# Elia Group SA/NV

*Boulevard de l'Empereur 20, 1000 Brussels, Belgium*

## Rights Offering of maximum 4,739,865 New Shares of Elia Group SA/NV (the "Company")

## €124.50 per New Share in the ratio of 2 New Shares for 29 Preferential Rights

## Request for admission to trading of the New Shares and Preferential Rights on Euronext Brussels

This prospectus (the "**Prospectus**") relates to the public offering to existing shareholders (as defined below) and any holders of an extra-legal preferential right ("**Preferential Right**") (the "**Rights Offering**") to subscribe to newly issued ordinary shares in the Company (the "**New Shares**") and the Scrips Private Placement (as defined below) (together, the "**Offering**"). The issue price for the New Shares is €124.50 (the "**Issue Price**").

Each shareholder holding shares of the Company at closing of Euronext Brussels on June 15, 2022 (the "**Existing Shareholders**") will be granted 1 Preferential Right per existing share in the Company held at that time. The Preferential Rights will be represented by coupon nr. 20, which will be separated from the underlying shares on June 15, 2022 after closing of Euronext Brussels. The Preferential Rights are expected to trade on Euronext Brussels from June 15, 2022 up to and including June 23, 2022 and are expected to be listed on Euronext Brussels under the ISIN code BE0970178811 and trading symbol "ELI20". The holders of Preferential Rights are entitled to subscribe to the New Shares in the ratio of 2 New Shares for 29 Preferential Rights (the "**Ratio**"). The subscription period for the New Shares will be from June 16, 2022 up to and including June 23, 2022, at 4 p.m. CET (the "**Rights Subscription Period**"). Once exercised, the holders of Preferential Rights cannot revoke the exercise of their Preferential Rights, except as set out in section "*Information on the Offering – Supplement to the Prospectus*". Holders of Preferential Rights who have not exercised their Preferential Rights during the Rights Subscription Period will no longer be able to exercise their Preferential Rights.

Preferential Rights that are not exercised during the Rights Subscription Period will be converted into an equal number of scrips (the "**Scrips**"). The Scrips will be offered for sale in a private placement to institutional investors that is expected to start on or about June 24, 2022 and to end on the same date (the "**Scrips Private Placement**"). The net proceeds of the sale of the Scrips (if any) will be divided proportionally between all holders of Preferential Rights who have not exercised them, unless the net proceeds from the sale of the Scrips divided by the total number of unexercised Preferential Rights is less than €0.01. Purchasers of Scrips in the Scrips Private Placement will irrevocably undertake to subscribe to the corresponding number of New Shares at the Issue Price and in accordance with the Ratio. The statutory preferential subscription right of the Existing Shareholders has been cancelled with respect to the Offering, but the Preferential Rights, each representing an extra-legal preferential subscription right, are being granted as described above. The result of the subscription with Preferential Rights will be announced through a press release before market opening on or about June 24, 2022. The results of the Offering, detailing the subscription with Preferential Rights and with Scrips, the results of the sale of the Scrips and the amount due to holders of unexercised Preferential Rights (if any) will be published on or about June 24, 2022. No minimum amount has been set for the Offering.

The Company has applied to have the New Shares admitted to trading on Euronext Brussels under the trading symbol "ELI". The Company has applied to have the Preferential Rights admitted to trading on Euronext Brussels under the trading symbol "ELI20".

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**An investment in the New Shares involves economic and financial risks, as it is the case for every investment in shares. A prospective investor must consider, when taking its investment decision, that it may lose all or part of its investment. See section "Risk Factors" for a description of the factors that should be considered before subscribing for the New Shares or trading in the Preferential Rights. All of these factors should be considered before investing in the New Shares, the Preferential Rights or the Scrips. Specifically, potential investors should be aware that 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. In addition, 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. Moreover, a downgrade in the Company's, ETB's and/or Eurogrid's credit rating could affect their ability to access capital markets and impact their financial position.**

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Neither the Preferential Rights, nor the Scrips, nor the New Shares have been or will be registered under the US Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction in the United States, and they may not be offered, sold, pledged, delivered or otherwise transferred, directly or indirectly, in or into the United States unless the New Shares, the Preferential Rights or the Scrips are registered under the Securities Act or an exemption from the registration requirements of the Securities Act and applicable state securities laws is available. The New Shares and the Preferential Rights are being offered and sold (i) within the United States to "qualified institutional buyers" ("**QIBs**") as defined in Rule 144A

("**Rule 144A**") under the Securities Act in reliance on Section 4(a)(2) under the Securities Act and only by persons that have executed and timely returned an investor letter to the Company and (ii) outside the United States in offshore transactions (as defined in Regulation S under the Securities Act ("**Regulation S**")) in reliance on Regulation S. The Scrips Private Placement (if any) will be made only outside the United States in reliance on Regulation S.

None of the Preferential Rights or Scrips have been approved or disapproved by the US Securities and Exchange Commission or any securities commission or authority of any state or other jurisdiction in the United States, and no such commission or authority has passed upon the adequacy of this Prospectus. Any representation to the contrary is a criminal offense in the United States.

The New Shares, the Preferential Rights and the Scrips have not and will not be registered under the securities laws of any jurisdiction other than Belgium and Germany. The distribution of this document and the offering and delivery of shares in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required to inform themselves about and observe any such restrictions. For a description of these and further restrictions, see section "Information on the Offering – Plan of distribution and allocation of the New Shares".

Delivery of the New Shares is expected to take place through the book-entry facilities of Euroclear Belgium against payment therefor in immediately available funds on or about June 28, 2022.

This document constitutes a simplified offer and listing prospectus in accordance with Article 14 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 ("**Prospectus Regulation**") and has been prepared in accordance with Article 3 of the Prospectus Regulation. The English version of this Prospectus was approved by the Belgian Financial Services and Market Authority (the "**FSMA**") on June 14, 2022 as competent authority under the Prospectus Regulation. The FSMA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Company or the quality of the Preferential Rights or the New Shares that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the New Shares.

This Prospectus is available in English, French and Dutch. This Prospectus will be made available to investors at no cost at the registered office of the Company, at Boulevard de l'Empereur 20, B-1000 Brussels, Belgium. Subject to selling and transfer restrictions, this Prospectus is also available on the internet at the following websites: https://investor.eliagroup.eu/offering; www.belfius.be/elia2022; www.kbc.be/elia2022; www.bnpparibasfortis.be/sparenenbeleggen and www.bnpparibasfortis.be/epargneretplacer.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any of the New Shares, Preferential Rights or Scrips in any jurisdiction or to any person to whom it would be unlawful to make such an offer. Distribution of this Prospectus may, in certain jurisdictions, be subject to specific regulations or restrictions. Persons in possession of this Prospectus are required to inform themselves of any such restrictions which may apply in their jurisdiction and to observe them. Any failure to comply with these restrictions may constitute a violation of the securities laws of that jurisdiction. The Company disclaims all responsibility for any violation of such restrictions by any person.

***Joint Global Coordinators and Joint Bookrunners***

**BNP Paribas Fortis SA/NV** **KBC Securities NV**

***Joint Bookrunners***

**Belfius Bank NV** **Goldman Sachs International**

Prospectus dated June 14, 2022

# IMPORTANT INFORMATION

**Responsibility statement**

The Company, acting through its Board of Directors[1], assumes responsibility for the information contained in this Prospectus in accordance with Article 26 of the Belgian Law of July 11, 2018 on the public offering of securities and the admission of securities to trading on a regulated market. The Company attests, to the best of its knowledge, that the information contained in this Prospectus is in accordance with the facts and makes no omission likely to affect its import.

None of BNP Paribas Fortis SA/NV, KBC Securities SA/NV, Belfius Bank SA/NV and Goldman Sachs International (the "**Underwriters**") makes any representation or warranty, express or implied, as to, or assumes any responsibility for, the accuracy or completeness or verification of the information in this Prospectus, and nothing in this Prospectus is, or shall be relied upon as, a promise or representation by the Underwriters, whether as to the past or the future. Accordingly, the Underwriters disclaim, to the fullest extent permitted by applicable law, any and all liability, whether arising in tort, contract or otherwise, in respect of this Prospectus or any such statement.

**Notice to investors**

In making an investment decision, investors must rely on their own assessment, examination, analysis and enquiry of the Company, the terms of the Offering and the contents of this Prospectus, including the merits and risks involved. Any purchase of the New Shares, Preferential Rights and Scrips should be based on the assessments that an investor may deem necessary, including the legal basis and consequences of the Offering, and including possible tax consequences that may apply, before deciding whether or not to invest in the New Shares, Preferential Rights and Scrips. In addition to their own assessment of the Company and the terms of the Offering, investors should rely only on the information contained in this Prospectus, including the risk factors described herein.

None of the Company or the Underwriters, or any of their respective representatives, is making any representation to any offeree or purchaser of the New Shares regarding the legality of an investment in the New Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Shares.

No person has been authorized to give any information or to make any representation in connection with the Offering other than those contained in this Prospectus, and, if given or made, such information or representation must not be relied upon as having been authorized. Without prejudice to the Company's obligation to publish supplements to the Prospectus when legally required (as described below), neither the delivery of this Prospectus nor any sale made at any time after the date hereof shall, under any circumstances, create any implication that there has been no change in the Company's affairs since the date hereof or that the information set forth in this Prospectus is correct as of any time since its date.

The Underwriters are acting exclusively for the Company and no one else in connection with the Offering. They will not regard any other person (whether or not a recipient of this document) as their respective clients in relation to the Offering and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for giving advice in relation to the Offering or any transaction or arrangement referred to herein.

The distribution of this Prospectus and the Offering may, in certain jurisdictions, be restricted by law, and this Prospectus may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. This Prospectus does not constitute an offer to sell, or an invitation of an offer to purchase, any New Shares, Preferential Rights and Scrips in any jurisdiction in which such offer or invitation would be unlawful. The Company and the Underwriters require persons into whose possession this Prospectus comes to inform themselves of and observe all such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Neither the Company nor the Underwriters accepts any legal responsibility for any violation by any person, whether or not a prospective purchaser of Shares, of any such restrictions. The Company and the Underwriters reserve the right in their own absolute discretion to reject any offer to purchase New Shares that the Company, the

[1] See section "*Management and Governance – Board of Directors – Composition*".

Underwriters or their respective agents believe may give rise to a breach or violation of any laws, rules or regulations.

**Prospectus approval and supplement**

This Prospectus has been approved by the FSMA on June 14, 2022 as competent authority under the Prospectus Regulation. The FSMA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Company or the quality of the New Shares that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the New Shares.

The Prospectus has been prepared in English and translated into French and Dutch. The Company is responsible for the consistency between the French, Dutch and English versions of the Prospectus. The FSMA approved the English version of this Prospectus on June 14, 2022 in accordance with Article 20 of the Prospectus Regulation. Without prejudice to the responsibility of the Company for inconsistencies between the different language versions of the Prospectus or the summary of the Prospectus, in the case of discrepancies between the different versions of the Prospectus, the English version will prevail. However, the translations may be referred to by investors in transactions with the Company.

The information in this Prospectus is current as of the date printed on the front cover, unless expressly stated otherwise. The delivery of this Prospectus at any time does not imply that there has been no change in the Company's business or affairs since the date hereof or that the information contained herein is correct as of any time subsequent to the date hereof.

This Prospectus has been drawn up as part of a simplified prospectus in accordance with Article 14 of the Prospectus Regulation.

In accordance with Article 23 of the Prospectus Regulation, a supplement to the Prospectus will be published in the event of any significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus, or changes not relating to the Offering as such but to the Company, which is capable of affecting the assessment of the New Shares and which arises or is noted between the time when this Prospectus is approved and the trading of the New Shares on Euronext Brussels begins. Investors who have already agreed to subscribe to the New Shares before the supplement is published, provided that the significant new factor, material mistake or material inaccuracy arose or was noted before the Closing Date of the Rights Subscription Period, shall have the right, exercisable within three business days after the publication of the supplement, to withdraw their subscriptions in accordance with Article 23.2a and 23.3a of the Prospectus Regulation. The supplement is subject to approval by the FSMA. A supplement to this Prospectus will be published if, among other things: (i) the Rights Subscription Period is changed; (ii) the maximum number of New Shares is reduced prior to the allocation of the New Shares; (iii) the Underwriting Agreement is not executed or is executed but subsequently terminated; or (iv) to the extent required, the Company decides, following consultation with the Underwriters, to revoke or suspend the Offering (see "*Information on the Offering*").

## NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

None of the Preferential Rights, the Scrips or the New Shares have been or will be registered under the Securities Act or under any securities laws of any state or other jurisdiction of the United States. The Preferential Rights may not be exercised, and the Scrips and New Shares may not be offered, sold, pledged or otherwise transferred directly or indirectly, in or into the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act (as further described below), and in compliance with any applicable securities laws of any state or other jurisdiction in the United States.

Accordingly, none of the New Shares or the Preferential Rights may be offered, sold, pledged or otherwise transferred, directly or indirectly, in or into the United States, except to persons reasonably believed to be QIBs in transactions exempt from, or not subject to, the registration requirements of the Securities Act; provided that any such QIB that wishes to exercise Preferential Rights or purchase New Shares in the United States has executed and timely delivered an investor letter. Outside of the United States, the Rights Offering is being made in reliance on Regulation S. The Scrips Private Placement (if any) will be made only outside the United States in reliance on Regulation S under the Securities Act. Any New Shares or Preferential Rights offered or sold in the United States will be subject to certain transfer restrictions as set forth in section "Information on the Offering".

None of the New Shares, the Preferential Rights or the Scrips have been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of them passed upon or endorsed the merits of the Rights Offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offense in the United States.

## NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

This Prospectus has been prepared on the basis that all offers of New Shares, Preferential Rights and Scrips, other than the offers contemplated in Belgium and Germany, will be made pursuant to an exemption under the Prospectus Regulation, from the requirement to produce a prospectus for offers of New Shares, Preferential Rights and Scrips. The Prospectus has been approved by the competent authority in Belgium and passported into Germany, and published in accordance with the Prospectus Regulation, as implemented in Belgium and Germany. Accordingly, any person making or intending to make any offer within the EEA of New Shares, Preferential Rights and Scrips which are the subject of the placement contemplated in this Prospectus should only do so in circumstances in which no obligation arises for the Company or any of the Underwriters to produce a prospectus for such offer. Neither the Company nor the Underwriters have authorized, nor do the Company or the Joint Bookrunners authorize, the making of any offer of New Shares, Preferential Rights and Scrips through any financial intermediary, other than offers made by the Underwriters which constitute the final placement of New Shares, Preferential Rights and Scrips contemplated in this Prospectus.

The New Shares, Preferential Rights and Scrips have not been, and will not be, offered to the public in any Member State of the European Economic Area that has implemented the Prospectus Regulation, except for Belgium and Germany (each, a "**Relevant Member State**"). Notwithstanding the foregoing, an offering of the New Shares may be made in a Relevant Member State:

- to any legal entity that is a qualified investor as defined in the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the Underwriters for any such offer;
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation; or
- provided that no such offer of New Shares, Preferential Rights and Scrips shall result in a requirement for the publication by the Company or any Underwriter of a prospectus pursuant to Article 3(1) of the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer to the public**" in relation to any New Shares, Preferential Rights and Scrips in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and the New Shares, Preferential Rights and Scrips so as to enable an investor to decide to purchase New Shares, Preferential Rights and Scrips within the meaning of the Prospectus Regulation.

It should be noted that the Offering has been extended to Germany since the Company operates in Germany through 50Hertz and, accordingly, it comprises a number of shareholders among its employees in Germany. However, the Company has not appointed any centralising agent in Germany, nor have any specific procedures been foreseen to accommodate the financial service in Germany. The Underwriters' role in the context of the transaction will not extend to the offer to the public in Germany and they will not accept any responsibility in this respect. No financial institution has been appointed in Germany to provide financial services in relation to the Offering. Accordingly, German investors wishing to participate in the Offering need, as in any other jurisdiction, to ensure that the financial institution with whom they hold their shares or through whom they wish to participate in the Offering has the requisite processes in place to timely process their subscription. The financial intermediary with whom they hold their shares or through whom they wish to participate in the Offering is solely responsible for obtaining the subscription request and for duly transmitting such subscription request together with all necessary documentation and the appropriate number of Preferential Rights. Given the time that may be required to process their subscription, they are encouraged to reach out to their financial institution as soon as possible (see "Subscription Procedure").

## NOTICE TO INVESTORS IN THE UNITED KINGDOM

Offers of the New Shares, Preferential Rights and Scrips pursuant to the Offering are only being made to persons in the United Kingdom who are "**qualified investors**" or otherwise in circumstances which do not require publication by the Company of a prospectus pursuant to section 85(1) of the U.K. Financial Services and Markets Act 2000.

Any investment or investment activity to which the Prospectus relates is available only to, and will be engaged in only with, persons who: (i) are investment professionals falling within Article 19(5); or (ii) fall within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the U.K. Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or other persons to whom such investment or investment activity may lawfully be made available (together, "**relevant persons**"). Persons who are not relevant persons should not take any action on the basis of the Prospectus and should not act or rely on it.

# AVAILABLE INFORMATION

## Availability of the Prospectus

### *Prospectus*

This Prospectus is available in English, French and Dutch. This Prospectus will be made available to investors at no cost at the registered office of the Company, at Boulevard de l'Empereur 20, B-1000 Brussels, Belgium. Subject to selling and transfer restrictions, this Prospectus is also available on the internet at the following websites: https://investor.eliagroup.eu/offering; www.belfius.be/elia2022; www.kbc.be/elia2022; www.bnpparibasfortis.be/sparenenbeleggen and www.bnpparibasfortis.be/epargneretplacer.

Posting this Prospectus and the Summary on the internet does not constitute an offer to sell or a solicitation of an offer to purchase, and there shall not be a sale of any of the New Shares, Preferential Rights and Scrips in the United States or in any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to its registration or qualification under the laws of such jurisdiction or to or for the benefit of any person to whom it is unlawful to make such offer, solicitation or sale. The electronic version may not be copied, made available or printed for distribution. Other information on the website of the Company or any other website does not form part of this Prospectus.

### *Company documents and other information*

The Company must file its (amended and restated) Articles of Association and all other deeds that are to be published in the Annexes to the Belgian Official Gazette with the clerk's office of the Enterprise Court of Brussels (Belgium), where they are available to the public. A copy of the most recently restated Articles of Association and the Company's corporate governance charter (as defined below) is also available on the Company's website.

In accordance with Belgian law, the Company must also prepare audited annual statutory and consolidated financial statements. The annual statutory financial statements, together with the report of the Board of Directors and the audit report of the statutory auditors, as well as the consolidated financial statements, together with the report of the Board of Directors and the audit report of the statutory auditors thereon, will be filed with the National Bank of Belgium, where they will be available to the public. Furthermore, as a listed company, the Company must publish an annual financial report (comprised of the financial information to be filed with the National Bank of Belgium and a responsibility statement) and a semi-annual financial report (comprised of condensed financial statements, the report of the statutory auditors, if audited or reviewed, and a responsibility statement). These reports will be made publicly available on: (i) the Company's website; and (ii) STORI, the Belgian central storage mechanism, which is operated by the FSMA and can be accessed via stori.fsma.be or www.fsma.be.

As a listed company, the Company must also disclose "inside information", information about its shareholder structure and certain other information to the public. In accordance with the market abuse regulation as set out in in Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (the "**Market Abuse Regulation**") and the Belgian Royal Decree of November 14, 2007 relating to the obligations of issuers of financial instruments admitted to trading on a regulated market (*'Arrêté royal relatif aux obligations des émetteurs d'instruments financiers admis aux négociations sur un marché réglementé' / 'Koninklijk besluit betreffende de verplichtingen van emittenten van financiële instrumenten die zijn toegelaten tot de verhandeling op een gereglementeerde markt'*), such information and documentation will be made available through press releases, the communication channels of Euronext Brussels and STORI or a combination of these media. All press releases published by the Company will be made available on its website. The Company's website address is www.eliagroup.eu.

# PRESENTATION OF FINANCIAL AND OTHER INFORMATION

**Statutory Auditors**

Ernst & Young Réviseurs d'Entreprises/Bedrijfsrevisoren SRL/BV, a civil company having the legal form of a private limited liability company ('*société à responsabilité limitée*' / *'besloten vennootschap*') organized and existing under the laws of Belgium, with registered office at De Kleetlaan 2, B-1831 Diegem, represented by Paul Eelen, and BDO Réviseurs d'Entreprises/BDO Bedrijfsrevisoren SRL/BV, a civil company having the legal form of a private limited liability company ('*société à responsabilité limitée*' / *'besloten vennootschap*') organized and existing under the laws of Belgium, with registered office at Da Vincilaan 9/E6, B-1930 Zaventem, represented by Felix Fank, were appointed as statutory auditors of the Company on May 19, 2020 for a term of three years ending immediately after the closing of the General Shareholders' Meeting to be held in 2023 that will have deliberated and resolved on the statutory financial statements for the financial year ended on December 31, 2022. Ernst & Young Réviseurs d'Entreprises/Bedrijfsrevisoren SRL/BV and BDO Réviseurs d'Entreprises/BDO Bedrijfsrevisoren SRL/BV are both members of the Belgian Institute of Certified Auditors ('*Institut des Réviseurs d'Entreprises' / 'Instituut van de Bedrijfsrevisoren'*).

The statutory financial statements of the Company as at December 31, 2020 and December 31, 2021, in each case, for the financial years then ended, were prepared in accordance with generally accepted accounting principles in Belgium ("**Belgian GAAP**") and have been audited by the Company's joint statutory auditors. Unqualified opinions for the years ended December 31, 2020 and 2021 were delivered.

All of the consolidated financial statements prepared in accordance with International Financial Reporting Standards ("**IFRS**"), as endorsed by the EU, have been audited by the Company's joint statutory auditors, who delivered unqualified opinions for the years ending December 31, 2020 and December 31, 2021.

**Financial information and information included by reference**

The audited consolidated financial statements of the Company for the years ended December 31, 2021 and 2020 prepared under IFRS, the press release dated 22 February 2022 on the "Full-year results Elia Group: Powering the Decade of Electrification" are incorporated by reference in this Prospectus and form an integral part of this Prospectus, save to the extent that a statement contained in this Prospectus modifies or supersedes any earlier statement contained in a document incorporated by reference (whether expressly, by implication or otherwise).

The table below sets out the relevant pages of the Company's Financial Report 2021 containing the audited consolidated financial statements for the year ended December 31, 2021 that derive from the Financial Report 2021 and are incorporated by reference in this Prospectus:



The table below sets out the relevant pages of the Company's audited consolidated financial statements for the year ended December 31, 2020 that are incorporated by reference in this Prospectus:

Any information not listed in the tables above but included in the document incorporated by reference is given for information purpose only. The information incorporated by reference is available on the website of the Company (www.eliagroup.eu).

Some numerical figures included in this Prospectus have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain tables may not be an exact arithmetic aggregation of the figures that precede them.

**Foreign currency information**

In this Prospectus, references to "EUR" or "€" are to the currency of the member states of the European Union participating in the European Monetary Union and references to "U.S. dollars" or "$" or "U.S.$" are to the currency of the United States.

# ENFORCEABILITY OF CIVIL LIABILITIES

The documents governing the New Shares, Preferential Rights and Scrips will be governed by the laws of Belgium. The Company has expressly submitted to the jurisdiction of the courts of Belgium for the purpose of any suit, action or procedure to enforce the New Shares, Preferential Rights and/or Scrips.

The Company is a public limited liability company governed by the laws of Belgium. All of the Company's directors and officers reside outside the United States. In addition, a substantial portion of the assets of such persons and the assets of the Company are located outside the United States. As a result, it may be difficult or impossible for investors to effect service of process within the United States upon the Company's directors or officers named in this document, or enforce, in the US courts, judgments obtained outside US courts against the Company's directors and officers in any action.

The United States and Belgium currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Consequently, a final judgment for payment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon US federal securities laws, would not automatically be recognised or enforceable in Belgium. In order to enforce any judgment of a US court in Belgium, proceedings must be initiated by way of an action on the judgment of the US court under common law before a court of competent jurisdiction in Belgium. In such an action, a Belgian court generally will not (subject to the following sentence) re-examine the merits of the original matter decided by a US court and will order summary judgment on the basis that there is no reasonable prospect of a defence to the claim for payment. The entry of an enforcement order by a Belgian court is typically conditional upon, amongst other things, the following:

- the US court having had jurisdiction over the original proceedings according to Belgian conflict of law rules;
- the judgment of the US court being final and conclusive on the merits in the court in which the judgment was pronounced;
- the judgment of the US court being for a definite sum of money;
- the judgment of the US court not being for a sum payable in respect of a tax or other charge or in respect of a fine or other penalty;
- the judgment of the US court not being for multiple damages arrived at by doubling, trebling or otherwise multiplying a sum assessed as compensation for the loss or damage sustained;
- the judgment not having been obtained by the fraud of the party benefiting from it nor having been affected by any fraud of the US court itself;
- there not having been a prior inconsistent decision of a Belgian court between the same parties;
- the judgment not having been obtained in proceedings which breached principles of natural justice; and
- the judgment of the US court not otherwise contravening Belgian public policy.

Subject to the foregoing, investors may be able to enforce in Belgium judgments in civil and commercial matters obtained from US federal or state courts. However, the Company cannot assure investors that those judgments will be recognised or enforceable in Belgium. In addition, it is doubtful whether a Belgian court would accept jurisdiction and impose civil liability in an original action commenced in Belgium and predicated solely upon US federal securities laws.

# FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus (including the information incorporated by reference into this Prospectus) are not historical facts and are forward-looking statements. Forward-looking statements appear in various locations, including, without limitation, under the heading "Summary" and sections "Risk Factors", "Legal and arbitration proceedings of the Group" and "Outlook 2022". From time to time, the Company may make written or oral forward-looking statements in reports to shareholders and in other communications. Forward-looking statements include statements concerning the Company's plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditure, financing needs, plans or intentions relating to acquisitions, competitive strengths and weaknesses, business strategy and the trends the Company anticipates in the industries and the political and legal environment in which it operates, and other information that is not historical information.

Words such as "believe", "anticipate", "estimate", "expect", "intend", "predict", "project", "could", "may", "will", "plan" and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. These risks, uncertainties and other factors include, among other things, those listed under the heading "Summary" and section "Risk Factors". Investors should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements.

When relying on forward-looking statements, investors should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social, industry and legal environment in which the Company operates. Such forward-looking statements speak only as of the date on which they are made. Accordingly, the Company does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise, other than as required by applicable laws, rules or regulations. The Company makes no representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios.

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# SUMMARY

## 1 Introduction and warnings

**Name and international securities identification number (ISIN) of the securities.** The New Shares are expected to trade on Euronext Brussels under the trading symbol "ELI" with ISIN code BE0003822393. The Preferential Rights will trade under ISIN code BE0970178811.

**Identity, contact details and legal entity identifier (LEI) of the issuer.** Elia Group SA/NV (formerly Elia System Operator SA/NV) is a public limited liability company ("*société anonyme*" / "*naamloze vennootschap*") established by a deed enacted on December 20, 2001, published in the Appendix to the Belgian State Gazette ("*Moniteur belge*" / "*Belgisch Staatsblad*") on January 3, 2002, under the reference 20020103-1764. Its registered office is located at Keizerslaan 20, 1000 Brussels, Belgium (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 Company's LEI is 549300S1MP1NFDIKT460. The Company's shares are listed on Euronext Brussels. The Company's website can be accessed via www.eliagroup.eu.

**Competent authority approving the prospectus.** Belgian Financial Services and Markets Authority (FSMA), Congresstraat 12-14, 1000 Brussels, Belgium, with telephone number +32 (0)2 220 52 11.

**Date of Prospectus approval.** The FSMA approved the English version of this Prospectus in accordance with Article 20 of the Prospectus Regulation on June 14, 2022.

**Warnings.** This summary should be read as an introduction to the Prospectus. Any decision to invest in the New Shares, Preferential Rights or the Scrips should be based on consideration of the Prospectus as a whole by the investor. The investor could lose all or part of the invested capital. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff may, under national law, have to bear the costs of translating the prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled this Summary including any translation thereof, but only where the Summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the New Shares, Preferential Rights or the Scrips.

## 2 Key information on the issuer

### 2.1 Who is the issuer of the New Shares, Preferential Rights or the Scrips?

**Identity of the issuer**. Elia Group SA/NV (formerly Elia System Operator SA/NV) is a public company with limited liability ("*société anonyme*" / "*naamloze vennootschap*") incorporated and operating under the laws of Belgium. The Company is registered with the Register of Legal Entities (Brussels) under enterprise number 0476.388.378. The Company's registered office is located at Keizerslaan 20, 1000 Brussels, Belgium. The Company's LEI is 549300S1MP1NFDIKT460.

**Principal activities.**

With its two regulated transmission system operating companies (Elia Transmission Belgium ("ETB")) in Belgium and "50Hertz" in Germany), Elia Group operates 19,192 km of high-voltage connections serving 30 million end users with electricity and operating multiple interconnections with neighboring European countries and the UK. The Group is active in four core activities:

- Grid management, ETB and 50Hertz prepare to deliver the infrastructure of the future by developing, building and maintaining the transmission grids according to long term needs, investing significantly in the integration of renewable energy, the development of an offshore high-voltage grid and the construction of interconnectors to facility the integration of the European energy market.
- System operations, Elia Group maintains the balance of the system to ensure a reliable supply and efficient operational management of the grids by monitoring the electricity system in real time.
- Market facilitation, Elia Group is part of the European integrated markets and plays a role to facilitate the integration of the European energy market by developing services and mechanisms allowing the market to trade on different platforms, which fosters economic.
- Trusteeship, the legal responsibility for coordinating and processing national levy systems that promote the integration of RES into the energy system lie with ETB in Belgium and 50Hertz in Germany.

**Main security holders**. The following table sets forth information with respect to the shareholders of the Company as at the date of this Prospectus. Publi-T's shareholding currently gives it the right to propose candidates for half of the board members of the Company. Under the Company's Articles of Association and the Shareholders' Agreement, Publi-T's shareholding and board representation allows it to block certain board resolutions and all shareholders' resolutions. The Company is thus directly controlled by Publi-T.

| Shareholders | Types of. Shares[3] | Shares | % Shares | % Voting rights |
|---|---|---|---|---|
| Publi-T | B and C | 30,806,445[1] | 44.82 | 44.82 |
| Publipart | A and B | 2,280,231[2] | 3.32 | 3.32 |
| Belfius Insurance | B | 714,357 | 1.04 | 1.04 |
| Katoen Natie group | B | 6,839,737[4] | 9.96 | 9.96 |
| Interfin | B | 2,598,143 | 3.78 | 3.78 |
| Other Free float | B | 25,489,142 | 37.08 | 37.08 |
| **Total Amount of the Shares** | **A, B and C** | **68,728,055[3]** | **100** | **100** |

(1) Including 30,722,070 class C shares and 84,375 class B shares.
(2) Including 1,717,600 class A shares and 562,631 class B shares.
(3) Including 1,717,600 class A shares; 36,288,385 class B shares; and 30,722,070 class C shares.
(4) In a letter dated June 7, 2022, the Katoen Natie group informed the Company that it had acquired a further 3,682,113 of class B shares (without having to make a new transparency notification as it does not cross any applicable threshold). Together with the latest transparency notification that was previously made by the Katoen Natie group, this brings the total number of class B shares held by the Katoen Natie group to 6,839,737.

**Key managing directors.** The Board of Directors is composed of at least ten (10) and a maximum of fourteen (14) members, including (i) a maximum of seven (7) directors appointed on the proposal of the holders of A and C shares, insofar as the classes A and C shares of the Company, alone or together, represent more than 30 percent of its capital; and (ii) the other directors, of which at least three (3) must be independent directors withing the meaning of Article 7:87 BCCA, appointed by the Shareholders' Meeting on the recommendation of the Board of Directors, after advice of the Nomination Committee. All directors must be non-executive directors (*i.e.* persons who have no daily management duties within the Company or within one of its subsidiaries). The current members of the Board of Directors are: (i) Michel Allé; (ii) Pieter De Crem; (iii) Laurence de L'Escaille; (iv) Luc De Temmerman; (v) Frank Donck; (vi) Cécile Flandre; (vii) Claude Grégoire; (viii) Bernard Gustin; (ix) Roberte Kesteman; (x) Dominique Offergeld; (xi) Rudy Provoost; (xii) Pascale Van Damme; (xiii) Geert Versnick; and (xiv) Interfin SC/CV, represented by its permanent representative Thibaud Wyngaard.

**Statutory auditor.** The Company's current statutory auditors are (i) Ernst & Young Réviseurs d'Entreprises/ Bedrijfsrevisoren SRL/BV, a civil company having the legal form of a private limited liability company ("*société à responsabilité limitée*" / *"besloten vennootschap*") organized and existing under the laws of Belgium, with registered office at De Kleetlaan 2, B-1831 Diegem, represented by Paul Eelen, and (ii) BDO Réviseurs d'Entreprises/BDO Bedrijfsrevisoren SRL/BV, a civil company having the legal form of a private limited liability company ("*société à responsabilité limitée*" / *"besloten vennootschap*") organized and existing under the laws of Belgium, with registered office at Da Vincilaan 9/E6, B-1930 Zaventem, represented by Felix Fank.

### 2.2 What is the key financial information regarding the issuer?

**Selected financial information.**

| | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|
| | *(€ million)* | |
| Revenue | 2,551.3 | 2,209.6 |
| Results from operating activities | 490.7 | 569.3 |
| Net profit (attributable to equity holders of the parent, incl. hybrid securities but excluding non-controlling minority interests) | 295.2 | 269.4 |
| Earnings per share | 4.02 | 3.64 |

| | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|
| | *(€ million)* | |
| Total assets | 18,144.3 | 15,165.6 |
| Equity attributable to owners of the Company | 4,552.0 | 4,173.2 |

| | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|
| | *(€ million)* | |
| Net cash from operating activities | 3,953.3 | (736.4) |
| Net cash used in investing activities | (1,153.4) | (1,049.2) |
| Net cash flow from (used in) financing activities | (340.6) | 1,400.7 |
| Net increase (decrease) in cash and cash equivalents | 2,459.3 | (384.9) |
| Net variations in cash & cash equivalents | 2,459.3 | (384.9) |

**Other financial information**. No *pro forma* financial information is provided in the Prospectus. There are no qualifications to the audit report on the historical financial information.

2.3 **What are the key risks that are specific to the issuer?**

The following is a selection of key risks that, alone or in combination with other events or circumstances, could have a material adverse effect on the Company's business, financial condition, results of operations and prospects. In general, the Company is subject to three categories of risks:

(i) 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;
- The TSO permits and certifications which are necessary for the Group's operations may be revoked or modified; and
- Through its two TSOs, the Group is subject to certain trustee obligations which may negatively impact its working capital.

(ii) Risks related to the activities of the Group and the continuity 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;
- 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;
- The Group's future profit will in part depend on its ability to realize 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;
- The Group depends on a limited number of suppliers and their ability to deliver good quality infrastructure works in a timely manner;
- 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;
- 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 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 realize its anticipated investment program or result in additional costs.

(iii) Financial and other risks:

- A downgrade in the Company's, ETB's and/or Eurogrid's credit rating could affect their ability to access capital markets and impact their financial position; and
- Various circumstances could affect the ability of the Company to pay out dividends or meet the objectives of its dividend policy.

## 3 Key Information on the Shares, the Preferential Rights and the Scrips

3.1 **What are the main features of the Shares, the Preferential Rights and the Scrips?**

**Type, class and ISIN.** The New Shares subscribed to by a holder of class A shares will be class A shares provided that the New Shares are issued as a result of such holder exercising its Preferential Rights separated from class A shares. The New Shares subscribed to by a holder of class C shares will be class C shares provided that the New Shares are issued as a result of such holder exercising its Preferential Rights separated from class C shares. A holder of different classes of shares cannot combine Preferential Rights separated from shares of a different class to receive New Shares. The New Shares subscribed to by any other person will be class B shares. The new class B shares are expected to be admitted to trading on Euronext Brussels under the same ISIN code as the Existing Shares, that is BE0003822393.

**Rights attached to the New Shares, the Preferential Rights and the Scrips.** From their issue date, the New Shares will be subject to all provisions of the Articles of Association. The New Shares will carry the right to a dividend with respect to the financial year that started on January 1, 2022 and, from the date of their issue, will carry the right to any distribution made by the Company. All issued shares have identical voting, dividend and liquidation rights, except as otherwise provided by the Company'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.

The holders of Preferential Rights are entitled to subscribe to the New Shares in the Ratio of 2 New Shares for 29 Preferential Rights. The Preferential Rights that are not exercised during the Rights Subscription Period will be converted into an equal number of scrips (the "**Scrips**"). The Scrips will be offered for sale in a private placement to institutional investors that is expected to start on or about June 24, 2022 and to end on the same date (the "**Scrips Private Placement**").

The preferential rights are extra-legal preference rights, as the statutory preference right of the Existing Shareholders of the Company as set forth in Article 7:188 and following of the BCCA has been disapplied with respect to the Offering. From a practical perspective, the Prefential Rights do not substantially differ from statutory preference rights. However, as one of the exceptions to the procedure that would have applied if the Offering had taken place with statutory preference rights, the Rights Subscription Period will have a term of 8 days instead of 15 days.

**Ranking**. All Shares represent an equal part of the Company's share capital and have the same rank in the event of insolvency of the Company. In the event of insolvency, any claims of holders of Shares are subordinated to those of the creditors of the Company.

**Restrictions on the free transferability**. The class B shares are freely transferable. Each holder of class A shares or class C shares may freely transfer part or all of its class A or class C shares: (i) to an affiliated or associated person as defined in Articles 1:20 and 1:21 of the Belgian Code of Companies and Associations (the "**BCCA**"), who agrees to be bound by the terms of and by the transferor's obligations under the Shareholders' Agreement for as long as the Shareholders' Agreement remains in effect; and (ii) to the persons indicated in Article 9.2 of the Articles of Association, subject to the terms set forward in the Articles of Association being fulfilled, including the pre-emption right of the other shareholders.

**Dividend policy**. In accordance with Article 7:211 BCCA, Article 33 of the Articles of Association requires that the Company allocates, each year, at least 5 percent of its annual net profits to a legal reserve until this reserve reaches 10 percent of the Company's share capital. On March 21, 2019 the Board of Directors formally approved the policy it intends to apply when proposing dividends to the General Shareholder's Meeting. Under this policy, the full-year dividend growth is intended not to be lower than the increase of the Consumer Price Index ("inflation") in Belgium. With regard to distributable profits over and above the required allocation to the legal reserve, Article 33.1 of the Articles of Association provides that in principle 85 percent.percent of the yearly profits available for distribution must be allocated for the payment of dividends, unless the shareholders decide otherwise at the General Shareholders' Meeting (it being understood that the holders of class A shares and class C shares must concur in such decision).

### 3.2 Where will the New Shares and the Preferential Rights be traded?

The Company is offering 4,739,865 new ordinary shares (the "**New Shares**"). An application has been made for the admission to listing and trading of the new class B shares on Euronext Brussels under the same trading symbol "ELI" as for the existing Shares. The class B shares are expected to have been accepted for clearance through Euroclear Bank NV/SA, as operator of the Euroclear system, under ISIN code BE0003822393. The Shares of the Company are traded in Euro. An application for the admission to listing and trading has also been made for the Preferential Rights, which are expected be listed and traded on Euronext Brussels under ISIN BE0970178811 from June 16, 2022 to June 23, 2022 (inclusive). No application for admission to trading of the Scrips will be made.

### 3.3 What are the key risks that are specific to the New Shares, Preferential Rights and Scrips?

- The market price of the Company's shares may be volatile and may decline below the Issue Price;
- The capital increase may be lower than the contemplated Issue Amount if the Offering is not fully subscribed and no minimum amount has been set for the Offering; and
- Certain significant shareholders of the Company after the Offering may have interests that differ from those of the Company and may be able to control the Company, including the outcome of shareholder votes.

## 4 Key information on the Offering and the admission to trading on a regulated market

### 4.1 Under which conditions and timetable can I invest in the New Shares, Preferential Rights or Scrips?

**Terms and Conditions of the Offering**. The Company has resolved to increase its share capital in cash by an amount of EUR 590,113,192.50 (including issue premium), by way of issuance of New Shares with Preferential Rights granted to the Existing Shareholders at closing of Euronext Brussels on June 15, 2022. A maximum of 4,739,865 New Shares are offered for subscription by exercise of the Preferential Rights in accordance with the Ratio. Each Share will

entitle its holder on the closing of trading on Euronext Brussels on June 15, 2022 to receive 1 Preferential Right. The Issue Price is EUR 124.50 per New Share. No minimum has been set for the Offering.

The Rights Subscription Period shall be from June 16, 2022 up to and including June 23, 2022, 4 p.m. CET. After the Right Subscription Period, the Preferential Rights may no longer be exercised or traded and as a result subscription requests received thereafter will be void.

At the Closing Date of the Rights Subscription Period, the unexercised Preferential Rights will be automatically converted into an equal number of Scrips and these Scrips will be sold to institutional investors by way of a private placement. Through such a procedure, a book of demand will be built to find a single market price for the Scrips. Investors who acquire Scrips irrevocably commit to exercise the Scrips and thus to subscribe to the corresponding number of New Shares at the Issue Price and in accordance with the Ratio. The Scrips Private Placement is expected to last for one day and is expected to take place on June 24, 2022.

By letter dated June 14, 2022, Publi-T irrevocably and unconditionally committed to the Company to exercise all of the Preferential Rights to which it is entitled in the context of the Rights Offering and to subscribe for the resulting number of New Shares.

By letter dated June 2, 2022, Publipart has irrevocably and unconditionally committed to the Company to exercise all of the Preferential Rights to which it is entitled in the context of the Rights Offering and to subscribe for the resulting number of New Shares.

**Indicative timetable.** The key dates in connection with the Offering are summarised in the following table. The Company may amend the dates and times of the share capital increase and periods indicated in the above timetable and throughout this Prospectus. If the Company decides to amend such dates, times or periods, it will notify Euronext Brussels and inform investors by a press release. Any material alterations to this Prospectus will be published in a press release and as a supplement to this Prospectus in the Belgian financial press and on the website of the Company.

| | | |
|---|---|---|
| Approval of the Prospectus by the FSMA | T-1 | June 14, 2022 |
| Detachment of coupon nr. 20 (representing the Preferential Right) after closing of the markets | T | June 15, 2022 |
| Publication of the launch press release and availability to the public of the Prospectus | T | June 15, 2022 |
| Trading of Shares ex-Right | T+1 | June 16, 2022 |
| Opening of Rights Subscription Period | T+1 | June 16, 2022 |
| Listing of the Preferential Rights on Euronext Brussels | T+1 | June 16, 2022 |
| Payment Date for the Registered Preferential Rights exercised by subscribers | T+8 | June 23, 2022 |
| Closing Date of the Rights Subscription Period | T+8 | June 23, 2022 |
| End of listing of the Preferential Rights on Euronext Brussels | T+8 | June 23, 2022 |
| Announcement via press release of the result of the subscription with Preferential Rights | T+9 | June 24, 2022 |
| Suspension of trading of Shares | T+9 | June 24, 2022 |
| Accelerated private placement of the Scrips | T+9 | June 24, 2022 |
| Allocation of the Scrips and the subscription with Scrips | T+9 | June 24, 2022 |
| Announcement via press release of the results of the subscription with Preferential Rights and with Scrips and the Net Scrip Proceed (if any) due to holders of coupons nr. 20 and end of suspension of trading of Shares | T+9 | June 24, 2022 |
| Payment Date for the Dematerialized Preferential Rights exercised subscribers | T+13 | June 28, 2022 |
| Realization of the capital increase | T+13 | June 28, 2022 |
| Delivery of the New Shares to the subscribers | T+13 | June 28, 2022 |
| Listing of the class B shares on Euronext Brussels | T+13 | June 28, 2022 |
| Payment to holders of non-exercised Preferential Rights | T+14 | June 29, 2022 |

**Payment of funds and terms of delivery of the New Shares.** The payment of the subscriptions with dematerialized Preferential Rights is expected to take place on or around June 28, 2022 and will be done by debit of the subscriber's account with the same value date (subject to the relevant financial intermediary procedures). Payment of subscriptions with registered Preferential Rights will be done by payment into a blocked account of the Company. Payment must have reached such account by June 23, 2022, 4 p.m. CET as indicated in the instruction letter from the Company. The payment of the subscriptions in the Scrips Private Placement is expected to take place on or around June 28, 2022. The payment of the subscriptions in the Scrips Private Placement will be made by delivery against payment. Delivery of the New Shares will take place on or around June 28, 2022.

**Underwriting Agreement**. The Company and the Underwriters expect to enter into an Underwriting Agreement, which is expected to take place on or about June 24, 2022. Subject to the terms and conditions of the Underwriting Agreement, each of the Underwriters, severally and not jointly, will enter into a soft commitment to underwrite the Rights Offering by procuring payment for all New Shares taken up in the Rights Offering, excluding (i) the New Shares that certain Existing Shareholders have committed to take up pursuant to their take-up commitments and (ii) the New Shares subscribed to by the Existing Shareholders holding registered shares.

Subject to the terms and conditions to be set forth in the Underwriting Agreement, the relative underwriting commitments of the Underwriters are set forth in the table below:

| Underwriter | Underwriting commitment (%) |
|---|---|
| BNP Paribas Fortis SA/NV | 35% |
| KBC Securities NV | 35% |
| Belfius Bank NV | 15% |
| Goldman Sachs International | 15% |

The Underwriters will be under no obligation to purchase any New Shares prior to the execution of the Underwriting Agreement.

**Plan of Distribution.** The Offering is carried out with non-statutory preference rights for the Existing Shareholders. The Preferential Rights are allocated to all the shareholders of the Company as of the closing of Euronext Brussels on June 15, 2022, and each share in the Company will entitle its holder to one Preferential Right. Both the initial holders of Preferential Rights and any subsequent purchasers of Preferential Rights, as well as any purchasers of Scrips in the Scrips Private Placement, may subscribe for the New Shares, subject to the restrictions under applicable securities laws. The Preferential Rights are granted to the Existing Shareholders of the Company and may only be exercised by the Existing Shareholders of the Company (or subsequent purchasers of the Preferential Rights) who can lawfully do so under any law applicable to them. The Company has not taken any action to permit any offering of Preferential Rights or New Shares to be issued upon the exercise of Preferential Rights in any other jurisdiction outside of Belgium and Germany.The Scrips, and the New Shares to be issued upon exercise of Scrips as a result of the Scrips Private Placement, are being offered only in an accelerated bookbuild private placement to investors in Belgium and by way of an exempt private placement in such other jurisdictions as shall be determined by the Company in consultation with the Underwriters. The Scrips, and New Shares to be issued upon exercise of Scrips as a result of the Scrips Private Placement, are not being offered to any other persons or in any other jurisdiction.

**Estimated Expenses.** The expenses related to the Rights Offering, which the Company will pay, are estimated at up to EUR 6,134,505 and include, among other things, underwriting fees and commissions of EUR 4,699,505, the fees due to the FSMA and Euronext Brussels and legal and administrative expenses, as well as publication costs.

**Dilution.** Assuming that an Existing Shareholder holding 1.0% of the Company's share capital prior to the Rights Offering does not subscribe for the New Shares, such Existing Shareholder's participation in the Company's share capital would decrease to 0.94% as a result of the Rights Offering, assuming the issue of 4,739,865 New Shares. If a shareholder exercises all Preferential Rights allocated to it, there will be no dilution in terms of its participation in the Company's share capital or in terms of its dividend rights. However, to the extent that a shareholder is granted a number of Preferential Rights that does not entitle it to a round number of New Shares in accordance with the Ratio, such shareholders may slightly dilute if it does not purchase the missing Preferential Right(s) on the secondary market and exercises such Preferential Right(s) accordingly.

### 4.2 Why is this Prospectus being produced?

**Reasons for the Offering.** The principal purpose of the Offering is to finance the organic growth of the Company and to support the Company's strategy. The Offering will strengthen the balance sheet of the Company and support the financing of the capex programs of ETB and 50Hertz.

**Use of proceeds.** If the Offering is fully subscribed, the net proceeds of the Offering are to be used primarily as follows:

- EUR 300 million: to finance the regulated activities in Belgium, mainly the realization of the Capex program (via an increase of the equity portion in ETB) in accordance with the gearing ratio defined in the regulatory framework applicable in Belgium.
- EUR 200 million: to finance the regulated activities, primarily the execution of the capex program in Germany (via increase of equity portion in Eurogrid GmbH, holding company above 50Hertz) to strengthen the balance sheet.
- The remaining portion of the proceeds from the Offering will be used for general corporate purposes of the Company.

The Company has the right to proceed with a capital increase for a reduced amount. No minimum amount has been set for the Offering.

**Estimated net proceeds.** If the Offering is fully subscribed, the gross proceeds from the issue of New Shares are estimated to be approximately EUR 590,113,192.50. The net proceeds from the issue of New Shares are estimated to be approximately EUR 583,978,687.50.

**Material conflicts of interests Pertaining to the Offering and the admission.** There is no natural or legal person involved in the Offering and having an interest that is material to the Offering, other than the Underwriters. The Underwriters are expected to enter into an Underwriting Agreement with the Company on or about June 24, 2022. Both Belfius and BNP Paribas Fortis have long term credit lines outstanding with the Company and Belfius Insurance is one of the main shareholders of the Company (1.04%). A specific attention will be devoted to the conflict of interests and their disclosures to investors.

# RISK FACTORS

*An investment in the New Shares, Preferential Rights and Scrips involves substantial risks. You should carefully consider the following information about certain of these risks, together with the information contained in this Prospectus, before deciding to subscribe to New Shares. If any of the following risks actually occurs, the Group's business, results of operations, financial condition and prospects could be adversely affected. In that case, the trading price of the Company's shares could decline and subscribers for the New Shares, Preferential Rights and Scrips could lose all or part of their investment. Before making an investment decision with respect to any New Shares, prospective investors should consult their own stockbroker, bank manager, lawyer, auditor or other financial, legal and tax advisers and carefully review the risks associated with an investment in the New Shares, Preferential Rights and Scrips and consider such an investment decision in light of the prospective investor's own circumstances.*

The risks and uncertainties that the Company believes are material are described below. However, these risks and uncertainties may not be the only ones faced by the Group. Additional risks and uncertainties, including those currently unknown, or deemed immaterial, could have the effects set forth above.

The risk factors presented herein have been divided into categories based on their nature. Within each category, the risk factors estimated to be the most material on the basis of an overall evaluation of the criteria set out in the Prospectus Regulation and according to the assessment made by the Company about the materiality of the risk are presented first. Additionally, the order of the categories does not represent any evaluation of the materiality of categories themselves or of the relative materiality of the risk factors within any particular category when compared to the risk factors in another category.

**Risk 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 organizational impact on the Group.

Approximately 94 percent of the Group's revenues is generated by the tariffs which apply to the electricity networks it operates. These are determined by the tariff methodology 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 Company are subject to specific uncertainties which may negatively impact the Group's profit.

*Tariff-setting regulations – Belgium*

The vast majority of revenues (approximately 94.3 percent) and profits (approximately 99 percent) 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**"). The current tariff methodology will apply until the end of 2023. Future changes to the Belgian federal regulatory framework may have a negative impact on the Company's profitability and activities (see "*The Group's business – Regulatory framework*").

The public consultation in relation to the tariff methodology applicable to the next four-year period from 2024 (2024-2027) was launched on April 21, 2022 and the final tariff methodology for

2024-2027 is expected to be adopted by June 30, 2022. The new methodology is expected to be based on largely the same drivers as those stipulated in the tariff methodology for the period 2020-2023, subject to certain changes (see "The Group's business – Tariff methodology applicable for the period 2024-2027"). Some of the parameters and elements of the methodology may be subject to specific uncertainties and interpretations issues that could have a positive or negative impact on the Group's financial position. The CREG is expected to announce the tariff for the next regulatory period (2024-2027) before the end of the year 2023. A tariff methodology that would include 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 Group's ability to raise equity. Moreover, if ETB would no longer be able to meet the equity/debt target ratio of 40/60 due to a lack of investors in the equity capital market, the profitability of the Company as well as its credit rating profile could be impacted (see "*A downgrade in the Company's, ETB's and/or Eurogrid's credit rating could affect their ability to access capital markets and impact their financial position*"). Based on the parameters as currently described in the draft methodology for the period from 2024 to 2027, it is currently expected that the average regulatory return on equity for that period will be around 5.7%, depending in part on the actual results and performance in relation to the various incentives and assuming a predefined regulatory gearing equity/debt target ratio of 40/60 (see "The Group's business – Tariff methodology applicable for the period 2024-2027").

