Statnett

The Green Pulse

Investor Presentation

October 2024

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1. Critical infrastructure – **State** (Aaa) owned monopoly
2. Investments to support the **Green** transition
3. **Sustainability** – Systematic and targeted
4. **Stable** regulatory framework (Aaa) – Cash flow visibility
5. **Prudent** financial risk management

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Key credit highlights

Critical infrastructure

Monopoly TSO in Norway, one of the world's most stable and prosperous countries (Aaa)

State enterprise

By law, only the government can be the owner

On a mission from a

Supportive owner

Power system **enabling the green transition**

Fully regulated

Pure play transmission
Excellent cashflow visibility

Regulatory framework

Stable and predictable

Aaa scored - better than most peers

A2/A+ stable

The Board committed to a robust A rating

Taxonomy aligned

99.6 – 100%

Dark Green
shading from S&P (2024)

Sole Transmission System Operator (TSO) in Norway

11 389 km high voltage lines	2 341 km subsea and underground cables	236 substations	1 789 employees

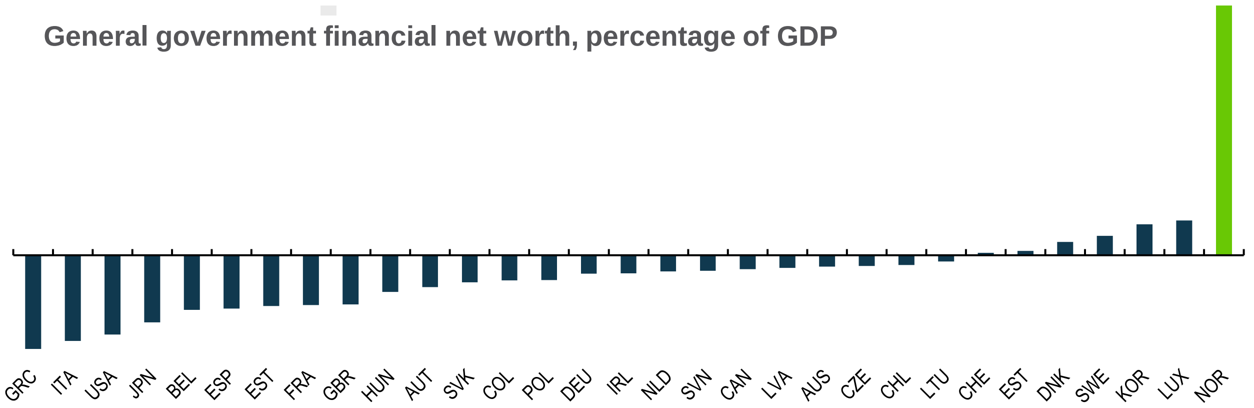
2023 Financials – NOK bn			
Balance sheet 90.3 (87.2)	Revenue 11.6 (22.9)	Underlying revenue[1] 17 (16.1)	Underlying EBITDA[1] 7.1 (4.6)

[1] Underlying figures (adjusted for change in temporary accruals/deferrals vs regulated revenue)

Norway - one of the world's most stable and prosperous countries

- Rated **Aaa / AAA / AAA** by Moody's, S&P and Fitch
- Extraordinarily **strong net asset position**
- Evenly distributed wealth and educated population underpins **economic resilience and political stability**
- Norway ranked #2 out of 142 countries on **adherence to rule of law** (World Justice Project)

General government financial net worth, percentage of GDP



Source: OECD

S&P Global **AAA (Stable)**

S&P Global Ratings, 9 September 2024

“Norway's strong credit profile is supported by a significant net external asset position and substantial fiscal reserves…Norway possesses significant financial buffers that not only enhance its ability to absorb economic shocks but also provide substantial flexibility for accommodating increased fiscal spending when needed.”

Moody's **Aaa (Stable)**

Moody's Credit Opinion, 11 June 2024

“Our credit view of Norway reflects its high and relatively evenly distributed wealth, well educated labour force, strong government and external balance sheets as well as consensus driven political framework”

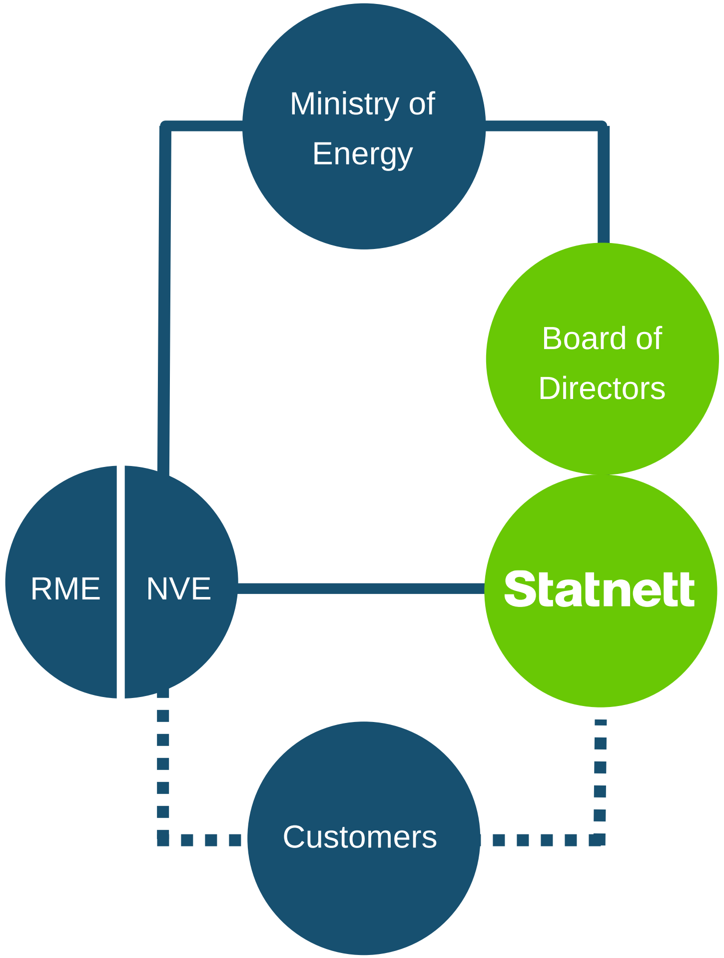
FitchRatings **AAA (Stable)**

Fitch Ratings, 20 June 2024

“Norway's 'AAA' rating reflects its standout sovereign and external balance sheets, exceptional institutional strengths and very high GDP per capita. The impact from the surge in energy prices in 2022-2023 further strengthened the sovereign's fiscal and external buffers.”

