Charging forward

Extract annual report 2023

STEDIN GROEP

Content

Explanatory note
This document is an extract from our Dutch Annual Report 2023, published on 27 February 2024. The purpose of this extract is to provide a translation of the main financial paragraphs for information purposes. The full English translation is expected to be published on 26 March 2024 and will be posted on our website: www.stedingroep.com.

Extract Annual Report 2023

CEO's foreword

2023 was the first year in which we pursued our *Construction, Utilisation, Management* strategy. It has become a real buzzword within Stedin. Everybody is talking about it. The strategy is clear, highlights priorities and simplifies process control. However, unforeseen events in practice – such as the acceleration of the energy transition, geopolitical developments and scarcity of materials and engineers – do not make our challenge any easier. Although we made great progress in scaling up, we were unable to prevent an increase in congestion last year. Consumers and businesses are switching to renewable energy in their droves, which the current electricity grid cannot handle. Further acceleration of the expansion and optimal utilisation of the existing electricity grid are therefore our top priorities. In addition, we need to look at the total energy system. Sustainable gases may unburden the electricity grid because they can be distributed (or supplied) via the existing gas grid.

We invested € 832 million in expanding our grid capacity and maintaining the quality of our grids, which amount is more than 15% higher than last year's investment. This was not an easy task, because some processes turned out to be more complex or took longer than anticipated. In order to accelerate construction, we spoke with nearly all municipalities in our service area about their sustainability plans and planning permission procedures. We launched multiple projects simultaneously and intensified our cooperation with other parties. In this context, we concluded new long-term contracts with our contractors, which include agreements for even better cooperation.

We are proud that our shareholders unanimously approved the admission of the central government as a shareholder of Stedin Group.

Despite all our efforts to accelerate, it will take years before the necessary extra capacity is available. Therefore, in 2023 we also continued working on solutions to make better use of the existing grid. For example, by better predicting customer demand and by offering flex contracts. Flexible use of renewable energy will require greater awareness, as well as more focused choices. Take charging points, for instance: half of all recharging takes place in the middle of the evening peak. Switching off charging points during the evening peak hours will enable us to connect more homes.

At Stedin, we are facing a challenge which we cannot resolve on our own. This is the joint responsibility of grid managers, politicians, the business sector and the public. We are proud that in December our shareholders unanimously approved the admission of the central government as a shareholder of Stedin Group. This is an excellent result after a long and intensive process in which I did have the odd sleepless night, wondering whether we would manage to pull it off. We badly need the additional capital contributed by the State in order to keep investing in the expansions and reinforcements of the electricity grid.

We recalibrated our ESG strategy in 2023. Although we were already focused on social and governance aspects and performed our work as sustainably as possible – with the lowest possible CO_2 emissions – this new strategy should make a further contribution to a comprehensive approach to sustainability. Stedin has a strong drive to do what is right for the customer, preferably as soon as possible. However, this should never come at the expense of safety. In 2023, we managed to find an increasingly better balance in this area. For instance, by challenging each other even more about safe working practices. The fact that we do this makes me feel proud. Proud of all our staff members, both in the field and in the office. Because we can only achieve further acceleration if we work together.

On behalf of the Board of Management,

Koen Bogers

Key figures 2023

Stedin is working to facilitate the energy transition in cooperation with stakeholders by making substantial investments. We do this by safely building faster, implementing more flexible use of the current grid, as well as managing the grid properly. The aim is to ensure a reliable energy supply for our customers In all this, we are mindful of our staff members: we want them to enjoy their work, to be able to develop themselves and feel safe within a socially engaged and financially healthy Stedin. By working as sustainably as possible on a new energy system based on locally generated renewable energy, we will help achieve national and international targets to reduce CO_2 emissions. We will do this both by minimising the emissions from our own operations and by enabling our customers to reduce their CO_2 emissions.