*Tariff-setting regulations – Germany*

Almost the entire profit of 50Hertz as a German Transmission System Operator ("**TSO**") (99 percent) 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**"). 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 Company (see "*The Group's business – 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 Company and hence on the Company's own financial performance. Changes to the regulatory parameters (e.g. allowed return on equity, individual efficiency and general productivity factor) could impact the profitability of the German regulated activities. For example, the regulatory return on equity has been reduced from 6.91 percent (pre-tax) to 5.07 percent (pre-tax) for assets commissioned after 2006, as from the next regulatory period 2024-2028. This will result in a decrease of approximately 2 percent in total return on equity for the period 2024-2028, which will be partially mitigated by a continuous focus on operational efficiency and the transitional arrangement to the capital cost adjustment (Kapitalkostenabgleich "**KKA**") model. A decrease of the return on equity as a result of the new regulatory framework could also negatively impact the Group's ability to raise equity. In case 50Hertz would deviate from the predefined target equity/debt ratio (i.e., the regulatory gearing) due to lack of investors in the equity capital market, the profitability of the Company as well as its credit rating profile could be impacted. See section *"A downgrade in the Company's, ETB's and/or Eurogrid's credit rating could affect their ability to access capital markets and impact their financial position"*. Finally, it is expected that BNetzA's competences with regard to tariff setting and BNetzA's independence and impartiality requirements will increase. Although impact on 50Hertz resulting from these upcoming changes in the German legislation cannot be assessed yet as the timing and details of the changes to the legal framework are not known yet, there is a risk that a decision or regulatory ordinance by BNetzA could negatively affect 50Hertz' 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 the date of operation which took place on January 31, 2019. The framework is part of the tariff methodology issued on December 18, 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 (see *"The Group's business – 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 percent availability of the interconnector) of the interconnector, would 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. For the year ended December 31, 2021, Nemo Link contributed approximately 14.3 percent of the Group's total adjusted net profit (being €47.0 million out of €328.3 million adjusted net profit for the Group).

***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 licenses, authorizations, exemptions and dispensations. Approximately 94 percent of the Group's revenues is generated by the tariffs which apply to the electricity networks it operates. Such licenses, authorizations, 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 regulations 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 Group 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. See also the risk factors "*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 "*The Group's future profit will in part depend on its ability to realize 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*".

Belgium

To date, ETB is the only entity which meets the relevant conditions to be appointed as TSO. To execute its activities of TSOs, ETB, has four licenses (see "*The Group's business – 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 the unbundling obligations described in Article 9 of the Electricity Law.

ETB was confirmed as the Belgian TSO with effect from December 31, 2019 by different public entities (the Federal and Walloon Government for a period of 20 years, the Brussel's Government for a period of 20 years, and the Flemish regulator for a period of 4 years) which needs to be renewed in 2023 (see "*The Group's business – Introduction*")).

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:

- a significant change in shareholding without prior certification, which could jeopardize the independent network operation;
- serious breach of ETB obligations under the Electricity Law or its implementing decrees; or;
- where ETB is no longer certified as a fully ownership unbundled system operator.

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

The early termination or non-renewal of the appointment of the ETB as the single Belgian TSO would have a material adverse effect on the Company'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 (see section "*Financing arrangements of the group § (2) Financing arrangements of ETB*").

Germany:
50Hertz is permitted to operate as a TSO in Germany and while this authorization 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*)) 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 will 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 November 9, 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' reputation and thereby affect its business results and operations, affecting the profitability and financial position of the Company.

***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 relates to the capacity remuneration mechanism ("**CRM**") which has been introduced to guarantee the country's security of supply by 2025, under which ETB has been entrusted with certain tasks (see "*The Group's Business*"). The latter includes an obligation for the TSO in Belgium to purchase "offshore green 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 defines a mechanism of prepayments before attribution of green certificates.

As from 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 accise 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. In addition, ETB may be required to purchase and pre-finance large amounts of "green certificates" in the Walloon region under two schemes that have been introduced by the Walloon government to alleviate the likelihood of an increase of the tariffs to be paid by customers in the Walloon region.

To the extent that there would be a timing difference between the incurrence and the recovery of such costs from the relevant authorities, such costs must be pre-financed by the TSO and, consequently, may temporarily impact the cash flow of ETB. For example, if there were to be a potential deviation of 5 percent between the estimated and actual cash inflow related to the overall levies (based on the numbers for 2021), such 5 percent deviation would affect ETB's financial

position with approximately €59 million (in plus or minus depending on whether there is a positive or negative difference between the two).

Germany

50Hertz is responsible, as trustee, for managing cash-flows resulting from the German renewable energy law ("**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. 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 in the following years. 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' cashflow position.

For example, if there were to be a potential deviation of 5 percent between the estimated and actual cash in flow related to the overall levies (based on the numbers for 2021), such 5 percent deviation would affect 50Hertz's financial position with approximately €312 million (in plus or minus depending on whether there is a positive or negative difference between the two).

**Risks related to the activities of the Group and the continuity 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***

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 neighboring countries.

However, new challenges are being created for the operation of the grid management as a result of the decentralization 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 optimize their electricity management by selling their surplus energy and reducing their consumption, 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 offer and energy demand, the network frequency may be adversely impacted. Accordingly, if there is a risk of shortage of energy supply so that the energy demand may exceed the available supply at any point in time and therefore create an inbalance 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", 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 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.

In case the TSO would be required to proceed with Load Shedding, two scenarios could occur:

a. Either the Load Shedding would be deemed to result from a situation of force majeure (for example, as a result of a sudden event) and the procedure would be considered to have been correctly applied. In this case, no indemnities can be claimed.

b. Or, the cause of the Load Shedding is not recognized as force majeure, and/or the procedure would not be considered to have been correctly applied in which case:

- In Belgium, contractual and non contractual indemnities may be claimed (both are capped). Moreover, if the interruption of supply exceeds a certain duration threshold defined region per region, then certain categories of grid users referred to in the Regional acts may ask to be compensated for their losses by a fixed amount (with the total being capped in Flanders, but not in the two other Regions);
- In Germany, actual pecuniary or property loss can be claimed (with the energy law ("*Energiewirtschaftsgesetz*") defining caps per case and on the aggregate basis).

In each of the above cases, if the failure of the electrical incident were to be caused completely outside of the TSO's area of responsibility, grid users will have to address their claims to the third party at the origin of the problem.

Given the various scenarios possible, it is not possible to predict or give any illustration as to what the potential indemnities or claims would be in any of the above cases. If any such event would arise, this would depend on the concrete set of circumstances, the number of parties involved and their respective potential contribution to the damages, and further depend on, amongst others, the severity of the event, potential damages incurred by third-parties and whether or not the event would be accepted as *force majeure*. Please also see the risk factors "*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*" and "*The Group's reputation may be damaged in various circumstances, including in case of a shortage of energy supply or a result of a slower than expected energy transition*".

***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 is has an important role to play in the decarbonization of society and in the continuity of energy supply, a number of important elements which are required to realize 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 (through ACER). See "*The Group's business – 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 the recent sharp increases in energy prices and the ongoing debate in Belgium in relation to the CRM and possible extension of the nuclear capacity has resulted in an increased uncertainty in relation to the future adequacy of energy supply (see "The Group's business"). The risk of insufficient supply arises typically during the winter months when the electricity consumption is high, as was for example the case in Belgium during the winter 2018-2019 where it was possible to identify the risk in advance. This is, however, not always possible as unexpected circumstances may occur. Moreover, the constitution of strategic reserves and the future CRM mechanism depend on a number of elements, including clearance from the European Commission under State aid rules. Even though the TSOs invest significant efforts in providing adequacy and flexibility studies and regular updates, it is not possible to identify all adequacy issues in advance.

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. 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*".

In similar vein, circumstances may arise which could lead to a slower energy transition or decarbonization than mandated by competent authorities. The Energy Transition ("*Energiewende*") is a societal project intensively discussed in Germany far beyond sole expert circles. 50Hertz being recognized 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, in case the Group's reputation would be heavily impacted, this would have a negative impact on the trust authorities and civil society have in the Group thanks to the track record it has built over the years. This could, amongst others, lead to more political discussions in relation to its role or the projects it plans to realize, less trust in the various studies it carries out, an increased opposition against its contemplated investments or a more convoluted permitting process which could result in a delay in the realization of its investment plan. See also the risk factors: "*The Group's future profit will in part depend on its ability to realize 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*", "*The Group depends on a limited number of suppliers and their ability to deliver good quality infrastructure works in a timely manner*" and "*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 realize its anticipated investment program or result in additional costs*".

***The Group's future profit will in part depend on its ability to realize 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 "The Group's business – 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 recognized as key enablers for the energy transition. The development of such on- and offshore infrastructure and interconnectors with neighboring 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. As mentioned in our press release of February 23, 2022, the next decade will be critical and the timing is particularly tight given the significant expansion of the infrastructure which will be required in order to integrate the offshore wind capacity and other renewable energy sources into the transmission system in view of the energy transition. See also "*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 realize its anticipated investment program or result in additional costs*". Furthermore, it cannot be excluded that the current scarcity of certain raw materials may cause delays or unexpected price increases in the realization of certain projects (see "*The Group depends on a limited number of suppliers and their ability to deliver good quality infrastructure works in a timely manner*").

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

For example, if there were to be a delay in Belgium in the realization of the capex plan in an amount of €100 million, this would result in a negative P&L impact of approximately €1 million for that year based on the current Belgium regulatory framework (2020-2023). The calculation is based on 40 percent of its average capex (€50 million) that is remunerated at 4.68 percent. Additionally, in Belgium, certain large infrastructures have an incentive linked to the timely commissioning of the project. This incentive ranges between €0 million (if $>1$ commissioned later than target year) and €5 million (all projects commissioned in the target year). For Germany, a reduction of €100 million of capex would result in a negative result impact of approximately €2 million, based on 40 percent that is remunerated at 5.64 percent. Besides an impact on the Company's future profits, the risk of not (timely) realizing its investment program could also severely impact the realization of the Group's

strategy, contributing to the energy transition, sustainability program and have a negative effect on its reputation.

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

The two TSOs of the Group rely on a limited number of key suppliers to provide them with the necessary material and equipment and to realize their investment projects. Given the complexity of the infrastructure works, the increasing demand in the market for such specialized skills, and the factories' full order books, the Group may not be able to find sufficient suppliers or supply capacity in order to realize its projects or realize them within the anticipated budget or in a timely manner.

In addition, the world is currently confronted with supply chain bottlenecks, as well as raw material, energy and staffing scarcity and increases in the prices of raw materials. These elements have resulted in a significant increase in commodity and transportation prices, which have also affected the supply chain of its 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 "The Group's Business"). This has recently been compounded with the events in Ukraine and the increased geopolitical instability resulting therefrom, which has, amongst others, an impact on its suppliers' ability to deliver the required number of goods or services in a timely manner and with the adequate level of quality. Furthermore, economic headwinds combined with increased inflation could lead to the insolvency of certain suppliers or partners on which suppliers rely. 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 realization 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 have 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 future profits and the realization of its strategy or contribution to the energy transition or sustainability program which, in turn, could have a negative effect on the Group's reputation. See also "*The Group's future profit will in part depend on its ability to realize 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*" and "*The Group's reputation may be damaged in various circumstances, including in case of a shortage of energy supply or a result of a slower than expected energy transition*".

***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 "*The Group's business – Key strengths*"). Nonetheless, unforeseen events, such as unfavorable weather conditions, may occur and 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 multiple contingency events that could result in a local or widespread electricity outage with liability claims, based upon contractual liability or as stipulated in the regional legislation (see section "*The Belgian Legal Framework*") and litigation, which, in turn, could negatively impact the financial position and results of the Group.

Contingency events and business continuity disruption may be caused by a number of events outside of unfavorable 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, unscheduled foreign electricity flow, failure to maintain the network parameters within the limits defined in the grid code 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.

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. 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 materialize 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 Company 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, Elia Asset SA/NV ("**Elia Asset**") and 50Hertz Transmission GmbH ("**50Hertz Transmission**"), as these companies would then lack the necessary means and resources to avoid and protect the electricity network against such above-mentioned events.

***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 digitalization 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 digitalization, 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 (EU Regulation 2016/679 of April, 27 2016) regarding personal data as well as the NIS directive (EU Directive 2016/1148 of July 6, 2016 concerning measures for a high common level of security and network and information systems across the Union).

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. Such risks could increase in the context of the current 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 "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 Program for Critical Infrastructure Protection (EPCIP directive), the EU network and Information Security Directive (NIS directive) as well as upcoming regulation such as the directive on the resilience of critical infrastructure (CER directive) and the Network Code on Cybersecurity which impose a heightened burden on the TSOs to identify, assess and manage potential physical security and cybersecurity risks.

***The Group is subject to certain physical and transitional climate risks and may not be able to meet relevant expectations in relation to the decarbonization 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 decarbonization of society. This includes a number of ambitious innovative projects and sizeable investment programs, 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 fall into two categories: chronic and acute ones. Based on the best climate scenario information available today, a vulnerability assessment of the Group's activities took place, in line with the technical screening criteria of the EU Taxonomy Delegated act. This assessment highlighted the possible harmful effect of heatwave, cold wave/winter incident, storm, flooding, drought and wildfire. All these phenomena belong to acute physical risks which could lead to less favorable operating conditions for the Group's assets or even damage them. Such circumstances may trigger risk factors for contingency events and business continuity disruption. For example, the substations in Rochefort and Pepinster were heavily affected by the exceptional flooding which occurred during the summer of 2021. The reparations were completed in Q32021. 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 vulnaribility 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 decarbonization lies at the heart of the Group's business strategy and important efforts are being made to contribute thereto (through, amongst others, its ActNow program, see "*The Group's business – 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 amortized. The impact 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 act), 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 realize its anticipated investment program 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 and rights of way. 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 recognized 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. For example, in its consolidated financial statements for financial year 2021, the Group recognized a provision for environmental decontamination (€11.2 million) and for dismantling (€110.1 million), but has not recognized any provision in relation to permits (further details can be found in section 6.14 of its consolidation financial statements).

In recent years, there has also been an increased concern in relation to the impact of electric and magnetic fields (EMF) 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 realized. Due to the increased actions from pressure groups and local residents, authorities may become more reluctant to deliver the necessary permits in the future.

Furthermore, to the extent any of the costs associated therewith cannot be covered or recovered through the applicable tariff methodologies, these could adversely affect the financial results of the Group. See also "*The Group's future profit will in part depend on its ability to realize 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*".

**Financial and other risks**

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

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 Company in the case of further inorganic growth. Accordingly, the ability of the Company, 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 realize its strategic plan.

S&P has issued separate credit ratings for the Group, ETB and Eurogrid GmbH, which is the holding above 50Hertz. At the date of this Prospectus, the credit ratings for each of the three are BBB+ with a stable outlook. 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, 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 Elia Group. 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 Company from a ratings perspective up to a certain extent, a downgrade in the credit rating of the Company of up to 1-notch would 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 could be borne by the shareholders of the TSO, instead of being passed on through the transmission tariffs, affecting thereby the financial result and profitability of the Group.

A downgrade in the credit rating of the Company could also result from any additional debt raised in the context of its future inorganic growth (see risk factor "*If the Group succeeds 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 Company*"). This could, in turn, affect its ability to distribute dividends. Similarly, a downgrade at the level of ETB and/or Eurogrid could affect their ability to upstream dividends to the Company, particularly if the higher funding costs for ETB and/or 50Hertz would not be covered by the tariffs. As the Company's income mainly depends on the dividends received from its subsidiaries and a significant portion of these is derived from ETB and 50Hertz, any restriction on their ability to distribute dividends to the Company would have a significant impact on the Company (see risk factor "*Various circumstances could affect the ability of the Company to pay out dividends or to meet the objectives of its dividend policy*"). Furthermore, if ETB were unable to comply with the covenant in its revolving credit facility and EIB Loan, which requires it to maintain a rating that is at least equal to BBB, it would have to enter into negotiations with the EIB and the lenders under its revolving credit facility in order to waive such default, failing which it could be required to repay the EIB Loan and any outstanding amounts under its revolving credit facility (see section "*Financing arrangements of the group § (2) Financing arrangements of ETB*."). As at the date of this Prospectus, the EIB loan of EUR 100 million is fully drawn and the revolving credit facility of ETB is undrawn.

In light of ETB and 50Hertz' ambitious capex plans and anticipated increase in the amount of the debt raised, the Group will have to raise equity in order to maintain its predefined target equity/debt ratio (i.e,. regulatory gearing) and contemplated return on equity (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 revisions*)". If the Group were to fail to raise such equity or the equity/debt ratio would otherwise deteriorate, this may have a negative impact on the credit rating of ETB and/or 50Hertz, which in turn could impact the Group's credit rating and profitability.

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

***Various circumstances could affect the ability of the Company to pay out dividends or meet the objectives of its dividend policy***

The Company is a holding company which depends on the ability of its subsidiaries to upstream dividends. As these are mainly derived from the dividends distributed by its two regulated subsidiaries ETB and 50Hertz (though Eurogrid International SA/NV and its 80 percent stake in Eurogrid GmbH), the Company depends on the ability of these two regulated subsidiaries to distribute dividends in order to meet its own financial obligations, cover its own costs as a holding company and distribute dividends (see "*The Group's business*").

Both ETB and 50Hertz have adopted funding and dividend policies for the current regulatory period (until 2023) to support their credit rating and access to financial markets at attractive conditions on a self-standing basis. While there is no expectation that this would hamper their ability to continue to distribute dividends, in line with past practice, there is no guarantee to that effect. Having amongst others regard to the capex plans of both entities, it cannot be excluded that exceptional unforeseen events would impact the ability of ETB and/or 50Hertz to distribute dividends to the Company in the future. The capacity of such subsidiaries to distribute dividends could be also constrained in case of an actual or potential downgrade of their credit rating or as a result of the increased debt raised by them in order to fund their capex plans (see risk factor "*A downgrade in the Company's, ETB's and/or Eurogrid's credit rating could affect their ability to access capital markets and impact their financial position*"). Should dividends from ETB and/or 50Hertz decrease to the extent that they do not cover the costs of the Company, including its anticipated dividend

distributions in line with its dividend policy, this would have an impact on the Company's ability to distribute dividends. Furthermore, the ability of the Company and its subsidiaries to make dividend distributions depends on their earnings and may be subject to statutory or other restrictions. It can, for example, not be excluded that the Group's inorganic growth strategy could have an impact on the Group's future ability to distribute dividends (see "*If the Group succeeds 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 Company*").

Under its current dividend policy, the Company envisages to deliver a full-year dividend growth that is not lower than the increase of the Consumer Price Index ("inflation") in Belgium. The Company's dividend policy, which was established in 2019, supports its long-term ambition to target a secure dividend in real terms for the shareholders while enabling the Company to sustain a strong balance sheet that is needed to fund the Group's ambitious investment program (see "*The Group's business – Dividend Policy*"). Accordingly, the dividend policy provides predictability to the Company's shareholders. Moreover, in line with its policy, the Company's dividend distribution has increased over the last seven consecutive years. If the Company were to fail to deliver its contemplated stable shareholder return in line with its dividend policy (and underlying shareholder expectation in line therewith), this could have a negative impact on its share price or ability to retain or attract existing and new shareholders.

***If the Group succeeds 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 Company***

As part of the Group'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 Group is currently exploring for further inorganic growth include, amongst others, offshore development beyond the maritime boundaries of the regulated TSOs (ETB and 50Hertz). The Group has recently announced the creation of a new subsidiary WindGrid, which it see as a logical step in the further expansion of the Group towards an international energy company to capitalize and contribute to the accelerated development of offshore energy.

An increase in exposure towards new activities could, however, reduce the predictability and increase the volatility of the results of the Group, cash flow and funding needs. Even though there is no visibility or certainty as to whether the Company will be able to realize its ambition to expand through M&A, nor the pace as to which this would occur, if it materializes the proportion of the revenues and profits of the Group which are derived from its more stable and predictable regulated business could decrease over time. In addition, the 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 Company as the costs thereof may not be covered through any of the regulatory tariff frameworks. The development of these new activities by the Group may therefore represent an additional financial risk for the Group, which may affect its profitability, financial performance, credit rating and ability to pay out dividends (see "*A downgrade in the Company's, ETB's and/or Eurogrid's credit rating could affect their ability to access capital markets and impact their financial 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 I) pursuant to current laws and regulations (see "*The Group's business – Key projects of*

*ETB*"). Any interruption of such connection that is attributable to the TSO's gross negligence or willful misconduct ("*faute lourde ou faute intentionnelle" / "zware fout of opzettelijke fout"*) may subject the Company to damages claims (which are capped to the net profit ETB could generate specifically on the Modular Offshore Grid assets in the specific year the incident occurred). Any such claim for damages could negatively impact the Company's activities, profits and financial situation. Similar legal and regulatory framework regulations are currently in discussion for the future development of additional offshore renewable generation and corresponding transmission assets to connect them to the offshore transmission network (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 sec. 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 10 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 30 months prior to it being reached. After the respective waiting period, the operator can demand a 90 percent 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 not to have acted negligently, all costs can be passed through. If, however, 50Hertz has contributed negligently to disruptions or delays, according to Sec. 17f EnWG, it can pass only part of the cost of compensation to the end customer. In case of damage caused negligently but not grossly negligently, the own retention of 50Hertz is limited to €17.5 million per damage event. In case of gross negligence, a maximum own retention of €110 million per year (cap) will have to be borne by 50Hertz. Therefore, in case of costs not being allowed to pass on to the aforementioned Surcharge, the offshore regime might negatively impact the profitability of 50Hertz and, consequently, impact the profitability of the Company.

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

The Group has an ambitious program to deliver on its commitment to contribute to the decarbonization of society. The push towards more offshore, digitalization and a consumer-centric model requires significant investments and changes to the Group's organization. To be able to achieve these 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 specific 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. In addition, the pandemic has highlighted the need to take extra care of the employee's well-being and pay more attention to their personal needs.

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 realization which supports the energy transition, etc.), bearing in mind the highly specialized 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.

***The Company may not have adequate insurance coverage***

The Group has subscribed to insurance contracts necessary to operate their 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 "The Group's Business"), 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 materialize, 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, which in turn would affect the overall profitability of the Group.

**Risks relating to the shares and the Offering**

***The market price of the Company's shares may be volatile and may decline below the Issue Price***

There can be no assurance that the Issue Price will correspond to the market price of the shares following the Offering or that the market price of the shares available in the public market will reflect the Company's actual financial performance. A number of factors may affect the market price of the shares, including the number of shares held by the public, changes in the operating results of the Company, changes in the general conditions in the energy sector, and general economic and business conditions in the countries in which ETB and 50Hertz operate. Furthermore, securities markets have experienced significant price and volume fluctuations in recent years. Similar fluctuations in the future could have a material adverse effect on the market price of the shares regardless of the operating results or financial condition of the Company.

The Company has entered into a liquidity contract with Exane BNP Paribas.

Details on the lock-up undertaking of Publi-T and the standstill commitment of the Company can be found in section "*Information on the Offering – Lock-up and standstill arrangements*".

If there is a substantial decline in the market price of the shares, this may have an adverse impact on the market price of the Preferential Rights (see "*Risk Factors – If the Rights offering is discontinued or there is a substantial decline in the price of the Shares, the Preferential Rights may become void or worthless as a result thereof*").

***The capital increase may be lower than the contemplated Issue Amount if the Offering is not fully subscribed and no minimum amount has been set for the Offering***

The Company has the right to proceed with a capital increase for a reduced amount. No minimum amount has been set for the Offering. Therefore: (i) only a reduced additional number of the Company's shares could be made available for trading on the market which could increase the free float of the Company's shares to a lesser extent than expected; and (ii) the Company's financial means in view of the uses of the proceeds of the Offering might be reduced. For additional information on the use of proceeds, see section "*Rationale of the Offering and Use of proceeds*". The Company might therefore have to look for further external funding.

In case the Offering would result in subscriptions for an amount that is lower than the contemplated Issue Amount, the Company would dispose of an amount which is lower than the EUR 590,113,192.50 gross proceeds it plans to raise. Depending on the amount of the shortfall and on the speed at which it would need to increase the capital of ETB and 50Hertz which, in turn, would depend on the pace of the respective contemplated investment plans at the level of each of the TSOs, the Company could decide to reduce the amount allocated to any of the three items referred to in the section "*Rationale of the Offering and Use of proceeds*". In the event that the amount would be significantly lower (a risk that should be attenuated by the unconditional

commitment of the Company's main shareholders, Publi-T and Publipart, to exercise all of their Preferential Rights), this may require the Group to take other measures (such as raising debt at the level of the Company to contribute as capital to one of the TSOs or retaining a greater portion of the profits at the level of one of the TSOs) or accept a regulatory equity/debt target gearing which is lower than the contemplated 40/60 ratio. This is, however, not expected to have an impact on the ability of the Group, and in particular ETB and 50Hertz, to raise the necessary funds for their investment plans or result in a postponement of their contemplated investments.

***If the Rights Offering is discontinued or there is a substantial decline in the price of the Shares, the Preferential Rights may become void or worthless***

If there is a substantial decline in the price of the Shares, including as a result of short selling of the Company's shares, this may have a material adverse effect on the value of the Preferential Rights. Any volatility in the price of shares will also affect the price of the Preferential Rights, and the Preferential Rights could become worthless as a result. Further, the obligations of the Underwriters pursuant to the Underwriting Agreement may be terminated in certain circumstances (see section "*Underwriting Agreement*"), which may itself result in a discontinuation of the Rights Offering. If the Rights Offering is discontinued as described in the section "*Revocation or suspension of the Offering*", the Preferential Rights will become void or worthless. Accordingly, investors who have acquired any such Preferential Rights in the secondary market will suffer a loss, as trades relating to such Preferential Rights will not be unwound once the Rights Offering is terminated.

***There is no assurance that a trading market will develop for the Preferential Rights, and, if a market does develop, the market price for the Preferential Rights may be subject to greater volatility than the market price for the Shares***

The Preferential Rights are expected to be traded on the market on Euronext Brussels from June 16, 2022 to June 23, 2022. There is no assurance that an active trading market in the Preferential Rights will develop during that period and, if a market does develop, there is no assurance regarding the liquidity of such trading market. The trading price of the Preferential Rights depends on a variety of factors, including but not limited to, the performance of the price of the Shares, but may also be subject to significantly greater price fluctuations than the Shares.

***Certain significant shareholders of the Company after the Offering may have interests that differ from those of the Company and may be able to control the Company, including the outcome of shareholder votes***

The Company will continue to have a number of significant shareholders. For an overview of the Company's significant shareholders as at the date of this Prospectus, reference is made to section "*Relationship with significant shareholders – Share ownership*".

Given its current shareholding, Publi-T SC/CV ("**Publi-T**"), which represents Belgian municipalities, can have a significant influence on the approval of shareholders' resolutions, and can in any event block any shareholders' resolution as the approval of any shareholders' resolution requires the approval of holders of a majority of class A and/or class C as long as the holders of class A and/or class C shares own at least 25 percent of the total outstanding share capital of the Company (or 15 percent in the event of dilution following a capital increase).

To the extent that certain shareholders were to combine their voting rights, they could have the ability to elect or dismiss directors, and, depending on how widely spread the Company's other shares are, take certain other shareholders' decisions that require, or require more than, 50 percent or 75 percent of the votes of the shareholders that are present or represented at the General Shareholders' Meetings where such items are submitted to voting by the shareholders. As with Publi-T's current shareholding, all shareholder resolutions require the approval of Publi-T. Alternatively, to the extent that these shareholders have insufficient votes to impose certain shareholders' resolutions, they could have the ability to block proposed shareholders' resolutions that require, or require more than, 50 percent or 75 percent of the votes of the shareholders that are present or represented at General Shareholders' Meetings where such items are submitted to voting by shareholders. Any such voting by these shareholders may not be in accordance with the interests of the Company or the other shareholders of the Company.

***Withdrawal of subscription in certain circumstances may not allow sharing in the Net Scrips Proceeds and may have other adverse financial consequences***

Subscribers withdrawing their subscription after the Rights Subscription Period, will not share in the Net Scrips Proceeds and will not be compensated in any other way, including for the purchase price (and any related cost) paid in order to acquire any Preferential Rights or Scrips, as the Preferential Rights attached to these subscription orders have not been timely converted into Scrips and offered as part of the Scrip private Placement.

***Certain Existing Shareholders outside Belgium may have limited time to place a subscription order for the exercise of their Preferential Rights or subscription orders made with financial intermediaries outside Belgium may not be processed in a timely manner by the local financial intermediaries***

Any Preferential Rights not exercised during the Rights Subscription Period will become null and void. To the extent that the Preferential Rights are not or not timely exercised and/or any exercise not timely processed, the Existing Shareholders' proportionate ownership and voting interest in the Company will be reduced, and the percentage that the Shares held prior to the Offering represents of the increased share capital after the Offering will be reduced accordingly. In practice, in case of lengthy corporate action procedures, certain shareholders outside Belgium (e.g. in Germany), may have limited time to place a subscription order for the exercise of their Preferential Rights once they become aware of the Offering. The Company has not appointed any centralising agent outside Belgium nor have any specific procedures been foreseen to accommodate the financial service outside Belgium. The Underwriters' role will not extend to the Offering to the public in Germany. No financial institution has been appointed in Germany to provide financial services in relation to the Offering. Subscription orders made with financial intermediaries outside Belgium may not be processed in a timely manner by the local financial intermediaries. Accordingly, investors (and in particular those outside Belgium) wishing to participate in the Offering need to ensure that the financial institution with whom they hold their shares or through whom they wish to participate in the Offering has the requisite processes in place to timely process their subscription. The financial intermediary with whom they hold their shares or through whom they wish to participate in the Offering is solely responsible for obtaining the subscription request and for duly transmitting such subscription request together with all necessary documentation and the appropriate number of Preferential Rights. Each holder of a Preferential Right that is not exercised and processed by the last day of the Rights Subscription Period will only be entitled to receive a proportional part of the proceeds of the sale of Scrips, if any (as described in section "*Information on the Offering – Scrips Private Placement*"). However, there is no assurance that any or all Scrips will be sold during the Scrips Private Placement or that there will be any such proceeds. Shareholders outside Belgium may not be able to exercise preferential subscription rights (notice for non-Belgian resident investors).

In the event of an increase of the Company's share capital in cash, shareholders are generally entitled to full preferential subscription rights ("*droits de preference" / "voorkeurrechten"*) unless these rights are cancelled or limited either by a resolution of the General Shareholders' Meeting or by a resolution of the Board of Directors (provided that the Board of Directors has been authorized by the General Shareholders' Meeting, or by the Articles of Association to increase the share capital in that manner, which is the case at the date of this Prospectus). Certain shareholders outside Belgium may not be able to exercise preferential subscription rights unless local securities laws have been complied with. In particular, U.S. shareholders may not be able to exercise preferential subscription rights unless a registration statement under the Securities Act is declared effective with respect to the shares that may be issued upon the exercise of such preferential subscription rights or an exemption from the registration requirements is available. The Company does not intend to obtain a registration statement in the United States or to fulfil any requirement in other jurisdictions (other than Belgium) in order to allow shareholders in such jurisdictions to exercise their preferential subscription rights (to the extent not excluded or limited). As a result, the Company may in the future sell shares or other securities to persons other than its Existing Shareholders at a lower price than the New Shares and, as a result, U.S. or other non-Belgian shareholders may experience substantial dilution of their interest in the Company.

# RATIONALE OF THE OFFERING AND USE OF PROCEEDS

The principal purpose of the Offering is to finance the organic growth of the Group and to support the Group's strategy as set out in section "*The Group's business – Strategy*" of this Prospectus. The Offering will strengthen the balance sheet of the Company and support the financing of the capex programs of ETB and 50Hertz.

If the Offering is fully subscribed, the net proceeds of the Offering are to be used primarily as follows:

- EUR 300 million: to finance the regulated activities in Belgium, mainly the realization of the Capex program as set out in section "The Group's business – Strategy – Pillars of growth" of this prospectus (via an increase of the equity portion in ETB) in accordance with the gearing ratio defined in the regulatory framework applicable in Belgium.
- EUR 200 million: to finance the regulated activities, primarily the execution of the capex program in Germany (via increase of equity portion in Eurogrid GmbH, holding company above 50Hertz) to strengthen the balance sheet.
- The remaining portion of the proceeds from the Offering will be used for general corporate purposes of the Company.

If the Offering is fully subscribed, the gross proceeds from the issue of New Shares are estimated to be approximately EUR 590,113,192.50. The net proceeds from the issue of New Shares are estimated to be approximately EUR 583,978,687.50.

The Company has the right to proceed with a capital increase for a reduced amount. No minimum amount has been set for the Offering. In the event of a reduced amount, the Company can decide to reduce the amount allocated to any of the three items referred to above in its sole discretion. While this may be changed by the Company in its sole discretion and depend on a number of factors, in case of a reduced amount the Company may consider reducing the amount allocated to general corporate purposes and the amount allocated to ETB before reducing the amount earmarked for 50Hertz. See also risk factor "*The capital increase may be lower than the contemplated Issue Amount if the Offering is not fully subscribed and no minimum amount has been set for the Offering*".

For estimates on the costs and expenses of the Offering, see section "*Information on the Offering – Costs of the Offering*".

As of the date of this Prospectus, the Company cannot predict with certainty all of the particular uses for the proceeds from the issue of New Shares, or the amounts that it will actually spend on or allocate to finance the regulated investments in Belgium in accordance with the new regulatory framework, finance the regulated investments in Germany and/or general corporate purposes. The amounts and timing of the Company's actual expenditures will depend upon numerous factors. The Company's management will have a certain flexibility in applying the proceeds from the issue of the New Shares and may change the allocation of these proceeds as a result of these and other contingencies.

# CAPITALIZATION AND INDEBTEDNESS

**Capitalization and indebtedness**

The following table sets forth the capitalization and indebtedness of the Company as at December 31, 2020 and 2021 and as at March 31, 2022.

The figures for capitalization and indebtedness as at December 31, 2020 and 2021 have been extracted, without material adjustment, from the Group's audited consolidated financial statements prepared in accordance with IFRS, as endorsed by the EU, for the period ended December 31, 2020 and 2021 and should be read in conjunction with the Group's consolidated financial statements.

The figures for capitalization and indebtedness as at March 31, 2022 have been extracted from the unaudited consolidated financial reporting prepared in accordance with IFRS.

This table should be read in conjunction with section "Selected Financial Information" and the consolidated financial statements and related notes incorporated by reference in this Prospectus.

This table does not take into account the proceeds from the Offering.

| | **March 31,** | **December 31,** | **December 31,** |
|---|---|---|---|
| | **2022** | **2021** | **2020** |
| | | *(€ million)* | |
| **Statement of capitalization** | | | |
| **Current debt** | **5,016.1** | **3,924.8** | **1,835.6** |
| Guaranteed | 0.0 | 0.0 | 0.0 |
| Secured | 0.0 | 0.0 | 0.0 |
| Unguaranteed/unsecured | 5,016.1 | 3,924.8 | 1,835.6 |
| **Non-current debt** | **7,964.3** | **7,972.1** | **7,513.0** |
| Guaranteed | 0.0 | 0.0 | 0.0 |
| Secured – principal amount | 0.0 | 0.0 | 0.0 |
| Unguaranteed/unsecured | 7,964.3 | 7,972.1 | 7,513.0 |
| **Equity** | **5,118.9** | **4,938.4** | **4,500.0** |
| Share capital | 1,709.2 | 1,709.2 | 1,709.1 |
| Share premium | 262.9 | 262.9 | 262.4 |
| Legal reserve | 183.3 | 173.0 | 173.0 |
| Other reserves | 1,844.0 | 1,705.5 | 1,327.2 |
| Equity attributable to ordinary shares | 3,999.4 | 3,850.6 | 3,471.7 |
| Equity attributable to hybrid securities holders | 706.1 | 701.4 | 701.4 |
| Non-controlling interest | 413.3 | 386.4 | 326.9 |
| **Total** | **18,099.3** | **16,835.3** | **13,848.6** |

| | | March 31, 2022 | December 31, 2021 | December 31, 2020 |
|---|---|---|---|---|
| | | | *(€ million)* | |
| | **Statement of indebtedness** | | | |
| A | Cash | 552.4 | 563.2 | 368.1 |
| B | Cash equivalents(*) | 3,245.8 | 2,486.2 | 222.0 |
| C | Other current financial assets | 0.0 | 0.0 | 0.0 |
| **D** | **Liquidity (A+B+C)** | **3,798.2** | **3,049.5** | **590.1** |
| E | Current financial debt(**) | 102.7 | 171.7 | 783.2 |
| F | Current portion of non-current financial debt | 22.3 | 22.3 | 22.3 |
| **G** | **Current financial indebtedness (E+F)** | **125.0** | **194.0** | **805.5** |
| **H** | **Net current financial indebtedness (G-D)** | **-3,673.2** | **-2,855.5** | **215.4** |
| **I** | Non-current financial debt(**) | 7,732.1 | 7,741.7 | 7,249.6 |
| **J** | Debt instruments | 0.0 | 0.0 | 0.0 |
| **K** | Non-current trade and other payables | 0.0 | 0.0 | 0.0 |
| **L** | **Non-current financial indebtedness (I+J+K)** | **7,732.1** | **7,741.7** | **7,249.6** |
| **M** | **Total financial indebtedness (H+L)** | **4,058.9** | **4,886.2** | **7,465.0** |

Cash (A) is cash available on the current bank account, Cash equivalents (B) are mainly deposits on short term with different banks and the amount presented in other current financial assets.

(*) As at March 31, 2022 and December 31, 2021, the Group has cash and cash equivalents amounting to respectively €3,798.2 million and €3,049.5 million of which:

- €1 million is restricted cash held by its subsidiary Elia Re; and
- €2,871.9 million and €2,110.0 million relate to excess cash coming from the activitiy linked to levies/surcharges in Germany (EEG, KWK, stromNev – see section "*The German legal framework*") as per March 31, 2022 and December 31, 2021 respectively.

(**) The indebtedness related to leasing is recognized in the consolidated financial statements. The current indebtedness amounts to €13.1 million at March 31, 2022 (€35.1 million at December 31, 2021 and €11.8 million at December 31, 2020) and the non-recurrent indebtedness amounts to €81.0 million at March 31, 2022 (€83.7 million per December 31, 2021 and €72.4 million at December 31, 2020).

Beside the amounts reflected in the statement of indebtedness here above, the Group has the following contingent indebtedness:

| | March 31, 2022 | December 31, 2021 | December 31, 2020 |
|---|---|---|---|
| | | *(€ million)* | |
| **Net indebtedness related to Employee benefits (*)** | **62.7** | **60.4** | **78.2** |
| Net liability linked to provisions for various employee benefit obligation (legal and constructive defined benefit obligations) linked to its employees in Belgian and German operations | 108.0 | 106.6 | 132.0 |
| A portion of this net liability is recoverable through the future tariffs in Belgium and this amount is recognized as a not-current financial asset in the consolidated financial statements | -45.3 | -46.2 | -53.8 |
| **Indebtedness related to purchase commitments for CAPEX projects (**)** | **2,045.2** | **2,068.4** | **1,987.5** |
| Purchase contracts for the installation of property, plant and equipment for further grid extensions | 2,045.2 | 2,068.4 | 1,987.5 |
| **Indebtedness related to dismantling provisions (***)** | **110.5** | **110.1** | **116.3** |
| The Group is exposed to decommissioning obligations; most of which are related to realised offshore projects | 110.5 | 110.1 | 116.3 |

(*) for more information we refer to the consolidated financial statements of 2021 see note 6.13 (for the year ended December 31, 2020 see note 6.14 fo the consolidated financial statements of 2020)
(**) for more information we refer to note 8.2 in the consolidated financial statements of 2021 and 2020
(***) for more information we refer to the consolidated financial statements of 2021 see note 6.14 (for the year ended December 31, 2020 see note 6.15 fo the consolidated financial statements of 2020)

Please see section "*The Group's Business – Material Agreements – Financing arrangements of the Group*" for an overview of the financing arrangements of the Group and the outstanding amounts thereunder.

As at December 31, 2021, the Company has available unutilized credit facilities for an amount of €35 million. ETB disposes over a unutilized €650 million sustainability-linked revolving credit facility and Eurogrid GmbH has a €750 million revolving credit facility which was unused at December 31, 2021 and an uncommitted overdraft facility of €150 million. Furthermore, EGI has an unlimited straight loan of €2.5 million.

**Working capital statement**

On the date of this Prospectus, the Company is of the opinion that, taking into account its available cash and cash equivalents, it has sufficient working capital to meet its present requirements and cover the working capital needs for a period of at least 12 months as of the date of this Prospectus.

# THE GROUP'S BUSINESS

## Introduction

The Company (formerly Elia System Operator SA/NV) is a limited liability company ("*société anonyme*" / "*naamloze vennootschap*") and was established under Belgian law by a deed enacted on December 20, 2001, published in the Appendix to the Belgian State Gazette ("*Moniteur belge*" / "*Belgisch Staatsblad*") on January 3, 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 Company's LEI is 549300S1MP1NFDIKT460. The Company's shares are listed on Euronext Brussels. The Company's website can be accessed via www.eliagroup.eu.

In 2019, the Group implemented a new corporate structure in order to isolate and ring fence the regulated activities in Belgium from its non-regulated activities and from the regulated activities outside of Belgium. It involved transforming "Elia System Operator SA/NV" ("**ESO**"), the TSO, into a holding company which was renamed Elia Group SA/NV and the set-up of a new subsidiary "Elia Transmission Belgium SA/NV" (ETB) which effectively took over the Belgian regulated activities of ESO, including the indebtedness related to these activities. The reorganization was completed on December 31, 2019. The new structure aims to allow the Group to further pursue its ambitious growth strategy and capture opportunities yielded by the energy transition.

ETB is the TSO for the Belgian extra-high (380kV – 150kV) 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. ETB and Elia Asset operate as a single economic entity. ETB was appointed as the sole TSO in Belgium by a ministerial decree of January 13, 2020 (published in the Belgian State Gazette of January 27, 2020 and with effect as of January 1, 2020) for a 20-year period. ETB has also been 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 December 24, 2019 (published in the Belgian State Gazette of February 5, 2020) for the remainder of a 12-year period ending on December 31, 2023, as the local TSO in the Walloon Region for a 20-year period starting on December 31, 2019 (in its capacity as the national TSO) and as the regional TSO in the Brussels-Capital Region by a decree of the Brussels Government of December 19, 2019 (published in the Belgian State Gazette of February 14, 2020) for a 20-year period starting on December 31, 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 September 27, 2019, the CREG confirmed, based on a notification file submitted by ETB, that the new group structure was not of a nature to call into question the core elements of the CREG's previous decision of December 6, 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. The process for the renewal of the local TSO license in the Flemish Region is ongoing. It is expect that this license will be renewed in due time. It cannot, however, be excluded that certain additional obligations will be imposed on the occasion of such renewal relating to the governance of ETB and, in particular, the potential inclusion of additional safeguards regarding the independence of relevant board members of ETB (see "*The Group's business – Appointment of ETB as TSO on federal level*").

Besides regulated activities in Belgium, the Company also owns regulated activities outside of Belgium. In 2010, the Group expanded its activities on a broader European level by acquiring 60 percent 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 April 26, 2018, the Company acquired an additional 20 percent of Eurogrid International from IFM. The acquisition increased the Company's total share in Eurogrid International to 80 percent, allowing the Company to fully control and consolidate Eurogrid International. On August 22, 2018, the Company 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 Company's pre-emption right

on the remaining 20 percent shares in Eurogrid International which were sold immediately at the same terms and conditions to KfW. These transactions foster the Belgian-German cooperation regarding critical grid infrastructure. On June 18, 2019, Eurogrid International transferred 20 percent of its shares in Eurogrid GmbH to KfW. That same date, the Company acquired 20 percent of the shares in Eurogrid International, which was converted into an SA/NV. As a result of these transactions, the Company currently owns 100 percent of the shares in Eurogrid International SA/NV, while the ownership of Eurogrid GmbH is now split between Eurogrid International SA/NV (80 percent) and KfW (20 percent).

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 53,250MW (thereof around 39,600MW renewables, thereof around 21,000MW wind on- and offshore). The 50Hertz grid has a length of around 10,330 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 109,000 $km^2$ (a third of Germany) with about 18 million inhabitants consuming approximately 20 percent of Germany's electricity. Maintenance of the transmission system, substations and switching stations is organized through five regional centers operating in a region characterized by a lot of wind infeed; renewable energy already accounts for some 65 percent 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 center is situated in Berlin-Mitte. In addition, 50Hertz' 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.

On February 27, 2015, a joint venture Nemo Link was set up between the Company and National Grid Interconnector Holdings Limited ("**National Grid**"), a subsidiary company of the UK's National Grid Plc, a major UK company which owns and manages gas and electricity infrastructure in the UK and in the northeastern 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 governed by a regulatory framework determined by OFGEM and the CREG. On January 31, 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).

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 Company 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**, will focus on 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. WindGrid is expected to deliver and unlock further revenue streams for the Group, whilst enabling it to remain at the forefront of offshore wind development and maintain its relevance in the long term.

**Key strengths**

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

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

  The Group is a sustainable operator of critical transmission infrastructure in Europe with 19,192 km of high-voltage connections serving 30 million of end users with electricity and operating multiple interconnections with neighboring 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 99.99 percent 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 operating the national extra-high and high voltage network both onshore and offshore in Belgium. In Germany, 50Hertz is one of the four TSO's, and has a factual monopoly for owning, operating, maintaining and developing the 220kV – 380kV 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. By expanding international high-voltage connections and incorporating increasing amounts of renewable energy into its grid, the Group is promoting both the integration of the European energy market and the decarbonization of society. In turn, the decarbonization of society provides challenges and business opportunities, which the Group believes is ideally positioned to capture.

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

  Sustainability lies at the heart of Elia Group's strategy and its ActNow program, 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 organizational goals are explicitly linked to global goals, and are implemented through its business. Elia 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. Elia Group operationalizes 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. Elia Group fully supports the European Green Deal's ambitions to make Europe the first climate neutral continent by 2050. Elia 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 decarbonization 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. Without compromising the safety of its workforce and the grid, Elia Group is making its processes more sustainable and aim to be completely climate neutral by 2040. As a company providing a service for society, Elia Group has a duty to set an example in this regard.

- ***Diversification across established regulatory regimes resulting in a lower financial risk profile***

  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. In Belgium, the current regulatory period took effect on January 1, 2020 for a four-year period from 2020 to (and including) 2023 whereby the approved tariffs have been fixed for that four-year period. The next regulatory period will take effect January 1, 2024 for a four-year period from 2024 to (and including) 2027 where the new tariff methodology has been submitted for public consultation on April 21, 2022 and will be approved by the regulator in June 2022, increasing the visibility on ETB's future results.

  In Germany, the current regulatory period took effect on January 1, 2019 for a five-year period from 2019 to (and including) 2023. The next regulatory period will take effect January 1, 2024 for a five-year period from 2024 to (and including) 2028 for which the regulatory return on equity has already been set by the regulator.

  Nemo Link, in operation since January 2019, also operates under its own regulatory framework providing visibility for 25 years until 2044. The length of regulatory cycles, in combination with diversification across three regulatory regimes, contributes to further lowering the overall risk profile of the Group.

- ***Strategic onshore and offshore infrastructure in Europe***

  The Group is the fifth largest TSO in Europe (in terms of total assets) with a strategic geographical position in the center of Western Europe. This central position and critical mass represent key strategic advantages for the Group to play a leading role in shaping the European electricity market by developing interconnections and integration of RES. The Group has established strong partnerships with other TSOs for building future offshore energy hubs in both the North Sea and Baltic Sea positioning Elia Group to be a frontrunner in the development of offshore grids, allowing it to integrate increasing volumes of renewable energy and hence contributing directly to the decarbonization of society. By operating multiple cross-border power lines, the Group promotes a fluid international exchange and helps enhancing the reliability of the power grids and improving the security of supply. The Group also participates in the Nemo Link joint venture, which operates the first subsea interconnector between Belgium and UK. More recently, at the end of February 2022, the Group decided to set up a new subsidiary, WindGrid, which will act as an international energy company aiming at accelerating offshore wind development in Europe and other regions. These activities will further facilitate and accelerate the energy transition.

- ***Strong organic growth prospects both in Belgium and Germany***

  Supported by its geographical location in the center 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 digitalize the grid. As a result, in the upcoming five years (2022-2026), the Group plans to invest €9.6 billion (€4.0 billion to be invested by ETB in Belgium and €5.6 billion by 50Hertz in Germany). The Group has historically demonstrated an exceptional organic growth with a Compound Annual Growth Rate ("**CAGR**") of the Regulated Asset Base (**"RAB**") of 5.86 percent between 2017 and 2021, and is set to continue growing its RAB with an expected average yearly growth of approximately 9.5 percent for ETB in Belgium and approximately 10 percent for 50Hertz in Germany through the above mentioned sizeable capex program. In Belgium, the growth is predominantly driven by investments to facilitate the offshore energy (e.g. Energy Island), to replace and reinforce the existing infrastructure to absorb the higher infeed of renewable energy (e.g. Ventilus & Boucle de Hainaut) and the further integration of the European electricity system (e.g. Brabo & Nautilus). In Germany, the ongoing 'Energiewende' supported also by the increased targets for

renewable energy production set by the new German government, will further drive future investments by 50Hertz both onshore (e.g. SuedOstLink, SuedOstLink+, Berlin Kabel) and offshore (e.g. Ostwind 2, Ostwind 3 & Gennaker).

- ***The Group at the forefront of the energy transition***

  On the path towards decarbonizing society, the power system's focus is switching from centralized conventional generation to a more renewable, more decentralized 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, Elia 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, the start-up Elia Group launched in 2019. Ultimately, the Group is of the opinion that these activities will further hasten the energy transition.

- ***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. 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.

- ***Delivering shareholder return: stable/increasing dividends***:

  Since its incorporation, the Group has demonstrated a strong commitment to the distribution of dividends, as evidenced by a steady and growing dividend stream (from €1.55 in 2015 to €1.75 in 2021). The Extraordinary Shareholder's Meeting of May 17, 2022 approved a dividend per share of €1.75 for the financial year 2021. Since 2019, a formal dividend policy has been applied when proposing dividends to the General Shareholder's Meeting. Under this policy, the full-year dividend growth is intended not to be lower than the increase of the Consumer Price Index ("inflation") in Belgium.

## Organizational structure

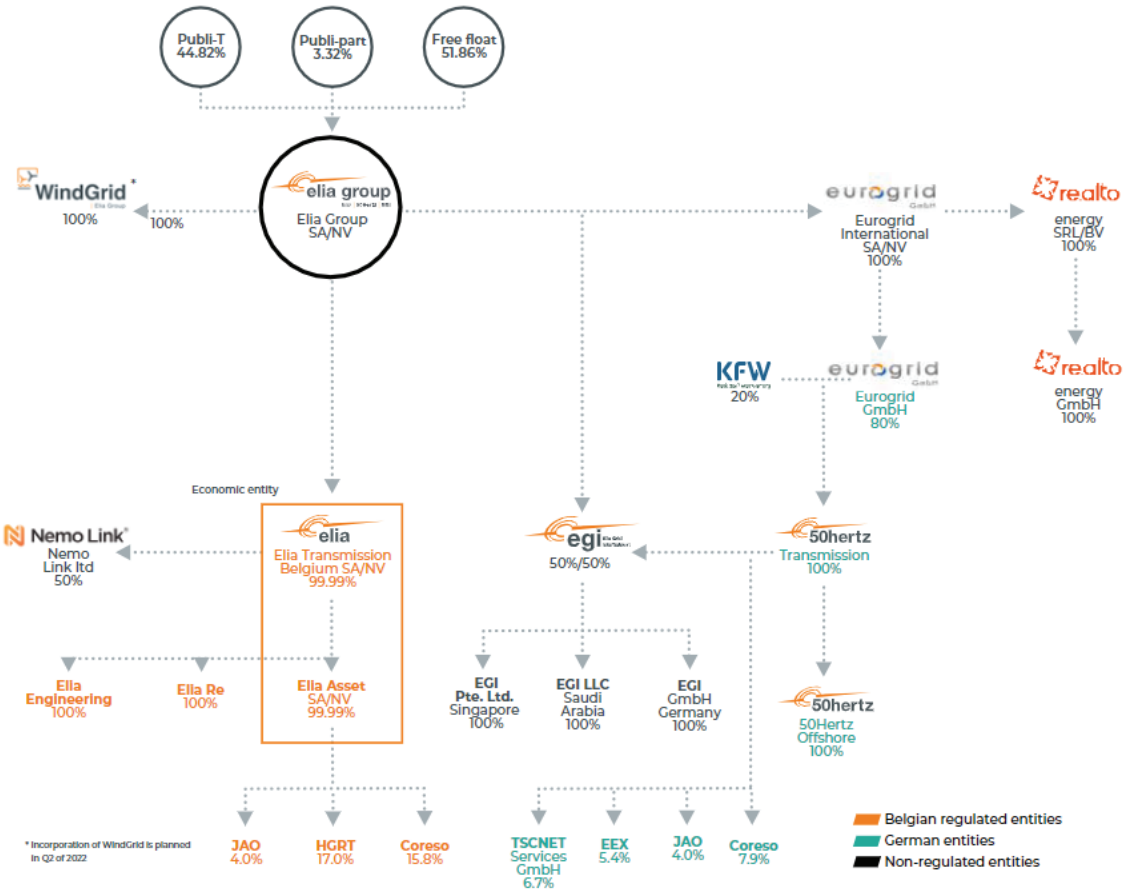
### *Structure of the Group*

On December 31, 2019, the Group has effectively completed its internal reorganization, with the aim to isolate and ring-fence the regulated activities of the Group in Belgium from the non-regulated activities and the regulated activities outside of Belgium. This reorganization significantly reduces the risk of cross-subsidy between the Group's activities, allowing the Group to optimize its debt positions in view of the new Belgian tariff methodology for the regulatory period 2020-2023.

Following the implementation of the internal reorganization, former ESO transformed into a holding company listed on the stock exchange, which was renamed Elia Group SA/NV. This holding company holds stakes in various subsidiaries, including a new subsidiary, ETB (*i.e*. the Belgian

TSO), Eurogrid International (*i.e.* comprising the activities of 50Hertz, the German TSO) and EGI (*i.e.* the Group's international consultancy branch). Its main shareholder is the municipal holding Publi-T SC/CV ("**Publi-T**").