Sound independent company governance

- **Regulated** by Norwegian Water Resources and Energy Directorate (NVE) and The Norwegian Energy Regulatory Authority (RME), with the latter responsible for the economic regulation



- **100% owned** by the Ministry of Energy
- The Ministry appoints the Board of Directors and **the Board acts independently**
- **Governed by the State enterprise act** which is almost identical to the law for limited companies, with the key difference being that there can only be one owner – the State

1 Critical infrastructure – **State** (Aaa) owned monopoly

2 Investments to support the **Green** transition

3 **Sustainability** – Systematic and targeted

4 **Stable** regulatory framework (Aaa) – Cash flow visibility

5 **Prudent** financial risk management

Statnett

Statnett's activities are key to Norway achieving its climate goals

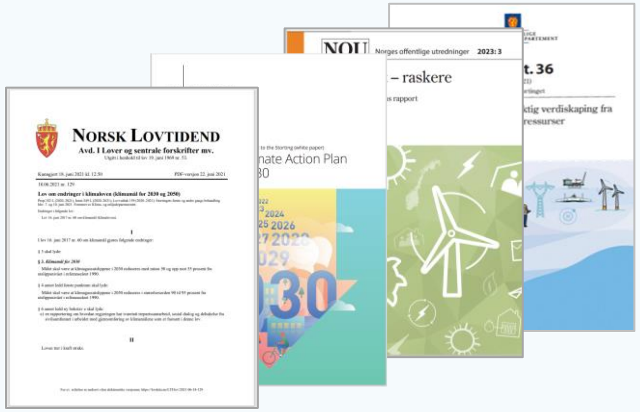
Norway's climate goals

Norway maintains a 1.5°C target and commitment to the Paris Agreement.

GHG emission reductions (vs 1990 levels)

- **At least 55% by 2030**
- **At least 90-95% by 2050**

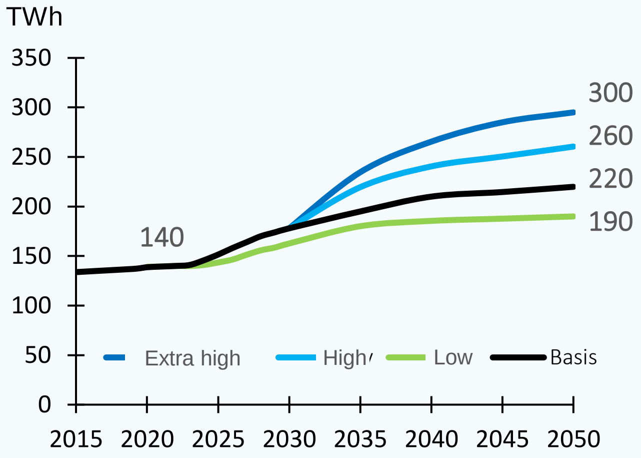
Governed by the Norwegian Climate Change Act[1]



Power demand accelerating

The green transition significantly increases demand for power and **transmission infrastructure**.

Scenarios for development of consumption of electricity in Norway:

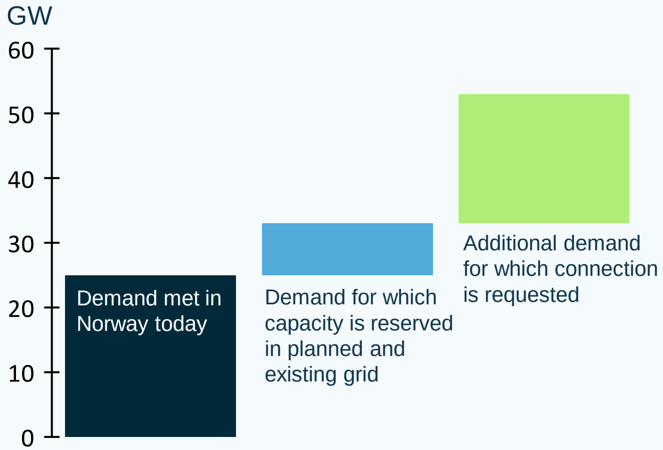


Source: Statnett System Development Plan 2023

The green transition is happening

Statnett already sees a **steep increase in requests for connection** to the grid due to electrification and new green industry.

Requests for connection of new demand to the Norwegian power system:



1) Implementation of change from previously 50-55% by 2030 to "at least 55% by 2030" was approved by Parliament in 2023.

Statnett is investing to enable Norway's green transition

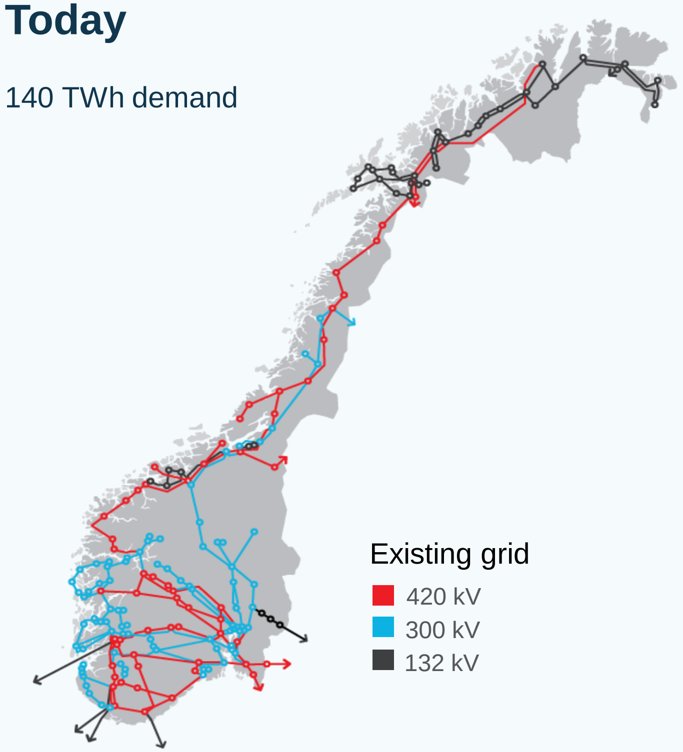
Investment in transmission grid of 100-150 bn NOK by 2033

