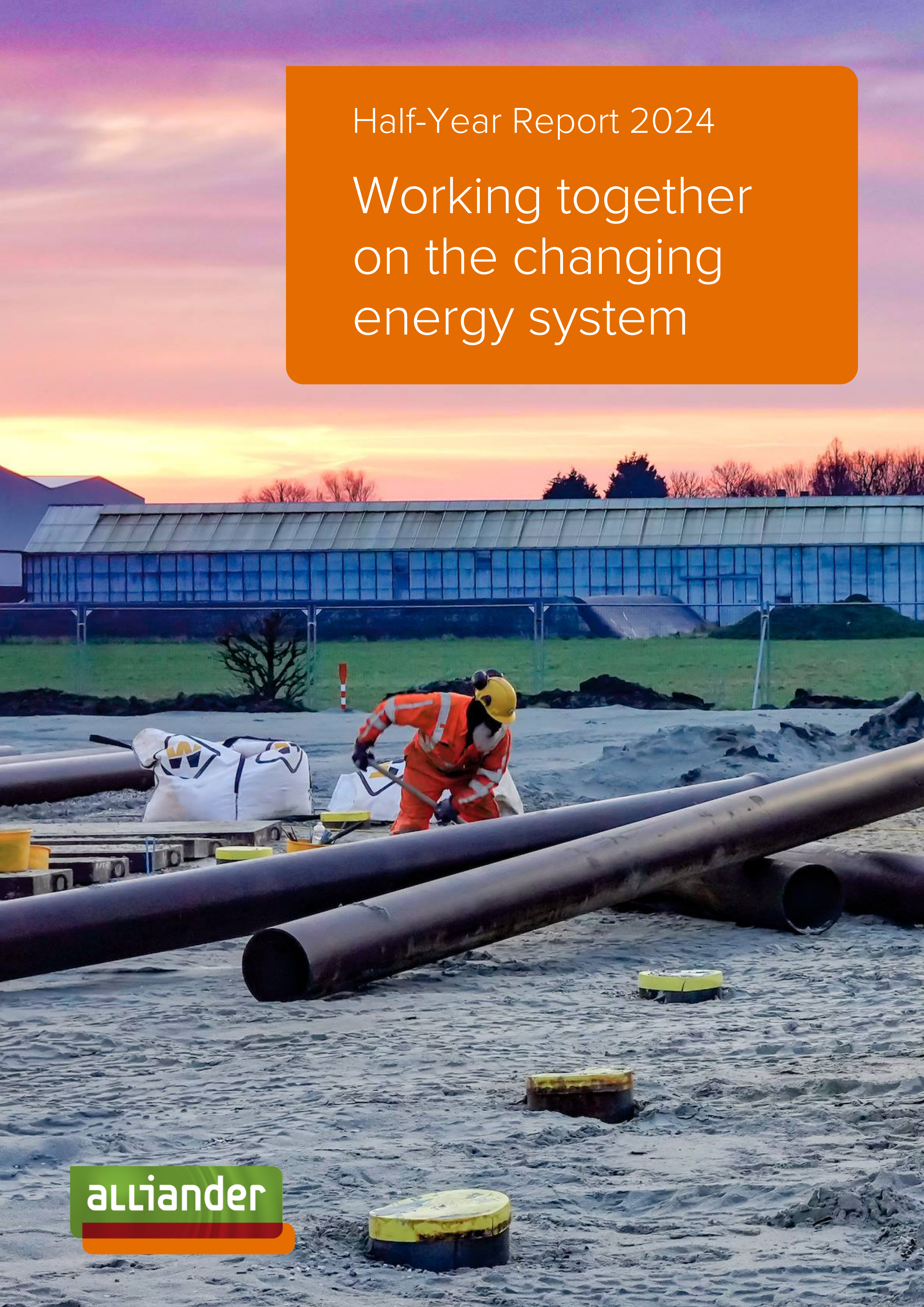
Half-Year Report 2024

Working together on the changing energy system



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Profile of Alliander

Alliander N.V. is a network company comprising a group of companies that employ more than 9,000 people, including agency workers. Alliander N.V.'s shares are held by Dutch provincial authorities and municipalities. Alliander stands for high-quality management of the energy network. We invest in the development of the energy networks and explore and implement innovative solutions. With our partners and shareholders, we discuss our plans for the future and offer solutions to complex energy transition issues. Sustainability plays a key role in the choices we make.

Our role in the energy system

We distribute energy while ensuring maximum safety and continuity. We aim to make sure energy is available to our customers 24 hours a day, 7 days a week. Liander is the network operator and has a statutory task to manage and further develop the gas and electricity networks. We are on call day and night to deal with outages. The energy we distribute comes from power stations, wind farms, solar farms and imports from abroad, among other sources. More and more consumers and companies are feeding the sustainable energy they produce with their own systems back into our energy networks. As a result, energy supply and demand have become interwoven, influencing one another.

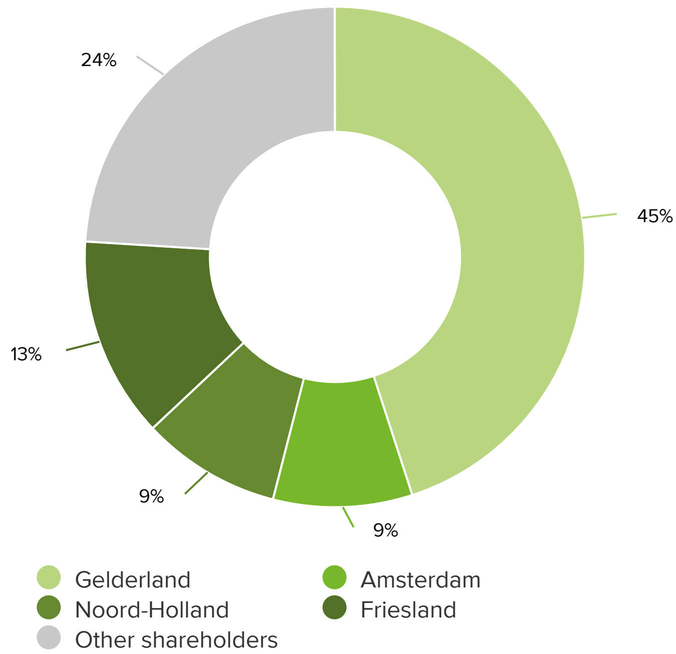
Alliander and its subsidiaries collaborate with many parties in the energy sector and with organisations that want to drive innovation in the field of energy. We facilitate the local exchange of energy and work in conjunction with public authorities on issues related to the heating transition.

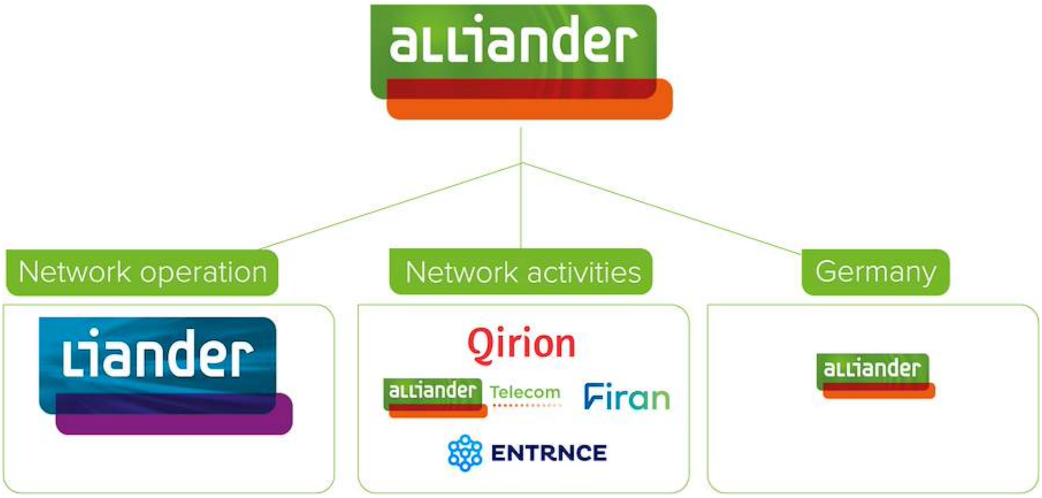
As a co-designer, we provide the government, municipalities, provincial authorities and businesses with knowledge that helps in the long-term development of the energy system. We show them what the energy network can handle and the social costs associated with specific choices. In addition, we help organisations by offering data services and we collaborate with others to develop a flexible energy market that is driven by supply and demand.

The business units in our network company facilitate markets by providing products and services that help create a future-proof energy network. We build and maintain the infrastructure, and facilitate energy supply and demand. We track who produces or consumes energy, when, where and by how much.

Our service area

Shareholders





References in this report to ‘we’, ‘Alliander’, ‘the company’, ‘Alliander group’ or similar designations are to be read as references to Alliander N.V. and its subsidiaries. Alliander N.V. holds all shares in Liander N.V., Qirion B.V., Firan B.V., and Alliander AG, among other subsidiaries. Any references to Liander are to be read as references to the network operator Liander N.V. In this report, names are used without stating the legal form of the entities in question.

Our mission

We stand for an energy supply system where everyone has access to reliable, affordable and renewable energy on equal terms. This is the social mission that we work to achieve every day. We make sure the lights are on, homes are heated and businesses can keep operating, not just today, but in a sustainable tomorrow too.

How we make a difference for customers

Through our cables and pipes, over three million Dutch households and companies are supplied with electricity, gas and heating. We operate a power grid stretching out over around 96,000 kilometres and a gas network covering some 42,000 kilometres, and we take great pride in our networks being among the world’s most reliable. Our colleagues work hard day and night to achieve this.

Reliability

We distribute energy in line with the highest possible safety and continuity standards and ensure that it is available to customers 24 hours a day, 7 days a week. This is what drives us to put safety first in our working practices and try to avoid planned and unplanned energy outages wherever possible.

Affordability

We endeavour to improve the effectiveness and efficiency of our activities every day to keep prices as low as possible for our customers.

Accessibility

We provide the framework within which customers can choose their own energy supplier and service providers and feed energy back into the grid. We also help customers switch to renewable forms of energy.

Our strategy

Since last year, Alliander has been going by seven complementary, synergistic strategic pillars. These pillars will see us maintain a strong focus on further upscaling the required network upgrades and expansions, making the power grid more flexible and further upscaling and improving communication with the users and partners in the energy system in the upcoming period.