Investments

€ 832m Investments

Customers

79% Consumer convenience

Construction

513 MVA Additional capacity

266 Additional MV stations

892 km Additionally realised cables

Utilisation

22 Congestion areas

52 MW Flexible capacity

98% Availability of smart meter data

Management

99.9961% Supply reliability E

99.9999% Supply reliability G

91% Planned maintenance E carried out

96% Planned maintenance G carried out

212 km Brittle pipelines replaced

Employees

7.3 Cultural value 'Charging Forward'

5,520 FTE

0.24 LTIR

Socially responsible

1.9% Participation Act jobs

Financial

14% FFO/Net debt

45.4% Solvency

CO_2 emissions

100% Greening of grid E losses

419,777 ton* CO_2 equivalent emissions

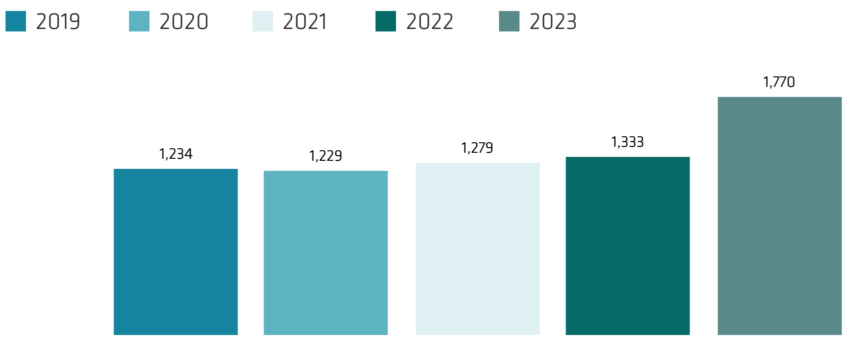
* This number reflects the total number of CO_2 emissions in scope 1, 2 and 3, including the 100% greening of our grid E losses. Read more about this in the chapter 'Measuring impact'

Financial results 2023

Stedin Group achieved a net profit of € 170 million in 2023 (2022: € 81 million). The additional tariff headroom received in 2023 was sufficient to absorb the increase in energy costs and costs charged by TenneT.

Operating income

Operating income in 2023 amounted to € 1,770 million. This was € 437 million more than in 2022. The increase was mainly due to higher transmission revenues as a result of an increase in our tariffs. The tariff increase relates primarily to the additional tariff headroom we received in 2023 on account of a rise in energy prices, the knock-on effect of the relatively high inflation rate in 2022 and increased costs of TenneT. These cost increases are passed on to consumers via the grid managers' tariffs. Higher energy prices have a direct impact on the costs of the grid losses occurring during the transmission of gas and electricity. To ensure that the higher grid losses do not reduce the scope for investments in projects that are important for the energy transition, the Netherlands Authority for Consumers and Markets (ACM) in 2022 decided to allow the regional grid managers to pass on an advance charge in the tariffs for 2023 to cover these losses. Metering revenue fell by € 25 million compared with 2022 on account of lower metering tariffs.

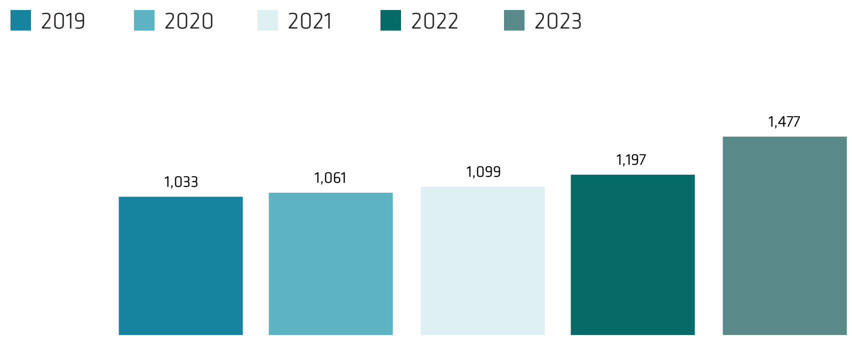


Net revenue and other income (x € 1 million)

Total operating expenses

In 2023, total operating expenses increased by € 280 million (23%) to € 1,477 million, driven by the increase of € 95 million in costs of grid losses, the increase of € 93 million in transmission costs, the increase of € 71 million in personnel expenses and the increase of € 29 million in operating expenses. This was partly offset by an increase of the capitalised own production by € 33 million. Finally, depreciation charges increased by € 11 million compared with the previous year.

Due to the soaring energy prices, the costs for grid losses increased considerably. The grid manager is responsible for the purchasing of energy that is made available on the grid but not registered as sold to customers. This lost energy is known as grid loss. The losses have both physical and non-physical causes, such as heating of cables, leakage currents, vacancy and fraud.