Investments all over Norway

- Enabling new connections and strengthening the grid across the country to facilitate **electrification** and new **green industry**
- Facilitating **offshore wind** production
- Upgrading all major transmission channels to 420 kV to **increase capacity between regions**
    - North-south
    - East-west
- Strengthening and maintaining **security of supply**
- **Digitalization and automation** of system operation

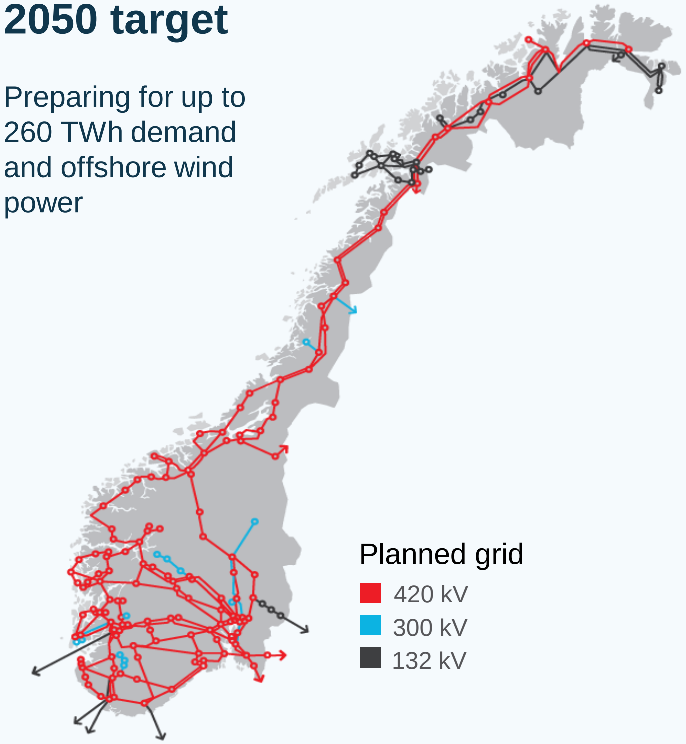
Today

140 TWh demand



2050 target

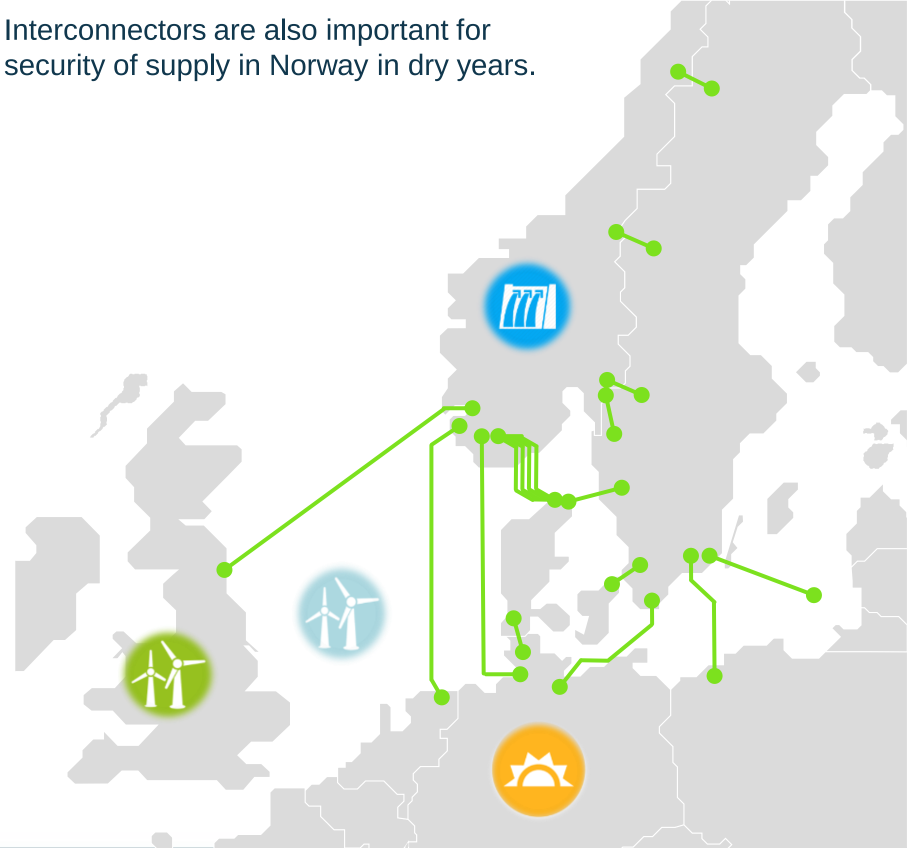
Preparing for up to 260 TWh demand and offshore wind power



The flexible Norwegian power system supports a greener Europe

Reservoir flexibility and interconnectors supports European renewable generation mix

Interconnectors are also important for security of supply in Norway in dry years.



