specific remuneration regime for predefined onshore transmission network investments called investment measures ("IMs"). The capital investments that were allowed in the investment measures ("**IMs**") were also considered as PNIC until certain conditions were fulfilled and the investments became a part of the RAB. However, the ARegV revision in 2021 introduced the KKA regime as the new remuneration regime for onshore transmission network investments. The new regime will replace the regime of IMs in 2024. In this context, the CAPEX part of the already deducted claw backs for the third regulatory period (2019-2023) were refunded without interest via the regulatory accounts 2019 to 2021 Furthermore, several procedural regulations also considered as PNIC are in place covering such cost items, *inter alia*, relating to control power, onshore grid losses and redispatch as well as costs from European initiatives, ITC, grid reserves and auction revenues and redispatch costs on interconnectors.

- Temporarily non-influenceable costs ("**TNIC**") and influenceable costs ("**IC**"): TNIC and IC are all costs that do not classify as PNIC, e.g. maintenance costs. TNIC are all respective costs which are deemed fully efficient. They are included in the revenue cap, taking into account an annual adjustment for inflation and the Xgen. The Xgen reduces the revenue cap as part of the regulation formula and was set by Section 9 ARegV at annually 1.25 per cent. in the first regulatory period and annually 1.5 per cent. in the second regulatory period. Pursuant to Section 9 paragraph 3 ARegV BNetzA prior to the third regulatory period had to determine a new Xgen. With decision dated 28 November 2018 it set the Xgen for power network operators at 0.90 per cent. (cf. BK4-17-056). 50Hertz appealed against the decision concerning the power sector in front of the OLG Düsseldorf. Currently, 50Hertz is not actively leading the procedure, but waits for a final decision in other model proceedings. A first decision in a model proceeding was taken in 2021: On 9 July 2019, OLG Düsseldorf revoked in a model procedure the corresponding BNetzA decision in the gas sector (cf. BK4-17-093). BNetzA successfully appealed against OLG Düsseldorf's decision at the BGH. BGH confirmed on 26 January 2021 BNetzA's determination of Xgen (cf. EnVR 101/19). In the model proceeding, BGH decided in favor of BNetzA – no change regarding the determination of Xgen. The Xgen for the fourth regulatory period is not yet determined. The IC are also included in the revenue cap. The IC

are annually adjusted with regard to inflation and a general productivity factor, but, in addition, IC are also subject to Xind (with 50Hertz being deemed 100 per cent. efficient for the third (2019-2023) and fourth (2024-2028) regulatory period, there are no IC and no inefficient costs). The efficiency factor provides an incentive to the TSO to reduce or eliminate the inefficient costs over the course of the regulatory period. If a grid operator is deemed 100 per cent. efficient, the full respective cost volume is allocated to TNIC, thus the cost basis (excluding PNIC) is only adjusted with regard to the general productivity factor and inflation by a general inflation factor computed based on a statutorily fixed formula. In addition, the current incentive mechanism provides for the use of a quality factor which could also be applied vis-à-vis the TSOs but the criteria and implementation mechanism for such a quality factor for TSOs is yet to be established by the BNetzA. Both TNIC and IC include the capital costs (i.e. remuneration for return on equity (based on a cap of 40 per cent.), cost of debt (also subject to a cap), depreciation and imputed trade tax for assets which are included in the base year and do not qualify as PNIC).

- The costs of capital surcharge (*Kapitalksotenaufschlag* or"**KKauf**"), which is a new remuneration regime for onshore transmission network investments as from 2024, provides for an annual adjustment of the revenue cap. However, this is neither a PNIC nor a TNIC or an IC. The KKauf is calculated in accordance with Section 10a ARegV. In simple terms, it consists of the sum of the imputed depreciation, imputed interest and imputed trade tax calculated on the basis of the acquisition and production costs of the assets required for operations. The KKauf is an application procedure. The application for the KKauf can be submitted annually by June 30. When calculating the KKauf, the capitalised assets necessary for operations are taken into account if they were capitalised from 1 January of the year following the base year of the revenue cap to be adjusted and are expected to be capitalised by 31 December of the year for which the KKauf is approved. Only investments in plants that are operationally necessary in accordance with Section 10a ARegV are approved via the purchase of assets. On 7 March 2024, 50Hertz notified the BNetzA that all investment measures will be transferred to the KKA with retroactive effect from 1 January 2024.

With regard to return on capital, the BNetzA provides separate revenue allowances for the return on equity and cost of debt. For the allowed return on equity, which is included in the TNIC/IC for assets belonging to the regulatory asset base and the PNIC for assets approved in IMs, the return on equity for the third regulatory period is set at 5.12 per cent. for investments made before 2006 and 6.91 per cent. for investments made since 2006, based on 40 per cent. of the total asset value regarded as "financed by equity" with the remainder of the investment treated as "quasi-debt". The return on equity is calculated before corporate tax and after imputed trade tax. Post-tax, this return on equity for the third regulatory period would result in a rate of 4.18 per cent. for investments made before 2006 and 5.64 per cent. for investments made since 2006. The return on equity rate is redetermined by the BNetzA for every regulatory period. In October 2021 BNetzA determined the equity remuneration for the fourth regulation period starting 2024. The return on equity was determined at 5.07 per cent. (post tax being 4.13 per cent.) for investments realised after 2006 (3.51 per cent. for investments until 2006). 50Hertz appealed against BNetzA's decision regarding the revenue cap determination of the equity remuneration for the fourth regulation period. A decision of the court is pending. With respect to the cost of debt, the allowed cost of debt related to TNIC/IC is capped if it cannot be proven as being in line with the market (*marktkonform*). The allowed cost of debt related to PNIC incurred by approved investment measures is capped at the lower of the actual cost of debt or cost of debt as calculated in accordance with a BNetzA determination – unless exceeding cost of debt is proven as being in line with the market.

On 24 January 2024, the BNetzA announced the final decision regarding the regulatory Return on Equity (RoE) for onshore investments in response to an unexpected and substantial rise in interest rates. According to this decision, the RoE for new onshore investments starting in 2024 will be determined annually, incorporating a fixed risk premium (3 per cent.) and an updated base interest rate ("**Base Rate**") for that specific year. This Base Rate is not fixed and will depend on the performance of

the risk-free rate in the underlying year published by the German Federal Bank. This would mean a preliminary adjustment from 4.13 per cent. to 5.78 per cent. after tax (which corresponds to 7.09 per cent. before corporate income tax) for the year 2024. As for existing investments up to 2023 and projects that have already been realised, the initial unadjusted rate of 4.13 per cent. after tax (which corresponds to 5.07 per cent. before corporate income tax) will be applied throughout the entire regulatory period. Following discussions with the BNetzA, it appears that the same regulations may also be extended to offshore assets. A final decision by BNetzA for offshore investments is expected in the course of 2024.

In addition to the grid tariffs, costs and revenues regarding the offshore business are subject to the Offshore Grid Surcharge as of 2019. The Offshore Grid Surcharge comprises CAPEX (including return on equity) and actual OPEX according to the StromNEV and the ARegV as well as payments to offshore wind farms following the offshore liability provisions established in the EnWG to compensate for interruptions or delays of offshore grid connections. The Offshore Grid Surcharge is calculated annually based on planned costs for year t with a later actual cost settlement in year t+1 and corresponding compensation for deviations between planned and actual costs in the Offshore Grid Surcharge of the year t+2.

In addition to the grid tariffs and the Offshore Grid Surcharge, 50Hertz is compensated for costs incurred related to its renewable energy obligations, including EEG and KWKG, and other obligations like the individual grid tariffs mechanism according to StromNEV subject to surcharges.

Based on the parameters as described in the tariff setting for the period from 2024 to 2028, the preliminary regulatory return on equity for investments in 2024 is set to 5.78 per cent after tax depending on the evolution of the Base Rate in the underlying year and the final decision by the BNetzA of the equity return for offshore investments. Where the assumptions in relation to any of such elements are not met, this can have an adverse impact on the expected regulatory return on equity and consequently the liquidity and profit of the Group.

7.5 Regulatory framework for interconnector Nemo Link

- A specific regulatory framework is applicable to the Nemo Link interconnector from the date of operation which took place on 31 January 2019. The framework is part of the tariff methodology issued on 18 December 2014 by the CREG. The cap and floor regime is a revenue-based regime with a term of 25 years. The national regulators of the UK and Belgium (Ofgem and the CREG, respectively) determined the return levels of the cap and floor ex-ante (before construction) and these remain largely fixed (in real terms) for the duration of the regime. The cap return level can be increased or decreased with maximum 2 per cent. on availability incentives. Consequently, investors will have certainty about the regulatory framework during the lifetime of the interconnector.

- The interconnector is currently operational (as from 31 January 2019) and as a result the cap and floor regime has started. Every five years, the regulators will assess the cumulative interconnector revenues (net of any market-related costs) over the period against the cumulative cap and floor levels to determine whether the cap or floor is triggered[20]. Any revenue earned above the cap is returned to the national TSOs in the UK (National Grid plc) and in Belgium (ETB) on a 50/50 basis. The TSOs can then reduce the network charges for network users in their respective jurisdictions. If revenue falls below the floor, then the interconnector owners are made whole by the TSOs which top up the difference. The TSOs can, in turn, recover those costs through the national transmission tariffs in their respective jurisdictions.

[20] Interconnector owners generate revenue (congestion revenue) by auctioning interconnector capacity. As long as there is a price difference between the two interconnected markets, there will be demand for the capacity and a revenue stream will be generated.

- Each five-year period will be considered separately. Cap and floor adjustments in one period will not affect the adjustments for future periods, and total revenue earned in one period will not be taken into account in future periods.

- The high-level tariff design is as follows:

Regime length	25 years
Cap and floor levels	Levels are set at the start of the regime and remain fixed in real terms for 25 years from the start of operation. Based on applying mechanical parameters to cost efficiency: a cost of debt benchmark is applied to costs to deliver the floor, and an equity return benchmark to deliver the cap.
Assessment period (assessing whether interconnector revenues are above/below the cap/floor)	Every five years, with Infra-period adjustments if needed and justified by the interconnection company (Nemo Link Ltd). Infra-period adjustments will let the interconnector company (and its shareholders) recover revenue during the assessment period if revenue is below the floor (or above the cap) but will still be subject to true-up at the end of the five-year assessment period.
Mechanism	If revenue is between the cap and floor at the end of the five-year period, no adjustment is made. Revenue above the cumulated cap is returned to the end consumers (via a reduction of the national transmission tariffs by the TSOs) and any shortfall of revenue below the cumulated floor will be topped up by the network users (via an increase of the national transmission tariffs by the TSOs).

- The cap and floor revenue levels for Nemo Link were fixed by Ofgem and the CREG on 17 December 2019. Nemo Link is the first interconnector project to be regulated under the cap and floor regime and reached at the end of 2019 the final assessment stage of the regime, the Post Construction Review (PCR), where Ofgem and the CREG determined the values of the Post Construction Adjustment (PCA) terms that formed the final cap and floor levels for the project. The determined values for the final cap and floor levels are £77.0 million and £43.9 million respectively (in 2013/14 prices).

Operating under a cap and floor regime allows Nemo Link to pay a sustainable dividend to its shareholders (dividend attributable to ETB: €12 million in 2020, €29 million in 2021, €32 million in 2022 and €20 million in 2023).

8 Key projects of the Group

Decarbonisation is one of society's most pressing challenges. As a system operator, the Group's activities are central to overcoming this challenge: its grid forms the backbone of the energy transition.

The Group is strengthening its on- and off-shore transmission grid to facilitate the integration of increasing amounts of renewable energy into the system. It is also furthering digitalisation and sector convergence and shaping energy markets, so supporting new market players to become active participants in the energy sector. As a driver of the energy transition, therefore, it is contributing to the establishment of a sustainable world.

In November 2023, the Issuer published its vision paper on an alternative approach to consuming electricity that benefits both the consumer and the electricity system. “The Power of Flex” lays out a future in which consumers are offered access to wholesale electricity prices and can put flexibility to work on a market-wide scale. Real-time price signals, seamless data access for energy servicer providers and the optimalisation and interoperability of electrical devices are key factors for enabling consumer-side flexibility. This will enable a new ecosystem to flourish in which new and existing service providers will offer tailor-made flexibility solutions that benefit consumers and the electricity system as a whole.

8.1 Key projects of ETB

In May 2023, the Belgian government approved ETB’s Federal Development plan for 2024-2034. The rise in RES as well as the extensive electrification of mobility and heating have created emergencies that require additional investments to be made in the grid.

Over the period 2024-2028, ETB plans to invest €9.4 billion in Belgium, which is estimated to result in around 18% annual RAB growth over the next 5 years. This investment relates to key new projects, ongoing projects, maintenance capex and IT investments to digitalise system operations. Considering the significance of the growth in both Germany and Belgium, ETB is prepared to reassess its capital expenditure plan if specific projects encounter delays due to permitting uncertainties or supplier capacity issues. The capex will mainly relate to the replacement or reinforcement of the existing infrastructure to absorb the higher infeed of renewable energy. The further integration of the European electricity system and the goal to further decarbonise the society drives important investments marked by higher capex for projects like the Princess Elisabeth Island, Ventilus and Boucle de Hainaut and this in the context of a tight supply market. In 2023, ETB invested €711.3 million. The investment plan for the years 2024 to 2026 foresees yearly investments of around €1.6 billion and is expected to be increased to over €2 billion in 2027 and 2028.

