

Members of the Supervisory Board

Cc: Stefan Szyszkowitz (CEO), Franz Mittermayer (CFO)

EVN AG ("EVN")

EVN Platz

2344 Maria Enzersdorf

London, 14 December 2022

Dear ladies and gentlemen of the EVN Supervisory Board,

Petrus Advisers is a long-term investor interested in companies with a positive ESG impact. We hold a stake of less than 3% in EVN.

We are convinced that EVN, as an ESG pure play, has an increasingly relevant role to play in the dynamic development of modern, efficient and comprehensive supply of energy and water in Austria. The inherited basis of EVN's core business, comprising power generation and supply of power, gas and water in Austria, is very strong. EVN operates at the centre of the unstoppable trend towards more renewable energy and sustainable water management. Moreover, the company will benefit from accelerating electrification – according to the current BNEF Net-Zero scenario¹, electricity consumption will triple between 2020 and 2050. EVN shares must therefore offer investors an opportunity to participate in a growing company that generates stable and rising earnings while making a decisive contribution to Austria's sustainable energy transition. Well managed, EVN should become one of the most valuable stocks in the ATX index.

Unfortunately, reality begs to differ. Subtracting the market value of EVN's 12.6% stake in Verbund of Euro 3.7 billion from EVN's current market capitalisation of Euro 3.2 billion², yields a negative value of approximately Euro 500 million for all of EVN's business segments. Your EBITDA of Euro 760 million³ with net debt of only Euro 1.1 billion⁴ is considered worthless by the market and your work is judged as a negative asset, i.e. as dead weight. Yet, EVN's EBITDA is made up of high-quality components:

- the core business in Austria with an EBITDA of Euro 707 million⁵,
- the subsidiaries in Bulgaria, Northern Macedonia and other parts of South-Eastern Europe with EBITDA of Euro 111 million⁶,
- the international project business with an EBITDA of Euro 53 million⁷, as well as
- the investments in Burgenland Holding AG, RAG-Beteiligungs-AG and corporate services with an EBITDA contribution of Euro 49 million⁸.

In addition, there are enormous hidden reserves from numerous valuable properties that EVN owns.

¹ <https://about.bnef.com/new-energy-outlook/>.

² Factset per 12 December 2022.

³ EBITDA of EVN AG for the last 12 months, i.e. excluding the contribution from Verbund.

⁴ Net debt as of 30 June 2022 as reported by EVN.

⁵ Includes the segments „Energy“, „Generation“ und „Networks“. EBITDA of the last 12 months. Excludes the segment „Consolidation“, which had a negative contribution of Euro -160 million to Group EBITDA in the last 12 months. This result primarily relates to the inclusion of STEAGEVN Walsum as a joint operation in Q4'21. Since the Walsum 10 power plant was sold and deconsolidated as of 30 September 2021, the EBITDA contribution of this segment is negligible.

⁶ Includes the segment „South East Europe“. EBITDA of the last 12 months.

⁷ Includes the segment „Environment“. EBITDA of the last 12 months.

⁸ Includes the segment " All Other Segments" including 50.03% investment in RAG-Beteiligungs-Aktiengesellschaft and 73.63% investment in Burgenland Holding AG. EBITDA of the last 12 months. The earnings contribution represents the share of results from equity accounted investees with operational nature and is included in EBITDA.

Your lack of care for what is de facto state property leads to permanent destruction of value and thus of wealth for EVN shareholders: these are first and foremost the province of Lower Austria and the City of Vienna. 18% of your shares are privately owned, meaning Austrian retail shareholders and fund savers are equally perpetual losers as a result of your company's poor management.

We believe that this problem must not be ignored. Well-run companies, such as Flughafen Wien and Verbund, do not trade on distressed valuation multiples, but have - through diligence and focus - earned a premium valuation. As you know, sustainable and efficient corporate action breed higher growth and more substance. If the company, whose management you control, was more efficient, the transformation to a green future would be accelerated. EVN's discount valuation illustrates the urgency: it must be managed more dynamically, more commercially and more sustainably.

The company has become bogged down in too many segments and areas. The South East Europe strategy has been questioned for years. After years of cleaning up problems in the South East Europe business, its contribution to EVN's strategy remains unclear. Even more incomprehensible is the international project business. How can it make sense for a solid Austrian utility to engage in high-risk project business in Kuwait or Bahrain instead of fully focusing on the expansion of its renewables operations in Austria? The currently very positive market outlook of the Environment segment would favour a sale of the business now. The minority participations and property assets add little strategic value. EVN has inherited valuable estates, and unfortunately many of them lie fallow.

EVN's remuneration system does not fit that of a modern and sustainable public company. In our opinion, there is a lack of incentives to create value in the medium to long term so that the company can move forward. Equally, there are not sanctions for those managers who are responsible for recurring write-offs on high-risk investments.

We will address our concerns in a constructive dialogue with you and will therefore request a meeting in January. We think that EVN must be a gem of the Austrian capital market and Petrus Advisers wants to contribute to achieving this in collaboration with you.

Sincerely,



Klaus Umek
Managing Partner



Till Hufnagel
Partner