1. Excellent management: optimising maintenance and improving customer services

We service our networks smartly and efficiently, and we are a reliable partner for our customers and society. We communicate openly and proactively to ensure that they know what to expect in terms of completing infrastructure in their area, what the waiting times are, but also what alternative solutions would be if we are unable to fulfil all their wishes straight away. We make sure that we resolve and prevent faults, questions and complaints in a timely and targeted manner. Our work is customer-oriented and we ensure that our customers and partners have easy access to the required information to make choices that match their needs and fit within an affordable and reliable energy system.

2. Reducing demand for transmission capacity

We help our customers to make choices that limit the demand for transmission capacity. This cuts their energy bills and also ensures that the scarcity in terms of people and space can be used in the most effective way possible. It is important here that clear choices are made about which energy solutions are implemented at each location and at each point in time. This allows customers to make choices while knowing what will be modified in terms of the infrastructure in their area at certain points in time. It also gives contractors greater certainty for investing in upscaling. This allows the timely purchase of space required for transformer substations, and allows the planning for various infrastructural modifications to be agreed with the local stakeholders in each area. It is important here that energy infrastructure is given a more prominent position in spatial planning and in the plans that are drawn up for places like residential areas and industrial parks. This requires coordination and clear choices at a provincial and municipal level, all the way down to district and neighbourhood levels. This will enable us to prevent unnecessary investments and successfully accelerate the required overhaul of the energy infrastructure by deploying people and resources in a targeted manner. Our efforts are also aimed at helping customers reduce their energy demand, together with partners and smart innovations. Solutions range from insulation to smart appliance controls, including behind a company's or home's energy connection.

3. Making better use of the network

In various locations in the Netherlands, the power grid has (almost) reached maximum capacity. By making better use of the network, we want to connect more customers in the years to come. This is why we are digitising the networks, which gives us more insight and control options, and allows us to handle the available network capacity with greater flexibility anywhere and at any given time. We are increasing the load on the network, but safely. Rather than focusing on contracts based on peak demand a few times a year, we are working towards flexible use and the relevant contracts. This requires new rules and incentives. Examples include tariffs that allocate the costs to where they are generated and simultaneously safeguard the general affordability and reliability of the energy system.

4. Completing more work

We will be further upscaling the construction of network expansions and upgrades. In line with the more proactive planning process, we are working towards an approach that is more area and district based. By organising space and permits at an early stage based on planning decisions, we will be able to create more connections and expansions using the same capacity. We are also working on long-term collaboration models with contractors and suppliers. We are focusing on the further development of smarter processes to reduce the time we lose during implementation and enable us to use worker scarcity in a more targeted manner. We are increasing the available number of technicians by making engineering more appealing in the sector and by making the influx from other sectors easier. We are shortening training periods and investing in outsourcing extensive work packages together with contractors to make optimum use of the capacity in the sector. We are also focusing on performing part of the work on behalf of the customers themselves by making use of local installers.

5. Sharing data and developing new market services

Proactively making data and services available ensures that the energy market can function properly, customers can make choices beneficial to the network and we can balance supply and demand on a local level. Between now and 2030 we will therefore be making (more) asset and customer data available and offering it to customers as enriched data, so that they can control their own energy usage and make independent optimisation choices.

6. Developing infrastructure for heating and sustainable gases

Hydrogen and green gas will become important in our energy system. We are using the existing gas network to distribute these gases and to improve the energy system. We are adding more green gas to the gas network and making sure that supply and feed-in are possible. We will also be constructing new hydrogen networks from 2028. In addition, we are also constructing more district heating networks, both for existing buildings and new construction. We are working together with public authorities and companies to provide complete solutions, from design to management. We do this in neighbourhoods where it makes sense to use district heating networks and where a local heat source is present. This allows quick and large-scale use of sustainable heat and at the same time reduces the load on the power grid.

7. Future-proof foundations

Our organisation, our people, our working methods and our systems make up the foundations for implementing the aforementioned strategies. In the years to come, we will be investing in things like an integrated focus on results in the end-to-end value chains with our partners. We are agile and effective, and have a culture that prioritises safety, results, cost awareness, sustainability and inclusion. We are investing in an IT landscape and digitisation to provide maximum support for the upscaling of our work, the flexibilisation of our network and communication with and solutions for our customers, partners and stakeholders.

To ensure a future-proof organisation reporting must be done in accordance with the CSRD, which we will be doing starting from the 2024 reporting year.

Objectives and results

Ensuring a high reliability of supply for a low cost

KPI	Results 30 June 2024	Target for 2024	Results 31 December 2023
Customer convenience	Consumers 54% Business customers 32%	The NES score measured is higher than 50% (consumers) and 29% (business market)	Consumer: 43% Business: 36%
Electricity outage duration	25.0	Maximum of 23 minutes	23.2

Making the energy supply and our organisation sustainable

KPI	Results 30 June 2024	Target for 2024	Results 31 December 2023
Gross CO_2 emissions, own business operations	208 kilotons[1]	Maximum of 416 kilotons	425 kilotons
Net CO_2 emissions from own business operations after greening[2]	3 kilotons	0 kilotons	0 kilotons
Circular procurement[3]	31%	At least 37% of all our primary assets[3]	31%

Ensuring a safe energy network, a safe working environment and a safe data environment

KPI	Results 30 June 2024	Target for 2024	Results 31 December 2023
LTIF (lost time injury frequency)	2.5	-[4]	2.0

Being an attractive, inclusive employer with equal opportunities for all

KPI	Results 30 June 2024	Target for 2024	Results 31 December 2023
Employee survey: enthusiasm and engagement	84%	A score of at least 81%	82%
Absenteeism among own employees	4.4%	Maximum 4.3%	4.4%
Women in managerial positions	30.6%	At least 33% of all managerial positions	30.5%
People with poor employment prospects	123	Offer at least 168 apprenticeships. Aim is a minimum of 154 places that comply with the Dutch Labour Participation Act and comply with the Dutch Labour Participation Quota Act.	125

Being a creditworthy company with solid returns

KPI	Results 30 June 2024	Target for 2024	Results 31 December 2023
Credit rating	S&P A+/A-1/stable outlook Moody's Aa3/P-1/stable outlook	Maintain solid A rating profile	S&P A+/A-1/watch positive Moody's Aa3/P-1/stable outlook
FFO/net debt	23.3%	At least 15%	21.1%
Interest cover	11.7	At least 3.5	12.2
Net debt/(net debt + equity)	40.2%	Maximum 60%	46.9%
Solvency ratio	49.3%	At least 30%	46.1%

1 In the first half of 2024, the gross emissions from our own operations amounted to 73 kilotons for scope 1, 134 kilotons for scope 2 and 1 kiloton for scope 3.

2 Greening is mainly achieved with Guarantees of Origin for power sourced from Dutch wind farms.

3 The scope of the KPI comprises primary assets: Low-voltage and medium-voltage cables, gas pipes, distribution and power transformers, and legacy and smart electricity and gas meters.

4 No target is set for the LTIF performance indicator, because the number of accidents leading to sickness absence should ideally be zero. Our objective with this indicator is to show a downward trend each time.

Financial key figures

€ million	1st half 2024	1st half 2023
Total income	2,315	1,370
Operating expenses	1,352	1,185
Operating profit	963	185
Profit after tax	879	109
Profit after tax excluding incidental items and fair value movements	122	105
Investments in property, plant and equipment	797	641
Cash flow from operating activities	385	245
	30 June 2024	**31 December 2023**
Total assets	12,522	11,646
Total equity	5,942	4,749
Net debt[1]	3,456	3,873

1 Net debt is defined as interest-bearing debt less cash and cash equivalents.

Report by the Management Board

Working together on the changing energy system

The development towards a future-proof energy system consisting of electricity, sustainable gases, and heat requires full focus on implementation. In the first half of 2024, we placed our focus directly on construction and expansion of the electricity grids, flexibility, and ensuring clear communication with customers. In 2024, our grids will once again be among the most reliable in the world, despite a slight increase in outage duration in the first half of 2024, mainly caused by extreme rainfall.

Over the last six months we invested €797 million in the maintenance and expansion of the gas and electricity grids (2023: €641 million). We built and redeveloped 845 transformer substations in total (2023: 1,031) and laid 870 kilometres of cable (2023: 1,084 kilometres) for the power grid. We replaced 72 kilometres of gas pipeline, primarily to ensure the gas grid remains safe and reliable (2023: 68km), meaning we invested more compared to the first half of 2023. Investments increased mainly due to the enormous amount of work required to overhaul the energy system. Much of that work is currently in progress or in preparation and so is not yet visible in the presented 'work completed' figures.

Net profit totalled €879 million (2023: €109 million). This year's result was influenced by the exceptional income (€757 million) generated by the sale of Kenter B.V. (hereinafter Kenter) to ABP and OMERS. Adjusted for exceptional items in 2023 and 2024, our net profit is up €17 million on the previous year, coming in at €122 million.

Working on energy networks at maximum effort

At various locations across our service area, we started large-scale works. For these works, we are increasingly, and ever more closely, partnering with contractors. In April, we put out the largest tender ever, totalling €1.6 billion for the supply of a maximum of 72,000 kilometres of cable. In the province of Gelderland, we put the new Zuilichem substation into operation.

However, it is not all plain sailing in what is the biggest-ever redevelopment of our energy networks. At the beginning of February, a number of medium-voltage facilities were found to have issues resulting from damp, which led to delivery delays. At the end of May, together with our supplier Alfen we were able to slowly get the installation of the medium-voltage facilities back up to speed. We are pulling out all the stops to stem the losses caused by the backlog as much as possible.

And as we announced in our 2023 annual report, we are hitting the limits of the rate at which we can intensify the works in the large-scale construction and upgrading of the power grids. These limits are now beginning to be felt in our projects, such as the project to expand the Lelie grid (NuLelie). The work has turned out to be more complex than initially anticipated, and the completion forecasts were overly optimistic in some cases. At the end of June we informed our customers that there would be delays in the originally planned delivery dates, meaning they would have to wait longer for a connection or network upgrade for their home or business. We fully realise that this was a tough message for our customers and the region, and it really pained us to have to deliver it.

Safety

All the work we do, we do safely. It is our job to ensure that contractors, employees and persons passing by our works get home safely every day. Unfortunately, we have seen an increase in the number of employees who had to stay home due to workplace or traffic accidents. The result is an LTIF of 2.5 for the first half of 2024 (end of 2023: 2.0). To further raise safety awareness among our employees, we launched the 'fitness and alertness' campaign.