The following diagram depicts, in simplified form, the organizational structure of the Group, as at the date of this Prospectus:



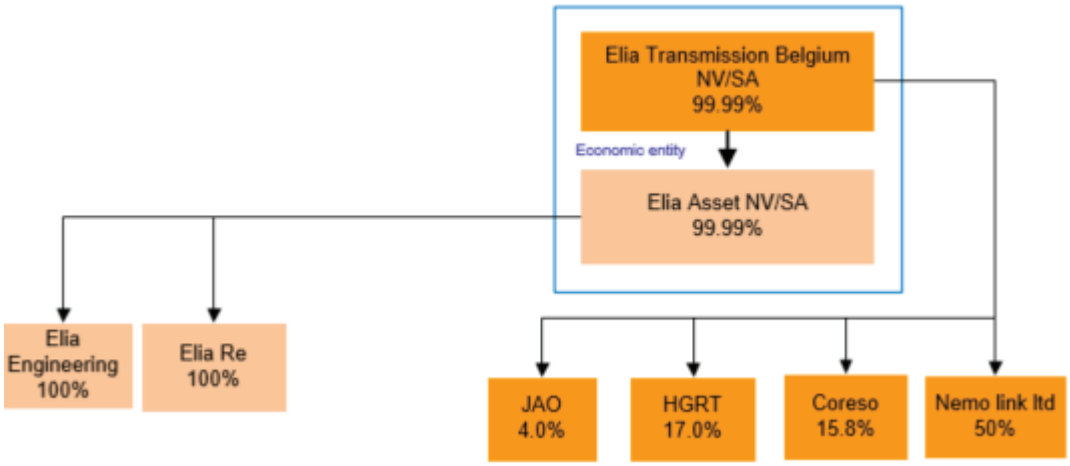

The Group includes two regulated transmission system operating companies ("ETB" in Belgium, consisting of ETB and Elia Asset, and "50Hert"z in Germany, consisting of 50Hertz Transmission and 50Hertz Offshore GmbH ("**50Hertz Offshore**")) operating under a regulatory framework. In addition to its activities as TSO, ETB also participates in the Nemo Link joint venture, which operates the first subsea interconnector between Belgium and the United Kingdom (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 March 28, 2014 by the Company and 50Hertz. Since May 13, 2014, the Company has directly owned 50.0016 percent and 50Hertz owns the remaining 49.9984 percent 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 LLC in Singapore.

Elia Group's newest legal entity, WindGrid, will focus on offshore development outside of its current regulated perimeters. WindGrid was incorporated on April 1, 2022, solidifying the group's commitment to accelerating the energy transition in the interest of society both in its home countries and abroad. WindGrid will deliver and unlock further revenue streams for the Group, whilst enabling it to remain at the forefront of offshore wind development and maintain its relevance in the long term.

***Group structure of ETB and affiliates***

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




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

**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 percent) 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 and has the role of a TSO in Belgium.

**Elia Engineering**

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

**Elia RE**

Following the events of September 11, 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 programs: 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. ETB's- insurance premiums, as well as reinsurance premiums paid to Elia RE by insurers, correspond to standard market rates.

**Nemo Link**

ETB and National Grid signed a joint venture agreement on February 27, 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 percent 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.

**HGRT**

ETB owns 17 percent of the shares in Holding Gestionnaire de réseaus 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 percent 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 United Kingdom 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.

**JAO**

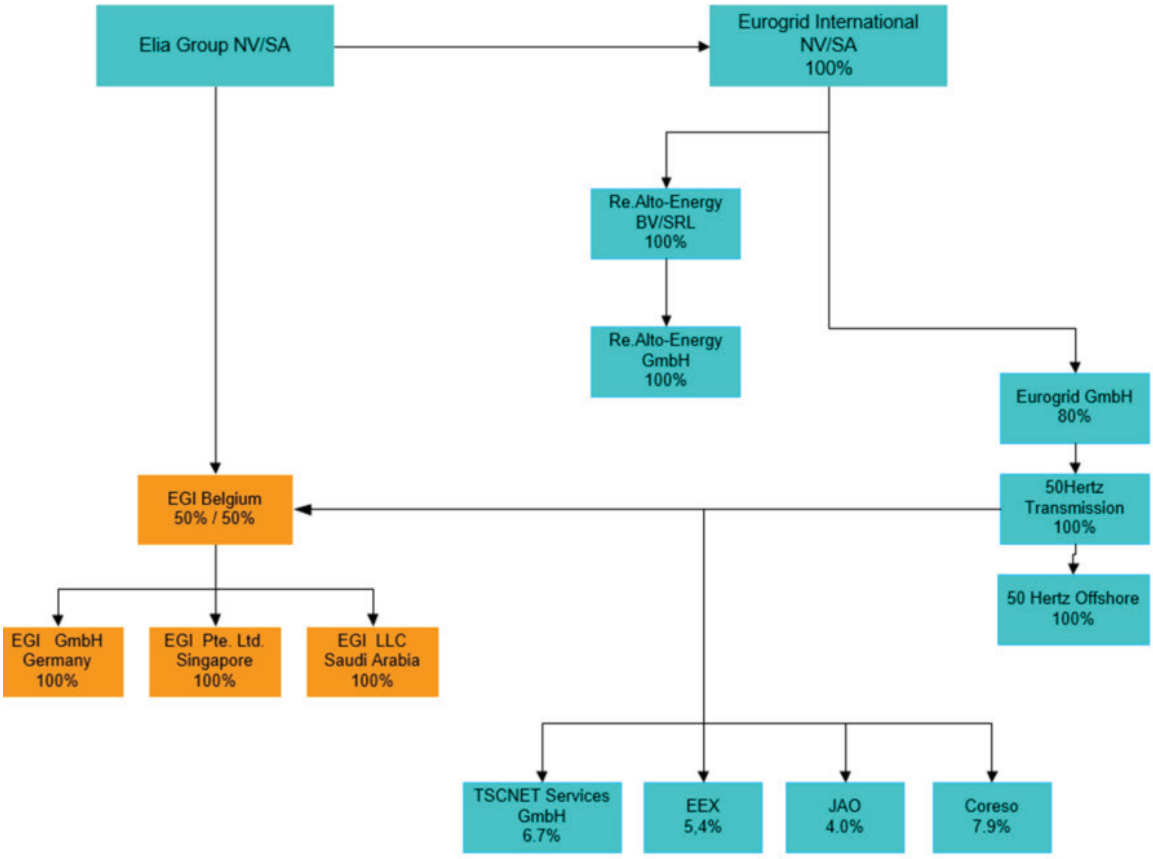
On September 1, 2015, Joint Allocation Office S.A. ("**JAO**") was incorporated. It is a Luxembourg-based service company of 22 TSOs. The company was established following a merger of the regional allocation offices for cross-border electricity transmission capacities, being CAO Central Allocation Office GmbH (in which the Group had a 6.66 percent stake) and Capacity Allocation Service Company.eu SA (in which the Group had a 8.33 percent 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 and 20 other TSOs holding each 1/22 of the shares. ETB holds directly 4.0 percent of the shares in JAO, including the participation held by 50Hertz the Group holds a total participation of 7.2 percent.

**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 characterized 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. Optimized management of electricity systems and corresponding network infrastructure, specifically interconnections between power networks are very important in this context. ETB owns directly 15.84 percent of the shares in Coreso, including the participation held by 50Hertz, and the Group holds a total participation of 22.16 percent.

***Group structure of Eurogrid International and affiliates***

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




**Eurogrid International SA/NV**

Eurogrid International SA/NV is a holding company that holds 80 percent. of the shares of Eurogrid GmbH and 100 percent 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 Company and its affiliates. A brief description of the organizational structure of re.alto and Eurogrid GmbH can be found below.

**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.

**Eurogrid GmbH**

Eurogrid GmbH is a holding company and is owned 80 percent by Eurogrid International SA/NV and 20 percent by KfW. The shareholder structure changed in 2019 (see "*The Group's business – 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 percent 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'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 Company. A brief description of the organizational structure of Eurogrid GmbH, 50Hertz and its subsidiaries can be found below.

**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 May 19, 2010. A brief description of the organizational structure of Eurogrid GmbH, 50Hertz and its subsidiaries can be found under "*Organizational Structure – Eurogrid GmbH*" below.

50Hertz Transmission owns 100 percent of 50Hertz Offshore and a minority shareholding in JAO (4.0 percent ownership), CORESO (7.9 percent ownership), EEX (5.4 percent ownership), EGI (49.99 percent ownership) and TSCNET Services GmbH (6.7 percent ownership). Each is described further below.

**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 Sec. 17d of the German Energy Industry Act (Energiewirtschaftsgesetz – "**EnWG**") in accordance with the 2006 Infrastructure Planning Acceleration Act (*Infrastrukturplanungsbeschleunigungsgesetz 2006*).

**EGI**

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

**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 centers of TSOs in continental Europe. 50Hertz holds shares in the issued capital of TSCNET of 6.7 percent. Other shareholders are European TSOs, namely Amprion (Germany), APG (Austria), ČEPS (Czech Republic), ELES (Slovenia), HOPS (Croatia), MAVIR (Hungary), PSE (Poland), SEPS (Slovakia), Swissgrid (Switzerland), TenneT TSO (Germany), TenneT TSO (the Netherlands), Transelectrica (Romania) and TransnetBW (Germany).

**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 holds shares in the issued capital of EEX of 5.4 percent.

**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 holds shares in the issued capital of JAO of 4.0 percent (see also section "*Group structure of ETB and affiliates"*).

**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 holds shares in the issued capital of CORESO of 7.9 percent (see also section "*Group structure of ETB and affiliates*").

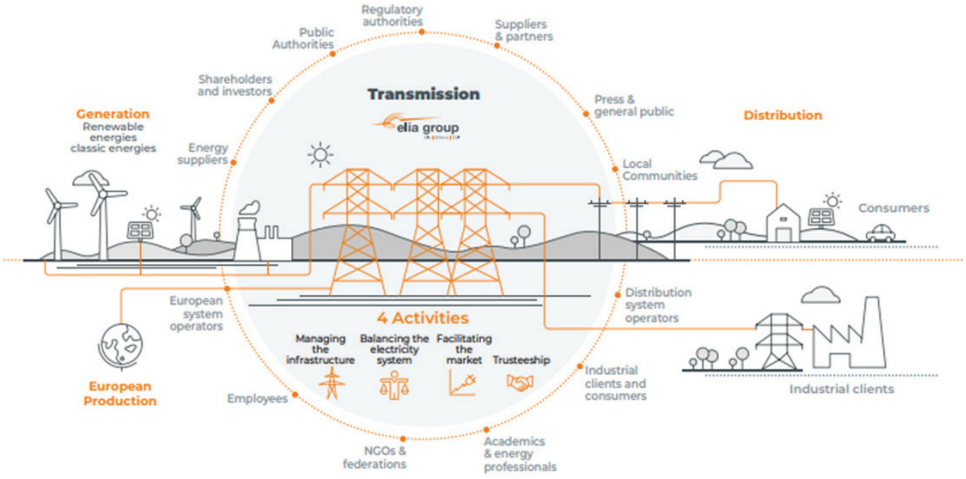
**Business overview**

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

The main players in the electricity market are the electricity generators, the TSO and the distribution system operators ("**DSOs**"), wholesale and retail suppliers, the power market operator, the traders, end customers and regulators.

On the one hand, industrial players are striving to quickly decarbonize, in line with the European Green Deal. 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 decarbonization needs, the Group is committed to undertaking real stakeholder dialogue, for example through the organization 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. These, and the owners of flexible appliances such as electric vehicles and heat pumps, will become important providers of flexibility for the grid: they will be able to charge their appliances when there are high amounts of renewable energy available and will be able to inject electricity back into the grid when it needs it. Moreover, consumers are increasingly expecting to interact with the energy system in the same way and with the same level of ease that they are enjoying in other sectors: they are interested in having more control over their household consumption and in tracing the origin of the electricity they use. Digitalization 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. European Commission defined a target capacity of some 300 GW offshore wind by 2050 in Europe to realize the Green Deal (the current installed capacity in Europe amounting today to some 20 GW).

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 and the German Baltic coast. The Belgian Government increased the ambition for offshore wind in its domestic waters to 3.5GW, to be connected to the onshore network via the construction of an artificial island (Belgian Energy Island). Moreover, ETB is currently assessing opportunities to develop interconnectors with Denmark (Triton Link) and UK (Nautilus). In Germany, 50Hertz will deliver further grid connections for the 'Gennaker' 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 decarbonization of Europe. Against this background, the Group has set-up a new entity 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.

**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, digitalization, and sector coupling, Elia Group is contributing to Europe's great and complex ambition of becoming climate-neutral by 2050, as outlined in its Green Deal.

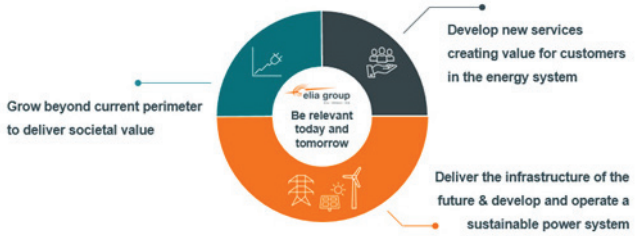
**Vision and mission**

Decarbonization 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 decarbonize. The Group is also furthering digitalization 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 company's mission describes who it serves, what it delivers and how: "In the interest of society, the Group makes the energy transition happen to decarbonize 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."

**Pillars of growth**

The company'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 company keeps working in the continuously evolving interest of society.

***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 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 Company 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.

***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, it is actively shaping new growth opportunities. Areas the company 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.

***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 company 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.

**The Group's digital transformation**

In order to deliver the company's strategy, the digital transformation of its business has become key. The company seeks to remain efficient throughout this transformation as it: masters the growing complexity of its core business; speeds up its activities; develops new solutions towards a decarbonized system; work as part of ecosystems to better understand and serve the needs of consumers; and lay the foundations for expanding its role and the services it provides across the energy value chain.

### The Group's sustainability program ActNow

Sustainability lies at the heart of the company's business strategy and its ActNow program, which was developed and published in 2021, setting out its long-term sustainability objectives. These objectives are guided by the UN SDGs, demonstrating that its organizational 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 decarbonization 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, ActNow is firmly embedded in its core business via its business roadmaps and plans.

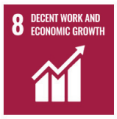
ACT NOW
FOR A SUSTAINABLE WORLD


#### 1 Climate Action

- Enabling decarbonisation of the power sector
- Carbon-neutrality in system operations by 2040
- Carbon-neutrality in our own activities by 2030
- Transition to a carbon-neutral value chain for new assets and construction works


#### 2 Environment & Circular Economy

- Preserve and strengthen ecosystems and biodiversity
- Embed circularity in our core business processes
- Ensure compliance with environment performance standards




#### 3 Health & Safety

- Going for zero accidents
- Build our safety culture
- We are all safety leaders
- We strive for health and wellbeing of our staff


#### 4 Diversity, Equity & Inclusion

- Inclusive leadership across the organization and engaging all staff
- Inclusive recruitment and selection practices in hiring processes
- Equal opportunities for all staff
- Open and inclusive company culture and healthy work-life balance
- Recognition of societal DEI role


#### 5 Governance, Ethics & Compliance

- Governance: Accountable rules & processes
- Ethics: Sustainable mindset & behaviors
- Compliance: Conformity with external & internal rules
- Transparency: Openness & meaningful stakeholder dialogue

### Its core societal tasks

#### 1. Grid management – The Group delivers and operates infrastructure

The company develops, builds and maintains its transmission grid in accordance with society's long-term needs. It invest heavily in the integration of RES, the development of a meshed grid and the construction of interconnectors to facilitate the integration of the European energy market.

**2. System operations – The Group keeps the lights on around the clock**

Operating the electricity system is becoming increasingly complex due to the sharp rise in renewable energy, the continuous arrival of new players and technologies and the increase in supranational coordination. As part of this, the company monitors the electricity system in real time, requiring specialist knowledge and the use of sophisticated tools and processes, and work with other European TSOs and DSOs to ensure a reliable energy supply and efficiently manage its grid.

**3. Market facilitation – The Group facilitates the development of the electricity market**

The company makes its infrastructure available to all market players in a transparent, non-discriminatory way. Digitalization and technological developments are offering market players new opportunities to optimize their electricity management by (for example) allowing them to sell their surplus energy or temporarily reduce their consumption. The company promotes the integration of the European energy market and support local markets to enable a new consumer-centric approach.

**4. Trusteeship – The Group delivers independent and reliable trusteeship services related to renewable levy systems**

The legal responsibility for coordinating and processing national levy systems that promote the integration of RES into the energy system lie with ETB in Belgium and 50Hertz in Germany. Its two TSOs therefore collect these levies as trustees in their respective countries, administrating them and coordinating their distribution. If the electricity which is generated from RES is not marketed directly, we sell this electricity on the power exchange.

***Elia Transmission Belgium (ETB)***

**Role as TSO in Belgium**

ETB develops, operates and maintains the national extra-high-voltage electricity transmission system (380kV to 70kV) 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 neighboring 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 percent 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).

**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.

ETB operates its 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.

**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 (2022-2026), ETB plans to invest €4.0 billion in Belgium.

*(a) Ownership*

ETB is Belgium's TSO (380kV to 30kV), operating over 8,867 km of lines and underground cables throughout Belgium. The grid, mainly owned (98 percent) 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 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 optimization. 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 minimize 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 optimizing 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.

*(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 neighboring countries.

The investment plans also take into account environmental and land-use constraints as well as applicable health and safety objectives (see "The Group may incur significant costs to manage potential environmental and public health risks, and to accommodate city planning constraints").

*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. Digitalization and the latest technologies offer market players new opportunities to optimize 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 neighboring 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 centers (one national and two regional). These control centers 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 center, in order to promote coordinated action.

Ancillary services contracts are granted in accordance with public procurement 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 formalized 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 center 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 Company is also a stakeholder in a number of European initiatives aiming to optimize 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 percent. in Holding HGRT, which itself has a 49 percent equity stake in EPEX SPOT. The European Power Exchange EPEX SPOT SE and its affiliates APX and Belpex operate organized short-term electricity markets in Germany, France, the United Kingdom, the Netherlands, Belgium, Austria, Switzerland and Luxembourg. The Company was a founding shareholder of Belpex SA/NV (see "HGRT");
- being a founding shareholder of Coreso. Coreso is the first regional technical coordination center 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 coordinating and processing 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. If the electricity which is generated from RES is not marketed directly, we sell this electricity on the power exchange.

***50Hertz***

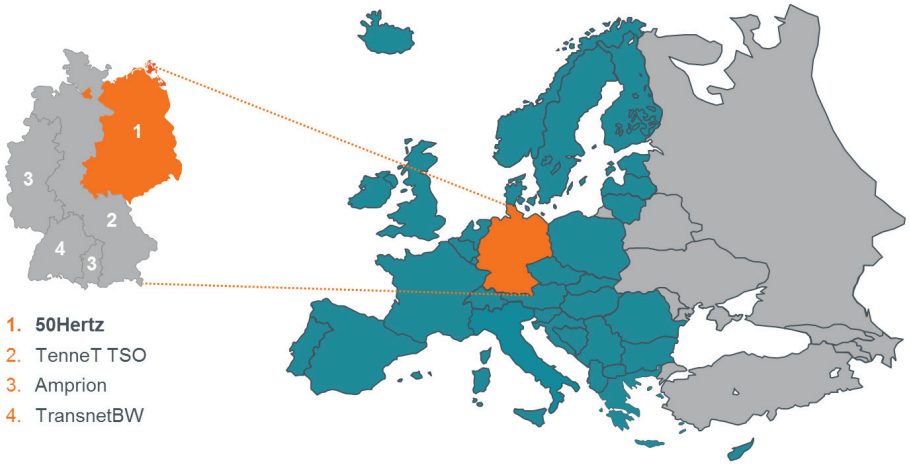
**Role as TSO in Germany**

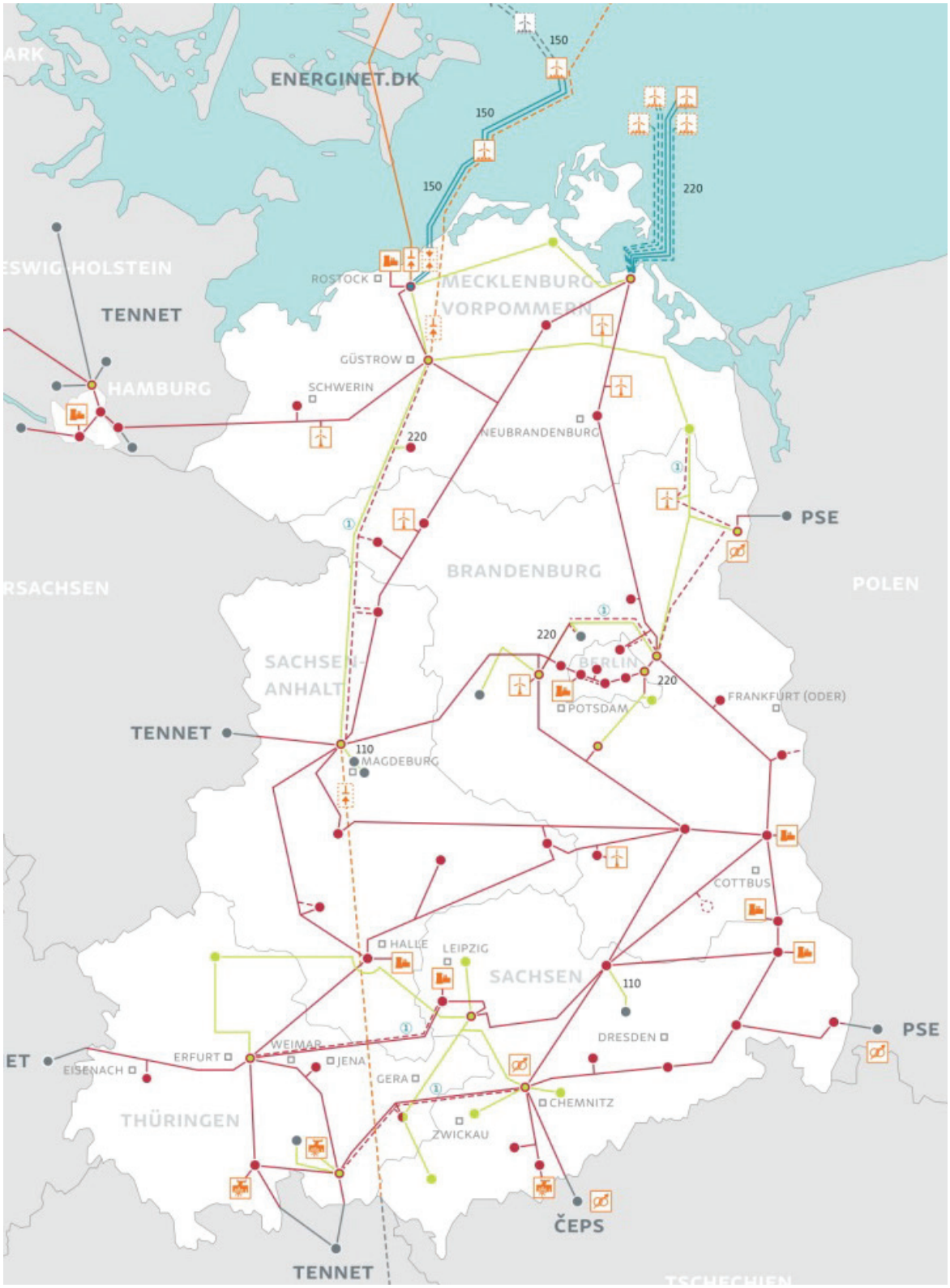
50Hertz is one of four TSOs in Germany. 50Hertz has the same core business as ETB, as it owns, operates, maintains and develops a 400kV — 150kV transmission network with an installed capacity of around 53,250 MW (thereof around 39,600 MW renewables, thereof around 21,000 MW wind on- and offshore). The 50Hertz-grid has a length of around 10,325 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 109,000 $km^2$ (a third of Germany) with about 18 million inhabitants consuming approximately 20 percent of Germany's electricity. Maintenance of the transmission system, substations and switching stations is organized through five regional centers operating in a region characterized by a lot of wind; renewable energy

already accounts for over 56 percent 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. 50Hertz has the youngest asset base among the German TSOs.

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

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






**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 optimize, 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 expected to be 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; and
- *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 two further roles in the German electricity market:

- It is responsible as trustee for managing cash-flows resulting from the 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 and Hansa. 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.

***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 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 finalized 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 consist 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[2]) 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**"). 50Hertz Offshore placed orders for these cable systems in 2018. In 2019 agreements with the wind farm owners were concluded in relation to joint platforms. 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 (O.1.3) was held and awarded. Preparatory works and tenders for major components are ongoing. Several additional offshore projects are foreseen by 50Hertz Offshore. The size of the offshore investment portfolio may fluctuate considerably over the coming years depending on the contents of the future Site Development Plan (FEP) that shall determine a "balanced distribution of projects between North and Baltic Sea" for the period after 2025.

As of December 31, 2021, the total assets of 50Hertz Offshore, which mainly consisted of grid connection related assets and assets under construction, amounted to €2,491.5 million. 50Hertz Offshore's income is driven by direct operating costs and imputed regulatory costs linked to the offshore activities, which are chargeable to 50Hertz. Revenue for the fiscal year ended December 31, 2021 amounted to €270.7 million.

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*".

***Other related activities to the Company***

**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 Company 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.

**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 Company and

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

Octopus Energy (a British company specializing 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.

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.

**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 analyzing market designs and their regulatory frameworks and shaping grid solutions that maximize value for society. Even though there are still important projects in the pipeline today, the growth perspectives in Elia 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 realized in the early 2030s.

By becoming active outside Belgium and Germany, the Group can use this expertise to continue its mission to support decarbonization 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 new Group 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 will send a strong signal towards the market regarding its commitment towards offshore wind development.

**Regulatory framework**

Generally speaking, the Belgian regulatory regime is fixed for a period of 4 years, and represents mostly a "cost-plus" model. The non-controllable costs incurred by ETB (depreciation, financial costs and taxes) and approved by the regulator are passed through the consumer tariffs; the specific costs (and revenues) over which ETB has direct control are subject to an incentive regulation. The basic principle of the regulatory regime in Germany is an incentive regulation with a revenue cap and a 5-year regulatory period. In addition, 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.

As set out above, the non-controllable costs incurred by ETB and approved by the regulator are passed through the consumer 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 10-year OLO estimated by the Federal Planning Bureau (2.40 percent for the period 2020-2023), on which a risk premium weighted with a beta factor is applied. The equity exceeding the regulatory gearing ratio ($>$40 percent of the RAB) is remunerated at the same OLO rate referential increased with 70 bps. Secondly, various incentives, linked to operational performance have been defined in the current tariff methodology.

As set out in more detail in section "The German legal framework", 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 experience special treatment and can be adjusted yearly: Firstly, the TSO can apply for so-called investment measures that comprise growth investments onshore. As of 2024, the investment measures regime will be replaced for new investments by a new 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 HR-related cost are considered permanently non-influenceable. Finally, several surcharges complement the regulatory regime: Offshore cost are passed-through to the consumers including return on equity; renewable energy remuneration and management, CHP subsidies and others are reimbursed on cost basis.

As set out in more detail in section "Regulatory framework for interconnector Nemo Link", 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.

***Regulatory framework in Europe***

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

**The European legal framework**

Over the last two decades, the European Union has been promoting the "unbundling" of vertically integrated electricity companies. The most recent Directive and Regulations (the so-called Winter Package) have continued the liberalization trend establishing common rules for an internal market in electricity, as well as providing conditions for the fair access to networks for the cross-border exchange of electricity.

**Third Energy Package and Clean Energy Package**

*(i) Third Energy Package*

The Third Energy Package was composed, among others, of Directive 2009/72/EC (the "**Electricity Directive**"), Regulation (EC) No 714/2009 (the "**Electricity Regulation**") and Regulation (EC) No 713/2009 establishing an Agency for the Cooperation of Energy Regulators (ACER) (the "**ACER Regulation**"). These acts have been repealed by Directive 2019/944, Regulation 2019/943 and Regulation 2019/942 respectively.

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 accounting 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) Appointment of ETB as TSO on federal level*

Member States are required to appoint one or more TSOs. Belgium has elected to appoint one single TSO. This is set out in 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 for a (renewable) 20-year term as from December 31, 2019. ETB has also been appointed as the Regional TSO in the Brussels Capital Region for the same period (Decree Brussels Capital Region's government of December 19, 2019) and as the Local TSO in the Flemish Region in succession to ESO (now Elia Group SA/NV / the Company) for the remaining duration of the latter's

appointment, i.e. until December 31, 2023. As to the Walloon Region, it follows directly from the Walloon Electricity Law that the local TSO is ETB, as TSO appointed at the national level. The process for the renewal of the local TSO license in the Flemish Region is ongoing. It is expect that this license will be renewed in due time. It cannot, however, be excluded that certain additional obligations will be imposed on the occasion of such renewal relating to the governance of ETB and, in particular, the potential inclusion of additional safeguards regarding the independence of relevant board members of ETB (see "*The Group's business – Introduction*").

50Hertz is permitted to operate as a TSO in Germany and, while this authorization 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 companies. More precisely, the 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 organization and its decision-making process, be independent from companies active in the production or supply of electricity. Cross-participations are in principle excluded. 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 hold any direct or indirect participation in each other. A certification procedure applies as a condition to (re)appointment, and is run by the competent national regulator to verify compliance with the (ownership) unbundling requirements. The TSO must at all times continue to comply with those requirements. A similar principle applies to 50Hertz and German laws impose that they have to respect all unbundling principles as set forth hereabove.

*(c) Confidentiality of commercially sensitive information*

TSOs must preserve the confidentiality of commercially sensitive information obtained in the course of carrying out its activities, and shall prevent information about its own activities which may be commercially advantageous from being disclosed in a discriminatory way. This obligation goes along with and aims at protecting the right of access of the market players, whose commercial position must not be revealed to competitors. As regulated actors, TSOs must be trustworthy when actors in the competitive non-regulated part of the energy market must exchange commercially sensitive information with the TSOs.

*(d) Network access*

EU law requires each Member State to implement a regulated third-party access regime based on 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.

*(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 efficient functioning of the market through, *inter alia*, the setting or approval of the tariffs (or at least the methodology for their calculation) and the monitoring the compliance of the electricity undertakings with their obligations under the EU law and the law 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 or DSOs.

*(ii) Clean Energy Package*

The key principles of the Third Energy Package are maintained by the recast electricity market design directive and regulation (EMD Directive and EMD Regulation, both as defined below). Nonetheless, the recasts bring a number of important changes in how these principles are to be further implemented going forward, which would affect the roles and responsibilities of, among others, the TSOs, DSO, ENTSO-E, NRAs and ACER.

Also, the Clean Energy Package is composed of a wider set of directives and regulations:

– The Electricity Market Design Directive (2019/944) ("**EMD Directive**")

  The EMD Directive confirms the principle of market-based supply prices, specifying under which circumstances derogations are possible with a view to the protection of energy poor and vulnerable household customers. It also enables suppliers to offer dynamic electricity price contracts and provides the possibility for customers to purchase and sell electricity via aggregation, independently from their electricity supply contract; setting regulatory framework to allow and provide incentives to DSOs to procure flexibility services with a view to improving efficiencies in the operation and development of the distribution system. Comparison tools and billing information requirements and electromobility must contribute to a better functioning of and foster the participation of customers to the market.

  Member states must allow final customers to act as active customers without being subject to disproportionate or discriminatory technical requirements, administrative requirements, procedures and charges, and to network charges that are not cost-reflective. They also create citizen energy communities. Member States shall allow and foster participation of demand response through aggregation.

  The EMD Directive promotes energy efficiency and empower final customers, a.o. through the further deployment of smart metering systems and sets rules on the access to data of the final customers.

  The EMD Directive imposes constraints as to the DSOs' and TSOs' right to own, develop, manage and operate energy storage facilities.

  Finally it extends the powers of the regulators.

– The Electricity Market Design Regulation (2019/943) ("**EMD Regulation**")

  Besides the objectives of the Regulation 2009/714, the EMD Regulation aims to: (a) 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 share of RES, security of supply, flexibility, sustainability, decarbonization and innovation; b) set fundamental principles for well-functioning, integrated electricity markets.

  With a view thereto, it defines principles on balance responsibility, the settlement of the imbalance price having to reflect the real-time value of energy, it enhances the cooperation between TSOs and NEMOs for the management of the integrated DA and ID market and provides for the issuance of Long Term Transmission Rights ("**LTTR**") to allow for market participants to hedge price risks across bidding zone borders.

  The EMD Regulation sets a prohibition on maximum and minimum limits to wholesale electricity price, boundary conditions for applying harmonized limits on maximum and minimum clearing prices for DA and ID timeframes and determines a single estimate of the value of lost load for their territory. It sets rules on dispatching of generation and demand response and redispatching. New rules are set to address congestion and on the allocation of cross-zonal capacity.

  Another important change consists of addressing security of supply and setting a framework for the capacity mechanisms.

  Under the EMD Regulation, the tasks of ENTSO-E have been extended, an EU DSO entity has also been created and the regional security centers are replaced by regional coordination centers.

- The **Regulation for the Agency for the Cooperation of Energy Regulators (2019/942)** establishes ACER, the purpose of which is to assist the national regulatory authorities in exercising, at Union level, the regulatory tasks performed in the Member States and, where necessary, to coordinate their action and to mediate and settle disagreements between them. ACER shall also contribute to the establishment of high-quality common regulatory and supervisory practices, thus contributing to the consistent, efficient and effective application of Union's law in order to achieve the Union's climate and energy goals.
- The **Risk-Preparedness Regulation (2019/941)** aims at enhancing the cooperation between Member States with a view to preventing, preparing for and managing electricity crises in a spirit of solidarity and transparency and in full regard for the requirements of a competitive internal market for electricity
- The **Renewable Energy Directive (2018/2001)** 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.
- The **Energy Efficiency Directive (2018/2002)** establishes a common framework of measures to promote energy efficiency within the Union in order to ensure that the 2020 headline targets on energy efficiency of 20 percent and its 2030 headline targets on energy efficiency of at least 32.5 percent are met and paves the way for further energy efficiency improvements beyond those dates.

  This Directive lays down rules designed to remove barriers in the energy market and overcome market failures that impede efficiency in the supply and use of energy, and provides for the establishment of indicative national energy efficiency targets and contributions for 2020 and 2030.
- The **Energy Performance in Building Directive (2018/844)** (pm)
- The **Governance Regulation (2018/1999)** 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 Union greenhouse gas emissions commitments consistent with the Paris Agreement, and for the first ten-year period, from 2021 to 2030, in particular the Union'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 Union and its Member States to the UNFCCC and Paris Agreement secretariat;

  (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.

*(iii) Fit for 55 package and Recovery and Resilience Funding*

The European Union's vision to increase its climate ambitions in line with the Paris Agreement was presented by the European Commission in its Green Deal[3] in December 2019. The Green Deal is depicted as laying "*down the blueprint for the transformational change*"[4] needed by the EU to meet its climate ambitions and become "*the first climate neutral continent by 2050*"[5].

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

[4] 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.

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

In order to give teeth to the Green Deal, an EU Climate Law (the "**Climate Law**")[6], 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 Agreement. Amongst others, the Climate Law sets out (i) a binding objective of climate neutrality in the Union by 2050, (ii) a binding intermediary target of a reduction of net greenhouse gas emissions by at least 55% compared to 1990 by 2030 and (iii) establishes that a second intermediary target will have to be set for 2040.

Taking stock of the Green Deal, and the legally binding targets put forward in the EU Climate Law, in July 2021, the Commission published a first series of legislative proposals under the so-called "Fit for 55" package" to reduce greenhouse gas emissions by at least 55% by 2030. The package, which is currently being negotiated in the realm of the EU's legislative procedures, is a set of interlinked proposals, to support a "*fair, competitive and green transition*"[7]. This extensive package, which was further complemented by a second series of legislative proposals in December 2021, entails the revision of a wide array of existing energy and climate related legislations, as well as proposals for new pieces of legislation. Without being exhaustive, the Package will notably entail a review of the Renewable Energy Directive ("RED"), the Energy Efficiency Directive ("EED"), the Effort Sharing Regulation ("ESR"), the EU Emission Trading System Directive ("EU ETS"), the Energy Taxation Directive ("ETD"), the Energy Performance of Buildings Directive ("EPBD") as well as of the current Gas Directive 2009/73/EC and Gas Regulation 715/2009/EC.

Of course, all proposals and measures proposed by the Commission in the context of the Fit for 55 Package are subject to changes in the context of the ongoing legislative process that shall lead to the adoption of the definitive legislative texts, some of which will require further transposition at the national level. Besides, the discussions currently taking place in the context of the REPoweR EU Communication, to both address high energy prices and the dependence on Russian fossil fuels, will also likely impact the ambitions and measures that will finally be adopted in the context of the Fit for 55 Package.

As part of a wide-ranging response, the aim of the Recovery and Resilience Facility ("**RFF**") 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 Facility is a temporary recovery instrument. It allows the Commission to raise funds 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.

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 plan 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 to integrate offshore wind and further international interconnections.

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

*Cross-border exchanges in electricity*

The current 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

[6] 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

[7] 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.

set out in the Electricity Regulation have been further developed in the European grid codes (see "Grid codes").

*Trans-European infrastructure*

Regulation 347/2013 on guidelines for trans-European energy infrastructure ("**TEN-E Regulation**") (which is currently under review) determines the structure and process to establish lists of European PCIs developed by project promoters. 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 (such as "Brabo II + III").

**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 customers directly connected to the network) and their respective rights and duties, as well as the rights and duties of the TSO. There are seven national grid codes (one federal and six regional), four of which apply to ETB. All four 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 metering 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.

At European level, the EMD Regulation sets out the areas in which European network codes have been 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 Regulations. The EUDSO Entity contributes to the development of network codes which are relevant for the distribution systems. The European Commission can also approve network codes in its own right, in certain areas. The European network codes are sets of rules which apply to one or more parts of the energy sector. To date, eight European network 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".

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[8]. The Clean Energy Package extends the list of areas in which European grid codes can be developed and the way they will take shape.

Following the entry into force of the European network codes and guidelines, the Belgian federal and regional grid codes applicable to ETB have been updated to ensure the consistency of the various sets of rules. The same applies for the German legislation. Nonetheless, the development of European network 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 to 50Hertz which also has to respect these grid codes.

***The Belgian legal framework***

The Belgian electricity market is regulated both at federal and regional level. At federal level, the first EU Directive on the internal electricity market was transposed by the Electricity Law. Regional legislation has followed this transposition for the Regions' areas of competence.

The Third Energy Package has been implemented into law through an amendment of the Electricity Law at the federal, and of the regional legislation in place at the Flemish, Brussels and Walloon levels, each within their respective areas of competence. Following a ruling of the Court of Justice of the European Union ("**CJEU**") in an infringement procedure against the Belgian State, the federal Electricity Law was amended in July 21, 2021 to bring it in line with Directive 2009/72 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. The

[8] **See: ACER's Process on the grid connection NCs amendment**

implementation into Belgian law of the European network codes (see "Grid codes") is complete. The Flemish Energy Act has already transposed the EMD Directive, whereas its transposition has not yet been completed and is ongoing in the other regions or at federal level.

With respect to the transmission grid and the local/regional transmission grids operated and owned by ETB, cost control and tariff matters are the responsibility of the federal regulatory authority (CREG) for the entire Grid, whereas technical 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 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. In addition, the Belgian federal government has enacted several royal decrees governing, amongst others, aspects of the generation of electricity, the operation of the transmission network and the access to it (including the Royal Decree of April 22, 2019, establishing the technical regulation for the operation of the (national) transmission system and access to the system, the "**Federal Grid Code**") and public service obligations. The Federal Grid Code is currently being reworked to introduce a split (by September 2022): matters regarding connection and access to the grid, as well as ancillary services will be regulated by the code of conduct approved by the CREG, while all other matters (technical requirements, rights and duties of the TSO, etc.) will be kept in 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, as amended in 2021, the federal Minister for Energy designates as system operator the undertaking that satisfies all applicable legal requirements and is certified, and that, directly or indirectly, has full possession or ownership of the transmission system concerned (which is part of or coincides with the transmission grid situated within the national territory). These conditions are currently satisfied by ETB.

Besides these considerations, the Electricity Law has furthermore been amended several times, among others to create a strategic reserve (to be procured and contracted by ETB for the volumes established for each winter period by Ministerial Decree), to better incentivize the participation of demand-side response to balancing and ancillary services, to adapt the support mechanism for the development of offshore wind farms and to create domain concessions for offshore transmission and storage installations, to create a capacity remuneration mechanism (CRM) and to cover the cost of public service obligations.

It is worth noting that amendments to the Electricity Law have been adopted to align the rules governing the strategic reserves mechanism with the commitments made by the Belgian government within the framework of a state aid procedure. Taking into account these amendments, the European Commission decided on February 7, 2018 not to raise objections to the strategic reserves mechanism for the winter periods until 2021-2022. For the winter period 2021-2022, the Energy Minister did not instruct ETB to constitute a strategic reserve.

The CRM has been introduced to guarantee the country's security of supply by 2025, the year as from which electricity production via nuclear power plants would no longer be authorized in Belgium. The CRM was enacted through the law of April 22, 2019 and amended by the law of March 15, 2021. Under that framework, several capacities (consisting of both existing and additional capacities, and of generation as well as demand side and storage equipment) which had been prequalified and selected after an auction, have concluded a capacity contract. Under such contract, they are remunerated for their availability, have a payback obligation for the positive difference between the reference price and the strike price and are penalized in case they are proven not to be available. The Y-4 auction held in October 2021 resulted in 4,447.7 MW of capacity contracted for delivery year 2025-2026, part of which must still receive the necessary permits to build and operate the capacity. ETB monitors the status of the capacity during the pre-delivery period and applies financial penalties, so as to have the relevant unit available during the delivery period. This development is an important step to avoid black-outs due to a lack of energy production in Belgium. The CRM act was amended to allow a re-run of the auction to replace capacities which would not receive the relevant permits to build and operate the relevant capacity. This has led to the early termination of

the capacity contract for the additional capacity of Vilvoorde and the instruction to launch the rerun. The result of the rerun has been published on April 13, 2022. In addition, in March 2022, the Federal government has taken the necessary steps with a view to extending 2 GW of nuclear capacity (relating to Doel 4 and Tihange 3) for a period of 10 years. In its instruction for the launch of the Y-4 auction for 2026-2027, the Energy Minister has taken such extension into account.

At regional level, the Walloon Electricity Act of April 12, 2001 was amended in 2012 (and has subsequently been amended from time to time) to transpose, among others, the Third Energy Package and Directive 2012/27/EU (the "**Energy Efficiency Directive**"), to allow flexible access, to adapt the support level of certain types of renewables and to create a reservation mechanism to make the purchase of green certificates by ETB financially sustainable without surcharge increase (see also "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 has introduced a new way of financing the purchasing cost of the green certificates by means of a mobilization mechanism, through the emission of a bond for the support of green electricity. In the same context, the exemption of the green certificate levies has been regularized and the temporization mechanism has been activated on a quarterly basis. The Walloon Electricity Act has also transposed partially the RED Directive with the creation of the concept of renewable energy communities. Other amendments of this act rather concern the organization of the Walloon Commission for Energy (*Commission wallonne pour l'Energie*) ("**CWaPE**") or residential consumers.

The Flemish Energy Act of May 8, 2009 was amended in 2012 and has subsequently been amended from time to time to transpose, among others, the Third Energy Package and the Energy Efficiency Directive, and the Clean Energy Package, to introduce an objective liability regime in case of power interruption or power quality problems, to introduce a proper right-of-way regime for installing and operating electric installations, to amend the process for adopting technical regulations, to modify the support level for renewables and to modify the controlling power of the Flemish regulator (VREG). Several Acts of April 26, 2019 have amended the Flemish Energy Act, a.o. in relation to green certificates, certificates of origin, and more importantly on the roll-out of digital meters, which also includes some provisions related to corporate governance incompatibilies for distribution and local TSOs. In 2019, the Energy Act was also aligned with the GDPR. The Act of April 2, 2021 transposed the RED Directive partially and the EMD Directive for energy communities, peer-to-peer trade and energy sharing. Other changes concern more directly DSOs and are less relevant for ETB.

The Brussels Electricity Ordinance of July 19, 2001 has been amended, among other things, to transpose the Third Energy Package and the Energy Efficiency Directive and to extend the tasks of the regulator. Article 24ter of the Brussels Electricity Ordinance related to smart meters was annulled by the Constitutional Court in 2020. An appendix 2 related to CHP has been added to the Ordinance and finally the tax procedure on surcharges applicable to suppliers has been amended.

In addition to extending the scope of the transmission grid to Belgian territorial waters, Belgium has opted for a fully ownership unbundled TSO. The certification procedure of the Electricity Directive has been transposed. The certification process of ETB took first place between March and December 2012. The CREG's final decision of December 6, 2012 confirmed that ETB complied with the full ownership unbundling rules. Following this positive decision, the Belgian government notified the European Commission via the Official Journal of the European Union that ETB was officially certified as a fully ownership unbundled TSO in Belgium.

During the reorganization of the TSO in 2019, with system operation activities moving from ESO to ETB, the certification procedure of ETB as new TSO led to its certification at Federal level for 20 years starting on December 31, 2019.

**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 supervision of the application of (national and European) grid codes and public service obligations at federal level. These missions include the approval of TSO tariffs and the control of accounts of certain undertakings involved in the electricity sector. More specifically, with regards to ETB, the CREG is competent a.o. for:

- establishing the code of conduct;
- the approval of the terms of standard industry contracts used by the Company at federal level: connection, access and BRP contracts; this list has been completed in the Federal Grid Code with the terms and conditions for balancing service providers, voltage service providers, scheduling agents and outage planning agents, and the cooperation agreement with DSOs;
- the approval of the capacity calculation and capacity allocation 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, the Company's network, as well as the approval of imbalance tariffs for the BRPs; and
- monitoring the compliance with the energy regulation and imposing penalties in case of non-compliance.

Operation of electricity networks of voltages equal to or below 70kV 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, grid codes for grids with a voltage level equal to or below 70kV, certification of cogeneration facilities and facilities which generate renewable power, issuance and management of green power certificates and supervision of the respective local or regional TSO (i.e. in each case, ETB) and DSOs. Each of them may require any operator (including ETB) to abide by any specific provision of the regional electricity rules under the threat of administrative fines or other sanctions. Currently, regional regulators have the authority with regard to distribution tariff setting for DSOs.

The website of ENTSO-E gives a status update of the development and implementation of European grid codes. Following the entry into force of these European grid codes, the Belgian federal and regional grid codes applicable to ETB need to be updated to ensure the holistic consistency of the various sets of rules.

**Public service obligations**

Public authorities define public service obligations in various fields (promotion of renewable energy, social support, fees for use of roads, etc.) to be executed by network operators. Costs incurred by such operators in respect of those obligations are covered by tariff surcharges applied at the level of the entity that has imposed the public service obligation. A regional obligation leads to a regional surcharge.

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. 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 program. 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 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 foresee that the costs of Public service obligations related to the CRM and future Federal Green certificates incurred by the TSO shall not be covered by surcharges but passed on to the Federal State. The new provisions are already in force. A convention co-signed by the Federal government, the CREG and ETB frames the process to follow for the determination of the costs and payment modalities.

In the Walloon region, the Government introduced two schemes which are, in each case, designed to alleviate the likelihood of ETB increasing the surcharge to be paid by customers in the Walloon region (as a result of the TSO passing on the costs of its obligation to purchase "green certificates"). The schemes introduced by the Walloon Government are: (i) using a special purchase vehicle (Solar Chest) to purchase "green certificates"; and (ii) a phased purchase of "green certificates" by the Walloon Governmental Agency for Climate and Air (AWAC). 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 be required to purchase a large amount of "green certificates" from the Walloon region. 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.

**Tariffs applicable for the tariff period 2020-2023**

The essential part of ETB's income and profits come from regulated tariffs charged for the use of the electricity transmission system.

*(a) General principles of tariff setting*

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 by the Law of June 28, 2015 to incentivize demand-side response and increase the efficiency of the market and the energy system (including energy efficiency).

Regulatory period 2020-2023

On June 28, 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 January 1, 2020, based on the methodology described below, was approved by the CREG on November 7, 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.

Once approved, tariffs are published and are non-negotiable between individual customers and ETB. If 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.

*(a) Parameters for the determination of the tariffs*

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 as follows:

A: [40 percent x average RAB x [(1 + α) x [(OLO (n)+(beta x risk premium)]]]

plus

B: [(S – 40 percent) x average RAB 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 percent
- S = the aggregated capital and reserves/average RAB, in accordance with Belgian GAAP;
- α = the illiquidity premium set at 10 percent;
- beta (β) = calculated over a historical three-year period, taking into account available information on the Company'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 is set at 3.5 percent.

*Non-controllable elements*

A number of costs are considered to be non-controllable. These include items such as depreciation of investments, taxes and congestion rents. 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". Non-controllable costs also include financial costs incurred in relation to indebtedness to which the so-called "embedded debt principle" is applied.

*Controllable elements*

Controllable elements are costs that are considered to be under ETB's control. The regulator pre-defines a yearly allowance for the period 2020-2023. ETB is incentivized to decrease these costs compared to the pre-defined allowance. The possible reduction of this pre-defined amount leads to an additional profit equivalent to 50 percent of the reduction. The remaining 50 percent are at the benefit of future tariffs. Conversely, cost overruns are non-recovereable (and therefore at the expense of ETB's shareholders) for 50 percent and covered by the tariffs for the remaining 50 percent.

*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. It means 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 percent of the difference in expenses between Y-1 and Y (corrected by external factors) constitutes a profit (pre-tax) for the company. 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 percent is allocated to future tariff reductions and 60 percent 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") reaches 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 realized in time and on budget (amounts are pre-tax).

- Innovation and grants: The content and the remuneration of this incentive covers: (i) the realization 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 the company's profit with a maximum of €0 to €1 million (pre-tax).
- Quality of customer-related services: This incentive relates to three incentives: (i) the level of client satisfaction related to the realization of new grid connections which can generate a profit for the company 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 the company publishes on a regular basis which can generate a remuneration for the company 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 realized. This incentive can generate a remuneration between €0 and €2.5 million (pre-tax).

***Regulatory framework applicable for the Modular Offshore Grid (MOG)***

The tariff methodology includes specific rules applicable to the investment in the MOG. The main features of said rules are (i) a specific premium risk to be applied to this investment (resulting in an additional net return of 1.4 percent applicable to equity invested in MOG assets.), (ii) a specific depreciation rate applicable to the MOG assets (30 years), (iii) certain costs specific to the MOG are treated differently compared to the costs for onshore activities, and (iv) a dedicated incentive based on the availability of the offshore assets.

**Tariffs 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 organization 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 specific process relating to the definition of the tariff methodology for the period 2024-2027 should be completed by June 30, 2022.

As at the date of this Prospectus, the CREG and ETB have completed the bilateral dialogue phase and have reached an agreement on a draft tariff methodology for the period 2024-2027. The result of this dialogue was published by the CREG on April 21, 2022 when the public consultation in relation to the tariff methodology for the period 2024-2027 was launched.

The proposed tariff methodology for the period 2024-2027 is very similar to the current tariff methodology. However, the agreement between the CREG and ETB foresees in the adaptation of some of the parameters relating to the fair margin, as well as to the incentive framework.

For the fair margin, CREG and ETB have currently agreed on the following parameters:

- The OLO(n) or risk free rate set at 1.6 percent[(*)]
- A beta factor set at 0.69
- A risk premium maintained at 3.5 percent
- The elimination of the illiquidity premium.

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(*) *Given the current geopolitical context, the value of 1.6% may be revised upwards by the CREG by June 30, 2022 up to a maximum of 1.68% based on the arithmetic average of the latest forecasts published by the Federal Planning Bureau on June 29, 2022 on the average arithmetic yield of 10-year linear bonds (OLO) issued by the Belgian authorities during each year of the relevant regulatory period, i.e. 2024-2027.*

The formula which includes the risk free rate, the beta factor and the risk premium applies to the equity component which correspondes to 40 percent of the RAB of the relevant year. Any equity above the 40 percent threshold is remunerated at the risk free rate plus 0.70 percent.

For the incentives, the CREG and ETB have agreed to maintain the current incentives for the next regulatory period, while adapting the technical parameters for some of them, and adding two new incentives to the current list (one relating to the maximization of the intraday transmission capacity and the other relating to the improvement of energy efficiency of ETB's substations).

Based on hypotheses of performance, the contribution of the incentive is estimated to a net remuneration of 1.3 percent-1.4 percent to be applied to 40 percent of the RAB, as long as ETB succeeds in reaching a reasonable target of 65 percent-70 percent of the maximal amount on average for all the incentives.

Based on the parameters described in the draft methodology the average regulatory return on equity for the period should be around 5.7%, in function of effective results on incentive regulation.

The above elements are based on the current status of the process. As mentioned above, the CREG submitted the agreed draft tariff methodology to a public consultation on April 21, 2022. Once the consultation process has come to a close, the CREG will take a final decision fixing the tariff methodology and send it to the Belgian Parliament. By no later than June 30, 2022, the CREG will publish its final tariff methodology for the period 2024-2027. Based on this final methodology, ETB will then prepare a tariff proposal for the same period. After negotiations with the CREG that will be held in 2023, new tariffs for the period 2024-2027 will be established and published by no later than December 31, 2023.

In parallel with the dialogue on the future tariff methodology, the CREG informed ETB in a formal letter of the regulatory parameters which will apply to the second phase of the MOG ("**MOG II**"). These parameters will be integrated in the tariff methodology. The CREG has proposed a regulatory framework for the MOG II which is identical to the regulatory framework of the MOG I infrastructure.