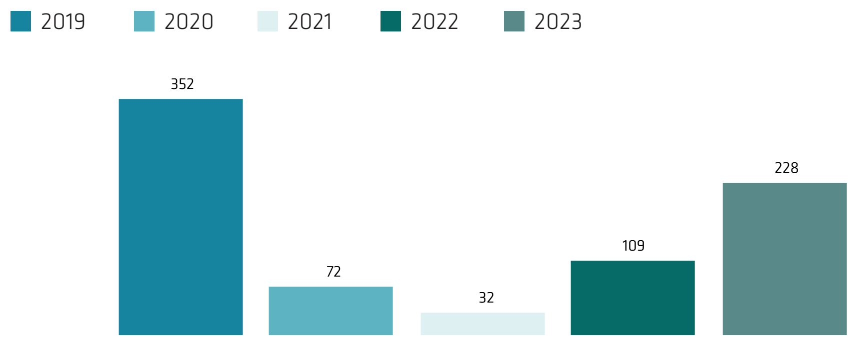


Operating expenses (x € 1 million)

In its energy purchasing strategy, Stedin tries to limit the effect of short-term fluctuations in energy prices, which improves the quality of financial forecasts. Unfortunately, we are unable to prevent long-term price increases. Therefore, in addition to its purchasing strategy, Stedin also focuses on other measures to minimise grid losses. For example, it is implementing process optimisations with several of its internal departments.

The increased energy prices and high inflation rate also have a knock-on effect on the transmission costs charged by TenneT, the wages and salaries of our own employees and the fees of externally hired staff.

The rise in depreciation charges can be largely attributed to the increase in investments in property, plant and equipment.



Result before taxes (in € million)

Cash flows / financing

This year, the increased investments led to a negative cash flow after operating and investing activities of € 262 million (2022: € 297 million negative). In 2023, the negative cash flow was financed through an issue of shares worth € 500 million to the Dutch State. As a result, the total cash flow from financing activities increased to € 397 million (2022: € 217 million). The total cash flows for the year resulted in € 188 million in cash and cash equivalents as at year-end (2022: € 53 million).

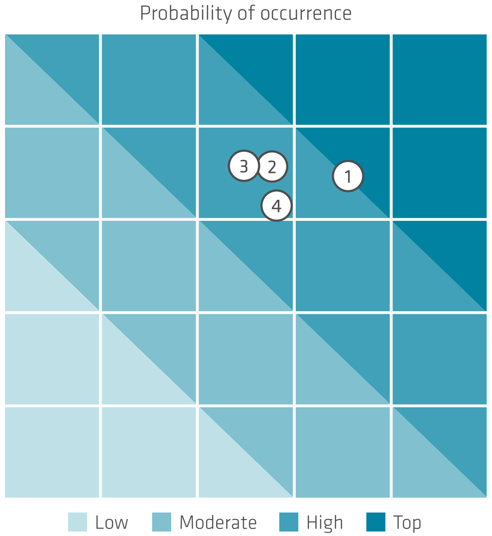
Income tax

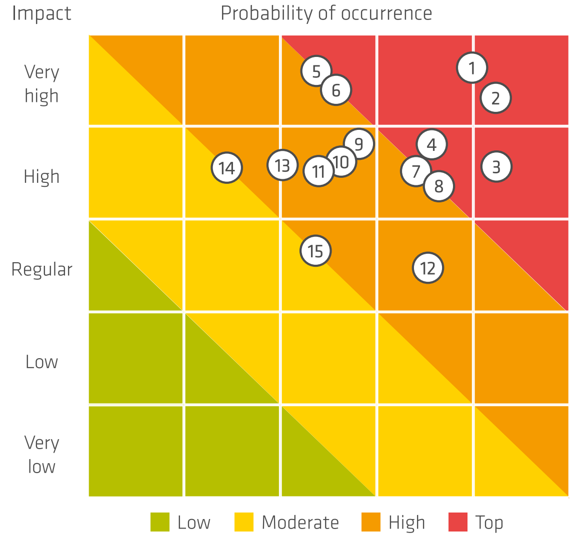
Profit before income tax for 2023 amounted to € 228 million (2022: € 109 million). The tax expense increased by € 30 million in 2023 to € 58 million, partly due to the higher profit before income tax. The effective tax rate (as a percentage of profit before income tax from continuing operations) in 2023 was 25.6% (2022: 25.5%). Deferred tax assets and liabilities were measured as at 31 December 2023 on the basis of the current tax rate of 25.8%.