S&P Global Ratings

Dark green

Green bond financing

New Green Bond Framework 2024

Development since 2018

- Based on the ICMA Green Bond Principles 2021
- Sustainability strategy in place
- Eligible projects to be financed are "fully aligned" with the EU Taxonomy including Do No Significant Harm and Minimum Safeguards in order to align Statnett's financing and sustainability strategy
- Intends to align with the EU Green Bond Standard in the future
- Additional project category of innovation and technology development added

The Green Bond Principles

S&P Second Party Opinion: Dark Green

Dark green means that the activities correspond to the long-term vision of a low-carbon climate resilient future

Strengths

- Statnett's activities under financing aim to support the transition to a low-carbon economy
- Statnett has done end-of century climate risk vulnerability assessments of its activities
- Statnett manages its value-chain emissions well
- It is addressing SF6 leaks and grid losses, two of the biggest sector challenges

Weaknesses

“No weaknesses to report”

Green Bond Categories

Renewable Energy

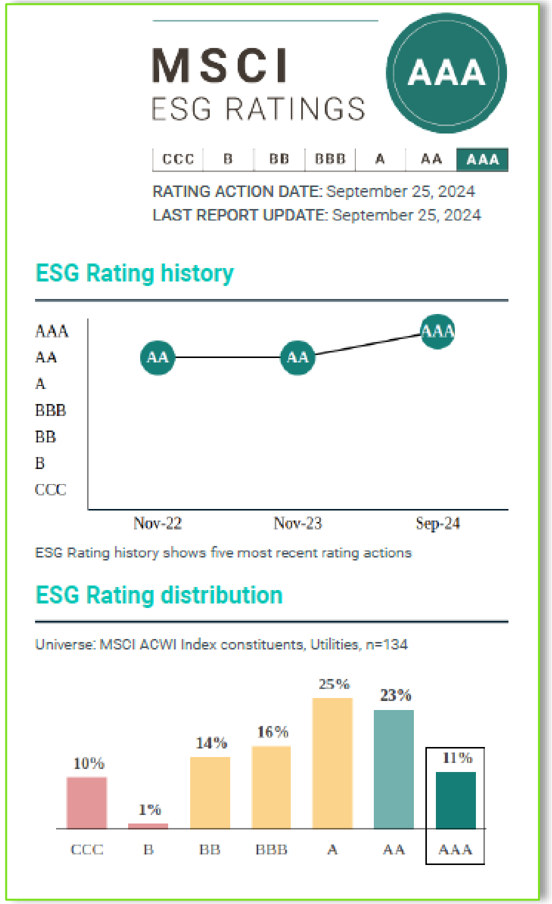
- **Connecting renewable power**
- **Enabling efficient use of clean energy**
- **Increasing the market for renewable energy**
- **Technology – Innovating to enable the green transition**

Expected investments of NOK 100-150bn over the next 10 years

For more information about our projects, visit www.statnett.no

Strong ESG ratings

ESG Rating Provider	Rating	Last report/ data input
MSCI	AAA	Sep 24
ISS ESG	B- (Prime)	Sep 24
SUSTAINALYTICS	20.6 (Medium Risk)	Dec 23
Bloomberg	3.37 (Above median)	FY2022

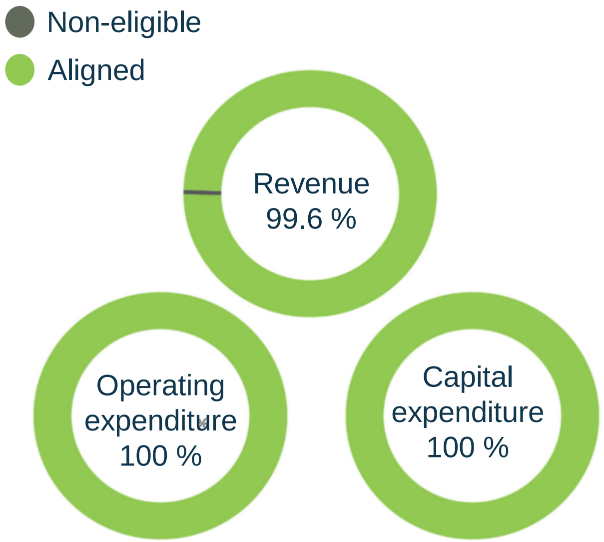


Statnett is eligible and aligned to the EU taxonomy

Taxonomy included in our 2023 annual report – independently audited

Statnett's activity is taxonomy eligible

- *Activity 4.9 Transmission and distribution of electricity*



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Our sustainability commitments

We follow international standards and frameworks

- We are committed to following the **UN Global Compact's ten principles** for responsible business
- Certified according to the international standard **ISO 55001 for asset management**
- Our reporting meets the requirements of the **Global Reporting Initiative (GRI) Standards**
- We are EU **taxonomy aligned**
- **Independent limited assurance** by Deloitte
- **We are committed to and preparing for new and emerging regulations**, standards and frameworks:
  - CSRD (ESRS), CSDDD
  - Norwegian government ownership policy
  - The Norwegian Transparency Act – statement on Due Diligence in annual report
  - Global Biodiversity Framework (2022) - TNFD

Our governance principles for sustainable business

Integrated sustainability

Our work on sustainability is integrated into our processes through our management systems and strategy

- The Board of Directors has overarching responsibility
- Group Management is responsible for the company's targets and implementing necessary actions
- Day-to-day implementation is a management responsibility
- Risk management and internal controls implemented

Governing documents

Our commitments are included in:

- Ethical guidelines (Code of Conduct)
- Supplier Code of Conduct
- Sustainability policy
- Security policy
- Procurement policy
- Employee guidelines

Strategic priorities

E

Climate
Cutting our emissions based on science-based targets

Nature
Working for a nature positive grid

S

Social
Working for a just transition which safeguards people and community

G

Governance
Developing a governance model which will enable a responsible and sustainable business

Overview of key activities within sustainability

SOCIAL SUSTAINABILITY	CLIMATE	NATURE	REPORTING AND GOVERNANCE	COLLABORATION
Meaningful engagement and coexistence	Climate accounting	Mapping nature impacts	CSRD	Competence building internally
Sustainability in the supply chain	Emission trajectories	Direction and position on nature	Internal controls	European networks
Safe working conditions	Climate risk	Nature risk	Digitization	National networks
Diversity, equity and inclusion	Science-based targets	Transition plan for nature and climate	Targets	External events representation
Due Diligence	FLAG		Compliance-program	

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Strong cash flow visibility provided by stable regulatory framework (Aaa)

Permitted revenue is cost based with updated parameters each year – providing excellent cash flow visibility

- Full cost recovery when efficient
- Efficiency benchmark is Statnett's own historic unit cost average adjusted by inflation. Efficiency adjustment therefore relatively limited and foreseeable over time.