Joining forces to accelerate works

Working on our grids with maximum effort requires collaboration with government bodies, the industry regulator, and parties in the construction and engineering industries. In that regard we made real progress on a number of points over the past six months, like with the ACM's decision to differentiate the waiting period for a connection for high-volume customers and to better reflect the situation faced today, for example. As an industry, we developed a capacity map that allows us to provide customers and stakeholders with insight per power supply area into the availability of transmission capacity, the congestion situation, and the waiting list for their requested capacity. And in June, we signed the Implementation Agreement with Bouwend Nederland and Techniek Nederland trade associations to accelerate the upgrading of local grids.

Flexibilisation and smart solutions

In addition to expanding and upgrading our grids, we are focusing on better harnessing the grid capacity we already have. We aim to do that by, on the one hand, feeding more power into the grid and, on the other, encouraging flexible energy use. For example, in the western port area in Amsterdam, together with Energy Cooperative Amsterdamse Haven and the Port of Amsterdam, we found a solution where, taking a flexible approach, a group of companies can together use the available capacity on the power grid. And by working together with Congestion Service Providers, we are saving time as we now sign a single letter of intent that covers arrangements for multiple connections, the available flexible capacity, and the financial compensation.

Unfortunately, things did not go as planned either when it came to the use of flexible solutions. At the beginning of February, research we conducted together with TenneT showed that, because the load profiles of the regional and high-voltage grid in the Flevopolder and Gelderland areas do not always match, the options for our customers in these areas to enter into a flexibility contract are limited.

Communication

It will not have escaped anyone's attention that we are in the middle of a major overhaul of our grids, while staying open for business. Unfortunately, this causes inconvenience for our customers: roads are dug up, additional transformer substations are installed in residential areas, there is a wait for higher-capacity connections, and some companies can no longer rely on standard 24/7 guaranteed capacity. We see it as our job to help our customers through this phase by being proactive and accurate in giving them advance notice of what to expect and when, which has also proven to be a valuable learning opportunity for us an organisation. An important step in this regard over the past six months was the launch of our new, much more customer-oriented website liander.nl.

Maximum focus on implementing existing plans

This phase of the energy transition is having an impact on society as a whole. We are in a phase that demands endurance and perseverance, new ideas and ways of working and, above all, collaboration. Looking back on the first half of 2024, we can conclude that key steps have been taken in this regard. For the coming period, stable government policy is crucial for us – all of us together – to carry on building the integrated energy system of the future. This means no new goals or ambitions, but maximum focus on implementing the plans we already have. Given the limits to our scale-up pace as previously described, it is urgent to remove obstacles in the areas of spatial integration, permitting, engineering capacity shortages, and the availability of materials. The Netherlands' new government will play a decisive role here. We would like to work together with the government and apply our expertise in energy infrastructure to further develop the framework coalition agreement. After all, a reliable and affordable energy system is a prerequisite for the implementation of other government plans in the field of house building, the economy, and transport.

Working on the changing energy system together with focus: We, together with all our staff, will continue to work on this. We do whatever it takes to ensure that everything keeps working, at this time and in the time to come.

Management Board of Alliander N.V., 29 July 2024

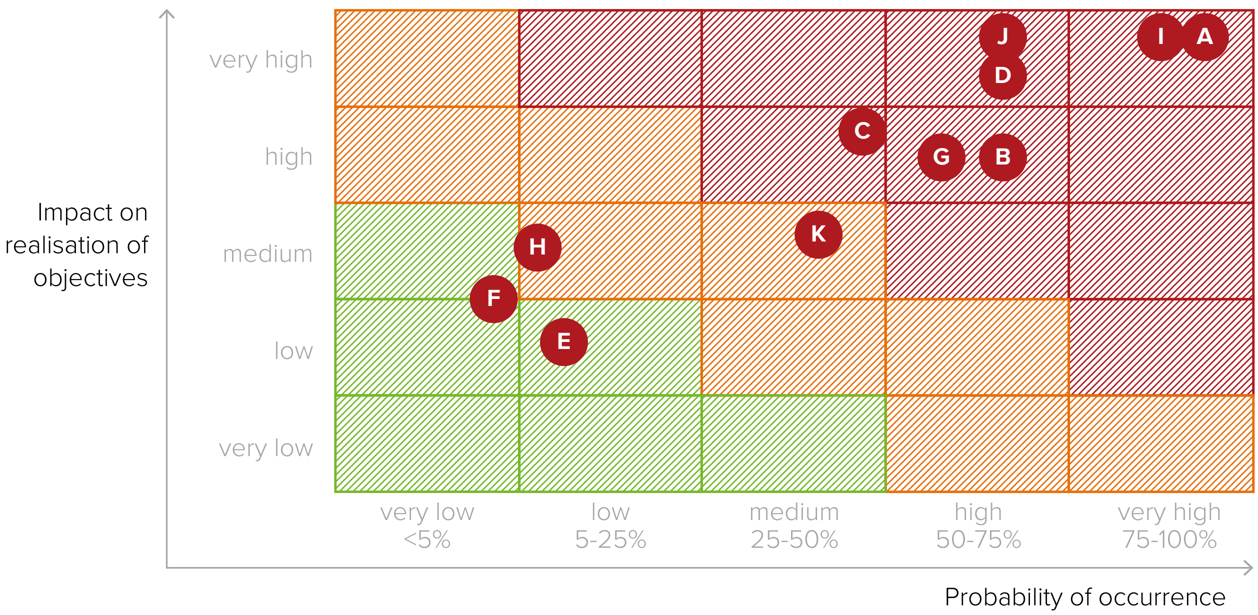
Left to right: Daan Schut (CTO), Marlies Visser (COO), Maarten Otto (CEO), Walter Bien (CFO)

Risk management

The effort that Alliander puts into keeping energy reliable, affordable and accessible for everyone entails risks, including safety, quality and financial risks. Risks occur; that is inevitable. But it is important to know and understand these risks at all times. This helps us in considering how we control risks and how to achieve our strategic objectives in a responsible manner.

Alliander attaches great importance to good risk management, as it gives us the assurance we need to achieve our strategic objectives in a responsible manner. We use a dedicated risk management framework that has been built around our practices and principles. This enables our organisation to make adjustments and improvements whenever necessary, while ensuring that Alliander remains compliant with all laws and regulations. The Management Board frequently discusses risks with the Supervisory Board. The potential impact on our strategic objectives and the probability of occurrence determine which risks we see as our main risks.

- **A** Inadequate completion of work package →
- **B** Inadequate capacity to deliver and for change →
- **C** Accidents caused by unsafe situations →
- **D** Restrictions and uncertainties around laws, regulations, and policy →
- **E** Privacy - Data breach or unlawful personal data processing[1] ↓
- **F** Future-proof IT landscape[1] ↓
- **G** Threats to IT/OT landscape continuity →
- **H** Pressure on our financial position →
- **I** Not meeting customers expectations →
- **J** Uncertainty over the future energy system ↑
- **K** Ineffective growth of the organisation →



1 At year-end 2023, these risks were classified as top risks. Since the risk score for these risks dropped in the first half of 2024, and they consequently ceased to be top risks, these risks will not be addressed any further in this section.

The following paragraphs describe the nature of the various risks, the manner in which Alliander manages risk in each case and whether the risk has declined, remained the same or increased in the preceding six months.

Decreasing: ↓
Neutral: →
Increasing: ↑

Inadequate completion of work package ➜

What is the risk?

The volume of work, especially in the work package for electricity, is increasing faster than anticipated due to the energy transition and economic growth. The shortage of technical staff on the labour market, lengthy training and volatility in the forecasts concerning the type and volume of work make timely scaling up of capacity challenging. In addition, we are seeing a scarcity of certain materials on the market and, as a result, we are not able to complete all of our work package and some work is being postponed.

How is the risk managed?

Alliander is addressing the challenge surrounding the completion of its work package by seeing that more work gets done and by using the grid more efficiently. To be able to offer our customers the needed solutions by 2030 we have massively scaled up implementation of the work. Fundamental strengthening of the current manufacturing processes is increasing productivity. The approach to the manufacturing process has been modernised by outsourcing elements of the work through new production methods. Major barriers in terms of materials, people and space/licences are being resolved. Ways in which we are doing this include our market approach, contracting strategy, and the sector-wide neighbourhood approach, carried out in collaboration with municipalities. The grid is also being used more effectively thanks to smart solutions and customer flexibility, freeing up space on the grid and this way allowing us to connect more new customers and supply existing customers with more power. All the same, the risk of not being able to complete the work package remains as high as ever, despite the control measures taken. Over the past six months, we launched various initiatives that help further manage this risk, including offering flexibility contracts to more customers, this way freeing up more capacity on the grid.

Inadequate capacity to deliver and change ➜

What is the risk?

If we are to continue to fulfil our crucial role in society, changes are needed to enable us to be more reliable and predictable in achieving our goals and thus meet the expectations of our customers and society. At the same time, we see that high demands are being placed on the employees in the organisation Meeting the high expectations we face is conditional on us increasing our organisation’s capacity to deliver and change.

How is the risk managed?

To increase the capacity to deliver and change, we work as a single team pursuing a shared goal, which is to become an agile, effective, and cost-efficient organisation. Applying a clear and focused strategy we progress along a well-defined course, working with clear frameworks and choices. Based on the defined course and frameworks we develop objectives, critical success factors and performance indicators at all levels – for each company, organisational unit, team and supply chain. We monitor these aspects and evaluate performance accordingly. Our aim in this respect is to increase our organisational effectiveness through targeted interventions at supply and value chain stream level to generate output and boost productivity. We are committed to working towards becoming a learning and performance organisation with a result-oriented culture and the right leadership. This will enable us to keep in step with the expectations society and customers have of Alliander.

Accidents caused by unsafe situations ➜

What is the risk?

Our activities involve health and safety risks for our employees, contractors, customers and local communities. There are two types of safety risk: the one is the risk of employees being injured on the job and the other is the potential for explosions, fire, short circuit, gas leaks (resulting in asphyxiation) or other accidents that can occur as a result of an asset failure. Despite all the measures taken the risk of an accident always remains. The potential impact is huge.

How is the risk managed?

We lay the foundation for safety by taking action to ensure the safety of our energy grid and our assets, working safely on the grid, and reinforcing our safety culture. We guarantee the safety of our grid by always making safety an integral part of the design and selection criteria when choosing new asset standards and in our calls for tenders. We evaluate incidents because we can learn from them. We approach working safely on the grid by obtaining an understanding of the safety risks and translating the necessary measures into work instructions. We ensure that only qualified employees carry out the work. Managers supervise compliance with work instructions and use of PPE by carrying out workplace inspections and safety observation rounds. Lastly, we continue to build our learning and performance safety culture, a culture in which we recognise and discuss risks and take action where necessary. Advancement up the safety culture ladder has been included as a strategic milestone for Alliander.

Restrictions and uncertainties around laws, regulations, and policy →

What is the risk?