Categories of strategic risks and opportunities

Strategic opportunities

1. Application of new energy carriers
2. Make comprehensive assessment in relation to investments between electricity, gas or future energy sources
3. Develop and deploy disruptive technologies and methods
4. Position Stedin as a highly relevant partner in the energy transition





Strategic risks

1. **Cyberattack causing damage to company and business operations**
2. **Insufficient connection and transmission capacity**
3. **Insufficient grip on future customer demand**
4. **Availability and quality of data insufficiently compliant**
5. **Gas investments difficult to plan**
6. IT/OT landscape insufficiently prepared for the future
7. High activity in outdoor space and underground
8. Sharp rise in voltage bottlenecks in low-voltage grids
9. Increased likelihood of surge in replacement of obsolete assets
10. Lack of sufficient number of people with the required competences
11. Availability of materials
12. Services on core tasks insufficiently compliant
13. Grid losses
14. Impact of accidents related to Stedin Group
15. Management focus on cultural values and conduct insufficiently effective

In-control statement

As the Board of Management, we are responsible for the adequate design and operating effectiveness of our risk management and control system. This system is aimed at achieving strategic and tactical-operational objectives and at monitoring the reliability of our (financial) reporting and our regulatory compliance. The inherent limitations that apply to any internal risk management and control system must, however, be taken into account. This means we will never be able to absolutely guarantee that we will achieve our company objectives or that our processes, including the financial reporting process, will be free from errors, losses, fraud or violations of laws and regulations.

We monitored and evaluated the design and operating effectiveness of the system during 2023 and discussed this with the senior leadership team, the Board of Management and the Supervisory Board (including the Audit Committee). Monitoring and evaluation took place based on the regular business control reports containing an overview of tactical-operational risks and controls, business self-assessments resulting in In-Control Statements and quarterly updates on strategic risks and opportunities. Account was also taken of the information from reports from the internal audit function and the external auditor. Interim assessments have given rise to improvement plans, which have in part already been implemented in 2023, with the remainder being implemented in 2024. Full implementation of the recovery plans will lead to more demonstrable and efficient control of business operations.

We declare that:
- the in-control process provides sufficient insight into any failings in the effectiveness of the internal risk management and control systems;
- the aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies;
- based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis;
- the report states those material risks and uncertainties that are relevant to the expectation of the company's continuity for the period of 12 months after the preparation of the report.

Rotterdam, 16 February 2024

Board of Management,

Koen Bogers, CEO (chair)
Danny Benima, CFO
Trudy Onland, COO
David Peters, CTO

2023 Financial Figures

These financial statements present the financial information of Stedin Holding N.V. for the full year 2023, with comparative figures for 2022.

References in the financial statements to Stedin Group are to Stedin Holding N.V. and its subsidiaries including its legal predecessors.

Consolidated income statement

x € 1 million	2023	2022[1]
Net revenue	1,752	1,316
Other income	18	17
Total net revenue and other income	**1,770**	**1,333**
Personnel expenses	537	466
Cost of sales and contracted work	701	499
Other operating expenses	194	165
Capitalised own production	-262	-229
	1,170	**901**
Depreciation, amortisation and impairment of non-current assets	307	296
Total operating expenses	**1,477**	**1,197**
Operating profit	**293**	**136**
Financial income and expenses	-65	-30
Result from associates and joint ventures after income tax	-	3
Profit before income tax	**228**	**109**
Income tax	-58	-28
Result after income tax	**170**	**81**
Profit distribution:		
Attributable to holders of Stedin Holding N.V. perpetual subordinated bonds (after income tax)	6	6
Attributable to the shareholders of Stedin Holding N.V.	164	75
Result after income tax	**170**	**81**

1 The comparative figures have been adjusted as a result of a change in the accounting policies for the valuation of tangible fixed assets and a reclassification of hours of hired personnel directly allocated to own investment projects. See 2.2.10 Tangible fixed assets and 6 Personnel costs, of the Dutch Annual Statements, for more information.

Consolidated statement of comprehensive income

x € 1 million	2023	2022[1]
Result after income tax	**170**	**81**
Unrealised gains and losses that may be reclassified to the income statement		
Unrealised gains and losses on cash flow hedges	-12	57
Recycling cash flow hedge reserve to income statement	1	-6
Deferred tax liabilities on cash flow hedges / cost of hedging	3	-13
Total other comprehensive income	**-8**	**38**
Total comprehensive income	**162**	**119**
Profit distribution:		
Attributable to holders of Stedin Holding N.V. perpetual subordinated bonds (after income tax)	6	6
Attributable to the shareholders of Stedin Holding N.V.	156	113
Total comprehensive income	**162**	**119**

1 The comparative figures have been adjusted as a result of a change in the system for the valuation of tangible fixed assets. See 2.2.10 Tangible fixed assets, of the Dutch Annual Statements, for more information.

