



Annual Report 2024

Accelerating the energy transition a balancing act



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Extract Annual Report 2024



Dear reader

Energy is one of our basic needs. Energy allows us to inhabit our homes, work, do business and live the way we want. However, we cannot continue with our old energy system: it is too polluting. A lot of effort is therefore going into developing a new energy system that is much more in balance with the world around us. Fossil fuels are to be replaced with sustainably generated energy, and our consumption closer aligned with natural rhythms. It will be better for the earth and for all of us. The new energy balance will make us less dependent and keep the Netherlands an attractive place to live and do business. It gives you, me, all of us more options to meet our energy needs.

Stedin is helping to build this new system. And there's still quite some ground to cover. It is a huge transformation. Grid operators are doing everything they can to build what is needed. Meanwhile, energy demand at peak hours is growing even faster: faster than expected and faster than we can keep up with. In the coming years, we will lack capacity on the electricity grid in several places and moments. The year 2024 saw waiting lists for connections get even longer, putting further pressure on the grid and on our organisation. It is a frustrating and annoying situation, particularly for businesses that want to expand or become more sustainable and are currently on waiting lists. Our employees are also experiencing the impact: making the energy transition a reality is placing high demands on them both physically and mentally. The workload is increasing. At the same time, we are facing a shortage of staff with the right technical and other qualifications, a shortage of space to install facilities such as medium-voltage substations, and challenges in the availability of materials.

Accelerating the energy transition: a balancing act

The answer to the congested electricity grid is not always to expand our grids. That takes too long and is too expensive. Our strategy therefore focuses on three pillars: construction, use and management. Deploying flexible capacity and controlling and reducing demand are also a big part of the solution, as is broadening the energy mix to include options such as heat grids.

While the transformation is underway, we keep the grid – whose performance is under increasing pressure – safe and reliable. For our employees, our customers and the environment. Accelerating the energy transition is a balancing act, which is also at risk of going wrong at times. When this happens, we are ready to take additional measures to prevent overload.

Fortunately, this challenge of achieving a new balance is not something we will have to face on our own. Everyone is doing their bit. Grid operators build additional capacity as fast as possible and offer solutions to optimise the use of the existing grid. Businesses and consumers help by reducing their energy consumption, particularly at times when the grid is congested. Moreover, regional authorities are helping to keep things moving by providing space to build and speeding up licensing procedures. For example, new agreements with 65 municipalities mean that we can now build transformer substations up to 6 months faster, significantly speeding up our work to reinforce the grid.

A word of thanks

In this annual report, you will read how we sought a balance in 2024 so that we can contribute as effectively and as fast as possible to the development of the new energy system. We also take an in-depth look at the growth and sustainability of our organisation.

A word of thanks is in order for the colleagues who have served with me on the Executive Board over the past few years. Danny Benima stepped down on 31 December. David Peters will do so on 30 April, as will I. Trudy Onland will then take over from me as CEO. I wish her and all other colleagues every success in the important work of creating a world full of new energy.

On behalf of the Executive Board,

Koen Bogers

Koen Bogers, CEO of Stedin Group


“We are working towards an energy system that is more in balance with the world around us.”



Key figures 2024

Stedin is working to facilitate the energy transition in close cooperation with stakeholders by making substantial investments. We do this by safely accelerating **construction**, making more flexible **use** of the current grid and ensuring effective grid **management**. All in the interest of providing a reliable **service** to 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 to 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 help achieve national and international targets to reduce CO₂ emissions. We do this by minimising the emissions from our own operations (scope 1 & 2), encouraging our suppliers to do the same (scope 3) and enabling our customers to reduce their CO₂ emissions (scope 3).

Construction



€ 1,096 mln
Investments


344 MVA
Additional capacity

11
Additional transmission stations

353
Additional MV substations

1,013 km
Additional cables laid

Customer satisfaction with service provision




84%
Meters & Connections

88%
Meter cupboard problems


17%
Projects

Financially healthy



A-
Credit rating

Renewable gases & alternative heating



346 HEQ
Heat household equivalents

Market facilitation


99.3%
Smart meter data provision

Employees, leadership & culture

6,232
FTEs


28
eNPS
Employee satisfaction

Optimisation



167 MW
Flexible capacity


Management



99.9960%
Electricity supply reliability

99.9999%
Gas supply reliability


Sustainability



6,804
kt of CO₂ eq
Total scope 1, 2 and 3 CO₂ equivalent including gas consumption customers

25%
CO₂ reduction compared to 2021

Safety



0.1
LTIR

0.4
RIF

Financially healthy

Constructing and managing our grids is a costly business. Stedin recovers these costs in the years following construction and maintenance through grid tariffs. This means that, in the intervening period, Stedin is effectively pre-financing these investments. We do this through a combination of equity and debt. A good credit rating is essential for taking out loans. Especially at a time when our investments are rising sharply. Our aim is therefore to maintain our A- credit rating with credit rating agency Standard & Poors (S&P). The FFO/Net Debt and solvency ratio are key indicators in monitoring our credit rating and financial health.