However, the CREG has estimated the risk premium for MOG II at around 1.4 percent (applicable to 40 percent of the MOG II RAB), taking into account that MOG II will include an artificial island. For the island, the CREG proposes a depreciation time of 60 years. In order to integrate the MOG II parameters into the tariff methodology, a process comprising a dialogue with ETB, followed by a public consultation and sending to the Belgian parliament of a final proposal will also be followed. ETB does not as yet know the precise timing of that process.

***The German legal framework***

**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, including but not limited to the following acts (please note that the legal framework will be amended to implement the CJEU ruling on the incompliance of the German legislation with higher ranking EU law, in particular the independence of the BNetzA):

- 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;
- 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; 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.

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 CJEU ruling on the incompliance of the German legislation with higher ranking EU law, in particular the independence of the BNetzA):

- *Network expansion obligations:* All German network operators are obliged to operate, maintain and, in line with demand, optimize and expand their network systems (Sec. 11 para. 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.

- *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* ("**KraftNAV**").

  In the past, the German TSOs with control area responsibility were obliged to set up an O-NEP to harmonize the further development of cable connections in accordance with the construction of new wind farms. As of 2019, the contents of the O-NEP were replaced partially by an accordingly extended NEP and partially by a so-called Site Development Plan (*Flächenentwicklungsplan – "***FEP***"*) that was created for the first time in 2019 and will be renewed at least every four years thereafter by the Federal Maritime and Hydrographic Agency (*Bundesamt für Seeschifffahrt und Hydrographie*). As of 2017 and 2018 for a transitional model and beginning in 2021 on an annual basis, the BNetzA tenders network connection capacities according to the specifications of the Offshore Wind Energy Act (*Gesetz zur Entwicklung und Förderung der Windenergie auf See (Windenergie-auf-See-Gesetz – WindSeeG)*). Furthermore, according to Sec. 17d EnWG, German TSOs with control area responsibility are obligated to connect at their expense offshore wind farms according to the provisions of the NEP and FEP. The costs incurred in connection with this obligation are covered via the Offshore Grid Surcharge.

- *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 January 1, 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 Sec. 58 EEG for a nationwide equalization 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. With regards to the sale of the electricity produced by the renewable energy facilities, the EEV is supplemented by the Renewable Energy Implementation Ordinance (*Erneuerbare-Energien-*

*Ausführungsverordnung* – "**EEAV**"). Under the EEV combined by with EEAV, the TSOs with control area responsibility must sell the infeed from renewable energy facilities 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.

- *Combined Heat and Power Act ("***KWKG***"):* The stated purpose of the law is "to make a contribution" to increase the electricity production from combined heat and power ("**CHP**") plants or cogeneration in Germany towards 110 TWh until 2020 and 120 TWh until 2025. 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 prioritize 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 equalized 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. The TSOs with control area responsibility are responsible to collect the KWK-surcharge from the electricity-intensive network customers within the meaning of Sec. 64 EEG directly.

- *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 "Sec.19 StromNEV surcharge" which will then be paid by the end consumers together with the respective network fees.

- *Obligations according to the Ordinance on Interruptible Loads* (*Verordnung über Vereinbarungen zu abschaltbaren Lasten (Verordnung zu abschaltbaren Lasten) – "***AbLaV"**): According to AbLaV facility operators connected to the network can offer detachable load (*abschaltbare Leistungen*) to their respective TSO. The TSO has to compensate the facility-operators. The costs arising from AbLaV are passed back to the downstream networks in accordance with Sec. 18 AbLaV according to Sec. 26, 28, 30 KWKG to the downstream networks in the form of a uniform nationwide "AbLaV surcharge" which will then be paid by the end consumers together with the respective network fees. The AbLaV is supposed to terminate on July 1, 2022. The goal is for the AblaV to be transferred into an FSV, a voluntary self-commitment as part of a procedural regulation. Currently, discussions on the respective formulation are ongoing with BNetzA. While the principle regarding the establishment of an FSV has been agreed with BNetzA, there is still a discussion as to whether the planned costs with a later actual cost settlement are to be used or actual costs are to be reimbursed with a t-2 time-lag. Such time-lag could negatively affect 50Hertz's liquidity and result in a given year (as regulatory provision might not be accepted in that year and might only be reimbursed 2 years later).

- *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 Digitalization Act (Gesetz zur Digitalisierung der Energiewende):* In July 2016, the Digitalization Act, the core of which is the new German Smart Meters Operation Act *(Messstellenbetriebsgesetz* – "**MsbG**") entered into force. The main aspects of the Digitalization Act which have an impact on the TSOs are the redesign of communication systems and processes to ensure the processing of a high volume of smart meter data. The responsibility for the aggregation of the metering data for better balancing energy generation with consumption is given to the TSOs. However, remuneration of the respective costs is not regulated by the law and currently under discussion with BNetzA.

  As mentioned before, in 2021 the CJEU ruled *inter alia* that German legislation regarding the competences of BNetzA is not compliant with higher European Union law. That is why the German legislation has still to be amended in order to take into account the CJEU ruling. It is expected that BNetzA's competences with regard to tariff setting and BNetzA's independence and impartiality requirements will increase. The impact on 50Hertz resulting from these upcoming changes in the German legislation cannot be assessed yet as the timing and details of the changes to the legal framework are not known yet. However, there is a risk that a decision or regulatory ordinance by BNetzA could negatively affect 50Hertz' 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 – Tariff-setting regulations – Germany*").

**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.

***Tariff setting in Germany***

The tariff regulation mechanism in Germany is determined by EnWG, StromNEV and ARegV. The grid tariffs are calculated based on the revenue cap (Sec. 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 (Sec. 5 ARegV). Each regulatory period lasts five years, and the third regulatory period started on January 1, 2019 and will end on December 31, 2023. 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 Sec. 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 April 5, 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 percent of the individual cost basis of each TSO and will lead 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-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 recognized 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). In addition, the capital investments that have been allowed in the IMs (Investment Measures) are also considered as PNIC until certain conditions are fulfilled and the investments become a part of the RAB. These costs are passed through without time lag. The allowance for IM within PNIC includes remuneration for return on equity (based on a cap of 40 percent), cost of debt (also subject to a cap), depreciation, imputed trade tax and operational expenditure (currently at a fixed rate of 0.8 percent of the capitalized investment costs of the respective recognized onshore investments for IM applied for before 2019). For IM applied for afterwards, according to a revision of the ARegV and the StromNEV the German government approved in March 2019, a fixed rate of 0.2 percent applies before commissioning and 0.8 percent after commissioning. All OPEX and CAPEX related to an approved IM which are reimbursed via the grid tariffs during the last three years of the approval phase for the respective IM used to be deducted from the revenue cap distributed over a 20-year period, starting after the approval phase and with the roll-over of the investment in the RAB (so-called claw back). However, the ARegV revision in 2021 introduced the KKA as the new remuneration regime for onshore transmission network investments. The new regime will replace the current regime of investment measures ("IM") in 2024. In this context, the CAPEX part of the already deducted claw backs for the third regulatory period will be 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 percent in the first regulatory period and annually 1.5 percent in the second regulatory period. Pursuant to section 9 para. 3 ARegV BNetzA prior to the third regulatory period had to determine a new Xgen. With decision dated November 28, 2018 it set the Xgen for power network operators at 0.90 percent (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 July 9, 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 January 26, 2021 BNetzA's determination of Xgen (cf. EnVR 101/19). Regarding the Xgen decision for the electricity sector, OLG Düsseldorf revoked in March 2022 BNetzA's decision in a model proceeding and requested BNetzA to revise its decision. BNetzA, however, announced that they intend to appeal against OLG Düsseldorf's decision at the BGH. 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 percent efficient for the third 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 percent 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 percent), 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).

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 IM, the return on equity for the third regulatory period is set at 5.12 percent for investments made before 2006 and 6.91 percent for investments made since 2006, based on 40 percent 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 percent for investments made before 2006 and 5.64 percent 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 percent for investments realized after 2006 (3.51 percent 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.

As already before the start of the third regulatory period it became obvious that a huge number of grid operators would appeal against several decisions (such as return on equity and Xgen), BNetzA issued a general debtor warrant ("Besserungsschein"). 50Hertz (such as other grid operators) had to use the relevant decisions as published by BNetzA for their respective revenue cap determination; however, in case of an outcome of the proceedings in their favor, BNetzA guaranteed to allow the grid operators to include the extra earnings in their respective regulatory accounts.

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 and the AblaV subject to surcharges.

***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 January 31, 2019. The framework is part of the tariff methodology issued on December 18, 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 percent 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 January 31, 2019) and as a result the cap and floor regime has thus 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[9]. Any revenue earned above the cap would be returned to the TSO in the UK National Electricity Transmission System Operator ("**NETSO**") and to the TSO in Belgium (ETB) on a 50/50 basis.

[9] 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.

The TSOs would then reduce the network charges for network users in their respective countries. If revenue falls below the floor, then the interconnector owners will be compensated by the TSOs. The TSOs will, in turn, recover the costs through network charges. National Grid performs the NETSO role in the UK and the Company, the Belgian TSO, in Belgium.

- 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.<br><br>Based on applying mechanistic parameters to cost efficiency: a cost of debt benchmark will be 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 within-period adjustments if needed and justified by the developer. Within-period adjustments will let developers 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 end customers and any shortfall of revenue below the cumulated floor requires payment from network users (via network charges). |

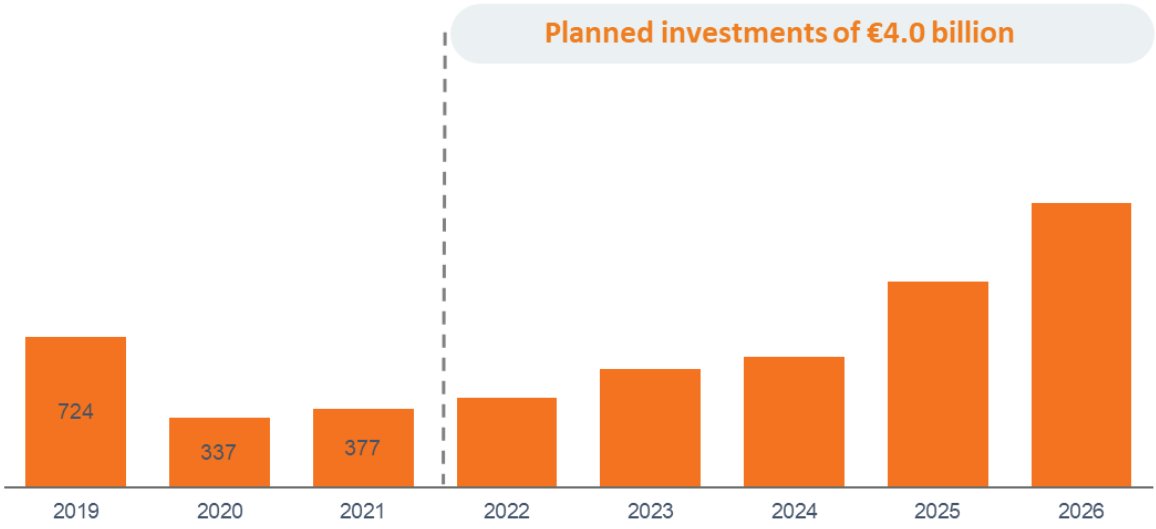
- The cap and floor revenue levels for Nemo link Ltd were fixed by Ofgem and CREG on December 17, 2019. Nemo link Ltd is the first interconnector project to be regulated under the cap and floor regime and reached end of 2019 the final assessment stage of the regime, the Post Construction Review, where Ofgem/CREG determined the values of the Post Construction Adjustment (PCA) terms that formed the final cap and floor levels for the project. In particular, the determined values for the final cap and floor levels are £77.0m and £43.9m respectively (in 2013/14 prices).

**Key projects of the Group**

Decarbonization is one of society's most pressing challenges. As a system operator, the Company's activities are central to overcoming this challenge: its grid forms the backbone of the energy transition. Elia 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 digitalization 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.

**Key projects of ETB**

For illustrative purposes, the following graph sets out ETB's investment in 2019, 2020 and 2021 as well as ETB's contemplated investment program for the coming 5 years. With respect to the investment program, no guarantees can however be given with respect to the precise timing of the completion of any of these investments as they depend on a number of external factors such as the obtaining of the relevant permits and others. Accordingly, no precise amount should be attributed to any particular year as this is purely indicative.




In 2019, ETB invested €723.5 million in Belgium (including Nemo Link), mainly intended to incorporate renewable energy in the grid and facilitate the further integration of the European energy market through interconnections. The most important investments were related to the Modular Offshore Grid (€215 million), strategic interconnection projects such as ALEGrO (€92 million) and Brabo (€41 million) and investments in upgrading the high-voltage Mercator-Horta-Avelin lines (€71 million). Lastly, ETB completed its investment in Nemo Link (€27 million), which was commissioned in late January 2019.

In 2020, ETB made investments totaling €337.4 million in 2020. Investments were linked to the Brabo II project marking the completion of the new 380kV loop around the port of Antwerp (€25 million) and the connection of the last two offshore windfarms onto the MOG I platform (€4.0 million). ALEGrO, the first electricity interconnector between Belgium and Germany, entered commercial operation and was successfully energized (€13.5 million). Work to upgrade the existing Belgian 380kV backbone continued as well: on the Horta-Avelgem corridor: new high-capacity conductors were installed, commissioned and energized (€41 million). The first of two phase-shifting transformers in Aubange was energized in December 2020, leading to the upgrade of the existing 220kV interconnection between Belgium (Aubange) and France (Moulaine) (€8 million).

In 2021, ETB invested €376.7 million in its onshore and offshore grid infrastructure to facilitate the integration of large volumes of renewable generation into the grid, in order to sustainably electrify its society. In 2021, there were 143 replacement projects across the Belgian grid, amounting to a total investment of €99.6 million. ETB continued to carry out important reinforcement works along the existing Belgian 380kV backbone. This included the upgrade of the Massenhoven Van Eyck corridor (€35.6 million), the first phase of which was completed in September 2021, and the upgrade of the Mercator-Bruegel HTLS, for which the preparation phase (studies, permit and procurement) was almost fully completed. The reinforcement works of the 380kV backbone between Mercator and France via Horta-Avelgem continued. In 2021, new high-capacity conductors were installed and commissioned along the first circuit between Avelgem and the French border (€13.6 million). In order to increase the physical interconnection capacity between Belgium and the Netherlands, reinforcement works also are taking place at the Zandvliet 380kV substation (€13.1 million). In addition, the reinforcement of the existing 150kV grid in the port of Antwerp continued (Brabo project) leading to a new GIS installation and new cable connection along the Lillo-Ketenissen-Kallo axis (€26.7 million). Finally, as part of the second phase of the Boucle de l'Est investment program, the existing Bévercé-Bronrome 70kV overhead line is being replaced and upgraded by a new double 110kV line across a distance of 16.5 km. The works started in 2020 and will continue in 2022 and 2023. In November 2021, the Bevercé – Bronrome section was re-energized after its reconstruction (€13.6 million).

For the period 2022-2026, ETB plans to invest €4.0 billion. The capex will mainly relate to the replacement or reinforcement of the existing infrastructure to absorb the higher infeed of renewable energy. As from 2023, the further integration of the European electricity system and the goal to further decarbonize the society drives a second wave of important investments marked by higher

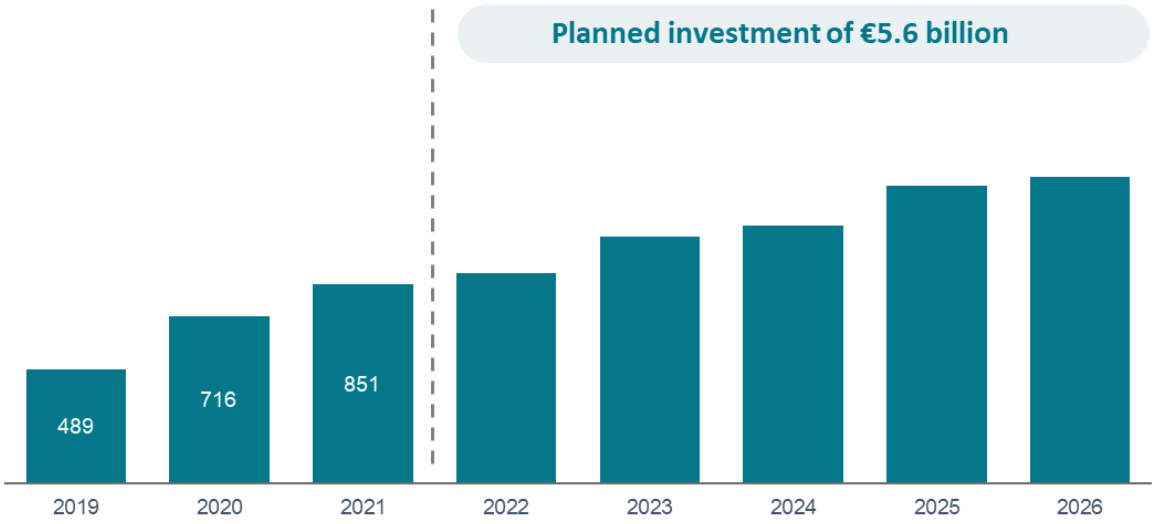
capex for projects like the Energy Island, Ventilus and Boucle de Hainaut. The most important projects are:

- Energy Island: The extension of the MOG (which is being referred to as MOG II) 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;
- 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 percent 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.

ETB plans to finance this investment program in accordance with the optimal capital structure as defined in the regulatory framework (with a target equity/debt ratio of 40/60). The capex is contemplated to be financed with the proceeds of the capital increase (see section *"Rationale of the Offering and Use of Proceeds*"), the reservation of profits and the issuances of new debt under its EMTN program.

**Key projects of 50Hertz**

For illustrative purposes, the following graph sets out 50Hertz's investment in 2019, 2020 and 2021 as well as 50Hertz's contemplated investment program for the coming 5 years. With respect to the investment program, no guarantees can however be given with respect to the precise timing of the completion of any of these investments as they depend on a number of external factors such as the obtaining of the relevant permits and others. Accordingly, no precise amount should be attributed to any particular year as this is purely indicative.




50Hertz invested €488.6 million in 2019. In total, €259.5 million was invested in onshore projects, while offshore investments amounted to €229.1 million. The most significant onshore investments involved the construction of the overhead line between Wolmirstedt and Güstrow (€29.8 million), the upgrading of high voltage pylons to boost operational safety (€30.0 million), the DC line for the South-East link (€23.8 million), the modernisation of the telecommunications network (€16.3 million) and the construction of a new phase shifter in Hamburg (€12.6 million). Offshore investments mainly concerned the offshore grid connections of Ostwind 1 (€68.3 million) and Ostwind 2 (€131.0 million). Offshore interconnector projects that are not remunerated via the offshore surcharge contributed as well (€20.0 million from the Kriegers Flak Combined Grid Solution and €7.4 million Hansa Power Bridge).

In 2020, 50Hertz invested €715.9 million, €463.3 million was invested in onshore projects, while offshore investments amounted to €252.6 million. The most significant onshore investments involved the DC line for the SuedOstLink (€107.1 million), the upgrading of 25 high-voltage pylons to boost operational safety (€39.9 million), the construction of a phase shifter in Hamburg (€33.6 million), the 380kV Cable in Berlin (€26.1 million) and the construction of the overhead line between Wolmirstedt and Güstrow (€18.2 million). Offshore investments mainly revolved around the Ostwind 2 offshore grid connection (€209.0 million).

50Hertz invested €850.9 million in 2021. The most significant onshore investments comprised the DC SuedOstLink line (€66.9 million); the upgrading of high voltage pylons to boost operational safety (€51.5 million); the Northring line close to Berlin (€45.7 million); the overhead line in the southern Uckermark region (€40.3 million); and the 380kV cable in Berlin (€33.1 million). Offshore investments mainly focused on the Ostwind 2 project (€278.9 million), with the next offshore wind farm connection (Ostwind 3) already advancing along the project pipeline (€18.4 million). Furthermore, replacement CAPEX was invested in the Kontek interconnector cable to Denmark (€17.3 million).

For the upcoming five years (2022-2026), 50Hertz plans to invest €5.6 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. 50Hertz's most important projects are:

- SuedOstlink: A HVDC corridor aiming to transport the renewable energy produced in the Baltic Sea in the North East of Germany towards the load centers in the South of Germany;
- 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;
- 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;
- Gennaker: This project is to connect an offshore wind farm 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;
- Hansa PowerBridge: a new HVDC link to Sweden. It is an onshore/offshore cable connection that is being planned and that will run from the Güstrow substation in Mecklenburg-Western Pomerania, over Fischland, through the Baltic Sea to Sweden. Germany and Sweden want to connect their relative power grids via this direct current connection. The roughly 300 kilometers distance will be bridged by a so-called interconnector: the Hansa PowerBridge. The interconnector serves to link various independent grids. After its completion, the Hansa PowerBridge will provide an important contribution to the stabilisation of the German electricity price, the security of the transmission system as well as to the indirect storage of electricity from RES.

The capex will be financed is contemplated the proceeds of the capital increase (see section "*Rationale of the Offering and Use of Proceeds*"), the reservation of profit and the issuances of new debt under its Debt Issuance Program

**Events after closure of the annual accounts**

***Outlook 2022***

This paragraph includes forward-looking statements which, although based on assumptions that the Company considers reasonable, are subject to risks and uncertainties which could cause events or conditions to materially differ from those expressed or implied by the forward-looking statements.

The Group expects, based on the principal assumptions set out here below, to realise an adjusted return on equity (determined as the net profit attributable to ordinary shares (ordinary shareholders) divided by the equity attributable to owners of ordinary shares adjusted for the value of future contracts (hedging reserves)) towards the lower end of 6.25 percent and 7.25 percent. This compares with an adjusted return on equity at Group level of 7.56 percent for 2021. The adjusted return on equity depends on the return on equity of the regulated activities in Belgium and Germany, but also the non-regulated segment and Nemo Link. The guidance does not take into account any potential M&A transactions. The basis of preparation for the different segments is set here below.

This outlook for 2022 has been properly compiled on a basis which is both comparable with historical financial information and consistent with the Company's accounting policies

The Group expects, based on the principal assumptions set out here below, to end 2022 with Regulatory Asset Base of €11.2 billion. The RAB at Group level includes 100 percent of the RAB of ETB and 80 percent of the RAB of 50Hertz. Nemo Link is not included in the RAB as it is remunerated under a specific regulatory framework. The outlook for 2022 is based on:

- The realisation of respectively €425 million of investments in Belgium and €850 million of investments in Germany;
- Depreciation of assets in accordance with accounting principles and changes in working capital linked to the ordinary course of business;
- ETB expects a capital grant (€75 million) from the European recovery fund for the building of the Energy island. In accordance to the regulatory framework, the grant is deducted from the determination of the Regulatory Asset Base.

In Belgium, a return on equity (determined as the net profit divided by equity) between 5 percent and 6 percent is expected. This compares with a return on equity based for 2019, 2020 and 2021 of, respectively, 5.67 percent, 5.51 percent and 5.36 percent. This outlook for 2022 is based on the following assumptions:

- The capital has been increased as if the offering would be fully subscribed and €300 million would be contributed by the Company to a capital increase of ETB;

- Drivers for the determination of net profit as described in section "*The Group's business – tariffs applicable for the tariff period 2020-2023*" :
  - The fair remuneration driven by the (i) the perspective of the 10-year OLO estimated by the Federal Planning Bureau (2.40 percent for the period 2020-2023), on which a risk premium weighted with a beta factor is applied (ii) the evolution of the average regulatory equity assuming the contribution of the proceeds of this offering and (iii) the average Regulatory Asset Base driven by an estimated realization of the investment program of €425 million;
  - Various incentives mainly linked to operational performance that have been defined under the current tariff methodology;
  - In general the budgeted costs and the capex program (as mentioned here above) are based on estimates realized by the project team and reviewed by the management and could be impacted by external factors beyond the control of ETB.
- Besides the regulated return on equity (BEGAAP), the result is also impacted by the result of the accounted investees and some IFRS adjustments which relate mainly to liabilities for employee benefits, borrowing costs on assets under construction and depreciation of software acquired prior to 2020 which are not taken into account from a regulatory perspective.

In Germany, a return on equity (determined as the net profit divided by equity adjusted for the value of the future contracts (hedging reserves)) between 8 percent and 10 percent is expected. This compares with a return on equity based for 2019, 2020 and 2021 of, respectively, 11.48 percent, 11.8 percent and 9.85 percent. This outlook for 2022, is based on the following assumptions:

- An increase of the capital of Eurogrid GmbH by €250 million following the Offering, assuming the Offering would be fully subscribed and €200 million would be contributed by the Company to a capital increase of Eurogrid GmbH and assuming a further *pro-rata* participation by KfW in an amount of €50 million. It is the Company's understanding that KfW is currently examining the options for a possible participation via Selent Netzbetreiber GmbH (a wholly-owned subsidiary of KfW) in a contemplated contribution into the capital reserves of Eurogrid GmbH which would take place after the Offering.;
- Drivers contributing to net profit (see section "*The Group's business – Tariff setting in Germany*") are:
  - For the regulatory asset base linked to the base year 2016, the return on equity capped at 40 percent is defined at 5.12 percent (pre-tax) for investments made before 2006 and at 6.91 percent (pre-tax) for investment realized after 2006;
  - For the investment measures, linked to onshore/offshore investments, which are not included in the regulatory asset base set in 2016, the imputed return of 6.91 percent (pre-tax) has been defined on 40 percent of the book values. The realization of the Capex plan has been estimated at €850 million;
  - The outperformance on the influenceable costs, covered in the base year revenues, is under control of 50Hertz and is estimated based on the experience of 50Hertz and aligned with the budget;
  - Remuneration scheme for the management of EEG and similar surcharges representing 50 percent of the remuneration as if these assets would have been remunerated through the Base year remuneration;
  - Minor outperformance on interest rates are possible as the effective interest rate could be lower compared to the rate set by the BNetzA in the tariff setting for the year 2019;
  - In general the budgeted costs and the capex program (as mentioned here above) are based on estimates realized by the project team and reviewed by the management and could be impacted by external factors beyond the control of 50Hertz.

The non-regulated segment and Nemo Link, which comprises the return of Nemo Link, the return of the non-regulated activities (mainly re.alto and EGI) and the operating costs inherent in the management of a holding company, is expected to contribute to the Group's result in the range of €10 million to €15 million. The final performance of this segment will depend largely on the contribution of Nemo Link, which remains subject to volatility in the market spread of the electricity commodity price as well as the availability of the interconnector. This outlook for 2022, has been properly compiled based on the following assumptions*:*

- The capital has been increased as if the offering would be fully subscribed and €100 million would be used for general corporate purposes of the Company;
- The return on equity of Nemo Link has been defined taken into account the parameters as described in section "The Group's business – Regulatory framework for interconnector Nemo Link". Nemo Link has been commissioned in January 2019 and for this outlook, the budgeted figures set at the level between the cumulated cap and the floor are the basis to estimate the adjusted return on equity at Group level; and
- The return on the non-regulated activities (mainly re.alto and EGI) and the operating cost inherent in the management of a holding company. The contribution to the net result will be in line with 2021.

The main factors, which could change the outcome of the adjusted return on equity for 2022 and which the members of the administrative, management or supervisory bodies can influence, are:

- For Belgium, related to (i) the timely realisation of the capex, as the capex drives the level of the Regulated Asset Base in the calculation of the fair remuneration, and (ii) the realisation of the various incentives;
- For Germany, related to (i) the timely realisation of the capex, as the capex drives the level of the Regulated Asset Base in the calculation of the investment measures, and (ii) the operational out-performance on the onshore opex costs compared to the allowed costs included in the revenue cap; and
- The level of operating costs to manage a holding company.

In addition, the following factors, which could change the outcome of the adjusted return on equity for 2022 and which are exclusively outside of the influence of the members of the administrative, management or supervisory bodies, are:

- For Nemo link, related to the electricity price difference between Belgium and the UK and the availability of the interconnector; and
- Certain IFRS adjustments as referenced above, relating in particular to increased interest rates which result in a higher discounted value and therefore lower net present value of the relevant IFRS liabilities.

***Average regulatory return on equity for ETB for the period 2024 to 2027***

In Belgium, based on the parameters as currently described in the draft methodology for ETB for the period from 2024 to 2027 (see section "*The Group's business – The Belgian legal framework – Tariffs applicable for the tariff period 2024-2027*"), it is currently expected that the average regulatory return on equity for ETB (based on Belgian GAAP) for that period will be around 5.7%. This compares with an average regulatory return on equity for ETB (also based on Belgian GAAP) for the period from 2020 to 2023 of approximately 6% (see section "*The Group's Business – The Belgian legal framework – Tariffs applicable for the tariff period 2020-2023*"). This is different from the (adjusted) return on equity referred to in the section "*Outlook 2022*", which is based on the IFRS accounts. The regulatory return on equity for ETB is derived from the Belgian GAAP accounts for ETB and is based on an aggregation of the various components of the tariff methodology as set out in the most recent draft of the CREG which was published on April 21, 2022.

This average regulatory return on equity is based on Belgian GAAP accounting principles, has been properly compiled on a basis which is both comparable with historical financial information and consistent with ETBs accounting policies and is composed on the following assumptions:

- End 2021, the Regulatory Asset Base (RAB) of ETB amounts to €5.4 billion. This RAB is expected to increase considering an estimated realisation of the investment programme of €4 billion for the period 2022-2026, depreciation of assets in accordance with accounting principles and changes in working capital linked to the ordinary course of business;
- The fair remuneration driven by the (i) the perspective of the 10-year OLO estimated by the Federal Planning Bureau (1.68 percent for the period 2024-2027), on which a risk premium (3.5 percent) weighted with a beta factor (0.69) is applied . This remuneration is applied on an equity component which corresponds to 40 percent of the Regulated Asset Base;
- Various incentives mainly linked to operational performance that have been defined in the tariff methodology. Based on hypotheses of performance, the contribution of the incentive is estimated to a net remuneration of 1.3 percent-1.4 percent to be applied to 40 percent of the RAB, as long as ETB succeeds in reaching a reasonable target of 65 percent-70 percent of the maximal amount on average for all the incentives;
- Risk premium for Modular Offshore Grid (MOG) and MOG II (energy island) at around 1.4 percent (applicable to 40 percent of the RAB for MOG and MOG II ). For MOG, the depreciation rate has been set at 30 years, while for the energy island, the CREG proposes a depreciation time of 60 years. Considering the realized investment in MOG and the expected investment in MOG II, these projects are expected to generate a remuneration of approximately 0.2 percent to be applied to 40 percent of the Regulatory Asset Base.

The main factors, which could change the outcome of the regulatory return on equity for 2024-2027 and which the members of the administrative, management or supervisory bodies can influence, are:

- The timely realisation of the capex, as the capex drives the level of the Regulated Asset Base in the calculation of the fair remuneration and the remuneration of MOG II, and the realisation of the various incentives.

***Trend information and recent events***

The Company is not aware of any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for at least the current financial year.

There has been no significant change in the financial position or financial performance of the Company since December 31, 2021, the date to which the latest historical financial information of the Company was published.

Given the nature and location of its operations and the fact that Elia Group does not currently have activities in Russia nor in Ukraine or with Russian companies, Elia Group does not foresee a direct impact of the Ukrainian conflict on its business. This also applies to the global package of sanctions which have been enacted in relation to commercial relationships with Russia and Russian companies which are subject to such sanctions, where the Elia Group does not foresee, as at the date of this Prospectus based on the current sanctions package, a direct impact on its business. However, there is a strong push at the European level to become less dependent from Russian gas and fossil fuels. Accordingly, the Group observes a willingness among the authorities in Belgium and Germany to accelerate the energy transition. This could lead to an increase of the Group's investment program over the mid-term.

Due to the specific nature of the business of the Group (and in particular the tariff methodologies which apply to the bulk of its activities in Belgium and Germany), the impact on the Group of the recent sharp increases in the energy prices has been limited. The main impact has been from a working capital perspective.

In Germany, the high prices of electricity have resulted in a high cash inflow for the EEG management at the end of 2021 and this trend has continued over the first quarter of 2022. The EEG mechanism is fully pass through and the cash therefrom must be returned to the consumers. Besides, the costs for redispatch and grid losses have increased significantly. The impact thereof on the profit has, however, been very limited as these cost increases are to a large extent pass

through. They nevertheless have a temporary working capital impact since they are only recovered from the tariffs over the next years. In similar vein, the Group has experienced a rise in the balancing and activation costs in Belgium as a result of the sharp increase in energy prices. As these costs are regarded as influencable costs, they are however fully pass through. They may nevertheless have a temporary impact on the working capital. Finally, in case the sharp increases in the energy prices were to lead to a higher number of customer defaults, this could ultimately have an impact on the Group's results, but only in certain circumstances as there are various mitigating factors in place. 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.

**Material agreements**

**Shareholders' Agreement**

On May 31, 2002, Electrabel NV, SPE NV, CPTE SC/CV, Publi-T, the Belgian State, the Company and Elia Asset entered into a shareholders' agreement (the "**Shareholders' Agreement**"). Following the disposal by Electrabel SA/NV of its shares in the Company, the Shareholders Agreement no longer applies in respect of Electrabel SA/NV.

For more information on the Shareholders' Agreement, see section "Management and Governance – Shareholders' Agreement".

**Financing arrangements of the Group**

The Company is in charge of the liquidity management and debt financing of its non-regulated activities. The Company meets its financing needs through diversified sources of debt funding.

The Company monitors its cash-flow forecasts and the cash available and the unutilized 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 Company, being the debt financing of the acquisition of an additional 20 percent stake in Eurogrid International, the interest costs cannot be passed in tariffs and are borne by the shareholder of the Company.

The companies in which the Company holds a stake as a shareholder typically manage their financing needs on a decentralized level, without any recourse towards the Company. Eurogrid GmbH and ETB exclusively arrange the financing needs of their affiliates independently from its shareholders and on a ring-fenced basis. These are mostly financed through fixed rated debt instruments.

In Belgium, the 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, 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.

(1) Financing arrangements of the Company

The long-and short-term financing of the Company is structured through a range of financial arrangements. The Company's financial indebtedness does not benefit from security or guarantees and contain customary events of default and covenants.

The acquisition by the Company of the additional 20 percent stake in 50Hertz was initially financed via a €990 million bridge loan entered into on March 23, 2018, for a period of 12 months. The bridge loan was drawn on April 26, 2018, and was repaid by the Company on

September 5, 2018, through the issuance of a €700 million perpetual hybrid bond and a €300 million senior bond. This senior bond represents the total indebtedness of €297.9 million, and accrued interest of €1.4 million, of the Company at December 31, 2021.

The hybrid bonds rank junior to all senior debt and are recorded as equity in the Group's accounts pursuant to IFRS. The hybrid bonds bear an optional, cumulative coupon of 2.75 percent. per annum, payable at the Group's discretion annually on December 5 of each year, starting from December 5, 2019. The hybrid bonds are perpetual instruments and have an initial call date in September 2023 with a reset every five years thereafter.

The Company also disposes over a €35 million revolving credit facility entered into on February 3, 2020, with Citibank Europe PLC as lender. The facility contains amongst others an obligation for the Company to maintain a long-term credit rating equal to or above BBB- and customary covenants and events of default, including a negative pledge.

(2) Financing arrangements of ETB

On December 31, 2019, the reorganization 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 long-and short-term financing of ETB is structured through a range of financial arrangements with customary covenants and events of default (see below). ETB's financial indebtedness does not benefit from any security, nor does it benefit from any guarantee from the Company.

ETB's has a rating BBB+, stable outlook by Standard & Poor's,

As at December 31, 2021, ETB's total outstanding indebtedness amounted to €3,711.0 million comprising the following:

(a) several institutional fixed rate bonds with different maturities for an aggregate amount outstanding of €3,320.9 million as at December 31, 2021;

(b) a €210 million fixed rate amortizing term loan facility for a period of fifteen years entered into with BNP Paribas Fortis SA/NV and Belfius Bank SA/NV on December 21, 2018 for the financing of ETB's participation in Nemo Link Ltd. with an outstanding amount €181.7 million per December 31, 2021;

(c) a €100 million credit facility with the European Investment Bank to support ETB's ongoing capex program (the "**EIB Loan**");

(d) several Belgian dematerialized treasury notes under the Company's Treasury Notes Program for its short-term financing needs, which amounted to €60 million as at December 31, 2021; and

(e) accrued interests for a total amount of €48.6 million.

In addition, ETB disposes over a €650 million sustainability-linked revolving credit facility entered into on October 12, 2020, with Belfius Bank SA/NV, BNP Paribas Fortis SA/NV, Coöperatieve Rabobank U.A., ING Belgium SA/NV, KBC Bank SA/NV, National Westminster Bank plc and Sumitomo Mitsui Banking Corporation as arrangers. The facility's pricing is, amongst others, tied to three of Elia's sustainability performance targets, which relate to the company's efforts to tackle climate change and its health and safety performance. The revolving facility includes customary representations, undertakings and events of default. These include, amongst others, a negative pledge, an undertaking for ETB to remain licensed as TSO, an undertaking to maintain a long-term credit rating equal to or above BBB- (by Standard & Poor's Rating Services or equivalent international rating) and an undertaking to keep a certain minimum percentage in Elia Asset and Nemo Link Ltd.

The EIB Loan also contains a number of customary provisions typically included in EIB loans. This includes, amongst others, certain obligations in relation to the capex program financed with the EIB Loan, a negative pledge, a possibility for EIB to request security for its loan in certain circumstances, a maintenance of rating obligation (requiring a minimum rating of at least BBB-), an obligation to hold (directly or indirectly) at least 75 percent of the shares of

Elia Asset and a restriction on subsidiary financial indebtedness (requiring that the unconsolidated total net debt of the ETB is at least equal to 66 percent of the total net debt of the ETB's consolidated financial statements under IFRS).

(3) Financing arrangements of 50Hertz

Eurogrid GmbH is the holding company of the 50Hertz affiliates and manages the financing and liquidity needs of the 50Hertz (sub) group. 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 Company.

As at December 31, 2021, Eurogrid GmbH's total outstanding indebtedness amounted to €3,806.3 million, composed of the following:

(a) several long-term institutional fixed rate bonds with different maturities for an aggregate nominal amount outstanding of €3,579.9 million as at December 31, 2021, this includes a green bond of €747.4 million (with a nominal amount of € 750 million);

(b) a syndicated term loan facility in an aggregate amount of €150 million under which €150 million was outstanding as at December 31, 2021;

(c) a very long-term (30 years – coming to maturity in 2044) registered fixed bond for a nominal outstanding amount of €50 million as at December 31, 2021; and

(d) accrued interest for a total amount of €26.4 million.

In addition, Eurogrid GmbH disposes over a €750 million revolving credit facility entered into on February 26, 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 we assBank 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, covering, amongst others, a negative pledge, certain limitations on disposals and financial indebtedness of Eurogrid GmbH and its subsidiaries and an obligation to maintain a public rating. 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 December 9, 2011.

**Legal and arbitration proceedings of the Group**

As at the date of this Prospectus, the Group was, in the ordinary course of its operations, involved in approximately 59 civil and administrative litigation proceedings as a defendant. Ten of these proceedings relate to claims against the Group exceeding a value of €600,000.

The Group has provisions for litigations which, as at March 31, 2022, amounted to approximately €6.0 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):

**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;

(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).

**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.

***Proceedings involving the regulators (CREG in Belgium & BNetzA in Germany)***

- BNetzA set the Xgen for the third regulatory period to 0.9 percent in the energy sector (cf. BNetzA, determination of November 28, 2018, BK4-17-056). Therefore, currently the Xgen reduces the initial level of the revenue cap as part of the regulation formula. 50Hertz appealed against the decision concerning the electricity sector in front of 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 July 9, 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 January 26, 2021 BNetzA's determination of Xgen (cf. EnVR 101/19). Regarding the electricity sector, OLG Düsseldorf revoked in March 2022 BNetzA's decision on the Xgen for the electricity sector and requested BNetzA to revise its decision. BNetzA, however, announced that they intend to appeal against OLG Düsseldorf's decision at the BGH.
- The lump sum for operational costs linked to offshore connections in 2018 was determined using a specific rate of 3.4 percent on approved actual investment volume (cf. BNetzA, determination of December 12, 2011, BK4-11-026). However, this determination on accepted operational costs linked to offshore connections was revoked by BNetzA for 2019 (cf. BNetzA, decision of December 22, 2017, BK4-17-002) and for 2018 (cf. BNetzA, decision of May 18, 2020 BK4-19-074) due to the introduction of the Offshore Grid Surcharge (as defined below) which foresees a plan cost approach with an ex-post settlement of actual costs. In relation to 2018, 50Hertz appealed against the decision of the BNetzA to OLG Düsseldorf. The proceedings are currently pending. The risk is that for 2018 retrospectively a rate below 3.4 percent will be determined and thus

50Hertz would need to repay the difference between the rates. However, since in 2018 a provision for this risk exists. Therefore, there will be no negative effects on 50Hertz's result.

- In October 2021, BNetzA determined the equity remuneration for the fourth regulation period starting 2024. The Interest Rate EK I was determined at 5.07 percent for investments realized after 2006 (3.51 percent for investments until 2006). Along with the other German TSOs, 50Hertz appealed against this decision of BNetzA.

# SELECTED FINANCIAL INFORMATION

The following table sets out selected financial information for the Group. Investors should read this section together with the information contained in the consolidated financial statements of the Company, prepared in accordance with IFRS, as endorsed by the EU, and the related notes thereto included by reference in this Prospectus.

There has been no significant change in the financial position or financial performance of the Company since December 31, 2021, the date to which the latest historical financial information of the Company was published.

**Consolidated statement of profit and loss as at December 31, 2021 and 2020**

| | December 31, | |
|---|---|---|
| | **2021** | **2020** |
| | *(€ million)* | |
| Revenue | 2,551.3 | 2,209.6 |
| Raw materials, consumables and goods for resale | (83.1) | (86.2) |
| Other income | 135.1 | 163.6 |
| Net income (expense) from settlement mechanism | 173.3 | 100.3 |
| Services and other goods | (1,443.6) | (1,051.7) |
| Personnel expenses | (334.1) | (307.2) |
| Depreciations, amortizations and impairments | (467.5) | (432.5) |
| Changes in provisions | 0.7 | 5.5 |
| Other expenses | (41.4) | (32.1) |
| **Results from operating activities** | **490.7** | **569.3** |
| Share of profit of equity accounted investees (net of tax) | 49.4 | 9.2 |
| **EBIT**[(1)] | **540.1** | **578.5** |
| **Net finance costs** | **(106.6)** | **(141.5)** |
| Finance income | 3.9 | 6.6 |
| Finance costs | (110.5) | (148.1) |
| **Profit before income tax** | **433.5** | **437.0** |
| Income tax expense | (105.2) | (129.1) |
| **Profit for the period** | **328.3** | **307.9** |
| Profit attributable to: | | |
| Equity holders of the parent – equity holders of ordinary shares | 276.0 | 250.1 |
| Equity holders of the parent – hybrid securities | 19.3 | 19.3 |
| Non-controlling interest | 33.1 | 38.5 |
| **Profit for the period** | **328.3** | **307.9** |
| **Earnings per share (EUR)** | | |
| Basic earnings per share | 4.02 | 3.64 |
| Diluted earnings per share | 4.02 | 3.64 |

**Notes:**

(1) EBIT (Earnings Before Interest and Taxes) = Results from operating activities and share of profit of equity accounted investees, net of tax

**Consolidated statement of profit or loss and other comprehensive income as at December 31, 2021 and 2020**

| | December 31, | |
|---|---|---|
| | **2021** | **2020)** |
| | *(€ million)* | |
| **Profit for the period** | **328.3** | **307.9** |
| **Other comprehensive income (OCI)** | | |
| **Items that may be reclassified subsequently to profit or loss:** | | |
| Net changes in fair value of cash flow hedges | 356.2 | 5.0 |
| Related tax | (105.8) | (1.3) |
| **Items that will not be reclassified to profit or loss:** | | |
| Remeasurements of post-employment benefit obligations | 27.4 | (8.1) |
| Net changes in fair value of investments | 0.0 | 15.0 |
| Related tax | (7.0) | 2.2 |
| **Other comprehensive income for the period, net of tax** | 270.8 | 12.8 |
| **Total comprehensive income for the period** | 599.1 | 320.7 |
| **Total comprehensive income attributable to:** | | |
| Equity holders of the parent – ordinary shareholders | 496.3 | 260.4 |
| Equity holders of the parent – hybrid securities holders | 19.3 | 19.3 |
| Non-controlling interest | 83.5 | 41.0 |
| **Total comprehensive income for the period** | **599.1** | **320.7** |

**Consolidated statement of financial position as at December 31, 2021 and 2020**

| | As at December 31, | |
|---|---|---|
| | **2021** | **2020** |
| | *(€ million)* | |
| **ASSETS** | | |
| **NON-CURRENT ASSETS** | **13,867.5** | **13,044.0** |
| Property, plant and equipment | 10,859.5 | 10,094.4 |
| Goodwill | 2,411.1 | 2,411.1 |
| Intangible assets | 148.6 | 105.4 |
| Equity-accounted investees. | 309.6 | 323.1 |
| Other financial assets | 136.3 | 104.5 |
| Trade and other receivables non-current | 0.5 | 0.5 |
| Deferred tax assets | 1.9 | 5.0 |
| **CURRENT ASSETS** | 4,276.8 | 2,121.6 |
| Inventories | 21.6 | 39.0 |
| Trade and other receivables | 861.3 | 1,475.4 |
| Current tax assets | 10.1 | 3.4 |
| Other financial assets | 316.2 | 0.0 |
| Cash and cash equivalents | 3,049.5 | 590.1 |
| Deferred charges and accrued revenues | 18.1 | 13.7 |
| **Total assets** | **18,144.3** | **15,165.6** |
| **EQUITY AND LIABILITIES** | | |
| **EQUITY** | 4,938.4 | 4,500.0 |
| Equity attributable to owners of the Company (A+B) | 4,552.0 | 4,173.1 |
| Equity attributable to ordinary shares (A) | 3,850.6 | 3,471.7 |
| Share capital | 1,709.2 | 1,709.1 |
| Share premium | 262.9 | 262.4 |
| Reserves | 173.0 | 173.0 |
| Hedging reserve | 197.1 | (3.3) |
| Treasury shares | (0.8) | 0.0 |
| Retained earnings | 1,509.2 | 1,330.5 |
| Equity attributable to hybrid securities holders (B) | 701.4 | 701.4 |
| Non-controlling interest | 386.4 | 326.9 |
| **NON-CURRENT LIABILITIES** | 8,471.3 | 7,823.6 |
| Loans and borrowings | 7,741.7 | 7,249.6 |
| Employee benefits | 104.9 | 130.1 |
| Provisions | 125.6 | 133.3 |
| Deferred tax liabilities | 209.7 | 89.5 |
| Other liabilities | 289.5 | 221.1 |
| **CURRENT LIABILITIES** | 4,734.6 | 2,842.0 |
| Loans and borrowings | 194.0 | 805.5 |
| Provisions | 7.7 | 7.4 |
| Trade and other payables | 3,696.4 | 1,009.1 |
| Current tax liabilities | 26.8 | 13.6 |
| Accruals and deferred income | 809.8 | 1,006.4 |
| **Total equity and liabilities** | **18,144.3** | **15,165.6** |

**Consolidated statement of cash flows as at December 31, 2021 and 2020**

| | As at December 31, | |
|---|---|---|
| | **2021** | **2020** |
| | *(€ million)* | |
| **Cash flows from operating activities** | | |
| **Profit for the period** | 328.3 | 307.9 |
| Adjustments for: | | |
| Net finance costs | 106.6 | 141.6 |
| Other non-cash items | 2.1 | 2.0 |
| Current income tax expense | 94.7 | 127.3 |
| Profit or loss of equity accounted investees, net of tax | (49.4) | (9.2) |
| Depreciation of property, plant and equipment and amortization of intangible assets | 467.5 | 432.4 |
| Loss on sale of property, plant and equipment and intangible assets | 17.5 | 8.6 |
| Impairment losses of current assets | 0.8 | 1.4 |
| Change in provisions | 1.5 | (4.8) |
| Change in deferred taxes | 10.5 | 0.8 |
| Changes in fair value of financial assets through profit or loss | 0.0 | 0.0 |
| **Cash flow from operating activities** | 980.1 | 1,008.0 |
| Change in inventories | 17.0 | (14.9) |
| Change in trade and other receivables | 639.9 | (1,060.8) |
| Change in other current assets | (0.7) | (0.5) |
| Change in trade and other payables | 2,645.0 | (258.6) |
| Change in other current liabilities | (119.8) | (106.3) |
| **Changes in working capital** | 3,181.4 | (1,441.3) |
| Interest paid | (124.9) | (143.2) |
| Interest received | 3.7 | 4.5 |
| Income tax paid | (87.0) | (164.4) |
| **Net cash from operating activities** | 3,953.3 | (736.4) |
| **Cash flows from investing activities** | | |
| Acquisition of intangible assets | (59.8) | (32.4) |
| Acquisition of property, plant and equipment | (1,160.5) | (1,049.9) |
| Acquisition of equity-accounted investees | 0.0 | (0.4) |
| Proceeds from sale of property, plant and equipment | 3.5 | 2.8 |
| Proceeds from sales of investments | 1.6 | 1.6 |
| Proceeds from capital decrease from equity-accounted investees | 30.5 | 15.3 |
| Dividend received | 31.8 | 13.8 |
| Loans and long-term receivables | (0.5) | 0.0 |
| **Net cash used in investing activities** | (1,153.4) | (1,049.2) |
| **Cash flow from financing activities** | | |
| Proceeds from the issue of share capital | 0.6 | 5.0 |
| Purchase of own shares | (0.7) | 0.0 |
| Dividend paid | (117.5) | (116.0) |
| Hybrid coupon paid | (19.3) | (19.3) |
| Dividends to non-controlling parties | (24.0) | (24.0) |
| Repayment of borrowings | (737.7) | (1,319.5) |
| Proceeds from withdrawal of borrowings | 558.0 | 2,874.5 |
| **Net cash flow from (used in) financing activities** | (340.6) | 1,400.7 |
| **Net increase (decrease) in cash and cash equivalents** | 2,459.3 | (384.9) |
| Cash & Cash equivalents at January 1 | 590.1 | 975.0 |
| Cash & Cash equivalents at December 31 | 3,049.4 | 590.1 |
| **Net variations in cash & cash equivalents** | 2,459.3 | (384.9) |

# DIVIDENDS AND DIVIDEND POLICY

## Dividends

As of December 31, 2021, the Company had reserves available for distribution of €203.2 million before payment of the dividend in respect of the fiscal year 2021 as mentioned below (€83.0 million after approbation from the Annual Shareholders' Meeting held on May 17, 2022).

In accordance with the dividend provisions of the Articles of Association (see "*Dividend policy*"), the Company paid gross dividends in the aggregate amount of €117.5 million (€1.71 per share) to its shareholders in respect of the fiscal years ended December 31, 2020. Dividends in respect of the fiscal year 2021 have been approved at the Annual Shareholders' Meeting held on May 17, 2022 for a total amount of €120.3 million or €1.75 per share and will be paid on June 1, 2022.

Historical dividends and any implicit payout ratios are not necessarily indicative of future dividends or payout ratios.

The New Shares offered rank equally with all of the Company's outstanding ordinary shares for any dividends that may be declared and paid in respect of the fiscal year beginning January 1, 2022 and future fiscal years.

| **Dividends per share** | **2021** | **2020** |
|---|---|---|
| Numbers of shares entitled to dividend (million) | 68.73 | 68.72 |
| Dividend (EUR) per share | 1.75 | 1.71 |
| Total dividend (MEUR) | 120.3 | 117.5 |

## Dividend policy

The calculation of amounts available to be distributed as dividends or otherwise distributed to shareholders must be made on the basis of the Belgian statutory financial statements, taking into account the limits set out by Article 7:212 BCCA. According to Article 7:212 BCCA, no dividend may be distributed if, at the date of the closing of the last financial year, the net assets as set forth the statutory annual accounts are lower than the amount of the paid-up capital or, if this amount is higher, of the called capital, increased with all reserves which may not be distributed according to the law or the Articles of Association, or if the net assets would fall below this amount as a result of such a distribution.

In accordance with Article 7:211 BCCA, Article 33 of the Articles of Association requires that the Company allocates, each year, at least 5 percent of its annual net profits to a legal reserve until this reserve reaches 10 percent of the Company's share capital. The Company's legal reserve currently amounts to €173.02 million. In addition, the Company is required to use the profit generated by the inclusion in the tariffs of the depreciation of the decommissioning to fund future investments.

On March 21, 2019 the Board of Directors formally approved the policy it intends to apply when proposing dividends to the General Shareholder's Meeting. Under this policy, the full-year dividend growth is intended not to be lower than the increase of the Consumer Price Index ("inflation") in Belgium. With regard to distributable profits over and above the required allocation to the legal reserve, Article 33.1 of the Articles of Association provides that in principle 85 percent of the yearly profits available for distribution must be allocated for the payment of dividends, unless the shareholders decide otherwise at the General Shareholders' Meeting (it being understood that the holders of class A shares and class C shares must concur in such decision) (see "*General Shareholders' Meeting and voting rights – Distribution of profits*").

The dividend policy supports the Company's long-term ambition to offer a secure dividend in real terms to the shareholders while at the same time enabling the Company to sustain a strong balance sheet that is needed to fund the Group's investment program.