Permitted revenue collected through tariffs and congestion revenue

- Differences to permitted revenues made up in subsequent years through tariff adjustments or cash contributions

Top scoring regulatory framework (Aaa)

MOODY'S INVESTORS SERVICE

"The credit quality of Statnett SF (A2 stable) is supported by the **stable, predictable and supportive regulatory framework** under which the company operates, which provides excellent cash flow visibility; and its long track record of efficiently delivering large capital investment programmes"

Moody's investor service, May 2024

Stability and predictability of regulatory regime

Aaa	Norway, UK (onshore), Ireland
Aa	Czech Republic, Finland, France, Northern Ireland, Italy, Netherlands
A	Tennet, Gasunie, Estonia, Germany, Portugal

S&P Global Ratings

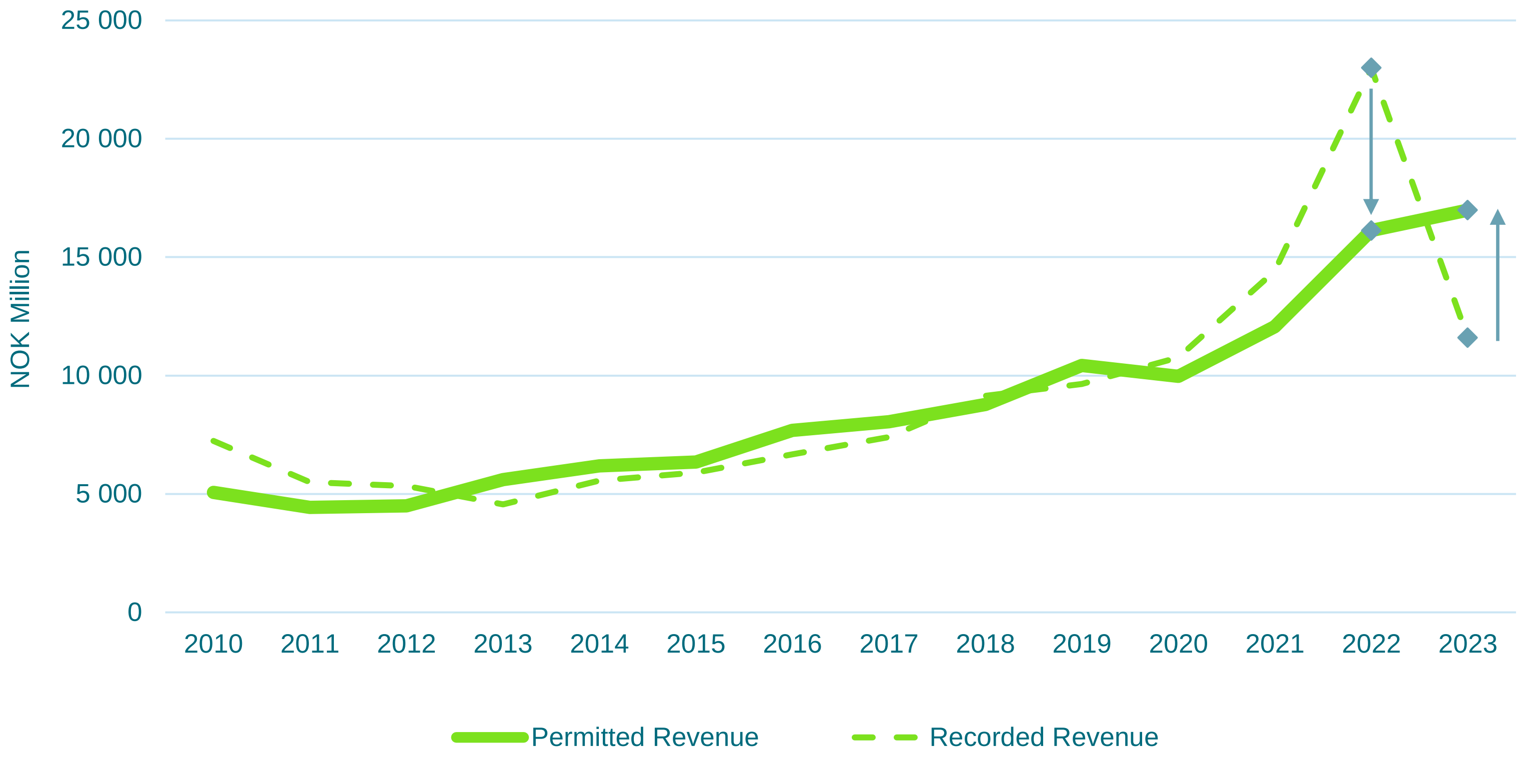
"Statnett benefits from **stable and predictable cash flow generation, thanks to a supportive regulatory framework**. We see the Norwegian regulatory framework as very credit supportive, allowing for **full operating cost recovery** albeit with a two-year timelag"

S&P research update, June 2024

Business Risk: Excellent

Steady revenue growth

Revenues



1 2022: Extraordinarily high congestion revenues lead to higher income than the permitted revenue.