The most important projects are:

- Princess Elisabeth Island: The extension of the MOG (which is being referred to as MOG II), the design for which was recently approved by a Ministerial Decree of 7 September 2023 in accordance with the Electricity Law, aims to develop and build new offshore grid infrastructure including a multifunctional artificial island with a capacity of 3.5GW allowing to connect new wind farms in the Belgian part of the North Sea to the onshore grid. It aims to provide an efficient, reliable means of connecting new offshore generation facilities to the mainland and will thus make a substantial contribution to facilitating RES integration in Belgium as well as helping to meet Belgium’s climate targets;

- Ventilus: a new 380kV backbone and 220kV energy hub in West-Flanders region, aims to provide reliable access to current and future renewable offshore and onshore wind energy. The Ventilus project will connect wind energy from the North Sea to a new electricity highway in West Flanders. Through its connections to other grid projects, Ventilus will create a robust network for the transmission of renewable energy. This constitutes an important step towards a low-carbon society;

- Boucle du Hainaut: The 'Hainaut Loop' is one of ETB's largest infrastructure projects. With a view to achieving the energy transition and various climate objectives, this project plans the construction of a 380kV connection between Avelgem and Courcelles;

- Nautilus: This subsea hybrid interconnector via the energy island will transport electricity between Belgium and UK while facilitating offshore wind connections in the North Sea. Nautilus would have two functions: connecting the grids of both countries and directly connecting offshore wind farms to the mainland. Not only would it enable better integration of renewable energy at sea, but would also allow more volatile electricity flows in Europe while further enhancing electricity price convergence;

- Triton Link: Elia and its Danish counterpart, Energinet, are exploring plans to build what could be world first: a subsea connection that will link up two artificial energy islands. This will enable the exchange of power between Belgium and Denmark and allow electricity from offshore wind farms to be transported to their respective onshore grids.

- Brabo III: is the upgrade of Belgium's existing 380kV network, which forms the backbone of the Belgian power grid. Once the work is complete, it should be able to transmit up to 20 per cent. more electricity on the upgraded power connection within the 380kV network. Brabo III has started and due to commission by the end of 2024. The Brabo project is essential for the further economic growth of the port of Antwerp and is necessary for a secure and sustainable supply of electricity inside and outside of Belgium. At a local level, the project will increase supply capacity to cope with growing electricity consumption in the port of Antwerp. At a national and international level, it will upgrade the north-south axis of the European interconnected grid. This will improve international trade opportunities and reduce reliance on Belgian generation facilities.

- Liefkenshoek - Mercator: is the upgrade of the high-voltage power line between Liefkenshoek and Mercator in Kruibeke (Belgium). This involves replacing the existing 150 kV line with a stronger 380 kV line in the same location, while maintaining a similar appearance for the new towers. The project will 144 proceed in phases, with wire removal followed by tower demolition until March 2024, followed by tower construction. Completion is expected by mid-2026. Additionally, ETB will implement measures to reduce EMF generated by the high-voltage line. This project serves multiple purposes, such as meeting the growing electricity demands of households and businesses, enhancing energy exchange with the Netherlands, and reinforcing the backbone of the Belgian electricity grid to better navigate the evolving landscape of the energy transition and increased demand.

- East Loop: is the upgrade from 1x70 kV to 2x110 kV in the eastern part of Liège Province in Belgium, which unlocks the potential for substantial wind power generation, increasing the initial capacity from 65 MW to 480 MW. This enhancement addresses grid saturation issues, enabling the integration of seven times more wind power and ensuring long-term capacity. Furthermore, this upgrade prioritises public safety, infrastructure security, and grid reliability by replacing aging infrastructure to enhance supply security and overall grid resilience while significantly boosting power capacity.

ETB plans to finance this investment programme in accordance with the optimal capital structure as defined in the regulatory framework (with a target equity/debt ratio of 40/60).

In addition to the projects set out above, in terms of innovation, ETB is particularly concerned with the use of drones. The Issuer is pioneering the use of drones to swiftly identify the causes of incidents along overhead lines. The key technology being utilised is a "drone-in-a-Box", a specialised drone that takes off from and returns to a designated docking station. These drones are remotely controlled and have the capacity to operate beyond the visual line of sight.

8.2 Key projects of 50Hertz

In March 2024, BNetzA published the final Electricity Network Development Plan ("**NDP**") 2037/2045, representing a significant achievement in grid development. This plan outlines an electricity transmission grid capable of supporting a climate-neutral energy system by 2045. The NDP includes approximately 4,800 kilometres of new lines and 2,500 kilometres of reinforced lines, with 50Hertz being involved in several key projects.

As Germany's electricity consumption is expected to double by 2045, 50Hertz is working on bolstering the country's energy infrastructure in line with government's ambitious climate neutrality targets. For the upcoming five years (2024-2028), 50Hertz plans to invest €20.7 billion in Germany. A HVDC corridor and the connection of further offshore wind farms are the main drivers of the Capex Plan. With that, 50Hertz is considered making an ambitious contribution to reaching European and national climate targets while complying with social and political requirements. In 2023, 50Hertz invested €1,685.9 million. The investment plan for the years 2024 – 2025 foresees yearly investments of around €3.3 billion and is expected to be increased gradually to over €5 billion in 2028.

50Hertz's most important projects are:

- SuedOstlink: A HVDC corridor aiming to transport the renewable energy produced in the Baltic Sea and in the North East of Germany towards the load centres in Bavaria;
- SuedOstLink+: With this project, 50Hertz aims to double the capacity on the existing route of SuedOstLink to 4,000MW and extend the HVDC line to the north aiming at the transport of renewable energies from North and Baltic Sea to Bavaria;
- Kabeldiagonale Berlin (Berlin diagonal power link): This project will replace an existing line built decades ago by a new 380kV system, which is laid for the major part in a newly built tunnel crossing the Western part of Berlin, significantly increasing the security of supply in the German capital;
- Ostwind 2: This submarine high-voltage AC cable system in the Baltic Sea will connect various offshore wind farms to the onshore substation Lubmin. The commissioning is foreseen for 2023-2024;
- Ostwind 3: A grid connection with a transmission capacity of 300MW for the planned offshore wind farm "Windanker" in the Baltic Sea, comprising a new offshore platform and a 220kV AC-cable connection to a new onshore substation;
- Ost-6-1: This project is to connect an offshore wind farm "Gennaker" in the Baltic Sea with an estimated capacity of 900MW. It is planned to build a grid connection with three AC cable systems, including two 50Hertz owned and operated platforms and a new onshore substation.

9 Trend information and recent events

The Issuer is not aware of any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for at least the current financial year.

For example, certain key customers have posted bank guarantees as part of their contractual arrangements. Moreover, the costs of customer default are in principle and to a large extent recoverable through the tariffs. In Belgium, such costs can in principle be recovered if the TSO can show that it carried out an accurate credit control management.

10 Financing arrangements of the Group

The Issuer is in charge of the liquidity management and debt financing of its non-regulated activities. The Issuer meets its financing needs through diversified sources of debt funding.

The Issuer monitors its cash-flow forecasts and the cash available and the unutilised credit facilities to ensure to have sufficient cash available on demand to meet expected expenses and investments including complying with the financial obligations.

With regard to the financing of the non-regulated activities contracted by the Issuer, being the debt financing of the acquisition of an additional 20 per cent. stake in Eurogrid International as well as the debt financing for WindGrid, the interest costs cannot be passed in tariffs and are borne by the shareholder of the Issuer.

The companies in which the Issuer holds a stake as a shareholder typically manage their financing needs on a decentralised level, without any recourse towards the Issuer. Eurogrid GmbH and ETB exclusively arrange the financing needs of their own or their affiliates independently from its shareholders and on a ring-fenced basis. These are mostly financed through fixed rated debt instruments.

In Belgium, ETB's funding costs linked to the financing of the regulated activities are qualified as "Non-controllable elements" and potential deviations from budgeted figures can be passed on in a subsequent regulatory tariff period (or in the same period in the event of an exceptional change in charges). The regulated tariffs are set pursuant to forecasts of interest rate. A fluctuation in interest rates of the ETB's debt can have an impact on the actual financial charges by causing a time differential (positive or negative) between the financial costs effectively incurred by ETB and the forecasted financial costs. This could cause transitory effects on its' cash position.

In Germany, for 50Hertz, the regulation is very similar. As long as the cost of debt are according to market standards and within certain levels defined by the regulator, these costs are passed to the regulated tariffs.

As at 31 December 2023, the Group has an average cost of debt of 2.1 per cent.

Financing arrangements of the Issuer

The long-and short-term financing of the Issuer is structured through a range of financial arrangements. The Issuer's financial arrangements do not benefit from security or guarantees and contain customary events of default and covenants.

The Issuer has a rating of BBB, stable outlook by Standard & Poor's. As at 31 December 2023, the Issuer has an average cost of debt of 3.68 per cent.

Financing arrangements of the Issuer as at 31 December 2023 comprise the following:

(in € million) - 31 December 2023	Maturity	Redemption schedule	Interest rate	Nominal Amount	Amount non-current	Amount current
Senior bond 2018/10 years	2028	At maturity	1.50%	300.0	298.5	
Total bonds				**300.0**	**298.5**	
Hybrid bond	1st call 2028		5.85%	500.0	500.0	
Subordinated Hybrid Bond				**500.0**	**500.0**	
Credit line	2025		Euribor+0.375%	60.0	50.0	

Credit line	2025	Euribor + 0.5%	60.0	50.0	
Bridge Facility	2024	Euribor+0.5%	400.0	Unused	Unused
Revolving Credit facility	2025	Euribor + 0.2%	35.0	Unused	Unused
Total Revolving Credit facility			555.0	100.0	

	Amount non-current	Amount current
Leases	0.3	0.4
Accrued interests (hybrid)		15.9
Accrued interests		2.1

The acquisition by the Issuer of the additional 20 per cent. stake in 50Hertz was financed through the issuance of a €700 million perpetual hybrid bond and a €300 million senior bond in 2018. On 9 March 2023, the Issuer successfully partially refinanced this bond by placing another €500 million hybrid securities to be admitted to trading on the Luxembourg Stock Exchange's Euro MTF market. This new hybrid securities carry a fixed coupon of 5.85% until 15 June 2028, with a reset every five years thereafter and will be callable from 15 March 2028. As at 31 December 2023, the unpaid cumulative dividend related to the new hybrid bond amounts to €15.9 million. A coupon of €16.4 million was paid to the holders of hybrid securities in 2023. The remaining outstanding 2018 notes have been redeemed by the issuer in November 2023 by executing its call option.

The Issuer is committed to preserving its financial policy and to maintaining the hybrid asset class as a permanent part of its capital structure.

The senior bond represents an indebtedness of €298.5 million. Accrued interest on this debt was €1.5 million at 31 December 2023.

The Issuer also disposes over a €35 million revolving credit facility entered into on 3 February 2020. This facility was fully undrawn at the end of 2023.The facility contains amongst others an obligation for the Issuer to maintain a long-term credit rating equal to or above BBB- and customary covenants and events of default, including a negative pledge. On 3 July 2023, the Issuer has entered into two bilateral Revolving Credit Facilities, amounting to a total of €120 million, of which €100 million was drawn at the end of 2023 (€0.6 million of accrued interests end of 2023).

In addition, in December 2023 Issuer contracted a €400 million bridge facility to finance its acquisition of 35.1% stake in energyRe Giga projects, US. This facility was fully undrawn at the end of 2023 and was partially refinanced by a €300 million 3-year term bank loan in March 2024.

At the date of this Information Memorandum, the Issuer has a total undrawn RCF amount of €105 million (€35 million RCF and €70 million from the two bilateral RCFs) and €35 million availability under its commercial paper programme.

The Issuer has adopted a funding policy which is based on the premise that financing activities of ETB and Eurogrid remain separated and independent from the Issuer and a dividend policy which aims at a dividend growth not to be lower than the increase of the Consumer Price Index (“inflation”) in Belgium. The Issuer’s financial policy targets a rating of minimum BBB (flat) (provided that both the regulatory framework and the rating methodology applied by the credit rating agency remain stable).

10.1 Financing arrangements of ETB

On 31 December 2019, the reorganisation of the Group was completed in order to ring-fence the regulated activities of the Group in Belgium from the non-regulated activities and the regulated activities

outside of Belgium. In this context, all financial agreements linked to the regulated business have been transferred to ETB.

The financing of the Group is organised on a decentralised level, such that ETB exclusively arranges it's financing independently from the Issuer and on a ring-fenced basis.