Financially healthy KPIs	Note	Unit	Result for 2023	Target for 2024	Result for 2024	Target for 2025
Credit rating	<i>A rating based on the So-P methodology of assessing a company's creditworthiness in the form of a 'grade'</i>	ABC	A- rating	Retain A- rating	A- rating	Retain A- rating
FFO/Net debt ratio	<i>The extent to which the net debt can be repaid out of the Funds from Operations</i>	%	14.0	≥10	11.5	≥10
Solvency	<i>Ratio of adjusted equity to adjusted balance sheet total</i>	%	45.4	≥35	42.9	≥35

Financial developments

Modified methodology and x-factor decisions

In late 2023, following a ruling by the Trade and Industry Appeals Tribunal (CBb), the Dutch Authority for Consumers and Markets (ACM) published the amended method decisions for electricity and gas for the current regulation period (2022–2026). In 2024, these method decisions became final and the ACM adjusted the underlying x-factor decisions. These decisions are used for calculating the tariffs we are allowed to charge our customers. As a result of the changes, Stedin Group's revenue increased and a part of the revenue is being brought forward in time.

New shareholders

In March 2024, Stedin Group's shareholders approved the accession of 21 new shareholders. Besides the Provinces of Utrecht and Zeeland, 7 municipalities in Utrecht and 12 in Zeeland became shareholders. Together, the new shareholders strengthened Stedin Group's equity by €33 million. Almost all regions in our service area are now represented as shareholders.

This shows the importance our shareholders attach to Stedin's role in enabling the energy transition and allows us to continue to invest in expanding our grid capacity.

Developments in the debt portfolio

To execute our strategy, our interest-bearing debt portfolio has grown in size. The new financing in 2024 consisted mainly of a fourth green bond worth €500 million. We also repaid a long-term JPY 20 billion loan early in April 2024 at a premium. This will be offset by lower interest costs over the coming years.

Reconfirmation of the A- credit rating

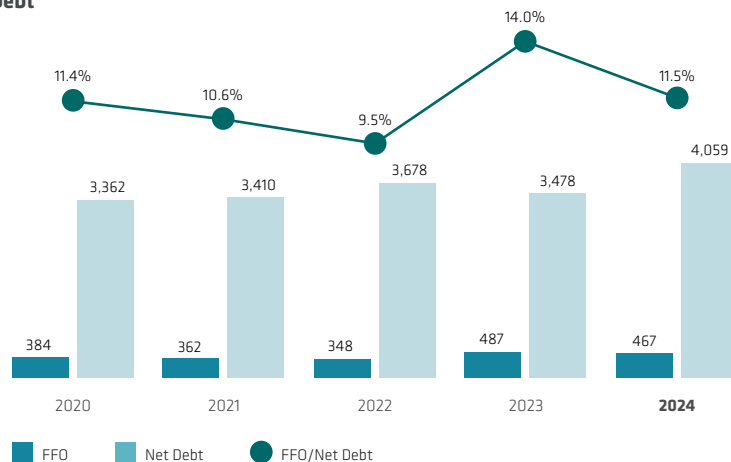
In January 2025, S&P reconfirmed Stedin's credit rating. This remains A-, with a stable outlook.

Financial results

FFO/Net Debt ratio

At 11.5%, the FFO/Net Debt ratio is above our internal target of 10%. Compared to 2023, the ratio decreased by 2.5%-point (2023: 14.0%). This was mainly caused by a marginal decrease in the FFO while net debt increased. FFO decreased by €20 million despite an increase in EBITDA, largely due to higher interest and tax payments. Net debt increased by €581 million mainly due to the fact than Stedin had to finance its negative free cashflow with additional debt.