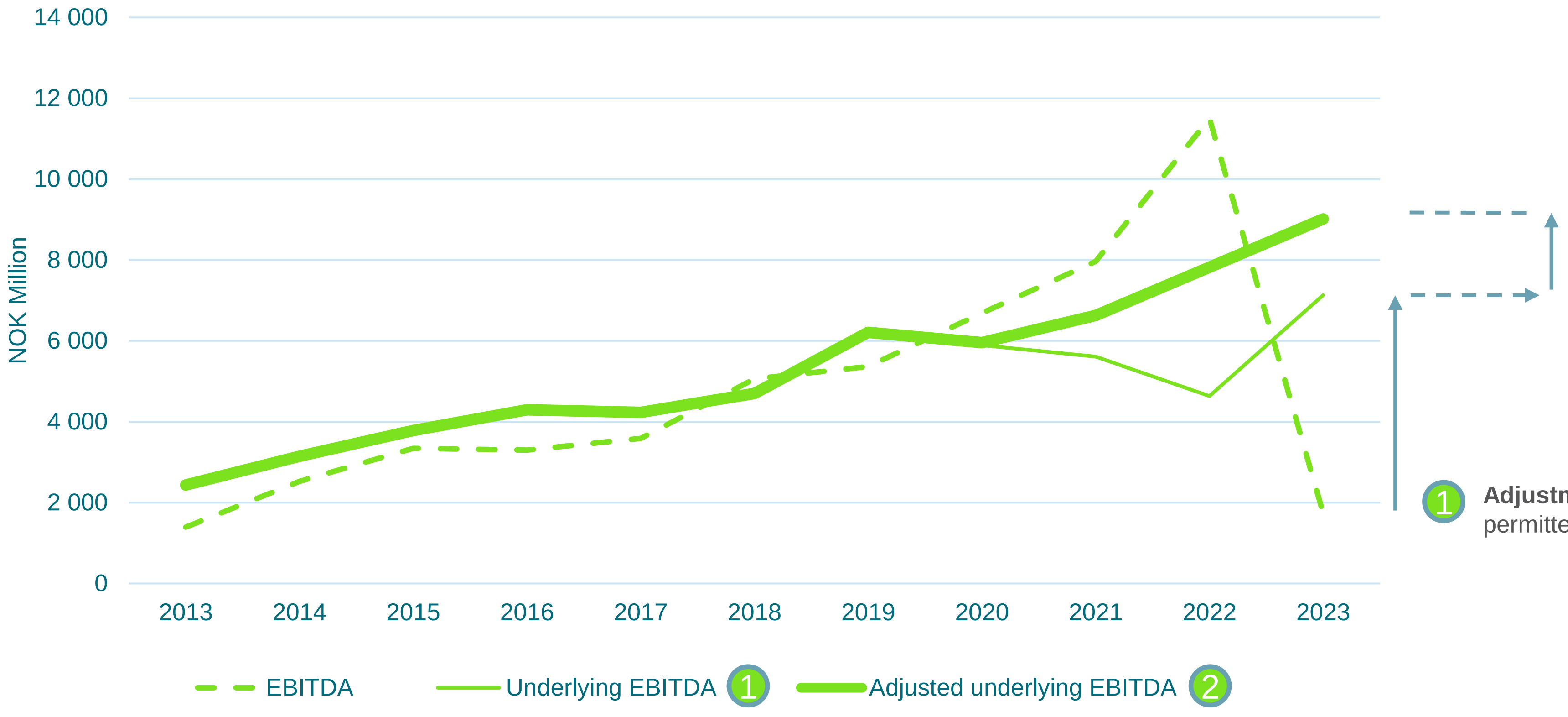
2 2023: Lower income than the permitted revenue due to reduced tariffs and lower congestion revenue.

Revenues will level out over time; hence on aggregate, Statnett will collect the permitted revenue.

Calculations detailed in Appendix.

Steady underlying EBITDA growth – temporary fluctuations to level out

EBITDA



2 **Time lag adjustment:** Extraordinarily high system operations costs in 2021-2022 to be included in permitted revenue with a two-year time lag.

1 **Adjustment:** Recorded Revenue lower than permitted revenue.

Calculations detailed in Appendix slide 33

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Prudent financial policy and low financial risk

Prudent liquidity management

- Sufficient liquidity to fund operations, investments and redemptions over a minimum 12 months period
- NOK 8bn committed sustainability-linked RCF

Low counterparty risk

- Minimum rating requirement of A- for our counterparties
- Credit Support Annex (CSA)

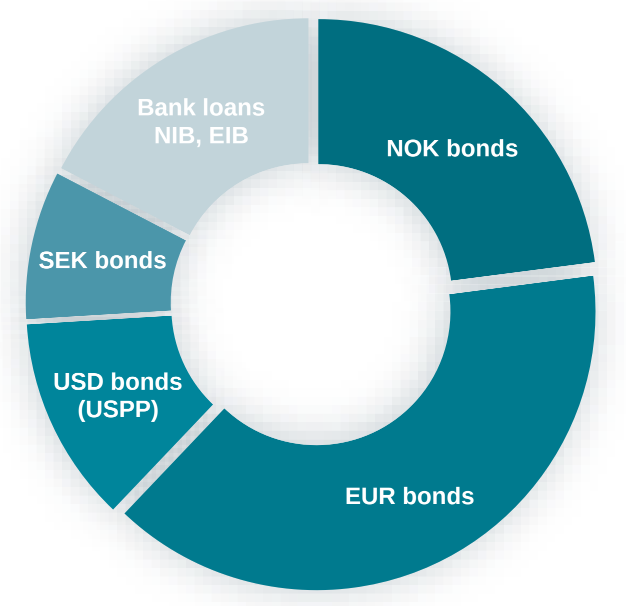
Low interest rate risk

- Seek to correlate rate on debt with NVE-interest rate (regulated return)

Low currency and commodity exposure

- Investments enter RAB cost base in NOK as expensed, exchanged or hedged
- All debt swapped to NOK

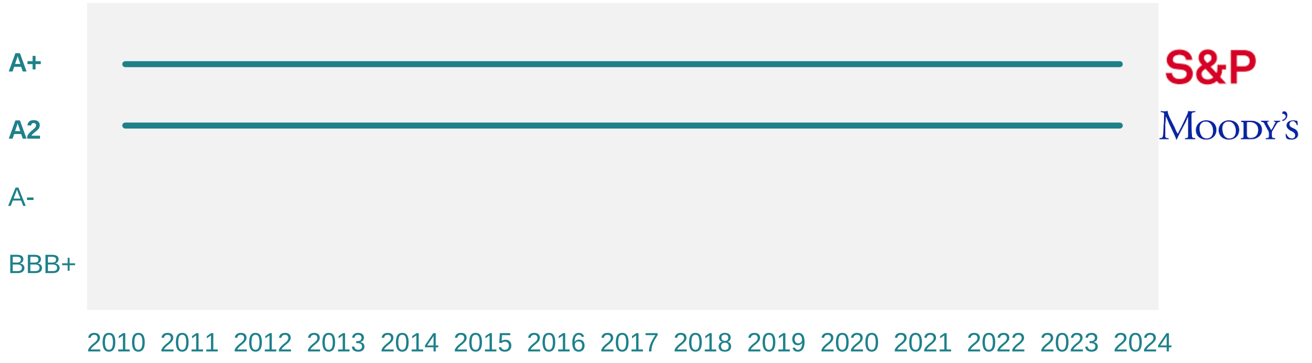
Demonstrated diversity of funding sources across markets