The long-and short-term financing of ETB is structured through a range of financial arrangements with customary covenants and events of default. ETB's financial indebtedness does not benefit from any security, nor does it benefit from any guarantee from the Issuer.

ETB has a rating of BBB+, stable outlook by Standard & Poor's.

(in € million) – 31 December 2023	Maturity	Redemption schedule	Interest rate	Nominal Amount	Amount non-current	Amount current
Eurobond issues 2013/15 years	2028	At maturity	3.25%	550.0	548.2	
Eurobond issues 2013/20 years	2033	At maturity	3.50%	200.0	199.3	
Eurobond issues 2014/15 years	2029	At maturity	3.00%	350.0	347.8	
Eurobond issues 2015/8.5 years	2024	At maturity	1.38%	500.0		499.8
Eurobond issues 2017/10 years	2027	At maturity	1.38%	250.0	248.9	
Eurobond issues 2019/7 years	2026	At maturity	1.38%	500.0	499.3	
Eurobond issues 2020/10 years	2030	At maturity	0.88%	800.0	792.0	
Greenbond issues 2023/10 years	2033	At maturity	3.63%	500.0	497.1	
Amortising bond – 7.7 years	2028	Linear	1.56%	41.6	33.3	8.3
Amortising bond – 23.7 years	2044	Linear	1.56%	133.4	132.5	
Total bonds				**3,825.0**	**3,298.4**	**508.1**
Amortising term loan	2033	Linear	1.80%	154.0	139.8	14.0
European Investment Bank	2025	At maturity	1.08%	100.0	100.0	
Total Bank loans				**254.0**	**239.8**	**14.0**
Sustainable Revolving Credit Facility	2025		Euribor + 0.325%	650.0	Unused	unused
Total Revolving Credit facility				**650.0**	**-**	**-**
					Amount non-current	**Amount current**
Leases					22.1	6.2
Accrued interests						65.5

As at 31 December 2023, ETB's total outstanding indebtedness amounted to €4,154.1 million comprising the following:

(a) several institutional fixed rate bonds with different maturities for an aggregate amount outstanding of €3,806.5 million as at 31 December 2023;

(b) a €210 million fixed rate amortising term loan facility for a period of fifteen years entered into with BNP Paribas Fortis SA/NV and Belfius Bank SA/NV on 21 December 2018 for the financing of ETB's participation in Nemo Link Ltd. with an outstanding amount €153.8 million per 31 December 2023;

(c) a €100 million credit facility with the European Investment Bank to support ETB's ongoing capex programme (the "**EIB Loan**");

(d) leases for an amount of €28.3 million; and

(e) accrued interests for a total amount of €65.5 million.

The EIB Loan is documented under the EIB's typical form of loan documentation, which has its own structure and contains, among other things, the EIB's policy provisions typically included in EIB loans.

In addition, on 31 on December 2023 ETB disposed of a €650 million sustainability-linked revolving credit facility entered into on 12 October 2020 with Belfius Bank SA/NV, BNP Paribas Fortis SA/NV, Coöperatieve Rabobank U.A., ING Belgium SA/NV, KBC Bank NV, National Westminster Bank plc and Sumitomo Mitsui Banking Corporation as arrangers. The revolving facility was fully undrawn as at 31 December 2023. This facility was refinanced with a new €1,260 million sustainability-linked revolving credit facility entered into on 16 February 2024 with Belfius Bank SA/NV, BNP Paribas Fortis SA/NV, Coöperatieve Rabobank U.A., ING Belgium SA/NV, KBC Bank NV and National Westminster Bank plc as arrangers. The facility's pricing is, amongst others, tied to three of Elia's sustainability performance targets, which relate to the Group's efforts to tackle climate change and its health and safety performance. The revolving facility includes customary representations, undertakings and events of default.

Further, in January 2024, ETB issued a €800 million green bond under its €6 billion Euro Medium Term Notes programme, maturing in 2036.

ETB has adopted a funding policy which reflects its specific role within the Group. As further detailed in its funding policy which can be found on https://investor.eliagroup.eu/en/financial-position/financial-position-for-elia-transmission-belgium/funding-and-dividend-policy, it is based on separation of funds and a dividend policy which aims at a dividend pay-out which does not exceed an average of approximately 60 per cent. of the annual results for the previous (2022-2023) and current regulatory period (2024-2027) and a financial policy targeting a rating of BBB+ (provided that both the regulatory framework and the rating methodology applied by the credit rating agency remain stable).

10.2 Financing arrangements of Eurogrid GmbH

Eurogrid GmbH is the holding company of the 50Hertz affiliates and manages the financing and liquidity needs of the 50Hertz (sub) group. The financing of the Group is organised on a decentralised level such that Eurogrid GmbH exclusively arranges it's financing independently. The financing contracts of Eurogrid GmbH with third parties are unsecured and contain customary covenants and events of default, including a negative pledge. The financings also do not benefit from guarantees from either Eurogrid International or the Issuer.

Eurogrid GmbH has a rating BBB, stable outlook by Standard & Poor's.

(in € million) - 31 December 2023	Maturity	Redemption schedule	Interest rate	Nominal Amount	Amount non-current	Amount current
Bond as part of Debt Issuance Programme 2015	2025	At maturity	1.87%	500	499.4	
Bond as part of Debt Issuance Programme 2015	2030	At maturity	2.62%	140.0	139.4	
Bond as part of Debt Issuance Programme 2016	2028	At maturity	1.50%	750.0	748.4	
Bond as part of Debt Issuance Programme 2020	2040	At maturity	3.28%	200.0	199.5	
Bond as part of Debt Issuance Programme 2020	2032	At maturity	1.11%	750.0	747.9	

(in € million) - 31 December 2023	Maturity	Redemption schedule	Interest rate	Nominal Amount	Amount non-current	Amount current
Bond as part of Debt Issuance Programme 2021	2033	At maturity	0.74%	500.0	498.4	
Bond as part of Debt Issuance Programme 2021	2031	At maturity	0.87%	750.0	747.7	
Bond as part of Debt Issuance Programme 2023	2030	At maturity	3.72%	800.0	794.2	
Bond as part of Debt Issuance Programme 2023	2038	At maturity	4.06%	50.0	49.9	
Registered bond 2014	2044	At maturity	3.00%	50.0	50.0	
Total bonds				**4,490.0**	**4,474.8**	
Loan with bank consortium	2033	At maturity	3.43% to 3.63%	720.0	720.0	Unused
Revolving Credit Facility	2027		Euribor+0.45%	750.0	Unused	Unused
Confirmed Credit Facility	Unlimited		Euribor+0.3%	150.0	Unused	Unused
Total Revolving Credit facility				**1620.0**	**720.0**	**0.0**
Loan with KfW	2026	At maturity	0.90%	150.0	150.0	
Total other loans				**150.0**	**150.0**	**0.0**

	Amount non-current	Amount current
Leases	51.1	8.0
Accrued interests		50.8

As at 31 December 2023, Eurogrid GmbH's total outstanding indebtedness amounted to €5,454.7 million composed of the following:

(a) several long-term institutional fixed rate bonds with different maturities for an aggregate nominal amount outstanding of €4,474.8 million as at 31 December 2023;

(b) a syndicated term loan facility in an aggregate amount of €150.0 million under which €150.0 million was outstanding as at 31 December 2023 (maturity 2026);

(c) loans with a banking group for a total amount of €720 million (consisting of a Green loan of €600 million and another €120 million syndicated bank loan, both with a maturity date in 2033);

(d) leases for an amount of €59.1 million; and

(e) accrued interest for a total amount of €50.8 million.

In February 2024, Eurogrid issued a green bond in two tranches of €700 million and €800 million maturing in 2029 and 2034 respectively.

In addition, Eurogrid GmbH disposes over a €750 million revolving credit facility entered into on 26 February 2021, with Banco Santander SA, BNP Paribas SA Niederlassung Deutschland, Commerzbank Aktiengesellschaft, Coöperatieve Rabobank U.A., ING Bank a Branch of ING-DIBA AG,

Mizuho Bank Ltd., National Westminster Bank plc and Unicredit Bank AG as bookrunners and mandated lead arrangers. The facility includes customary representations, undertakings and events of default. Eurogrid GmbH furthermore disposes over an uncommitted overdraft facility of €150 million with BNP Paribas SA Niederlassung Frankfurt-am-Main, Deutschland, which was entered into on 9 December 2011. These two facilities are unused as per 31 December 2023.

In February 2024, Eurogrid GmbH entered into a revolving credit facility with Unicredit Bank GmbH in the amount of €3 billion. The facility has a duration of three years until February 2027 and can be extended until 2029. On 15 April 2024, a Global Transfer Agreement was concluded based on which UniCredit Bank GmbH transferred its commitments to a large extent to ABN AMRO Bank N.V., BNP Paribas S.A. Niederlassung Deutschland, Commerzbank Aktiengesellschaft, Credit Agricole Corporate and Investment Bank Deutschland, ING Bank, a branch of ING-DiBa AG, Mizuho Bank, Ltd, Royal Bank of Canada, Bayerische Landesbank, Cooperatieve Rabobank U.A., Deutsche Bank Luxembourg S.A., DZ Bank AG Deutsche Zentral-Genossenschaftsbank, Landesbank Baden-Württemberg, National Westminster Bank PlC Niederlassung Dtl, NatWest Markets Plc Frankfurt Branch and SGBTCI.

11 Legal and arbitration proceedings of the Group

As at the date of this Information Memorandum, the Group was, in the ordinary course of its operations, involved in approximately 60 civil and administrative litigation proceedings or claims as a defendant. Eleven of these proceedings relate to claims against the Group exceeding a value of €600,000.

The Group has provisions for litigations which, as at 31 December 2023, amounted to approximately €9.1 million in total. These provisions do not cover claims initiated against the Group for which damages have not been quantified or in relation to which the plaintiff's prospects are considered by the Group as being remote.

The summary of legal proceedings set out below, although not an exhaustive list of claims or proceedings in which the Group is involved, describes what the Group believes to be the most significant of those claims and proceedings. Subsequent developments in any pending matter, as well as additional claims (including additional claims similar to those described below), could arise from time to time.

The Group cannot predict with certainty the ultimate outcome of the pending or threatened proceedings in which the Group is or was, during the previous 12 months, involved and some of which may have significant effects on the Group's financial position or profitability as they could result in monetary payments to the plaintiff and other costs and expenses, including costs for modifying parts of the Group's network or (temporarily or permanently) taking portions of the network out of service. While payments and other costs and expenses that the Group might have to bear as a result of these actions are covered by insurance in some circumstances, other payments may not be covered by the insurance policies in full or at all. Accordingly, each of the legal proceedings described in the summary below could be significant to the Group, and the payments, costs and expenses in excess of those already incurred or accrued could have a material adverse effect on the Group's results of operations, financial position or cash flows.

The nature of the principal civil and administrative proceedings in which the Group is involved, either as a defendant or a plaintiff, is as follows (by categories of similar proceedings):

11.1 Legal proceedings brought against the Group

These include, among others:

(a) claims for compensation for the consequences of electrical fall-out or disturbance;

(b) judicial review of building permits and zoning plans for substations, overhead lines and underground cables or zoning plans;

(c) judicial review of decisions taken within the framework of public procurement proceedings in application of national legislation implementing Directive 2014/25/EU on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC;

(d) claims, lodged by both public authorities and citizens, aimed at the relocation of overhead lines and underground cables and/or at the compensation for relocation costs; and

(e) claims by citizens seeking compensation for the nuisance caused by the presence of the transmission lines (for example, due to the perceived potential health risks caused by EMFs, noise, interruptions of telephone and radio connections, aesthetic or other damages).

11.2 Legal proceedings brought by the Group

These include, among others:

(a) judicial review of decisions refusing to issue a building permit or against expropriation decisions;

(b) claims seeking compensation of repair costs due to the damage caused to underground cables, towers and overhead lines; and

(c) claims for the recuperation of paid taxes against regional tax authority.

11.3 Proceedings involving the regulators (CREG in Belgium & BNetzA in Germany)

- BNetzA set the Xgen for the third regulatory period to 0.9 per cent in the energy sector (cf. BNetzA, determination of 28 November 2018, BK4-17-056). 50Hertz appealed against the decision in front of the Higher Regional Court of Düsseldorf. A first decision in a model proceeding was taken in 2021: on 9 July 2019, the Higher Regional Court of Düsseldorf revoked in a model procedure the corresponding BNetzA decision in the gas sector (cf. BK4-17-093). BNetzA successfully appealed against the Higher Regional Court of Düsseldorf's decision at the Federal Court of Justice (BGH). BGH confirmed on 26 January 2021 BNetzA's determination of Xgen regarding the gas sector and on 27 June 2023 regarding the electricity sector.

- With a decision of 12 October 2019, BNetzA determined the return on equity for the fourth regulation period starting 2024. The return on equity was determined at 5.07 per cent. for investments realised after 2006 (3.51 per cent. for investments until 2006). 50Hertz appealed against BNetzA's decision regarding the determination of the return on equity for the fourth regulation period. The court decision in favor of 50Hertz was appealed by BNetzA to the Federal Court of Justice. A decision of the court is pending.