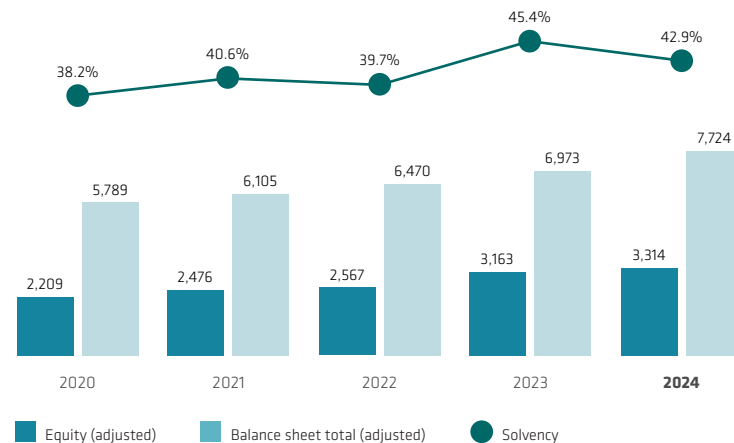
FFO/Net Debt



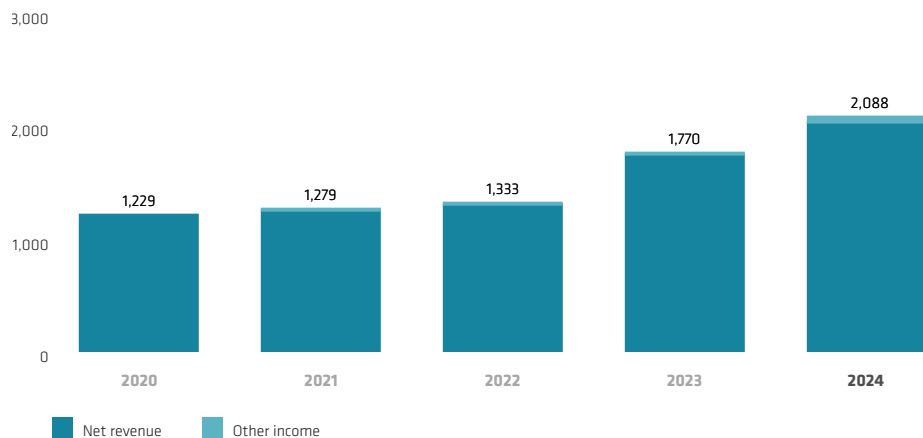
Solvency above target

As at 31 December 2024, our solvency ratio was 42.9% (2023: 45.4%). This is higher than our target of maintaining a solvency ratio of at least 35% in the long term. Solvency decreased compared to 2023, driven by an increase in our debt capital to finance negative free cash flow.

Solvency



Higher operating income

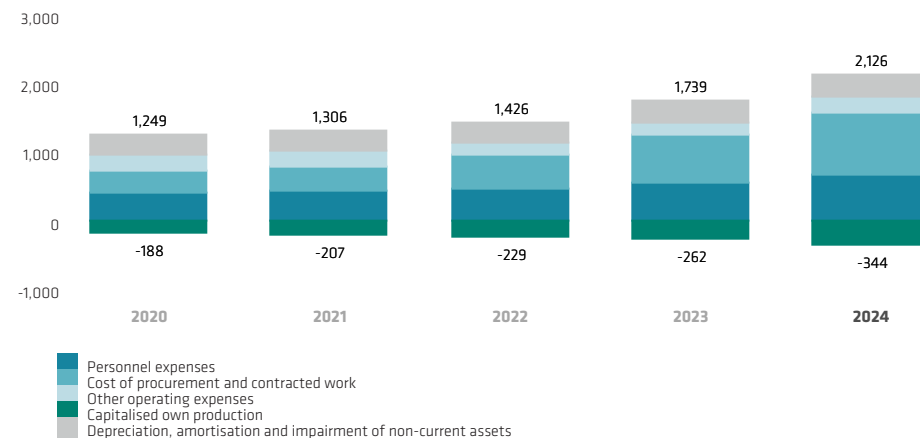


Total operating income amounted to €2,088 million in 2024. This is €318 million higher than in 2023 and is mainly attributable to a €296 million increase in revenue to €2,048 million.

The increase in revenue was mainly due to higher transmission revenue from an increase in our regulatory tariffs. This tariff increase was partly related to the additional tariff headroom as a result of the Trade and Industry Appeals Tribunal (Cbb) ruling in 2023, which led to adjustment of the method decisions. In addition, TenneT's transmission costs have increased. These costs are passed on to customers via the regional grid operators' tariffs. Our regulatory tariffs also increased due to inflation, and metering revenue increased due to higher metering tariffs.

Other operating income rose by €22 million to €40 million as Stedin received a one-off sum of €28 million from the ACM at the end of 2024 to compensate for earlier removals of gas connections. We also completed our internal programme for the sale of non-regulated transformers and related assets in 2024.

Higher operating expenses



Total operating expenses rose by €305 million to €1,782 million (being the balance of the gross operating expenses and capitalised own production) in 2024, driven by factors including a €130 million increase in personnel expenses, a €199 million increase in cost of procurement and contracted work and a €34 million increase in other operating expenses. This was offset by an €82 million increase in capitalised own production due to more hours spent on investment activities and higher hourly rates. Depreciation expenses rose by €24 million due to the increased level of investment in recent years.

The higher personnel expenses were mainly due to higher salaries as a result of collective labour agreement increases and a larger number of internal and external employees. The number of employees increased by 712 FTE last year to 6,232 FTE as at the end of 2024. The cost of hiring staff went up as a result of higher rates.

The higher cost of procurement and contracted work was mainly due to a €249 million increase in the transmission costs charged by TenneT. This increase was driven by higher energy prices in previous years and increased investments in the high-voltage grid due to the energy transition.

TenneT has indicated that its tariffs, after falling slightly in 2025 and 2026, will continue to rise in the coming years. In addition, our cost of contracted work increased by €40 million due to higher purchase prices. This was offset by a €90 million decrease in costs for network losses due to price developments combined with our energy procurement policy.

Higher net financial expenses

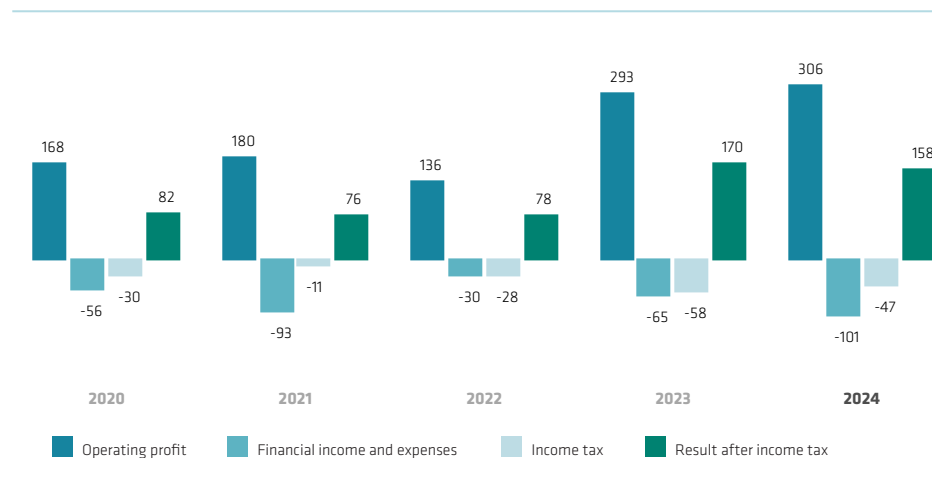
Financial income and expenses increased by €36 million to €101 million. This increase was attributable to a one-off charge of €46 million resulting from the early repayment of the long-term JPY loan. This will be offset by lower interest expenses over the coming years.

