

2022 half-year report



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Directors' report



01 Foreword by the Executive Board

Security of supply, now and in the future

On 24 February 2022, the European gas market entered a new era. The Russian invasion of Ukraine led to EU member states taking the historic step to wind down dependence on Russian natural gas as quickly as possible.

This decision disrupted the entire gas supply chain. Countries such as Qatar and the United States will produce more gas and build facilities to liquefy that gas so that it can be transported to Europe. Traders will have to enter into new, often long-term contracts for liquefied natural gas (LNG) with these countries. Russia's days as the dominant gas supplier to Europe seem all but over.

When it comes to Gasunie, the phase-out of Russian gas means a reversal of international gas flows, which are now increasingly running from west to east and from south to north across Europe. This process is accelerating as European countries impose more sanctions on Russia and Russia retaliates by halting more and more gas supplies.

Over the past decades, Gasunie has expanded its gas network by building robust connections to neighbouring countries' networks to enable gas from all points of the compass to flow to our region. The decision at the time to build a terminal for imported liquefied natural gas from overseas now enables us to better support European security of supply. The Netherlands and the northern part of Germany are a kind of roundabout for international gas transport and prices for the entire European market are set in our market area.

Full substitution of Russian gas is not something that can be arranged within a few months. A large part of the huge volumes that are imported from Russia will have to be replaced with LNG imported from overseas. It is Gasunie's job to see to it that this LNG can be received, converted, and transported without any kind of limitations.

Our people are working extremely hard to make that happen. As early as by the end of this calendar year, we will have doubled the Netherlands' LNG import capacity. Market parties are showing great interest. In Germany, which does not yet have any LNG terminals, we are in the process of preparing to connect new temporary third-party LNG terminals to our grid. We are also developing a permanent LNG terminal in northern Germany.

Gasunie Transport Services (GTS) has investigated the consequences for the Netherlands of a possible complete cessation of the supply of Russian gas to Europe for a year. The findings show that there will be no gas shortage in the Netherlands next winter, provided a number of conditions are met. Accordingly, GTS expects that mandatory shut-off of the gas supply for consumers in the coming winter will not be necessary.

GTS also makes a number of qualifications. In the event of a cold winter or setbacks in the supply of LNG, the actual situation may deviate significantly from the figures used for the calculations. Additional measures are required to fill the gas storage facilities for the following heating season (from October 2023) to the desired level of 90%.

The GTS analysis also shows that in the coming gas year (from October 2022), under the conditions outlined, the Netherlands will be able to transport a maximum of 35bcm of natural gas to Germany, which is the maximum that the domestic German gas transmission network can handle.

Green molecules

The current energy crisis is a wise lesson for the future. In tomorrow's energy system, we must no longer depend on one country or region. The green molecules that will flow through our networks in the near future will come from multiple sources. In the future, green hydrogen will come from offshore wind farms, but also from various parts of the world by tanker ships. Through to 2030 and beyond, we want to invest in both transport and import infrastructure.

With all the focus on natural gas recently, it may seem as if we have lost sight a little of the energy transition. Nothing is further from the truth. A few weeks ago, we unveiled the roll-out plan for the national hydrogen network. And we made the decision to extend the WarmtelinQ heat grid to Leiden. We also announced our intention to invest in a hydrogen carrier import terminal in Rotterdam. We are also ready to come to a final investment decision for Porthos as soon as there is clarity from the Council of State on the building exemption in the context of the nitrogen issue.

An important question that is currently keeping us busy is whether the war that is holding our continent in its grip will end up either accelerating or delaying the energy transition. Natural gas prices have meanwhile risen fivefold compared to a year ago, while emission right prices have stopped rising. Will all of that jeopardise the transition's financeability? Or will the war prove to be a catalyst that will wean us off fossil fuels quicker than we initially thought possible. As far as Gasunie is concerned, the second scenario is the one to go for.

Finally, a word of appreciation for our stakeholders and in particular our government, which has agreed to be a guarantor for contracts for our LNG capacity expansion. But above all, we would like to thank all our employees, who have to keep a lot of plates spinning in these challenging times to create enabling conditions for uninterrupted supply of energy now and enabling the energy transition for security of supply tomorrow and beyond. Value creation for now and in the future.



The Executive Board of Gasunie. From left to right: Han Fennema, Ulco Vermeulen, Bart Jan Hoevers, Janneke Hermes.

02 Key figures

	First half-year of 2022	First half-year of 2021
Revenue	€ 897 million	€ 717 million
EBITDA	€ 474 million	€ 462 million
Result after taxation	€ 227 million	€ 207 million
Transported volume	573 TWh	592 TWh
TRFI (as at the end of June)	2.6	2.5
Uncontrolled events	-	-
Transport disruptions	1	4
Capital invested	€ 9,782 million	€ 9,872 million

03 General

Sanctions against Russia

Gasunie abides fully by European and Dutch sanctions imposed against Russia. Given the major social and economic consequences for society, Gasunie adheres to the Dutch government's policy on gas imports from Russia. Operational contacts with Russian companies have been reduced to the minimum level required to facilitate security of supply in the Netherlands, Germany and the rest of Europe through our infrastructure. Gasunie has frozen all non-operational relations and contact with Russian companies such as Gazprom.

In mid-June, the Dutch government triggered the early warning level (level 1) of the Gas Protection and Recovery Plan. For Gasunie, this warning stage means that we have further structured our already close communications with the responsible government agencies. Given the fact that Germany is more dependent on Russian gas than the Netherlands, the German government has gone one step further. In late June, they triggered the alert level (level 2) of their emergency plan for gas, prompted by the expected drop in gas supplies from Russia. Gasunie Deutschland (GUD) and Gasunie Transport Services (GTS) are in close contact with other German network operators and will take measures as and when necessary. Germany is the hub for gas supplies from the west to Central and Eastern Europe. The continuity of gas supply in Germany will, therefore, depend on European solidarity arrangements.

Expensive and scarce materials

Just like other capital-intensive companies, Gasunie has seen the costs of certain materials rise and lead times get longer. We are closely monitoring trends and in constant talks with our suppliers on how to ensure timely delivery of materials. The rising prices are, however, reflected in the company's operating result.

By being creative in allocating materials to the various projects, Gasunie has managed to deal with scarcity in many cases over the past period. We have, for example, reallocated three kilometres worth of insulated pipes from the WarmtelinQ project to the new floating EemsEnergyTerminal. These pipes will be used there to supply the heat needed for the LNG regasification process. Gasunie made this decision to be able to have this terminal up and running by this fall. Replacement pipes for WarmtelinQ have meanwhile been ordered, so that we can still make the scheduled completion date for this project as well.

04 Economic value creation

By economic value creation we mean adding measurable financial value to society and our operations. We create this value through and during the execution of our natural gas infrastructure core tasks.

Market parties contract capacity in our gas networks and use our services like gas storage, contract trading and certification. While managing our infrastructure, financial value is created for suppliers, financiers and our shareholder. In addition, the company is worth more because we invest responsibly and carry out maintenance, minimise costs and risks, improve our business processes and accumulate knowledge.