The Board of Directors specifies that future dividends will remain dependent upon the results of the Company (which are affected by a number of factors, including the dividends received from its subsidiaries) as well as the Company's financial situation, financing needs and business perspectives.

# MANAGEMENT AND GOVERNANCE

The reorganization of the Group in 2019 has had a significant impact on the management and governance of the Company (formerly Elia System Operator SA/NV). Following the reorganization, the Company transferred its Belgian regulated activities to ETB and therefore is no longer subject to the Electricity Lawand the Royal Decree of May 3, 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 organization and corporate governance of the TSO, with a view to guaranteeing its independence and impartiality. However, the Company does remain listed on the stock exchange and therefore remains subject to the obligations of listed companies, in particular with regards to governance. The Company accepts the 2020 Belgian Corporate Governance Code (the "**Corporate Governance Code 2020**") as its reference code.

Furthermore, the respective roles and responsibilities of the management bodies of the Company are governed by the Articles of Association and the Shareholders' Agreement. The Company is also subject to the BCCA.

The main principles of the Company's governance can be summarized as follows:

- the Board of Directors is composed of at least ten (10) and a maximum of fourteen (14) members, including (i) a maximum of seven (7) directors appointed on the proposal of the holders of A and C shares, insofar as the classes A and C shares of the Company, alone or together, represent more than 30 percent of its capital; and (ii) the other directors, of which at least three (3) must be independent directors withing the meaning of Article 7:87 BCCA, appointed by the Shareholders' Meeting on the recommendation of the Board of Directors, after advice of the Nomination Committee. All directors must be non-executive directors (*i.e.* persons who have no daily management duties within the Company or within one of its subsidiaries);
- the Board of Directors strives for consensus. Only when consensus cannot reasonably be reached shall decisions be taken by simple majority;
- the Company opts for a one-tier structure, being the Board of Directors with three advisory committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, together with a college in charge of the day-to-day management (the "**Executive Management Board**") pursuant to Article 7:121 BCCA.

The Board of Directors of the Company has also set up a Strategic Committee as an additional advisory committee.

Following reorganization of the Group in 2019, the governance structure of ETB, as current TSO, is a replica of the governance of the former ESO. As a result, the governance structure of ETB complies with the requirements of the Electricity Law, the Corporate Governance Decree and all applicable regional legislation.

The Electricity Law provides for specific governance conditions that will apply to ETB, as a national TSO, including:

- only non-executive directors may be appointed;
- at least half of the directors must be independent and must be appointed partly for their financial management knowledge and partly for their useful technical knowledge;
- the CREG must give a uniform opinion on the independence of the independent directors;
- an audit committee, a remuneration committee and a corporate governance (or nomination) committee must be constituted, all of which must consist of a majority of independent directors;
- an executive management board must be created;
- the board of directors must consist of at least one-third of the opposite sex; and
- a linguistic balance must be achieved within the members of the board of directors and withing the members of the executive committee.

The non-independent directors of ETB will be elected on the basis of a list of candidates proposed by the class A and class C shareholders, respectively, insofar as the classes A and C shares of the Company, alone or together, represent more than 30 percent of its capital. The number of non-independent directors to be elected by the shareholders' meeting of ETB on the basis of a list of candidates proposed by the class A and class C shareholders, respectively, will be determined *pro rata* based on the percentage that the respective class A and class C shares represent in the aggregate number of class A and class C shares. Such number will be seven (7) directors if this percentage is greater than 87.50 percent.

In addition, pursuant to Article 9bis of the Electricity Law, the board of directors and the executive management board of the TSO must consist of the same members as the board of directors and the executive management board of the subsidiary of the TSO that owns the infrastructure and equipment constituting the transmission system (i.e. Elia Asset).

**Shareholders' Agreement**

On May 31, 2002, Electrabel NV, SPE NV, CPTE SC/CV, Publi-T, the Belgian State, the Company and Elia Asset entered into a shareholders' agreement (the "**Shareholders' Agreement**"). At that time, the Company still comprised the regulated business in Belgium.

The Shareholders' Agreement is governed by Belgian law and entered into for the term of appointment of the Company as TSO (i.e., 20 years as of September 17, 2002), plus six months. It therefore expires on March 17, 2023 unless the parties agree otherwise. If a party ceases to be a shareholder of the Company, it is no longer bound by the provisions of the Shareholders' Agreement. Following the disposal by Electrabel SA/NV of its shares in the Company, the Shareholders Agreement no longer applies in respect of Electrabel SA/NV.

The Shareholders' Agreement restates and implements provisions of the Protocol and Additional Protocol described above, and reflects the special corporate governance rules imposed by law with a view to ensuring the independence of the TSO vis-à-vis its shareholders and market operators. At the federal level, these rules are set forth especially in the Electricity Law and in the Corporate Governance Decree (see section 14).

The Shareholders' Agreement has not been amended since May 31, 2002. However, certain elements in the governance structure have evolved since and have therefore had an impact on certain practical implications of the Shareholders' Agreement.

This is even more so the case since the reorganization of the Group (see "*The Group's business – Introduction*"). As a result thereof, the regulated business in Belgium is no longer carried out by the Company, but rather by the Company's direct subsidiary ETB. This means that, even if the Shareholders' Agreement has not been formally amended, the provisions of the Shareholders' Agreement which in its origin were mainly meant to ensure the independence of the TSO vis-à-vis its shareholders and market operators no longer apply to the Company. This includes more specifically the provisions which stem from the Electricity Law, certain specific governance aspects relating to the independence of the TSO and the provisions relating to Elia Assets (which is now an indirect subsidiary of the Company). Such relevant provisions of the Shareholders' Agreement are included in the Articles of Association of the ETB and Elia Asset. The following subsections discuss the key provisions of the Shareholders' Agreement.

*General Shareholders' Meetings*

The General Shareholders' Meeting decides in accordance with the general quorum and majority requirements provided for in the BCCA and certain shareholders' approval requirements as set out in Article 28 of the Articles of Association (see "*General Shareholders' Meeting and voting rights – Voting rights – Quorum and majorities*").

*Governance structure*

The Shareholders' Agreement reflects the special corporate governance rules imposed by the Electricity Law (currently no longer applicable, as the Company is no longer a TSO) with a view to ensuring the independence of the Company and certain of its subsidiaries vis-à-vis its shareholders and market operators. Today, the Board of Directors has fourteen (14) directors, i.e. the maximum number within the range set by Article 12 of the Articles of Association. The Board of Directors comprises only non-executive directors. Based on the current shareholder structure, seven (7) non-

independent directors are appointed by the Shareholders' Meeting upon proposal of Publi-T. The other directors are appointed by the General Shareholders' Meeting upon a proposal of the Board of Directors and an advice of the Nomination Committee. Whereas Article 13.3 of the Articles of Association foresees a minimum of three (3) independent directors, the Board of Directors currently still comprises seven (7) independent directors (see "*Board of Directors – Composition*").

The Shareholders' Agreement further provides for a list of important Board decisions, as also set out in Article 19.10 of the Articles of Association, for which any four directors (including at least one (1) independent director) may require the matter to be deferred to a next Board meeting (see "*Board of Directors – Functioning*"). For advance consultation on such important matters, the Shareholders' Agreement foresees the establishment of a Shareholders' Committee.

*Reciprocal transfer restrictions*

Each of Publipart and Publi-T may freely transfer part or all of its shares to an affiliate that agrees to be bound by the terms of the Shareholders' Agreement. For transfers to third parties, certain reciprocal transfer restrictions apply, as set out in Article 9 of the Articles of Association (see "*General Shareholders' Meeting and voting rights – Transfer restrictions*").

*Reciprocal standstill*

The Shareholders' Agreement contains a standstill obligation intended to preserve the balance between the shareholding held respectively between the Class A and Class C shares. However, one can query whether this standstill obligation still applies since Electrabel SA/NV has disposed of all its shares and Publi-T acquired control over the Company within the meaning BCCA.

*Reciprocal call option in case of change of control*

The Shareholders' Agreement provides that in case of a change of control of CPTE SC/CV or Electrabel SA/NV as a result of which CPTE SC/CV or Electrabel SA/NV are no longer controlled, directly or indirectly, by Tractebel or a person related to Tractebel, Publi-T has a call option to acquire all of CPTE SC/CV's or Electrabel NV's shares of the Company. This clause no longer applies since Electrabel SA/NV has disposed of all its shares. Likewise, CPTE SC/CV has a call option to acquire all of Publi-T's shares of the Company in case of change of control of Publi-T. As this right was specific to CPTE SC/CV, it is not clear whether Publipart has inherited this right.

*Specific provisions regarding Elia Asset and other subsidiaries*

The Shareholders' Agreement contains specific provisions on Elia Asset, including regarding (i) the classes of shares; (ii) the composition of its board of directors; and (iii) the quorum and majority requirements.

For subsidiaries of the Company that are not regulated in Belgium, (i.e., subsidiaries that do not own or operate transmission infrastructure in Belgium), the Shareholders' Agreement provides that the board of directors is composed of the members of the Company's or Elia Asset's management and decides in accordance with ordinary rules, except that Electrabel SA/NV, Publi-T or SPE may at any time require the application of corporate governance provisions mirroring those of the Company in order to ensure observance of the principles of the Shareholders' Agreement.

Several provisions of the Shareholders' Agreement are also entered into to the benefit of the Belgian State, who can claim the performance of these provisions.

**Board of Directors**

***Powers***

As provided by Article 7:85 BCCA, the Company 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 Company by providing entrepreneurial leadership and enabling risks to be assessed and managed. The Board of Directors should decide on the Company'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 Company to meet its objectives.

The Board of Directors is responsible for all matters relating to the realization of the Company'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.

Under the Articles of Association, the reserved powers of the Board of Directors include, without limitation:

1. approval/amendment of the general, financial and dividend policy of the Company, including the strategic orientations or options for the Company as well as the principles and problems of a general nature, in particular with regard to risk management and personnel management;
2. approval, follow-up and amendment of the Company's business plan and budget;
3. without prejudice to other specific powers of the Board of Directors, to enter into all commitments when the amount exceeds fifteen million euros (EUR 15,000,000), unless the amount and its main characteristics are expressly provided for in the annual budget;
4. decisions on the corporate structure of the Company and of the companies in which the Company holds a participation, including the issue of securities ;
5. decisions on the incorporation of companies and on the acquisition or transfer of shares (irrespective of the manner in which these shares are acquired or transferred) in companies in which the Company directly or indirectly holds a participating interest, insofar as the financial impact of this incorporation, acquisition or transfer exceeds two million five hundred thousand euros (EUR 2,500,000);
6. decisions on strategic acquisitions or alliances, significant divestments or transfers of core activities or assets of the Company;
7. significant changes to accounting or tax policies;
8. significant changes in the activities;
9. decisions concerning the launch of or acquisition of participations in activities outside the management of electricity networks;
10. strategic decisions to manage and/or acquire electricity networks outside Belgium;
11. with regard to:
    (i) ETB and Elia Asset: monitoring their general policy as well as the decisions and matters referred to in items 4, 5, 6, 8, 9 and 10 above;
    (ii) the key subsidiaries designated by the Board of Directors (other than ETB and Elia Asset): the approval and monitoring of their general policy as well as the decisions and matters referred to in items 1 to 10 above;
    (iii) the subsidiaries other than the key subsidiaries: the approval and monitoring of their general policy as well as the decisions and matters referred to in items 4, 5, 6, 8, 9 and 10 above.
12. exercising general supervision over the Executive Management Board; in this context, the Board shall also supervise the way in which the business activity is conducted and developed, in order to assess, among other things, whether the Company's business is being conducted in a due and proper way ;
13. the powers granted to the Board of Directors by or by virtue BCCA or the Articles of Association.

***Composition***

The Board of Directors is composed of at least ten (10) and a maximum of fourteen (14) members, including (i) a maximum of seven (7) directors appointed on the proposal of the holders of A and C shares, insofar as the classes A and C shares of the Company, alone or together, represent more than 30 percent of its capital; and (ii) the other directors, of which at least three (3) must be independent directors withing the meaning of Article 7:87 BCCA, appointed by the Shareholders' Meeting on the recommendation of the Board of Directors, after advice of the Nomination Committee. All directors must be non-executive directors (*i.e.* persons who have no daily management duties within the Company or within one of its subsidiaries). One-third of the members of the Board of Directors must be of the opposite sex. A linguistic balance within the group of

directors of Belgian nationality must be achieved and maintained upon renewal of members of the Board of Directors.

In accordance with the Articles of Association, the members of the Board of Directors may not be members of the supervisory board, the board of directors or bodies that legally represent an undertaking that fulfils any of the following functions: production or supply of electricity. Nor may the members of the Board of Directors carry on any other function or activity, whether remunerated or not, in favor of an undertaking falling under the preceding sentence.

In addition, the Board of Directors approved on March 2, 2021, in application of provision 5.1 of the Corporate Governance Code 2020, additional criteria applicable to all newly appointed directors.

Currently the Board of Directors consists of fourteen (14) directors. Seven (7) directors are independent, non-executive directors and seven (7) other are non-independent, non-executive directors appointed by the Shareholders' Meeting upon proposal of Publi-T, as per the current shareholder structure.

***Independent directors***

The independent directors are elected by the Shareholders' Meeting on the recommendation of the Board of Directors, after advice of the Nomination Committee.

Apart from their independence, the independent directors are selected based on their financial management knowledge and their relevant technical knowledge.

In the case of a vacancy with regard to an independent director position which occurs during the term of his/her mandate, the other members of the Board of Directors shall, after advice of the Nomination Committee, make temporary provision to fill the vacancy until the next Shareholders' Meeting. The candidacy of the independent director is notified to the works council prior to the co-optation.

***Non-independent directors***

As long as the class A and class C shares, alone or together, represent more than 30 percent of the share capital of the Company, a certain number of directors shall be elected on the basis of a list of candidates proposed by the class A shareholders (the "**A Directors**") and a certain number of directors shall be elected on the basis of a list of candidates proposed by the class C shareholders (the "**C Directors**"). The number of non-independent directors to be elected on the basis of a list of candidates proposed by the class A and class C shareholders, respectively, is determined *pro rata* based on the percentage that the respective class A shares and class C shares bear to the aggregate number of class A and class C shares. This number is determined as follows:

- seven (7) directors if this percentage is at least 87.50 percent;
- six (6) directors if this percentage is at least 75 percent but not greater than 87.50 percent;
- five (5) directors if this percentage is at least 62.50 percent but not greater than 75 percent;
- four (4) directors if this percentage is at least 50 percent but not greater than 62.50 percent;
- four (4) directors chosen from a list of candidates proposed by the class C shareholders and three (3) directors from a list of candidates proposed by the class A shareholders if the percentage is equal to 50 percent;
- three (3) directors if this percentage is at least 37.50 percent but not greater than 50 percent;
- two (2) directors if this percentage is at least 25 percent but less than 37.50 percent; and
- one (1) director if this percentage is at least 12.50 percent but not greater than 25 percent.

If there are no longer either class A shares or class C shares, seven (7) non-independent directors shall be elected from a list of candidates presented by the holders of the other, remaining class of

shares (either class A or class C), to the extent that the shares of this latter class represent more than 30 percent of the capital of the Company.

As at the date of this Prospectus, all seven (7) non-independent directors are appointed by the Shareholders' Meeting upon proposal of Publi-T, as per the current shareholder structure.

***Diversity***

In accordance with the BCCA and the Articles of Association, the Board of Directors is composed of at least one-third members of the opposite sex.

In addition, in accordance with the Corporate Governance Code 2020 and the Law of September 3, 2017 on the publication of non-financial and diversity information by certain large companies and groups, the composition of the Board of Directors is based on gender diversity and diversity in general, as well as on the complementarity of skills, experience and knowledge.

When seeking and appointing new directors, particular attention is paid to diversity parameters in terms of age, gender and complementarity.

As at the date of this Prospectus, the Board of Directors is composed as follows:

| | | |
|---|---|---|
| **Men** | **35 – 54 years old** | **1 directors** |
| | ≥ 55 years old | 8 directors |
| Women | 35 – 54 years old | 3 directors |
| | ≥ 55 years old | 2 directors |

***Independence criteria***

In accordance with the Article 7:87 BCCA *juncto* the Corporate Governance Code 2020, an independent director is any non-executive director who meets the following criteria:

- Not be an executive, or exercising a function as a person entrusted with the daily management of the company or a related company or person, and not have been in such a position for the previous three years before their appointment. Alternatively, no longer enjoying stock options of the Company related to this position;
- Not have served for a total term of more than twelve years as a non-executive board member;
- Not be an employee of the senior management (as defined in Article 19,2° of the Law of September 20, 1948 regarding the organization of the business industry) of the Company or a related Company or person, and not have been in such a position for the previous three years before their appointment. Alternatively, no longer enjoying stock options of the company related to this position;
- Not be receiving, or having received during their mandate or for a period of three years prior to their appointment, any significant remuneration or any other significant advantage of a patrimonial nature from the company or a related company or person, apart from any fee they receive or have received as a non-executive board member;
- (i) Not hold shares, either directly or indirectly, either alone or in concert, representing globally one tenth or more of the Company's share capital or one tenth or more of the voting rights in the Company at the moment of appointment; and (ii) not having been nominated, in any circumstances, by a shareholder fulfilling the conditions covered under (i);
- Not maintain, nor have maintained in the past year before their appointment, a significant business relationship with the Company or a related company or person, either directly or as partner, shareholder, board member, member of the senior management (as defined in Article 19,2° of the Law of September 20, 1948 regarding the organization of the business industry) of a company or person who maintains such a relationship;
- Not be or have been within the last three years before their appointment, a partner or member of the audit team of the Company or person who is, or has been within the last three years before their appointment, the external auditor of the Company or a related company or person;

- Not be an executive of another company in which an executive of the Company is a non-executive board member, and not have other significant links with executive board members of the Company through involvement in other companies or bodies; and
- Not have, in the Company or a related company or person, a spouse, legal partner or close family member to the second degree, exercising a function as board member or executive or person entrusted with the daily management or employee of the senior management (as defined in Article 19,2° of the Law of September 20, 1948 regarding the organization of the business industry), or falling in one of the other cases referred to in the eight items above, and as far as the second item is concerned, up to three years after the date on which the relevant relative has terminated their last term.

***Functioning***

The members of the Board of Directors elect a Chairman and one or more Vice Chairmen, who will not have a casting vote.

A meeting of the Board of Directors can be validly held if at least half of the members are present or represented at the meeting. If a meeting is adjourned for lack of quorum, upon reconvening the meeting, the Board of Directors may validly deliberate and decide on matters on the agenda of the original meeting without satisfying the quorum requirements. Meetings of the Board of Directors are convened by the Chairman of the Board, at least once (1) per quarter. It must be convened whenever the Company's interests so require and whenever at least two directors so request.

Decisions of the Board of Directors are, to the extent possible, taken by consensus and, if no consensus can reasonably be reached, by a simple majority. If four (4) directors (including at least one (1) independent director) so request, decisions regarding certain significant issues, identified in Article 19.10 of the Articles of Association, must be suspended to a next meeting to be held on the first business day following the expiry of a ten 10-day waiting period. These decisions include:

1. approval/amendment of the general, financial and dividend policy of the Company, including the strategic orientations or options for the Company as well as the principles and problems of a general nature, in particular with regard to risk management and personnel management;
2. approval, follow-up and amendment of the Company's business plan and budgets;
3. entering into all commitments where the amount exceeds fifteen million euros (EUR 15,000,000), unless the amount and its main characteristics are expressly provided for in the annual budget;
4. decisions on the corporate structure of the Company and of the companies in which the Company holds a participation, including the issue of securities;
5. decisions on the incorporation of companies and on the acquisition or transfer of shares (irrespective of the manner in which these shares are acquired or transferred) in companies in which the Company directly or indirectly holds a participating interest, insofar as the financial impact of this incorporation, acquisition or transfer exceeds two million five hundred thousand euros (EUR 2,500,000);
6. decisions on strategic acquisitions or alliances, significant divestments or transfers of core activities or assets of the Company;
7. significant changes to accounting and tax policies;
8. significant changes in the activities;
9. decisions concerning the launch of or acquisition of participations in activities outside of the management of electricity networks;
10. strategic decisions to manage and/or acquire electricity networks outside of Belgium;
11. with regard to:
    (i) ETB and Elia Asset: monitoring their general policy as well as the decisions and matters referred to in items 4, 5, 6, 8, 9 and 10 above;

(ii) the key subsidiaries designated by the Board of Directors (other than ETB and Elia Asset): the approval and monitoring of their general policy as well as the decisions and matters referred to in items 1 to 10 above;

(iii) the subsidiaries other than the key subsidiaries the approval and monitoring of their general policy as well as the decisions and matters referred to in items 4, 5, 6, 8, 9 and 10 above.

***Current 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 | May 17, 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 | February 9, 2021 | 2026 | Member of the Nomination Committee and Member of the Remuneration Committee |
| Laurence de L'Escaille | Non-executive Independent Director | May 18, 2022 | 2025 | Member of the Nomination Committee |
| Luc De Temmerman | Non-executive Independent Director | May 20, 2014 | 2025 | Member of the Nomination Committee and Chairman of the Remuneration Committee |
| Frank Donck | Non-executive Independent Director | May 20, 2014 | 2027 | Member of the Nomination Committee and Member of the Audit Committee |
| Cécile Flandre | Non-executive Director appointed upon proposal of Publi-T | February 28, 2013 | 2023 | — |
| Claude Grégoire | Non-executive Director appointed upon proposal of Publi-T and Vice Chairman | May 10, 2011 | 2023 | Member of the Strategic Committee |
| Bernard Gustin | Non-executive Independent Director and Chairman | May 16, 2017 | 2023 | Member of the Strategic Committee |
| Roberte Kesteman | Non-executive Independent Director | October 27, 2017 | 2023 | Member of the Audit Committee and Member of the Remuneration Committee |

| Name | Position | Director since | Expiry of mandate[1] | Board committee membership |
|---|---|---|---|---|
| Dominique Offergeld | Non-executive Director appointed upon proposal of Publi-T | May 11, 2011 | 2023 | Member of the Audit Committee, Member of the Remuneration Committee and Chairwoman of the Strategic Committee |
| Rudy Provoost | Non-executive Director appointed upon proposal of Publi-T | May 16, 2017 | 2023 | Member of the Audit Committee and Member of the Strategic Committee |
| Pascale Van Damme | Non-executive Independent Director | May 18, 2022 | 2025 | Member of the Remuneration Committee |
| Geert Versnick | Non-executive Director appointed upon proposal of Publi-T and Vice Chairman | May 20, 2014 | 2026 | Chairman of the Nomination Committee, standing invitee of the Strategic Committee |
| Interfin SC/CV, represented by its permanent representative Thibaud Wyngaard | Non-executive Director appointed upon proposal of Publi-T | January 1, 2022 | 2026 | — |

(1) Mandates expire after annual general shareholders' meeting.

The Company's business address serves as the choice of residence of each of the Board members.

***General information on the directors***

In the five years preceding the date of this Prospectus, the directors have held the following directorships (apart from their directorships of the Company or its subsidiaries) and memberships of administrative, management or supervisory bodies and/or partnerships:

| Name | Principal outside interests as at the date of this Prospectus | Past outside interests |
|---|---|---|
| Michel Allé | Independent Chairman of the Board of Directors of Neuvasq Biotechnologies SRL/BV;<br>Chairman of the Board of Directors of Epics Therapeutics SA/NV; and<br>Director of D'Ieteren SA/NV (as permanent representative of GEMA SRL/BV), Société de Participation et de Gestion SA/NV (Holding D'Ieteren), Eurvest SA/NV (as permanent representative of GEMA SRL/BV), DreamJet Participations SA/NV, GEMA SRL/BV, and of Euro Asia EDU SRL/BV. | N/A |
| Pieter De Crem | | Secretary of State for Foreign Trade (2014-2020), and Minister of Home |

| Name | Principal outside interests as at the date of this Prospectus | Past outside interests |
|---|---|---|
| | Director of ED MERC SRL/BV, ZABRA SA/NV, BESIX SA/NV, and of VANHOUT SA/NV. | Affairs and Security (2018-2020). Special envoy of the Federal Government for the MYRRHA research project. |
| Laurence de l'Escaille | N/A | Partner at McKinsey and Company; and<br>Belgian Federal Governments' COVID-19 Commissariat (strategic planning for COVID-19 vaccine deployment). |
| Luc De Temmerman | Director of InDeBom Strategies SComm/CommV, ChemicaInvest Holding B.V., Everlam Holding SA/NV, and of De Krainer Bieënvrienden ASBL/VZW. | Executive Chairman of AOC Aliancys;<br>Director of AnQore Topco SRL/BV and Composite Resins Holding SRL/BV; and Member of the advisory board of Ship Repair Network Group SRL/BV |
| Frank Donck | Managing Director of 3D SA/NV and Managing Director or Director of affiliated companies to 3D SA/NV;<br>Chairman of the Board of Directors of Atenor SA/NV and Barco SA/NV;<br>Independent Director of Luxempart S.A.;<br>Director or Member of the Supervisory Board of KBC Group SA/NV, KBC Verzekeringen SA/NV, KBC Global Services SA/NV and Member of the Risk and Compliance Committee of KBC Group; and<br>Director of Associatie KU Leuven ASBL/VZW and Commissie Corporate Governance Private Stichting. | Chairman of the Supervisory Board of Tele Columbus AG;<br>Chairman of the Board of Directors of DragonFly Belgium SA/NV;<br>Vice-Chairman of the Board of Directors of Vlerick Business School; and<br>Director of Tele Columbus AG, Greenyard SA/NV, Plastiflex Group SA/NV, Telenet Group Holding SA/NV, and of Zenitel SA/NV |
| Cécile Flandre | Independent director of Fluxys Belgium SA/NV and of Belgian Finance Center ASBL/VZW. | Chairman of the Board of Directors of Ethias Patrimoine SA/NV and Ethias Sustainable Investment Fund SA/NV; and<br>Director of Liège Airport SA/NV, NEB Participations SA/NV. NEB Foncières SA/NV; and of NRB SA/NV. |
| Claude Grégoire | Vice-Chairman of the Board of Directors of Fluxys SA/NV, Fluxys Belgium SA/NV, and of Circuit de Spa Francorchamps SA/NV; and<br>Director of CPDH SA/NV, SA/NV (Constructions Electroniques + Télécommunications Power), C.E.+T Group SA/NV, C.E.+T Power CPDH | Managing Director of SOCOFE SA/NV;<br>Vice-Chairman of the Board of Directors of PUBLIGAZ SC/CV, Director of Publi-T SC/CV; and S.R.I.W. Environnement SA/NV, and (as permanent representative of SOCOFE SA/NV) of S.P.G.E. SA/NV |

| Name | Principal outside interests as at the date of this Prospectus | Past outside interests |
|---|---|---|
| | SA/NV, C.E.+T Energrid SA/NV, AIBC (Alpha Innovations SA/NV, Alpha Innovations Business Center), LLN Services SA/NV, JEMA SA/NV, SEREL Industrie SA/NV, and of (Mutualité) Solidaris Wallonie. | |
| Bernard Gustin | Managing Director and Executive Chairman of LINEAS SA/NV, and LINEAS Group SA/NV; and Director of Groupe Forrest International SA/NV, Africa on the Move ASBL/VZW, Hansea SA/NV, DreamJet SAS, T.C.R. International SA/NV, BSCA (Brussels South Charleroi Airport) SA/NV, BEL Air Cargo Ireland Ltd and of BEL Air Cargo Belgium SRL/BV. | CEO of Brussels Airlines SA/NV;<br>Director of European Sports Academy ASBL/VZW; Member of the Advisory Board of Médecins Sans Frontières ASBL/VZW and Member of the Presidents' Committee of Association of European Airlines ASBL/VZW. |
| Roberte Kesteman | Senior Advisor Benelux of First Sentier Investments Limited (as Permanent Representative of Symvouli SRL/BV); Director of Fluxys Belgium SA/NV; and Independent director of Aperam S.A. | Chairman of the Board of Directors of Henkel Pension Fund Belgium OFP |
| Dominique Offergeld | Chief Financial Officer of ORES SRL/BV;<br>Vice Chairwoman of the Board of Directors of Publi-T SC/CV; and<br>Director of Club L ASBL/VZW and of Contassur SA/NV. | N/A |
| Rudy Provoost | Member of the Supervisory Board and Member of the Strategic Committee of Randstad Holding NV (Amsterdam Stock Listed Company); and<br>Director of Yquity SRL/BV, Vlerick Business School Stichting van openbaar nut, Jensen Group SA/NV, and of Pollet Water Group SA/NV. | N/A |
| Pascale Van Damme | Vice President EMEA VMware and director of Dell SA/NV;<br>Chairwoman and director Digital Industries of Agoria ASBL/VZW; and<br>Director of URBSFA/KBVB ASBL/VZW, Amcham ASBL/VZW and of Living Tomorrow ASBL/VZW. | N/A |
| Geert Versnick | Chairman of the Board of Directors of Publi-T SC/CV and De Wilde Eend Private Stichting;<br>Managing Director of CLANCY SRL/BV; | Director of Farys SC/CV. |

| Name | Principal outside interests as at the date of this Prospectus | Past outside interests |
|---|---|---|
| | Executive Director of Flemco SRL/BV; and<br><br>Director of Fluxys Belgium SA/NV, INFOHOS SOLUTIONS SA/NV, XPERTHIS SA/NV, Adinfo Belgium SA/NV and CEVI SA/NV.. | |
| Interfin SC/CV, represented by its permanent representative Thibaud Wyngaard | First alderman of Uccle in charge of Public Works, Mobility, Parking and Sports;<br><br>Assistant in the Law Faculty of the University of Brussels (ULB);<br><br>Vice Chairman of the Board of Directors and the Directors Committee of Sibelga;<br><br>Chairman of the Audit Committee of Sibelga SC/CV;<br><br>Member of the Bureau of Interfin;<br><br>Vice Chairman of the Board of Directors of the Brussels Network operations (BNO) SC/CV;<br><br>Director of Interfin SC/CV, Publi-T SC/CV, Brutélé SA/NV; and<br><br>Member of the High Counsel of Sports (Conseil Supérieur des Sports). | Political secretary of the Ecolo group in the Parliament of the Brussels-Capital Region (2010-2018). |

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 Master in Romance philology from the University of Leuven (KUL), a Master in European and International 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.

**Luc De Temmerman** – Mr De Temmerman is the former CEO of Everlam SA/NV (2014-2016), Galata Chemicals LLC (2011-2012) and a former Senior Vice President (1997-2009) of Solutia, Inc. Born in 1954, he holds a Doctorate in Applied Sciences (PhD), a degree in Chemical Engineering (MS) from the University of Leuven (KUL) and a degree in Business Administration (CEPAC/MBA) from the University of Brussels (ULB).

**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 NV. He currently serves as chairman of Atenor SA/NV, and as independent director of Barco SA/NV, Elia Group SA/NV and Luxempart SA/NV. He also holds board mandates in several privately owned companies. Mr. Donck is vice-chairman of the Vlerick Business School. He is also a member of Belgium's Corporate Governance Commission.

**Cécile Flandre** – Ms Flandre is the former Chief Financial Officer of Ethias SA/NV (2017-2021). She previously served as a member of the Board of Directors of Ethias SA/NV and certain subsidiaries. Previously, she was the Chief Financial Officer of Belfius Insurance SA/NV (2012-2017), member of the Management Board and Board of Directors, and member of the Board (or Chairwoman) of certain subsidiaries. Born in 1971, Ms Flandre holds a Master degree in Actuarial Sciences from the University of Brussels (ULB) and a Master degree in Mathematics, specialization in Statistics, from the University of Brussels (ULB).

**Claude Grégoire** – Mr Grégoire is Vice-Chairman of the Board of Directors of Elia Group, Elia Transmission Belgium and Elia Asset, Fluxys, Fluxys Belgium and of the Circuit de Spa-Francorchamps. He served as Director of Publi-T SC/CV and still serves amongst others as Director of Circuit de Spa Francorchamps and Spa Grand Prix, CPDH, C.E.+T (Constructions Electroniques + Télécommunications Power), C.E.+T Group, C.E.+T Power CPDH, C.E. + T Energrid SA, Alpha Innovations, AIBC (Alpha Innovations Business Center), SEREL Industrie as well as Solidaris Wallonie. Mr. Claude Grégoire is the former Managing Director of SOCOFE (1990-2020). Born in 1954, Mr Grégoire holds a degree of electro-mechanical civil engineering.

**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 assumed in 2017. He serves as Managing Director and Executive Chairman of LINEAS SA, and LINEAS Group SA. 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 (Loyal College Maryland), and an MBA from Solvay Business School.

**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. She is Vice-Chairwoman of the Board of Directors of Publi-T SC/CV. Born in 1963, Ms Offergeld holds a Master in Economics from the University of Namur, a certificate of General Management from INSEAD and a Certificate of Corporate Governance from Guberna.

**Rudy Provoost** – Mr Provoost is the former CEO (2011-2016) and Chairman of the Board of Directors (2014-2016) of Rexel. Before joining Rexel, he was a member of the Management Board of Royal Philips (2000-2011) and successively CEO of Philips Consumer Electronics and CEO of Philips Lighting. He also held a variety of senior leadership positions and executive management positions at Whirlpool (1992-1999). Born in 1959, Mr Provoost holds a Master in Psychology from the University of Ghent, a Master in Management from Vlerick Business School and an Executive Master in Change from Insead.

**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, a former Vice-Governor of the Province of East Flanders, a former Member of the City Council of the city of Ghent and a former member of the Belgian federal Parliament. He is the Daily Manager of CLANCY 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.

**Interfin SC/CV, represented by its permanent representative Thibaud Wyngaard** – 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.

**Litigation statement concerning the directors**

At the date of this Prospectus, none of the directors of the Company has for at least the previous five years:

- been convicted in relation to fraudulent offences;
- held an executive function as a senior manager or a member of the administrative, management or supervisory bodies of any company at the time of or preceding any bankruptcy, receivership or liquidation;
- been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body); or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any company or from acting in the management or conduct of affairs of any company.

**Conflict of interest**

As a Belgian listed company, the Company is not aware of any potential conflicts of interest between any duties owed to the Company 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 – Composition*"). As a Belgian public company, the Company 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 Company.

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.

Each member of the Board of Directors and member of the Executive Management Board should, in particular, be attentive to conflicts of interests that may arise between the Company, its directors and members of the Executive Management Board, its significant or controlling shareholder(s) and other shareholders. The directors and the members of the Executive Management Board who are proposed by significant or controlling shareholder(s) should ensure that the interests and intentions of these shareholder(s) are sufficiently clear and communicated to the Board of Directors in a timely manner.

No conflicts of interest have arisen and the procedure from Article 7:96 BCCA has not been applied in the year 2021 and neither in the period as from January 1, 2022 until the date of this Prospectus. There are, on the date of this Prospectus, no potential conflicts of interests between any duties to the Company of the directors and members of the executive management and their private interests and/or other duties (see "*Information on the Offering – Lock-up and standstill arrangements*").

**Committees of the Board of Directors**

In order to carry out its tasks and responsibilities effectively, the Board of Directors is supported by four (4) advisory committees: the Remuneration Committee, the Audit Committee, the Nomination 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.

***Nomination Committee***

In accordance with the Articles of Association, the Nomination committee is composed of at least three (3) and maximum (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 Committee is responsible for providing advice and support to the Board of Directors regarding the appointment of the directors, the Chief Executive Officer and the members of the Executive Management Board. Currently, the Nomination Committee is composed of five (5) directors, of whom a majority are independent. This deviates from the Articles of Association, but is in line with the Corporate Governance Code 2020 (provision 4.19), which requires a majority of independent directors.

The Nomination Committee plans the orderly renewal of the directors. The Nomination Committee leads the process for the reappointment of retiring directors. The Nomination Committee ensures that sufficient and regular attention is paid to the renewal of executive officers. The Nomination Committee also ensures that adequate talent development programs and diversity programs are in place.

The current members of the Nomination Committee are:

- Geert Versnick, Chairman;
- Luc De Temmerman;
- Frank Donck;
- Laurence de l'Escaille; and
- Pieter De Crem.

Frank Donck, Luc De Temmerman and Laurence de l'Escaille are independent directors in the meaning of the Articles of Association and the BCCA.

***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 Company 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 Company's accounts and controlling the budget, 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 June 18, 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 financial reporting process;
- monitoring the effectiveness of the Company'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 Company;
- 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
- Rudy Provoost.

Michel Allé, Frank Donck and Robert Kesteman are independent directors in the meaning of the Articles of Association and the BCCA.

**Remuneration Committee**

The Remuneration Committee of the Company is composed of at least three (3) and maximum five (5) non-executive directors. A majority of its members shall be independent directors and at least one-third of its members shall be non-independent directors.

In particular, the Remuneration Committee is charged with the following tasks:

- formulating proposals to the Board of Directors on the remuneration policy of the directors, the other executives referred to in Article 3:6, § 3, last paragraph of the BCCA, and the members of the Executive Management Board and, if applicable, on the resulting proposals to be submitted by the Board of Directors to the shareholders' general meeting;
- making proposals to the Board of Directors on the individual remuneration of the directors, the other executives referred to in Article 3:6, § 3, last paragraph of the BCCA, and the members of the Executive Management Board, including the variable remuneration (including, for the other executives referred to in article 3:6, § 3, last paragraph of the BCCA and the members of the Executive Management Board, exceptional remuneration in the form of bonuses) and long-term performance bonuses, whether or not linked to shares, in the form of stock options or other financial instruments, and severance payments, and, if applicable, on the proposals arising therefrom which the Board of Directors must submit to the shareholders' general meeting;
- preparing the remuneration report which the Board of Directors attaches to the Corporate Governance Statement (that is submitted for consultative vote to the Ordinary General Meeting);
- commenting on the remuneration report at the Ordinary General Meeting.

The current members of the Remuneration Committee are:

- Luc De Temmerman, Chairman;
- Pieter De Crem;
- Roberte Kesteman;
- Dominique Offergeld; and
- Pascale Van Damme.

Luc De Temmerman, Roberte Kesteman and Pascale Van Damme are independent directors in the meaning of the Articles of Association and the BCCA.

***Strategic Committee***

The Extraordinary Shareholders' Meeting of the Company approved on May 15, 2018 the proposal to set up a strategic committee. The Strategic Committee of the Company is composed of at least three (3) and maximum five (5) non-executive directors. The Strategic Committee has an advisory role and makes recommendations to the Board of Directors in relation to the Company's strategy.

The Strategic Committee is responsible for providing advice and recommendations to the Board of Directors concerning the Company's business development activities and international investment policy in the broadest sense of the term, including the method of financing.

Without prejudice to the competences of the Audit Committee on the Company's and the Group's reporting of non-financial information in the annual report in application of Belgian and European legislation, the Strategic Committee may, in addition, formulate opinions on non-financial matters that could have an impact on the development of the Company's and the Group's business, performance and position in the context of the implementation of the strategic policy

The Strategic Committee examines the issues without prejudice to the role of the other advisory committees set up within the Board of Directors.

The current members of the Strategic Committee are:

- Dominique Offergeld, Chairman;
- Michel Allé;

- Claude Grégoire;
- Bernard Gustin; and
- Rudy Provoost.

Bernard Gustin and Michel Allé are independent directors in the meaning of the Articles of Association and the BCAC. Geert Versnick and Luc Hujoel are standing invitees of the Strategic Committee.

**Executive Management Board**

*Powers, composition, functioning and reporting of the Executive Management Board*

As mentioned above, the Company 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.

Article 7:121 BCCA stipulates that the Articles of Association may authorize the board of directors to delegate its daily management powers to an executive committee. This delegation cannot comprise the general policy of the Company or any of the decisions reserved by law to the board of directors. The board of directors must supervise the executive committee. The executive committee is comprised of several persons, who do not have to be directors. The conditions of appointment and dismissal, term of office and remuneration of the members of the executive committee and the functioning of the committee are provided for by the Articles of Association (or, absent provisions in the Articles of Association, by the board of directors). The Articles of Association may grant to one or more members, acting alone or jointly, of the executive committee the power to represent the Company.

The Executive Management Board of the Company consists of five (5) members, who are selected based on their competence, experience and independence to manage all technical, financial and human resources matters relating to the operation of the electricity network.

In accordance with Article 17.3 of the Articles of Association, 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 Company, all acts and decisions that do not exceed the needs of the daily management of the Company, 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, including:

- the day-to-day management of the Company, including all commercial, technical, financial, regulatory and personnel matters related to this day-to-day management of the Company, including, *inter alia*, all commitments (i) when the amount is less than or equal to 15 million euros (EUR 15,000,000); or (ii) when the amount as well as its main characteristics are explicitly provided for in the annual budget;
- the regular reporting to the Board of Directors on its operational activities in the Company in execution of the powers granted in accordance with Article 17.3 of the Articles of Association, with due observance of the legal restrictions regarding access to commercial and other confidential data relating to net users and the processing thereof and the preparation of the decisions of the Board of Directors, including in particular: (a) timely and accurate preparation of the annual accounts and other financial information of the Company in accordance with the applicable accounting standards and company policy, and the appropriate communication thereof; (b) preparation of the adequate publication of key non-financial information about the Company; (c) preparation of the financial information in the half-yearly statements that will be submitted to the Audit Committee for advice to the Board of Directors as part of its general task of monitoring the financial reporting process; (d) implementation of internal controls and risk management based on the framework approved by the Board of Directors, without prejudice to the follow-up of the implementation within this framework by the Board of Directors and the investigation conducted by the Audit Committee for this purpose; (e) submitting to the Board of Directors the financial situation of the Company; (f) making available the information

necessary for the Board of Directors to carry out its duties, in particular by preparing proposals on the policy issues set out in Article 17.2 of the Articles of Association (see the powers of the Board of Directors above);

- the regular reporting to the Board of Directors on its policy in the key subsidiaries designated by the Board of Directors and the annual reporting to the Board of Directors on its policy in the other subsidiaries and on the policy in the companies in which the Company directly or indirectly holds a participating interest;
- all decisions relating to proceedings (both before the Supreme Administrative Court and other administrative courts, as well as before the ordinary courts of law and arbitration tribunals) and in particular for taking decisions in the name and for the account of the Company to file, amend or withdraw an appeal and to engage one or more lawyers to represent the Company;
- all other powers delegated by the Board of Directors.

The Executive Management Board generally meets at least twice (2) a month. Executive Management Board Members who are unable to attend usually grant a proxy to another Executive Management Board Member. A written proxy, conveyed by any means (of which the authenticity of its source can be reasonably determined), can be given to another member of the Executive Management Board, in accordance with the internal rules of procedure of the Executive Management Board. However, no member may hold more than two proxies.

Each quarter, the Executive Management Board reports to the Board of Directors on the Company's financial situation (in particular on the balance between the budget and the results stated) and, at each meeting of the Board of Directors, on all day-to-day management responsibilities. The Executive Management Board also follows-up most important Group risks and their mitigation measures as well as the recommendations of the internal audit. Typically, the Executive Management Board endeavours to decide all matters by consensus. If no consensus can be reached, decisions are taken by simple majority.

***Current members of the Executive Management Board***

The current members of the Executive Management Board are listed in the table below.

| Name | Function |
|---|---|
| Chris Peeters | Chairman of the Executive Management Board; Chief Executive Officer; and TSO Head ETB |
| Catherine Vandenborre | Chief Financial Officer |
| Stefan Kapferer | TSO Head 50Hertz |
| Peter Michiels | Chief Human Resources, Internal Communication Officer and Chief Alignment Officer |
| Michael Freiherr Roeder von Diersburg | Chief Digital Officer |

***General information on the members of the Executive Management Board***

In the five years preceding the date of this Prospectus, the members of the Executive Management Board have held the following directorships (apart from their directorships of the Company or its subsidiaries) and memberships of administrative, management or supervisory bodies and/or partnerships:

| Name | Principal outside interests as at the date of this Prospectus | Past outside interests |
|---|---|---|
| Chris Peeters | Chairman of Roundtable for Europe Energy's Future. | N/A |
| Catherine Vandenborre | Director and Chairwoman of the Audit Committee of Proximus SA/NV; and Director of Fonds de pension Proximus OFP; SN Airholding SA/NV and of Canel SRL/BV. | N/A |

| Name | Principal outside interests as at the date of this Prospectus | Past outside interests |
|---|---|---|
| Peter Michiels | Director of Myskillcamp SA/NV; and Board member representing Pensioenfonds OFP Elgabel and of Contassur SA/NV. | N/A |
| Stefan Kapferer | N/A | N/A |
| Michael Freiherr Roeder von Diersburg | Member of the Board of Sensorberg GmbH; and Member of the Advisory Board of Elvah GmbH. | N/A |

The following paragraphs contain brief biographies of each of the members of the Executive Management Board.

**Chris Peeters** – Mr Peeters is the Chairman of the Executive Committee and Chief Executive Officer of Elia Group since July 2015. Before he was partner of McKinsey & Company from 1998 to 2012 and also co-founder of Altro Steel. He also held the position of director of the Business Consulting division of Schlumberger in Europe, Africa, Middle-East and Russia from 2012 to 2015. He holds a Master of Science in civil engineering from the Catholic University of Leuven (KUL).

**Catherine Vandenborre** – Ms Vandenborre is the Chief Financial Officer of Elia Group since September 2013. She has been working for the Company 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, and as director of SN Airholding 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 Program at Insead.

**Peter Michiels –** Mr Michiels is the Chief Human Resources, Internal Communication Officer and Chief Alignment Officer since January 2017. Mr Michiels is also member of the Executive Board of ETB and Elia Asset, director of Eurogrid International and member of the Supervisory Board of Eurogrid GmbH. Furthermore, he is director of Myskillcamp SA/NV, member of the remuneration committee of Synergrid ASBL/VZW and board member representing Pensioenfonds OFP Elgabel and of Contassur SA/NV. 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. 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. Born in 1965, Mr Kapferer holds a Master in Administrative Science.

**Michael Freiherr Roeder von Diersburg** – Mr Freiherr Roeder von Diersburg is member of the Executive Board of Elia Group, Member of the Supervisory Board of Re.alto-energy GmbH. Born in Stuttgart Mr Freiherr Roeder von Diersburg holds a Master in Technology Management und Organisation.

***Litigation statement concerning the members of the Executive Management BoardAt the date of this Prospectus, none of the members of the Executive Management Board of the Company, or, in the case of legal entities being members of the Executive Management Board, none of their permanent representatives, has, for the previous five years:***

- been convicted in relation to fraudulent offences;

- held an executive function as a senior manager or a member of the administrative, management or supervisory bodies of any company at the time of or preceding any bankruptcy, receivership or liquidation;
- been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body); or
- ever been disqualified by a court from acting as member of the administrative, management or supervisory bodies of any company or from acting in the management or conduct of affairs of any company.

**Corporate governance**

Corporate governance within the Company is based on three pillars: (i) the Corporate Governance Code 2020, which the Company has adopted as its benchmark code, (ii) the BCAC and (iii) the Company's Articles of Association.

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 Company approved the latest version of its corporate governance charter on March 2, 2021 (the "**Corporate Governance Charter**"). The Company'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 Company's particular situation. These deviations are the following:

- the members of the Board of Directors are appointed for a term of six years. This six-year term deviates from the term of four years recommended by the Corporate Governance Code 2020 (provision 5.6 Corporate Governance Code 2020), a fact justified by the technical, financial and legal specificities and complexities that apply within the Group and that require a certain level of experience achieved through continuity in the composition of the Board of Directors;
- in deviation from provision 7.9 Corporate Governance Code 2020 the members of the Board of Directors do not receive a share-based remuneration. This deviation is justified as (i) the Company's activities are by nature organized in such a way as to present a low risk profile and are focused on the long term and (ii) the shareholding structure is based on a reference shareholding that naturally pursues fixed long-term objectives and sustainability goals.

**Intention of the directors and the members of the Executive Management Board to participate in the Offering**

To the knowledge of the Company, Peter Michiels (currently holding 1,315 class B shares in the Company) and Luc De Temmerman (currently holding 300 class B shares in the Company) intend to participate in the Offering.

**Shares held by directors and executive officers**

As at the date of this Prospectus, the following non-executive members of the Board of Directors held the following number of shares in the Company;

| | |
|---|---|
| Michel Allé<br>*Non-executive Independent Director* | 200 |
| Luc De Temmerman<br>*Non-executive Independent Director* | 290 |

As at the date of this Prospectus, the members of the Executive Management Board held the following number of shares in the Company:

| | |
|---|---|
| Chris Peeters<br>*Chief Executive Officer and Chairman of the Executive Management Board* | 4,649 |
| Stefan Kapferer<br>*Chief Executive Officer 50Hertz* | 290 |
| Michael Freiherr von Roeder von Diersburg<br>*Chief Digital Officer* | 174 |
| Peter Michiels<br>*Chief Human Resources, Internal Communication Officer*<br>*Officer and Chief Alignment Officer* | 1,315 |
| Catherine Vandenborre<br>*Chief Financial Officer* | 1,421 |

No stock options were awarded at the Company for the members of the Executive Management Board in 2021. Members of the Executive Management Board may purchase shares via existing capital increases reserved for members of personnel or on the stock exchange.

**College of Statutory Auditors**

As provided in Article 23 of the Articles of Association, the Company is required to engage the services of at least two (2) joint auditors. Currently, the Company'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 Felix Fank.

They are responsible for the audit of the consolidated financial statements of the Company and of the statutory accounts of the Company. 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 December 31, 2022.

In 2021, the total remuneration for the audit of the consolidated financial statements of the Company and ETB and the audit of the statutory financial statements of the Company, ETB, Elia Asset, Elia Engineering, EGI, Eurogrid International and re.alto amounted to EUR 280,745.

In 2021, additional fees in the amount of EUR 106,577 were paid to the Belgian auditors for duties relating to the IFRS accounts, tax advice and other special tasks.

# RELATIONSHIP WITH SIGNIFICANT SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

**Share Ownership**

Based on the transparency notifications received, the major shareholders of the Company hold the following shares in the Company:

| Shareholders | Cat. shares | Shares | % Shares | % Voting rights |
|---|---|---|---|---|
| Publi-T ..... | B and C | 27,383,507 | 44.97(*) | 44.97(*) |
| Katoen Natie group ..... | B | 3,157,624(**) | 5.21(*) | 5.21(*) |

(*) These percentages are calculated using the number the denominator applicable at the time of the transparency notification.

(**) In a letter dated June 7, 2022, the Katoen Natie group informed the Company that it had acquired a further 3,682,113 of class B shares (without having to make a new transparency notification as it does not cross any applicable threshold). Together with the latest transparency notification that was previously made by the Katoen Natie group, this brings the total number of class B shares held by the Katoen Natie group to 6,839,737.

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 February 20, 2020, no person ultimately controls Publi-T.

Publi-T's shareholding currently gives it the right to propose candidates for half of the board members of the Company. Under the Company's Articles of Association and the Shareholders' Agreement, Publi-T's shareholding and board representation allows it to block certain board resolutions and all shareholders' resolutions. The Company is thus directly controlled by Publi-T. This constitutes a *de jure* and exclusive control within the meaning of the BCCA, even though in accordance with the Electricity Law half of directors currently qualify as independent directors. For more information, see section "*Management and governance – Shareholders' Agreement*".

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 May 11, 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 percent of the shares in Publipart.

According to a transparency notification dated March 30, 2011, Publi-T and Publipart are acting in concert within the meaning of Article 3 §1, 13° b) of the Belgian law of May 2, 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 Company.

On October 29, 2014, the Company received a transparency notification from the Katoen Natie group in accordance with the Transparency Law. According to this transparency notification, the participation of the Katoen Natie group in the Company's shares exceeded the threshold of 5 percent Katoen Natie Group SA is a Luxembourg limited liability company, having its registered office at Boulevard Joseph II 15, 1840 Luxembourg, Luxembourg (enterprise number B0110988).

On October 29, 2014, the Company further received a transparency notification from the Federale Participatie- en Investeringsmaatschappij SA/NV (the "**Federal Holding and Investment Company**") in accordance with the Transparency Law by virtue of the shares held by Belfius Insurance. According to this transparency notification, the participation of the Federal Holding and Investment Company in the Company's shares fell below the threshold of 5 percent. The Federal Holding and Investment Company is a public limited liability company which is fully owned by the Federal Government.

On January 9, 2017, the Company received a transparency notification from Publi-T in accordance with the Transparency Law. According to this transparency notification, the participation of Publi-T in

the Company's shares has decreased under the threshold of 45 percent of the Company's shares and reached 44.97 percent on December 22, 2016. The Federal Holding and Investment Company, which is acting in concert with Publi-T within the meaning of Article 3 §1, 13° b) of the Transparency Act, informed Elia on January 17, 2017 that its interest in the Company had slightly decreased to 2.02 percent on December 22, 2016. The change in ownership is a result of the capital increase reserved for the personnel as at the end of 2016.

Based on the transparency declarations received by the Company as at March 18, 2021 and a letter from Katoen Natie group dated June 7, 2022 the major shareholders of the Company hold the following shares in the Company. These figures may not accurately reflect the total number of shares held by such shareholder.

| Shareholders | Types of. Shares[3] | Shares | % Shares | % Voting rights |
|---|---|---|---|---|
| Publi-T | B and C | 30,806,445[1] | 44.82 | 44.8 |
| Publipart | A and B | 2,280,231[2] | 3.32 | 3.32 |
| Belfius Insurance | B | 714,357 | 1.04 | 1.04 |
| Katoen Natie group | B | 6,839,737[4] | 9.96 | 9.96 |
| Interfin. | B | 2,598,143 | 3.78 | 3.78 |
| Other Free float. | B | 25,489,142 | 37.08 | 37.08 |
| **Total Amount of the Shares** | **A, B and C** | **68,728,055** | **100** | **100** |

(1) Including 30,722,070 class C shares and 84,375 class B shares.
(2) Including 1,717,600 class A shares and 562,631 class B shares.
(3) The Company's share capital is represented by 68,728,055 shares. The shares are divided into three classes: 1,717,600 class A shares; 36,288,385 class B shares; and 30,722,070 class C shares.
(4) In a letter dated June 7, 2022, the Katoen Natie group informed the Company that it had acquired a further 3,682,113 of class B shares (without having to make a new transparency notification as it does not cross any applicable threshold). Together with the latest transparency notification that was previously made by the Katoen Natie group, this brings the total number of class B shares held by the Katoen Natie group to 6,839,737.