Slightly lower effective tax rate

The tax expense fell by €11 million in 2024 to €47 million, partly due to a lower profit before income tax. The effective tax rate (tax expense expressed as a percentage of profit before income tax) in 2024 was 22.9% compared to 25.6% in 2023.

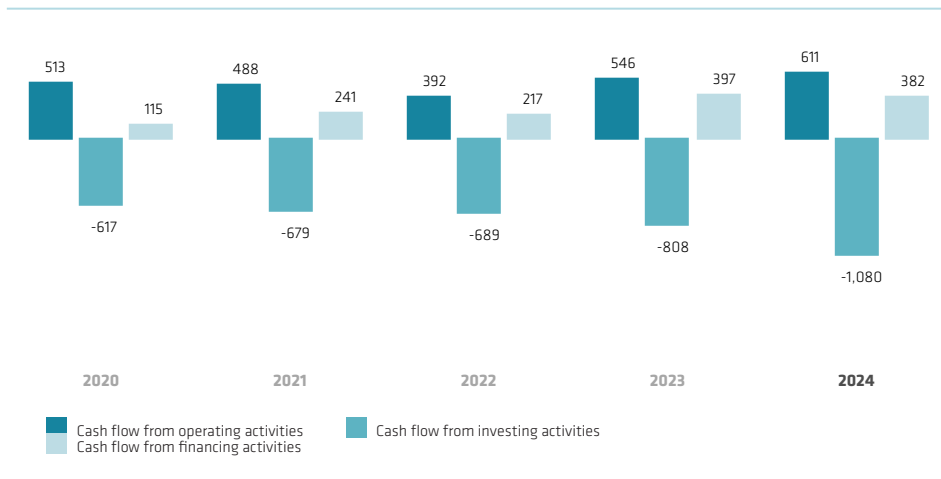
Lower result after income tax

Compared to last year, Stedin Group's result after income tax for 2024 was €12 million lower, at €158 million. Higher tariffs in 2024 combined with lower costs for network losses were enough to absorb the otherwise higher operating expenses. As a result, there was a limited increase in operating profit. Financial expenses were higher due to a one-off charge.



Negative free cash flow and financing

Due to increasing investments, Stedin Group's negative free cash flow (the sum of operating and investing cash flow) increased from €262 million negative in 2023 to €469 million negative. In 2024, this negative free cash flow was largely financed by the issue of new shares amounting to €33 million and a green bond worth €500 million. Combined with, among others, the repayment of the long-term JPY loan and dividends payout, the financing cash flow was €382 million positive, compared to €397 million positive in 2023.



Looking ahead

We anticipate that our investment level will remain high in the coming years, with the expectation that this will result in negative free cash flows. Attracting sufficient funding therefore remains important to facilitate the growth of our investments. To do this, we need to keep our financial ratios healthy. First and foremost, this means remaining focused on increasing our productivity and building the most efficient energy infrastructure possible – in terms of both performance and costs. As well as raising sufficient external funding, we must also continue to work with our shareholders to maintain a healthy financial position. Finally, we need to work with the ACM to arrive at a regulatory method that better meets the challenges of the energy transition.

The ACM is currently working with the grid operators and other stakeholders to develop a new regulatory method. This new regulatory method will take effect as of 2027, from which time it will serve as the basis for tariffs and fees. The ACM recognises that the fees for grid operators need to better reflect the current reality of a shortage of grid capacity and the need to make substantial investments in the electricity grid. The ACM has indicated that it wants a regulatory method that leans more towards setting the fee for grid operators in advance, rather than in retrospect. It is essential that this method strikes the right balance between what is needed to make the energy transition a reality and to keep it affordable for grid users. During the course of 2025, the ACM expects to publish the draft method decisions and we will find out more about exactly what the new regulatory method will look like.

Strategic risks and opportunities

In evaluating risks and opportunities, we compare the likelihood of their occurrence with their potential impact on the achievement of our strategic objectives. This leads to the risk matrix below for 2024.