Policy and regulations within the energy domain have an impact on our activities and profitability. Policy and regulations are not always in step with the current context (i.e. the state and stage) of the energy transition and the changing energy system, and this can affect the ability to achieve the targets and objectives. Since a great number of laws and regulations are currently subject to change, we have to act to ensure that these changes are and will continue to be in line with Alliander's ambitions so that we can (continue to) fulfil the role we want to fulfil in the energy transition.

How is the risk managed?

We maintain a long-term constructive relationship with the legislator and the regulator. We discuss the developments that are important in the new context of the energy transition. In addition, we actively make proposals for required adjustments to national and European laws and regulations. This we are increasingly doing jointly with all other grid managers in the Association of Energy Network Operators in the Netherlands (Netbeheer Nederland). The Dutch Energy Act was recently passed in the House of Representatives, including an amendment that gives us more scope in the area of production and storage. The Heating Transition (municipal instruments) Act has also been adopted. This law offers municipalities the option of switching entire neighbourhoods to a different heating supply and completely removing the natural gas network. In addition, Alliander intends to collaborate with municipalities on district heating networks.

Network operator Liander participates in the National Network Congestion Action Programme. Drawn up jointly by grid operators, ACM, municipal and provincial authorities, the national government and market parties, this programme takes a broad look at national and regional solutions for network congestion. All parties involved are committed to the actions in the programme. With this action plan the parties intend to take a range of actions simultaneously with the aim of limiting and preventing, as much as possible, grid congestion and the associated problems.

Threats to IT/OT landscape continuity →

What is the risk?

Our energy network and above-ground installations are increasingly being digitalised. Cyberattacks with a political or terrorist motive are increasingly targeting vital infrastructure. Geopolitical developments are leading to a heightened threat level. Threats we have identified include espionage, sabotage, infiltration, and disinformation. Ransomware – maliciously encrypting files and systems before demanding a ransom to make them accessible again – has developed to such a degree that it poses a risk to the Netherlands' national security. Disruptions to or outages of the digital infrastructure can lead to disruptions in daily life or even to a breakdown of society. The supply of electricity is inextricably bound up with this. Artificial intelligence is on the rise, but we still lack a clear idea of how to effectively protect ourselves against potential AI threats. Security knowledge is scarce and attracting qualified personnel is a challenge. New legislation in response to these challenges has already been passed, placing high demands on the security of Alliander's organisation and processes.

How is the risk managed?

We manage this risk by taking action to increase our digital resilience and by operating the Alliander-wide Information Security Management System. We seek to identify threats and vulnerabilities by making use of Alliander Security Governance, the Security Policy, risk identification and external sources. We protect Alliander from cyber risks by managing risks and by having a culture in which security is a given. We detect risks by actively monitoring identified threats and we respond effectively by resolving and further investigating security incidents. Security is a standard pursuit in all our digitalisation initiatives. We use business continuity management to minimise the impact of a crisis on business processes and raise our crisis preparedness level. We promote security maturity and take appropriate measures.

Pressure on our financial position →

What is the risk?

The energy transition brings with it huge investments for Alliander, and these will continue to increase drastically over the next few years. Current regulatory methods provide for compensation during the service life of the asset in which an investment has been made, but not at the time of making the investment. We are largely financing investments ourselves that we will only be able to recoup in years to come. The increase in investments brings with it a significant increase in our financing needs and this will in time put pressure on our financial ratios and our credit rating.

How is the risk managed?

Alliander is committed to maintaining a healthy financial standing by strengthening its shareholders' equity. However, additional capital is needed to fulfil our future investment tasks. We raise this capital by continuing to use hybrid financing instruments, though there is a limit to this. In addition, we are also using the proceeds from the sale of Kenter to meet our future investment task. Furthermore, the State and the network companies Alliander, Enexis, and Stedin came to a negotiation agreement last year about the conditions under which the State will be able to contribute capital in the future, and thus become a shareholder in the network companies. This is an important step in fulfilling Alliander's financing task. This agreement framework describes the conditions imposed on the lead times for a 'shareholder accession request' and agreements regarding business operations and supervision. It also serves as a basis for a possible participation contract that will be drawn up as and when the State's accession as a shareholder is actually on the cards. That moment will come as soon as the rating looks like it will drop below A-.

Not meeting customer's expectations ➡

What is the risk?

Due to the enormous demand, it is becoming increasingly difficult to meet customers' expectations. The shortage of transmission capacity is worsening and waiting periods for connections are getting longer. Interaction with customers is increasing too. All this has an impact on our customers and requires good, timely personal communication. At the same time, our customers have ever higher expectations concerning transparency and service provision. National and regional media are focusing more attention on network operators. The growing network capacity issues are impacting our customer rating.

How is the risk managed?

The focus is on improving customer service through information provision so that the customer knows exactly what they can expect from us and when. The improvements we are making to our processes and practices will allow us to better serve our customers. The migration to a new system has unified our customer view and enables us to offer customers a consistent experience. Our communication strategy is proactive, timely and transparent and shows what action the customer can take. Using various channels, we apply a region-specific and customer-specific approach. We also offer customers self-service options, empowering them to access their account and manage their affairs digitally on one single portal.

Uncertainty over the future energy system ⬆

What is the risk?

We are building energy infrastructure for a new energy system. And we do that based on a long-term perspective: we are building infrastructure that will last for around 40 years. At the same time, we are dealing with an environment in which choices are being made which encourage developments that, from a societal viewpoint, do not always align with an optimal energy vision. There are major uncertainties concerning technological developments, the pace of technological developments, availability, and the costs of new energy carriers. In addition, we have to deal with political choices and administrative decision-making and aspects related to social issues surrounding other sustainability topics, affordability, public support, and the impact on broad prosperity. In short, there is a risk that the future energy system will develop in a different direction than what we currently think, which could create a mismatch with our investments. We may turn out to have invested too much, in the wrong sites, or in the wrong energy carriers, or to have created too much overlapping infrastructure (electricity, heat, hydrogen), or simply not enough infrastructure. This can lead to higher costs for society and damage to our reputation.

How is the risk managed?

We have a clear idea of what the future energy system is to look like and are operating accordingly under our Alliander Energy Vision, the National Energy System Plan, and the Future Scenarios for Investment Plans. We reduce uncertainty in customer demand with improved customer forecasts/predictions through better collaboration on future scenarios with other grid operators and stakeholders. We are also working increasingly closely together with provincial and municipal authorities on energy planning for neighbourhoods and larger areas, as well as on structuring choices. In that context, a Long-term Energy and Climate Infrastructure Programme has been drawn up for each province. We also continue to emphasise to our customers and stakeholders that efforts to develop heat infrastructure and infrastructure for sustainable gases are of complementary interest. When it comes to sustainable gases, we are working hard on a green gas investment framework and preparing to scale up district heating networks.

Ineffective growth of the organisation ➡

What is the risk?

The major scale-up in the number of employees and contractors poses the risk that the organisation will not be able to keep up with this rapid growth due to constraints on absorptive capacity. There is a risk of the organisation growing in an unbalanced fashion, resulting in an inability to meet the task, failure to deploy new employees effectively enough, and inadequate cohesion and commitment.

How is the risk managed?

We are committed to controlled growth through a focus on recruitment processes, analysis of the rate of growth and reliable information on the productivity growth required. Significant attention continues to be given to onboarding new employees. We do this through effective new hire onboarding and by supporting and supervising new employees at team level. Additionally, we pay extra attention to the quality of processes, information, and data.

Legal proceedings and claims

As at and immediately after the balance sheet date, a number of claims were filed against Alliander. Alliander was also involved in a number of legal proceedings at the balance-sheet date. These were in connection with normal business operations, regarding timely connection of customers to the grid and the allocation of transmission capacity, for example. The outcomes of these claims/legal proceedings could potentially have a material impact on Alliander's results. Provisions have been recognised where necessary.

Financial performance

General

The profit after tax over the first half of 2024 amounted to € 879 million and is mainly influenced by the €757 million book profit on the sale of Kenter. We sold the shares of this subsidiary to a consortium consisting of ABP and OMERS Infrastructure on 31 January 2024. Excluding exceptional items, the result is €17 million higher than in the first half of 2023. There is a significant underlying cost increase of €167 million which is caused by, among other things, the higher tariffs that TenneT charges us for the transmission capacity we procure from them. This cost increase is compensated partly and accelerated through the regulated tariffs in an accelerated manner, which resulted in a €200 million rise in operating income.

Investments in the first half of 2024 totalled €797 million, which is €156 million higher than in the same period last year. Despite the higher investments, free cash flow still improved, with an incoming cash flow of €606 million over the first half of 2024, compared to a net outflow of €335 million over the same period in 2023. The main driver behind this turnaround in our cash flow is the sale of Kenter, which led to an incoming cash flow of €919 million. Without the one-off income from the sale of Kenter, the free cash flow would have been an outflow of €313 million. The incoming cash flow will be used to finance our investments in the networks.

In the first half of 2024, €173 million was paid out in dividend, comprising the dividend as part of the profit appropriation for 2023 (€120 million) and a one-off dividend following the sale of Kenter (€53 million). Together with the free cash flow, this is the main reason behind the €412 million reduction in our net debt position compared to the debt position at year-end 2023. This reduction in our debt resulted in the FFO/net debt moving upward to 23.3% (31 December 2023: 21.1%).

Income statement

Operating income

In the first half of 2024, total operating income increased with €945 million compared to the same period in 2023. Besides the aforementioned book profit on the sale of Kenter, regulated revenue was (€210 million) higher due to the higher tariffs we can charge to (partially) compensate for rising costs.

Operating expenses

In the first half of 2024, total operating expenses rose by €167 million compared to the same period in 2023, totalling €1,352 million (first half of 2023: €1,185 million). The main reasons behind this are as follows:

- Due to TenneT's increase in tariffs, the amount TenneT charged us for transmission capacity was €183 million higher than in the first half of 2023.
- Employee benefit expenses for own staff were up €42 million on last year. This can be explained by both a 7% pay rise under the collective agreement and the expansion of our workforce by over 500 FTEs. Not only is our own workforce growing, we have also increased the number of agency workers by nearly 400 FTEs. Agency workers are brought in for temporary deployment on projects, for their specific knowledge, or because our workforce is not growing as quickly as we would like to be able to complete our work package. It led to the costs of temporary staff rising by €26 million compared to the first half of 2023. As a result of the increase in our work package, own-company capitalised production was up €25 million on the same period last year.
- Other operating expenses were up €18 million over last year's partly due to higher consultancy and maintenance costs.
- Against the beforementioned cost increases, the costs of network losses in the first half of 2024 were down €85 million on the first half of 2023 as a result of the lower prices in the energy market.