**Intention of the Existing Shareholders to participate in the Offering**

By letter dated June 14, 2022, Publi-T irrevocably and unconditionally committed to the Company to exercise all of the Preferential Rights to which it is entitled in the context of the Rights Offering and to subscribe for the resulting number of New Shares.

By letter dated June 2, 2022, Publipart has irrevocably and unconditionally committed to the Company to exercise all of the Preferential Rights to which it is entitled in the context of the Rights Offering and to subscribe for the resulting number of New Shares.

**General Shareholders' Meetings**

The General Shareholders' Meeting decides in accordance with the quorum and majority requirements provided for in the BCCA. In addition, and in accordance with Article 28 of the Articles of Association, the approval of any shareholders' resolution also requires the approval of holders of a majority of class A and/or class C as long as the holders of class A and/or class C shares own at least 25 percent of the total outstanding share capital of the Company (or 15 percent in the event of dilution following a capital increase).

**Governance structure**

The Shareholders' Agreement reflects the special corporate governance rules imposed on the Company. For more information, see section "*Management and Governance – Shareholders' Agreement*".

According to the Articles of Association, the Board of Directors consists of at least 10 directors and a maximum 14 directors.

The directors other than the independent directors are elected by the General Shareholders' Meeting from among candidates proposed by the holders of class A and class C shares to the extent that the holders of class A and class C shares alone or together represent more than

30 percent of the Company's capital. With respect to a number of important Board decisions (to be taken at the level of the Company or any of its subsidiaries), any four directors (including at least one independent director in case of decisions to be taken at the level of the Company or Elia Asset) may require that the matter be deferred for further discussion and decision at a new Board meeting, to be held the first Business Day after a 10-day "cool-off" period. Those decisions include: (i) the approval/amendment of the general, financial or dividend policy of the Company, (ii) the adoption or follow-up of, and changes to, the business plan and budget; (iii) entering into any commitment in excess of €15,000,000 unless the amount and its main characteristics are expressly provided for in the annual budget; (iv) decisions regarding the corporate or financial structure of the Company or any of its subsidiaries; (v) decisions on the incorporation of companies and on the acquisition or disposal of shares in companies in which the Company has a controlling interest, or directly or indirectly, holds a participation, insofar as the financial impact of this incorporation, acquisition or disposal exceeds €2,500,000; (vi) strategic acquisitions or alliances, transfers of important assets or termination of core activities; (vii) any change to accounting and tax policies; (viii) decisions on significant changes in the activities of the Company, (ix) decisions to undertake or resume participations in activities outside of the management of electricity networks, (x) strategic decisions to manage and/or acquire electricity networks outside of Belgium, (xi) decisions with regard to (a) ETB and Elia Asset: the follow-up of their general policy as well as the decisions and matters referred to in items (iv), (v), (vi), (viii), (ix) and (x) above, (b) the key subsidiaries designated by the Board of Directors (other than ETB and Elia Asset): the approval and the follow-up of their general policy as well as the decisions and matters referred to in items (i) to (x) above, (c) the subsidiaries other than the key subsidiaries the approval and the follow-up of their general policy as well as the decisions and matters referred to in items (iv), (v), (vi), (viii), (ix) and (x).

**Transactions with affiliates**

Article 7:97 BCCA which applies to the Company provides a special procedure to be followed when the Company's decisions or transactions, within the scope of the Board of Director's competence, concern relationships between the Company, on the one hand, and affiliated companies (other than subsidiaries, except where the controlling entity of the listed company also owns more than 25 percent in said subsidiary) of the Company, on the other hand.

Prior to a decision or transaction to which Article 7:97 BCCA applies, a committee of three independent members of the Board of Directors, assisted as the case may be by one or more independent experts, must give an assessment thereof, identifying advantages and disadvantages for the Company and its shareholders and its financial impact and determining whether or not the decision or transaction is manifestly detrimental in light of the Company's policies. The committee's assessment must be submitted in writing to the Board of Directors, which then makes a decision in light of the committee's recommendation. The Board of Directors may deviate from the committee's recommendation, but, if it does, it must justify the reasons for such a deviation. The committee's conclusions must be published, together with an excerpt of the minutes of the Board of Directors' conclusions, in the Company's annual report.

The Company has not applied this procedure in 2019, 2020 or 2021. The Company has also not applied this procedure in the period as from January 1, 2022 until the date of this Prospectus.

# DESCRIPTION OF SHARE CAPITAL AND ARTICLES OF ASSOCIATION

## General

The Company is a limited liability company ("*société anonyme*" / "*naamloze vennootschap*") and was established under the laws of Belgium by a deed enacted on December 20, 2001 for an indefinite period of time. The Company's registered office is located at 1000 Brussels, Keizerslaan 20 and it is registered in the Belgian Register of Legal Entities under the number 0476.388.378. The Company may be reached by telephone at the number +32 (0)2 546 70 11.

The Company also 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 November 21, 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.

Pursuant to the BCCA, the liability of the shareholders of a limited liability company is limited to the amount of their respective committed contribution to the capital of the Company.

This section summarizes the Company's corporate object, share capital and rights attached to certain shares and is based on the Articles of Association.

This section provides details of certain provisions of Belgian law and information on the Company's group structure. The description provided hereafter is only a summary and does not purport to provide a complete overview of the Articles of Association or the relevant provisions of Belgian law.

## Corporate object

The Company's corporate object, according to Article 3 of its Articles of Association, 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;
- to this effect, the Company may particularly take on the following tasks relating to the electricity network or the electricity networks referred to in the foregoing mentioned above:
  - 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 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 favor of Affiliated undertakings;
  - collecting revenues from congestion management;
  - granting and managing third-party access to the networks;
  - in the context of the foregoing tasks, endeavoring and taking care that market integration and energy efficiency are promoted according to the legislation applicable to the Company;

The Company can, under the conditions stipulated by law, involve one or more subsidiary undertakings under its supervision and control in the performance of certain activities as set out above;

The Company may, provided it complies with any conditions laid down in the applicable legislation, both in Belgium and abroad, carry out any transaction that is such as to promote the achievement of its object together with any public service task that might be imposed upon it by the legislator. The Company may not engage in any activity relative to the production or sale of electricity other than production in the Belgian supply area within the limits of its power requirements in relation to support services and sales that are necessary for its coordination activity as network administrator.

The Company 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 participate, in any manner, in all other undertakings which are likely to promote the creation 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 holding any membership rights, either direct or indirect, in any form whatsoever, in producers, DSOs, suppliers and intermediaries, each in respect of electricity and/or natural gas, or in companies affiliated with the said companies, except in the cases provided for by applicable legislation.

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

**Amount of capital, number and categories of shares**

All shares have identical voting, dividend and liquidation rights, except as otherwise provided by the Company’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.

On the date of this Prospectus, the Company’s share capital amounts to €1,714,205,819.64 represented by 68,728,055 ordinary shares without nominal value, each representing 1/68,728,055th of the Company’s share capital. The capital is fully paid up.

The shares are divided into three classes of shares, as follows:

- class A: 1,717,600 shares held by Publipart;
- class B: 36,288,385 shares held in free float (of which 84,375 held by Publi-T, 562,631 held by Publipart, 714,357 held by Belfius Insurance, 2,598,143 held by Interfin and 6,839,737 held by Katoen Natie group), based on the transparency declarations received by the Company in accordance with the Act of May 2, 2007 and the Royal Decree of February 14, 2008); and
- class C: 30,722,070 shares held by Publi-T.

The table below provides an overview of the history of the Company's share capital since January 1, 2016.

| | Date | Number of shares issued | Issue price per share (€) | Capital increase | Subscribed capital after transaction | Aggregate number of shares after capital increase |
|---|---|---|---|---|---|---|
| Capital increase 2016 | December 22, 2016 | 140,919 | 37.61 | 5,299,963.59 | 1,518,738,998.33 | 60,891,158 |
| Capital increase 2017 | March 23, 2017 | 9,861 | 39.66 | 391,087.26 | 1.518.984.950.05 | 60,901,019 |
| Capital increase 2018 | December 20, 2018 | 114,039 | 46.44 | 5,295,971.16 | 1,521,829,295.31 | 61,015,058 |
| Capital increase 2019 | March 22, 2019 | 9,776 | 50.56 | 494,274.56 | 1,522,073,126.98 | 61,024,834 |
| Capital increase 2019 | June 18, 2019 | 7,628,104 | 57 | 434,801,928.00 | 1,712,332,261.62 | 68,652,938 |
| Capital increase 2020 | December 22, 2020 | 67,757 | 73.74 | 4,996,401.18 | 1,714,022,247.52 | 68,720,695 |
| Capital increase 2021 | March 18, 2021 | 7,360 | 83.14 | 611,910.40 | 1,714,205,819.64 | 68,728,055 |
| **Total** | | | | | 1,714,205,819.64 | 68,728,055 |

## Capital increase

Pursuant to the BCCA, the Company may increase or decrease its share capital upon the approval of 75 percent of the votes cast at a General Shareholders' Meeting where at least 50 percent of the share capital is present or represented. In addition, pursuant to the Articles of Association, approval of any shareholders' resolution also requires the approval of holders of a majority of class A and/or class C as long as the holders of class A and/or class C shares own at least 25 percent of the total outstanding share capital of the Company (or 15 percent in the event of dilution following a capital increase).

Subject to the same quorum and majority requirements, the General Shareholders' Meeting can authorize the Board of Directors, within certain limits, to increase the Company's share capital without any further approval of the shareholders. This authorization needs to be limited in time (i.e. it can only be granted for a renewable period of maximum five years) and in scope (i.e. the authorized capital may not exceed the amount of the registered capital at the time of the authorization).

On May 17, 2022, the Extraordinary Shareholders' Meeting authorized the Board of Directors for a period up to July 31, 2023 to increase the Company's share capital in one or more transactions with a maximum amount of €600,000,000.

In addition, on May 17, 2022, the Extraordinary Shareholders' Meeting was invited to vote upon a double capital increase for a total amount of maximum EUR 6,000,000, composed of a first capital increase in 2022 with a maximum of EUR 5,000,000 and a second capital increase in 2023 with a maximum of EUR 1,000,000 by means of the issue of new class B shares, with cancellation of the preferential subscription right of the Existing Shareholders, in favour of the members of personnel of the Company and of its Belgian subsidiaries. However, since the specific presence quorum required by the BCCA in relation to this agenda item (in accordance with section 7:155 BCCA, the shareholders present or represented need to represent at least half of the share capital for each class of shares) was not met, a new Extraordinary Shareholders' Meeting will be convened on Tuesday June 21, 2022 at 9.30 a.m., which will be able to validly deliberate and resolve as soon as at least one shareholder of each class is present or represented.

In the case of a capital increase in cash with issue of new shares, or in the event of an issue of convertible bonds or subscription rights exercisable in cash, the Existing Shareholders in principle have a preferential right to subscribe to the new shares, convertible bonds or subscription rights, *pro rata* to the part of the share capital represented by the shares that they already hold. The General Shareholders' Meeting may, however, limit or disapply such preferential subscription rights subject to substantive and reporting requirements. Such decision must satisfy the same quorum and majority requirements as the decision to increase the Company's share capital. The shareholders can also decide to authorize the Board of Directors to limit or disapply the preferential subscription right for any capital increase or issue of convertible bonds or subscription rights when issuing securities within the framework of the authorized capital, subject to the terms and conditions set forth in the BCCA. Normally, the authorization of the Board of Directors to increase the share capital of the Company through contributions in cash with cancellation or limitation of the preferential right of the Existing Shareholders is suspended as of the notification to the Company by the FSMA of a public tender offer for the investment instruments of the Company.

**Shares' buy-back**

In accordance with the BCCA and the Articles of Association, the Company can only purchase and sell its own shares by virtue of a shareholders' resolution passed with: (i) a majority of at least 75 percent of the votes; (ii) a majority of votes of the class A and/or class C shares as long as the holders of class A and/or class C shares own at least 25 percent of the total outstanding share capital of the Company (or 15 percent in the event of dilution following a capital increase); and (iii) at a Shareholders' Meeting where at least 50 percent of the share capital and at least 50 percent of the profit certificates (if any) are present or represented. The prior approval by the shareholders is not required if the Company purchases the shares to offer them to the Company's personnel.

In accordance with the BCCA, an offer to purchase shares must be made to all shareholders under the same conditions per class. This does not apply to:

(i) the acquisition of shares by companies listed on a regulated market and companies whose shares are admitted to trading on a multilateral trading facility (an "**MTF**"), provided that the Company ensures equal treatment of shareholders finding themselves in the same circumstances by offering an equivalent price (which is assumed to be the case: (a) if the transaction is executed in the central order book of a regulated market or MTF; or (b) if it is not so executed in the central order book of a regulated market or MTF, in case the offered price is lower than or equal to the highest actual independent bid price in the central order book of a regulated market or (if not listed on a regulated market) of the MTF offering the highest liquidity in the share); or

(ii) the acquisition of shares that has been unanimously decided by the shareholders at a meeting where all shareholders were present or represented.

Shares can only be acquired with funds that would otherwise be available for distribution as a dividend to the shareholders pursuant to Article 7:212 BCCA (see "Dividends and Dividend Policy – Dividend policy").

The Special General Meeting of Shareholders of May 18, 2021 conferred the power to the Board of Directors to acquire the Company's own shares, without the total number of own shares held by the Company pursuant to this power exceeding 10 percent of the total number of shares, for a compensation that cannot be lower than 10 percent below the lowest closing price in the thirty days preceding the transaction and not higher than 10 percent above the highest closing price in the thirty days preceding the transaction.

This power is conferred for a period of five years as from June 4, 2021. It applies to the Board of Directors of the Company and, to the extent necessary, to any third party acting on behalf of the Company. It also applies to the direct and, to the extent necessary, indirect subsidiaries of the Company. This power does not affect the possibilities of the Board of Directors, in accordance with the applicable legal provisions, to acquire own shares if no power by virtue of the Articles of Association or power by the General Meeting is required for this purpose.

**General Shareholders' Meeting and voting rights**

***Annual Shareholders' Meeting***

The Annual Shareholders' Meeting is held on the third Tuesday of May at 10.00 a.m. (Brussels time), or, if that day is a public holiday, on the next business day. At the Annual Shareholders' Meeting, the Board of Directors submits the audited statutory financial statements under Belgian GAAP, the audited consolidated financial statements under IFRS and the reports of the Board of Directors and of the statutory auditors with respect thereto to the shareholders. The Annual Shareholders' Meeting then decides on the approval of the statutory financial statements under Belgian GAAP, the proposed allocation of the Company's profit or loss, the discharge of liability of the directors and the statutory auditors, and, as the case may be, the (re)appointment or dismissal of the statutory auditors and/or of all or certain directors.

***Special and Extraordinary Shareholders' Meetings***

A Special or Extraordinary Shareholders' Meeting may be convened by the Board of Directors or the auditors whenever the Company's interests so require and must be convened at the request of

one or more shareholders representing at least one-tenth of the Company's share capital (see Article 24.2 of the Articles of Association).

***Authority of the Shareholders' Meeting***

Generally, the Shareholders' Meeting has sole authority with respect to:

- the approval of the statutory financial statements of the Company (statutory financial statements under Belgian GAAP);
- the appointment and dismissal of directors and the statutory auditors of the Company;
- the granting of discharge of liability to the directors and the statutory auditors;
- the determination of the remuneration of the directors and of the statutory auditors for the exercise of their mandate;
- the distribution of profits;
- the filing of a claim for liability against directors;
- the decisions relating to the dissolution, merger and certain other reorganizations of the Company; and
- the approval of amendments to the Articles of Association.

***Notices convening the General Shareholders' Meeting***

Holders of registered Shares must receive written notice of the Shareholders' Meeting by regular mail (or by email if they agreed to receive the communication of the Company per email) at least 30 days prior to the meeting. The Company must also publish at least 30 days prior to the meeting a notice of the meeting in the Belgian State Gazette ("*Belgisch Staatsblad*" / "*Moniteur belge*"), in a newspaper with national distribution (except for those annual Shareholders' Meetings which take place at the location, place, day and hour indicated in the Articles of Association and whose agenda is limited to the approval of the annual accounts, the annual reports of the Board of Directors and the statutory auditors, discharge to be granted to the directors and statutory auditor, the remuneration report and termination provisions), in media that can be reasonably considered having effective distribution with the public in the EEA and that is swiftly accessible, and in a non-discriminatory manner, and on the Company's website. If a new convocation is required for lack of quorum and the date of the second meeting was mentioned in the first notice, then, in the absence of new agenda items, notices must be published at least 17 days prior to that second meeting.

As from the publication of the notice, the Company shall make the information required by law available on the Company's website (www.eliagroup.eu) for a period of five years after the relevant Shareholders' Meeting.

***Formalities to attend the General Shareholders' Meeting***

A shareholder wishing to attend and participate in the Shareholders' Meeting must:

- have the ownership of its Shares recorded in its name, as at midnight Central European Time, on the 14th calendar day preceding the date of the meeting (the "registration date") either through registration in the shareholders' register in the case of registered Shares or through book-entry in the accounts of an authorized account holder or central securities depository in the case of dematerialized Shares; and
- (i) in case of registered shares, notify the Company (or the person designated by the Company) of its intention to participate in the meeting by ordinary letter, fax or e-mail (in which case the form can be signed by means of an electronic signature in accordance with applicable Belgian law), at the latest on the sixth calendar day prior to the day of the meeting, or (ii) in case of dematerialized Shares, deposit, at the latest on the sixth day prior to the general meeting, to the Company (or the person designated by the Company), or arrange for the Company (or the person designated by the Company) to be provided, with a certificate issued by their financial intermediary, recognized account holder or central securities depository certifying the number of dematerialized Shares owned on the registration date by the relevant shareholder and for which it has notified its intention to participate in the meeting.

Holders of any profit-sharing certificates, non-voting shares, bonds, subscription rights or other securities issued by the Company, as well as holders of certificates issued with the co-operation of the Company and representing securities issued by the latter, may participate in the Shareholders' Meeting insofar as the law or the Articles of Association entitles them to do so and, as the case may be, gives them the right to participate in voting. If they propose to participate, such holders are subject to the same formalities concerning admission and access, and forms and filing of proxies, as those imposed on shareholders.

***Voting by proxy***

Each shareholder may be represented at a Shareholders' Meeting by a special proxy holder, who need not to be a shareholder. The appointment of a proxy shall be made in writing or by means of an electronic form and must be signed by the shareholder, as the case may be, with an electronic signature which complies with the relevant legal provisions. The notification of the proxy to the Company must be in writing. This notification may also be made electronically, in accordance with the instructions set out in the notice of meeting. The Company must receive the proxy no later than the sixth calendar day prior to the general meeting.

***Voting by letter***

The notice convening the meeting may allow shareholders to vote by letter in relation to the Shareholders' Meeting, by using a form made available by the company. The dated and signed form must be received by the Company at the latest on the sixth calendar day prior to the meeting.

The Company shall specify the practical terms of such vote by letter in the convening notice.

Shareholders voting by letter must, in order for their vote to be taken into account for the calculation of the quorum and voting majority, comply with the admission formalities.

***Right to request items to be added to the agenda and to ask questions at the Shareholders' Meeting***

One or more shareholders that together hold at least 3 percent of the Company's share capital may request for items to be added to the agenda of any convened meeting and submit proposals for resolutions with regard to existing agenda items or new items to be added to the agenda, provided that (i) they prove ownership of such shareholding as at the date of their request and record their shares representing such shareholding on the registration date; and (ii) the Company receives the written request to add items on the agenda and/or to propose resolutions at the latest on the twenty second day preceding the date of the relevant Shareholders' Meeting.

If necessary, the Company shall publish a revised agenda of the Shareholders' Meeting, at the latest on the fifteenth day preceding the Shareholders' Meeting. The right to request that items be added to the agenda or that proposed resolutions in relation to existing agenda items be submitted does not apply in case of a second Shareholders' Meeting that must be convened because the quorum was not obtained during the first Shareholders' Meeting.

Within the limits of Article 7:139 BCCA, the directors and the statutory auditors answer, during the Shareholders' Meeting, the questions raised by shareholders. Shareholders can ask questions either during the meeting or prior to the meeting (in writing or electronic form), provided that the Company receives the written question at the latest on the sixth day preceding the Shareholders' Meeting.

***Voting rights – quorum and majorities***

Each share is entitled to one vote. Voting rights may, however, be suspended in relation to shares, in the following events, without limitation and without this list being exhaustive:

- which are not fully paid up, notwithstanding the request thereto by the Board of Directors of the Company;
- to which more than one person is entitled, except in the event that a single representative is appointed for the exercise of the voting right;
- which entitle their holder to voting rights above the threshold of 5 percent, or any multiple of 5 percent of the total number of voting rights attached to the outstanding financial instruments of the Company on the date of the relevant General Shareholders' Meeting, except in case the relevant shareholder has notified the Company and the FSMA at least

20 days prior to the date of the General Shareholders' Meeting (see "Notification of significant shareholdings") of its shareholding reaching or exceeding the thresholds above; and

- of which the voting right was suspended by a competent court or the FSMA.

The Company's Shareholders make decisions at the General Shareholders' Meeting in accordance with the quorum and majority requirements contained in the BCCA. In general, there is no quorum requirement for a Shareholders' Meeting and decisions are generally passed with a simple majority of the votes of the shares present and represented. Capital increases (unless decided by the Board of Directors within the framework of the authorized capital), decisions with respect to the Company's dissolution, mergers, demergers and certain other reorganizations of the Company, amendments to the Articles of Association (other than an amendment of the corporate purpose), buy-back of shares and certain other matters referred to in the BCCA not only require the presence or representation of at least 50 percent of the share capital of the Company but also the approval of at least 75 percent of the votes cast. An amendment of the Company's corporate purpose requires the approval of at least 80 percent of the votes cast at a Shareholders' Meeting, which in principle can only validly pass such resolution if at least 50 percent of the share capital of the Company and at least 50 percent of the profit certificates, if any, are present or represented. In the event that the required attendance quorum is not present or represented at the first meeting, a second meeting needs to be convened through a new notice. The second Shareholders' Meeting can validly deliberate and resolve as soon as the capital is represented.

Additionally, so long as the holders of class A and/or class C shares own at least 25 percent of the total number of shares (or at least 15 percent in the event of dilution following a capital increase), approval of any shareholders' resolution also requires the approval by simple majority of the present or represented holders of such classes, in accordance with Article 28 of the Articles of Association.

***Distribution of profits***

All shares participate in the same manner in the Company's profits (if any).

In general, the Company may pay dividends only upon the approval of the Company's Shareholders at the General Shareholders' Meeting, although the Board of Directors may declare interim dividends without such shareholder approval. The right to pay such interim dividends is, however, subject to certain legal restrictions.

Dividends can only be distributed if, following the declaration and payment of the dividends, the amount of the Company's net assets on the date of the closing of the last financial year as follows from the statutory financial statements prepared in accordance with Belgian GAAP (i.e. the amount of the assets as shown in the balance sheet, decreased with provisions and liabilities), decreased with the non-amortized activated costs of incorporation and extension and the non-amortized activated costs for research and development (if any), does not fall below the amount of the paid-up share capital (or, if higher, the called for share capital), increased with the amount of non-distributable reserves as of that date. In addition, pursuant to the BCCA and the Articles of Association, the Company must allocate at least 5 percent of its annual net profits under its statutory non-consolidated accounts to a legal reserve until the reserve equals 10 percent of the Company's share capital. With regard to distributable profits over and above the required allocation to the legal reserve, Article 33.1 of the Articles of Association provides that in principle 85 percent of the distributable profits must be allocated for the payment of dividends, unless the shareholders decide otherwise at the General Shareholders' Meeting (it being understood that the holders of class A shares and class C shares must concur in such decision). In recent years, the shareholders have decided to declare a dividend representing less than 85 percent of the yearly profits available for distribution.

In accordance with Belgian law, the right to collect dividends declared on ordinary shares expires five years after the date the Board of Directors has declared the dividend payable, whereupon the Company is no longer under an obligation to pay such dividends.

For more information, see section "Dividends and Dividend Policy".

***Liquidation***

The Company can only be dissolved by a shareholders' resolution passed: (i) with a majority of at least 75 percent of the votes; (ii) with a majority of votes of the class A and/or class C shares as

long as the holders of class A and/or class C shares own at least 25 percent of the total outstanding share capital of the Company (or 15 percent in the event of dilution following a capital increase); and (iii) at an Extraordinary Shareholders' Meeting where at least 50 percent of the share capital is present or represented.

If, as a result of losses incurred, the ratio of the Company's net assets (determined in accordance with Belgian GAAP) to share capital is less than 50 percent, the Board of Directors must convene a General Shareholders' Meeting within two months from the date the Board of Directors discovered or should have discovered this undercapitalization. At such General Shareholders' Meeting, the Board of Directors must propose either the dissolution of the Company, or the continuation of the Company, in which case, the Board of Directors must propose measures to redress the Company's financial situation. Shareholders representing at least 75 percent of the votes validly cast at this meeting can decide to dissolve the Company, provided that at least 50 percent of the Company's share capital is present or represented at the meeting.

If, as a result of losses incurred, the ratio of the Company's net assets to share capital is less than 25 percent, the same procedure must be followed, it being understood, however, that in such event shareholders representing 25 percent of the votes validly cast at the meeting can decide to dissolve the Company. If the amount of the Company's net assets has fallen below €61,500 (the minimum amount of share capital of a Belgian public limited liability company), any interested party is entitled to request the competent court to dissolve the Company. The court may order the dissolution of the Company or grant a grace period within which the Company is allowed to remedy the situation.

In case of dissolution of the Company for whatever reason, the General Shareholders' Meeting shall appoint and dismiss the liquidator(s), determine their powers and the manner of liquidation. The General Shareholders' Meeting shall fix the remuneration of the liquidator(s), if any.

The liquidators can only take up their function after confirmation of their appointment by the General Shareholders' Meeting by the Enterprise Court pursuant to Article 2:84 BCCA.

After settlement of all debts, charges and expenses relating to the liquidation, the net assets shall be equally distributed among all the shares, after deduction of that portion of such shares that are not fully paid, if any.

***Form of shares***

As described in section "*Information on the Offering – Form*", the New Shares will be delivered in registered or dematerialized (book-entry) form, depending on their preference, except for the Existing Shareholders holding registered shares, who will receive New Shares in registered form.

The Shares of the Company may be in registered or dematerialized form.

A dematerialized Share is represented by an entry in the name of the owner or holder with an approved account holder or a central securities depository. A Share entered on the account will be transferred by transfer from account to account. The number of dematerialized Shares in circulation at any given time will be registered in the related register of Shares in the name of the central securities depository.

The BCCA and the Articles of Association entitle shareholders to request, in writing and at their expense, the conversion of their dematerialized shares in registered shares. Moreover, holders of class B shares can also request the conversion of their registered shares in dematerialized shares.

If a holder of class A shares or of class C shares requests the conversion of its registered class A or class C shares into dematerialized shares with a view to selling such shares on the stock exchange, such conversion is subject to the pre-emption right (see "Transfer Restrictions") to the benefit of the holders of the other class of shares (class C respectively class A) at market price, defined as the average of the 20 most recent closing prices on the stock exchange preceding the date of the request for conversion into dematerialized shares.

***Transfer of shares***

The class B shares are freely transferable.

Each holder of class A shares or class C shares may freely transfer part or all of its class A or class C shares: (i) to an affiliated or associated person as defined in Articles 1:20 and 1:21 BCCA, who agrees to be bound by the terms of and by the transferor's obligations under the Shareholders'

Agreement for as long as the Shareholders' Agreement remains in effect; and (ii) to the persons indicated in the Shareholders' Agreement, subject to the terms set forward in the Shareholders' Agreement being fulfilled, including the pre-emption right of the other shareholders.

Pledges, options or similar rights may be granted on the class A and class C shares if the beneficiary of the pledge, option or other right commits in writing in advance to complying with or to procuring compliance with the pre-emption right should such right be performed or exercised.

***Transfer restrictions***

Other than in the cases of the transfers discussed above, the Articles of Association provide for reciprocal pre-emption rights that apply with respect to transfers of class A and class C shares. In case of such intended transfer, the transferor must notify the holder(s) of the other class of shares (class C respectively class A) (the "**Beneficiary**") and the Company's Board of Directors of the intended transfer and the terms and conditions under which such transfer is to take place. Each Beneficiary then has a 60-day period (the "**Offer Period**") to exercise its pre-emption right upon the same terms and conditions as the proposed transfer. The notification constitutes an offer to the Beneficiaries, which is irrevocable during the Offer Period. Each Beneficiary can exercise the pre-emption right in respect of a maximum number of shares equal to the total number of offered shares, multiplied by the number of shares of the beneficiary class held by the Beneficiary and divided by the total number of shares of the beneficiary class. If a Beneficiary fails to exercise (part of) its pre-emption rights, the other Beneficiaries may, in a manner agreed by them or, if no agreement can be reached, proportionally, acquire the shares offered in respect of which the pre-emption rights were not exercised. The pre-emption right can only be exercised by the Beneficiaries in respect of all, and not a part, of the shares offered. If the pre-emption right is not exercised within the Offer Period, the transferor must transfer the shares offered to the candidate-transferee within a period of one month following the Offer Period.

No transfer of shares shall be enforceable against the Company or the shareholders if such transfer has not been executed in accordance with the applicable restrictions.

Details on the lock-up undertaking of Publi-T and the standstill commitment of the Company can be found in section "*Information on the Offering – Lock-up and standstill arrangements*".

***Change of the class of shares as a result of a share transfer***

Upon transfer to a holder of class A shares or to a person affiliated or associated to a holder of class A shares of, or persons acting in concert with, a holder of class A shares, class C shares automatically convert into class A shares and, similarly, upon transfer to a holder of class C shares or to a person affiliated or associated to a holder of class A shares of, or persons acting in concert with, a holder of class C shares, class A shares automatically convert into class C shares. Class A shares or class C shares sold on Euronext or any other regulated market within the European Union in accordance with the provisions outlined below will automatically convert into class B shares when they are converted into dematerialized shares.

Class B shares remain class B shares, regardless of the transfer between holders of different classes of shares.

**Notification of significant shareholdings**

Pursuant to the Transparency Law, a notification to the Company, to the FSMA, as well as to any other regulatory authority where the law so prescribes, is required by all natural persons and legal entities on the occurrence of, among other things, any one of the following triggering events, subject to limited exceptions:

- an acquisition or disposal of voting securities, voting rights or financial instruments that are treated as voting securities;
- the reaching of a threshold by persons or legal entities acting in concert;
- the conclusion, modification or termination of an agreement to act in concert;
- the downward reaching of the lowest threshold;
- the passive reaching of a threshold;

- the holding of voting securities in the Company upon first admission of them to trading on a regulated market;
- where a previous notification concerning financial instruments treated as equivalent to voting securities is updated;
- the acquisition or disposal of the control of an entity that holds the voting securities in the Company; and
- where the Company introduces additional notification thresholds in the Articles of Association,

in each case where the percentage of voting rights attached to the securities held by such persons reaches, exceeds or falls below the legal threshold, set at 5 percent of the total voting rights, and 10 percent, 15 percent, 20 percent and so on in increments of 5 percent or, as the case may be, the additional thresholds provided in the Articles of Association.

The notification must be made as soon as possible and at the latest within four trading days following the occurrence of the triggering event. Where the Company receives a notification of information regarding the reaching of a threshold, it has to publish such information within three trading days following receipt of the notification.

No shareholder may cast a greater number of votes at a Shareholders' Meeting than those attached to the rights or securities it has notified in accordance with the Transparency Law at least 20 days before the date of the Shareholders' Meeting, subject to certain exceptions.

**Public Takeover Bids**

Public takeover bids for shares and other securities giving access to voting rights (such as subscription rights or convertible bonds, if any) are subject to supervision by the FSMA. Public takeover bids must be extended to all of the voting securities, as well as all other securities giving access to voting rights. Prior to making a bid, a bidder must publish a prospectus which has been approved by the FSMA prior to publication.

Belgium has implemented the Thirteenth Company Law Directive (European Directive 2004/25/EC of April 21, 2004) in the Belgian Law of April 1, 2007 on public takeover bids (the "**Takeover Law**") and the Belgian Royal Decree of April 27, 2007 on public takeover bids (the "**Takeover Royal Decree**"). The Takeover Law provides that a mandatory bid must be launched if a person, as a result of its own acquisition or the acquisition by persons acting in concert with it or by persons acting for their account, directly or indirectly, holds more than 30 percent of the voting securities in a company having its registered office in Belgium and of which at least part of the voting securities is traded on a regulated market or on a MTFdesignated by the Takeover Royal Decree. The mere fact of exceeding the relevant threshold through the acquisition of shares will give rise to a mandatory bid, irrespective of whether the price paid in the relevant transaction exceeds the current market price. The duty to launch a mandatory bid does not apply in certain cases set out in the Takeover Royal Decree such as (i) in case of an acquisition if it can be shown that a third-party exercises control over the company or that such party holds a larger stake than the person holding 30 percent of the voting securities or (ii) in case of a capital increase with preferential subscription rights decided by the Shareholders' Meeting.

There are several provisions of Belgian company law and certain other provisions of Belgian law, such as the obligation to disclose significant shareholdings (see "Notification of significant shareholdings" above) and merger control, that may apply towards the Company and which may create hurdles to an unsolicited tender offer, merger, change in management or other change in control. These provisions could discourage potential takeover attempts that other shareholders may consider to be in their best interest and could adversely affect the market price of the Shares. These provisions may also have the effect of depriving the shareholders of the opportunity to sell their Shares at a premium. In addition, pursuant to Belgian company law, the board of directors of Belgian companies may in certain circumstances, and subject to prior authorization by the shareholders, deter or frustrate public takeover bids through dilutive issuances of equity securities (pursuant to the "authorized capital") or through share buy-backs (i.e., purchase of own shares).

On May 17, 2022, the Extraordinary Shareholders' Meeting authorized the Board of Directors for a period up to July 31, 2023 to increase the Company's share capital in one or more transactions

with a maximum amount of €600.000.000. The Board of Directors may however not use this authorization to deter or frustrate a public takeover bid.

The Special General Meeting of Shareholders of May 18, 2021 conferred the power to the Board of Directors to acquire the Company's own shares, without the total number of own shares held by the Company pursuant to this power exceeding 10 percent of the total number of shares, for a compensation that cannot be lower than 10 percent below the lowest closing price in the thirty days preceding the transaction and not higher than 10 percent above the highest closing price in the thirty days preceding the transaction.

This power is conferred for a period of five years as from June 4, 2021. It applies to the Board of Directors of the Company and, to the extent necessary, to any third party acting on behalf of the Company. It also applies to the direct and, to the extent necessary, indirect subsidiaries of the Company. This power does not affect the possibilities of the Board of Directors, in accordance with the applicable legal provisions, to acquire own shares if no power by virtue of the Articles of Association or power by the General Meeting is required for this purpose.

**Squeeze-out**

Pursuant to Article 7:82 BCCA or the regulations promulgated thereunder, a person or legal entity, or different persons or legal entities acting alone or in concert, who own together with the company 95 percent or more of the securities with voting rights in a public company are entitled to acquire the totality of the securities with voting rights in that company following a squeeze-out offer. The securities that are not voluntarily tendered in response to such an offer are deemed to be automatically transferred to the bidder at the end of the procedure. At the end of the squeeze-out procedure, the company is no longer deemed a public company. The consideration for the securities must be in cash and must represent the fair value (verified by an independent expert) so as to safeguard the interests of the transferring shareholders.

A squeeze-out offer is also possible upon completion of a public takeover bid, provided that the bidder holds at least 95 percent of the voting capital and 95 percent of the voting securities of the public company. In such a case, the bidder may require that all remaining shareholders sell their securities to the bidder at the offer price of the takeover bid, provided that, in case of a voluntary takeover offer, the bidder has also acquired 90 percent of the voting capital to which the offer relates. The shares that are not voluntarily tendered in response to any such offer are deemed to be automatically transferred to the bidder at the end of the procedure.

**Sell-out right**

Within three months following the expiration of an acceptance period related to a public takeover bid, holders of voting securities or of securities giving access to voting rights may require the offeror, acting alone or in concert, who own at least 95 percent of the voting capital and 95 percent of the voting securities in a public company following a takeover bid, to buy their securities from them at the price of the bid, on the condition that, in case of a voluntary takeover offer, the offeror has acquired, through the acceptance of the bid, securities representing at least 90 percent of the voting capital subject to the takeover bid.

**Market Abuse Rules**

The regulatory framework on market abuse is set out in the Market Abuse Regulation which is directly applicable in Belgium.

***Insider dealing and market manipulation prohibitions***

Pursuant to Article 14 of the Market Abuse Regulation, no natural or legal person is permitted to: (a) engage or attempt to engage in insider dealing in financial instruments listed on a regulated market or for which a listing has been requested, such as the New Shares, (b) recommend that another person engages in insider dealing or induce another person to engage in insider dealing or (c) unlawfully disclose inside information relating to the shares or the Company. Furthermore, no person may engage in or attempt to engage in market manipulation.

***Public disclosure of inside information***

Pursuant to Article 17 of the Market Abuse Regulation, the Company is required to inform the public as soon as possible and in a manner that enables timely access to and complete, correct and timely assessment of, inside information which directly concerns the Company. Pursuant to Article 7 of the Market Abuse Regulation, inside information is information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more issuers or to one or more financial instruments and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments. An intermediate step in a protracted process can also be deemed to be inside information. The Company is required to post and maintain on its website all inside information for a period of at least five (5) years. Under certain circumstances, the disclosure of inside information may be delayed, which needs to be notified to the FSMA after the disclosure has been made. Upon request of the FSMA, a written explanation needs to be provided setting out why a delay of the publication was considered permitted.

***Insiders Lists***

The Company and any person acting on its behalf or on its account is obliged to draw up an insiders' list of officers, employees and other persons working for the Company with access to inside information relating to the Company, to promptly update the insider list and provide the insider list to the FSMA upon its request pursuant to Article 18 of the Market Abuse Regulation. The Company and any person acting on its behalf or on its account is obliged to take all reasonable steps to ensure that any person on the insider list acknowledges in writing the legal and regulatory duties entailed and is aware of the sanctions applicable to insider dealing and unlawful disclosure of inside information.

***Managers' transactions***

Persons discharging managerial responsibilities must notify the FSMA and the Company of any transactions conducted for his or her own account relating to shares or any debt instruments of the Company or to derivatives or other financial instruments linked thereto pursuant to Article 19 of the Market Abuse Regulation. Persons discharging managerial responsibilities within the meaning of the Market Abuse Regulation include: (a) members of the Board of Directors; or (b) members of the senior management who have regular access to inside information relating directly or indirectly to that entity and the authority to take managerial decisions affecting the future developments and business prospects of the Company.

In addition, pursuant to the Market Abuse Regulation and the regulations promulgated thereunder, certain persons who are closely associated with persons discharging managerial responsibilities, are also required to notify the FSMA and the Company of any transactions conducted for their own account relating to shares or any debt instruments of the Company or to derivatives or other financial instruments linked thereto. The Market Abuse Regulation and the regulations promulgated thereunder cover, *inter alia*, the following categories of persons: (i) the spouse or any partner considered by national law as equivalent to the spouse, (ii) dependent children, (iii) other relatives who have shared the same household for at least one year at the relevant transaction date; and (iv) any legal person, trust or partnership, the managerial responsibilities of which are discharged by a person discharging managerial responsibilities or by a person referred to under (i), (ii) or (iii) above, which is directly or indirectly controlled by such a person, which is set up for the benefit of such a person or the economic interest of which are substantially equivalent to those of such a person.

These notification obligations under the Market Abuse Regulation apply when the total amount of the transactions conducted by a person discharging managerial responsibilities or a person closely associated to a person discharging managerial responsibilities reaches or exceeds the threshold of €5,000 within a calendar year (calculated without netting). The first transaction reaching or exceeding the threshold must be notified as set forth above. The notifications pursuant to the Market Abuse Regulation described above must be made to the FSMA and the Company no later than the third business day following the relevant transaction date.

In addition to the notification obligations for persons discharging managerial responsibilities (and persons closely associated with them) mentioned above, a person discharging managerial responsibilities is not permitted to (directly or indirectly) conduct any transactions on its own account

or for the account of a third-party, relating to shares or debt instruments of the Company or other financial instruments linked thereto, during a closed period of 30 calendar days before the announcement of a half-yearly report or the year-end report of the Company.

The Company is required to draw up a list of all persons discharging managerial responsibilities and persons closely associated with them and notify persons discharging managerial responsibilities of their obligations in writing. Persons discharging managerial responsibilities are required to notify the persons closely associated with them of their obligations in writing.

***Non-compliance with Market Abuse Rules***

Non-compliance with the notification obligations under the Market Abuse Regulation set out in the paragraphs above is a criminal offence and could lead to the imposition of criminal fines, administrative fines, imprisonment or other sanctions. The FSMA may impose administrative sanctions, including administrative fines, penalties or a cease-and-desist order under penalty for non-compliance. Breaches of the Market Abuse Regulation also constitute a criminal offence and could lead to the imposition of criminal fines or imprisonment.

# TAXATION

## Taxation in Belgium

The paragraphs below present a summary of certain Belgian federal income tax consequences of the ownership and disposal of the Shares by an investor that acquires such Shares in connection with this Offering. The summary is based on laws, treaties and regulatory interpretations in effect in Belgium on the date of this Prospectus, all of which are subject to change, including changes that could have retroactive effect.

Investors should appreciate that, as a result of evolutions in law or practice, the eventual tax consequences may be different from what is stated below.

This summary does not purport to address all tax consequences of the investment in, ownership in and disposal of the Shares, and does not take into account the specific circumstances of particular investors, some of which may be subject to special rules, or the tax laws of any country other than Belgium. This summary does not describe the tax treatment of investors that are subject to special rules, such as banks, insurance companies, collective investment undertakings, dealers in securities or currencies, persons that hold, or will hold, Shares as a position in a straddle, share-repurchase transaction, conversion transactions, a synthetic security or other integrated financial transactions. This summary does not address the local taxes that may be due in connection with an investment in the Shares, other than Belgian local surcharges which generally vary from 0 percent to 9 percent of the investor's income tax liability. The tax legislation of the country of an investor and of the issuer's country of incorporation may have an impact on the income received from the New Shares, the Preferential Rights and the Scrips.

For purposes of this summary, a Belgian resident is an individual subject to Belgian personal income tax (i.e. an individual who is domiciled in Belgium or has his seat of wealth in Belgium or a person assimilated to a resident for purposes of Belgian tax law), a company subject to Belgian corporate income tax (i.e. a corporate entity that has its main establishment, its administrative seat or seat of management in Belgium and that is not excluded from the scope of the Belgian corporate income tax), an Organization for Financing Pensions subject to Belgian corporate income tax (i.e. a Belgian pension fund incorporated under the form of an Organization for Financing Pensions), or a legal entity subject to Belgian income tax on legal entities (i.e. a legal entity other than a company subject to Belgian corporate income tax, or that has its main establishment, its administrative seat or seat of management in Belgium).

A non-resident investor is any person that is not a Belgian resident investor.

Investors should consult their own advisors regarding the tax consequences of an investment in Shares in the light of their particular circumstances, including the effect of any state, local or other national laws.

### *Dividends*

For Belgian income tax purposes, the gross amount of all benefits paid on or attributed to the Shares is generally treated as a dividend distribution. By way of exception, the repayment of capital of the Company carried out in accordance with the BCCA is deemed to be paid out on a *pro rata* basis of the fiscal capital and certain reserves (i.e. and in the following order: the taxed reserves incorporated in the statutory capital, the taxed reserves not incorporated in the statutory capital and the tax-exempt reserves incorporated in the statutory capital). Only the part of the capital reduction that is deemed to be paid out of the fiscal capital may, subject to certain conditions, for Belgian withholding tax purposes, not be considered as a dividend distribution. This fiscal capital includes, in principle, the actual paid-up statutory share capital and, subject to certain conditions, the paid-up issue premiums.

A Belgian withholding tax of 30 percent is normally levied on dividends, subject to such relief as may be available under applicable domestic or double tax treaty provisions.

In case of a redemption of the Shares, the redemption distribution (after deduction of the portion of the fiscal capital represented by the redeemed Shares) will be treated as a dividend subject to a Belgian withholding tax of 30 percent, subject to such relief as may be available under applicable domestic or double tax treaty provisions. No Belgian withholding tax will be triggered if such redemption is carried out on Euronext or a similar stock exchange and meets certain conditions.

In case of liquidation of the Company, any amounts distributed in excess of the fiscal capital will in principle be subject to the Belgian withholding tax at a rate of 30 percent, subject to such relief as may be available under applicable domestic or double tax treaty provisions.

Non-Belgian dividend withholding tax, if any, will be neither creditable against any Belgian income tax due nor reimbursable to the extent that it exceeds Belgian income tax due.

Under specific circumstances, Belgian withholding tax can be levied in the hands of a pension fund holding that has unlawfully obtained dividend income from the Shares without withholding tax or who has unlawfully obtained a refund of the withholding tax.

**Resident individuals**

For Belgian resident individuals who acquire and hold Shares as a private investment, the Belgian dividend withholding tax fully discharges their personal income tax liability. They may nevertheless elect to report the dividends in their personal income tax return. Where such individual opts to report them, dividends will normally be taxable at the lower of the generally applicable 30 percent Belgian withholding tax rate on dividends or at the progressive personal income tax rates applicable to the taxpayer's overall declared income. If the beneficiary reports the dividends, any income tax due on such dividends will not be increased by local surcharges. In addition, if the dividends are reported, the dividend withholding tax levied at source may be credited against the personal income tax due and is reimbursable to the extent that it exceeds the personal income tax due, provided that the dividend distribution does not result in a reduction in value of or a capital loss on the Shares. The latter condition is not applicable if the individual can demonstrate that he has held the Shares in full legal ownership for an uninterrupted period of 12 months prior to the payment or attribution of the dividends.

An exemption from personal income tax could in principle be claimed by Belgian resident individuals in their personal income tax return for a first tranche of dividend income up to the amount of €800 (amount applicable for income year 2022), subject to certain formalities. For the avoidance of doubt, all reported dividends (hence, not only dividends distributed on the Shares) are taken into account to assess whether said maximum amount is reached.

For Belgian resident individuals who acquire and hold the Shares for professional purposes, the Belgian withholding tax does not fully discharge their personal income tax liability. Dividends received must be reported by the investor and will, in such case, be taxable at the investor's personal income tax rate increased with local surcharges. Belgian withholding tax levied at source may be credited against the personal income tax due and is reimbursable to the extent that it exceeds the personal income tax due, subject to two conditions: (i) the taxpayer must own the New Shares in full legal ownership at the dividend record date; and (ii) the dividend distribution may not result in a reduction in value of or a capital loss on the New Shares. The latter condition is not applicable if the investor can demonstrate that he has held the full legal ownership of the New Shares for an uninterrupted period of 12 months prior to the payment or attribution of the dividends.

**Resident corporations**

*Corporate income tax*

For Belgian resident companies, the dividend income (after deduction of any non-Belgian withholding tax but including any Belgian withholding tax) must be declared in the corporate income tax return and will be subject to a corporate income tax rate of 25 percent. Subject to certain conditions, a reduced corporate income tax rate of 20 percent applies for Small Enterprises (as defined by Article 1:24, §1 to §6 BCCA) on the first €100,000 of taxable profits. Belgian resident companies can, under certain conditions, deduct 100 percent of the gross dividend received from their taxable income (the "**Dividend Received Deduction**"), provided that at the time of a dividend payment or attribution: (i) the Belgian resident company holds Shares representing at least 10 percent of the share capital of the Company or a participation in the Company with an acquisition value of at least €2,500,000 (it being understood that only one out of the two tests must be satisfied); (ii) the Shares of the Company have been or will be held in full ownership for an uninterrupted period of at least one year immediately prior to the payment or attribution of the dividend; and (iii) the conditions relating to the taxation of the underlying distributed income, as described in Article 203 of the Belgian Income Tax Code (the "**Article 203 ITC Taxation**

**Condition**") are met (together, the "**Conditions for the application of the dividend received deduction regime**").

Conditions (i) and (ii) above are, in principle, not applicable for dividends received by an investment company within the meaning of art. 2, §1, 5°, f) ITC. The Conditions for the application of the dividend received deduction regime depend on a factual analysis and for this reason the availability of this regime should be verified upon each dividend distribution.

Any Belgian dividend withholding tax levied at source can be credited against the Belgian corporate income tax due and is reimbursable to the extent it exceeds such corporate income tax, subject to two conditions: (i) the taxpayer must own the Shares of the Company in full legal ownership at the dividend record date; and (ii) the dividend distribution does not result in a reduction in value of or a capital loss on the Shares of the Company. The latter condition is not applicable: (i) if the taxpayer can demonstrate that it has held the Shares in full legal ownership for an uninterrupted period of 12 months immediately prior to the payment or attribution of the dividends; or (ii) if, during that period, the Shares never belonged to a taxpayer other than a Belgian resident company or a non-resident company that has, in an uninterrupted manner, invested the Shares in a Belgian permanent establishment (the "**PE**").

*Withholding Tax*

Dividends distributed to a Belgian resident company will be exempt from Belgian withholding tax provided that the Belgian resident company holds, upon payment or attribution of the dividends, at least 10 percent of the share capital of the Company and such minimum participation is held or will be held during an uninterrupted period of at least one year.

In order to benefit from this exemption, the Belgian resident company must provide the Company or its paying agent with a certificate confirming its qualifying status and the fact that it meets the required conditions. If the Belgian resident company holds the required minimum participation for less than one year, at the time the dividends are paid on or attributed to the Shares, the Company will levy the withholding tax but will not transfer it to the Belgian Treasury provided that the Belgian resident company certifies its qualifying status, the date from which it has held such minimum participation, and its commitment to hold the minimum participation for an uninterrupted period of at least one year. The Belgian resident company must also inform the Company or its paying agent if the one-year period has expired or if its shareholding will drop below 10 percent of the share capital of the Company before the end of the one-year holding period. Upon satisfying the one-year shareholding requirement, the dividend withholding tax which was temporarily withheld, will be refunded to the Belgian resident company.

Please note that the above described dividend received deduction and withholding tax exemption will not be applicable to dividends which are connected to an arrangement or a series of arrangements ("*rechtshandeling of geheel van rechtshandelingen*"/"*acte juridique ou un ensemble d'actes juridiques*") for which the Belgian tax administration, taking into account all relevant facts and circumstances, has proven, unless evidence to the contrary, that this arrangement or this series of arrangements is not genuine ("*kunstmatig*"/"*non authentique*") and has been put in place for the main purpose or one of the main purposes of obtaining the dividend received deduction, the above dividend withholding tax exemption or one of the advantages of the EU Parent-Subsidiary Directive of November 30, 2011 (2011/96/EU) ("Parent-Subsidiary Directive") in another EU Member State. An arrangement or a series of arrangements is regarded as not genuine to the extent that they are not put into place for valid commercial reasons which reflect economic reality.

**Organizations for financing pensions**

For organizations for financing pensions (the "**OFPs**"), i.e. Belgian pension funds incorporated under the form of an OFP ("*organismes de financement de pensions" / "organismen voor de financiering van pensioenen"*) within the meaning of Article 8 of the Belgian Law of October 27, 2006, the dividend income is generally tax exempt.

Subject to certain limitations, any Belgian dividend withholding tax levied at source may be credited against the OFPs corporate income tax due and is reimbursable to the extent that it exceeds the corporate income tax due.

**Other taxable Belgian resident legal entities subject to Belgian legal entities tax**

For taxpayers subject to the Belgium income tax on legal entities, the Belgian dividend withholding tax in principle fully discharges their Belgian income tax liability in this respect.

**Belgian non-resident individuals and companies**

For non-resident individuals and companies, the dividend withholding tax at the rate of 30 percent will be the only tax on dividends in Belgium, unless the non-resident holds the Shares in connection with a business conducted in Belgium through a fixed base in Belgium or a PE.

If Shares of the Company are acquired by a non-resident investor in connection with a business in Belgium, the investor must report any dividends received, which are taxable at the applicable Belgian non-resident individual or corporate income tax rate, as appropriate. Any Belgian withholding tax levied at source can be credited against the Belgian non-resident individual or corporate income tax and is reimbursable to the extent it exceeds the income tax due, subject to two conditions: (i) the taxpayer must own the Shares of the Company in full legal ownership at the dividend record date; and (ii) the dividend distribution does not result in a reduction in value of or a capital loss on the Shares. The latter condition is not applicable if: (i) the non-resident individual or the non-resident company can demonstrate that the Shares were held in full legal ownership for an uninterrupted period of 12 months immediately prior to the payment or attribution of the dividends; or (ii) with regard to non-resident companies only, if, during the said period, the Shares have not belonged to a taxpayer other than a resident company or a non-resident company which has, in an uninterrupted manner, invested the Shares in a PE.