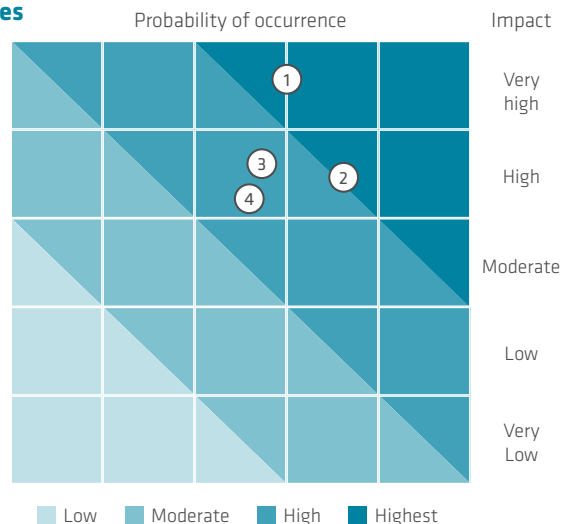
Risks are not static, since they are influenced by various unpredictable factors. Compared to 2023, we see that we no longer consider some risks and opportunities as long-term uncertainties. This is partly due to external developments, which have effects such as creating risks and eliminating uncertainties. Such is the case for the risk 'Insufficient grip on future customer demand' and the opportunity 'Develop and deploy disruptive technologies and methods'.

The long-term risk 'Cyber attack causing damage to society and business operations' was reconsidered in 2024, since we cannot reduce the overall threat assessment or the social impact. We have therefore rewritten the long-term risk to reflect what we as Stedin do have influence over: the threat assessment and the impact on the organisation. This is the risk 'Failure to meet legal duty of care to ensure information security'. Information security remains important to our organisation and is an area that we focus on.

Proactive stakeholder management at national and regional level was identified as a new long-term opportunity in 2024. This can help speed up the construction of energy systems.

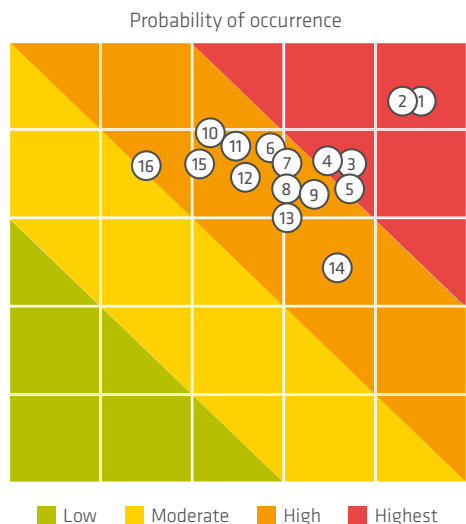
Long-term Opportunities

1. Proactive stakeholder management at national and regional level
2. Application of new energy carriers
3. Comprehensive investment assessment to ensure best possible combination of electricity, gas or future energy sources
4. Continuing to position Stedin as a highly relevant partner in the energy transition



Long-term Risks

1. Insufficient controllable power available for capacity management
2. Insufficient expansion of grid capacity
3. Energy transition becoming unaffordable for society
4. Acquisition and allocation of land
5. Increase in capacity and voltage bottlenecks in low-voltage grids
6. Inadequately prepared for a surge in replacement of obsolete and overburdened assets
7. Lack of sufficient number of people with the required competences
8. Insufficient contribution by IT domain to realisation of Stedin strategy
9. Availability and quality of data insufficiently compliant
10. Underestimation of gas investments needed
11. Failure to meet legal duty of care to ensure information security
12. Availability of materials
13. Focus on cultural values and conduct insufficiently effective
14. Services on core tasks insufficiently compliant
15. Network losses deviate sharply from budget
16. Impact of accidents related to Stedin Group



In-control statement

As the Executive Board, we are responsible for the adequate design and operating effectiveness of our risk management and control system. This system is in place to monitor our strategic and tactical-operational objectives, as well as 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 and financial reporting 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 throughout 2024 and discussed this with the senior leadership team and the Executive Board. We also involved the Supervisory Board (SB, including the Audit Committee) in this process. Monitoring and evaluation took place based on the regular business control reports. These included an overview of tactical-operational risks and controls, business self-assessments (resulting in In-Control Statements) and quarterly updates on long-term risks and opportunities. We also took into account information from reports from the internal audit function and the external auditor. Interim assessments have given rise to improvement plans. Some of these have already been implemented in 2024, while some will be implemented in 2025. The deficiencies identified in these assessments did not have a significant effect on the risk management and control system. Full implementation of the recovery plans is leading 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;
- the aforementioned systems provide at least limited assurance that the sustainability 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; and
- 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, 20 February 2025

Board of Management,

Koen Bogers, CEO (chair)

Trudy Onland, COO

David Peters, CTO

Financial Figures 2024

These financial statements present the financial information of Stedin Holding N.V. for the full year 2024, with comparative figures for 2023. 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

	2024	2023
Net revenue	2,048	1,752
Other income	40	18
Total operating income	2,088	1,770
Personnel expenses	667	537
Cost of procurement and contracted work	900	701
Other operating expenses	228	194
Capitalised own production	-344	-262
	1,451	1,170
Depreciation, amortisation and impairment of non-current assets	331	307
Total operating expenses	1,782	1,477
Operating profit	306	293
Financial income and expenses	-101	-65
Result from associates and joint ventures after income tax	0	0
Profit before income tax	205	228
Income tax	-47	-58
Result after income tax	158	170
Attributable to:		
Shareholders of Stedin Holding N.V.	152	164
Non-controlling interests	0	-
Holders of perpetual subordinated bonds	6	6
Result after income tax	158	170