Consolidated balance sheet

x € 1 million	31 December 2023	31 December 2022[1]	1 January 2022[1]
ASSETS			
Non-current assets			
Property , plant and equipment	7,522	6,993	6,570
Intangible assets	107	100	92
Right-of-use assets	68	70	73
Financial assets	-	-	-
- Other non-current financial assets	7	13	14
Total non-current assets	**7,704**	**7,176**	**6,749**
Current assets			
Assets held for sale	-	-	4
Inventories	99	54	51
Current tax assets	10	-	-
Trade and other receivables	283	222	165
Derivative financial instruments	-	-	15
Cash and cash equivalents	188	53	133
Total current assets	**580**	**329**	**368**
TOTAL ASSETS	**8,284**	**7,505**	**7,117**

1 The comparative figures have been adjusted as a result of a change in the system for the valuation of tangible fixed assets. See 2.2.10 Tangible fixed assets, of the Dutch Annual Statements, for more information.

x € 1 million	31 December 2023	31 December 2022[1]	1 January 2022[1]
LIABILITIES			
Group equity			
Equity attributable to Stedin Holding N.V. shareholders	2,715	2,083	1,974
Perpetual subordinated bond loan	506	506	506
Total group equity	**3,221**	**2,589**	**2,480**
Non-current liabilities			
Provisions for employee benefits	11	10	9
Other provisions	13	11	15
Deferred tax liabilities	149	87	65
Derivative financial instruments	-	34	64
Interest-bearing debt	3,069	3,116	2,675
Lease liability	57	59	61
Deferred revenue	1,065	960	876
Total non-current liabilities	**4,364**	**4,277**	**3,765**
Current liabilities			
Provisions for employee benefits	4	5	4
Other provisions	3	1	3
Derivative financial instruments	50	19	-
Interest-bearing debt	265	280	531
Lease liability	12	12	14
Current tax liabilities	-	14	12
Trade and other liabilities	365	308	308
Total current liabilities	**699**	**639**	**872**
TOTAL LIABILITIES	**8,284**	**7,505**	**7,117**

1 The comparative figures have been adjusted as a result of a change in the system for the valuation of tangible fixed assets. See 2.2.10 Tangible fixed assets for more information.

Consolidated cash flow statement

x € 1 million	2023	2022[1]
Profit after income tax	**170**	**81**
Adjusted for:		
· Financial income and expenses	65	30
· Income tax	58	28
· Share in result of associates and joint ventures	-	-3
· Depreciation, amortisation and impairments of fixed assets	307	296
· Result on sale of property, plant and equipment and intangible assets	-8	-7
· Movements in working capital	-49	-60
· Movements in customer construction contributions	107	85
· Movements in derivative financial instruments	-	7
· Movements in provisions and other	-26	-13
Cash flow from business operations	**624**	**444**
Interest paid	-66	-39
Interest received	2	4
Corporate income tax paid	-14	-17
Cash flow from operating activities	**546**	**392**
Investments in property, plant and equipment	-816	-703
Disposal of property, plant and equipment	12	8
Investments in intangible assets	-9	-3
Disposal of subsidiaries	-	9
New loans issued	-3	-7
Repayments of loans granted	8	7
Cash flow from investing activities	**-808**	**-689**

x € 1 million	2023	2022[1]
Dividend payments ordinary shares	-16	-1
Dividend payments preference shares	-6	-3
Capital reinforcment	500	-
Cost on capital reinforcment	-4	-
Payment of lease liabilities	-14	-14
Coupon and cost on perpetual subordinated bonds	-8	-7
Non-current interest-bearing debt newly issued	-	495
Current interest-bearing debt newly issued	5,723	1,050
Repayment of non-current interest-bearing debt	-	-533
Repayment of current interest-bearing debt	-5,778	-770
Cash flow from financing activities	**397**	**217**
Movements in cash and cash equivalents	**135**	**-80**
Balance of cash and cash equivalents as at 1 January	53	133
Balance of cash and cash equivalents as at 31 December	**188**	**53**

1 The comparative figures have been adjusted as a result of a change in the accounting policies regarding the valuation of tangible fixed assets (on balance no impact on the interim and total counts) and a reclassification of the cash flows from customer construction contribution. See 2.2.10 Tangible fixed assets and 35 Notes to the consolidated cash flow statement, of the Dutch Annual Statements, for more information.