Non-resident companies that have attributed their Shares in the Company to a PE can deduct 100 percent of the gross dividends included in their taxable profits if, at the date dividends are paid or attributed, the Conditions for the application of the Dividend Received Deduction regime are satisfied. Application of the Dividend Received Deduction regime depends, however, on a factual analysis to be made upon each distribution and its availability should be verified upon each distribution.

*Belgian Dividend Withholding Tax Relief for Non-residents*

Dividends paid or attributed to Belgian non-resident individuals who do not use the Shares in the exercise of a professional activity may be exempt from Belgian non-resident individual income tax up to the amount of €800 (amount applicable for income year 2022). For the avoidance of doubt, all dividends paid or attributed to such non-resident individual (and hence not only dividends paid or attributed on the Shares) are taken into account to assess whether said maximum amount is reached. Consequently, if Belgian withholding tax has been levied on dividends paid or attributed to the Shares, such Belgian non-resident may request in his or her Belgian non-resident income tax return that any Belgian withholding tax levied on dividends up to the amount of €800 (amount applicable for income year 2022) be credited and, as the case may be, reimbursed. However, if no such Belgian income tax return has to be filed by the Belgian non-resident individual, any Belgian withholding tax levied on such an amount could, in principle, be reclaimed by filing a request thereto addressed to the tax official to be appointed in a Royal Decree. Such a request has to be made at the latest on December 31 of the calendar year following the calendar year in which the relevant dividend(s) have been received, together with an affidavit confirming the non-resident individual status and certain other formalities as determined by Royal Decree.

Under Belgian tax law, withholding tax is not due on dividends paid to a foreign pension fund which satisfies the following conditions: (i) it is a non-resident saver within the meaning of Article 227, 3° ITC which implies that it has separate legal personality and has its tax residence outside of Belgium; (ii) whose corporate purpose consists solely in managing and investing funds collected in order to pay legal or complementary pensions; (iii) whose activity is limited to the investment of funds collected in the exercise of its corporate purpose, without any profit making aim; (iv) which is exempt from income tax in its country of residence; and (v) provided that it is not contractually obliged to redistribute the dividends to any ultimate beneficiary of such dividends for whom it would manage the Shares, nor obliged to pay a manufactured dividend with respect to the Shares under a securities borrowing transaction. The exemption will only apply if the foreign pension fund provides a certificate confirming that it is the full legal owner or usufruct holder of the Shares and that the above conditions are satisfied. The organisation must then forward that certificate to the Company or its paying agent.

Dividends distributed to non-resident qualifying parent companies established in a Member State of the EU or in a country with which Belgium has concluded a double tax treaty that includes a qualifying exchange of information clause, will, under certain conditions, be exempt from Belgian withholding tax provided that the Shares held by the non-resident company, upon payment or attribution of the dividends, amount to at least 10 percent of the share capital of the Company and such minimum participation is held or will be held during an uninterrupted period of at least one year. A non-resident company qualifies as a parent company provided that (i) for companies established in a Member State of the EU, it has a legal form as listed in the annex to the EU Parent-Subsidiary Directive, as amended from time to time, or, for companies established in a country with which Belgium has concluded a qualifying double tax treaty, it has a legal form similar to the ones listed in such annex; (ii) it is considered to be a tax resident according to the tax laws of the country where it is established and the double tax treaties concluded between such country and third countries; and (iii) it is subject to corporate income tax or a similar tax without benefiting from a tax regime that derogates from the ordinary tax regime.

In order to benefit from this exemption, the non-resident company must provide the Company or its paying agent with a certificate confirming its qualifying status and the fact that it meets the required conditions.

If the non-resident company holds a minimum participation for less than one year at the time the dividends are attributed to the Shares, the Company must levy the withholding tax but does not need to transfer it to the Belgian Treasury provided that the non-resident company provides the Company or its paying agent with a certificate confirming, in addition to its qualifying status, the date as of which it has held the minimum participation, and its commitment to hold the minimum participation for an uninterrupted period of at least one year. The non-resident company must also inform the Company or its paying agent when the one-year period has expired or if its shareholding drops below 10 percent of the Company's share capital before the end of the one-year holding period. Upon satisfying the one-year holding requirement, the dividend withholding tax which was temporarily withheld, will be refunded to the non-resident company.

Please note that the above withholding tax exemption will not be applicable to dividends which are connected to an arrangement or a series of arrangements ("rechtshandeling of geheel van rechtshandelingen"/"acte juridique ou un ensemble d'actes juridiques") for which the tax Belgian tax administration, taking into account all relevant facts and circumstances, has proven, unless evidence to the contrary, that this arrangement or this series of arrangements is not genuine ("kunstmatig"/ "non authentique") and has been put in place for the main purpose or one of the main purposes of obtaining the dividend received deduction, the above dividend withholding tax exemption or one of the advantages of the Parent-Subsidiary Directive in another EU Member State. An arrangement or a series of arrangements is regarded as not genuine to the extent that they are not put into place for valid commercial reasons which reflect economic reality.

Dividends distributed by a Belgian company to non-resident companies on a share participation of less than 10 percent will under certain conditions be subject to an exemption from withholding tax, provided that the non-resident companies (i) are either established in another Member State of the EEA or in a country with which Belgium has concluded a double tax treaty, where that treaty, or any other treaty concluded between Belgium and that jurisdiction, includes a qualifying exchange of information clause which is necessary to give effect to the provisions of the domestic laws of the contracting states; (ii) have a legal form as listed in Annex I, Part A to the Parent-Subsidiary Directive as amended from time to time, or a legal form similar to the legal forms listed in the aforementioned annex and which is governed by the laws of another Member State of the EEA or a similar legal form in a country with which Belgium has concluded a double tax treaty; (iii) hold a share participation in the Belgian dividend distributing company, upon payment or attribution of the dividends, of less than 10 percent of the Company's share capital but with an acquisition value of at least €2,500,000; (iv) hold or will hold the Shares which give rise to the dividends in full legal ownership during an uninterrupted period of at least one year; and (v) are subject to the corporate income tax or a tax regime similar to the corporate income tax without benefiting from a tax regime which deviates from the ordinary regime. The exemption from withholding tax is only applied to the extent that the Belgian withholding tax which would be applicable absent the exemption could not be credited nor reimbursed at the level of the qualifying, dividend receiving, company. The non-resident company must provide the Company or its paying agent with a certificate confirming, in addition to its full name, legal form, address and fiscal identification number (if applicable), its

qualifying status and the fact that it meets the required conditions mentioned under (i) to (v) above, and indicating to which extent the withholding tax which would be applicable absent the exemption is in principle creditable or reimbursable on the basis of the law as applicable on December 31, of the year preceding the year during which the dividend is paid or attributed. Belgian dividend withholding tax is subject to such relief as may be available under applicable tax treaty provisions. Belgium has concluded tax treaties with more than 95 countries, reducing the dividend withholding tax rate to 20 percent, 15 percent, 10 percent, 5 percent or 0 percent for residents of those countries, depending on conditions, among others, related to the size of the shareholding and certain identification formalities. Such reduction may be obtained either directly at source or through a refund of taxes withheld in excess of the applicable treaty rate.

Prospective holders of Shares should consult their own tax advisors to determine whether they qualify for a reduction in withholding tax upon payment or attribution of dividends, and, if so, to understand the procedural requirements for obtaining a reduced withholding tax upon the payment of dividends or for making claims for reimbursement.

***Capital gains and losses***

**Belgian resident individuals**

In principle, Belgian resident individuals acquiring Shares of the Company as a private investment should not be subject to Belgian income tax on capital gains realized upon the disposal of the Shares; capital losses are not tax deductible.

However, capital gains realized by a private individual are taxable at 33 percent (plus local surcharges) if the capital gain is deemed to be realized outside the scope of the normal management of the individual's private estate. Capital losses are, however, not tax deductible in such event.

Moreover, capital gains realized by Belgian resident individuals on the disposal of the Shares, outside the exercise of a professional activity, to a non-resident company (or body constituted in a similar legal form), to a foreign State (or one of its political subdivisions or local authorities) or to a non-resident legal entity, each time established outside the EEA, are in principle taxable at a rate of 16.5 percent (plus local surcharges) if, at any time during the five years preceding the sale, the Belgian resident individual has owned, directly or indirectly, alone or with his/her spouse or with certain relatives, a substantial shareholding in the Company (i.e. a shareholding of more than 25 percent in the Company). Capital losses are, however, not tax deductible in such event.

Belgian resident individuals who hold Shares of the Company for professional purposes are taxable at the ordinary progressive personal income tax rates (plus local surcharges) on any capital gains realized upon the disposal of the Shares, except for: (i) capital gains on Shares realized in the framework of the cessation of activities, which are taxable at a separate rate of 10 percent or 16.5 percent (depending on the circumstances); or (ii) Shares held for more than five years, which are taxable at 16.5 percent, plus local surcharges. Capital losses on the Shares incurred by Belgian resident individuals who hold the Shares for professional purposes are, in principle, tax deductible.

Gains realized by Belgian resident individuals upon the redemption of Shares of the Company or upon the liquidation of the Company are generally taxable as a dividend (see above). In the case of a redemption of the Shares followed by their annulment, the redemption distribution (after deduction of the part of the fiscal capital represented by the redeemed Shares) will be treated as a dividend subject to a Belgian withholding tax of 30 percent, subject to such relief as may be available under applicable domestic or tax treaty provisions. No withholding tax will be triggered if this redemption is carried out on a stock exchange and meets certain conditions.

In case of liquidation of the Company, any amounts distributed in excess of the fiscal capital will in principle be subject to a 30 percent withholding tax, subject to such relief as may be available under applicable domestic or treaty provisions.

**Belgian resident companies**

Belgian resident companies are not subject to Belgian corporate income tax on capital gains realized upon the disposal of Shares of the Company provided that: (i) the Belgian resident company holds Shares representing at least 10 percent of the share capital of the Company or a participation in the Company with an acquisition value of at least €2,500,000 (it being understood that only one out of the two tests must be satisfied); (ii) the Article 203 ITC Taxation Condition is

satisfied; and (iii) the Shares have been held in full legal ownership for an uninterrupted period of at least one year.

If these conditions are not met, the capital gains realized upon the disposal of Shares of the Company by a Belgian resident company are taxable at the ordinary corporate income tax rate of 25 percent (or, if applicable, at the reduced rate of 20 percent for Small Enterprises, as defined by Article 1:24, §1 to §6 BCCA).

Capital gains realized by Belgian resident companies upon the redemption of Shares by the Company or upon the liquidation of the Company will, in principle, be subject to the same taxation regime as dividends (see above).

Capital losses on Shares of the Company incurred by resident companies are as a general rule not tax deductible.

Shares of the Company held in the trading portfolios of qualifying credit institutions, investment enterprises and management companies of collective investment undertakings are subject to a different regime. The capital gains realized by these investors will be subject to corporate income tax at the general rates, and capital losses are tax deductible. Internal transfers to and from the trading portfolio are assimilated to a realization.

**Organizations for financing pensions**

OFPs are, in principle, not subject to Belgian corporate income tax on capital gains realized upon the disposal of the Shares, and capital losses are not tax deductible.

**Other taxable legal entities**

Belgian resident legal entities subject to the legal entities income tax are, in principle, not subject to Belgian capital gains taxation on the disposal of Shares.

Capital gains realized by Belgian resident legal entities upon the redemption of Shares or upon the liquidation of the Company will, in principle, be taxed as dividends (see above).

Capital losses on Shares incurred by Belgian resident legal entities are not tax deductible.

**Belgian non-resident individuals**

Capital gains realized on the Shares by a non-resident individual that has not held the Shares in connection with a business conducted in Belgium through a fixed base in Belgium are in principle not subject to taxation, unless in the following cases if such capital gains are obtained or received in Belgium:

- the gains are deemed to be realized outside the scope of the normal management of the individual's private estate. In such case, the capital gains have to be reported in a non-resident tax return for the income year during which the gain has been realized and may be taxable in Belgium; or
- the gains originate from the disposal of (part of) a substantial participation in a Belgian company (being a participation representing more than 25 percent of the share capital of the Company at any time during the last five years prior to the disposal) to a non-resident company (or a body constituted in a similar legal form), to a foreign State (or one of its political subdivisions or local authorities) or to a non-resident legal entity, each time established outside of the EEA. Then, the realized capital gains may, under certain circumstances, give rise to a 16.5 percent tax (plus local surcharges of currently 7 percent).

However, Belgium has concluded tax treaties with more than 95 countries which generally provide for a full exemption from Belgian capital gains taxation on such gains realised by residents of those countries. Capital losses are generally not tax deductible.

Capital gains realized by Belgian non-resident individuals upon the redemption of Shares or upon the liquidation of the Company will generally be taxable as a dividend (see above).

Capital gains will be taxable at the ordinary progressive income tax rates and capital losses will be tax deductible, if those gains or losses are realized on Shares by a non-resident individual that holds Shares in connection with a business conducted in Belgium through a fixed base in Belgium.

**Belgian non-resident companies or entities**

Capital gains realized by non-resident companies or other non-resident entities that hold the Shares in connection with a business conducted in Belgium through a PE are generally subject to the same regime as Belgian resident companies or other Belgian resident legal entities subject to Belgian legal entities tax.

Capital gains realized by non-resident companies or non-resident entities upon redemption of the Shares or upon liquidation of the Company will, in principle, be subject to the same taxation regime as dividends (see above).

***Tax on stock exchange transactions***

No tax on stock exchange transactions is due upon subscription to Shares (primary market transactions).

The purchase and the sale and any other acquisition or transfer for consideration of existing shares (secondary market transactions) in Belgium through a professional intermediary is subject to the tax on stock exchange transactions ("*taxe sur les opérations de bourse" / "taks op de beursverrichtingen"*) of 0.35 percent of the purchase price, capped at €1,600 per transaction and per party. A separate tax is due by each party to any such transaction, and both taxes are in principle collected by the professional intermediary.

Following the Law of December 25, 2016, the scope of application of the tax on the stock exchange transactions has been extended as of January 1, 2017 to secondary market transactions of which the order is, directly or indirectly, made to a professional intermediary established outside of Belgium by: (i) a private individual with habitual residence in Belgium; or (ii) a legal entity for the account of its seat or establishment in Belgium (both referred to as a "**Belgian Investor**"). In such a scenario, the tax on the stock exchange transactions is due by the Belgian Investor, unless the Belgian Investor can demonstrate that the tax on the stock exchange transactions due has already been paid by the professional intermediary established outside of 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 ("*bordereau" / "borderel"*), at the latest on the business day after the day the transaction concerned was realized. Alternatively, professional intermediaries established outside of Belgium could appoint a stock exchange tax representative in Belgium, subject to certain conditions and formalities ("**Stock Exchange Tax Representative**"). Such Stock Exchange Tax Representative will then be liable towards the Belgian Treasury for the tax on stock exchange transactions due and for complying with reporting obligations and the obligations relating to the order statement in that respect. If such a Stock Exchange Tax Representative would have paid the tax on stock exchange transactions due, the Belgian Investor will, as per the above, no longer be the debtor of the tax on stock exchange transactions.

No tax on stock exchange transactions is due on transactions entered into by the following parties provided they are acting for their own account: (i) professional intermediaries described in Article 2,9° and 10° of the Belgian Law of August 2, 2002 on the supervision of the financial sector and financial services; (ii) insurance companies described in Article 2, § 1 of the Belgian Law of July 9, 1975 on the supervision of insurance companies; (iii) pension institutions referred to in Article 2,1° of the Belgian Law of October 27, 2006 concerning the supervision of pension institutions; (iv) collective investment institutions; (v) regulated real estate companies; and (vi) Belgian non-residents provided that they deliver a certificate to their financial intermediary in Belgium confirming their non-resident status.

As stated below, the European Commission has published a proposal for a Directive for a common financial transactions tax (the "**FTT**") for an enhanced cooperation in the area of financial transactions tax. 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 November 28, 2006 on the common system of value added tax). The proposal is still subject to negotiation between the participating Member States and may, therefore, be further amended at any time. In this respect, the German government submitted a new draft proposal in 2019, which is still subject to negotiation.

***The proposed financial transactions tax (FTT)***

On February 14, 2013, the European Commission published a proposal (the "C**ommission's Proposal**") for a Directive for a common FTT, to be levied on transactions in financial instruments by financial institutions if at least one of the parties to the transaction is located in the 'FTT-zone' as defined in the Commission's Proposal. It was approved by the European Parliament in July 2013. Originally, the adopted Commission's Proposal foresaw the financial transaction tax for 11 "**Participating Member States**" (Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia). However, on March 16, 2016 Estonia formally withdrew from the group of states willing to introduce the FTT. The actual implementation date of the FTT would depend on the future approval of the European Council and consultation of other EU institutions, and the subsequent transposition into local law.

If the FTT would be introduced, under current published proposals financial institutions and certain other parties would be required to pay tax on transactions in financial instruments with parties (including, with respect to the EU-wide proposal, its affiliates) located in the FTT-zone. The proposed FTT has a very broad scope and could, if introduced in its current form, apply to certain dealings in New Shares. It would be a tax on derivatives transactions (such as hedging activities) as well as on securities transactions, i.e. it would apply to trading in instruments such as shares and bonds. The initial issue of instruments such as shares and bonds would be exempt from the FTT in the current Commission's Proposal. This means that the issuance and subscription of the New Shares should not become subject to financial transaction tax.

Under current proposals 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 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.

In 2019, Finance Ministers of the Member States participating in the enhanced cooperation indicated that they were discussing a new FTT proposal based on the French model of the tax and the possible mutualization of the tax as a contribution to the EU budget.

According to the latest draft of this new FTT proposal (submitted by the German government), the FTT would be levied at a rate of at least 0.2 percent of the consideration for the acquisition of ownership of shares (including ordinary and any preference shares) admitted to trading on a trading venue or a similar third country venue, or of other securities equivalent to such shares ("**Financial Instruments**") or similar transactions (e.g. an acquisition of Financial Instruments by means of an exchange of Financial Instruments or by means of a physical settlement of a derivative). The FTT would be payable to the Participating Member State in whose territory the issuer of a Financial Instrument has established its registered office. Like the Commission's Proposal, the latest draft of the new FTT proposal also 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 November 28, 2006 on the common system of value added tax).

As a consequence, Belgium should abolish the tax on stock exchange transactions once the FTT enters into force.

However, the FTT Commission's Proposal remains subject to negotiation between the participating Member States. Further, its legality is at present uncertain. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective investors are advised to seek their own professional advice in relation to the FTT.

***Tax on securities accounts***

Pursuant to the Law of February 17, 2021 on the introduction of an annual tax on securities accounts, an annual tax of 0.15 percent tax is levied on securities accounts of which the average value of the taxable financial instruments (covering, amongst other things, financial instruments such as the New Shares), over a period of twelve consecutive months starting on October 1, and ending on 30 September of the subsequent year, exceeds EUR 1,000,000.

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-residents 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 annual 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.

The amount of the tax is limited to 10 percent of the difference between the taxable base and the threshold of EUR 1 million.

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 various exemptions, such as securities accounts held by specific types of regulated entities for their own account.

The annual tax on securities accounts is in principle due by the financial intermediary established or located in Belgium. A financial intermediary is defined as (i) the National Bank of Belgium, the European Central Bank and foreign central banks performing similar functions, (ii) a central securities depository included in Article 198/1, §6, 12° of the Belgian Income Tax Code, (iii) a credit institution or a stockbroking firm as defined by Article 1, §3 of the Law of April 25, 2014 on the status and supervision of credit institutions and investment companies and (vi) the investment companies as defined by Article 3, §1 of the Law of October 25, 2016 on access to the activity of investment services and on the legal status and supervision of portfolio management and investment advice companies, which are, pursuant to national law, admitted to hold financial instruments for the account of customers.

In case the annual tax on securities account is not withheld, declared and paid by the financial intermediary, the tax needs to be declared and is due by the holder of the securities accounts itself, unless the holder provides evidence that the annual tax on securities accounts has already been withheld, declared and paid by an intermediary which is not established or located in Belgium. In this respect, intermediaries located or established outside of Belgium could appoint an annual tax on securities accounts representative in Belgium. Such a representative is then liable towards the Belgian Treasury (*Thesaurie/Trésorerie*) for the annual tax on securities accounts due and for complying with certain reporting obligations in that respect. If the holder of the securities accounts itself is liable for reporting obligations (e.g. when a Belgian resident holds a securities account abroad with an average value higher than EUR 1,000,000), the deadline for filing the tax return for the annual tax on securities accounts corresponds with the deadline for filing the annual tax return for personal income tax purposes electronically, irrespective whether the Belgian resident is an individual or a legal entity. In the latter case, the annual tax on securities accounts must be paid by the taxpayer on August 31, of the year following the year on which the tax was calculated, at the latest.

In addition, the legislator introduced several anti-abuse provisions which apply retroactively as from October 30, 2020. This concerns a rebuttable general anti-abuse provision and two irrebuttable specific anti-abuse provisions. The latter covers the splitting of a securities account into multiple securities accounts held at the same intermediary and the conversion of taxable financial instruments held on a securities account, into registered financial instruments.

Several requests for annulment have been introduced with the Constitutional Court in order to annul the annual tax on securities accounts. If the Constitutional Court were to annul the annual tax on securities accounts without upholding its effects, taxpayers will be authorized to claim restitution of the tax already paid.

Prospective holders of shares are advised to seek their own professional advice in relation to this new annual tax on securities accounts.

***Common reporting standard***

Following recent international developments, the exchange of information is governed by the Common Reporting Standard ("**CRS**"). As of January 31, 2022, 115 jurisdictions 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.

More than 48 jurisdictions, including Belgium, have committed to a specific and ambitious timetable leading to the first automatic information exchanges in 2017, relating to income year 2016. Under CRS, financial institutions resident in a CRS country will be 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 December 9, 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 mandatory automatic exchange of financial information by EU Member States as foreseen in DAC2 started as of September 30, 2017 (as of September 30, 2018 for Austria).

The Belgian government has implemented said Directive 2014/107/EU, respectively, the CRS, per the Law of December 16, 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.

As a result of the Law of December 16, 2015, the mandatory automatic exchange of information applies in Belgium: (i) as of income year 2016 (first information exchange in 2017) towards the EU Member States (including Austria, irrespective of the fact that the automatic exchange of information by Austria towards other EU Member States is only foreseen as of income year 2017); (ii) as of income year 2014 (first information exchange in 2016) towards the US; and (iii) with respect to any other non-EU States as of the respective date as determined by the Royal Decree of June 14, 2017. The Royal Decree provides that: (i) for a first list of 18 countries, the mandatory exchange of information applies as of income year 2016 (first information exchange in 2017); (ii) for a second list of 44 countries, the mandatory automatic exchange of information applies as of income year 2017 (first information exchange in 2018), (iii) for one country, the mandatory automatic exchange of information applies as of income year 2018 (first information exchange in 2019), and (iv) for a fourth list of six jurisdictions, the mandatory automatic exchange of information applies as of income year 2019 (first information exchange in 2020).

Investors who are in any doubt as to their position should consult their professional advisors.

**Taxation in the Federal Republic of Germany**

The paragraphs below present a summary of certain German federal income tax consequences of the ownership and disposal of the Shares by an investor that acquires such Shares in connection with this Offering. The summary is based on laws, treaties and regulatory interpretations in effect in the Federal Republic of Germany on the date of this Prospectus, all of which are subject to change, including changes that could have retroactive effect.

Investors should appreciate that, as a result of evolutions in law or practice, the eventual tax consequences may be different from what is stated below.

The following section presents a number of key German taxation principles which generally are or can be relevant to the acquisition, holding or transfer of shares by a shareholder (an individual, a partnership or corporation) that has a tax domicile in Germany (that is, whose place of residence, habitual abode, registered office or place of management is in Germany). The information is not exhaustive and does not constitute a definitive explanation of all possible aspects of taxation that could be relevant for investors. In particular, this summary does not provide a comprehensive

overview on tax considerations that may be relevant to a shareholder that is a tax resident of a jurisdiction other than Germany. The information is based on the tax laws in force in Germany as of the date of the Prospectus (and their interpretation by administrative directives and courts) as well as typical provisions of double taxation treaties that Germany has concluded with other countries. Tax law can change, sometimes retrospectively. Moreover, it cannot be ruled out that the German tax authorities or courts may consider an alternative interpretation or application to be correct that differs from the one described in this section. The tax legislation of the country of an investor and of the issuer's country of incorporation may have an impact on the income received from the New Shares, the Preferential Rights and the Scrips.

This section cannot serve as a substitute for tailored tax advice to individual potential investors. Potential investors are therefore advised to consult their tax advisers regarding the individual tax implications of the acquisition, holding or transfer of shares and regarding the procedures to be followed to achieve a possible reimbursement of German withholding tax (Kapitalertragsteuer). Only such advisors are in a position to take the specific tax relevant circumstances of individual investors into due account.

***Tax residents***

The section "*Tax residents*" refers to persons who are tax residents of Germany (i.e., persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany).

**Taxation of dividend income**

***Shares held as non-business assets***

Dividends received by a German tax resident individual holding the Shares as non-business assets are, as a general rule, taxed as investment income (*Einkünfte aus Kapitalvermögen*) and, as such, subject to a 25% flat tax plus 5.5% solidarity surcharge thereon resulting in an aggregate tax rate of 26.375% (flat tax regime, *Abgeltungsteuer*), plus church tax, if applicable. If the Shares are held in a custodial account with a German branch of a German or non-German bank or financial services institution (*inländisches Kredit- oder Finanzdienstleistungsinstitut*), a German securities trading company (*inländisches Wertpapierhandelsunternehmen*) or a German securities trading bank (*inländische Wertpapierhandelsbank*) (the "**German Disbursing Agent**" – *inländische Zahlstelle*) the German Disbursing Agent generally withholds German tax at a rate of 25% (plus 5.5% solidarity surcharge thereon and, if applicable, church tax) on the gross amount of the dividends paid by the Company. However, the German Disbursing Agent must credit the amount of tax withheld in Belgium against the amount of the German withholding tax. The German tax resident individual's personal income tax liability with respect to dividends is generally satisfied through the withholding. To the extent withholding tax has not been levied, such as in the case of Shares kept in custody abroad, the shareholder must report his or her income derived from the Shares on his or her tax return and then will also be taxed at a rate of 25% (plus solidarity surcharge and church tax thereon, where applicable).

Shareholders who are subject to unlimited tax liability in Germany and hold their Shares as non-business assets may provide to the German Disbursing Agent either an exemption declaration (*Freistellungsauftrag*) in the maximum amount of the saver's allowance (*Sparer-Pauschbetrag*) of €801 (or, for investors filing jointly, €1,602) or a non-assessment certificate (*Nichtveranlagungsbescheinigung*).

An automatic procedure for deducting church tax (*Kirchensteuer*) applies unless the shareholder has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern, Hauptdienstsitz Bonn-Beuel*, An der Küppe 1, 53225 Bonn, Germany). The church tax (*Kirchensteuer*) payable on the dividend is withheld and passed on by the German Disbursing Agent. In this case, the church tax (*Kirchensteuer*) for dividends is satisfied by the German Disbursing Agent withholding such tax. Church tax (*Kirchensteuer*) withheld at source may not be deducted as a special expense (*Sonderausgabe*) in the course of the tax assessment, but the German Disbursing Agent may reduce the withholding tax (including the solidarity surcharge (*Solidaritätszuschlag*)) by 26.375% of the church tax (*Kirchensteuer*) to be withheld on the dividends. If the shareholder has filed a blocking notice and no church tax (*Kirchensteuer*) is withheld by a German Disbursing Agent, a shareholder subject to church tax

(*Kirchensteuer*) is obligated to declare the dividends in his income tax return. The church tax (*Kirchensteuer*) on the dividends is then levied by way of a tax assessment.

The individual shareholder is taxed on his/her aggregate investment income, less the saver's allowance. Income-related expenses are generally not tax-deductible. Private investors may apply to have their investment income assessed in accordance with the general rules on determining the individual tax rate of the shareholder if this results in a lower tax, but even in this case, income-related expenses are generally not tax-deductible. Further, in such a case, tax withheld in Belgium can generally be credited against the German tax liability on the Belgium dividends received by the German tax resident individual. The double tax treaty between Germany and Belgium does not provide for a further reduction of Belgium withholding tax on dividends for individuals to a rate lower than 15%.

Exceptions from the flat tax regime apply upon application for shareholders who have a shareholding of at least 25% in the Company and for shareholders who have a shareholding of at least 1% in the Company and work for the Company in a professional capacity, which enables them to exert significant entrepreneurial influence on the Company's business activities. In this situation, the tax treatment described below under "*Taxation in the federal republic of Germany – Tax residents – Taxation of dividend income – Shares held as business assets*" applies.

***Shares held as business assets***

If the Shares are held as business assets by a German tax resident holder, the taxation of dividends differs depending on whether the shareholder is a corporation, a sole proprietor or a partnership. The flat tax regime does not apply to dividends paid on Shares held by a German tax resident shareholder as business assets.

*Corporations*

For corporations subject to an unlimited corporate income tax liability in Germany, dividends are, as a general rule, tax exempt from corporate income tax (including solidarity surcharge) provided that the corporation holds a direct participation of at least 10% in the share capital of the Company at the beginning of the calendar year in which the dividends are paid. However, in this case 5% of the dividend income is deemed to be non-deductible business expenses and, as such, is subject to corporate income tax; business expenses actually incurred in connection with dividend income from a tax perspective are generally tax-deductible. However, dividends that a shareholder receives are fully subject to corporate income tax (including solidarity surcharge thereon) if the shareholder holds a direct participation of less than 10% in the share capital of the Company at the beginning of the calendar year in which the dividends are paid (a "**Portfolio Participation**" – *Streubesitzbeteiligung*). Participations of at least 10% acquired during a calendar year are deemed to be acquired at the beginning of the calendar year. Participations in the share capital of the Company which a corporate shareholder holds through a partnership, including a partnership that is a partnership being engaged or deemed to be engaged in a business ("**Co-Entrepreneurship**" – *Mitunternehmerschaft*), are attributable to the shareholder *pro rata* in the amount of the participation. Dividends are fully subject to trade tax, unless the shareholder holds at least 10% of the registered share capital of the Company at the beginning of the relevant tax assessment period; the 10% threshold derives from the fact that the Company is a Belgium limited company (société anonyme) and, therefore, falls within the scope of application of the EU Parent/Subsidiary Directive. In case of such a participation of at least 10%, effectively 95% of the dividends are also exempt from trade tax. However, a recent decision by the European Court of Justice (the "**ECJ**") in this respect has to be considered. The ECJ held that the German provision pursuant to which the conditions for the participation exemption regarding shares in foreign corporations are stricter compared to shares in domestic corporations violates EU law (ECJ, September 20, 2018, C-685/16). The German Federal Ministry of Finance has recently published a draft bill for the Annual Tax Act 2019 which implements the recent decision by the ECJ into German law. According to the draft bill the distinction between German and non-German corporations (including non-EU corporations) would be abolished and the trade tax participation exemption applies if the shareholder held an interest of at least 15% in the share capital of the company making the distribution at the beginning of the relevant assessment period. Business expenses actually incurred in connection with the dividends are deductible for corporate income tax and – subject to certain restrictions – also for trade tax purposes.

Tax withheld on the dividends in Belgium is generally not creditable against the corporate income tax liability of the corporate shareholder in Germany. However, it should generally be creditable

against corporate income tax imposed on Belgium investment income to the extent it relates to dividends from Portfolio Participations.

Even if the Shares are held in a custodial account with a German Disbursing Agent, there is generally no German withholding tax on dividends paid by the Company to a corporate shareholder.

*Sole proprietors (individuals)*

Where the Shares are held as business assets by an individual who is subject to unlimited tax liability in Germany, 60% of the dividends are taxed at the applicable individual income tax rate plus 5.5% solidarity surcharge on such income tax (partial income taxation method, *Teileinkünfteverfahren*) totaling up to a maximum rate of around 47.5%, plus church tax, if applicable. Correspondingly, only 60% of any business expenses related to the dividends may be deducted for income tax purposes. Dividends are fully subject to trade tax, unless the sole proprietor holds at least 10% of the Company's registered share capital at the beginning of the relevant tax assessment period. In this case, the net amount of the dividend (i.e., after deduction of the business expenses directly connected to it) is exempt from trade tax. As mentioned above a recent decision by the ECJ (September 20, 2018, C-685/16) as well as potential changes due to the draft bill for the Annual Tax Act 2019 has to be considered (for further details please see above under "*Shares held as business assets*" – "*Corporations*"). In general, business expenses are deductible for trade tax purposes but certain restrictions may apply. All or part of the trade tax levied may be credited on a lump sum basis against the sole proprietor's income taxes, depending on the multiplier set by the relevant municipality and the individual tax situation of the individual shareholder.

Tax withheld in Belgium should generally be creditable against the German personal income tax liability with respect to the dividend income.

If the Shares are held in a custodial account with a German Disbursing Agent, the German Disbursing Agent is not obliged to withhold German tax on dividends paid by the Company provided that the individual certifies to the German Disbursing Agent on an officially prescribed form that the dividends constitute business income of a German business.

*Partnerships*

If the shareholder is a Co-Entrepreneurship, the individual income tax or corporate income tax is not charged at the level of the partnership, but at the level of the respective partner. The taxation of each partner depends on whether the partner is a corporation or an individual. Thus, (corporate) income tax (including solidarity surcharge) and, if applicable, church tax will be assessed and levied only at the level of the partners, whereby, in principle, the respective rules applicable to a direct shareholding described above in section "*Shares held as non-business assets*" and "*Shares held as business assets*" apply accordingly.

Trade tax, however, is assessed and levied at the level of the partnership if the Shares are attributable to a permanent establishment of a commercial business of the partnership in Germany; this applies irrespective of whether the dividends are attributable to individual partners or corporate partners. The trade tax paid by the partnership and attributable to the individual's general profit share is completely or partially credited against the shareholder's individual income tax on a lump-sum basis.

The creditability of the tax withheld in Belgium against the German corporate or personal income tax depends on whether the partner is a corporation or an individual. If the partner is a corporation, the principles explained for corporations above apply (see "*Taxation in the Federal Republic of Germany – Shares held as business assets – Corporations*" above). If the partner is an individual, the principles explained for individuals above apply (see "*Taxation in the Federal Republic of Germany – Shares held as business assets – Sole proprietors (individuals)*" above).

If the Shares are held in a custodial account with a German Disbursing Agent, no German withholding tax arises provided that the partnership certifies to the German Disbursing Agent on an officially prescribed form that the dividends constitute business income of a German business.

Special rules apply to credit institutions (*Kreditinstitute*), financial services institutions (*Finanzdienstleistungsinstitute*), financial enterprises (*Finanzunternehmen*), life insurance and health insurance companies and pension funds.

**Taxation of capital gains**

***Shares held by individual shareholders as non-business assets***

Capital gains from the sale of Shares which an individual shareholder holds as non-business assets are generally subject to a 25% flat tax (plus 5.5% solidarity surcharge thereon, resulting in an aggregate withholding tax rate of 26.375%), plus church tax, if applicable. Losses from the sale of such Shares can only be used to offset capital gains from the disposal of shares in stock corporations during the same year or in subsequent years. The amount of the taxable capital gain from the sale is the difference between (a) the proceeds from the sale and (b) the cost of acquisition of the Shares and the expenses directly related to the sale. Income-related expenses may not be deducted from capital gains. If the Shares are deposited with or administered by a German Disbursing Agent, the tax on the capital gains is generally settled by way of withholding through the German Disbursing Agent which is required to deduct a withholding tax of 26.375% (including solidarity surcharge), plus church tax, if applicable (as described under "*Taxation in the Federal Republic of Germany – Shares held as non-business assets*"), of the capital gains from the sale proceeds and remit it to the tax authority. To the extent withholding tax has not been levied, such as in the case of Shares kept in custody abroad, the individual holder must report his or her capital gains derived from the Shares on his or her tax return and then will also be taxed at a rate of 25% (plus solidarity surcharge and church tax thereon, where applicable).

If, however, a shareholder, or in the case of a gratuitous acquisition, the shareholder's legal predecessor, directly or indirectly held at least 1% of the share capital of the Company at any time during the five years preceding the sale of Shares (a "**Qualified Participation**"), the flat tax regime does not apply and, rather, 60% of any capital gain resulting from the sale is taxable as business income at the shareholder's individual income tax rate plus 5.5% solidarity surcharge (and church tax, if applicable) on such income tax. Accordingly, 60% of a capital loss from the disposal of the Shares is generally recognized for tax purposes. Withholding tax is also deducted by a German Disbursing Agent in the case of a Qualified Participation, but this does not have the effect of a settlement of the shareholder's tax liability. Upon the shareholder's assessment to income tax, the withheld and remitted tax is credited against the individual income tax liability. To the extent that the amounts withheld exceed the individual income tax liability of the shareholder, it will be refunded.

***Shares held as business assets***

Gains on the disposal of Shares held by an individual or corporation as business assets are in principle not subject to the 25% flat tax plus 5.5% solidarity surcharge thereon (and church tax, if applicable). Withholding tax must only be withheld in the case of a German Disbursing Agent. The tax withheld, however, is not considered to be final as under the flat tax regime. The amount of tax withheld is credited against the shareholder's individual or corporate income tax liability and any amounts withheld in excess of such individual or corporate income tax liability will be refunded. Even if the Shares are held in a custodial account with a German Disbursing Agent, there is generally no German withholding tax (i) in the case of a corporate shareholder, or (ii) if the shareholder holds the Shares as assets of a business in Germany and certifies this on an officially prescribed form to the German Disbursing Agent.

The taxation of capital gains from the disposal of Shares held as business assets depends on whether the shareholder is a corporation, a sole proprietor or a partnership:

*Corporations*

For corporations subject to unlimited corporate income tax liability in Germany, capital gains from the sale of Shares are, as a general rule and currently irrespective of any holding period or percentage level of participation, tax exempt from corporate income tax (including solidarity surcharge) and trade tax. 5% of the capital gains is deemed to be non-deductible business expenses and, as such, is subject to corporate income tax plus solidarity surcharge; business expenses actually incurred in connection with the capital gains from a tax perspective are generally tax-deductible. Losses from the sale of Shares and other reductions in profit in connection with the Shares are generally not deductible for corporate income tax and trade tax purposes. Capital gains are, irrespective of the percentage level of shareholding, effectively 95% exempt from trade tax.

*Sole proprietors (individuals)*

60% of capital gains from the sale of Shares are taxed at the individual income tax rate plus 5.5% solidarity surcharge (plus church tax, if applicable) on such income tax where the Shares are held

as business assets by an individual who is subject to unlimited tax liability in Germany. Correspondingly, only 60% of the capital losses, other reductions in profit in connection with the Shares and business expenses resulting from a share sale may be deducted for income tax purposes. Only 60% of the capital gains are subject to trade tax. Correspondingly, subject to general restrictions, only 60% of the business expenses resulting from a share sale may generally be deducted for trade tax purposes. All or part of the trade tax levied may be credited on a lump sum basis against the sole proprietor's income taxes, depending on the multiplier set by the relevant municipality and the individual tax situation of the individual shareholder.

*Partnerships*

If the shareholder is a Co-Entrepreneurship, the individual income tax or corporate income tax is not charged at the level of the partnership, but at the level of the respective partner. The taxation of each partner depends on whether the partner is a corporation or an individual. Thus, (corporate) income tax (including solidarity surcharge) and, if applicable, church tax will be assessed and levied only at the level of the partners, whereby, in principle, the respective rules applicable to a direct shareholding described above in "*Taxation in the Federal Republic of Germany – Shares held as business assets – Corporations*" and "*Taxation in the Federal Republic of Germany – Shares held as business assets – Sole proprietors (individuals)*" apply accordingly. Trade tax, however, is assessed and levied at the level of the partnership if the Shares are attributable to a permanent establishment of a commercial business of the partnership in Germany. Generally, 60% of a capital gain attributable to an individual partner and 5% of a capital gain attributable to a corporate partner are taxable. Capital losses or other reductions in profit in connection with the Shares sold are not taken into account for purposes of trade tax to the extent they are attributable to a partner that is a corporation, and subject to general restrictions only 60% of these losses or expenses are taken into account to the extent they are attributable to a partner who is an individual. The trade tax paid by the partnership and attributable to the individual's general profit share is completely or partially credited against the shareholder's individual income tax in accordance with such lump-sum method.

Special rules apply to credit institutions (*Kreditinstitute*), financial services institutions (*Finanzdienstleistungsinstitute*), financial enterprises (*Finanzunternehmen*), life insurance and health insurance companies and pension funds.

***Disposal of Preferential Rights***

The rules applicable to "*Taxation in the Federal Republic of Germany – Taxation of capital gains – Shares held by individual shareholders as non-business assets*" and "*Taxation in the Federal Republic of Germany – Taxation of capital gains – Shares held as business assets*" (except for "*Taxation in the Federal Republic of Germany – Taxation of capital gains – Shares held as business assets – Corporations*") apply in principle accordingly to the taxation of capital gains from the disposal of Preferential Rights. In case of a disposal of Preferential Rights held as non-business assets the acquisition costs for the disposed Preferential Rights are deemed to be zero.

Different to the taxation of a capital gain from a disposal of Shares ("*Taxation in the Federal Republic of Germany – Taxation of capital gains – Shares held as business assets – Corporations*") capital gains from the disposal of Preferential Rights held by corporations (or by a corporation indirectly through a partnership) are fully taxable for corporate income tax and trade tax purposes irrespective of the individual shareholding.

***Non-residents***

**Taxation of dividend income**

Shareholders who are not tax resident in Germany are only subject to taxation in Germany in respect of their dividend income if their Shares form part of the business assets of a permanent establishment or a fixed place of business in Germany, or constitute business assets for which a permanent representative has been appointed in Germany. In general, the situation described above for shareholders tax resident in Germany who hold their Shares as business assets applies accordingly ("*Taxation in the Federal Republic of Germany – Tax residents – Taxation of dividend income – Shares held as Business Assets*").

**Taxation of capital gains**

Capital gains from the disposal of Shares or Preferential Rights by a shareholder not tax resident in Germany are only taxable in Germany if the selling shareholder holds the Shares or the Preferential Rights through a permanent establishment or fixed place of business or as business assets for which a permanent representative is appointed in Germany. In such a case, the description above for German tax resident shareholders who hold their Shares as business assets applies accordingly ("*Taxation in the Federal Republic of Germany – Tax residents – Taxation of capital gains – Shares held as business assets*").

**Inheritance and gift tax**

The transfer of Shares to another person mortis causa or by way of gift is generally subject to German inheritance or gift tax if:

- the place of residence, habitual abode, place of management or registered office of the decedent, the donor, the heir, the donee or another acquirer is, at the time of the asset transfer, in Germany, or such person, as a German national, has not spent more than five continuous years outside of Germany without maintaining a place of residence in Germany; or
- the decedent's or donor's shares belonged to business assets for which there had been a permanent establishment in Germany or a permanent representative had been appointed; or
- the decedent or the donor, at the time of the succession or gift, held a direct or indirect interest of at least 10% of the Company's share capital either alone or jointly with other related parties.

The small number of double taxation treaties in respect of inheritance and gift tax which Germany has concluded to date usually provide for German inheritance or gift tax only to be levied in the cases under the first bullet and, subject to certain restrictions, in the cases under the second bullet. Special provisions apply to certain German nationals living outside of Germany and to former German nationals.

***Other taxes***

No German capital transfer tax, value added tax, stamp duty or similar taxes are levied on the purchase or disposal of shares or other forms of share transfer. Currently net assets tax is not levied in Germany. However, an entrepreneur can opt to pay value added tax on the sale of shares, despite being generally exempt from value added tax, if the shares are sold to another entrepreneur for the entrepreneur's business.

***Financial Transaction Tax***

On February 14, 2013, the EU Commission adopted a proposal for a Council Directive (the "**Draft Directive**") on a common financial transaction tax ("**FTT**"). According to the Draft Directive, the FTT shall be implemented in certain EU member states, including Germany.

The proposed FTT has very broad scope and could, if introduced, apply to certain dealings in the shares (including secondary market transactions) in certain circumstances. The issuance and subscription of shares should, however, be exempt.

According to the coalition agreement between the German Christian Democratic Party and the Christian Social Union as well as the German Social Democratic Party, the current German government still has the intention to introduce a FTT. In June 2018, Germany and France agreed to further pursue the implementation of a FTT in the EU for which the current French financial transaction tax (which is mainly focused on transactions regarding shares in listed companies with a market capitalization of more than EUR 1 billion) could serve as a role model. Therefore, France and Germany recently presented a common position paper on the introduction of an EU-wide FTT based on the French model to the High Level Working Party at a meeting of the Council of the European Union.

Any FTT proposal is however still subject to negotiation between (certain) EU member states. Therefore, it is currently uncertain whether and when the proposed FTT will be enacted by the participating EU member states and when it will take effect with regard to dealings in the shares.

Prospective investors are advised to seek their own professional advice in relation to the FTT.

# INFORMATION ON THE OFFERING

**Information related to the capital increase**

Pursuant to an authorization granted by the Company's extraordinary shareholders' meeting of May 17, 2022 and Article 7 of the Company's Articles of Association, the Board of Directors has the authority to issue the New Shares within the framework of authorized capital and to increase the share capital by a maximum amount of €600,000,000.00 (including issue premium).

On May 17, 2022 the Board of Directors decided to increase the Company's share capital by a maximum amount of EUR 600,000,000.00 (including issue premium), by way of issuance of New Shares with disapplication of the statutory preference rights of the Existing Shareholders pursuant to Article 7:188 and following of the BCCA but with extra-legal preference rights, i.e., the Preferential Rights granted to the Existing Shareholders at closing of Euronext Brussels on June 15, 2022. Reference is made to section "*Terms and Conditions of the Offering – Shares offered with an extra-legal preferential right*" for additional information on the extra-legal preferential right and its difference from the statutory preferential right within the meaning of Article 7:188 and following of the BCCA.

The Board of Directors delegated to an ad hoc committee (the "**Ad Hoc Committee**") the determination of the Issue Price, the Ratio and the maximum number of New Shares. The offering by the Company of the New Shares is carried out with extra-legal preference rights for the Existing Shareholders. The statutory preference right of the Existing Shareholders of the Company as set forth in Article 7:188 and following of the BCCA has been disapplied with respect to the Offering. However, the Existing Shareholders are being granted Preferential Rights, each conferring an extra-legal preference right, as described below.

On June 14, 2022, the Ad Hoc Committee decided to fix the Issue price at €124.50, and the maximum number of New Shares at 4,739,865. It was also decided that the Ratio is 2 New Shares for 29 Preferential Rights.

The Company reserves itself the right to revoke or suspend the Offering, following consultation with the Underwriters, if (i) it determines that market conditions would make the Offering more difficult in a material way, or (ii) the Underwriting Agreement has not been signed or has been terminated in accordance with its terms and conditions (see Section "*Revocation or suspension of the Offering*").

**The New Shares offered**

***Type and class***

The New Shares subscribed to by a holder of class A shares will be class A shares provided that the New Shares are issued as a result of such holder exercising its Preferential Rights separated from class A shares. The New Shares subscribed to by a holder of class C shares will be class C shares provided that the New Shares are issued as a result of such holder exercising its Preferential Rights separated from class C shares. A holder of different classes of shares cannot combine Preferential Rights separated from shares of a different class to receive New Shares.

The New Shares subscribed to by any other person will be class B shares.

***Applicable law and jurisdiction***

The Offering and the New Shares are subject to Belgian law.

The competent courts in case of disputes concerning the Offering or the New Shares will be the courts of Brussels.

***Form***

The New Shares will be delivered in registered or dematerialized (book-entry) form, except for the Existing Shareholders holding registered shares, who will receive New Shares in registered form.

Shareholders may ask the Company for their Shares in dematerialized form to be converted into registered Shares, or vice versa, in accordance with the Articles of Association, at their own expense.

An application has been made for the admission to listing and trading of the new class B shares on Euronext Brussels. They will be traded under the same ISIN code as the Existing Shares, that is

BE0003822393. As the class A and C shares are shares in registered form, they currently do not trade under an ISIN code.

***Currency***

The Offering is in euro.

***Rights attached to the New Shares***

From their issue date, the New Shares will be subject to all provisions of the Articles of Association. All shares have identical voting, dividend and liquidation rights, except as otherwise provided by the Company's Articles of Association. The New Shares will carry the right to a dividend with respect to the financial year that started on January 1, 2022 and, from the date of their issue, will carry the right to any distribution made by the Company. All Shares represent an equal part of the Company's share capital and have the same rank in the event of insolvency of the Company. In the event of insolvency, any claims of holders of Shares are subordinated to those of the creditors of the Company.

The rights attached to the Shares are further described in "*Description of share capital and Articles of Association – General Shareholders' Meeting and voting rights*".

***Restrictions on free trading in the New Shares***

The class B shares are freely transferable. Each holder of class A shares or class C shares may freely transfer part or all of its class A or class C shares: (i) to an affiliated or associated person as defined in Articles 1:20 and 1:21 of the BCCA, who agrees to be bound by the terms of and by the transferor's obligations under the Shareholders' Agreement for as long as the Shareholders' Agreement remains in effect; and (ii) to the persons indicated in Article 9.2 of the Articles of Association, subject to the terms set forward in the Articles of Association being fulfilled, including the pre-emption right of the other shareholders. See in this respect also section "*Description of share capital and Articles of Association – General Shareholders' Meeting and voting rights – Transfer of shares*".

See section "*Plan of distribution and allocation of the New Shares*" regarding restrictions applicable to the Offering".

See section "*Lock-up and standstill arrangements*" regarding the lock-up undertaking of Publi-T and the standstill commitment of the Company.

**Terms and conditions of the Offering**

***Shares offered with an extra-legal preferential right***

The offering by the Company of the New Shares is carried out with extra-legal preference rights for the Existing Shareholders. The statutory preference right of the Existing Shareholders of the Company as set forth in Article 7:188 and following of the BCCA has been disapplied with respect to the Offering. However, the Existing Shareholders are being granted Preferential Rights, each conferring an extra-legal preference right, as described below.

From a practical perspective, the Prefential Rights do not substantially differ from statutory preference rights, and the Offering procedure does not differ substantively from the procedure that would otherwise have applied if the Offering had taken place with the statutory preference rights as provided for by the BCCA. In particular, the Preferential Rights will be separated from the underlying Shares and, provided they are in dematerialized form, will be separately tradable on the regulated market of Euronext Brussels during the Rights Subscription Period.

As one of the exceptions to the procedure that would have applied if the Offering had taken place with statutory preference rights, the Rights Subscription Period will have a term of 8 days instead of 15 days.

***Preferential Rights***

Each Share will entitle its holder to receive one Preferential Right. The Preferential Right is represented by coupon nr. 20. The Preferential Rights will be detached from the Existing Shares on June 15, 2022 after closing of Euronext Brussels and, provided they are in dematerialized form, will

be negotiable during the entire Rights Subscription Period on Euronext Brussels under the ISIN code BE0970178811.

***Reduced capital increase***

The Company has a right to proceed with a capital increase in a reduced amount. The final number of New Shares issued and the final amount of the capital increase will be confirmed in a press release issued by the Company on or about June 24, 2022.

***Amount of the capital increase***

If all New Shares are subscribed to, the total amount of the capital increase (including issue premium) will be €590,113,192.50. As indicated above, the Company reserves itself the right to proceed with a capital increase for a reduced amount. No minimum has been set for the Offering.

***Issue Price and Ratio***

The Issue Price is equal to €124.50 per New Share.

The Issue Price represents a discount to the closing price of June 14, 2022 (which amounted to €143.00) of 12.94 percent Based on the closing price, the theoretical ex-right price ("**TERP**") is €141.81, the theoretical value of a Preferential Right is €1.19, and the discount of the Issue Price compared to TERP is 12.20%.

The holders of Preferential Rights can subscribe to the New Shares in the Ratio of 2 New Shares for 29 Preferential Rights, it being understood that a holder of different classes of shares cannot combine Preferential Rights separated from shares of a different class to receive New Shares.

The Issue Price per New Share will be contributed as share capital up to the exact fractional value of the Existing Shares (i.e., €24.94 per Share, for legibility purposes, rounded to the nearest whole eurocent) multiplied by the number of New Shares and then rounded up to the nearest whole eurocent. The difference between this contribution to the share capital and the total Issue Price, after deduction of possible costs, will be allocated to a non-disposable account ("share premium account").

Investors will not be charged expenses by the Company or the Underwriters in connection with their role as underwriters. Investors may, however, have to bear customary transaction and handling fees charged by their account-keeping financial institution. The purchase and the sale of the Shares is, under certain conditions, subject to the Belgian tax on stock exchange transactions. For information relating to taxation, please see section "*Taxation*" and, in particular, section "*Taxation — Taxation in Belgium — Tax on Stock Exchange Transactions*".

**Subscription periods and procedure**

*Rights Offering*

The Rights Subscription Period shall be from June 16, 2022 up to and including June 23, 2022, 4 p.m. CET.

After the Right Subscription Period, the Preferential Rights may no longer be exercised or traded and as a result subscription requests received thereafter will be void.

*Subscription procedure*

As indicated above, the Preferential Rights, represented by coupon nr. 20 of the Existing Shares, will be separated from these Shares on June 15, 2022 after the closing of Euronext Brussels:

(i) Existing Shareholders whose holding of shares in the Company is registered in the share register of the Company will receive, at the address indicated in the share register, a letter or e-mail from the Company informing them of the procedures that they must follow, subject to the restrictions in this Prospectus and subject to applicable securities laws.

(ii) Existing Shareholders who hold dematerialized shares in the Company will automatically be allocated, by book-entry into their securities account, a corresponding number of Preferential Rights in the securities account they hold with their bank, subject to the restrictions in this Prospectus and subject to applicable securities laws. They will, in principle, be informed by their financial institution of the procedure that they must follow.