GTS figures

GTS transported 389 TWh of natural gas in the first half of 2022, which is 15% less than the 459 TWh transported in the first half of 2021. Exit transport in the H-gas network and the G-gas network to industries, power stations, and regional transmission system operators was down by approximately 24% in total. Transport volumes were low because of the higher-than-normal temperatures, the high gas prices, the Ukraine crisis, and the conversion of the G-gas market outside the Netherlands. The drop in demand on the consumer side is not reflected in transport figures on a one-on-one basis because transport volumes to storage facilities and exports to Germany were up. Exports to Germany peaked in June.

GTS blended 190 TWh of high-calorific gas (H-gas) with nitrogen to produce low-calorific gas (Groningen-quality gas, or G-gas) in the first half-year of 2022. This is 6% less than in the first half-year of 2021 (201 TWh). The amount of nitrogen used for conversion increased by 10% from 1.8 bcm to 2.0 bcm. *

* There are two reasons behind this increase in the amount of nitrogen used for conversion. H-gas has to be reduced to a lower Wobbe index, i.e. that of G-gas. There are two ways of doing that. On the one hand, it can be done by blending in nitrogen and on the other through 'natural blending,' which is to blend H-gas into G-gas until you get the maximum G-gas Wobbe index. Since there was less demand for G-gas for exports, the natural blending option was not as readily available to GTS, and so they had to use more nitrogen. And given that the Wobbe index of the H-gas also happened to be higher than usual over the past months, the conversion process required greater volumes of nitrogen to reduce the H-gas quality to a G-gas Wobbe index.

In the period from January to the end of May 2022, market parties traded a total of 18,487 TWh of gas on the TTF, around 9% less than the 20,338 TWh traded over the same period in 2021. Gasunie's TTF natural gas exchange continued to be Europe's largest hub by far. Over the first months, TTF's market share remained steady at approximately 78% (compared to 77% in 2021), confirming the importance of a liquid hub for a properly functioning gas market.

GUD figures

Over the first six months of the year, GUD transported 184 TWh of natural gas, up 38% on the 133 TWh transported over the first half of 2021. This increase in volume came on the back of a 66 TWh rise in gas supplies from Norway, a 5 TWh rise in gas supplies from the Netherlands, and a 7 TWh drop in gas supplies from Russia. The remainder of the mutation came as a result of changes in the direction of flow of natural gas across the whole THE market area since October last year.

GUD is receiving large numbers of applications for new connections, including for the connection of permanent and temporary LNG plants. As Germany is switching to natural gas, there is still great scope for carbon emission reduction ahead of the switch to green molecules.

EemsEnergyTerminal

The most important step that Gasunie has taken since the Russian invasion of Ukraine to facilitate the supply of natural gas was to deploy two LNG FSRUs (floating storage and regasification units). These units will be moored at Eemshaven and operated by a newly founded wholly-owned Gasunie subsidiary called EemsEnergyTerminal. The FSRUs will be used to store and regasify LNG that is shipped in from overseas by large tanker ships, following which the natural gas is fed into GTS's natural gas grid. We are also considering building a permanent LNG terminal at Eemshaven, one that we could repurpose for green hydrogen in the future.

Given the threat of Russian gas imports being reduced drastically or cut off altogether, it is crucial that we have these floating LNG plants operational this winter. The FSRUs have been chartered for a period of five years. GTS has permission to recover the costs involved in connecting them to the GTS network through their tariffs, provided that we get approval for the addendum to the investment plan. Any other costs will be paid by EemsEnergyTerminal customers.

Gate terminal expansion

Besides Eemshaven, the existing Gate terminal at Rotterdam's Maasvlakte industrial area will also be optimised to increase LNG regasification capacity. Eemshaven and Rotterdam together will effectively double the Netherlands' LNG capacity for the coming winter period. In addition, Gate will be expanding the number of loading docks for the transfer of LNG onto lorries from three to five. This way, Gate will be able to absorb rising demand in this market segment in a safe and reliable way.

More revenue from auctions

Volatile market conditions have driven up revenue from the auction of capacity on GTS's and GUD's respective entry and exit networks, which has a positive, albeit temporary, effect on both these subsidiaries' operating result. Given that both these network operators' income is regulated, the surplus income will be returned to customers over the following years.

LNG terminals in Germany

Current geopolitical developments have put renewed impetus behind Gasunie's plans for the construction of German LNG, a permanent LNG import terminal in Brunsbüttel in the state of Schleswig-Holstein. Gasunie has signed a declaration of intent with Kreditanstalt für Wiederaufbau (KfW, on behalf of the German government) and RWE to pave the way for the building of this energy terminal. Gasunie's intention is to start building work on the terminal this year, which will in the future also be adapted so that it can handle green and other hydrogen imports. This terminal will make it possible to supply natural gas to regions of Germany that are not connected to the gas pipeline network. Gasunie is the envisioned operator of the terminal.

Besides Gasunie, various other market parties have plans for the construction of a permanent LNG terminal in Stade and for four temporary floating LNG terminals that will be moored in Brunsbüttel, Wilhelmshaven and/or Stade. All these towns are within GUD's network area and GUD will connect these plants to its network. Given that this is a statutory duty of GUD's, GUD can pass the investment costs involved on to its customers by raising its tariffs. Gasunie has made the investment decision for the laying of two connection pipelines of 3km and 55km for the Brunsbüttel FSRU project and plans to take them into use in late 2022 and in 2023 respectively.

Nord Stream

Gasunie owns a 9% stake in the Nord Stream pipeline that has been operational since 2012 and transports Russian gas to Germany. Nord Stream is a Swiss company. The majority of shares (51%) are held by the Russian state-owned company Gazprom. The remaining shares are owned by the Western European energy companies Wintershall Dea (15.5%), E.ON (15.5%) and Engie (9%). The sanctions imposed on Russian and Russia's response to these sanctions are having an effect on the operation of Nord Stream. Nord Stream's board has, therefore, decided to suspend its annual dividend payment to shareholders.

Gazprom Export, as shipper, has booked the entire capacity in Nord Stream. Thus far, Gazprom has always fulfilled its payment obligations to Nord Stream. If that were to change, Nord Stream may end up with an income deficit that would impede it from covering its operating expenses. Gasunie measures its interest in Nord Stream at fair value, which is based on an estimate of future cash flows from Nord Stream, offset against the discount rate based on the associate's risk profile. As of July 2022, we will measure our interest in Nord Stream at € 240.3 million, which boils down to a € 267.8 drop on year-end 2021. This change in fair value does not affect the profit and loss account, as it is taken directly to Gasunie's equity. For further information, please refer to the [Further notes to the condensed consolidated financial statements](#).

Any future sanctions impeding banks from maintaining their financing of Nord Stream may lead to Nord Stream having to repay its existing loans with immediate effect. If that were to happen, Nord Stream might not have the means to repay such loans and end up in financial distress. While Gasunie is a Nord Stream shareholder, Gasunie cannot be obliged to pay any additional amounts and has - as security for the banks - pledged only its shares in Nord Streams. As a result, Gasunie's financial risk in the event of a Nord Stream bankruptcy would be limited to its shares in Nord Stream.