Consolidated statement of comprehensive income

x € 1 million

	2024	2023
Result after income tax	158	170
Unrealised gains and losses that may be reclassified to the income statement		
Unrealised gains and losses on cash flow hedges	26	-12
Reclassification cash flow hedge reserves to income statement	4	1
Deferred tax liabilities on cash flow hedges	-8	3
Total other comprehensive income	22	-8
Total comprehensive income	180	162
Profit distribution:		
Shareholders of Stedin Holding N.V.	174	156
Non-controlling interests	0	-
Holders of perpetual subordinated bonds	6	6
Total comprehensive income	180	162

Consolidated balance sheet

x € 1 million

	31 December 2024	31 December 2023
ASSETS		
Non-current assets		
Property, plant and equipment	8,294	7,522
Intangible assets	118	107
Right-of-use assets	91	68
Deferred tax assets	2	-
Financial assets	8	7
Total non-current assets	8,513	7,704
Current assets		
Inventories	130	99
Current tax assets	18	10
Trade and other receivables	312	283
Cash and cash equivalents	101	188
Total current assets	561	580
TOTAL ASSETS	9,074	8,284

x € 1 million

	31 December 2024	31 December 2023
EQUITY AND LIABILITIES		
Group equity		
Equity attributable to Stedin Holding N.V. shareholders	2,864	2,715
Non-controlling interests	0	-
Perpetual subordinated bond loan	506	506
Total group equity	3,370	3,221
Non-current liabilities		
Provisions for employee benefits	13	11
Other provisions	8	13
Deferred tax liabilities	178	149
Interest-bearing debt	2,921	3,069
Lease liabilities	76	57
Deferred revenue	1,166	1,065
Total non-current liabilities	4,362	4,364
Current liabilities		
Provisions for employee benefits	6	4
Other provisions	11	3
Derivative financial instruments	-	50
Interest-bearing debt	880	265
Lease liabilities	18	12
Trade payables and other liabilities	427	365
Total current liabilities	1,342	699
TOTAL EQUITY AND LIABILITIES	9,074	8,284

Consolidated cash flow statement

x € 1 million	2024	2023
Profit after income tax	158	170
Adjusted for:		
· Financial income and expenses	101	65
· Income tax	47	58
· Depreciation, amortisation and impairments of non-current assets	331	307
· Result on sale of property, plant and equipment and intangible assets	-3	-8
Movements in working capital	2	-49
Movements in deferred revenue	103	107
Movements in provisions and other	2	-26
Cash flow from business operations	741	624
Interest paid	-103	-66
Interest received	6	2
Income tax paid	-33	-14
Cash flow from operating activities	611	546
Investments in property, plant and equipment	-1,068	-816
Disposal of property, plant and equipment	3	12
Investments in intangible assets	-14	-9
New loans issued	-7	-3
Repayments of loans granted	6	8
Cash flow from investing activities	-1,080	-808

x € 1 million	2024	2023
Dividend payments ordinary shares	-52	-16
Dividend payments preference shares	-6	-6
Issue of shares	33	500
Transaction costs of issue of shares	-1	-4
Transactions with non-controlling interests	1	-
Coupon on perpetual subordinated bonds	-8	-8
Payment of principal portion of lease liabilities	-15	-14
Proceeds from non-current interest-bearing debt	496	-
Proceeds from current interest-bearing debt	3,330	5,723
Repayment of non-current interest-bearing debt	-151	-
Repayment of current interest-bearing debt	-3,245	-5,778
Cash flow from financing activities	382	397
Movements in cash and cash equivalents	-87	135
Balance of cash and cash equivalents as at 1 January	188	53
Balance of cash and cash equivalents as at 31 December	101	188

Consolidated statement of changes in group equity

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 capitalised development costs	Legal reserve participating interests	Retained earnings	Undistributed profit	Total	Non-controlling interests	Perpetual subordinated bond loan	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
Issue of shares	67	433	-	-	-	-	-	-	500	-	-	500
Transaction costs of issue of shares	-	-	-	-	-	-	-4	-	-4	-	-	-4
Tax on transaction costs of issue of shares	-	-	-	-	-	-	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

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 capitalised development costs	Legal reserve participating interests	Retained earnings	Undistributed profit	Total	Non-controlling interests	Perpetual subordinated bond loan	Total group equity
As at 1 January 2024	606	591	-19	-4	13	4	1,360	164	2,715	-	506	3,221
Profit after income tax 2024	-	-	-	-	-	0	-	152	152	0	6	158
Total other comprehensive income	-	-	18	4	-	-	-	-	22	-	-	22
Total comprehensive income	-	-	18	4	-	0	-	152	174	0	6	180
Transactions with shareholders												
Dividend payments relating to 2023	-	-	-	-	-	-	-	-52	-52	-	-	-52
Cumulative preference dividend	-	-	-	-	-	-	-	-6	-6	-	-	-6
Issue of shares	4	29	-	-	-	-	-	-	33	-	-	33
Transaction costs of issue of shares	-	-	-	-	-	-	0	-	0	-	-	0
Tax on transaction costs of issue of shares	-	-	-	-	-	-	0	-	0	-	-	0
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	0	-	0
Coupon on perpetual subordinated bond loan	-	-	-	-	-	-	-	-	-	-	-8	-8
Tax on coupon on perpetual subordinated bond loan	-	-	-	-	-	-	-	-	-	-	2	2
Total transactions with shareholders	4	29	-	-	-	-	0	-58	-25	0	-6	-31
Other												
Profit appropriation 2023	-	-	-	-	-	-	106	-106	-	-	-	-
Reclassification	-	-	-	-	7	-	-7	-	-	-	-	-
Total other	-	-	-	-	7	-	99	-106	-	-	-	0
As at 31 December 2024	610	620	-1	-	20	4	1,459	152	2,864	0	506	3,370

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 financial 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 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 funding, including the money and capital markets. It is therefore important that we pursue a credit rating which makes this possible under all circumstances 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.