- BNetzA decided on 24th January 2024 to adjust the return on equity for upcoming onshore investments as of 2024. The return on equity for new investments in the capital cost adjustment (KKA) as of 2024 will be determined on a yearly basis by using a fixed risk premium of 3.00 per cent. and an updated risk-free rate for the underlying year. 50Hertz appealed against BNetzA's decision.

12 Management and corporate governance

The reorganisation of the Group in 2019 has had a significant impact on the management and governance of the Issuer (formerly Elia System Operator SA/NV). Following the reorganisation, the Issuer transferred its Belgian regulated activities to ETB and therefore is no longer subject to the Electricity Law and the Royal Decree of 3 May 1999 "*relatif à la gestion du réseau national de transport d'électricité" / "betreffende het beheer van het national transmissienet voor elektriciteit*" (the "**Corporate Governance Decree**") regarding the organisation and corporate governance of the TSO, with a view to guaranteeing its independence and impartiality. However, the Issuer does remain listed on the stock exchange and therefore remains subject to the obligations of listed companies, in particular with regards to governance. The Issuer accepts the 2020 Belgian Corporate Governance Code (the "**Corporate Governance Code 2020**") as its reference code.

The Issuer has a one-tier structure, being the Board of Directors with three advisory committees, namely the Audit Committee, the Nomination & Remuneration Committee and the Strategic committee, together with a college in charge of the day-to-day management (the "**Executive Management Board**") pursuant to Article 7:121 BCCA.

The governance structures of ETB and EA comply with the requirements of the Electricity Law, the Corporate Governance Decree and all applicable regional legislation.

12.1 Board of Directors

As provided by Article 7:85 BCCA, the Issuer is headed by a Board of Directors acting as a collegiate body. The Board of Directors' role is to pursue the long-term success of the Issuer by providing entrepreneurial leadership and enabling risks to be assessed and managed. The Board of Directors should decide on the Issuer's values and strategy, its risk appetite and key policies. The Board of Directors should ensure that the required financial and human resources are in place for the Issuer to meet its objectives.

The Board of Directors is responsible for all matters relating to the realisation of the Issuer's corporate object, with the exception of those matters that are, pursuant to the applicable law or the Articles of Association, exclusively reserved to the General Shareholders' Meeting.

The Board of Directors is composed of twelve (12) directors. Six (6) directors are independent, non-executive directors and six (6) other directors are non-independent, non-executive directors appointed by the Shareholders' Meeting upon proposal of Publi-T, as per the current shareholder structure.

12.1.1 Members of the Board of Directors

The current members of the Board of Directors are:

Name	Position	Director since	Expiry of mandate[(1)]	Board committee membership
Michel Allé	Non-executive Independent Director	17 May 2016	2025	Chairman of the Audit Committee and member of the Strategic Committee
Pieter De Crem	Non-executive Director appointed upon proposal of Publi-T	9 February 2021	2026	Member of the Strategic Committee
Laurence de L'Escaille	Non-executive Independent Director	18 May 2022	2025	Member of the Nomination & Renumeration Committee
Frank Donck	Non-executive Independent Director	20 May 2014	2027	Member of the Audit Committee and standing

Name	Position	Director since	Expiry of mandate[(1)]	Board committee membership
				invitee of the Strategic Committee
Bernard Gustin	Non-executive Independent Director and Chairman	16 May 2017	2029	Member of the Strategic Committee
Roberte Kesteman	Non-executive Independent Director	27 October 2017	2029	Member of the Audit Committee and Member of the Nomination & Remuneration Committee
Dominique Offergeld	Non-executive Director appointed upon proposal of Publi-T	11 May 2011	2029	Member of the Audit Committee, Chairwoman of the Nomination & Remuneration Committee and standing invitee of the Strategic Committee
Pascale Van Damme	Non-executive Independent Director	18 May 2022	2025	Member of the Nomination & Remuneration Committee
Geert Versnick	Non-executive Director appointed upon proposal of Publi-T and Vice Chairman	20 May 2014	2026	Member of the Nomination & Remuneration Committee and Chairman of the Strategic Committee
Interfin SC/CV, represented by its permanent representative Thibaud Wyngaard	Non-executive Director appointed upon proposal of Publi-T	1 January 2022	2026	-
Bernard Thiry	Non-executive Director appointed upon proposal of Publi-T and Vice Chairman	16 May 2023	2029	Member of the Strategic Committee
Eddy Vermoesen	Non-executive Director appointed upon proposal of Publi-T	16 May 2023	2029	Member of the Audit Committee

[(1)] Mandates expire after annual general shareholders' meeting.

The Issuer's business address serves as the choice of residence of each of the Board members.

12.1.2 General information on the directors

As at the date of this Information Memorandum, the directors have held the following directorships (apart from their directorships of the Issuer or its subsidiaries) and memberships of administrative, management or supervisory bodies and/or partnerships:

Name	Principal outside interests as at the date of this Information Memorandum
Michel Allé	Independent Chairman of the Board of Directors of Neuvasq Biotechnologies SRL/BV;

Name	Principal outside interests as at the date of this Information Memorandum
	Chairman of the Board of Directors of Epics Therapeutics SA/NV; Director of D'Ieteren SA/NV (as permanent representative of GEMA SRL/BV) and Director of Société de Participation et de Gestion SA/NV (Holding D'Ieteren); Director of Eurvest SA/NV (as permanent representative of GEMA SRL/BV); Director of DreamJet Participations SA/NV; Director of GEMA SRL/BV; Director of Euro Asia EDU SRL/BV; Director of Lineas SA and Lineas Group SA (as permanent representative of GEMA SRL/BV); Managing Director of Centre d'Education permanente en Administration des Affaires pour Cadres ASBL/VZW; Director of Sauvegarde de l'Ecole Plein Air ASBL/VZW; Director of EMU Deans Associates SAS; Director of Bataves 1521.
Pieter De Crem	Director of ED MERC SRL/BV, ZABRA SA/NV, BESIX SA/NV, and of VANHOUT SA/NV.
Laurence de l'Escaille	Director of BNP Paribas Fortis SA/NV; Member of the Commission on Nuclear Provisions
Frank Donck	Managing Director of 3D SA/NV and Managing Director or Director of affiliated companies to 3D SA/NV; Chairman of the Board of Directors of Atenor SA/NV and ForAtenor SA/NV; Chairman of the Board of Directors of Barco SA/NV; Independent Director of Luxempart S.A.; Director or Member of the Supervisory Board of KBC Group SA/NV, KBC

Name	Principal outside interests as at the date of this Information Memorandum
	Verzekeringen SA/NV, KBC Global Services SA/NV and Member of the Risk and Compliance Committee of KBC Group; Director of Associatie KU Leuven ASBL/VZW; Director of the Commissie Corporate Governance Private Stichting; Chairman of the Board of Directors of Group Ter Wyndt SRL/BV and its affiliates; Director of Academie Vastgoedontwikkeling SA/NV; Director of Anchorage SA/NV; Director of Bowinvest SA/NV; Director of House of Odin.
Bernard Gustin	Managing Director and Executive Chairman of LINEAS SA/NV, and LINEAS Group SA/NV; Director of Groupe Forrest International SA/NV; Director of Africa on the Move ASBL/VZW; Director of Hansea SA/NV; Director of DreamJet SAS; Director of BSCA (Brussels South Charleroi Airport) SA/NV, BEL Air Cargo Ireland Ltd, and BEL Air Cargo Belgium SRL/BV.
Roberte Kesteman	Senior Advisor Benelux of First Sentier Investments Limited (as Permanent Representative of Symvouli SRL/BV); Director of Fluxys Belgium SA/NV; Independent director of Aperam S.A; Independent Director of the Royal Belgian Football Association.
Dominique Offergeld	Chief Financial Officer of ORES SRL/BV; Vice Chairwoman of the Board of Directors of Publi-T SC/CV; Director of Contassur SA/NV;

Name	Principal outside interests as at the date of this Information Memorandum
	Director of Wallonie Entreprendre SA/NV and Wallonie Entreprendre International SA/NV; Director of Club L ASBL/VZW.
Pascale Van Damme	Vice President EMEA VMware and director of Dell SA/NV; Chairwoman and director Digital Industries of Agoria ASBL/VZW; Chairwoman of URBSFA/KBVB ASBL/VZW; Director of Amcham ASBL/VZW, Director of Living Tomorrow ASBL/VZW.
Geert Versnick	Chairman of the Board of Directors of Publi-T SC/CV; Director of Publigas CV/SC; Director of Fluxys Belgium SA/NV; Executive Director of Flemco SRL/BV; INFOHOS SOLUTIONS SA/NV; Director of Adinfo Belgium SA/NV; Director of CEVI SA/NV. Chairman of De Wilde Eend Private Stichting; Managing Director of CLANCO SRL/BV.
Interfin SC/CV, represented by its permanent representative Thibaud Wyngaard	First alderman of Uccle in charge of Public Works, Mobility, Parking and Sports; Assistant in the Law Faculty of the University of Brussels (ULB); Vice Chairman of the Board of Directors and the Directors Committee of Sibelga; Chairman of the Audit Committee of Sibelga SC/CV; Member of the Bureau of Interfin; Vice Chairman of the Board of Directors of the Brussels Network operations (BNO) SC/CV; Director of Interfin SC/CV, Publi-T SC/CV, Brutélé SA/NV;

Name	Principal outside interests as at the date of this Information Memorandum
	Member of the High Counsel of Sports (Conseil Supérieur des Sports).
Bernard Thiry	Director of Publi-T, Publipart, OGEO FUND OFP, CREDIS, NEB Participations and NEB Foncière; Vice-Chairman of the Board of Directors of Publigaz and Nethys; Chairman of the Board of Directors of SOCOFE, Solidaris Assurances, Intégrale Luxembourg and CIRIEC aisbl.
Eddy Vermoesen	Director of Publi-T; Vice-Chairman of IGEAN (autonomy public company active within support services); Director of Wind for A and Vice-Chairman of FINEG (Financieringsholding voor Elektriciteits- en aardGasverkoop); Alderman of finance in the municipality of Aartselaar.

The following paragraphs contain brief biographies of each of the directors.

Michel Allé – Mr Allé is the former Chief Financial Officer of SNCB SA/NV (2013-2015) and SNCB Holding SA/NV (2005-2013). Prior to his functions with SNCB and SNCB Holding, he served as Chief Financial Officer of BIAC SA/NV (2001-2005). Born in 1950, Mr. Allé holds a Master in Physics Civil Engineering and a Master in Economics from the University of Brussels (ULB). Alongside his professional experience, he has a long academic experience with the University of Brussels (ULB) (Solvay Brussels School of Economics and Management & Ecole Polytechnique). Today, he is Honorary Professor of that same University.

Pieter De Crem – Mr De Crem began his political career in 1989 as an attaché to the staff of Prime Minister Wilfried Martens. In 1994, he was elected Mayor of Aalter, a position he still holds today. He was elected to the Belgian Federal Parliament for the first time in 1995, and then served as President of the CD&V Group in the House of Representatives (2003-2007) and as chairman of the Home Affairs Committee in 2007. Mr De Crem has served as Minister of Defense (2007-2014), Foreign Trade (2014-2020), and Home Affairs and Security (2018-2020). He has also served as Deputy Prime Minister (2013-2014) and as the federal government's special envoy for the MYRRHA research project based in the Belgian Nuclear Research Centre (2017-2018). Born in 1962, Mr De Crem holds a Master in Romance philology from the University of Leuven (KUL), a Master in European and lnternational Law from the University of Brussels (VUB) and a Degree from Harvard Business School (APM).

Laurence de l'Escaille – After completing her university studies at the University of Oxford and Johns Hopkins University in Washington DC, Laurence de l'Escaille began her career in 2008 as an analyst at the European Bank for Reconstruction and Development in London. She then joined the International Monetary Fund (IMF) where she was in charge of research programs for the Monetary and Capital Markets Department. Her career continued at McKinsey & Company as a Partner. There, she directed several major strategic and operational advisory programs in Europe and Africa for eight years, with a

particular attention to issues relating to electrification and the energy transition. In 2020, she joined the Belgian Federal Governments' COVID-19 Commissariat, where she focused primarily on strategic planning for COVID-19 vaccine deployment.

Frank Donck – Born in 1965, in Aalter, Belgium, Mr Frank Donck holds a Master of Law Degree from the University of Ghent (Belgium) and a Master in Financial Management from the Vlerick Business School, Ghent (Belgium). He started his career as investment manager for Investco SA/NV (later KBC Private Equity SA/NV). He has since 1998 been the managing director of the family-owned investment company 3D SA/NV. He currently serves as chairman of the board of Atenor SA/NV as well as of Barco SA/NV (as independent director). He serves as director of KBC Group and as independent director of Elia Group SA/NV and Luxempart SA/NV. He also holds board mandates in several privately owned companies. Mr Donck is also a member of Belgium's Corporate Governance Commission.