High energy costs

Like many other companies, Gasunie is facing steep energy price rises. Business units such as BBL and EnergyStock can pass most of these costs on to their customers. GTS was able to do the same in 2021, albeit not for all their costs. The tariff decision by the Netherlands Authority for Consumers and Markets (ACM) for GTS in 2023 increases the average total tariff for 2023 by 19% *, partly on the back of the fact that GTS is able to offset high energy costs incurred in 2021 in their future tariffs.

* Under the 2016-2021 methodology decision [Methodebesluit 2016-2021], GTS was still allowed to offset all energy costs incurred as part of quality conversion activities through its future tariffs.

The current regulatory period allows for the offsetting of energy costs in future tariffs only to a very limited degree. Under the current methodology decision for GTS (2022-2026), the energy costs for gas transmission cannot be offset in future tariffs at all and it is only allowed to a limited degree for the energy costs involved in the quality conversion, i.e. converting high-calorific gas from outside the Netherlands to Groningen-quality gas by adding nitrogen. Only volume changes for quality conversion can be offset. The price risk involved in the electricity needed for this is borne entirely by GTS. GTS has lodged an appeal against this change.

The steep rise in energy prices has pushed up the costs of quality conversion and gas transport equally steeply. GTS wants to be able to fully offset energy volume and price changes that GTS has no influence over. In Germany, regulations do allow GUD to offset these costs in future tariffs in full.

New Vertogas platform

Vertogas switched IT platforms in March. The new platform supports the full green gas certification process – from production to billing – and is more user-friendly than its predecessor. Every month, Vertogas issues Guarantees of Origin (GoOs) based on measured volumes of green gas produced. These GoOs can subsequently be traded via the trading modules of this new IT platform.

Sustainability-linked bond

Gasunie issued a bond loan in June that raised € 500 million in the capital market. This loan was subsequently actually taken up on 11 July. The bond issue was needed because one of our older bonds was set to expire. Like the previous bond, the new bond is a sustainability-linked bond. For this new bond loan, we have set two targets that have to be hit by 31 December 2030. The first target is specific to the gas transmission sector as it entails reducing methane emissions by approximately 50% compared to 2020. We have already brought these emissions down by 24% over the 2016-2020 period. The second target relates to the CO₂e emissions under Gasunie's own control, which it must reduce by 30% by 2030. The sustainability targets could result in a coupon increase of 0.125% if Gasunie has not achieved one target by 31 December 2030, and of 0.25% if we have failed to achieve either target.

05 Social value creation

To Gasunie, social value creation means to add value to society and the company that cannot instantly be captured in financial figures. In the long run, social value can turn into economic value or other kinds of value. The billions of euros we will be investing over the coming years to enable the energy transition, for example, will contribute to future security of supply, climate targets, and help our customers continue their operations in a sustainable way. We are also creating social value by making our own day-to-day operations more sustainable and social.

Zuidbroek

By blending high-calorific gas from outside the Netherlands with nitrogen, we create low-calorific gas, i.e. Groningen-quality gas. GTS is in the process of ramping up blending capacity so that gas production from the Groningen field can be ceased. Completion of the nitrogen installation in Zuidbroek, which is the final piece of the puzzle of weaning the Netherlands off gas from the Groningen field, was delayed over the past two years due to the pandemic.

To top up the gas stores to a significant level for the coming winter period and thus increase security of supply, Gasunie foresees that additional production from the Groningen field will be needed in the current gas year (October 2021-October 2022) compared to last year's original decision. The nitrogen installation will now, with hard work and assuming a considerable concerted effort between the contractor and its subcontractors, be ready for commissioning in October. We regret that even with all the extra effort and investments we have put in, we have been unable to prevent this setback.

Advice to the Dutch government

Due to the exceptional market conditions, there is great uncertainty over various factors that could affect gas extraction from the Groningen field. GTS has, therefore, included an outline of the impact of the changing planning circumstances in its advice to the Dutch State Secretary. As gas prices skyrocket due to the Russian invasion of Ukraine and looming gas shortages, we are seeing a slump in demand from the market. The search for alternatives to Russian gas has driven up LNG imports to historically high levels, which, in turn, means that more nitrogen is needed to convert that imported gas to the right gas quality. Efforts by the market and Gasunie to reduce production from the Groningen field are also leading to unprecedented use of nitrogen.

These factors are also affecting how much gas is needed from the Groningen field to ensure security of supply. GTS has advised the State Secretary for Mining that the production (or any additional production) actually required from the Groningen field will not be determined until the end of the current gas year, so that market developments and realisations can be taken into account during the gas year. At the moment of writing, the state secretary assumes that the Groningen field can be closed in 2023 or 2024.

Gasunie's stakeholder engagement platform

Gasunie's stakeholder engagement platform, which went online in the Netherlands in April, makes all kinds of information available to farmers and growers, contractors, local authorities, organisations, and educational institutions, while also letting them arrange other things in a way that is easy and clear. The platform lets them, for example, submit data requests, schedule a preliminary meeting, or report [crop damage](#). An interactive map shows the exact location of Gasunie's pipelines so that users can instantly report a damaged or defective Gasunie asset, for example, or submit a data request.

National hydrogen network roll-out plan

In June, Gasunie presented the roll-out plan for the national hydrogen network that will be operated by its subsidiary HyNetwork Services. This plan details the order in which the various pipelines will be laid. We are prioritising regions where market parties have given the firmest commitments. One of these is the Rotterdam region, where we are working on a firm commitment with Shell, as well as with other parties with strong initiatives. The 32km-long [Rotterdam Hydrogen Network](#) between Pernis and the Maasvlakte industrial area is planned to be completed by late 2024/early 2025 and is part of the national hydrogen network that we expect to have up and running in 2027. Given the expected growth of hydrogen production using offshore wind farms, we are, together with the Dutch government, exploring whether there is also a need for a public offshore hydrogen network with connections to other countries around the North Sea.

ACE Terminal

Besides domestic hydrogen production, large-scale green hydrogen import will be essential in enabling the European energy and feedstock transition. Gasunie and Vopak, therefore, intend to jointly develop infrastructure for the import of hydrogen carriers into north-western Europe through ports in the Netherlands and Germany. The intended infrastructure will be made up of import terminals and enable onward distribution of green hydrogen to end users by pipeline, waterways, road, rail, and other means. Import initiatives are developing fast: the first import streams to Germany and the Netherlands are expected to materialise in 2025. Gasunie and Vopak have been working together for some time. They are the joint owners of the Gate LNG terminal in the Port of Rotterdam that was commissioned in 2011.

Plans for an import terminal are the most advanced at the Maasvlakte industrial area of the Port of Rotterdam, which is where Gasunie and Vopak want to build, in partnership with HES International, an import terminal for green ammonia as a hydrogen carrier. Work on the basic design of this import terminal has already started. The aim is to have the terminal at Maasvlakte, which will be called [ACE Terminal](#), operational from 2026.

Porthos

In mid-June, the Dutch Council of State reported that it has again delayed its ruling on the partial exemption ('construction exemption') for Porthos. The Council of State has not given a new date when we can expect the ruling. Porthos is a crucial element in achieving the Dutch emission targets. As a result, other CCS projects that Gasunie and its consortium partners are working on, such as Aramis, also continue in a state of uncertainty.