Consolidated statement of changes in group equity

x € 1 million	Paid up and called-up share capital	Share premium	Cash flow hedge reserve	Cost of hedging reserve	Legal reserve capitalized development costs	Legal reserve associates	Retained earnings	Undistributed profit	Total	Perpetual subordinated bond loan	Non-controlling interests	Total group equity
	Equity attributable to Stedin Holding N.V. shareholders											
As at 1 January 2022[1]	**539**	**158**	**-53**	**-**	**3**	**-**	**1,323**	**4**	**1,974**	**506**	**-**	**2,480**
Profit after income tax 2022	-	-	-	-	-	-	-	75	**75**	6	-	**81**
Total other comprehensive income after income tax	-	-	39	-1	-	-	-	-	**38**	-	-	**38**
Total comprehensive income	**-**	**-**	**39**	**-1**	**-**	**-**	**-**	**75**	**113**	**6**	**-**	**119**
Transactions with shareholders												
Dividend payments relating to 2021	-	-	-	-	-	-	-	-1	**-1**	-	-	**-1**
Capital reinforcement	-	-	-	-	-	-	-	-3	**-3**	-	-	**-3**
Coupon on perpetual subordinated bond loan	-	-	-	-	-	-	-	-	**-**	-8	-	**-8**
Tax on coupon on perpetual subordinated bond loan	-	-	-	-	-	-	-	-	**-**	2	-	**2**
Total transactions with shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-4**	**-4**	**-6**	**-**	**-10**
Other												
Profit appropriation 2021	-	-	-	-	-	-	1	-1	**-**	-	-	**-**
Reclassification	-	-	-	-	6	-	-7	1	**-**	-	-	**-**
Total other	**-**	**-**	**-**	**-**	**6**	**-**	**-6**	**-**	**-**	**-**	**-**	**-**
As at 31 December 2022[1]	**539**	**158**	**-14**	**-1**	**9**	**-**	**1,317**	**75**	**2,083**	**506**	-	**2,589**

1 The comparative figures have been adjusted as a result of a change in the system for the valuation of tangible fixed assets. See 2.2.10 Tangible fixed assets, of the Dutch Annual Statements, for more information.

	Equity attributable to Stedin Holding N.V. shareholders											
x € 1 million	Paid up and called-up share capital	Share premium	Cash flow hedge reserve	Cost of hedging reserve	Legal reserve capitalized development costs	Legal reserve associates	Retained earnings	Undistributed profit	Total	Perpetual subordinated bond loan	Non-controlling interests	Total group equity
As at 1 January 2023	**539**	**158**	**-14**	**-1**	**9**	**-**	**1,317**	**75**	**2,083**	**506**	**-**	**2,589**
Profit after income tax 2023	-	-	-	-	-	-	-	164	**164**	6	-	**170**
Total other comprehensive income	-	-	-5	-3	-	-	-	-	**-8**	-	-	**-8**
Total comprehensive income	**-**	**-**	**-5**	**-3**	**-**	**-**	**-**	**164**	**156**	**6**	**-**	**162**
Transactions with shareholders												
Dividend payments relating to 2022	-	-	-	-	-	-	-	-16	**-16**	-	-	**-16**
Cumulative preference dividend	-	-	-	-	-	-	-	-6	**-6**	-	-	**-6**
Capital reinforcment	67	433	-	-	-	-	-	-	**500**			**500**
Cost on capital reinforcment	-	-	-	-	-	-	-4	-	**-4**	-	-	**-4**
Tax on cost on capital reinforcment	-	-	-	-	-	-	1	-	**1**			**1**
Coupon on perpetual subordinated bond loan	-	-	-	-	-	-	-	-	**-**	-8	-	**-8**
Tax on coupon on perpetual subordinated bond loan	-	-	-	-	-	-	-	-	**-**	2	-	**2**
Total transactions with shareholders	**67**	**433**	**-**	**-**	**-**	**-**	**-3**	**-22**	**475**	**-6**	**-**	**469**
Other												
Profit appropriation 2022	-	-	-	-	-	-	53	-53	**-**	-	-	**-**
Reclassification	-	-	-	-	4	4	-7	-	**1**	-	-	**1**
Total other	**-**	**-**	**-**	**-**	**4**	**4**	**46**	**-53**	**1**	**-**	**-**	**1**
As at 31 December 2023	**606**	**591**	**-19**	**-4**	**13**	**4**	**1,360**	**164**	**2,715**	**506**	-	**3,221**

Capital management

The primary goal of Stedin Group's capital management is to safeguard access to the capital and money markets in order to optimise its financing structure and costs in accordance with the long-term financial plan and economic parameters determined by the regulator in each regulation period. Given the capital-intensive nature of the company, it is important to be able to attract financing in various financing markets and thereby create a balanced financing mix. Stedin Group can influence its capital structure by altering its leverage ratio. Stedin Group regards both group equity (including the perpetual subordinated bond loan) and interest-bearing debt as relevant components of its financing structure and therefore of its capital management. The current interest-bearing debt has been issued mainly in the European bond market. In addition, a number of bilateral loans have been taken out. Besides maintaining relationships with these existing investors in the above-mentioned financing markets, Stedin Group also has six Dutch and international relationship banks that have jointly provided committed financing to Stedin. These banks can also offer a wide range of financial products and services if required.