Finance income and expenses

Finance income and expenses in the first half of 2024 resulted in a net expense of € 36 million (first half of 2023: €34 million). This €2 million increase can mainly be attributed to taking out new loans at higher interest rates.

Results of non-consolidated participating interests

Non-consolidated participating interests generated a net expense of €5 million in the first half of 2024, compared to an expense of €2 million in the first six months of 2023. This is due to falling profits at a joint venture of one of the German entities.

Tax

The effective tax rate (the tax rate expressed as a percentage of profit before tax excluding profit/loss after tax from associates and joint ventures) is influenced by, among other things, non-deductible costs, substantial-holding privilege and tax deductions for investments. The effective tax rate in the first half of 2024 was 4.6% (year-end 2023: 26.5%). This low effective tax rate is the result of the substantial-holding privilege that meant that Alliander did not have to pay tax on the proceeds from the sale of Kenter.

In 2023, the new Dutch tax scheme for discretionary depreciation for tax purposes was applied. Under this scheme, a taxpayer was allowed to write off up to a maximum of 50% of the acquisition or production costs of a business asset of their choice – as long as it is not on the exemption list – in one go in 2023. In 2023, Alliander made use of this scheme, recognising an additional tax depreciation of €140 million in the first half of 2023, with an effect of €36 million on the company's corporate income tax. The application of this tax scheme had no effect on the effective tax rate in the 2023 half-year figures; it has, however, resulted in a move from deferred to current tax assets. In 2024, this scheme can no longer be applied.

Exceptional items and fair value movements

Alliander's results can be affected by exceptional items and fair value movements. Alliander defines exceptional items as items that, in the management's opinion, do not derive directly from the ordinary activities and/or whose nature and size are so significant that they must be considered separately to permit proper analysis of the underlying results.

Reported figures and figures excluding exceptional items and fair value movements

	1st half					
	Reported		Incidental items and fair value movements		Excluding incidental items and fair value movements	
€ million	2024	2023	2024	2023	2024	2023
Revenue	1,529	1,342	-	-	1,529	1,342
Other income	786	28	757	5	29	23
Total purchase costs, costs of subcontracted work and operating expenses	-1,262	-1,080	-	-	-1,262	-1,080
Depreciation and impairments	-267	-256	-	-	-267	-256
Own work capitalised	177	151	-	-	177	151
Operating profit (EBIT)	**963**	**185**	**757**	**5**	**206**	**180**
Finance income/(expense)	-36	-34	-	-	-36	-34
Result from associates and joint ventures	-5	-2	-	-	-5	-2
Profit before tax	**922**	**149**	**757**	**5**	**165**	**144**
Tax	-43	-40	-	-1	-43	-39
Profit after tax from continuing operations	879	109	757	4	122	105
Profit after tax	**879**	**109**	**757**	**4**	**122**	**105**

Notes to exceptional items

In January 2024, we sold our subsidiary Kenter, which led to a one-off, positive book profit of €757 million. This item is recognised under other income. The sale of our Spaklerweg location had a positive impact of €5 million on our operating profit in the comparative figures for 2023; this profit from this sale is recognised under other income. The applicable tax impact on exceptional items is recognised under Tax.

Segment results

The operating profit for the Liander segment in the first half of 2024 totalled €199 million, a €18 million increase compared to the first half of 2023, mainly due to higher revenue in the regulated domain as the result of higher regulated tariffs. The higher revenue was partly cancelled out by the higher tariffs charged by TenneT for transmission capacity and by the higher employee benefit expenses as a result of the growth of our workforce and the pay increase under the collective agreement.

The Other segment (mainly comprising unregulated activities, corporate staff departments and service units) posted an operating loss of €7 million (first half of 2023: operating loss of €1 million).

Cash flow

Cash flow from operating activities

The cash flow from operating activities in the first half of 2024 was €385 million (first half of 2023: €245 million). This €140 million increase was mainly caused by an improvement of the working capital.

Cash flow from investing activities

The cash flow from investing activities in the first half of 2024 amounted to a incoming cash flow of €221 million (first half of 2023: outflow of €580 million). The cash flow from investing activities in 2024 was positively impacted by the cash received (€919 million) for the sale of our subsidiary in Kenter. In addition to this sale, the cash flow from investing activities in 2024 grew because of security deposits regarding grid losses being repaid (€39 million). Investments in intangible assets and property, plant and equipment in the first half of 2024 totalled €797 million, up €156 million on the same period in 2023. The higher investments are the result of the larger work package.

Investments in intangible assets and property, plant and equipment

Alliander's investments totalled €797 million in the first half of 2024 (first half of 2023: €641 million). Investments in electricity grids totalled €622 million (first half of 2023: €479 million), while investments in the gas grids totalled €97 million (first half of 2023: €82 million). At €190 million, maintenance costs in the first half of 2024 were higher than in the first half of 2023 (€162 million).

€ million	Realised until June 2024	Realised until June 2023	Target at year-end 2024	Realised 2023
Electricity regulated	622	479	1,325	1,042
Gas regulated	97	82	158	172
Metering devices	23	26	50	53
Buildings, ICT, etc.	55	54	268	144
Total investments	**797**	**641**	**1,801**	**1,411**
Maintenance costs	190	162	483	329
Total maintenance costs and investments	**987**	**803**	**2,284**	**1,740**

Cash flow from financing activities

The cash flow from financing activities in the first half of 2024 was a cash outflow of €91 million, compared with an incoming cash flow of €326 million in the corresponding period in 2023. In 2024, Alliander issued a €496 million subordinated perpetual bond loan, with the funds raised used to, among other things, pay off the EMTN loan (€400 million). A dividend of €173 million was also paid out, comprising the 2023 profit appropriation (€120 million) and a one-off dividend (in the form of an interim dividend) on the sale of Kenter (€53 million).

The net incoming cash flow of €326 million in the first half of 2023 consisted mainly of a green bond issue of nearly €500 million. This was offset by a dividend payment of €82 million, a coupon interest payment of €8 million, and a €100 million repayment on the ECP.

Financing and credit rating

Financial policy

Alliander's financial policy is aimed at achieving a balance between protecting bond holders and other providers of borrowed capital and maintaining an adequate shareholders' return, while preserving the necessary flexibility to enable the company to grow and invest. The financial framework within which Alliander operates is based on the four ratios presented in the targets and results under the financial policy. As at 30 June 2024, all four ratios satisfied the predefined standards.

The general principles of the financial policy are to ensure a balanced repayment schedule and to have access to committed credit facilities and sufficient cash and cash equivalents. By operating within the financial framework and in accordance with the general principles, a solid A rating profile is maintained as a minimum.

Credit rating

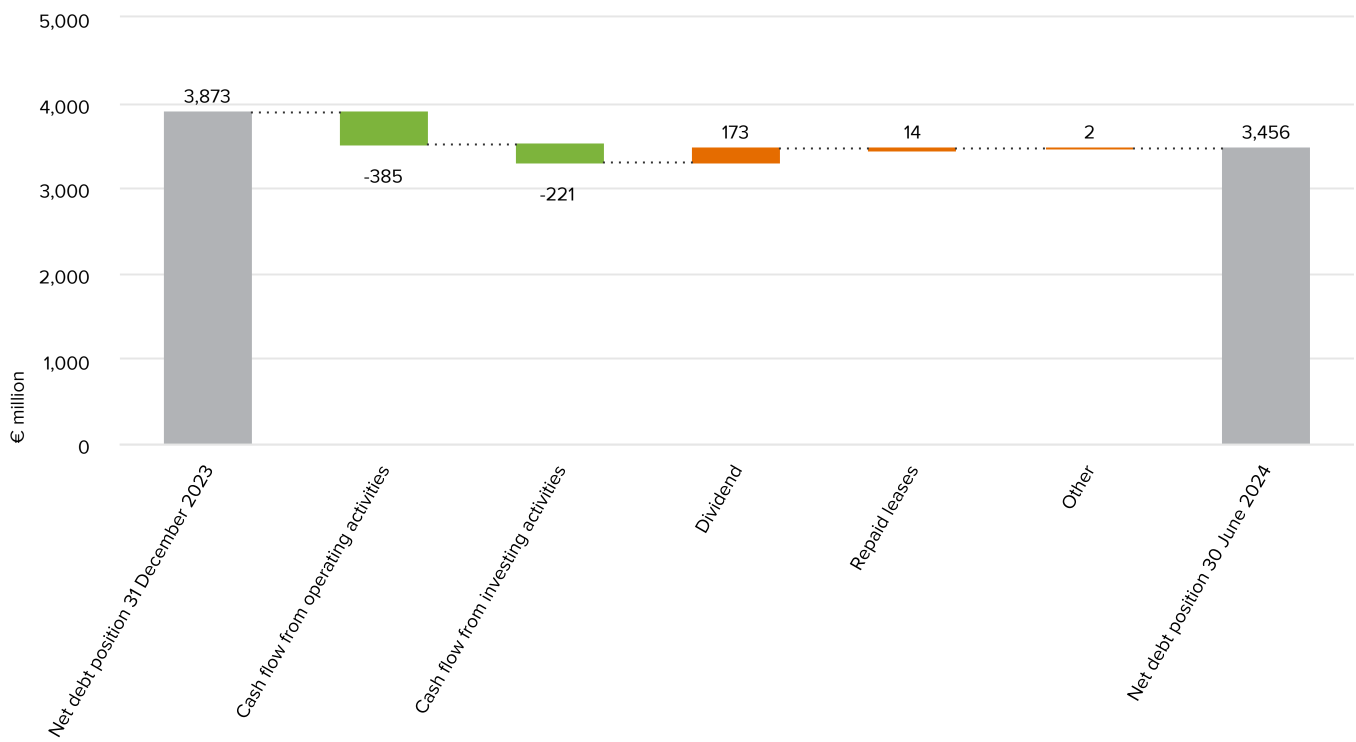
On 30 June 2024 Alliander's credit ratings were as follows:

- S&P: A+/A-1/stable outlook
- Moody's: Aa3/P-1/stable outlook

Net debt position and financing

The net debt position as at 30 June 2024, based on IFRS, amounted to €3,012 million (year-end 2023: €3,924 million). Based on Alliander's financial policy, it was €3,456 million (year-end 2023: €3,873 million); see visual below. This decrease of €417 million is explained mainly by the incoming cash flow in connection with the sale of Kenter and by the investments in combination with the dividend of €173 million paid out in 2024.