WarmtelinQ extension

Gasunie has decided to invest in extending WarmtelinQ from Rijswijk to Leiden, thus creating a broader customer base for this heat grid that uses heat waste from industry in the Port of Rotterdam. The schedule for construction of the original pipeline that runs from Vlaardingen to The Hague via Rijswijk will be amended following Gasunie's reallocation of part of the insulated pipes to the temporary LNG facilities that are being built at Eemshaven. This involves a total of three kilometres of pipeline. WarmtelinQ's scheduled completion date will not have to be pushed back.

CSR dashboard

Gasunie is taking its Corporate Social Responsibility very seriously, with specific and ambitious targets in our Gasunie Green Deals. We have created an [online dashboard](#) showing our progress in making our operations greener and more social. Most of our Green Deals are targets we intend to achieve by 2030, with an intermediate target in 2023.

Statement of the Executive Board



07 Statement of the Executive Board

(as defined in Article 5:25d, paragraph 2(c) of the Dutch Financial Supervision Act)

The members of the Executive Board hereby declare that, to the best of their knowledge,

1. the interim financial statements give a true and fair view of the assets, liabilities, financial position and result of the company and the undertakings included in the consolidation taken as a whole; and that
2. the half-year report gives a true and fair view of material events that occurred in the first six months of the year and the impact of such events on the interim financial statements, and provides a description of the principal risks and uncertainties faced in the remaining six months of the financial year in question.

Mr J.J. Fennema*, chair

Ms J. Hermes*

Mr B.J. Hoevers

Mr U. Vermeulen

Groningen, 19 July 2022

* Director under the Articles of Association

Half-year report



08 Consolidated interim financial statements

Condensed consolidated statement of financial position as at 30 June 2022

(before appropriation of result)

<i>In millions of euros</i>	<i>Notes</i>	30 June 2022	31 Dec. 2021
Assets			
Fixed assets			
- tangible fixed assets	4	9,173.4	9,077.5
- investments in joint ventures	5	335.2	286.6
- investments in associates		0.6	0.5
- other equity interests	9	247.4	515.2
- deferred tax assets		246.2	258.0
Total fixed assets		10,002.8	10,137.8
Total current assets		408.3	342.0
Assets held for sale	5	24.9	-
Total assets		10,436.0	10,479.8

<i>In millions of euros</i>	<i>Notes</i>	30 June 2022	31 Dec. 2021
Liabilities			
Total equity			
attributable to shareholder	1	6,206.2	6,429.3
Non-current liabilities			
- interest-bearing loans	6, 9	2,506.7	2,506.0
- lease liabilities		167.8	96.9
- contract liabilities		45.3	46.2
- deferred tax liabilities		207.4	193.9
- other non-current liabilities and provisions		117.4	147.0
Total non-current liabilities		3,044.6	2,990.0
Current liabilities			
- current financing liabilities	7	509.2	744.2
- lease liabilities		8.0	7.8
- trade payables, corporate income tax, other payables and contract liabilities	8	668.0	308.5
Total current liabilities		1,185.2	1,060.5
Total liabilities		10,436.0	10,479.8

Condensed consolidated statement of profit and loss for the first half of 2022

<i>In millions of euros</i>	<i>Notes</i>	First half-year of 2022	First half-year of 2021
Continuing operations			
Revenues	2, 3	896.9	717.2
Capitalised expenses		32.6	31.3
Personnel expenses and other operating expenses	1	-455.7	-286.2
Depreciation expenses		-167.0	-166.1
Total expenses		-590.1	-421.0
Operating result		306.8	296.2
Finance income and expenses		-20.1	-33.5
Share in result of joint ventures	5	18.1	14.1
Result before taxation		304.8	276.8
Income taxes		-77.3	-69.7
Result after taxation		227.5	207.1

Consolidated statement of other comprehensive income for the first half of 2022

<i>In millions of euros</i>	<i>Notes</i>	First half-year of 2022	First half-year of 2021
Result after taxation according to consolidated statement of profit and loss		227.5	207.1
Sum of actuarial gains and losses on employee benefits,		29.8	9.5
of which corporate income tax		-8.8	-2.8
Total of results taken to equity which will not be reclassified subsequently to profit and loss		21.0	6.7
Changes in other participating interests measured at fair value	9	-267.8	15.6
Changes in the cash flow hedge reserve concerning joint ventures and associates	5	14.0	5.8
Total of results taken to equity which will be reclassified subsequently to profit and loss		-253.8	21.4
Total comprehensive income for the year		-5.3	235.2
Attributable to shareholder		-5.3	235.2

Consolidated statement of changes in equity for the first half of 2022

<i>In millions of euros</i>	Share capital	Fair value reserve	Other reserves	Unappropriated result	Total
First half-year of 2022					
Balance as at 1 January 2022	0.2	335.4	5,782.9	310.7	6,429.2
Total of comprehensive income for the financial year	-	-267.8	35.0	227.5	-5.3
Dividend paid for 2021	-	-	-	-217.5	-217.5
Added to other reserves	-	-	93.2	-93.2	-
Balance as at 30 June 2022	0.2	67.6	5,911.1	227.5	6,206.2
First half-year of 2021					
Balance as at 1 January 2021	0.2	336.5	5,404.6	599.7	6,341.0
Total of comprehensive income for the financial year	-	15.6	12.5	207.1	235.2
Dividend paid for 2020	-	-	-	-262.3	-262.3
Added to other reserves	-	-	337.4	-337.4	-
Balance as at 30 June 2021	0.2	352.1	5,754.5	207.1	6,313.9

Condensed consolidated cash flow statement for the first half of 2022

<i>In millions of euros</i>	<i>Notes</i>	First half-year of 2022	First half-year of 2021
Cash flow from business operations		799.7	537.2
Net amount of interest paid and received, corporate income tax and dividends received	5	-57.3	-75.4
Cash flow from operating activities		742.4	461.8
Cash flow from investing activities	4	-227.6	-141.4
<i>Cash flow from financing activities</i>			
Uptake of long-term loans	6	-	240.0
Repayment of long-term loans	6	-	-300.0
Lease payments		-4.2	-4.6
Change in short-term financing	7, 8	-234.9	15.0
Dividend paid	1	-217.5	-262.3
Cash flow from financing activities		-456.6	-311.9
Net cash flow for the financial year		58.2	8.5
Cash and cash equivalents at previous year-end		38.3	17.9
Cash and cash equivalents at year-end	8	96.5	26.4
Change in cash and cash equivalents		58.2	8.5

Notes to the condensed consolidated interim financial statements for 2022

General

Preparation of the interim financial statements

The 2022 interim financial statements were prepared by the Executive Board on 19 July 2022.

Reporting entity

N.V. Nederlandse Gasunie (hereinafter also 'Gasunie' or 'the company') is a European energy infrastructure company. Domiciled in Groningen, the Netherlands, the company's primary activity is to provide regulated transport services in the Netherlands and Germany. Gasunie is increasingly making its infrastructure and knowledge available for the further development and integration of alternative energy sources and carriers, such as hydrogen, heat and green gas, as well as the development of CCS. Gasunie is moreover involved in joint arrangements for pipelines that connect the Gasunie transport network with markets outside the Netherlands. Gasunie also provides other energy infrastructure services, including gas storage and the certification of green gas.