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 possibilities. 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 2024 and 2023.

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. S&P adjusted the lower level of the rating bucket 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.

Current and non-current interest-bearing debt, lease liabilities, net interest paid and tax paid are in accordance with the financial statements.

The calculation is set out in the table below:

x € 1 million	2024	2023
Operating profit	306	293
Depreciation, amortisation and impairment of non-current assets	331	307
EBITDA	637	600
-/- Net interest paid	-97	-65
-/- Tax paid	-33	-14
-/- S&P adjustments	-40	-34
S&P - Funds from Operations	467	487
Non-current interest-bearing debt	2,921	3,069
Current interest-bearing debt	880	265
Lease liabilities	94	69
-/- Cash and cash equivalents	-101	-188
IFRS - Net Debt	3,794	3,215
+ S&P adjustments	265	263
S&P - Net Debt	4,059	3,478
FFO / Net Debt – S&P adjusted	11.5%	14.0%

The FFO/Net Debt ratio fell to 11.5% in 2024. The decline was mainly driven by higher net debt. This was €581 million higher at the end of 2024 than at the end of 2023, largely due to the increase in investments.

The FFO/Net Debt ratio of 11.5% is above our target of at least 10%. S&P uses a multi-year (forward-looking) average for its assessment of the FFO/Net Debt ratio.

The S&P credit rating reports can be found on Stedin Group's Investor Relations [website](https://www.stedingroep.nl/investor-relations):
<https://www.stedingroep.nl/investor-relations>

In addition to FFO/Net Debt, Stedin Group also monitors solvency for its financial health purposes. Solvency is calculated by dividing equity (plus profit or loss for the period less expected dividend distributions for the current financial year) by the balance sheet total, adjusted for the expected dividend distribution, non-current portion of deferred revenue and free cash and cash equivalents.

Stedin Group's solvency was as follows and is above our target of at least 35% (2023: at least 40%):

Solvency	2024	2023
Equity	3,370	3,221
Expected dividend	-56	-58
Equity (adjusted)	3,314	3,163
Total liabilities and equity	9,074	8,284
Expected dividend	-56	-58
Non-current portion of deferred revenue	-1,193	-1,065
Cash and cash equivalents	-101	-188
Total liabilities and equity (adjusted)	7,724	6,973
Solvency	42.9%	45.4%

Subsequent events

Update credit rating

On January 30, 2025, S&P published a new credit rating report. Stedin Group's long-term credit rating is maintained at A- with a stable outlook. For the relevant publication, please refer to the Investor Relations [website](#) from Stedin Group.

Issuance of new Green Bond

On February 4, 2025, Stedin Group issued its fifth green bond loan, for a nominal amount of €500 million. This loan has a term of 12 years, an issue price of 98.936% and a coupon interest of 3.375%. The effective interest rate excluding transaction costs amounts to 3.485%. After this issue, Stedin Group has a total of €2.5 billion in green bond loans outstanding.

General information



Five-year overview

	Unit	2024	2023	2022	2021	2020
Income statement						
Revenue	€ mln	2,048	1,752	1,316	1,265	1,216
Total operating income	€ mln	2,088	1,770	1,333	1,279	1,229
Total operating expenses	€ mln	1,782	1,477	1,197	1,099	1,061
EBITDA	€ mln	637	600	432	484	463
Operating profit	€ mln	306	293	136	180	168
Profit after income tax	€ mln	158	170	81	62	71
Balance sheet						
Property, plant and equipment	€ mln	8,294	7,522	6,993	6,570	6,165
Total assets	€ mln	9,074	8,284	7,505	7,117	6,680
Equity	€ mln	3,370	3,221	2,589	2,480	2,229
Total interest-bearing debt	€ mln	3,801	3,334	3,396	3,281	3,183
Investments in non-current assets	€ mln	1,096	832	711	687	620
Cash flows						
Cash flow from operating activities	€ mln	611	546	392	488	513
Cash flow from investing activities	€ mln	-1,080	-808	-689	-679	-617
Cash flow from financing activities	€ mln	382	397	217	241	115

	Unit	2024	2023	2022	2021	2020
Credit rating						
Long-term rating (S&P)	rating	A-	A-	A-	A-	A-
Solvency	%	42.9	45.4	39.7	40.6	38.2
FFO/Net debt	ratio	11.5	14.0	9.5	10.6	11.4
Shares at 31 December						
Number of ordinary shares outstanding (x 1,000)	number	5,685	5,643	4,971	4,971	4,971
Number of preference shares outstanding (x 1,000)	number	416	416	416	416	-