Bernard Gustin – Mr Gustin is the Chairman of the Board of Directors of Elia Group SA, Elia Transmission Belgium SA and Elia Asset SA, a position he assumes since 2017. He serves as Executive Chairman of LINEAS SA, and LINEAS Group SA. Lineas is Europe's biggest private rail freight company. Mr. Gustin is operating advisor to DWS Infrastructure fund and in that respect is Chairman of the Board of InfraMobility a Benelux leading mobility Group and Vice Chairman of the Board of Charleroi Airport. Mr Gustin was the Co-CEO (2008-2012) and later CEO of Brussels Airlines SA/NV (2012-2018). Prior to his functions with Brussels Airlines, he was a partner with Arthur D. Little (1999-2008). Born in 1968, he holds a commercial engineering degree from ICHEC, a degree in international comparative management from ICHEC (Loyola College Maryland), and an MBA from Solvay Business School (VUB).

Roberte Kesteman – Ms Kesteman is the former CEO (2008-2012) and CFO and HR Director (2002-2008) of Nuon Belgium SA/NV. She is the former Chairwoman of FEBEG. Born in 1957, Ms Kesteman holds a Master in Commercial and Consular Sciences from the Vlaamse Economische Hogeschool Brussel and attended the International Corporate Finance Course at INSEAD (France).

Dominique Offergeld – Ms Offergeld is the Chief Financial Officer of ORES SRL/BV (since 2008). She is Vice-Chairwoman of the Board of Directors of Publi-T SC/CV. She held the function of deputy chief of staff of the Minister of Mobility (2014-2016) and of the Minister of Energy (2004-2008). She was General Counsel at SNCB Holding (2005-2008) and also chairwoman of the Board (2004-2005). She has exercised the function of expert of two Vice-Ministers of the Walloon Region (1999-2001) and federal State (2001 – 2004) and Credit analyst at the "Generale de Banque" (BNP Paribas Fortis) (1988-1999). She was also appointed as Belgocontrol Government Commissar (2014-2016), as Vice-President of the "Institut des Radio Eléments" (IRE) (2005-2013) and as Fluxys Government Commissar (2004-2008). Born in 1963, Ms Offergeld holds a Master in Economics and Social Sciences from the University of Namur, a certificate of General Management from INSEAD (France) and a Certificate of Corporate Governance from Guberna.

Pascale Van Damme – Ms Van Damme is Vice President at Dell Technologies leading the multi Billion VMware business for Europe Middle East & Africa. Prior to her current role, as Managing Director she led the Belgian and Luxembourgish Dell Technologies branches for eight years; Pascale previously led the company's public sales team in Belgium and later she was the Sales Transformation lead for Europe, Middle East and Africa, having joined Dell Technologies in 2004. Prior to Dell Technologies, Pascale spent five years as Director of Corporate Sales at Base and in key account management positions at Proximus, both key players in the telecom industry and TNT Express. She is actively working across the digital sector in her role as President of Agoria Digital Industries, the digital industries chapter of Belgium's industry and trade association. She has been recognised as a fervent sponsor of women in IT. She received Belgium's ICT Woman of the Year award (2014) and the European Digital Woman of the Year award (2017) and was named JUMP's Wo.Men@Work 2018 CEO Ambassador for Gender Equality. Pascale is also co-founder of BeCentral, the digital hub in Brussels, which aims at democratising access to digital applications and the digital world.

Geert Versnick – Mr Versnick is a former lawyer. He was Vice-Governor of the Province of East Flanders, Member of the City Council of the city of Ghent and also member of the Belgian federal Parliament. He is director of Clancy Corporation BV. He is the Chairman of the Board of Directors of Publi-T SC/CV. Born in 1956, Mr Versnick holds a Master of Laws from the University of Ghent, a certificate of Board Effectiveness from Guberna and a certificate of High Performance Boards from IMD. In addition, he attended the Board Education retreat organised by IMD and the AVIRA program organised by INSEAD (France).

Interfin SC/CV, represented by its permanent representative Thibaud Wyngaard – Mr Wyngaard is first alderman of Uccle in charge of Public Works, Mobility, Parking and Sports. Prior to his political functions, he was with the Legal Department of the Royal Belgian Football Association (2006-2008). He served as an assistant and researcher at the Public Law Centre of the Université Libre de Bruxelles (2008-2010), where he currently serves as Assistant in the Faculty of Law. He served as political secretary of the Ecolo group in the Parliament of the Brussels-Capital Region (2010-2018). He is Vice Chairman of the Board of Directors and the Comité directeur of Sibelga. He is also Chairman of the Audit Committee of Sibelga, Member of the Bureau of Interfin, and Vice Chairman of the Board of Directors of the Brussels Network operations (BNO). He serves as Director of Interfin, Publi-T, and Brutélé. He is also a Member of the High Counsel of Sports (Conseil Supérieur des Sports). Born in 1983, Mr Wyngaard holds a Master in Law with a major in public law from the University of Brussels (ULB), a Complementary Master in environmental law from the University Faculty of Saint-Louis and a Complementary Master in public real estate law from the University Faculty of Saint-Louis.

Bernard Thiry – Born in 1955, Bernard Thiry obtained a master in Economics at the University of Liège in 1979. He graduated at Stanford University (USA) and then obtained a PhD in Economics at the University of Liège in 1985. In 1989, he started his academic career at the University of Liège, which he continues as a professor at HEC-ULg School of Management (currently as professor emeritus). He was director of the CREG, chairman of Forem's management committee, and chairman of the Union nationale des mutualités socialistes. From 2008 to 2016, he was CEO of Ethias. Bernard Thiry currently serves as director of Publi-T, Publipart and vice-chairman of Publigaz. He is also chairman of the board of directors of SOCOFE and of Solidaris Assurances and Intégrale Luxembourg.

Eddy Vermoesen – Born in 1952, Eddy Vermoesen received his academic training at the Royal Military Academy and the Military Administration School. At KU Leuven, he obtained a master's degree in government management and public administration. Within Defence, he was budget manager of the Medical Service and later administrative director of the Military Hospital in Neder-over-Heembeek. He was also a member of the board of censors of the National Bank of Belgium. He currently serves as director of Publi-T and vice-chairman of IGEAN (autonomy public company active within support services), director of Wind for A and vice-chairman of FINEG (Financieringsholding voor Elektriciteits- en Aardgasverkoop). He is also alderman of finance in the municipality of Aartselaar.

12.2 Conflict of interest

As a Belgian listed company, the Issuer is not aware of any potential conflicts of interest between any duties owed to the Issuer by the members of the Board of Directors or the members of the Executive Management Board and the other duties or private interests of those persons (see "Management and Governance – Board of Directors – Board of Directors"). As a Belgian public company, the Issuer must comply with the procedures set out in Article 7:96 BCCA regarding conflicts of interest within the Board of Directors and Article 7:97 BCCA regarding related party transactions.

Each director and member of the Executive Management Board has to arrange his or her personal and business affairs so as to avoid direct and indirect conflicts of interest with the Issuer.

Article 7:96 BCCA contains a special procedure, which must be complied with if a director has a direct or indirect conflicting interest of a patrimonial nature in a decision or transaction within the authority of the Board of Directors.

No conflicts of interest have arisen and the procedure from Article 7:96 BCCA has not been applied in the year 2023 and neither in the period as from 1 January 2024 until the date of this Information Memorandum.

12.3 Committees of the Board of Directors

In order to carry out its tasks and responsibilities effectively, the Board of Directors is supported by three advisory committees: the Nomination & Remuneration Committee, the Audit Committee and the Strategic Committee. In principle, an advisory committee makes recommendations to the Board of Directors in certain specific matters for which it has the necessary expertise. The power of decision itself rests exclusively with the Board of Directors. The role of an advisory committee is therefore limited to providing advice to the Board of Directors.

12.3.1 Nomination & Remuneration Committee

The extraordinary shareholders' meeting of the Issuer approved on 21 June 2023 a change to the articles of association, which now provide that the Nomination Committee and the Remuneration Committee are merged into one new "Nomination & Remuneration Committee".

In accordance with the Articles of Association, the Nomination & Remuneration Committee is composed of at least three (3) and maximum five (5) non-executive directors, of whom a majority shall be non-independent directors and at least one-third shall be independent directors. In addition to its usual support role to the Board of Directors, the Nomination & Remuneration Committee is responsible for advising and supporting the Board of Directors with regards to the appointment of directors, the CEO and the members of the executive management board and making recommendations to the Board of Directors, in particular regarding the remuneration policy and the remuneration of the members of the executive management board and of the Board of Directors.

The current members of the Nomination & Remuneration Committee are:

- Dominique Offergeld, Chairwoman;
- Roberte Kesteman
- Laurence de l'Escaille;
- Pascale Van Damme; and
- Geert Versnick.

Roberte Kesteman, Laurence de l'Escaille and Pascale Van Damme are independent directors in the meaning of the Articles of Association and the BCCA.

12.3.2 Audit Committee

The Audit Committee is composed of at least three (3) and maximum five (5) non-executive directors. Two (2) of its members shall be independent directors. All members shall have sufficient and necessary experience and expertise with regards to the activities of the Issuer and at least one (1) member of the Audit Committee shall have sufficient and necessary experience and expertise in the field of accounting and audit to perform the role of the Audit Committee.

Without prejudice to the legal responsibilities of the Board of Directors, the Audit Committee shall have at least the following responsibilities:

- examining the Issuer's accounts and controlling the budget;
- monitoring the financial reporting process, including information that must be included in accordance with applicable Belgian and European legislation (including taxonomy legislation (i.e. Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework for sustainable investment and amending Regulation (EU) 2019/2088), related delegated regulations and related Belgian legislation)) in the so-called non-financial statements of the annual reports;
- monitoring the effectiveness of the Issuer's internal control and risk management systems;
- monitoring the internal audit and its effectiveness;
- monitoring the statutory audit ('*contrôle legal*' / '*wettelijke controle*') of the annual accounts, including follow-up on questions raised and recommendations made by the statutory auditors and, as the case may be, by the external auditor charged with the audit of the consolidated accounts;
- reviewing and monitoring the independence of the statutory auditors, and, as the case may be, of the external auditor charged with the audit of the consolidated accounts, in particular regarding the provision of additional services to the Issuer;
- making proposals to the Board of Directors on the (re)appointment of the statutory auditors, as well as making recommendations to the Board of Directors regarding the terms of their engagement;
- as the case may be, investigating the issues giving rise to the resignation of the statutory auditors, and making recommendations regarding all appropriate actions in this respect;
- monitoring the nature and extent of the non-audit services provided by the statutory auditors;
- reviewing the effectiveness of the external audit process.

The Audit Committee reports regularly to the Board of Directors on the exercise of its duties, and at least when the Board of Directors prepares the annual accounts, and where applicable the condensed financial statements intended for publication.

The current members of the Audit Committee are:

- Michel Allé, Chairman;
- Frank Donck;
- Roberte Kesteman;
- Dominique Offergeld; and
- Eddy Vermoesen.

Michel Allé, Frank Donck and Robert Kesteman are independent directors in the meaning of the Articles of Association and the BCCA.

12.3.3 Strategic Committee

The Extraordinary Shareholders' Meeting of the Issuer approved on 15 May 2018 the proposal to set up a strategic committee. The Strategic Committee of the Issuer is composed of maximum five (5) non-executive directors. Two (2) of its members are independent. The Strategic Committee has an advisory role and makes recommendations to the Board of Directors in relation to the Issuer's strategy. The strategic committee is responsible for providing advice and recommendations to the Board of Directors regarding the Issuer's business development activities and international investment policy in the broad sense of the term, including the method of financing.

The Strategic Committee also advices the Board of Directors on the sustainability policy of the Issuer as well as on the reporting of non-financial information in the annual report according to the Belgian and European legislation, including the European taxonomy legislation.

The current members of the Strategic Committee are:

- Geert Versnick, Chairman;
- Michel Allé;
- Pieter De Crem;
- Bernard Gustin; and
- Bernard Thiry;

Bernard Gustin and Michel Allé are independent directors in the meaning of the Articles of Association and the BCAC. Frank Donck and Dominique Offergeld are standing invitees of the Strategic Committee.

12.4 Executive Management Board

As mentioned above, the Issuer has a one-tier structure ("*système moniste*" / "*monistisch system"*), being the Board of Directors, as governance model. In accordance with the possibility provided for by Article 7:121 BCCA, and pursuant to its Articles of Association, the Board of Directors delegated the day-to-day management to the Executive Management Board.

In accordance with Article 17.3 of the Articles of Association and Article 7:121 BCCA, the Executive Management Board is responsible for, within the limits of the rules and principles of general policy and the decisions adopted by the Board of Directors of the Issuer, all acts and decisions that do not exceed the needs of the daily management of the Issuer, as well as those acts and decisions that do not justify the intervention of the Board of Directors for reasons of minor importance or urgency.

12.4.1 Members of the Executive Management Board

The current members of the Executive Management Board are listed in the table below.