The company has its registered and actual office at Concourslaan 17, Groningen, Netherlands, and is registered with the Chamber of Commerce under number 02029700. N.V. Nederlandse Gasunie is the ultimate parent of the group. All shares in N.V. Nederlandse Gasunie issued as at the balance sheet date are held by the Dutch State.

Reporting period

These condensed consolidated interim financial statements (hereinafter called 'the interim financial statements') relate to the first six months of the 2022 financial year, with 30 June 2022 being the balance sheet date.

Presentation and functional currency

The interim financial statements are presented in euros, which is also the company's functional currency. Unless otherwise specified, all amounts are in millions of euros.

Going concern

These interim financial statements have been prepared on a going concern basis.

Seasonal influence

Due in part to meteorological conditions, Gasunie's revenue and costs are not spread out evenly over the year. Both revenue and costs are subject to seasonal influences. The company's core activity is the transmission of natural gas through the gas transport network. Revenues consist of the sale of the available transport capacity and transport-related services. Over the winter months, customers book considerably more capacity than over the summer period. As a result, revenue is higher in the winter months than in the other months of the year. One part of the costs of network operations depends on actual volumes of gas transported, while the other part is fixed. Larger gas transmission volumes in the winter months lead to higher costs over that period compared to the rest of the year.

Management judgements and estimates

In preparing the interim financial statements, management has used estimates and assessments that could affect the assets and liabilities presented as at the balance sheet date and the result for the first six months of the financial year. The actual results may differ from these estimates. Management reviews the estimates and underlying assumptions on a periodic basis. Revisions to estimates are recognised in the period in which the estimate is revised and in future periods that are affected by the review.

The effect of management's judgements and estimates is significant for the:

- measurement and determination of the service life of fixed assets;
- measurement of other participating interests;
- measurement and determination of the provision for abandonment costs and redevelopment;
- measurement of deferred tax assets;
- measurement of pension obligations;
- classification of equity interests.

Basis for preparation

Statement of compliance

The interim financial statements capture the company's periodic interim information and were prepared in compliance with IAS 34 'Interim Financial Reporting', as adopted by the European Union. Since these interim financial statements do not contain all notes that are normally included in the financial statements for a full year, they must be read in conjunction with N.V. Nederlandse Gasunie's 2021 consolidated financial statements.

The interim financial statements have been reviewed by an independent auditor (PwC Accountants N.V.). The auditor's [review report](#) is included after the interim financial statements.

Accounting policies for the consolidation, measurement of assets and liabilities and the determination of the results

The company prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union. In this context, IFRS comprises the International Accounting Standards (IAS) published by the International Accounting Standards Board and the interpretations of IFRS and IAS published by the IFRS Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC) respectively.

The accounting policies used in preparing the 2022 interim financial statements are the same as those used to prepare the 2021 consolidated financial statements, except for the new and amended standards detailed in the next section.

New and amended standards for financial reporting

The following amendments to standards became effective at the start of the 2022 financial year:

- Amendments to IFRS 3 Business Combinations
- Amendments to IAS 16 Property, Plant and Equipment
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets
- Annual Improvements 2018-2020

The following amendments to standards will become effective at the start of the 2023 financial year:

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
- IFRS 17 Insurance Contracts; including Amendments to IFRS 17

Furthermore, the standards or amendments to them listed below are expected to become effective in the near future. EU endorsement has not yet been given for these standards:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current – Deferral of Effective Date
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information

An analysis by the company revealed that the already adopted standards and those still to be endorsed have or will have no material impact on the company's equity and result and that there are no significant additional disclosures required. For that reason, the consequences of these amendments for the company have not been described in detail in these interim financial statements.

Further notes to the condensed consolidated financial statements

1. Significant matters and transactions in the first half of 2022

Nord Stream valuation

On 30 June 2022, the fair value of Gasunie's 9% participating interest in Nord Stream was revised. The risk profile of Nord Stream's activities has changed, mainly as a result of uncertainty caused by the Russian invasion of Ukraine, the sanctions imposed on Russia in response, and the measures proposed to reduce dependence on Russian gas. The change in the risk profile has consequences for the relevant discount rate that Gasunie uses to calculate the fair value of the 9% interest in Nord Stream. The higher discount rate as at 30 June 2022 leads to a downward adjustment of the fair value amounting to € 267.8 million. This adjustment has been recognised in other comprehensive income. As at 30 June 2022, the fair value of Gasunie's 9% participating interest in Nord Stream stood at € 240.3 million. Gasunie's activities in respect of Nord Stream are fully in compliance with the European and Dutch sanctions policy.

For more detailed information about the adjustment in the fair value of Nord Stream, see [note 9 'Financial instruments'](#).

EemsEnergy Terminal B.V.

One of the measures taken to reduce dependence on Russian gas is to facilitate natural gas supplies to the Netherlands and Europe from other countries. Gasunie is helping to reduce dependence on Russia through its newly founded group company EemsEnergy Terminal B.V. (EemsEnergyTerminal). EemsEnergyTerminal will do so by deploying two LNG FSRUs (floating storage and regasification units) for a period of five years. These FSRUs are expected to be ready for operation at the port of Eemshaven from the second half of 2022 and will be used to store and regasify LNG shipped in by third-party LNG tanker ships. After having been returned to a gaseous stage, the natural gas can be fed into GTS's gas transport network. Gasunie is also exploring the option to build a permanent LNG terminal at Eemshaven. Such a terminal could in the long term be repurposed to process green hydrogen. In preparation for all of this, Gasunie has leased a number of sites at Eemshaven.

The present value of the leases for the two FSRUs totals approximately USD 400-500 million for a period of five years. These liabilities were not yet recognised in the balance sheet as at 30 June 2022 because Gasunie does not yet have the FSRUs under its control. Control will be obtained once the FSRUs have moored at Eemshaven and all protocols for transfer to EemsEnergyTerminal have been completed. The present value of the leases for the sites for a period of 40 years totals approximately € 75.0 million. Gasunie has control over the leased sites as at 30 June 2022. The underlying leases have been recognised in the balance sheet as per 30 June 2022 as right-of-use asset and right-of-use liability.

The fixed costs involved in the USD-denominated liabilities for the chartering of the two FSRUs have been hedged using forward exchange contracts for the full lease term as per the treasury statute. The average forward price compared to the euro is approximately \$ 1.10.

Trend in energy costs

Gasunie faces substantial prices for the gas and electricity it buys for its gas transport operations, balancing actions in the gas transport network, and the internal and external production of nitrogen for quality conversion. Current energy prices far exceed the levels from early 2021 and continue to be volatile in today's tense energy markets.

On 1 January 2022, the *Methodebesluit GTS 2022-2026* [2022-2026 methodology decision for GTS] came into effect, meaning that certain energy costs incurred by Gasunie's group company GTS can no longer be offset (in full) in future tariffs. GTS has filed an appeal against this decision with the Dutch Trade and Industry Appeals Tribunal (CBb), which is expected to look at the substance of this appeal in the second half of 2022. GTS holds the view that it should be able to offset volume and price changes for all energy costs that GTS has no influence over.