Debt as of 22 October 2024

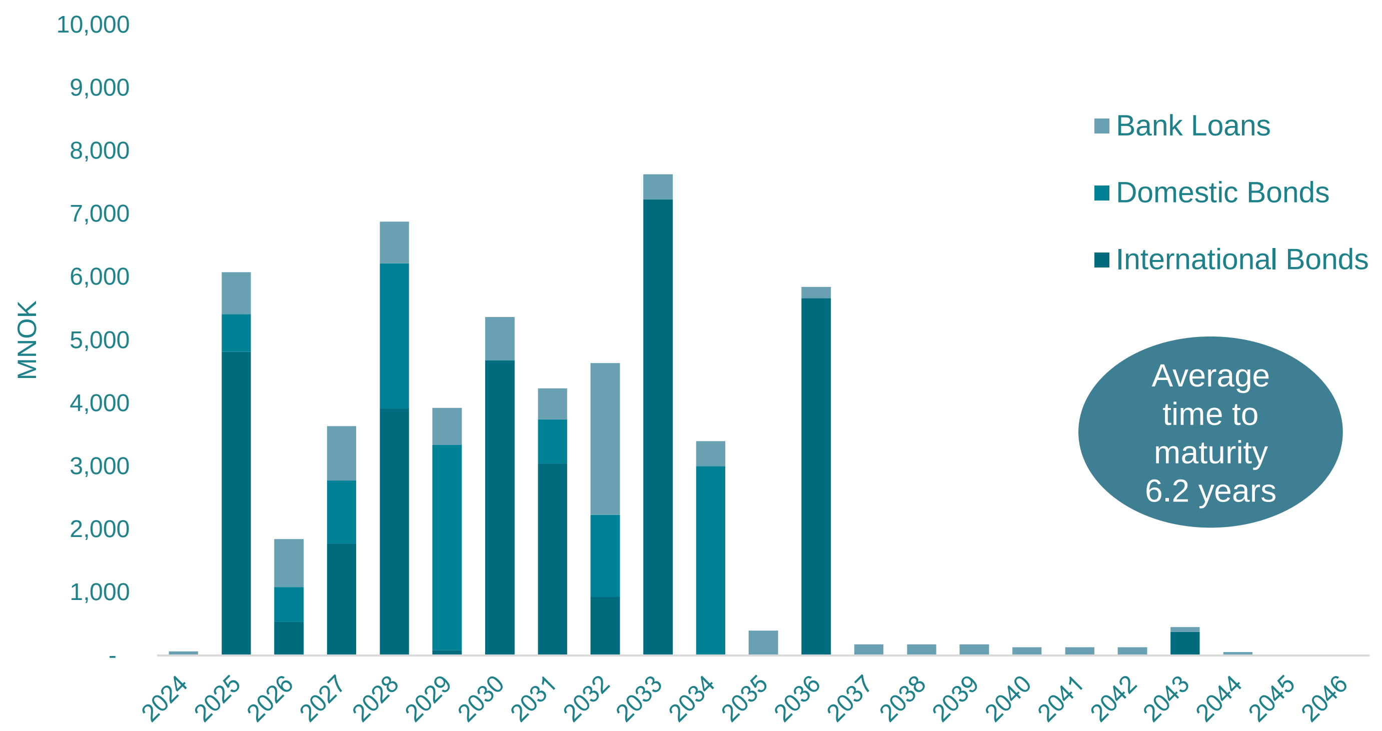
- Policy: At least 3 independent funding markets
- Supported by
  - EUR 5bn EMTN Programme
  - Strong and supportive bank group
  - Stable A2/A+ ratings from S&P/Moody's since 2010

Stable long-term issuer ratings since 2010



Balanced maturity profile with long average maturity

Debt maturity profile as of 22 October 2024



Redemptions backed by NOK 8bn RCF, cash, securities and robust debt capital markets access.

See Note 16 in 2023 Annual and Sustainability Report for further details.

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Financial information and contact info

https://www.statnett.no/en/about-statnett/investor-relations/

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Appendix

Understanding the 2023 financial statements

	NOK m
EBITDA	1 744
Plus return of previous years' higher revenue (note 4)	+ 5 387
Underlying EBITDA	**7 131**
Interest bearing debt as reported	54 836
Less net value of debt related derivatives	- 3 894
Plus off balance sheet debt to customers (note 4) (higher than permitted revenue balance after tax) 3 891*(1-0,22)	+3 035
Underlying debt, net of derivatives	**53 977**

- As a result of the energy market volatility and the unprecedented high congestion revenues in 2022, Statnett reduced fixed consumption tariffs to zero and even facilitated some direct payouts to customers in 2022 and 2023. Total (and reported) revenues for 2023 ended NOK 5.4 bn lower than the regulated permitted revenues. This lower revenue reduced the balance of higher revenue that we have to return to customers. On aggregate, we only keep the permitted revenue, and sometimes that means that we reduce tariffs and pay back – as we did in 2023..
- Note: The underlying EBITDA shown still includes some temporary timelags on operational costs. Statnett has no power production, and purchases of electricity for line losses are compensated in the regulation. Hence, we are not significantly exposed to energy prices directly. But the extraordinary market in 2022 and partly 2023 nevertheless resulted in system services costs being much higher than previous years (2023: NOK 3,4 bn compared to 2021: NOK 1,5 bn),. These costs are recouped in the regulation with a two-year time lag. In short, the extraordinarily high system services costs resulted in lower EBITDA in 2022 and 2023 but will lead to higher permitted revenue in 2024 and 2025.
- Statnett swap all foreign debt back to NOK. When NOK weakens, the value of our debt increases, but so does the value of our derivatives which will cover for that. The NOK 3.9 bn worth of derivatives counters movements in principal and interest rates on our debt.
- At the end of 2023, the off-balance sheet higher revenue balance was NOK 3.9 bn. We will give that back to customers over time by reducing tariffs. The after-tax effect of this constitutes off balance sheet debt (interest bearing, as interests will be added to the balance).