Since 2017, Stedin Group has a financing strategy that targets focusses on the ratios relevant for the rating agency Standard & Poor's (S&P), in particular the core ratio: Funds from Operations (FFO)/Net Debt. In this context, for the purpose of calculating the ratios, the perpetual subordinated bond loan issued in 2021 is classified by S&P as an instrument with a 50% equity component and a 50% debt component. This differs from the classification under IFRS, whereby the entire perpetual subordinated bond loan classifies as equity.

Credit rating

A key pillar in Stedin Group's financial policy is to maintain good access to the available sources of financing, including the money and capital markets. It is therefore important that we pursue a credit rating which makes this under all circumstances possible and that existing and potential capital providers have proper insight into the development of Stedin Group's creditworthiness.

Stedin Holding N.V. and Stedin Netbeheer B.V. each have a credit rating with the rating agency Standard & Poor's (S&P). This rating consists of a long-term rating with an outlook and a short-term rating. The outlook indicates the expected development of the long-term rating over the coming years.

As at the balance sheet date, Stedin's credit rating provided by S&P was A- with a stable outlook for the long term and A-2 for the short term. As a consequence of the **framework agreement** agreed between the Dutch State and the regional grid managers Alliander, Enexis and Stedin which enables the State to become a shareholder, S&P classified these regional grid managers a "Government Related Entities" in February 2023. In line with this, S&P upgraded its credit rating by one notch. At the same time, Stedin's credit rating was downgraded by one notch because of the pressure on the main financial ratios and a challenging investment agenda in the coming years. On balance, Stedin's long-term credit rating remained the same: A- with a stable outlook.

The most important ratio for Stedin Group is the Funds from Operations (FFO) to Net Debt ratio, which is a widely used ratio to determine the debt repayment possiblities. S&P applies a multi-year average to determine this ratio as part of its credit rating assessment. Stedin Group presents this ratio only at year-end 2023 and 2022.

The calculation of the ratio follows the figures in these financial statements, supplemented with the adjustments applied by S&P. These analytical adjustments are made in order to enhance the comparability of the figures and financial position between Stedin Group and other businesses. Following Stedin's classification as a "Government Related Entity", S&P adjusted the lower level of the rating backet for the FFO/Net Debt ratio to retain the current credit rating; this ratio should remain 'comfortably above 9%'. This has resulted in an internal policy adjustment to a target annual ratio of at least 10%.

The main adjustment made by S&P was the 50% debt classification of the perpetual subordinated bond loan (in contrast to the classification under IFRS, whereby this entire bond loan classifies as equity). In addition, pension liabilities are included in the S&P definition of debt.

x € 1 million	2023	2022
EBITDA	600	432
-/- Net Interest paid	-65	-35
-/- Tax paid	-14	-17
-/- S&P adjustments	-34	-32
S&P - Funds from Operations[1]	**487**	**348**
Non-current interest-bearing debt	3,069	3,116
Current interest-bearing debt	265	280
Lease liabilities	69	71
-/- Cash and cash equivalents	-188	-53
IFRS - NET DEBT	**3,215**	**3,415**
+ S&P adjustments	263	263
S&P - NET DEBT	**3,478**	**3,678**
FFO / Net Debt – S&P adjusted	**14.0%**	**9.5%**

1 In consultation with S&P, Stedin corrects the amortization of the advance income (presented under 'S&P - FFO: S&P adjustments') when determining the S&P adjusted FFO. This correction is better aligned with the S&P methodology and improves mutual comparability. The comparative figure at year-end 2022 has been adjusted accordingly (previously 10.1%).

General information

Five-year overview

	Unit	2023	2022[1]	2021[1]	2020[1]	2019[1]
Income statement						
Revenue	€ mln	1,752	1,316	1,265	1,216	1,220
Total operating income	€ mln	1,770	1,333	1,279	1,229	1,234
Total operating expenses	€ mln	1,477	1,197	1,099	1,061	1,033
EBITDA	€ mln	600	432	484	463	489
Operating profit	€ mln	293	136	180	168	201
Profit after income tax	€ mln	170	81	62	71	347
Balance sheet						
Property, plant and equipment	€ mln	7,522	6,993	6,570	6,165	5,783
Total assets	€ mln	8,284	7,505	7,117	6,680	6,319
Equity	€ mln	3,221	2,589	2,480	2,229	2,229
Total interest-bearing debt	€ mln	3,334	3,396	3,281	3,183	3,004
Investments in non-current assets	€ mln	832	711	687	620	646
Cash flows						
Cash flow from operating activities	€ mln	546	392	488	513	470
Cash flow from investing activities	€ mln	-808	-689	-679	-617	-332
Cash flow from financing activities	€ mln	397	217	241	115	-235