Subject to restrictions under applicable securities laws (see section "*Plan of distribution and allocation of the New Shares*") investors holding Preferential Rights in dematerialized form (including Existing Shareholders) can, during the Rights Subscription Period, irreducibly subscribe to the New Shares directly at the counters of KBC Bank, CBC Banque, KBC Securities, BNP Paribas Fortis and Belfius Bank if they have a client account there, or indirectly through any other financial intermediary. Subscribers should inform themselves about any costs that these financial intermediaries might charge and which they will need to pay themselves. At the time of subscription, the subscribers should remit a corresponding number of Preferential Rights in accordance with the Ratio.

Existing Shareholders whose holding of shares in the Company is registered in the share register of the Company, must elect to exercise their Preferential Rights and remit the respective amount for such subscription into the blocked account of the Company (as will be indicated in the instruction letter of the Company) by June 23, 2022, 4 p.m. CET latest. Failure to do so will imply failure of such Existing Shareholders to exercise their Preferential Rights, in which case these will receive the Net Scrips Proceeds (as defined below), if any, for such unexercised Preferential Rights.

*Trading of Preferential Rights*

During the Rights Subscription Period, Preferential Rights in dematerialized form can be traded on Euronext Brussels.

Preferential Rights can no longer be exercised or traded after June 23, 2022, at 4 p.m. CET, the "**Closing Date**" of the Rights Subscription Period.

An announcement of the results of the subscription with Preferential Rights will be made by a press release on or about June 24, 2022.

*Scrips Private Placement*

At the Closing Date of the Rights Subscription Period, the unexercised Preferential Rights will be automatically converted into an equal number of Scrips and these Scrips will be sold to institutional investors by way of a private placement. Through such a procedure, a book of demand will be built to find a single market price for the Scrips. Investors who acquire Scrips irrevocably commit to exercise the Scrips and thus to subscribe to the corresponding number of New Shares at the Issue Price and in accordance with the Ratio.

The Scrips Private Placement is expected to last for one day and is expected to take place on June 24, 2022.

The Scrips Private Placement will only take place if not all of the Preferential Rights have been exercised during the Rights Subscription Period.

The net proceeds from the sale of Scrips (rounded down to a whole eurocent per unexercised Preferential Right) after deducting expenses, charges and all forms of expenditure which the Company has to incur for the sale of the Scrips (the "**Net Scrips Proceeds**"), if any, will be distributed proportionally between all holders of Preferential Rights who have not exercised them. The Net Scrips Proceeds will be published by a press release and made available to the Existing Shareholders upon presentation of coupon nr. 20. There is, however, no assurance that any or all Scrips will be sold during the Scrips Private Placement or that there will be any Net Scrips Proceeds. Neither the Company nor the Underwriters procuring a sale of the Scrips will be responsible for any lack of Net Scrips Proceeds arising from the sale of the Scrips in the Scrips Private Placement.

If the Net Scrips Proceeds are less than €0.01 per unexercised Preferential Right, the holders of Preferential Rights who have not exercised them are not entitled to receive any payment and, instead, the Net Scrips Proceeds will be transferred to the Company. If the Company announces that Net Scrips Proceeds are available for distribution to holders of unexercised Preferential Rights and such holders have not received payment thereof by June 29, 2022, such holders should contact their financial intermediary, except for registered shareholders who should contact the Company.

The results of the subscription with Preferential Rights and with Scrips, the results of the sale of Scrips and the amount due to holders of unexercised Preferential Rights will be published on or about June 24, 2022 by a press release.

*Rules for subscription*

Investors should be aware that all New Shares they have subscribed to will be fully allocated to them. All subscriptions are binding and irrevocable, except as described in section "*Supplement to the Prospectus*".

Holders of dematerialized Preferential Rights wishing to exercise and subscribe for New Shares need to instruct their financial intermediary accordingly. The financial intermediary is responsible for obtaining the subscription request and for duly transmitting such subscription request to the Underwriters. Holders of registered Preferential Rights wishing to exercise and subscribe for New Shares need to comply with the instructions delivered to them in the letter received from the Company. It is not possible to combine Preferential Rights attached to registered Shares with Preferential Rights attached to dematerialized Shares to subscribe for New Shares.

Joint subscriptions are not possible: the Company recognizes only one owner per Share.

Subscriptions through the exercise of Preferential Rights or Scrips will not be reduced. Hence, no procedure to refund any excess amounts paid by subscribers needs to be organized.

Existing Shareholders or investors who do not own the exact number of Preferential Rights required to subscribe for a whole number of New Shares can, during the Subscription Period, either buy (through a private transaction or on the regulated market of Euronext Brussels) the lacking Preferential Rights to subscribe for one or more additional New Shares, sell (through a private transaction or on the regulated market of Euronext Brussels) the Preferential Rights representing a share fraction, or hold such Preferential Rights in order for them to be offered for sale in the form of Scrips after the Subscription Period. Purchasing or selling Preferential Rights and/or acquiring Scrips may entail certain costs.

*Minimum or maximum amount that may be subscribed*

Subject to the Ratio, there is no minimum or maximum amount that may be subscribed pursuant to the Offering.

*Revocation or suspension of the Offering*

The Company reserves the right to revoke or suspend the Offering, following consultation with the Underwriters if (i) it determines that market conditions would make the Offering more difficult in a material way, or (ii) the Underwriting Agreement has not been signed or has been terminated in accordance with its terms and conditions. If the Company decides to revoke or suspend the Offering or the Underwriting Agreement is terminated in accordance with its terms, a press release will be published and, to the extent such event would legally require the Company to publish a supplement to the Prospectus, such supplement will be published. Such revocation or suspension of the offering can occur up to the Closing Date.

**Publications in respect of the Offering**

*Supplement to the Prospectus*

In the event of any significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the evaluation of the Offering by prospective investors arises or is noted between the time of approval of the Prospectus and the time when trading of the New Shares on Euronext Brussels begins will be mentioned in a supplement to this Prospectus without undue delay. Such prospectus supplement will be subject to approval by the FSMA and subsequently be published in the same manner as this Prospectus. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus. Any statement so modified or superseded shall, except as so modified or superseded, no longer constitute a part of this Prospectus.

Investors who have already agreed to subscribe to the New Shares before the supplement is published, provided that the significant new factor, material mistake or material inaccuracy arose or was noted before the Closing Date of the Rights Subscription Period, shall have the right, exercisable within three business days after the publication of the supplement, to withdraw their subscriptions in accordance with Article 23.2a and 23.3a of the Prospectus Regulation. The supplement is subject to approval by the FSMA. A supplement to this Prospectus will be published

if, among other things: (i) the Rights Subscription Period is changed; (ii) the maximum number of New Shares is reduced prior to the allocation of the New Shares; (iii) the Underwriting Agreement is not executed or is executed but subsequently terminated; or (iv) to the extent required, the Company decides, following consultation with the Underwriters, to revoke or suspend the Offering (see "*Information on the Offering – Revocation or suspension of the Offering*").

Subscribers in the Rights offering withdrawing their subscription after the Rights Sucscription Period, will not share in the Net Scrips Proceeds and will not be compensated in any other way, including the purchase price (and any related cost) paid in order to acquire any Preferential Rights or Scrips.

Where the subscriptions to the Rights Offering are made through a financial intermediary, the financial intermediary will assist the investors in exercising their right to withdraw acceptances in such case. The financial intermediary will contact investors by the end of the first working day following that on which the supplement is published.

*Results of the Offering*

The results of the subscription with Preferential Rights will be made public by a press release before the market opening on or about June 24, 2022.

The results of the subscription with Preferential Rights and with Scrips, the results of the sale of Scrips and the payment of the Net Scrips Proceeds will be published on or about June 24, 2022 in the Belgian financial press and by press release.

**Payment and delivery of the New Shares**

The payment of the subscriptions with dematerialized Preferential Rights is expected to take place on or around June 28, 2022 and will be done by debit of the subscriber's account with the same value date (subject to the relevant financial intermediary procedures). Payment of subscriptions with registered Preferential Rights will be done by payment into a blocked account of the Company. Payment must have reached such account by June 23, 2022, 4 p.m. CET as indicated in the instruction letter from the Company.

The payment of the subscriptions in the Scrips Private Placement is expected to take place on or around June 28, 2022. The payment of the subscriptions in the Scrips Private Placement will be made by delivery against payment.

Delivery of the New Shares will take place on or around June 28, 2022. The New Shares will be delivered under the form of dematerialized Shares (booked into the securities account of the subscriber) or as registered Shares recorded in the Company's Share register.

**Dividend entitlement**

The New Shares will be entitled to a share in the results of the financial year that started on January 1, 2022 and of the following years.

**Expected timetable of the Offering**

| | | |
|---|---|---|
| Approval of the Prospectus by the FSMA | T-1 | June 14, 2022 |
| Detachment of coupon nr. 20 (representing the Preferential Right) after closing of the markets | T | June 15, 2022 |
| Publication of the launch press release and availability to the public of the Prospectus | T | June 15, 2022 |
| Trading of Shares ex-Right | T+1 | June 16, 2022 |
| Opening of Rights Subscription Period | T+1 | June 16, 2022 |
| Listing of the Preferential Rights on Euronext Brussels | T+1 | June 16, 2022 |
| Payment Date for the Registered Preferential Rights exercised by subscribers | T+8 | June 23, 2022 |
| Closing Date of the Rights Subscription Period | T+8 | June 23, 2022 |
| End of listing of the Preferential Rights on Euronext Brussels | T+8 | June 23, 2022 |
| Announcement via press release of the result of the subscription with Preferential Rights | T+9 | June 24, 2022 |
| Suspension of trading of Shares | T+9 | June 24, 2022 |
| Accelerated private placement of the Scrips | T+9 | June 24, 2022 |

| | | |
|---|---|---|
| Allocation of the Scrips and the subscription with Scrips | T+9 | June 24, 2022 |
| Announcement via press release of the results of the subscription with Preferential Rights and with Scrips and the Net Scrip Proceed (if any) due to holders of coupons nr. 20 and end of suspension of trading of Shares | T+9 | June 24, 2022 |
| Payment Date for the Dematerialized Preferential Rights exercised subscribers | T+13 | June 28, 2022 |
| Realization of the capital increase | T+13 | June 28, 2022 |
| Delivery of the New Shares to the subscribers | T+13 | June 28, 2022 |
| Listing of the class B shares on Euronext Brussels | T+13 | June 28, 2022 |
| Payment to holders of non-exercised Preferential Rights | T+14 | June 29, 2022 |

The Company may amend the dates and times of the share capital increase and periods indicated in the above timetable and throughout this Prospectus. If the Company decides to amend such dates, times or periods, it will notify Euronext Brussels and inform investors by a press release. Any material alterations to this Prospectus will be published in a press release and as a supplement to this Prospectus in the Belgian financial press and on the website of the Company.

**Admission to trading and dealing arrangements**

***Admission to trading***

*Preferential Rights*

The Preferential Rights, represented by coupon nr. 20, will be separated from the underlying shares in the Company on June 15, 2022 after the closing of Euronext Brussels.

The Company has applied for admission to trading of the Preferential Rights on Euronext Brussels. The Preferential Rights are expected to be listed and traded on Euronext Brussels under ISIN BE0970178811 from June 16, 2022 to June 23, 2022 (inclusive).

*Scrips*

No application for admission to trading of the Scrips will be made.

*Listing*

The Company has applied for admission to trading of the New Shares on Euronext Brussels. The new class B shares are expected to be listed on Euronext Brussels under the ISIN code BE0003822393.

*No Stabilization*

No stabilization will be carried on by the Underwriters in the framework of the Rights Offering.

***Liquidity contract***

The Company has entered into a liquidity contract with Exane BNP Paribas.

***Financial service***

The financial services for the shares of the Company (including the New Shares) are provided in Belgium by BNP Paribas Fortis SA/NV, KBC Securities SA/NV and Belfius Bank SA/NV. No financial institutional has been appointed in Germany to provide financial services in relation to the Offering. The costs of these financial services are borne by the Company.

***Costs of the Offering***

The gross and net proceeds of the Rights Offering are estimated at up to €590,113,192.50 and €583,978,687.50, respectively. The expenses related to the Rights Offering, which the Company will pay, are estimated at up to €6,134,505 and include, among other things, underwriting fees and commissions of €4,699,505, the fees due to the FSMA and Euronext Brussels and legal and administrative expenses, as well as publication costs.

If a shareholder exercises all Preferential Rights allocated to it, there will be no dilution in terms of its participation in the Company's share capital or in terms of its dividend rights. However, to the extent that a shareholder is granted a number of Preferential Rights that does not entitle it to a round number of New Shares in accordance with the Ratio, such shareholders may slightly dilute if it does not purchase the missing Preferential Right(s) on the secondary market and exercises such Preferential Right(s) accordingly.

***Financial consequences***

Shareholders who decide not to exercise all of their allocated Preferential Rights should take into account the risk of a financial dilution of their portfolio. Such risk is a consequence of the fact that the Offering is priced at an Issue Price lower than the market price of the Share.[10] The table below sets out the extent of such a dilution. Theoretically, the value of the Preferential Rights should compensate for the reduction in the financial value caused by the Issue Price being lower than the market price. Existing Shareholders may suffer a financial loss if they cannot trade (sell) their Preferential Rights at their theoretical value (and the price at which the Scrips will be sold during the Scrips Private Placement does not lead to a payment equal to the theoretical value of the Scrips), please see table below for illustration purposes.

| | Price before Rights Offering[(1)] | Theoretical ex-Right price | Theoretical Right value + 50% | Theoretical Right value - 50% | Theoretical Right value - 100% |
|---|---|---|---|---|---|
| After the issue of 4,739,865 New Shares | €143.00 | €141.81 | €1.79 | €0.60 | €0.00 |
| % of financial dilution | | | (0.42%) | 0.42% | 0.83% |

Notes:
(1) Price of the shares in the Company as of June 14, 2022.

**Interest of natural and legal persons involved in the Rights Offering**

There is no natural or legal person involved in the Offering and having an interest that is material to the Offering, other than the Underwriters.

The Underwriters are expected to enter into an Underwriting Agreement with the Company on or about June 24, 2022 (see section "*Plan of distribution and allocation of New Shares" – Underwriting Agreement").*

Both Belfius and BNP Paribas Fortis have long term credit lines outstanding with the Company and Belfius Insurance is one of the main shareholders of the Company (1.04%). Reference is made to Section "*Material Agreements – Financing arrangements of the Group").* A specific attention will be devoted to the conflict of interests and their disclosures to investors.

BNP Paribas Fortis currently has some interest rate hedging contracts outstanding for ETB.

Both BNP Paribas Fortis and KBC have a longstanding relationship with Elia Group in which context they each provide a wide variety of banking services to Elia Group and some of its subsidiaries, collecting fees in the process. BNP Paribas Fortis and KBC intend to pursue providing services to Elia Group and its subsidiaries in the future.

[10] The net asset value per Share as at December 31, 2021 amounted to €32.53. The Issue Price amounts to €124.50 per New Share.

# PLAN OF DISTRIBUTION AND ALLOCATION OF THE NEW SHARES

**Underwriting Agreement**

The Company and the Underwriters expect (but have no obligation) to enter into an Underwriting Agreement, which is expected to take place on or about June 24, 2022.

Subject to the terms and conditions to be set forth in the Underwriting Agreement, each of the Underwriters, severally and not jointly, will enter into a soft commitment to underwrite the Offering by procuring payment for all New Shares taken up in the Offering, excluding (i) the New Shares that certain Existing Shareholders have committed to take up pursuant to their take-up commitments (as set out in section "Intention of the Existing Shareholders to participate in the Offering" above) and (ii) the New Shares subscribed to by the Existing Shareholders holding registered shares.

Subject to the terms and conditions to be set forth in the Underwriting Agreement, the Underwriters will severally agree to underwrite the following percentage of underwritten shares:

| Underwriter | Underwriting commitment (%) |
|---|---|
| BNP Paribas Fortis SA/NV | 35% |
| KBC Securities NV | 35% |
| Belfius Bank NV | 15% |
| Goldman Sachs International | 15% |

The Underwriters will be under no obligation to purchase any New Shares prior to the execution of the Underwriting Agreement (and then only on the terms and subject to the customary conditions set out therein).

The Underwriting Agreement will provide that the Joint Global Coordinators will have the right to terminate the Underwriting Agreement before the completion of the share capital increase in relation to the Offering and the Scrips Private Placement and the listing and delivery to subscribers of the New Shares subscribed with the Preferential Rights and with Scrips upon: (i) any statement contained in any document relating to the Offering is, or has become, or has been discovered to be, inaccurate or misleading in any material respect; (ii) non satisfaction of the conditions precedent set out in the Underwriting Agreement (including but not limited to the successful completion of the Pre-Commitments); (iii) any matter has arisen which would, if the documents relating to the Offering were to be issued at that time, constitute a material inaccuracy or omission therefrom; (iv) failure of the Company to comply with its material obligations under the Underwriting Agreement, and in particular when the Company breaches the covenants and undertakings included in the Underwriting Agreement in any material respect; (v) breach of any of the representations and warranties of the Company in any material respect or an event occurs which, if those representations and warranties were repeated immediately after that event, would make any of those representations and warranties materially untrue, incorrect or misleading (vi) the Company fails to issue the New Shares, (vii) the application for admission to listing of the New Shares on Euronext Brussels is withdrawn or refused; (viii) any event or development that causes or results or is likely to result in a material adverse effect, ie any event or effect materially and adversely affecting the Company's ability to comply with or complete the operations as set forth in the Underwriting Agreement or to complete the Offering as described in this prospectus as well as any material adverse effect in or affecting the value, state or condition (financial, legal or otherwise) of shareholders' equity or the property, assets, rights, business, management, prospects, earnings, net worth or results of operations, general affairs, solvency of the Group, it being understood that a material adverse effect shall also be deemed to have occurred in all cases where isolated events would not have such an effect but where the aggregate of two or more of such events would, taken in aggregate, have such effect, (ix) other specific circumstances described in the Underwriting Agreement such as a suspension or material limitation of trading in the Company's securities on Euronext Brussels; a suspension or material limitation in trading of securities on Euronext Brussels or the New York Stock Exchange; a material disruption in commercial banking or securities settlement or clearance services in the United States or Belgium, a material adverse change in the financial markets in the United States or Belgium or in the international financial markets, or a general moratorium on commercial banking activities declared by the relevant authorities in Brussels or New York, if any such event, in the

reasonable judgement of the Joint Global Coordinators, is likely to materially prejudice the completion of the Offering, the subscription and delivery of the New Shares; (x) the issue of a supplement to this prospectus or the publication of additional disclosures which is materially prejudicial to the completion of the Offering. If the Underwriting Agreement is terminated in accordance with its terms, the Underwriters shall be released from their obligation to subscribe to any underwritten New Shares. If the Underwriting Agreement is terminated, the Company shall publish a prospectus supplement that will be subject to approval by the FSMA in which case subscription to the Offering and subscription to the Scrips Private Placement will automatically be cancelled.

In the Underwriting Agreement, the Company will make certain representations, warranties and undertakings to the Underwriters and the Company will agree to indemnify the Underwriters against certain liabilities in connection with the Offering.

**Intention to subscribe**

*See the section "Relationship with significant shareholders – Intention of the Existing Shareholders to participate in the Offering" and the section "Management and governance – Intention of the directors and the members of the Executive Committee to participate in the Offering".*

**Allocation and potential investors**

The Offering is carried out with non-statutory preference rights for the Existing Shareholders. The Preferential Rights are allocated to all the shareholders of the Company as of the closing of Euronext Brussels on June 15, 2022, and each share in the Company will entitle its holder to one Preferential Right. Both the initial holders of Preferential Rights and any subsequent purchasers of Preferential Rights, as well as any purchasers of Scrips in the Scrips Private Placement, may subscribe for the New Shares, subject to the restrictions under applicable securities laws.

The Preferential Rights are granted to the Existing Shareholders of the Company and may only be exercised by the Existing Shareholders of the Company (or subsequent purchasers of the Preferential Rights) who can lawfully do so under any law applicable to them. The New Shares to be issued upon exercise of the Preferential Rights are being offered only to holders of Preferential Rights to whom such offer can be lawfully made under any law applicable to those holders. The Company has taken all necessary actions to ensure that Preferential Rights may lawfully be exercised by, and New Shares to be issued upon the exercise of Preferential Rights may lawfully be offered to, the public (including shareholders of the Company and holders of Preferential Rights) in Belgium and Germany. The Company has not taken any action to permit any offering of Preferential Rights or New Shares to be issued upon the exercise of Preferential Rights in any other jurisdiction outside of Belgium and Germany.

The Scrips, and the New Shares to be issued upon exercise of Scrips as a result of the Scrips Private Placement, are being offered only in an accelerated bookbuild private placement to investors in Belgium and by way of an exempt private placement in such other jurisdictions as shall be determined by the Company in consultation with the Underwriters. The Scrips, and New Shares to be issued upon exercise of Scrips as a result of the Scrips Private Placement, are not being offered to any other persons or in any other jurisdiction.

*Selling restrictions*

The distribution of this Prospectus, the acceptance, sale, purchase or exercise of Preferential Rights, the purchase and the exercise of Scrips and the subscription for and acquisition of New Shares may, under the laws of certain countries other than Belgium, be governed by specific regulations. Individuals in possession of this Prospectus, or considering the acceptance, sale, purchase or exercise of Preferential Rights, the purchase or exercise of Scrips or the subscription for, or acquisition of, New Shares, must inquire about those regulations and about possible restrictions resulting from them, and comply with those restrictions. Intermediaries cannot permit the acceptance, sale or exercise of Preferential Rights, the purchase or exercise of Scrips or the subscription for, or acquisition of, New Shares, for clients whose addresses are in a country where such restrictions apply. No person receiving this Prospectus (including trustees and nominees) may distribute it in, or send it to, such countries, except in conformity with applicable law. The Company and the Underwriters expressly disclaim any liability for non-compliance with the aforementioned restrictions.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the Preferential Rights, the Scrips and New Shares to which they relate or an offer to sell or the solicitation of an offer to buy Preferential Rights, Scrips or New Shares in any circumstances in which such offer or solicitation is unlawful.

The following sections set out specific notices in relation to certain countries that, if stricter, shall prevail over the foregoing general notice.

*Certain Member States of the EEA*

The Company has not authorized any offer to the public of New Shares, Preferential Rights or Scrips in any Member State of the European Economic Area (each, a "**Member State**") other than Belgium and Germany. No action has been undertaken or will be undertaken to make an offer to the public of New Shares, Preferential Rights or Scrips requiring a publication of a prospectus in any Member State pursuant to the Prospectus Regulation. As a result, the New Shares, Preferential Rights or Scrips may only be offered in a Member State under the following exemptions of the Prospectus Regulation:

(i) to any legal entity that is a qualified investor in the EEA as defined under Article 2(e) of the Prospectus Regulation in accordance with Article 1.4(a) of the Prospectus Regulation;

(ii) to fewer than 150 natural or legal persons (other than qualified investors in the EEA as defined under Article 2(e) of the Prospectus Regulation) in accordance with Article 1.4(b) of the Prospectus Regulation, subject to obtaining the prior consent of the Underwriters for any such offer; or

(iii) in any other circumstances falling within Article 1(4) of the Prospectus Regulation as applicable;

provided that no such offer of New Shares shall result in a requirement for the publication by the Company or any Underwriter of a prospectus pursuant to Article 3(1) or a supplement to a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this section, the expression an "offer to the public" in relation to any New Shares, Preferential Rights and Scrips in any Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and the New Shares, Preferential Rights and Scrips so as to enable an investor to decide to purchase or subscribe to any New Shares, Preferential Rights and Scrips within the meaning of the Prospectus Regulation.

*United Kingdom*

The Company has not authorized any offer to the public of New Shares, Preferential Rights or Scrips in the United Kingdom. With respect to the United Kingdom, no action has been undertaken or will be undertaken to make an offer to the public of New Shares, Preferential Rights or Scrips requiring a publication of a prospectus in the United Kingdom pursuant to the UK Prospectus Regulation. As a result, the New Shares, Preferential Rights or Scrips may only be offered in the United Kingdom under the following exemptions of the UK Prospectus Regulation:

(i) to any legal entity which is a qualified investor in the United Kingdom pursuant to Article 2 of the UK Prospectus Regulation;

(ii) to fewer than 150 natural or legal persons (other than qualified investors in the United Kingdom as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Underwriters for any such offer; or

(iii) in any other circumstances falling within Section 86 of the Financial Services and Markets Act 2000, as amended (the "**UK FSMA**") as applicable,

provided that no such offer of New Shares shall require us or any Underwriter to publish a prospectus pursuant to Section 85 of the UK FSMA, or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

This Prospectus is directed solely at qualified investors within the meaning of Article 2(e) of the UK Prospectus Regulation who also (i) have professional experience in matters relating to investments falling within the meaning of Article 19(5) of the UK FSMA, (Financial Promotion) Order 2005, as amended (the "**Order**"), or (ii) are high net worth entities and other persons to whom such communication may otherwise lawfully be made falling within Article 49(2)(A) to (D) of the Order (all

such persons together being referred to as "**Relevant Persons**"). This Prospectus must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this communication relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. Persons distributing this communication must satisfy themselves that it is lawful to do so.

In any case, the Scrips Offering shall only be made to Relevant Persons in the United Kingdom. There shall be no public offering of the Preferential Rights, the Scrips or the New Shares in the United Kingdom.

For the purposes of this paragraph, the expression an "**offer to the public**" of New Shares, Preferential Rights or Scrips in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the Offering and the New Shares, Preferential Rights or Scrips to be offered so as to enable an investor to decide to purchase or subscribe to any such securities; and the expression "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of the domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018.

*United States*

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the New Shares, the Preferential Rights or the Scrips offered hereby.

No actions have been taken to register or qualify the New Shares, the Preferential Rights or the Scrips offered hereby or otherwise permit a public offering of the New Shares, the Preferential Rights or the Scrips offered hereby in the United States. The New Shares and the Preferential Rights are being offered in the United States on a private placement basis solely to "qualified institutional buyers" ("QIBs") within the meaning of Rule 144A under the Securities Act pursuant to the exemption from the registration requirements of the Securities Act set forth in Section 4(a)(2) thereof. Outside the United States, the Right Offering is being made pursuant to Regulation S under the Securities Act. The Scrips Private Placement (if any) will be made only outside the United States in reliance on Regulation S.

The New Shares, the Preferential Rights and the Scrips offered hereby have not been and will not be registered under the Securities Act and may not be offered, sold or resold in, or to persons in, the United States except in accordance with an available exemption from registration under the Securities Act.

Investors may not exercise Preferential Rights, and may not purchase the New Shares or the Preferential Rights in the United States, unless they are QIBs. Investors that are QIBs may exercise their Preferential Rights only if such investors sign and timely deliver to the Company an investor letter. Investors that are QIBs exercising Preferential Rights will be deemed to have made certain representations and warranties, including the following:

(i) It is and at the time of any exercise by it of Preferential Rights or acquisition of New Shares will be, a QIB.

(ii) It understands and acknowledges that neither the New Shares nor the Preferential Rights have been or will be registered under the Securities Act, and may not be offered, sold, pledged, delivered or otherwise transferred, directly or indirectly, in or into the United States, other than in accordance with paragraph (iv) below.

(iii) As a purchaser in a private placement of securities that have not been registered under the Securities Act, it is acquiring the New Shares or the Preferential Rights for its own account, or for the account of one or more other QIBs for which it is acting as duly authorised fiduciary or agent with sole investment discretion with respect to each such account and with full authority to make the acknowledgments, representations and agreements herein with respect to each such account, in each case for investment and not with a view to any resale or distribution of any New Shares or Preferential Rights

(iv) It understands and agrees that, although offers and sales of the Preferential Rights are being made only to QIBs, and that the Preferential Rights may be exercised only by QIBs, such exercises of Preferential Rights are not being made under Rule 144A, and that if in the future it or any such other QIB for which it is acting, as described in

paragraph (iii) above, or any other fiduciary or agent representing such investor decides to offer, sell, deliver, hypothecate or otherwise transfer any New Shares, Preferential Rights or Scrips, it will do so only (i) pursuant to an effective registration statement under the Securities Act, (ii) to a QIB, (iii) outside the United States in an "offshore transaction" pursuant to Rule 904 under Regulation S under the Securities Act (and not in a pre-arranged transaction resulting in the resale of such New Shares or Preferential Rights into the United States), (iv) in another transaction exempt from, or not subject to, the registration requirements of the Securities Act or (v) in the case of New Shares, in accordance with Rule 144 under the Securities Act and, in each case, in accordance with any applicable securities laws of any state or territory of the United States and of any other jurisdiction. It understands that no representation can be made as to the availability of the exemption provided by Rule 144 under the Securities Act for the resale of New Shares.

(v) It understands that for so long as such New Shares are "restricted securities" within the meaning of US federal securities laws, no such New Shares may be deposited into any American depositary receipt facility established or maintained by a depositary bank, other than a restricted depositary receipt facility, and that the New Shares will not settle or trade through the facilities of The Depository Trust Company or any other US exchange or clearing system.

(vi) It has received a copy of this Prospectus and has had access to such financial and other information concerning the Company as it has deemed necessary in connection with making its own investment decision to purchase or exercise the New Shares or the Preferential Rights. It acknowledges that neither the Company nor the Underwriters nor any person representing the Company or the Underwriters has made any representation with respect to the Company or the offering or sale of any New Shares or Preferential Rights other than as set forth in the Prospectus, and upon which it is relying solely in making its investment decision with respect to the New Shares or the Preferential Rights. It has held and will hold any offering materials, including the Prospectus, it receives directly or indirectly from the Company or the Underwriters in confidence, and it understands that any such information received by it is solely for it and not to be redistributed or duplicated.

(vii) It, and each other QIB, if any, for whose account it is acquiring the New Shares or the Preferential Rights, in the normal course of business, invest in or purchase securities similar to the New Shares, the Preferential Rights or the Scrips, has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of purchasing any of the New Shares or the Preferential Rights and it is aware that it must bear the economic risk of an investment in each New Share or Preferential Right for an indefinite period of time and is able to bear such risk for an indefinite period.

(viii) It understands that these representations and undertakings are required in connection with United States securities laws.

(ix) It undertakes promptly to notify the Company and the Underwriters if, at any time prior to the closing of the Offering, any of the foregoing ceases to be true.

Terms used in this section "*United States*" but not otherwise defined above have the meanings given to them by Regulation S.

In addition, until the expiration of the 40-day period beginning on the date of this Prospectus, an offer to sell or a sale of the New Shares or the Preferential Rights within the United States by a broker/dealer (whether or not it is participating in the Rights Offering) may violate the registration requirements of the Securities Act unless such offer to sell or sale is made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws.

**Lock-up and standstill arrangements**

Publi-T agreed to a lock-up undertaking pursuant to which it agrees to not, directly or indirectly, without the prior written consent of the Underwriters, at any time prior to the date which is 90 days after the Closing Date:

(i) offer, sell, transfer, contract to sell, charge, lend, assign, grant any option, right or warrant to purchase or agree to offer, sell, lease, transfer, contract to sell, charge, mortgage, pledge, create liens, gift, lend, hypothecate, encumber, enter into any swap or other agreement or transaction which transfers, in whole or in part, any of the voting rights or economic consequences of ownership of the shares issued by the Company that are currently owned by Publi-T and the New Shares that Publi-T will subscribe to during the Rights Offering (the "**Publi-T Shares**"), assign, grant any option to purchase or otherwise dispose of, directly or indirectly, any Publi-T Shares or any interests in any Publi-T Shares (or any other securities convertible into or exchangeable for Publi-T Shares or which carry rights to subscribe or purchase Publi-T Shares); and

(ii) enter into any transaction (including a derivative transaction) having an effect on the trading of the Publi-T Shares similar to that of a sale; and

(iii) publicly announce any intention to do any of such things referred to in subclauses (i) or (ii) above.

Publi-T also procured that none of its affiliates within the meaning of Article 1:20 BCCA shall do any of such things referred to in subclauses (i), (ii) or (iii) above.

However, nothing in the foregoing will prohibit Publi-T from (i) accepting a public tender offer made to all or substantially all holders of Publi-T Shares, or (ii) transferring Publi-T Shares to a third party provided that the transferee shall enter into similar lock-up arrangements with the Joint Global Coordinators prior to the transfer for the remainder of the lock-up period, or (iii) maintaining any pledge, charge, lien or encumbrance on any Publi-T Shares in the context of any existing financing or creating any pledge, charge, lien or encumbrance on any Publi-T Shares in the context of one or more transactions aimed at financing or re-financing any acquisition or subscription by Publi-T of Publi-T Shares in the Company.

The Company has committed to the Underwriters that it will not, directly or indirectly, for a period of 180 calendar days after the first listing date of the New Shares, except with the prior written consent of the Joint Global Coordinators (acting on behalf of the Underwriters), (i) issue or sell, or attempt to dispose of, or solicit any offer to buy any shares, warrants or other securities or grant any options, convertible securities or other rights to subscribe for or purchase shares or enter into any contract (including derivative transactions) or commitment with like effect or (ii) purchase any of its securities or otherwise reduce its share capital, except within the framework of employee incentive plans in line with past practice.

# DEFINITIONS AND GLOSSARY OF SELECTED TERMS

**Definitions**

| | |
|---|---|
| **50Hertz Offshore** | 50Hertz Offshore GmbH |
| **50Hertz Transmission** | 50Hertz Transmission GmbH |
| **A Directors** | List of candidates proposed by the class A Shareholders of the Company |
| **AblaV** | The German Ordinance August 2018 on Interruptible Loads (*Verordnung über Vereinbarungen zu abschaltbaren Lasten)* |
| **ACER Regulation** | Regulation (EC) No 713/2009 establishing an Agency for the Cooperation of Energy Regulators (ACER) |
| **API** | Application Programming Interface |
| **APM** | Alternative performance measures |
| **ARegV** | The German Ordinance of October 29, 2007 on Incentive Regulation (*Verordnung über die Anreizregulierung der Energieversorgungsnetze*) |
| **Baltic 1** | The first commercial offshore wind farm in the Baltic Sea |
| **Baltic 2** | A second grid connection in the Baltic Sea |
| **BCCA** | The Belgian Code on Companies and Associations |
| **Belgian GAAP** | The generally accepted accounting principles in Belgium |
| **Belgian Investor** | A private individual with habitual residence in Belgium or a legal entity for the account of its seat or establishment in Belgium |
| **BNetzA** | Federal Network Agency for Germany (*Bundesnetzagentur)* |
| **BRP** | Balance responsible parties |
| **Brugel** | The Brussels Commission for Energy ("*Bruxelles Gaz Electricité" / "Brussel Gas Elektriciteit")* |
| **Brussels Electricity Ordinance** | The Belgian Ordinance of July 19, 2001 relating to the organization of the electricity market in the Brussels-Capital Region |
| **C Directors** | List of candidates proposed by the class C Shareholders of the Company |
| **CAGR** | Compound Annual Growth Rate |
| **CCRs** | Capacity calculation regions |
| **CER Directive** | The upcoming Directive on the resilience of critical infrastructure |
| **CHP** | *Combined heat and power* |
| **CJEU** | Court of Justice of the European Union |
| **Clean Energy Package** | The comprehensive update of the EU's energy policy framework adopted in 2019 aiming to facilitate the transition away from fossil fuels towards cleaner energy and to deliver on the EU's Paris Agreement commitments for reducing greenhouse gas emissions |
| **Commission's Proposal** | The European Commission proposal for a Directive for a common financial transaction tax published on February 14, 2013 |
| **Company** | Elia Group SA/NV |
| **COP26** | The UN Climate Change Conference held in Glasgow in November 2021 |

| | |
|---|---|
| **CORE** | Refers to setup of the CORE capacity calculation region (CORE CCR), covering sixteen TSOs (CORE CCR TSOs) that are active in Central Eastern and Central Western Europe. |
| **Coreso** | Coreso SA/NV |
| **Corporate Governance Charter** | The latest version of the corporate governance charter of the Company adopted by the Board of Directors on March 2, 2021. |
| **Corporate Governance Code 2020** | The 2020 Belgian corporate governance code |
| **Corporate Governance Decree** | The Belgian Royal Decree of May 3, 1999 "*relatif à la gestion du réseau national de transport d'électricité" / "betreffende het beheer van het nationaal transmissienet voor elektriciteit*" |
| **CREG** | 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*) |
| **CRM** | Capacity remuneration mechanism |
| **CRS** | Common Reporting Standard |
| **CWaPE** | The Walloon Commission for Energy (*Commission wallonne pour l'Energie)* |
| **CWE** | Central Western Europe |
| **DAC2** | Directive 2014/107/EU on administrative cooperation in direct taxation |
| **Digitalization Act** | The German Act of August 29, 2016 on the digitalization of the energy transition (*Gesetz zur Digitalisierung der Energiewende*) |
| **DSO** | Distribution system operator |
| **EEAV** | The German Renewable Energy Implementation Ordinance of January 22, 2010 (*Erneuerbare-Energien-Ausführungsverordnung*) |
| **EEG** | The German Renewable Energy Act, as amended (*Erneuerbare Energien Gesetz*) |
| **EEV** | The Renewable Energy Ordinance of February 17, 2015 (*Erneuerbare-Energien-Verordnung*) |
| **EGI** | Elia Grid International SA/NV |
| **EIB Loan** | The €100 million credit facility with the European Investment Bank to support ETB's ongoing capex program |
| **Electricity Directive** | Directive 2009/72/EC |
| **Electricity Law** | The Belgian Law of April 29, 1999 "relative à l'organisation du marché de l'électricité" / "betreffende de organisatie van de elektriciteitsmarkt". |
| **Electricity Market Act** | The German Electricity Market Act of June 29, 2016 (*Strommarktgesetz*) |
| **Electricity Regulation** | Regulation (EC) No 714/2009 |
| **Elia Asset** | Elia Asset SA/NV |
| **EMD Directive** | Electricity Market Design Directive (2019/944) |
| **EMD Regulation** | Electricity Market Design Regulation (2019/943) |
| **Energy Efficiency Directive (EED)** | Directive 2012/27/EU, as amended by Directive 2018/2002 |

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| **ENTSO-E** | The European Network of TSOs for Electricity |
| **EnWG** | The German Energy Industry Act, as amended (*Energiewirtschaftsgesetz)* |
| **EPBD** | Energy Performance of Buildings Directive |
| **EPCIP Directive** | The European Program for Critical Infrastructure Protection |
| **ESO** | Elia System Operator SA/NV |
| **ESR** | Regulation of April 26, 2018 on Effort Sharing |
| **ETB** | Elia Transmission Belgium SA/NV |
| **ETD** | Energy Taxation Directive |
| **EU ETS** | EU Emission Trading System Directive |
| **Eurogrid International** | Eurogrid International SC/CV |
| **Executive Management Board** | College in charge of the day-to-day management of the Company |
| **Existing Shareholders** | Each shareholder holding shares of the Company at closing of Euronext Brussels on June 15, 2022 |
| **Federal Grid Code** | The Belgian Royal Decree of April 22, 2019, establishing the technical regulation for the operation of the national transmission system and access to the system |
| **Federal Holding and Investment Company** | Federale Participatie- en Investeringsmaatschappij SA/NV |
| **FEP** | Site Development Plan (*Flächenentwicklungsplan)* |
| **Financial Instruments** | In the framework of the new FTT proposal, shares (including ordinary and any preference shares) admitted to trading on a trading venue or a similar third country venue, or of other securities equivalent to such shares |
| **Flemish Energy Act** | Decree of May 8, 2009 containing general provisions on energy policy, as amended |
| **FSMA** | The Belgian Financial Services and Market Authority |
| **FTT** | Financial transactions tax |
| **Group** | The Company and its subsidiaries |
| **HGRT** | Holding des Gestionnaires de Réseau de transport d'électricité |
| **HVDC** | High-voltage direct current |
| **IC** | Influenceable costs |
| **IFM** | Industry Funds Management |
| **IFRS** | International Financial Reporting Standards |
| **IM** | Investment measures |
| **Issue Price** | The issue price for the New Shares is €124.50 |
| **JAO** | Joint Allocation Office S.A. |
| **KfW** | *Kreditanstalt für Wiederaufbau* |
| **KKA** | The capital cost adjustment (*Kapitalkostenabgleich*) |
| **KraftNAV** | *Kraftwerks-Netzanschluss-Verordnung* |
| **KWKG** | *Combined Heat and Power Act* |
| **LTTR** | Long Term Transmission Right |

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| **Market Abuse Regulation** | Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse |
| **MCAA** | Multilateral competent authority agreement |
| **MOG** | Modular Offshore Grid |
| **MsbG** | The German Smart Meters Operation Act *(Messstellenbetriebsgesetz)* |
| **MTF** | Multilateral trading facility |
| **National Grid** | National Grid Interconnector Holdings Limited |
| **NEMoG** | *Netzentgeltmodernisierungsgesetz* |
| **NEP** | Network development plans (*Netzentwicklungspläne)* |
| **ET Scrips Proceeds** | The net proceeds from the sale of Scrips (rounded down to a whole eurocent per unexercised Preferential Right) after deducting expenses, charges and all forms of expenditure which the Company has to incur for the sale of the Scrips |
| **NETSO** | The UK National Electricity Transmission System Operator |
| **New Shares** | Newly issued ordinary shares in the Company |
| **NIS Directive** | The EU Network and Information Security Directive (2016/1148) |
| **Offering** | The public offering to Existing Shareholders and any holders of Preferential Right to subscribe to New Shares and the Scrips Private Placement |
| **Offshore Grid Surcharge** | 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') |
| **OFPs** | Organizations for financing pensions |
| **OLO** | Obligation linéaire – lineaire obligatie – straight-line obligation |
| **O-NEP** | The offshore network development plan (*Offshore-Netzentwicklungsplan)* |
| **Ostwind 1** | An offshore cluster connection approved by BNetzA in the O-NEP |
| **Ostwind 2** | BNetzA-approved three additional cable systems and associated on- and offshore substations in the Cluster Westlich Adlergrund |
| **Participating Member States** | In the framework of the Commission's Proposal, Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia |
| **PCI** | (European) Project of common interest |
| **PE** | (Belgian) permanent establishment |
| **PNIC** | Permanently non-influenceable costs |
| **PPA** | Power Purchase Agreement |
| **Preferential Right** | The extra-legal preferential right to subscribe to New Shares |
| **Prospectus** | This prospectus, which sets out the terms of the Offering, including its schedules |
| **Prospectus Law** | The Belgian Law of July 11, 2018 on the public offering of securities and the admission of securities to trading on a regulated market as amended |
| **Prospectus Regulation** | Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 |

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| **Publipart** | Publipart SA/NV |
| **Publi-T** | Publi-T SC/CV |
| **Publi-T Shares** | The shares that Publi-T currently owns in the Company and the New Shares that Publi-T will subscribe to during the Rights Offering |
| **QIBs** | Qualified institutional buyers as defined in Rule 144A under the Securities Act |
| **RAB** | Regulated Asset Base |
| **Ratio** | The ratio of 2 New Shares for 29 Preferential Rights for which holders of Preferential Rights are entitled to subscribe to the New Shares |
| **re.alto** | re.alto-Energy SRL/BV |
| **RED Directive** | Renewable Energy Directive 2009/28/EC, as amended |
| **Regulation S** | Regulation S under the Securities Act |
| **RES** | Renewable energy sources |
| **Rights Offering** | the public offering to Existing Shareholders and any holders of a Preferential Right to subscribe to New Shares |
| **Rights Subscription Period** | The subscription period for the New Shares from June 16, 2022 up to and including June 23, 2022, at 4 p.m. CET |
| **Rule 144A** | Rule 144A under the Securities Act |
| **Scrips** | Scrips resulting from the conversion into an equal number of Preferential Rights that are not exercised during the Rights Subscription Period |
| **Scrips Private Placement** | The offer for sale of the Scrips in a private placement to institutional investors that is expected to start on or about June 24, 2022 and to end on the same date |
| **Securities Act** | The US Securities Act of 1933 |
| **Shareholders' Agreement** | The shareholders' agreement entered into on May 31, 2002 between Electrabel SA/NV, SPE SA/NV, CPTE SC/CV, Publi-T, the Belgian State, the Company and Elia Asset |
| **Stock Exchange Tax Representative** | A stock exchange tax representative in Belgium |
| **StromNEV** | The German Ordinance of July 25, 2005 on Electricity Network Tariffs (*Verordnung über die Entgelte für den Zugang zu Elektrizitätsversorgungsnetzen*) |
| **StromNZV** | The German Ordinance of July 25, 2005 on Electricity Network Access (*Verordnung über den Zugang zu Elektrizitätsversorgungsnetzen*) |
| **Takeover Law** | The Belgian Law of April 1, 2007 on public takeover bids |
| **Takeover Royal Decree** | The Belgian Royal Decree of April 27, 2007 on public takeover bids |
| **TEN-E Regulation** | Regulation 347/2013 on guidelines for trans-European energy infrastructure |
| **TNIC** | Temporarily non-influenceable costs |
| **TPA** | Third party access |

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| **Transparency Law** | The Belgian law of May 2, 2007 on the disclosure of major holdings in issuers whose shares are admitted to trading on a regulated market and laying down miscellaneous provisions |
| **TSO** | Transmission system operator |
| **Underwriters** | BNP Paribas Fortis SA/NV, KBC Securities SA/NV, Belfius Bank SA/NV and Goldman Sachs International |
| **Underwriting Agreement** | The underwriting agreement which the Company and the Underwriters expect to enter into on or about June 24, 2022. |
| **VREG** | The Flemish Regulator for the Electricity and Gas Markets (*Vlaamse Regulator van de Elektriciteits- en Gasmarkt*) |
| **Walloon Electricity Act** | The Decree of April 12, 2001 regarding the organisation of the regional electricity market, as amended. |

**Glossary of selected terms**

In addition to the above definitions, the following explanations are provided in order to assist the reader to understand the most important terms used in this Prospectus (and are not intended as technical definitions):

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| **AIT:** | Average interruption time, which is the quality indicator for lasting power interruptions, expressed in minutes/customer per year. |
| **Ancillary services:** | The services for primary control, secondary control, tertiary reserve, regulation of the voltage and the reactive power, congestion management and black start. |
| Balance Responsibility Contract: | The contract concluded between Elia and a BRP concerning the balancing obligations of the BRP for the Injections and Off-takes of electricity within its responsibility. |
| **Belpex:** | The Belgian day-ahead power exchange, to be incorporated by the Company as majority shareholder, in partnership with APX (the Amsterdam power exchange), Powernext (the French power exchange), TenneT (the Dutch Transmission System Operator) and probably RTE (the French Transmission System Operator). |
| **Black start service** | An ancillary service for restoring the power system after a black-out assuring the availability of generation means fit to start and to supply electricity to the network without the need for external electricity supply from the network. |
| **Combined heat and power (CHP):** | CHP or cogeneration is an energy conversion process, where electricity and useful heat are produced simultaneously in one process. CHP heat can be used either for district heating or for industrial processes.<br><br>The CHP process may be based on the use of steam or gas turbines or combustion engines. The primary energy source can be a wide range of fuels, including biomass and fossil fuels, as well as geothermal or solar energy. |
| **Congestion Management:** | All the measures taken by electricity network operators to alleviate capacity constraints on the network and maximize the availability of network capacity to the market actors. |
| **Connection Contract:** | The agreement entered into between Elia and the network users, which provides for the rights and obligations of Elia and the network users regarding the connection, including the relevant technical specifications. |
| **Distribution network:** | The electricity network, consisting of overhead lines, underground cables, substations and other equipment necessary to enable the transport of electricity at voltages up to 70kV in the Flemish Region, lower than 36kV in the Brussels-Capital Region and lower than 30kV in the Walloon Region. |
| **Distribution system operator (DSO):** | A natural or legal person responsible for operating, maintaining and developing a distribution system in a given area and, where applicable, its interconnections with other systems in order to seek to ensure the long-term ability of the system to meet reasonable demands for the distribution of electricity. |
| **Distribution:** | The transport of electricity on networks with a view to its delivery to customers on voltages up to 70kV in the Flemish Region, lower than 36kV in the Brussels-Capital Region and lower than 30kV in the Walloon Region, with the exception of the supply to these customers. |
| **Electricity demand:** | The total consumption of electrical energy in a given geographical area during a given period of time. |

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| **Eligible customers:** | Customers who are free to purchase electricity from the supplier of their choice, as per the Electricity Act. |
| **EMF:** | Electric and magnetic fields. |
| **Extra high-voltage (electricity) network:** | The 380kV to 150kV electricity network. |
| **Generation:** | The production of electricity. |
| **Green certificates:** | Tradable certificates that are allocated to producers of renewable energy (green electricity). |
| **Grid Code:** | The technical rules (either at a federal level or at a regional level) governing the operation, the access to and the use of the electricity network and the respective rights and obligations of the network users (generators, traders, suppliers and end users) and of the transmission or distribution system operators. |
| **GW** | Stands for gigawatt. One gigawatt corresponds to 1 billion watts. |
| **High-voltage (electricity) network:** | The 30kV to 70kV electricity network. |
| **Injection:** | The injection of electricity into the network. |
| **Interconnectors:** | The equipment (mostly overhead lines) used to connect electricity networks between neighboring countries that are operated by system operators. |
| **kV** | Stands for kilovolt. One kilovolt corresponds to 1000 volts. |
| **kWh:** | Stands for kilowatt hour, which is a unit of energy equal to 3.6 megajoules. |
| **KWKG:** | Gesetz zur Förderung der Kraft-Wärme-Kopplung (KWKG 2009). |
| **Load Shedding** | In the event of a (risk of) shortage, the relevant TSO will suggest ways to limit demand in order to reduce electricity consumption on the grid by switching off the supply to certain (groups of) customers. |
| **Load Shedding Contracts:** | Contracts with large industrial energy consumers used to enable the decrease of electricity demand in order to seek to maintain the balance between total supply and demand within a given control area and, as much as possible, to prevent congestions on the TSO network. |
| **Local Transmission:** | The transport of electricity on the electricity network of a tension of 30 up to 70kV in the Walloon Region. |
| **Metering:** | The activity that consists in measuring Off-takes and/or Injections of a network user from and/or into the network. |
| **MW:** | Stands for megawatt. One megawatt corresponds to 1 million watts. |
| **Nomination:** | The activity of providing, in accordance with the Balance Responsibility Contract, schedules to Elia which comprise the tables indicating the quantity of active power per time frame to be injected and/or off-taken for such day. |
| **Off-take:** | The off-take of electricity from the network. |
| **Power Hub:** | A bilateral market platform to exchange electricity between BRPs. |
| **Power Station:** | An industrial installation that is able to generate electricity. |
| **Regional Transmission:** | The transport of electricity on the electricity network of a tension of 30-36kV in the Brussels-Capital Region. |

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| **Regulated Asset Base (RAB):** | The Regulated Asset Base, which corresponds to the iRAB plus investments minus depreciation minus divestments minus decommissioning plus/minus change in working capital need of successive years. |
| **Renewable Energy Sources ("RES"):** | Renewable non-fossil energy sources (wind, solar, geothermal, wave, tidal, hydropower, biomass, landfill gas, sewage treatment plant gas, biogases, etc.). |
| **Retail Supplier:** | A person who produces or buys electricity in order to sell it to one or more end users. |
| **Return on Equity (adj.)** | This represent the ratio between the net profit attributable to owners of ordinary shares and the equity attributable to owners of ordinary shares |
| **Settlement:** | The process that handles the calculation of the invoicing to customers related to the contracts. |
| **Subscription:** | The yearly and monthly reservation of capacity for Injection and/or Off-take points directly connected to the Company's network on a use it or lose it basis. |
| **Supply:** | The sale, including resale, of electricity to end-users. |
| **Trader:** | A person, other than a producer or a distributor, who buys electricity in order to resell it. |
| **Transmission network:** | The electricity network, consisting of overhead lines, underground cables, substations and other equipment necessary to enable the transmission of electricity at the voltages of 30kV to 380kV. |
| **Transmission system operator (TSO):** | A natural or legal person responsible for operating, maintaining and, when necessary, developing a Transmission network in a given area and, where applicable, its interconnections with other networks, in order to seek to ensure the long-term ability of the network to meet reasonable demands for the transmission of electricity. |
| **Transmission:** | The transport of electricity on the very high-voltage and, except if otherwise defined by regional regulation, high-voltage interconnected network with a view to its delivery to final customers or to distributors, but not including supply. |
| **TW:** | Stands for terawatt. One terawatt corresponds to 1 trillion watts. |
| **W:** | Stands for watt, which is a derived unit of power in the International System of Units (SI) and measures the rate of energy conversion. |

## THE COMPANY

**Elia Group SA/NV**
Boulevard de l'Empereur 20
1000 Brussels
Belgium

### JOINT GLOBAL COORDINATORS AND JOINT BOOKRUNNERS

**BNP Paribas Fortis SA/NV**
Rue Montagne du Parc 3
1000 Brussels
Belgium

**KBC Securities NV**
Havenlaan 2
1080 Brussels
Belgium

### JOINT BOOKRUNNERS

**Belfius Bank NV**
Karel Rogierplein 11
1210 Brussels
Belgium

**Goldman Sachs International**
Plumtree Court
25 Shoe Lane
London EC4A 4AU
United Kingdom

### LEGAL ADVISERS TO THE COMPANY

**Linklaters LLP**
rue Brederodestraat 13
1000 Brussels
Belgium

One Silk Street
London, EC2Y 8 HQ
United Kingdom

### LEGAL ADVISER TO THE UNDERWRITERS

**Allen & Overy (Belgium) LLP**
Tervurenlaan 268A
1150 Brussels
Belgium

One Bishops Square
London, E1 6AD
United Kingdom