Reconciliation of financial key figures (in million NOK)

Unadjusted figures	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	H1 2024
Recorded Revenue	5,563	5,906	6,678	7,401	9,138	9,641	10,761	14,412	22,993	11,600	7,823
EBITDA	2,528	3,340	3,296	3,585	5,062	5,366	6,688	7,965	11,503	1,744	2,449
EBIT	1,378	1,714	1,152	1,312	3,120	3,027	3,868	4,846	8,433	-1,547	747
Result for the period	829	1,103	645	813	2,213	1,906	2,697	3,307	5,949	-2,617	-314
Adjustments											
Accumulated higher revenue*	1,790	1,346	343	-303	59	-732	60	2,410	9,278	3,891	1,981
Adjustment for changes in acc. higher/lower revenue	623	444	1,003	646	-362	791	-792	-2,350	-6,868	5,387	1,910
Adjusted figures ("underlying")											
Permitted Revenue	6,186	6,350	7,681	8,047	8,776	10,432	9,969	12,062	16,125	16,987	9,733
Underlying EBITDA	3,151	3,784	4,299	4,231	4,700	6,157	5,896	5,615	4,635	7,131	4,359
Underlying EBIT	2,001	2,158	2,155	1,958	2,758	3,818	3,076	2,496	1,565	3,840	2,657
Underlying Result for the period	1,284	1,427	1,397	1,304	1,934	2,523	2,079	1,474	592	1,585	1,176
Adjusted EBITDA with adjustment for extraordinary system services cost increase in 2021 and 2022 (to enter allowed revenue calcualtion for 2023 and 2024 respectively)											
Adjusted EBITDA	3,151	3,784	4,299	4,231	4,700	6,157	5,896	5,615	4,635	7,131	
System services costs				435	541	492	600	1,505	3,788	3,390	
System services costs increase (compared to t-2)						57	59	1,013	3,188	1,885	
Adjusted underlying EBITDA	3,151	3,784	4,299	4,231	4,700	6,214	5,955	6,628	7,823	9,016	

Base numbers directly from the P&L in the annual reports.
*See note 4 in Annual Report for changes in accumulated higher/lower revenue.
**With adjustment for extraordinary system services cost increase in 2022 and 2023 (to enter the allowed revenue calculation for 2024 and 2025, respectively)

Predictable revenues and profitability dynamically adapted to costs

1.

Revenues:

Costs[1] x 30% + Costs[1] x 70% x Efficiency Score

Efficiency score range limited
Measured against own historic average

Benchmark costs indexed

Timely compensation
No time lag on investments, system service costs or depreciation, two years lag on operational costs (compensated with inflation)

2.

Regulated rate of return (2023: 8.36%)

$$\frac{1.5\% + \text{Inflation} + 0.875 \times 5\%}{(1\text{-Tax rate})} \times 40\%^{2} + (\text{5y swap rate} + \text{margin}) \times 60\%^{2}$$

2018: 6.10% , 2019: 5.69%, 2020: 5.15%, 2021: 5,37%, 2022: 7,47%, 2023: 8,36%

1) See separate slide for definition of costs 2) 40% equity share regulatory assumption – fixed parameter independent of company

Sources: www.nve.no/norwegian-energy-regulatory-authority/economic-regulation/ and www.nve.no/reguleringsmyndigheten/regulering/nettvirksomhet/oekonomisk-regulering-av-nettselskap/

Calculation of permitted revenue

Permitted revenue$_n$ $= 30\%\text{*Cost base}_n + 70\%\text{*Norm cost}_n + SS_{n-2} + TrC_n + Ptax_n + 30\%^1\text{*}SO_{n-2} + 70\%^1\text{*}(1\text{-}0{,}6\%)\text{*}SO_{n-2} - CENS_n$

- Cost of system services year n-2, inflation adj.
- Transit costs year n
- Property tax year n
- System operations cost base: Inflation adj. operating costs + depretiations$_{n-2}$ + RAB$_{n-2}$*1,01* NVErate$_n$
- System operations cost base reduced with a productivity requirement of 0,6%
- Calculated cost on energy not supplied year n

[1]Prior to 2023 40% and 60%

Cost base*Efficiency score*(1-productivity requirement of 2%)

$O\&M_{n-2}\text{*}CPT_n/CPI_{n-2} + D_n + RAB_n\text{*}1{,}01\text{*}NVErate_n + TL_{n-2}\text{*}P_n + CENS_{n-2}$

D and RAB are included in two steps. First the two year lagged values are included in the cost base and the efficiency is calculated. Then the increase in D and RAB from n-2 to n are included in the permitted revenue without any efficiency adjustment.

Transportation loss year n-2 multiplied with power marked price year n

Calculated cost om energy not supplied year n-2

Sources: www.nve.no/norwegian-energy-regulatory-authority/economic-regulation/ and www.nve.no/reguleringsmyndigheten/regulering/nettvirksomhet/oekonomisk-regulering-av-nettselskap/

Tariff in a normal year

- Set by Statnett ahead of each year
- Defines how Statnett distributes the permitted revenue between different customer groups
- The tariff does not define the long term revenue:
  - Any difference between collected tariffs and the permitted revenue is made up in subsequent years
  - End result: Over time, Statnett ends up with the cost based regulated permitted revenue cap

- Tariff is split between a variable part and a fixed part
- The variable part (approximately 20%) is based on marginal transmission loss in each node and billed weekly
- The fixed part is designed to cover the remaining part of the permitted revenues. It is allocated according to customer groups, load/production and point of connection, and paid mid-month for the same month.