Name	Function
Catherine Vandenborre	Chief Executive Officer *ad interim* of the Issuer and Chief Financial Officer of the Issuer, Elia Transmission Belgium SA/NV and Elia Asset SA/NV
Stefan Kapferer	Chief Executive Officer 50Hertz GmbH
Peter Michiels	Chief Human Resources, Internal Communication Officer and Chief Alignment Officer

Michael Freiherr Roeder von Diersburg	Chief Digital Officer
Marco Nix	Chief Financial Officer *ad interim*
Frédéric Dunon	Chief Executive Officer Elia Transmission Belgium SA/NV and Elia Asset SA/NV

12.4.2 General information on the members of the Executive Management Board

In the five years preceding the date of this Information Memorandum, the members of the Executive Management Board have held the following directorships (apart from their directorships of the Issuer or its subsidiaries) and memberships of administrative, management or supervisory bodies and/or partnerships:

Name	**Principal outside interests as at the date of this Information Memorandum**
Catherine Vandenborre	Director and Chairwoman of the Audit Committee of Proximus SA/NV; Director of Fonds de pension Proximus OFP; Director of Canel SRL/BV and Director of Rexel France
Peter Michiels	N/A
Stefan Kapferer	N/A
Michael Freiherr Roeder von Diersburg	N/A
Marco Nix	N/A
Frédéric Dunon	Chairman of the Board of Directors of Société Royale Belge des Electriciens ASBL

The following paragraphs contain brief biographies of each of the members of the Executive Management Board.

Catherine Vandenborre – Catherine Vandenborre is the Chief Financial Officer of the Issuer since September 2013. As of September 2023 she has also taken up the role of Chief Executive Officer ad interim of the Issuer. Catherine Vandenborre is Chairwoman of the Executive Management Boards of the Issuer, Elia Transmission Belgium SA/NV and Elia Asset SA/NV. She is also Chairwoman of WindGrid SA/NV, Elia Grid International SA/NV and Eurogrid International SA/NV, and director of re.alto-energy SRL/BV. She has been working for the Issuer for 20 years and has held various positions including CEO of Belpex, Chief Corporate Affairs Officer and audit and risk management manager. She also serves as director and Chairwoman of the audit committee of Proximus SA/NV. She holds degrees of Applied Economics and also in Tax and financial risks management from the Unversity of Leuven (UCL). Furthermore, she pursued an International Executive Programme at Insead.

Peter Michiels – Peter Michiels is the Chief Human Resources, Internal Communication Officer and Chief Alignment Officer since January 2017. Peter Michiels is a member of the Executive Management Boards of the Issuer, Elia Transmission Belgium SA/NV and Elia Asset SA/NV. Peter Michiels is also a director of Eurogrid International SA/NV, Elia Engineering SA/NV, WindGrid SA/NV and member of the Supervisory Board of Eurogrid GmbH. Before he was Global Vice President HR at Esko from 2013 to 2016. He also held the position of Global Business Partner of Huntsman Chemicals from 2009 to 2013 and the position of Corporate HR Director of EAME. He holds a Bachelor of Business Administration from the Catholic University of Leuven (KUL) and a Master of Linguistics from the University of Antwerp.

Stefan Kapferer – Stefan Kapferer is CEO of 50Hertz Transmission GmbH. Furthermore, he is Managing Director of Eurogrid GmbH and director of Elia Grid International SA/NV and WindGrid SA/NV. Between 2009 and 2011, he served as Secretary of State at the Federal Ministry of Health. From 2011 until 2014, he served as Secretary of State of the Federal Ministry for Economic Affairs and Energy. After a 2-year period as Deputy Secretary General at the OECD in Paris, he was since 2016 the Chairman of the Management Board of BDEW, the German Association of Energy and Water Industries. Mr Kapferer holds a Master in Administrative Science.

Michael Freiherr Roeder von Diersburg – Michael von Roeder is Chief Digital and IT officer of the Issuer. He is a member of the Executive Management Board of the Issuer, a member of the Supervisory Board of Re.alto-energy GmbH and Director of Re.alto-energy SRL/BV. Michael von Roeder holds a Master in Technology Management and Organisation.

Marco Nix – Marco Nix is executive director for the Grid Development Project and Finance Departments of 50Hertz Transmission GmbH. Between 2015 and 2023, he fulfilled the role of Chief Financial Officer, and since November 2023, he has also acted as the interim Chief Financial Officer of the Issuer. From 2014 to 2015, he also occupied the role of Chief Corporate and Financial Officer of Elia Grid International SA/NV in addition to his activities as Head of Controlling. As of April 2024 Marco is also a director of WindGrid SA/NV. Prior to joining 50Hertz Transmission GmbH, he held leading positions within the Finance Department of the Vattenfall Group. He began his professional career in the energy industry in 2001 at energy supplier Bewag.

Frédéric Dunon - Frédéric Dunon is since December 2023 the Chief Executive Officer of Elia Transmission Belgium SA/NV and Elia Asset SA/NV. Frédéric is Vice-Chairman of the Executive Management Board of Elia Transmission Belgium SA/NV and Elia Asset SA/NV and member of the Executive Management Board of the Issuer. He is also a director of WindGrid SA/NV. Frédéric has been with the Issuer for over 20 years, during which time he has held various operational and management positions.

12.5 Corporate governance

Corporate governance within the Issuer is based on four (4) pillars: (i) the Corporate Governance Code 2020, which the Issuer has adopted as its benchmark code, (ii) the BCCA, (iii) the Issuer's Articles of Association and (iv) the Issuer's Corporate Governance Charter.

The Corporate Governance Code 2020 is based on a "comply or explain" system: Belgian listed companies are requested to comply with the Corporate Governance Code 2020, but may deviate from its provisions and guidelines (though not the principles) provided that they disclose the justifications for such deviation.

In accordance with the provisions of the Corporate Governance Code 2020, the Board of Directors of the Issuer approved the latest version of its Corporate Governance Charter on 21 June 2023 (the "**Corporate Governance Charter**"). The Issuer's governance regarding its Board of Directors complies with the Corporate Governance Code 2020, but deviates from it in certain instances in view of the Issuer's particular situation.

12.6 College of Statutory Auditors

As provided in Article 23 of the Articles of Association, the Issuer is required to engage the services of at least two (2) joint auditors. Currently, the Issuer's joint auditors are:

- Ernst & Young Réviseurs d'Entreprises/Bedrijfsrevisoren SRL/BV, represented by Paul Eelen; and
- BDO Réviseurs d'Entreprises/Bedrijfsrevisoren SRL/BV, represented by Michaël Delbeke.

They are responsible for the audit of the consolidated financial statements of the Issuer and of the statutory accounts of the Issuer. The auditors are appointed for a period of three years. Their mandate is therefore due to expire at the end of the General Shareholders' Meeting relating to the financial year ending 31 December 2025.

12.7 Major Shareholders

In line with the transparency declarations received by the Issuer at the date of this Information Memorandum, the major shareholders of the Issuer hold the following shares in the Issuer.

The percentages of shares included in this table were calculated using the number of outstanding shares on 31 December 2023 as the denominator.

Shareholders	Types of. Shares[3]	Shares	% Shares	% Voting rights
Publi-T……..	B and C	32,931,025 [1]	44.79	44.79
Publipart…….	A and B	2,437,487 [2]	3.32	3.32
Belfius Insurance…….....	B	714,357	0.97	0.97
Katoen Natie group…….....	B	6,839,737	9.30	9.30
Interfin……..	B	3,124,490	4.25	4.25
Other Free float……..	B	27,474,727	37.37	37.37
Total Amount of the Shares...	**A, B and C**	**73,521,823** [3]	**100**	**100**

(1) Publi-T holds a total of 32,931,025 shares, of which 32,840,832 are class C shares (and 90,193 are class B shares).

(2) Publipart holds a total of 2,437,487 shares, of which 1,836,054 are class A shares (and 601,433 are class B shares).

(3) The Issuer's share capital amounts to €1,833,762,393.56, represented by 73,521,823 ordinary shares. The shares are divided into three classes: 1,836,054 class A shares; 38,844,937 class B shares; and 32,840,832 class C shares. All shares have identical voting, dividend and liquidation rights, but class A and class C shares carry certain special rights regarding the nomination of candidates for appointment to the Board of Directors and voting on shareholders' resolutions.

Publi-T is a Belgian cooperative company, with its registered office at Galerie Ravenstein 4 (bte 2)/Ravensteingalerij 4 (bus 2), 1000 Brussels, Belgium (enterprise number 0475.048.986 (Brussels)). According to a transparency notification dated 20 February 2020, no person ultimately controls Publi-T. Publi-T has factual control over the Issuer within the meaning of article 1:14, §3 BCCA.

Publipart SA/NV ("**Publipart**") is a Belgian limited liability company, with its registered office at Rue Royale 55/Koningstraat 55, 1000 Brussels, Belgium (enterprise number 0875.090.844 (Brussels)). According to a transparency notification dated 11 May 2010, Publipart is controlled by Publilec SC/CV, a Belgian cooperative company, with its registered office at Place Communale, 4100 Seraing, Belgium (enterprise number 0219.808.433 (Liège)), which owns 64.93 per cent. of the shares in Publipart.

According to a transparency notification dated 30 March 2011, Publi-T and Publipart are acting in concert within the meaning of Article 3 §1, 13° b) of the Belgian law of 2 May 2007 on the disclosure of major holdings in issuers whose shares are admitted to trading on a regulated market and laying down miscellaneous provisions (the "**Transparency Law**"), meaning that Publi-T and Publipart have concluded an agreement on the concerted exercise of their voting rights with a view to establishing a lasting common policy regarding the Issuer.

12.8 Share capital

All shares have identical voting, dividend and liquidation rights, except as otherwise provided by the Issuer's Articles of Association. In accordance with the Articles of Association, class A and class C

shares carry certain special rights regarding the nomination of candidates for appointment to the Board of Directors and the voting of shareholders' resolutions.

As at 31 December 2023, the Issuer's share capital amounts to €1,833,762,393.56 represented by 73,521,823 ordinary shares without nominal value, each representing 1/73,521,823th of the Issuer's share capital. The capital is fully paid up.

PART VII – TAXATION

The *following is a general description of the main Belgian tax consequences of acquiring, holding, redeeming and/or disposing of the Bonds. It is restricted to the matters of Belgian taxation stated herein and is intended neither as tax advice nor as a comprehensive description of all Belgian tax consequences associated with or resulting from any of the aforementioned transactions. In some cases, different rules can be applicable. Prospective investors are urged to consult their own tax advisors concerning the detailed and overall tax consequences of acquiring, holding, redeeming and/or disposing of the Bonds, including under the laws of their countries of citizenship, residence, ordinary residence or domicile.*

The summary provided below is based on the information provided in this Information Memorandum and on Belgium's tax laws, regulations, resolutions and other public rules with legal effect, and the interpretation thereof under published case law, all as in effect on the date of this Information Memorandum and remains subject to any future amendments, which may or may not have retroactive effect.

Also investors should note that the appointment by an investor in Bonds, or any person through which an investor holds Bonds, of a custodian, collection agent or similar person in relation to such Bonds in any jurisdiction may have tax implications. Investors should consult their own tax advisers in relation to the tax consequences for them of any such appointment.

Belgium

For the purpose of the following general description, a Belgian resident for tax purposes is: (a) an individual subject to Belgian personal income tax (*personenbelasting/impôt des personnes physiques*) (i.e., an individual who has his domicile in Belgium or has his seat of wealth in Belgium, or a person assimilated to a Belgian resident); (b) a legal entity subject to Belgian corporate income tax (*vennootschapsbelasting/impôt des sociétés*) (i.e., a company that has its principal establishment, or effective place of management in Belgium. A company having its registered seat in Belgium shall be presumed, unless the contrary is proved, to have its principal establishment or effective place of management in Belgium); (c) an Organisation for Financing Pensions subject to Belgian corporate income tax (i.e., a Belgian pension fund incorporated under the form of an Organisation for Financing Pensions) or (d) a legal entity subject to Belgian legal entities tax (*rechtspersonenbelasting/impôt des personnes morales*) (i.e., an entity other than a legal entity subject to corporate income tax having its principal establishment or its effective place of management in Belgium). A Belgian non-resident is any person or entity that is not a Belgian resident.

Belgian Withholding Tax

All payments by or on behalf of the Issuer of interest on the Bonds are in principle subject to Belgian withholding tax on the gross amount of the interest, currently at the rate of 30 per cent. Both Belgian domestic tax law and applicable tax treaties may provide for lower or zero rates subject to certain conditions and formalities.

In this regard, "**interest**" means (i) the periodic interest income, (ii) any amount paid by, or on behalf of, the Issuer in excess of the issue price (upon full or partial redemption whether or not at maturity, or upon purchase by the Issuer) and (iii) in case of a disposal of the Bonds between two interest payment dates to any third party, excluding the Issuer, the *pro rata* of accrued interest corresponding to the holding period.