The outcome of this appeal may have consequences for the valuation of the gas transport network in the Netherlands. More information about the valuation of the gas transport network in the Netherlands and the appeal lodged with the Dutch Trade and Industry Appeals Tribunal (CBb) is provided in [note 4 'Tangible fixed assets'](#).

In Germany, current regulations do allow for costs relating to energy price trends to be passed on through future tariffs.

Dividend payment and transactions with related parties

In the first half of 2022, Gasunie paid out € 217.5 million (first half of 2021: € 262.3 million) in dividend to its sole shareholder, the Dutch State. This was the appropriation of the result for the 2021 financial year following a decision by the General Meeting of 29 March 2022.

The nature of other transactions with related parties in the first half of 2022 is the same as reported in the 2021 consolidated financial statements. Transactions with related parties in the first half of 2022 were on an arm's length basis.

2. Financial information by operating segment

Segmentation

The financial information is segmented in line with the Group's activities. The operating segments reflect the Group's management structure and the business units. Gasunie differentiates between the following segments:

- **Gasunie Transport Services**

This segment covers network operations in the Netherlands and is responsible for managing gas transport, developing the network and related plants, and promoting market forces.

- **Gasunie Deutschland**

This segment covers network operations in Germany and is responsible for managing gas transport, developing the network and related plants, and promoting market forces.

- **Participations**

This segment focuses on developing energy transition projects, utilising existing participating interests to the full and facilitating new gas flows to north-western Europe using an LNG connection and long-distance pipelines. This segment also includes a number of joint arrangements for pipelines that connect the Gasunie transport network with markets outside the Netherlands.

The accounting policies for measurement of assets and liabilities and the determination of the results of the operating segments used to prepare the 2022 interim financial statements are the same as the accounting policies used in preparing the 2021 consolidated financial statements.

The assets, revenues and results of a segment comprise items directly related to the segments and items that can reasonably be attributed to them. Because the financing of Gasunie mainly takes place at group level, liabilities are not segmented and not reported on separately. Transactions between companies which belong to the segments are on arm's length basis. Transactions between the segments have been eliminated in the financial information by operating segment.

Information on revenue and results by operating segment

Each operating segment's revenue and result are as follows:

<i>In millions of euros</i>	Revenue		Result	
	First half-year of 2022	First half-year of 2021	First half-year of 2022	First half-year of 2021
Operating segments				
- Gasunie Transport Services	658.0	518.6	218.2	211.2
- Gasunie Deutschland	171.4	142.7	68.2	72.8
- Participations	121.3	76.9	20.4	12.2
Inter-segment adjustments	-53.8	-21.0	-	-
Operating segments total	896.9	717.2	306.8	296.2
Unallocated financial income and expenses			-2.0	-19.4
Result before taxation			304.8	276.8
Income taxes			-77.3	-69.7
Revenue and result after taxation for the year	896.9	717.2	227.5	207.1

Consolidated net revenue rose by 25.1% compared to the first half of 2021 (first half of 2021: increase of 0.8%). The significant increase in revenue generated by the GTS segment came primarily on the back of growth in revenue from the auction of transmission capacity and a rise in entry tariffs for 2022. However, these developments did not result in a substantially higher result because network and energy costs were also up considerably. GTS will have to settle the higher revenue with market parties in 2024. The Gasunie Deutschland segment also saw its revenue rise, primarily due to changing gas flows and slightly higher tariffs. The result, however, was down due to significantly higher network and energy costs. Gasunie Deutschland is allowed to pass the increase in network and energy costs on to the market through higher tariffs in the future. The Participations segment also saw its revenue affected considerably by higher network and energy costs. In many cases, these increased network and energy costs are borne by customers, which leads to higher revenue. The Participations segment's revenue and result were also pushed up by increased capacity sales.

Inter-segment services represented a total value of € 53.8 million in the first half of 2022 (first half of 2021: € 21.0 million). During the first half of 2022, the Gasunie Transport Services segment provided inter-segment services to the value of € 18.8 million (first half of 2021: € 7.0 million), the Gasunie Deutschland segment provided inter-segment services to the value of € 0.1 million (first half of 2021: € 0.2 million) and the Participations segment provided inter-segment services to the value of € 34.9 million (first half of 2021: € 13.7 million).

Information on assets by operating segment

Each operating segment's assets are as follows:

<i>In millions of euros</i>	Assets	
	30 June 2022	31 Dec. 2021
Operating segments		
- Gasunie Transport Services	6,612.8	6,591.9
- Gasunie Deutschland	1,637.3	1,644.0
- Participations	1,531.4	1,641.3
Operating segments total	9,781.5	9,877.2
Unallocated assets	654.5	602.6
Total consolidated assets	10,436.0	10,479.8

Unallocated assets comprise deferred tax assets and current assets. Assets held for sale are recognised under the Participations segment. The main investments are described in [note 4 'Tangible fixed assets'](#).

3. Revenue recognition

In addition to [note 2 'Financial information by operating segment'](#), the following will provide further details and analysis of revenue.

Information about operating activities

The company categorises its revenues according to the way in which economic factors influence the nature, amount, timing and uncertainty of the cash flows. A distinction can be made between two categories in the case of Gasunie. The first revenue stream is revenue from regulated transport and related services, as generated by the Gasunie Transport Services and Gasunie Deutschland segments. The Dutch and German regulatory authorities set the permitted income for this revenue stream for the long term.

The second revenue stream relates to non-regulated services and/or those exempt from regulation. Income from these services is determined by the market forces of supply and demand. Revenue from the non-regulated services and/or those exempt from regulation is almost completely generated by the Participations segment.

Revenue for each operating activity is as follows:

<i>In millions of euros</i>	Revenue	
	First half-year of 2022	First half-year of 2021
Regulated services	786.6	640.3
Non-regulated and/or exempt services	110.3	76.9
Total revenue	896.9	717.2

Information on products and services

Revenue can be divided into revenue from gas transport and related services and from other activities. Gas transport and associated services covers revenue from regulated gas transport and from non-regulated or exempt gas transport. Other activities includes revenue from gas storage services.

The breakdown is as follows:

<i>In millions of euros</i>	Revenue	
	First half-year of 2022	First half-year of 2021
Gas transport and related services	849.2	666.8
Other services	47.7	50.4
Total revenue	896.9	717.2

Geographical information

Revenue per geographical area is determined on the basis of the area where the activities take place (in or outside the Netherlands). The geographical distribution of the revenue is as follows:

<i>In millions of euros</i>	Revenue	
	First half-year of 2022	First half-year of 2021
Netherlands	675.1	548.0
Outside the Netherlands	221.8	169.2
Total revenue	896.9	717.2

4. Tangible fixed assets

Investments

Investments in tangible fixed assets in the first half of 2022, not including additions on account of right-of-use assets, represented a total value of € 132.5 million (first half of 2021: € 126.3 million). These investments relate primarily to the construction of Gasunie Transport Services' nitrogen installation in Zuidbroek, as well as the creation of the WarmtelinQ heat transport pipeline. Gasunie entered into conditional investment obligations amounting € 120.3 million as of 30 June 2022 (year-end 2021: € 168.0 million). These obligations relate mainly to the Zuidbroek nitrogen installation, development of the WarmtelinQ heat grid, LNG activities at Eemshaven, regular replacement investments in the Netherlands, and several expansion investments in Germany.