Development in net debt position



Reconciliation of net debt position

€ million	30 June 2024	31 December 2023
Long-term interest-bearing debt	3,132	3,137
Short-term interest-bearing debt	510	901
Lease liabilities	129	120
Gross debt	**3,771**	**4,168**
Cash and cash equivalents	759	244
Net debt in accordance with the annual financial statements (IFRS)	**3,012**	**3,924**
100% of the subordinated perpetual bond loan 2018	495	0
50% of the subordinated perpetual bond loan 2024	248	248
50% of the convertible shareholder loan	-299	-299
Net debt on the basis of Alliander's financial policy	**3,456**	**3,873**

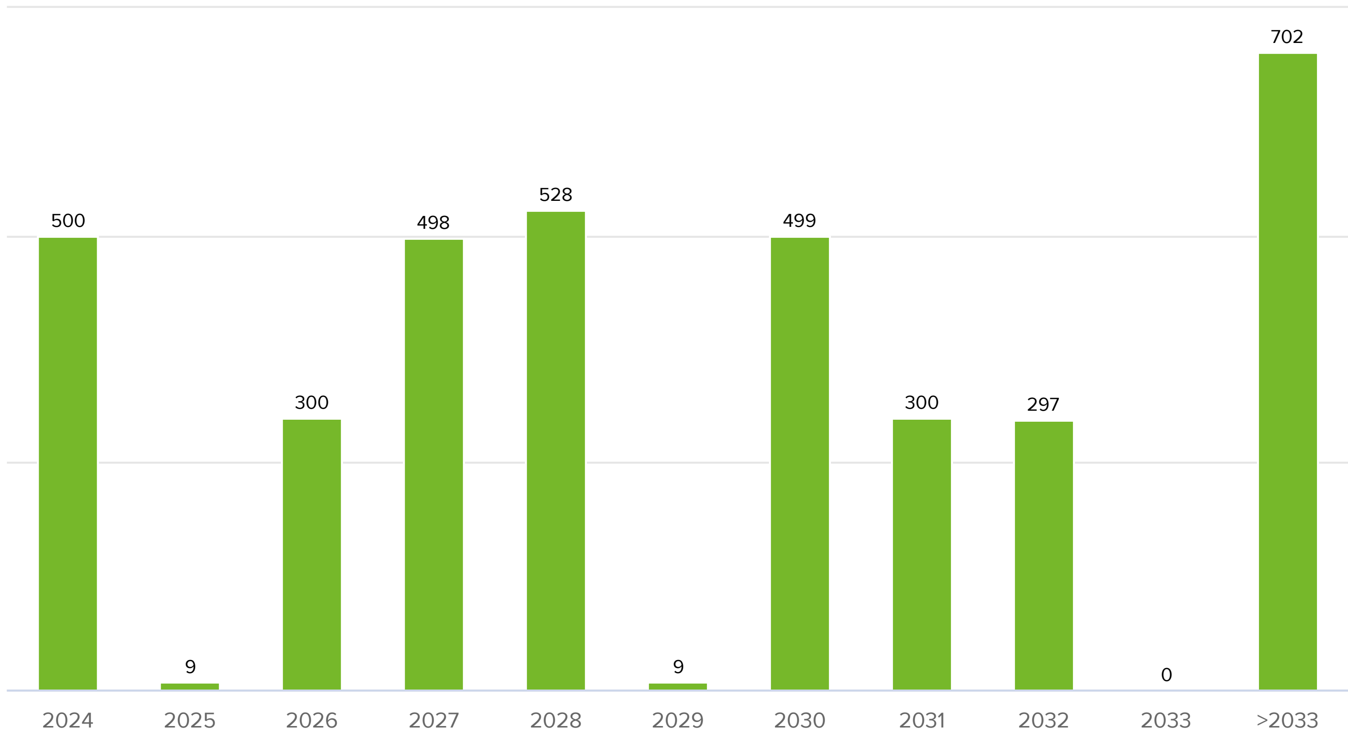
Subordinated perpetual bond loan

On 27 July 2024, Alliander issued a subordinated perpetual bond loan of €500 million at an issue price of 99.18% and a coupon rate of 4.50%. The bonds are subordinated to all other liabilities of Alliander, with the exception of the subordinated shareholder loans with which they are equated. The bonds are perpetual, i.e. they have no maturity date. Alliander has the option to repay the bonds on 27 June 2032. S&P and Moody's have given the loan an issue rating of BBB+ and A3 respectively. The bonds are listed on Euronext Amsterdam (ISIN XS2829852842).

Credit facilities

As at mid-2024, Alliander has at its disposal a revolving credit facility (RCF) for a total amount of €900 million, originally maturing in December 2026 but which now has been extended to December 2028. The RCF had not been drawn upon as at 30 June 2024 (unchanged from 31 December 2023). Alliander has also concluded bilateral RCFs with four banks totalling €400 million, running up to the end of 2024 and with the option of extending these for one year. In addition, Alliander has an EMTN programme of €5.0 billion, under which an amount of €2.2 billion was outstanding as at 30 June 2024 (31 December 2023: €2.6 billion) and two ECP programmes totalling €1.5 billion, under which short-term loans to a value of €500 million were in issue, in green format, as at 30 June 2024 (31 December 2023: €500 million). The repayment obligations in the years ahead are mainly connected with the bond loans under the EMTN programme.

Repayment schedule for interest-bearing debt



Available green financing capacity

Alliander has taken out various green financing facilities since 2016. As at 30 June 2024, the green loan portfolio includes a total of seven long-term and three short-term green financing facilities. The proceeds of these financing facilities have been used to fund various assets that are defined in more detail in the Green Finance Framework. These assets and financing facilities are accounted for in separate reports (source: https://www.alliander.com/nl/investor-relations/financiering/groene-obligaties/). A summary referred to as the allocation table forms part of these reports. This summary gives information on the size and composition of Alliander's green asset portfolio and green financing facilities.

Allocation table: use of funds available from green financing facilities

€ million	Net book value	Weighting factor	Weighted sum
Total renewable energy	**4,874**	**100%**	**4,874**
Smart meters	470	100%	470
Fibre optic network	45	100%	45
Total energy efficiency	**515**	**100%**	**515**
Total sustainable buildings	**59**	**100%**	**59**
Total green asset portfolio			**5,448**

€ million	Instrument (ISIN)	Date of issue	Maturity date	Principal sum
Green bond loan	XS1400167133	22/04/2016	22/04/2026	300
Green bond loan	XS2014382845	24/06/2019	24/06/2032	300
Green, privately placed bond loan	XS2152901315	08/04/2020	08/04/2035	100
Green bond loan	XS2187525949	10/06/2020	10/06/2030	500
Green bond loan	XS2531420730	09/09/2022	09/09/2027	500
Green bond loan	XS2635647154	13/06/2023	13/06/2028	500
Green subordinated perpetual bond loan	XS2829852842	27/06/2024	Perp Nc8	500
Green Euro Commercial Paper (ECP)	XS2843764395	14/06/2024	15/07/2024	200
Green Euro Commercial Paper (ECP)	XS2843802310	14/06/2024	15/07/2024	200
Green Euro Commercial Paper (ECP)	XS2851095740	24/06/2024	24/07/2024	100
Total green financing				**3,200**

The table above is the updated version as included in the 2023 Green Finance Report dated 04 June 2024. This allocation table is also in line with the new Green Finance Framework of May 2024.

The table shows that the net carrying amount of green assets at 30 June 2024 was €5,448 million. This represents an increase of €2,676 million since 31 December 2023. As a result, €2,248 million in green financing capacity was available as at 30 June 2024.

The weighting factor for the renewable energy asset category has been set at 100% as of 30 June 2024 and, accordingly, is aligned with the new Green Finance Framework as of May 2024. As at 31 December 2023, this was 50% (source: energieopwek.nl). This is the share of renewable energy in the total amount of electricity generated in the Netherlands. A decision has been made to make the entire power grid eligible for green financing.

Statement by the Management Board

The Management Board declares that, to the best of its knowledge:

1. the consolidated half-year figures for 2024 provide a true and fair view of the assets, liabilities, financial position and profit of Alliander N.V. and its consolidated companies; and
2. the report by the Management Board provides a true and fair view of the situation on the balance-sheet date and describes the main events during the first six months of 2024 and the main risks and uncertainties for the remaining six months of the 2023 financial year for Alliander N.V. and its consolidated companies.

Arnhem, the Netherlands, 29 July 2024

Maarten Otto, CEO
Walter Bien, CFO
Marlies Visser, COO
Daan Schut, CTO

Condensed consolidated half-year results 2024

Consolidated income statement

	1st half			
€ million	2024		2023	
Income				
Revenue	1,529		1,342	
Other income	786		28	
Total income		**2,315**		**1,370**
Operating expenses				
Purchase costs and costs of subcontracted work	-638		-542	
Employee benefit expenses	-488		-420	
Other operating expenses	-136		-118	
Total purchase costs, costs of subcontracted work and operating expenses	**-1,262**		**-1,080**	
Depreciation and impairment of property, plant and equipment	-267		-256	
Less: Own work capitalised	177		151	
Total operating expenses		**-1,352**		**-1,185**
Operating profit		**963**		**185**
Finance income		4		2
Finance expense		-40		-36
Result from associates and joint ventures after tax		-5		-2
Profit before tax from continuing operations		**922**		**149**
Tax		-43		-40
Profit after tax		**879**		**109**

Consolidated statement of comprehensive income

	1st half	
€ million	2024	2023
Profit after tax	**879**	**109**
Other elements comprehensive income		
Elements that are not settled through the income statement		
Result interest rate swap	-1	1
Comprehensive income	**878**	**110**

Consolidated balance sheet

€ million	30 June 2024	31 December 2023
Assets		
Non-current assets		
Property, plant and equipment	10,512	9,972
Right-of-use assets	130	130
Intangible assets	317	316
Investments in associates and joint ventures	5	11
Other financial assets	39	38
Deferred tax assets	37	42
Total non-current assets	**11,040**	**10,509**
Current assets		
Inventories	180	193
Trade and other receivables	534	473
Other financial assets	9	47
Cash and cash equivalents	759	244
Total current assets	**1,482**	**957**
Assets held for sale	-	180
Total assets	**12,522**	**11,646**
Equity & liabilities		
Equity		
Share capital	684	684
Share premium	671	671
subordinated perpetual bond loan	990	495
Hedge reserve	4	5
Other reserves	2,714	2,627
Result for the period	879	267
Total equity	**5,942**	**4,749**
Liabilities		
Non-current liabilities		
Interest-bearing debt	3,132	3,137
Lease liabilities	108	107
Deferred income	2,039	2,021
Provisions for employee benefits	19	20
Other provisions	12	11
Total non-current liabilities	**5,310**	**5,296**
Short-term liabilities		
Trade and other payables	268	171
Tax liabilities	88	117
Interest-bearing debt	510	901
Lease liabilities	21	23
Provisions for employee benefits	77	46
Accruals and deferred income	306	323
Total short-term liabilities	**1,270**	**1,581**
Total liabilities	**6,580**	**6,877**
Liabilities held for sale	-	20
Total equity and liabilities	**12,522**	**11,646**