	Unit	2024	2023	2022	2021	2020
Operational key figures						
High-volume electricity connections ¹	number	26,897	26,531	26,116	25,526	24,997
Low-volume electricity connections ²	number	2,420,027	2,398,137	2,375,331	2,353,166	2,331,545
Quantity of electricity transported	GWh	24,862	24,374	20,746	20,529	20,171
Length of electricity cables ³	km	59,118	58,732	58,250	57,616	56,854
Length of electricity cables laid	km	1,013	892	715	998	1,059
High-volume gas connections	number	8,787	8,933	9,084	9,248	9,394
Low-volume gas connections	number	2,076,663	2,092,646	2,108,500	2,121,210	2,129,182
Quantity of gas distributed ⁴	million m ³	3,626	3,602	3,782	4,961	4,425
Length of gas pipelines	km	28,080	28,121	28,145	28,160	28,206
Length of gas pipelines laid	km	235	237	231	256	227
Heating network connections	number	323	323	323	323	323
Medium-voltage failures resulting in disruption	number	490	497	507	465	523
Facilitated supplier switches (x 1.000) ⁵	number	627	623	395	685	883
Staf						
Total number of employees at year-end	number	6,573	5,837	5,275	4,973	4,985
Employees (internal) at year-end	number	5,471	4,784	4,324	4,194	4,276
Employees (external) at year-end	number	1,102	1,053	951	779	709
Total number of FTEs at year-end	number	6,232	5,520	4,992	4,730	4,734
FTEs (internal) at year-end	number	5,237	4,583	4,148	4,041	4,127
FTEs (external) at year-end	number	995	937	844	689	607
Sickness absence (internal) (%)	ratio	5	5	6	4	4

	Unit	2024	2023	2022	2021	2020
Safety						
Lost Time Injury Rate (LTIR)	ratio	0.10	0.24	0.52	0.53	0.39
LTIR at work	ratio	-	0.12	0.39	0.27	0.13
LTIR Falls, trips and slips	ratio	0.10	-	0.13	0.13	0.26
LTIR Participation in traffic	ratio	-	0.12	-	0.13	-
Recordable Incident Frequency (RIF)	ratio	0.44	0.57	0.91	0.74	0.68
Total number of accidents (exc. First Aid Case (FAC))	number	29	30	43	38	30
Number of fatal accidents including contractors	number	-	-	-	-	-
Number of fatal accidents Stedin Group	number	-	-	-	-	-
Number of fatal accidents Contractors	number	-	-	-	-	-
Number of lost-time accidents including contractors (lost time > 1 day, LTI)	number	4	5	8	10	6
Number of lost-time accidents Stedin Group (lost time > 1 day, LTI)	number	1	2	4	4	3
Number of lost-time accidents Contractors (lost time > 1 day, LTI)	number	3	3	4	6	3
Number of non-lost-time accidents including contractors	number	25	25	35	28	24
Number of non-lost-time accidents Stedin Group	number	20	22	31	24	23
Number of non-lost-time accidents Contractors	number	5	3	4	4	1
Outages and interruptions in electricity supply						
Average duration of interruption MV/LV (CAIDI)	minutes	82	89	96	87	112
Interruption frequency MV/LV (SAIFI)	number	0.25	0.23	0.23	0.22	0.23
Annual downtime MV/LV (SAIDI)	minutes	21	20	22	19	26
Annual downtime HV/MV/LV (SAIDI)	minutes	22	21	25	20	27

	Unit	2024	2023	2022	2021	2020
Outages and interruptions in gas supply						
Average duration of interruption (CAIDI)	minutes	88	123	141	88	75
Interruption frequency (SAIFI)	number	0.01	0.01	0.01	0.01	0.01
Annual downtime (SAIDI)	seconds	31	44	50	29	26
Waste						
Total volume of waste	kg	13,882,788	13,207,255	11,024,321	11,424,839	8,885,295
Total volume of waste recycled	kg	8,517,337	8,416,474	8,209,666	8,636,798	7,710,474
Total volume of waste not recycled	kg	5,365,451	4,790,781	2,814,655	2,788,041	1,174,821
% waste not recycled	%	39	36	26	24	13
Total asbestos	kg	1,598,760	1,749,220	2,084,395	1,894,085	756,645
% of asbestos in waste not recycled	%	30	37	74	68	64

¹ The number of connections has been retroactively adjusted from 2020 onwards to align with the data in the Central Connection Register (C-AR). Connections with a capacity greater than 3x80A and connected to the low-voltage network are now consistently reported under the high-volume electricity connections; these connections were not previously presented separately.

² The number of connections has been retroactively adjusted from 2020 onwards to align with the data in the Central Connection Register (C-AR). Connections falling under Article 1, paragraphs 2 and 3 of the Energy Act (excluding public lighting) with a capacity of less than 3x80A are now consistently presented as low-volume electricity connections. Previously, these connections were not presented separately.

³ The figures for the length of electricity cables have been retroactively adjusted in 2023, with the reference date aligned to the definition used in previous years. These figures represent the total length, whereas the length of cables laid in a given year is calculated based on route length.

⁴ The figures regarding the transported quantity of gas in 2021 and 2020 have been retroactively adjusted, as they were previously presented without DNWG.

⁵ Figures regarding facilitated switches of suppliers (in thousands) have been retroactively adjusted from 2022 onwards to align with the numbers in the Central Connection Register (C-AR).

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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