Investments in right-of-use assets totalled approximately € 77.7 million (first half of 2021: € 4.3 million) and consist predominantly of lease of a number of plots of land at Eemshaven for the intended operations of EemsEnergyTerminal (see [note 1 'Significant matters and transactions in the first half of 2022'](#)).

Impairment of fixed assets

At regular intervals, management determines whether there is any incidence or indication of impairment of fixed assets. The following will provide further analysis of impairment tests for each significant cash-generating unit.

Gas transport network in the Netherlands

The valuation of the gas transport network in the Netherlands partly depends on the company's regulated income. In early 2021, the company analysed the valuation of the gas transport network following the 2022-2026 methodology decision for GTS published on 1 February 2021. The outcomes of this analysis were already recognised in the 2020 financial statements.

In early 2021, both Gasunie's group company GTS B.V. and market parties filed a pro forma appeal against the methodology decision with the Dutch Trade and Industry Appeals Tribunal (*College van Beroep voor het bedrijfsleven* [CBB]). The grounds for this appeal were further detailed in December 2021 in a notice of appeal filed with the Trade and Industry Appeals Tribunal. GTS's objections relate to the robustness of the benchmark analysis, including how static efficiency is determined, how the regulated return is determined, and the regime of offsetting energy procurement costs in future tariffs. The first written round of the process has meanwhile taken place; further oral proceedings are scheduled for September 2022 through to January 2023. The outcome of this appeal may have consequences for the valuation of the gas transport network in the Netherlands.

The company's assessment does not show any other incidence or indication of impairment of the gas transport network in the Netherlands as at 30 June 2022.

Gas transport network in Germany

The valuation of the gas transport network in Germany partly depends on the company's regulated income. The German regulatory authority (Bundesnetzagentur) is currently working on regulatory legislation for the fourth regulation period covering 2023 to 2027. By 30 June 2022, only a limited number of relevant details from this legislation had been published. An analysis conducted in late 2021 showed that the developments were having a relatively minor impact up to that time. In the first half of 2022, no new details regarding the fourth regulation period were published. Further information is expected in the second half of 2022.

The company's assessment has not revealed any other incidence or indication of an impairment of the gas transport network in Germany as at 30 June 2022.

BBL Company

Management's assessment has not revealed any incidence or indication of an impairment of BBL Company's tangible fixed assets as at 30 June 2022.

EnergyStock

Management's assessment has not revealed any incidence or indication of an impairment of EnergyStock's tangible fixed assets as at 30 June 2022.

Other tangible and financial fixed assets

Management's assessment has not revealed any incidence or indication of an impairment of other tangible and financial fixed assets as at 30 June 2022.

5. Investments in joint ventures

Joint ventures

The movements in joint ventures over the first half of 2022 were as follows:

<i>In millions of euros</i>	First half-year of 2022	2021
Balance as at 1 January	284.0	241.2
Acquisitions	25.8	-
Investments	39.9	19.9
Changes in equity	14.0	11.4
Result from joint ventures	18.1	29.3
Dividend received	-24.3	-17.8
Classified as 'assets held for sale'	-24.9	-
Closing balance as at 30 June and 31 December respectively	332.6	284.0
Loans to joint ventures	2.6	2.6
Total investments in joint ventures as at 30 June and 31 December respectively	335.2	286.6

The main investments and acquisitions in the first half of 2022 relate to Porthos (a project to store CO₂ produced by industry in the port of Rotterdam in empty gas fields below the North Sea bed) and German LNG (a project to build a permanent LNG terminal in Brunsbüttel, Germany).

Geopolitical developments in the first half of 2022 led to a change in German LNG's shareholding structure. Gasunie acquired all shares in the consortium from the former shareholders Royal Vopak and Oiltanking. Gasunie has signed a Memorandum of Understanding with Kreditanstalt für Wiederaufbau (KfW, on behalf of the German government) and RWE for the construction of an LNG terminal. Gasunie is the envisioned operator of the terminal and plans to transfer the majority of its shares to KfW and RWE in the second half of 2022, whereby the three parties will still have joint control of the entity after the share transfer. Given that Gasunie did not obtain full control of German LNG, the remaining shareholding still qualifies as a joint venture and measurement based on the equity method has been maintained. The shareholding to be transferred has been recognised as assets held for sale.

The direct movements in equity relate to the remeasurement of the interest in Gate terminal as a consequence of the change in fair value of one of Gate terminal's cash flow hedges. Gasunie has recognised this change in equity in other comprehensive income.

6. Interest-bearing loans

On 30 June 2022, the nominal amount of € 3,009.2 million (year-end 2021: € 3,009.2 million) in non-current loans comprised € 2,119.2 million (year-end 2021: € 2,119.2 million) in bond loans and € 890.0 million (year-end 2021: € 890.0 million) in private loans. The transaction costs and discount still to be amortised amounted to € 8.3 million (year-end 2021: € 9.0 million).

Movements in interest-bearing loans are as follows:

<i>In millions of euros</i>	First half-year of 2022	2021
Principal amount as at 1 January	3,140.0	3,300.0
Total repayments as at 1 January	-130.8	-197.6
Remaining principal amount as at 1 January	3,009.2	3,102.4
Costs and discounts on loans to be amortised	-9.0	-9.1
Balance as at 1 January	3,000.2	3,093.3
Movements in the first half-year and the financial year respectively		
Repayments	-	-733.2
Loans and bonds issued	-	640.0
Amortisation of costs and discounts on loans	0.7	1.3
Addition of costs and discounts	-	-1.3
Total movements in the first half-year and the financial year respectively	0.7	-93.2
Principal amount as at 30 June and 31 December respectively	3,140.0	3,140.0
Total repayment as at 30 June and 31 December respectively	-130.8	-130.8
Remaining principal amount as at 30 June and 31 December respectively	3,009.2	3,009.2
Costs and discounts on loans to be amortised	-8.3	-9.0
Balance as at 30 June and 31 December respectively	3,000.9	3,000.2
Included under current liabilities	-494.2	-494.2
Total	2,506.7	2,506.0

In the first half of 2022, the company did not repay any interest-bearing loans (first half of 2021: € 300.0 million). In the first half of 2022, the company did not take out any new loans (first half of 2021: € 240.0 million).

N.V. Nederlandse Gasunie provided no security to its credit providers for the interest-bearing loans and other facilities. The existing loan conditions remained unchanged compared to 2021. The repayment schedule is as follows:

<i>In millions of euros</i>	First half-year	Second half-year	Total
Repayment in			
2022	-	494.2	494.2
2023	-	225.0	225.0
2024	-	175.0	175.0
2025	-	125.0	125.0
2026	650.0	-	650.0
after 2026			1,340.0
Total repayment obligations			3,009.2

The company has a non-committed overdraft facility of € 45.0 million (year-end 2021: € 45.0 million), a committed credit facility of € 600.0 million (year-end 2021: € 600.0 million), a € 750.0 million Euro Commercial Paper programme (year-end 2021: € 750.0 million) and a € 7.5 billion EMTN programme (year-end 2021: € 7.5 billion). The committed credit facility was extended by one year in March 2022 and now has a term until April 2027. No funds were drawn on the committed credit facility over the past half year. However, as part of its normal operational activities, Gasunie has regularly raised short-term loans on the money market in the form of deposit loans and debt securities under the ECP.