Consolidated cash flow statement

€ million	1st half 2024		1st half 2023	
Cash flow from operating activities				
Profit after tax		879		109
Adjustments for:				
- finance income and expense		36		34
- tax		43		40
- profit after tax from associates and joint ventures		5		2
- depreciation and impairment less amortisation		225		215
- book profit on sales		-757		-5
Changes in working capital:				
- inventories	13		-38	
- trade and other receivables	-30		-133	
- trade and other payables and accruals	69		46	
Total changes in working capital		**52**		**-125**
Changes in deferred tax, provisions, derivatives and other		5		7
Cash flow from operations		**488**		**277**
Interest paid	3		-	
Dividend received	-41		-30	
Corporate income tax paid	-65		-2	
Total		**-103**		**-32**
Cash flow from operating activities		**385**		**245**
Cash flow from investing activities				
Investments in property, plant and equipment and in intangible assets	-797		-641	
Construction contributions received	60		69	
Investments in subsidiaries	-1		-	
Sale of subsidiaries	919		-	
Sale of business premisis	-		13	
Loans granted	-		-4	
Repayment on long-term loans granted	1		1	
Paid (redemption) security deposits	39		-18	
Cash flow from investing activities		**221**		**-580**
Cash flow from financing activities				
Issued green bond / subordinated perpetual bond loan	496		497	
Issued long-term and cash loans	-		32	
Issued (repaid) ECP and other short-term loans	-400		-100	
Repayment lease liabilities	-14		-13	
Dividend paid	-173		-82	
Reimbursement on subordinated perpetual bond loan[1]	-		-8	
Cash flow from financing activities		**-91**		**326**
Net cash flow		**515**		**-9**
Cash and cash equivalents as at 1 January		244		205
Net cash flow		515		-9
Cash and cash equivalents as at 30 June		**759**		**196**

1 The annual coupon interest is €8 million and was paid on 1 July 2024.

Consolidated statement of changes in equity

€ million	Share capital	Share premium	Subordinated perpetual bond loan	Hedge reserve	Other reserves	Profit for the year	Total
	Equity attributable to shareholders and other providers of equity						
As at 1 January 2023	**684**	**671**	**495**	**5**	**2,517**	**198**	**4,570**
Profit after tax for the first half of 2023	-	-	-	-	-	109	109
Result interest rate swap				1			1
Comprehensive income for the first half of 2023	**-**	**-**	**-**	**1**	**-**	**109**	**110**
Movements for the first half of 2023							
Other / rounding differences	-	-	-	-	-2	-	-2
Reimbursement on subordinated perpetual bond loan after tax	-	-	-	-	-6	-	-6
Dividend for 2022	-	-	-	-	-	-82	-82
Profit appropriation for 2022	-	-	-	-	116	-116	-
Total movements for the first half of 2023	**-**	**-**	**-**	**-**	**108**	**-198**	**-90**
As at 30 June 2023	**684**	**671**	**495**	**6**	**2,625**	**109**	**4,590**
Profit after tax for the second half of 2023	-	-	-	-	-	158	158
Result interest rate swap	-	-	-	-1	-	-	-1
Other / rounding differences	-	-	-	-	2	-	2
As at 31 December 2023	**684**	**671**	**495**	**5**	**2,627**	**267**	**4,749**
Profit after tax for the first half of 2024	-	-	-	-	-	879	879
Result interest rate swap	-	-	-	-1	-	-	-1
Comprehensive income for the first half of 2024	**-**	**-**	**-**	**-1**	**-**	**879**	**878**
Movements for the first half of 2024							
Other / rounding differences	-	-	-	-	-1	-	-1
Reimbursement on subordinated perpetual bond loan after tax	-	-	-	-	-6	-	-6
Issue of subordinated perpetual bond loan	-	-	495	-	-	-	495
Dividend for 2023	-	-	-	-	-53	-120	-173
Profit appropriation for 2023	-	-	-	-	147	-147	-
Total movements for the first half of 2024	**-**	**-**	**495**	**-**	**87**	**-267**	**315**
As at 30 June 2024	**684**	**671**	**990**	**4**	**2,714**	**879**	**5,942**

Dividend

Dividend as part of the profit appropriation for the 2023 financial year (€120 million) was paid in April 2024 (€0.88 per share). The one-off dividend (in the form of an interim dividend) relating to the sale of Kenter (€53 million) was paid out in April 2024 (€0.39 per share).

Subordinated perpetual bond loan

The subordinated perpetual bond loan is treated as equity under IFRS, since Alliander does not have any contractual obligation to repay the loan. Any periodical payments on the loans are also conditional and depend on payments to shareholders. As and when resolutions are passed making distributions to shareholders, Alliander will also pay any arrears of the perpetual contractual coupon to the holders of the subordinated perpetual bond loan out of the other reserves.

Notes to the consolidated half-year figures

General

Alliander N.V. is a public limited liability company, with registered offices in Arnhem, the Netherlands. This half-year report documents the financial data of the company and its subsidiaries for the first half of 2024. The half-year figures have been prepared in accordance with IAS 34 'Interim Financial Reporting'.

Accounting policies

The same accounting policies were applied in preparing this report as were applied for Alliander N.V.'s 2023 annual report, which can be found at www.alliander.com, apart from the following changes in standards and interpretations effective as from 1 January 2024.

New or amended IFRS standards for 2024

In 2024, the following IFRS amendments apply:

- Amendment to IAS 1 Presentation of Financial Statements 'Classification of Liabilities as Current or Non-current';
- Amendment to IAS 1 Presentation of Financial Statements 'Long term debt with Covenants'
- Amendment to IFRS 16 Leases: 'Lease Liability in a Sale and Leaseback'
- Amendment to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: 'Disclosures: Supplier Finance Arrangements'.

This half-year report was prepared in compliance with these EU-endorsed amendments. However, none of these changes had any material impact on Alliander and they will therefore not be discussed further in this half-year report.

Expected changes in accounting policies

In addition to the aforementioned new and amended standards, the IASB and the IFRIC have issued new and/or amended standards and/or interpretations, which will be applicable to Alliander in subsequent financial years. These standards and interpretations can only be applied if adopted by the European Union. These future amendments to standards and interpretations are not relevant to Alliander and/or do not have any material impact on Alliander, so they will not be discussed further in this half-year report.

Estimates, judgements and assumptions

In preparing this half-year report, Alliander makes use of judgements, assumptions and estimates. In particular, this concerns the following: the measurement of provisions; the calculation of grid losses in gas and electricity; deciding the useful lives of items of property, plant and equipment; determining any indication of impairment of items of property, plant and equipment; revenue recognition; measurement of trade receivables; and the calculation of the size of the deferred tax assets and the determination of the current tax position. The estimates, judgements and assumptions are mainly based on past experience and Alliander's management's best estimate of the specific circumstances that are, in the opinion of management, applicable in a given situation. Actual developments may differ from the estimates and assumptions used. As a result, the actual outcome may differ significantly from the current measurement of a number of items in the half-year report. The judgements, estimates and assumptions used are tested regularly and adjusted if necessary.

Grid losses are addressed using an allocation process and a reconciliation process. The allocation process serves to determine estimates of the quantities of electricity and gas supplied and the associated network losses on a daily basis, particularly where standard annual consumption patterns are used for the consumer and SME market. These estimates are reviewed regularly, and quantities allocated to customers are adjusted for actual quantities ascertained through meter readings as part of this process (reconciliation). The legal requirements on reconciliation prescribe settlement within 21 months after the end of the month of supply. This means that the final reconciliation result for the supply month of June 2024 will not be known until April 2026. The reconciliation result consists of a price and quantity component, the former being determined by the national network operator on the basis of weighted day-ahead prices on a monthly basis (roughly the average spot price of that month). For the quantity component relating to losses in the gas network, the degree days are a further important factor, as customers who do not have a supplier contract or who commit fraud also consume a lot of gas during cold periods. Alliander uses a system where long-term averages are considered, taking into account the effects of degree days per year. The expected results of reconciliation have been estimated and recognised in the half-year figures as accurately as possible, but the final settlement will be determined by the timing and quality of the delivery. All this can lead to the situation where the pre-estimated results differ from the actual results determined after 21 months.

Alliander is developing a number of new activities within the framework of its strategy. Due to the start-up nature of these activities, inherent uncertainties are attached to their valuation.

Changes in estimations

No changes in estimations were implemented in the first half of 2024 or 2023.

Business combinations

Alliander did not enter into any new business combinations in the first half of 2024 or 2023.

Assets and liabilities held for sale

Assets held for sale and liabilities held for sale at year-end 2023 all relate to the assets and liabilities of Kenter. On 31 January 2024, Alliander sold its shares in Kenter. The details of the sale of Kenter are provided on page 28.

Segment information

Alliander distinguishes the following reporting segments in 2024:

- Network operator Liander
- Other

This segmentation reflects the internal reporting structure, specifically the internal consolidated and segmented quarterly reports, the annual plan and the business plan for the Alliander Management Board (Chief Operating Decision-Maker).

Product segmentation

In compliance with IFRS 15, the following table discloses revenue broken down by product (product segmentation).

Revenue for the first half of 2024 came in at €1,529 million (first half of 2023: €1,342 million), with other income of €29 million (first half of 2023: €28 million). In total, external revenue came in at €1,558 million (first half of 2023: €1,370 million). This increase in external revenue is due largely to the increase in the regulated-domain revenue for electricity as a result of an increase in the tariffs.

Reconciliation of segment operating profits and consolidated profit

€ million	1st half 2024	1st half 2023
Consolidated segment operating profits excluding incidental items	**206**	**180**
Incidental items and fair value movements	757	5
Finance income and expense	-36	-34
Share in results from associates and joint ventures	-5	-2
Profit before tax from continuing operations	**922**	**149**

Primary segmentation for first half-year

€ million	Network operator Liander 2024	Network operator Liander 2023	Other 2024	Other 2023	Eliminations 2024	Eliminations 2023	Total 2024	Total 2023
Operating income								
External income	1,462	1,244	96	121	-	-	1,558	1,365
Internal income	1	2	252	203	-253	-205	-	-
Operating income	**1,463**	**1,246**	**348**	**324**	**-253**	**-205**	**1,558**	**1,365**
Operating expenses								
Operating expenses	1,264	1,065	341	325	-253	-205	1,352	1,185
Operating profit	**199**	**181**	**7**	**-1**	**-**	**-**	**206**	**180**

Segmented assets and liabilities	Network operator Liander 30 June	Network operator Liander 31 December	Other 30 June	Other 31 December	Eliminations 30 June	Eliminations 31 December	Total 30 June	Total 31 December
Total assets	10,795	10,301	4,751	4,108	-3,024	-2,763	12,522	11,646
Total liabilities	7,689	7,277	4,635	4,547	-5,244	-4,947	7,080	6,877

Product segmentation

In compliance with IFRS 15, the following table discloses revenue broken down by product (product segmentation).