However, payments of interest and principal under the Bonds by or on behalf of the Issuer may be made without deduction of withholding tax in respect of the Bonds if and as long as at the moment of payment or attribution of interest they are held by certain eligible investors (the "**Eligible Investors**", see

hereinafter) in an exempt securities account (an "**X Account**") that has been opened with a financial institution that is a direct or indirect participant (a "**Participant**") in the NBB-SSS. Euroclear, Euroclear France, Clearstream, SIX SIS, Euronext Securities Milan, Euronext Securities Porto, Iberclear, LuxCSD and OeKB, as well as any other ICSD having an investor link with the NBB-SSS (in which respect please consult the list prepared by the National Bank of Belgium on www.nbb.be/nl/list-nbb-sss-icsds), are directly or indirectly Participants for this purpose.

Holding the Bonds through the NBB-SSS enables Eligible Investors to receive gross interest income on their Bonds and to transfer Bonds on a gross basis.

Participants to the NBB-SSS must enter the Bonds which they hold on behalf of Eligible Investors in an X Account

Eligible Investors are those listed in Article 4 of the Belgian Royal Decree of 26 May 1994 on the deduction of withholding tax, as amended (*koninklijk besluit van 26 mei 1994 over de inhouding en de vergoeding van de roerende voorheffing/arrêté royal du 26 mai 1994 relatif à la perception et à la bonification du précompte mobilier*) which include, *inter alia*:

(i) Belgian companies subject to Belgian corporate income tax as referred to in Article 2, §1, 5°, b) of the Belgian code on income tax of 1992 (*wetboek van de inkomstenbelastingen 1992/code des impôts sur les revenus 1992*, the "**BITC 1992**");

(ii) Without prejudice to Article 262, 1° and 5° BITC, the institutions, associations or companies specified in Article 2, §3 of the law of 9 July 1975 on the control of insurance companies other than those referred to in (i) and (iii);

(iii) state regulated institutions (*parastatalen/institutions parastatales*) for social security, or institutions which are assimilated therewith, provided for in Article 105, 2º of the royal decree implementing the BITC 1992 (*koninklijk besluit tot uitvoering van het wetboek inkomstenbelastingen 1992/arrêté royal d'exécution du code des impôts sur les revenus 1992*, the "**RD/BITC 1992**");

(iv) non-resident investors whose holding of the Bonds is not connected to a professional activity in Belgium provided for in Article 105, 5º of the RD/BITC 1992;

(v) Belgian qualifying investment funds, recognised in the framework of pension savings, provided for in Article 115 of the RD/BITC 1992;

(vi) taxpayers provided for in Article 227, 2º of the BITC 1992 which have used the income generating capital for the exercise of their professional activities in Belgium and which are subject to non-resident income tax pursuant to Article 233 of the BITC 1992;

(vii) the Belgian State in respect of investments which are exempt from withholding tax in accordance with Article 265 of the BITC 1992;

(viii) collective investment funds (such as investment funds (*beleggingsfondsen/fonds de placement*)) governed by foreign law which are an indivisible estate managed by a management company for the account of the participants, provided the fund units are not offered publicly in Belgium or traded in Belgium; and

(ix) Belgian resident corporations, not provided for under (i) above, when their activities exclusively or principally consist of the granting of credits and loans.

Eligible Investors do not include, *inter alia*, Belgian resident investors who are individuals or non-profit making organisations, other than those mentioned under (ii) and (iii) above.

The above categories only summarise the detailed definitions contained in Article 4 of the Royal Decree of 26 May 1994, as amended, to which investors should refer for a precise description of the relevant eligibility rules.

Upon opening of an X Account with the NBB-SSS for the holding of Bonds, an Eligible Investor is required to provide the Participant where this X Account is kept with a statement of its eligible status on a form approved by the Belgian Minister of Finance. There are no ongoing declaration requirements for Eligible Investors save that they need to inform the Participants of any changes to the information contained in the statement of their tax eligible status. Participants are however required to annually provide the NBB with listings of investors who have held an X Account during the preceding calendar year.

An X Account may be opened with a Participant by an intermediary (an "**Intermediary**") in respect of Bonds that the Intermediary holds for the account of its clients (the "**Beneficial Owners**"), **provided that** each Beneficial Owner is an Eligible Investor. In such a case, the Intermediary must deliver to the Participant a statement on a form approved by the Belgian Minister of Finance confirming that (i) the Intermediary is itself an Eligible Investor and (ii) the Beneficial Owners holding their Bonds through it are also Eligible Investors. The Beneficial Owner is also required to deliver a statement of its eligible status to the Intermediary.

These identification requirements do not apply to Bonds held in central securities depositaries as defined in Article 2, first paragraph, (1) of the Regulation (EU) N° 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 ("**CSD**") acting as Participants to the NBB-SSS (each, a "**NBB-CSD**"), **provided that** the relevant NBB-CSD only holds X Accounts and that they are able to identify the Bondholders for whom they hold Bonds in such account. For the identification requirements not to apply, it is furthermore required that the contracts which were concluded by the relevant NBB-CSDs acting as Participants include the commitment that all their clients, holder of an account, are Eligible Investors. Please consult the list of NBB-CSD prepared by the National Bank of Belgium on www.nbb.be/nl/list-nbb-sss-icsds.

Hence, these identification requirements do not apply to Bonds held in Euroclear, Euroclear France, Clearstream, SIX SIS, Euronext Securities Milan, Euronext Securities Porto, Iberclear, LuxCSD and OeKB, or any other NBB-CSD, provided that (i) they only hold X Accounts, (ii) they are able to identify the Bondholders for whom they hold Bonds in such account and (iii) the contractual rules agreed upon by them include the contractual undertaking that their clients and account owners are all Eligible Investors.

In accordance with the NBB-SSS, a Bondholder who is withdrawing Bonds from an X Account will, following the payment of interest on those Bonds, be entitled to claim an indemnity from the Belgian tax authorities of an amount equal to the withholding on the interest payable on the Bonds from the last preceding Interest Payment Date until the date of withdrawal of the Bonds from the NBB-SSS.

Belgian income tax

(a) **Belgian resident individuals**

The Bonds may only be held by Eligible Investors. Consequently, the Bonds may not be held by Belgian resident individuals as they do not qualify as Eligible Investors.

(b) **Belgian resident companies**

Interest attributed or paid to corporations which are Belgian residents for tax purposes, i.e. which are subject to Belgian corporate income tax (*vennootschapsbelasting/impôt des*

sociétés), as well as capital gains realised upon the disposal of Bonds are taxable at the ordinary corporate income tax rate of in principle 25 per cent. (with a reduced rate of 20 per cent. applying to the first tranche of EUR 100,000 of taxable income of qualifying small companies as defined by Article 2, §1, 5°, c) bis BITC 1992).

Any Belgian withholding tax retained by or on behalf of the Issuer will, subject to certain conditions, be creditable against any corporate income tax due and any excess amount will in principle be refundable, all in accordance with the applicable legal provisions.

Capital losses realised upon the disposal of the Bonds are in principle tax deductible.

Different tax rules apply to companies subject to a special tax regime, such as investment companies within the meaning of Article 185*bis* BITC 1992.

(c) **Belgian legal entities**

The Bonds may only be held by Eligible Investors. Consequently, the Bonds may not be held by Belgian resident legal entities subject to Belgian legal entities tax (*rechtspersonenbelasting/impôts des personnes morales*) which do not qualify as Eligible Investors. Belgian legal entities that qualify as Eligible Investors and that consequently have received gross interest income without deduction for or on account of Belgian withholding tax are required to declare and pay the 30 per cent. withholding tax to the Belgian tax authorities themselves.

Capital gains realised on the sale of the Bonds are in principle tax exempt, unless the capital gains qualify as interest (as described in "*Belgian Withholding Tax*" above). Capital losses are in principle not tax deductible.

(d) **Organisations for Financing Pensions**

Interest and capital gains derived by Organisations for Financing Pensions (*Organismen voor de Financiering van Pensioenen*/*Organismes de Financement de Pensions*) in the meaning of the Law of 27 October 2006 on the activities and supervision of institutions for occupational retirement provision (*wet van 27 oktober 2006 betreffende het toezicht op de instellingen voor bedrijfspensioenvoorzieningen*/*loi du 27 octobre 2006 relative au contrôle des institutions de retraite professionnelle*), are in principle exempt from Belgian corporate income tax. Capital losses are in principle not tax deductible. Subject to certain conditions, any Belgian withholding tax that has been levied can be credited against any corporate income tax due and any excess amount is in principle refundable.

(e) **Belgian non-residents**

Non-residents who are not holding the Bonds through a permanent establishment in Belgium and who do not invest in the Bonds in the course of their Belgian professional activity will not become liable for any Belgian tax on income or capital gains by reason only of the acquisition or disposal of the Bonds, **provided that** they qualify as Eligible Investors and that they hold their Bonds in an X Account.

Non-resident individuals who do not use the Bonds for professional purposes and who have their fiscal residence in a country with which Belgium has not concluded a tax treaty or with which Belgium has concluded a tax treaty that confers the authority to tax capital gains on the Bonds to Belgium, will be subject to tax in Belgium if the capital gains are obtained or received in Belgium and are deemed to be realised outside the scope of normal management of the individual's private estate. Capital losses are generally not deductible.

Non-resident companies who use the Bonds to exercise a professional activity in Belgium through a permanent establishment are in principle subject to the same tax rules as the Belgian resident companies (see above).

Tax on securities accounts

An annual tax of 0.15 per cent. is levied on securities accounts of which the average value of the taxable financial instruments (covering, amongst others, financial instruments such as the Bonds but also cash and money market instruments) held thereon during a reference period of twelve consecutive months (in principle) starting on 1 October and ending on 30 September of the subsequent year, would exceed EUR 1 million. The tax due is capped at 10 per cent. of the part of the said average value exceeding the EUR 1 million threshold.

The tax targets securities accounts held by resident individuals, companies and legal entities, irrespective as to whether these accounts are held with a financial intermediary which is established or located in Belgium or abroad. The tax also applies to securities accounts held by non-resident individuals, companies and legal entities with a financial intermediary established or located in Belgium. Belgian establishments from Belgian non-residents are however treated as Belgian residents for purposes of the annual tax on securities accounts so that both Belgian and foreign securities accounts fall within the scope of this tax. Note that pursuant to certain double tax treaties, Belgium has no right to tax capital. Hence, to the extent the tax on securities accounts is viewed as a tax on capital within the meaning of these double tax treaties, treaty protection may, subject to certain conditions, be claimed.

Each securities account is assessed separately. When multiple holders hold a securities account, each holder is jointly and severally liable for the payment of the tax and each holder may fulfil the declaration requirements for all holders.

There are exemptions, such as securities accounts held by specific types of regulated entities for their own account.

The annual tax needs to be withheld, declared and paid by the Belgian intermediary. Intermediaries not established or set up in Belgium have the possibility, when managing a securities account subject to the tax, to appoint a representative in Belgium approved by or on behalf of the Minister of Finance (the "**Annual Tax on Securities Accounts Representative"**). The Annual Tax on Securities Accounts Representative is jointly and severally liable vis-à-vis the Belgian state to declare and pay the tax and to fulfil all other obligations for intermediaries related to the tax, such as compliance with certain reporting obligations. In cases where no intermediary has withheld, declared and paid the annual tax, the holder of the securities account needs to declare and pay the tax himself, unless he can prove that the tax has already been withheld, declared and paid by either a Belgian intermediary or an Annual Tax on Securities Accounts Representative or a foreign intermediary.

Prospective investors are strongly advised to seek their own professional advice in relation to the tax on securities accounts.

Tax on stock exchange transactions

No tax on stock exchange transactions (*taks op beursverrichtingen/taxe sur les operations de bourse*) will be due on the issuance of the Bonds (primary market transaction).

A tax on stock exchange transactions will be levied on the acquisition and disposal of Bonds on the secondary market if (i) either entered into or carried out in Belgium through a professional intermediary or (ii) deemed to be carried out in Belgium, which is the case if the order is directly or indirectly made to a professional intermediary established outside of Belgium, either by private individuals with habitual

residence (*gewone verblijfplaats/residence habituelle*) in Belgium, or legal entities for the account of their seat or establishment in Belgium (both referred to as a "**Belgian Investor**").

The tax is due at a rate of 0.12 per cent. on each acquisition and disposal separately, with a maximum amount of EUR 1,300 per transaction and per party, both collected by the professional intermediary.

However, if the intermediary is established outside of Belgium, the tax on the stock exchange transactions will in principle be due by the Belgian Investor, unless the Belgian Investor can demonstrate that the tax on the stock exchange transactions has already been paid by the professional intermediary established outside Belgium. In the latter case, the foreign professional intermediary also has to provide each client (which gives such intermediary an order) with a qualifying order statement (*borderel/bordereau*), at the latest on the business day after the day on which the relevant transaction was realised. The qualifying order statements must be numbered in series and duplicates must be retained by the financial intermediary. A duplicate can be replaced by a listing prepared on a day-to-day basis, numbered in sequential order. Alternatively, professional intermediaries established outside Belgium could appoint a stock exchange tax representative in Belgium, subject to certain conditions and formalities ("**Stock Exchange Tax Representative**"). In such case the Stock Exchange Tax Representative would then be jointly liable towards the Belgian Treasury to pay the tax on stock exchange transactions and to comply with the reporting obligations in that respect. If such a Stock Exchange Tax Representative has paid the tax on stock exchange transactions, the Belgian Investor will, as per the above, no longer be required to pay the tax on stock exchange transactions.