	Unit	2023	2022[1]	2021[1]	2020[1]	2019[1]
Credit rating						
Long-term rating (S&P)	rating	A-	A-	A-	A-	A-
Solvency	%	45.4	39.7	40.6	38.2	39.7
FFO/Net debt	ratio	14.0	9.5	10.6	11.4	11.7
Shares at 31 December						
Number of ordinary shares outstanding (x 1,000)	number	5,643	4,971	4,971	4,971	4,971
Number of preference shares outstanding (x 1,000)	number	416	416	416	-	-

1 The comparative figures have been adjusted as a result of a change in accounting policies regarding the valuation of tangible fixed assets, a reclassification of the cash flows from deferred revenue and the adjustment of the FFO/Net Debt calculation. See 2.2.10 Tangible fixed assets, 35 Notes to the consolidated cash flow statement and 33 Credit rating, of the Dutch Annual Statements, for more information.

	Unit	2023	2022	2021	2020	2019
Operational key figures						
High-use electricity connections[1]	number	21,006	20,970	20,544	19,782	18,912
Low-use electricity connections[1]	number	2,381,906	2,359,396	2,337,460	2,315,788	2,283,563
Quantity of electricity transported	GWh	24,374	20,746	20,529	20,171	21,100
Length of electricity cables	km	58,921	58,250	57,616	56,854	56,140
Length of electricity cables laid	km	892	715	998	1,059	1,034
High-use gas connections[1]	number	8,933	9,084	9,248	9,394	9,633
Low-use gas connections[1]	number	2,092,646	2,108,500	2,121,210	2,129,182	2,111,038
Quantity of gas distributed	million m^3	3,602	3,782	4,907	4,365	4,651
Length of gas pipelines	km	28,121	28,145	28,160	28,206	28,216
Length of gas pipelines laid	km	237	231	256	227	221
Medium-voltage failures resulting in disruption	number	497	507	465	523	519
Facilitated supplier switches (x 1.000)	number	433	429[2]	685	883	824
Safety						
Lost Time Injury Rate (LTIR)	ratio	0.24	0.52	0.53	0.39	2.13
Recordable Incident Frequency (RIF)	ratio	0.57	0.91	0.74	0.68	0.98
Outages and interruptions in electricity supply						
Average duration of interruption MV/LV (CAIDI)	minutes	89	96	87	112	82
Interruption frequency MV/LV (SAIFI)	number	0.230	0.225	0.216	0.231	0.245
Annual downtime MV/LV (SAIDI)	minutes	20	22	19	26	20
Annual downtime HV/MV/LV (SAIDI)	minutes	21	25	20	27	21
Outages and interruptions in gas supply						
Average duration of interruption (CAIDI)	minutes	123	141	88	75	270
Interruption frequency (SAIFI)	number	0.0059	0.006	0.006	0.006	0.005
Annual downtime (SAIDI)	seconds	44	50	29	26	87

1 Figures regarding the number of connections have been adjusted retrospectively - from 2020 - to be in line with the numbers in the Central Connection Register (Centraal AansluitRegister = C-AR).

2 This figure has been adjusted in 2023; Due to an incorrect operation, some of the 'switchers' were not included in 2022.

Disclaimer

This report may contain forward-looking statements and projections. These can be identified by words such as 'anticipate', 'intend', 'estimate', 'assume', 'expect' or the negative equivalents of these terms and similar terms. These forward-looking statements and projections are based on current expectations and assumptions concerning expected developments and other factors that can affect Stedin Group.

These are not historical facts or guarantees of future results. Actual results and events can differ from the current expectations due to factors such as economic trends, technological developments, changes in laws and regulations, the behaviour of suppliers and customers, currency risks, tax developments, financial risks or political, economic and social conditions.

Further information on potential risks and uncertainties that can affect Stedin Group is stated in the documents filed by Stedin Group with Euronext Amsterdam.

Except as required on the basis of laws and regulations, Stedin Group rejects any obligation or liability to revise or adjust projections and forecasts in this document on the basis of new information, future events or otherwise, or to publicly disclose such adjustments or revisions.

Certain parts of the Annual Report and the Financial Statements have been audited by our auditor. The section entitled 'Independent auditor's report' describes which parts have been audited, and how, by the independent auditor.

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