	Segmentation consolidated revenue to products						
€ million	Total	Transport and connection service Electricity	Transport service Gas	Connection service Gas	Metering service small consumers Electricity	Metering service small consumers Gas	Other activities
Revenue for the first half of 2024	**1,529**	1,117	193	68	21	35	95
Revenue for the first half of 2023	**1,342**	907	195	64	28	32	116

In compliance with IFRS 15, the following table discloses the geographic segmentation of the consolidated net revenue.

	Geographical segmentation consolidated revenue		
€ million	**Total revenue**	The Netherlands	Abroad
Revenue for the first half of 2024	**1,529**	1,515	14
Revenue for the first half of 2023	**1,342**	1,328	14

Over time

Within Alliander, almost the entire amount of the net revenue is classed as being ‘over time’ under IFRS 15.

Seasonal influences

Alliander’s results are not materially affected by seasonal influences.

EMTN and ECP programmes

Alliander has an EMTN programme of €5 billion under which an amount of €2.2 billion was outstanding as at 30 June 2024 (31 December 2023: €2.6 billion) and two ECP programmes totalling €1.5 billion, under which short-term loans to a value of €500 million were in issue as at 30 June 2024 (31 December 2023: €500 million).

Subordinated perpetual bond loans

On 27 June 2024, Alliander issued a new subordinated perpetual bond loan with a face value of €500 million. The successful issue was at a coupon rate of 4.50% and an issue price of 99.18%. After deduction of the costs associated with the issue, the remaining carrying amount of this new subordinated perpetual bond loan is €495 million, which has increased equity.

The intention is to repay the current subordinated perpetual bond loan by no later than 30 June 2025. Based on IAS 32, the current subordinated perpetual bond loan will remain part of Alliander’s equity until the formal decision to repayment is taken in the spring of 2025. In accordance with Alliander’s financial policy, when calculating the ratios the new bond loan is treated as 50% equity. The current subordinated perpetual bond loan is treated fully as borrowed capital.

Sale of Kenter

On 31 January 2024, Alliander sold the shares of its subsidiary and provider of integrated energy solutions Kenter to a consortium consisting of ABP and OMERS Infrastructure. The consortium also obtained full control of Kenter and its subsidiaries with effect from this date. In recent years, Kenter has grown from a traditional metering company with 95 employees to an integrated energy solution provider with a staff of over 400. Partly because the market in which Kenter operates is growing strongly, it is expected that in the future Kenter will play an even greater role in the energy transition and in offering its customers total solutions.

Alliander received a total of €919 million. The final book profit on the sale of Kenter is €757 million. Part of the transaction also involves a limited number of free domain activities. These activities are currently still part of a Cross Border Lease (CBL) agreement and are therefore still held by Liander N.V. These activities will be transferred by Alliander to Kenter after the termination of the CBL on 2 January 2025. For this, Alliander has received an advance payment of €65 million, in addition to the €919 million.

Cross-border leases

In the period from 1998 to 2000, subsidiaries of Alliander N.V. entered into cross-border lease transactions for networks with US investors. The networks have been leased for a long period to US parties (head lease), which have in turn subleased the assets to the various Alliander subsidiaries (sublease). At the end of the sublease, there is the option of purchasing the rights of the US counterparty under the head lease, thus ending the transaction. The fees earned on the cross-border leases were recognised in the year in which the transaction in question was concluded. Two of the three still current cross-border leases were terminated prematurely in December 2021. Consequently, there are no longer any gas or district heating networks with an American lease. The electricity network in the Randmeren region is the only one still held under a cross-border lease. We exercised the option to purchase the rights for this, with the effect that the term ends at the start of 2025.

There are conditional and unconditional contractual rights and obligations relating to the remaining cross-border lease transaction. The total net carrying amount of the network covered by the cross-border lease as at mid-2024 was in the range of €450 million (year-end 2023: €400 million). As at mid-2024, a total of $674 million was held on deposit with several financial institutions or invested in securities in connection with the lease transaction (year-end 2023: $664 million).

Since no powers of disposal exist over the investments and associated liabilities, they are not regarded as assets and liabilities of Alliander and the respective amounts are not recognised in Alliander's consolidated financial statements.

As at mid-2024, the strip risk (the portion of the termination value – the possible compensation payable to the American counterparty in the event of premature termination of the transaction – that cannot be settled from the deposits and investments held for this purpose) for the current transaction was $22 million (year-end 2023: $25 million). The strip risk is affected to a great extent by market developments.

Related parties

The Alliander group has interests in various associates and joint ventures, over which Alliander N.V. exercises either significant influence but not control or joint control of operations and financial policy. These associates and joint ventures are consequently designated as related parties. Transactions with these parties, some of which are significant, are executed on market terms and at market prices that are not more favourable than those that would be negotiated with independent third parties.

The following transactions were entered into with related parties for the purchase and sale of goods and services: sale of goods and services to associates of €0 million (first half of 2023: €0 million) and to joint ventures of €86 million (first half of 2023: €37 million); procurement of goods and services from associates of €24 million (first half of 2023: €19 million) and from joint ventures of €142 million (first half of 2023: €118 million).

As at the end of June 2024, Alliander had receivables of €26 million (year-end 2023: €16 million) in respect of loans granted to related parties and a receivable of €1 million in respect of agreed borrowings on current accounts with related parties (year-end 2023: a receivable of €26 million).

Information on risks and financial instruments

Financial risks

The following financial risks can be identified: market risk, credit risk, currency risk and liquidity risk. Contrary to what is required for the consolidated financial statements for the whole year, the abridged consolidated interim financial statements do not contain all the information on the above financial risks to which Alliander is exposed and the policy regarding the management of risks related to financial instruments. Therefore, these should be considered in conjunction with the 2023 consolidated financial statements. The risk management process and the risk management policy have not changed since year-end 2023. Alliander has not sustained any material credit losses in the first half of 2024.

The following table lists the fair values of the financial instruments that are recognised at amortised cost. Also shown is the input data level according to the fair value hierarchy. The input data levels for measuring fair values are defined as follows:

- Level 1: prices (unadjusted) on active markets for comparable assets or liabilities
- Level 2: inputs other than the level 1 quoted prices that are observable – either directly (i.e. in the form of actual prices) or indirectly (i.e. derived from prices) – for a particular asset or liability
- Level 3: inputs not based on observable market data.

Fair value of financial assets and liabilities measured at amortised cost

€ million	30 June 2024 Fair value	Level	31 December 2023 Fair value	Level
Non-current assets				
Other financial assets	18	2	19	2
Liabilities				
Non-current liabilities				
Interest-bearing debt:				
Euro Medium Term Notes	-2,022	1	-2,058	1
Other interest-bearing debt	-521	2	-545	2
Total non-current liabilities	**-2,543**		**-2,603**	
Short-term liabilities				
Interest-bearing debt:				
Euro Medium Term Notes	-		-398	1
Euro Commercial Paper	-500	2	-500	2
Other interest-bearing debt	-528	2	-21	2
Total short-term liabilities	**-1,028**		**-919**	
Total liabilities	**-3,571**		**-3,522**	

Measurement of fair value

The fair value of these instruments is measured as follows:

Other financial assets: the fair value of loans granted and investments is measured on the basis of the incoming cash flows discounted using risk-free interest rates plus credit spreads for these or similar investments. As regards the current portion of these receivables, it is assumed that the fair value is more or less the same as the carrying amount.

Loans received: the fair value of the EMTN is measured on the basis of market prices quoted by Bloomberg. The fair value of the other loans received is measured on the basis of the outgoing cash flows discounted using risk-free interest rates plus the credit spreads applicable to Alliander. As regards the current portion of these liabilities, it is assumed that the fair value is more or less the same as the carrying amount.

The fair value of the following financial assets and liabilities is more or less the same as the carrying amount:

- trade and other receivables
- current tax assets
- current other financial assets
- cash and cash equivalents
- trade and other payables
- current tax liabilities.

Events after the balance sheet date

No notable events occurred after the balance sheet date.

Independent auditor's review report

This review report is an unofficial translation of the original Review Report accompanying the original half year report 2024, both stated in Dutch. In case of any conflict between this translation and the original review report, the latter will prevail. The original review report can be found on the website of Alliander N.V.

To: the management board of Alliander N.V.

Introduction

We have reviewed the accompanying condensed consolidated interim financial information for the six-month period ended 30 June 2024 of Alliander N.V., Arnhem, which comprises the condensed consolidated balance sheet as at 30 June 2024, the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows for the period then ended and the selected explanatory notes. The management board is responsible for the preparation and presentation of this (condensed) interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, Review of Interim Financial Information Performed by the Independent Auditor of the entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information for the six-month period ended 30 June 2024 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

Utrecht, 29 July 2024

PricewaterhouseCoopers Accountants N.V.

The original, prevailing Dutch review report has been signed by K. Hofstede RA

Disclaimer

This report is a translation of the Dutch half-year report 2024 of Alliander N.V. Although this translation has been prepared with the utmost care, deviations from the Dutch half-year report may nevertheless occur, such that the information in this report may be misinterpreted or different conclusions may be drawn. In such cases, the Dutch half-year report 2024 will prevail.

Parts of this report contain statements about the future outlook. These parts may include – without limitation – expectations regarding government measures, including regulatory measures, Alliander’s share and the share of its subsidiaries and joint ventures in existing and new markets, industrial and macroeconomic trends, and the impact of these expectations on Alliander’s operating results. Such statements typically include words like ‘believe’, ‘expect’, ‘intend’, ‘anticipate’ or similar expressions. These statements concerning the future are based on the current assumptions and are subject to known and unknown factors and other uncertainties, many of which are beyond Alliander’s control, so that actual future outcomes may differ significantly from these expectations.

This report has been prepared using the accounting policies applied in the preparation of the 2023 financial statements of Alliander N.V., which can be found on www.alliander.com.

This report has not been audited.

July 2024

Alliander N.V.

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