However, the tax on stock exchange transactions will not be payable by exempt persons acting for their own account including investors who are not Belgian residents, provided they deliver an affidavit to the financial intermediary in Belgium confirming their non-resident status, and certain Belgian institutional investors as defined in Article 126.1, 2° of the code of miscellaneous duties and taxes (*Wetboek diverse rechten en taksen/Code des droits et taxes divers*).

As stated below, the European Commission has published a proposal for a Directive for a common financial transactions tax (the "**FTT**"). The proposal currently stipulates that once the FTT enters into force, the participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax). For Belgium, the tax on stock exchange transactions should thus be abolished once the FTT enters into force.

The Proposed Financial Transactions Tax (FTT)

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (each, other than Estonia, a "**Participating Member State**"). However, Estonia has ceased to participate.

The Commission's Proposal currently stipulates that once the FTT enters into force the Participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT (or VAT as provided in Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax).

The Commission's Proposal has a very broad scope and could, if introduced, apply to certain dealings in Bonds (including secondary market transactions) in certain circumstances. The issuance and subscription of Bonds should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in Bonds where at least one party is a financial institution, and at least one party is established in a Participating

Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

However, the FTT proposal remains subject to negotiation between the Participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

In any event, the Commission has announced that, due to the lack of progress in the negotiations on the Commission's Proposal, it would endeavour to present a proposal for a new own resource based on the FTT by June 2024 (with a view to its introduction by 1 January 2026). The European Commission has, however, not published any proposals so far.

Prospective holders of Bonds are advised to seek their own professional advice in relation to the FTT.

Exchange of Information – Common Reporting Standard (CRS)

Following recent international developments, the exchange of information will be governed by the Common Reporting Standard ("**CRS**").

On 7 March 2024, 122 jurisdictions had signed the multilateral competent authority agreement ("**MCAA**"), which is a multilateral framework agreement to automatically exchange financial and personal information, with the subsequent bilateral exchanges coming into effect between those signatories that file the subsequent notifications.

Under CRS, financial institutions resident in a CRS country are required to report, according to a due diligence standard, financial information with respect to reportable accounts, which includes interest, dividends, account balance or value, income from certain insurance products, sales proceeds from financial assets and other income generated with respect to assets held in the account or payments made with respect to the account. Reportable accounts include accounts held by individuals and entities (which includes trusts and foundations) with fiscal residence in another CRS country. The standard includes a requirement to look through passive entities to report on the relevant controlling persons.

On 9 December 2014, EU Member States adopted Directive 2014/107/EU on administrative cooperation in direct taxation ("**DAC2"**), which provides for mandatory automatic exchange of financial information as foreseen in CRS. DAC2 amends the previous Directive on administrative cooperation in direct taxation, Directive 2011/16/EU.

The Belgian government has implemented said Directive 2014/107/EU, respectively the CRS, by way of the Law of 16 December 2015 regarding the exchange of information on financial accounts by Belgian financial institutions and by the Belgian tax administration, in the context of an automatic exchange of information on an international level and for tax purposes (the "**Law of 16 December 2015**").

As a result of the Law of 16 December 2015, the mandatory exchange of information applies in Belgium (i) as of financial year 2016 (first information exchange in 2017) towards the EU Member States, (ii) as of financial year 2014 (first information exchange in 2016) towards the US and (iii) with respect to any other non-EU States that have signed the MCAA, as of the respective date determined by Royal Decree.

In a Royal Decree of 14 June 2017, as amended, it has been provided that the automatic exchange of information has to be provided (i) as from 2017 (for the 2016 financial year) for a first list of 18 foreign jurisdictions, (ii) as from 2018 (for the 2017 financial year) for a second list of 44 foreign jurisdictions, (iii) as from 2019 (for the 2018 financial year) for a third list of 1 foreign jurisdiction, (iv) as from 2020

(for the 2019 financial year) for a fourth list of 6 foreign jurisdictions and (v) as from 2023 (for the 2022 financial year) for a fifth list of 2 foreign jurisdictions.

The Bonds are subject to DAC2 and to the Law of 16 December 2015. Under DAC2 and the Law of 16 December 2015, Belgian financial institutions holding the Bonds for tax residents in another CRS contracting state shall report financial information regarding the Bonds (e.g. in relation to income and gross proceeds) to the Belgian competent authority, who shall communicate the information to the competent authority of the state of the tax residence of the beneficial owner.

Investors who are in any doubt as to their position should consult their professional advisers.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended, commonly known as "**FATCA**", a "foreign financial institution" (as defined by FATCA) may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including Belgium) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register, and Bonds characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. Prospective investors should consult their own tax advisors regarding how these rules may apply to their investment in the Bonds. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Bonds, no person will be required to pay additional amounts as a result of the withholding.

PART VIII – SUBSCRIPTION AND SALE

Belfius Bank SA/NV, BNP Paribas, Citigroup Global Markets Limited and NatWest Markets N.V. are acting as joint lead managers (together, the "**Managers**") and will, pursuant to a subscription agreement dated 7 June 2024 (the "**Subscription Agreement**"), agree with the Issuer, subject to certain terms and conditions, to subscribe, or procure subscribers, and pay for the Bonds at the issue price and the other conditions as set out in the Subscription Agreement. The aggregate amount payable for the Bonds calculated at the issue price less any due fee will be paid by the Managers to the Issuer in the manner as set out in the Subscription Agreement. Fees and costs in connection with the issue of the Bonds to be paid and/or reimbursed by the Issuer to the Managers have been agreed in the Subscription Agreement. The Subscription Agreement will entitle the parties to terminate their obligations in certain circumstances prior to payment being made to the Issuer.

General

Neither the Issuer nor any of the Managers has made any representation that any action will be taken in any jurisdiction that would permit a public offering of the Bonds, or possession or distribution of this Information Memorandum or any other offering or publicity material relating to the Bonds (including roadshow materials and investor presentations) in any country or jurisdiction where action for that purpose is required. Each of the Managers has agreed that it will comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Bonds or has in its possession or distributes this Information Memorandum or any such other material, in all cases at its own expense. The Issuer and the other Managers will have no responsibility for the acquisition, offer, sale or delivery by any Manager of Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any acquisition, offer, sale or delivery.

The following sections set out specific notices in relation to certain countries that, if stricter, shall prevail over the foregoing general notice. These selling restrictions may be modified by the agreement of the Issuer and the Managers following a change in a relevant law, regulation or directive.

Selling Restrictions

United States

The Bonds have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from or not subject to the registration requirements of the Securities Act.

The Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Manager has represented and agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver Bonds (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Bonds are a part, as determined and certified to the Agent by such Manager (or in the case of a sale of an identifiable tranche of Bonds to or through more than one Manager, by such Managers with respect to Bonds of an identifiable tranche purchased by or through it, in which case the Agent shall notify such Manager when all such Managers have so certified), only in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Bonds, and it and they have

complied and will comply with the offering restrictions requirement of Regulation S under the Securities Act. Each Manager and its affiliates has further agreed that, at or prior to confirmation of sale of Bonds, it will have sent to each distributor, manager or person receiving a selling concession, fee or other remuneration that purchases Bonds from it during the distribution compliance period a confirmation or notice to substantially the following effect:

> "The securities covered hereby have not been registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Bonds are a part, except in either case in accordance with Regulation S under the Securities Act."

Terms used above have the meanings given to them by Regulation S under the Securities Act.

Prohibition of Sales to EEA Retail Investors

Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the European Economic Area. For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of MIFiD II; or

(b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Prohibition of Sales to UK Retail Investors

Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the United Kingdom. For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or

(b) a customer within the meaning of the provisions of the FSMA 2000 and any rules or regulations made under the FSMA 2000 to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Additional United Kingdom Selling Restrictions

Each Manager has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA 2000) received by it in connection with the issue or sale of any Bonds in circumstances in which Section 21(1) of the FSMA 2000 does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA 2000 with respect to anything done by it in relation to any Bonds in, from or otherwise involving the United Kingdom.

Singapore

Each Manager has acknowledged that that this Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Manager has represented, warranted and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Belgium

The Bonds are not intended to be advertised, offered, sold or otherwise made available to, and should not be advertised, offered, sold or otherwise made available to, any consumer (*consument/consommateur*) within the meaning of the Belgian Code of Economic Law (*Wetboek van economisch recht/Code de droit économique*) dated 28 February 2013, as amended.

Japan

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each Manager has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan. As used in this paragraph, "**resident of Japan**" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Eligible Investors only

The Bonds may only be held by, and can only be transferred to, Eligible Investors (as defined in Condition 8 (*Taxation*)).

PART IX – GENERAL INFORMATION

(1) Application has been made to the Luxembourg Stock Exchange for the Bonds to be admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange as of the Issue Date. The Legal Entity Identifier of the Issuer is 549300S1MP1NFDIKT460. The Issuer has obtained all necessary consents, approvals and authorisations in Belgium in connection with the issue of the Bonds. The issue of the Bonds was authorised by a resolution of the Board of the Issuer passed on 12 December 2023.There has been no material change in the prospects or the financial position of the Issuer or of the Group since 31 December 2023.

(3) Except as disclosed in Section 11 (*Legal and arbitration proceedings of the Group*) of Part VI (*Description of the Issuer*) of this Information Memorandum, neither the Issuer nor any of its subsidiaries is nor has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the twelve months preceding the date of this Information Memorandum which may have or has had in the recent past significant effects on the financial position or profitability of the Issuer or the Group.

(4) The Bonds have been accepted for settlement through the facilities of the NBB-SSS. The ISIN for the Bonds is BE6352705782 and the Common Code is 284009649. The address of the NBB-SSS is Boulevard de Berlaimont 14, BE-1000.

(5) Where information in this Information Memorandum has been sourced from third parties, this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third-party information is identified where used.

(6) The issue price and the amount of the Bonds has been determined based on the prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to the Bonds.

(7) The following documents will be available free of charge on the website of the Issuer:

(i) the articles of association of the Issuer (available in Dutch and in French on https://www.elia.be/en/about-elia/corporate-governance/statuten-and-corporate-governance-charter);

(ii) the consolidated financial statements of the Issuer as of and for the year ended 31 December 2023, together with the audit report thereon (available on https://investor.eliagroup.eu/-/media/project/elia/shared/documents/elia-group/publications/annual-reports/2024/elia-group_2023_annual-integrated-report_en.pdf);

(iii) the consolidated financial statements of the Issuer as of and for the year ended 31 December 2022, together with the audit report thereon (available on https://investor.eliagroup.eu/-/media/project/elia/shared/documents/elia-group/shareholder-meetings/2023/ago/point-60_-eg-conso_financial-report-2022_eng_signed.pdf); and

(iv) a copy of this Information Memorandum, together with any Supplement to this Information Memorandum or further Information Memorandum (available on https://investor.eliagroup.eu/en/financial-position/financial-position-for-elia-group).

This Information Memorandum and the documents incorporated by reference herein will be available, in electronic format, on the website of the Luxembourg Stock Exchange (https://www.luxse.com/). For the avoidance of doubt, unless specifically incorporated by reference into this Information Memorandum, information contained on any website does not form part of this Information Memorandum.

(8) Copies of the Agency Agreement and Services Agreement will be available free of charge for inspection at the specified office of the Agent during normal business hours by the Bondholders so long as any of the Bonds are outstanding.

(9) EY Bedrijfsrevisoren BV of Kouterveldstraat 7B box 1, 1831 Diegem, Belgium and a member of the "*Instituut van de Bedrijfsrevisoren/Institut des Réviseurs d'Entreprises*" (with permanent representative Paul Eelen) and BDO Bedrijfsrevisoren BV of The Corporate Village, Da Vincilaan 9 – Box E.6, Elsinore Building, B-1930 Zaventem, Belgium and a member of the "*Instituut van de Bedrijfsrevisoren/Institut des Réviseurs d'Entreprises*" (with permanent representative Michaël Delbeke) have jointly audited, and rendered unqualified audit reports on, the consolidated financial statements of the Issuer as of and for the years ended 31 December 2023 and 31 December 2022.

(10) The Managers and their respective affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or its affiliates. This includes, among other things, credit exposure, leasing activities, and daily banking activities. Therefore, one cannot exclude that the proceeds of any Bonds would be used to refinance credit exposure of the Managers or their respective affiliates. Similarly, some of or even all the Managers may have entered into loan arrangements with the Issuer. The Managers and their respective affiliates have received, or may in the future receive, customary fees and commissions for these transactions. In addition, in the ordinary course of their business activities, the Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. Certain of the Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Bonds. Further, part of the proceeds will be used, among other things, to repay certain financings provided by some of the Managers to the Issuer or its Subsidiaries. The Managers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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