Under the EMTN programme, € 2,119.2 million was issued in loans as at 30 June 2022 (year-end 2021: € 2,119.2 million). The EMTN programme was renewed in June 2022 and will run through to 17 June 2023. Further information about a sustainability-linked bond issued in July 2022 is provided in [note 10 'Events after the balance sheet date'](#).

The long and short-term credit ratings by S&P and Moody's did not change over the first half of 2022.

7. Current financing liabilities

Current financing liabilities are as follows:

<i>In millions of euros</i>	30 June 2022	31 Dec. 2021
Repayment obligation on non-current loans	494.2	494.2
Short-term loans	15.0	250.0
Total current financing liabilities	509.2	744.2

More detailed information about non-current interest-bearing loans can be found in [note 6 'Interest-bearing loans'](#).

By June 2022, the company had drawn € 15.0 million (year-end 2021: € 250.0 million) in current interest-bearing loans at prevailing market rates. This concerns deposits taken and commercial paper issued with terms of less than one year (in practice ranging between one and ninety days). Further details of the lower balance of deposits taken and commercial paper issued are provided in [note 8 'Contract liabilities, corporate income tax, and trade and other payables'](#).

8. Contract liabilities, corporate income tax, and trade and other payables

As a result of volatility in the energy markets, Gasunie has asked for and received additional security from its customers as necessary to mitigate the credit risk on trade and other receivables. On the whole, this additional security was provided in the form of interest-bearing security deposits. The balance of security deposits received is up € 267.2 million on year-end 2021. As a result, trade and other payables are also up considerably on year-end 2021.

Due to the security deposits received, the company's liquidity increased over the first half of 2022, meaning that the company needed less short-term financing. The balance of deposits taken and commercial paper issued with terms of under one year had dropped to € 15.0 million by the end of June 2022 (year-end 2021: € 250.0 million).

9. Financial instruments

In these interim financial statements, the following financial instruments are recognised:

- Other participating interests
- Interest-bearing loans
- Other primary financial instruments
- Derivative financial instruments

Gasunie uses the following hierarchy of measurement methods to determine the fair value of financial instruments:

Level 1:	Based on quoted prices on active markets for the same instrument.
Level 2:	Based on prices on active markets for comparable instruments, or based on other valuation methods, with all required key data being derived directly or indirectly from publicly available market information.
Level 3:	Based on measurement methods, with all the required key data not being derived from publicly available market information.

Other participating interests

The other participating interests are as follows:

Company name	Registered office	Interest	
		30 June 2022	31 Dec. 2021
Energie Data Services Nederland (EDSN) B.V.	Arnhem	12.5%	12.5%
Nord Stream AG	Zug, Switzerland	9.0%	9.0%
PRISMA European Capacity Platform GmbH	Leipzig, Germany	12.7%	12.7%
SCW Systems B.V.	Schoorl	5.5%	5.5%

The fair value of the other participating interests was € 247.4 million as at 30 June 2022 (year-end 2021: € 515.2 million). The € 267.8 million decrease in the fair value of the other participating interests (first half of 2021: increase of € 15.6 million) is recognised in Gasunie's other comprehensive income and is entirely the result of a downward remeasurement of the interest in Nord Stream.

The measurement of the fair value of other participating interests is based on the present value of projected future cash flows. This concerns fair value measurement according to level 3 (year-end 2021: level 3). In measuring the fair value of the aforementioned other participating interests, Gasunie applies a discount rate based on the risk-free market interest rate, plus various risk premiums.

The measurement of the participation in Nord Stream is based on the present value of projected future cash flows. Use was made of a Nord Stream calculation model, which is annually updated in line with the most recent business plan. This model is presented for assessment and approval to the shareholders of Nord Stream. The model is additionally assessed by Gasunie at regular intervals on the basis of Nord Stream's interim financial reports.

Geopolitical developments in the first half of 2022 necessitated a revision of previous relatively fixed assumptions in the measurement model. The company has looked into which scenarios might materialise in the short and the long term and what impact they may have on Nord Stream's cash flows, as well as on the risk profile and, consequently, on the discount rate for the interest in Nord Stream. This assessment took into consideration that:

- Sanctions have been imposed on Russia and Russian companies and Nord Stream's majority shareholder and its sole customer are Russian companies. As a result, the country risk premium increased significantly. As at 30 June 2022, the country risk premium had a greater bearing on the calculation of the relevant discount rate than other relevant variables did;
- Initiatives have been launched to reduce dependence on Russian gas in the short term and even stop using Russian gas altogether in the medium term. These developments were offset against the term remaining on the contract of Nord Stream's sole customer, factoring in the usual and expected lead times of such projects. The valuation model assumes a situation of cash flows from capacity sales through to the 2032 financial year;
- The current gas transport contract is based on a ship-or-pay obligation and Nord Stream's sole customer has always fulfilled its payment obligations up to the balance sheet date of this half-year report.

Given currently visible market data and actual circumstances, fair value measurement is based on the assumption that the current gas transport contract will be seen out and that Nord Stream will not go into a (financing) default. Given the increased geopolitical uncertainty, the risk estimate with respect to Nord Stream has, nevertheless, gone up. As at 30 June 2022, this led to an upward adjustment of the relevant discount rate from 6% to 20%. This adjustment was largely the result of the increased country risk premium, as shown by the relevant market data. The fair value of Nord Stream was € 240.3 million as at 30 June 2022 (year-end 2021: € 508.1 million). The movement in fair value has been recognised in other comprehensive income as per the provisions of IFRS 9.

As an indication, all things being equal, if the discount rate changes by 1.0% point, this will result in a change in the fair value of approximately € 12.5 million.

The assumption for the interests in PRISMA, EDSN and SCW Systems is that, partly on account of their relatively small size, the carrying amount is an estimate of the fair value. A fair value calculation and sensitivity analysis have not been included in the interim financial statements for these interests.

Interest-bearing loans

The interest-bearing loans comprise bond loans with a listing on the Amsterdam stock exchange, and private loans.

The fair value of listed bonds is the same as the year-end exit price. This concerns fair value measurement according to level 1 (year-end 2021: level 1). The fair value of the private loans has been determined by calculating the present value of the expected future cash flows at a discount rate equal to the applicable risk-free market interest for the remaining term, plus credit and liquidity surcharges. Account has been taken of the company's risk profile. The determination of the fair value took place according to level 2 (year-end 2021: level 2).

The carrying amount and the fair value of the interest-bearing loans as at 30 June 2022 were:

<i>In millions of euros</i>	30 June 2022			31 Dec. 2021		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Bonds	2,110.9	1,885.8	-225.1	2,110.2	2,161.3	51.2
Private loans	890.0	882.2	-7.8	890.0	960.3	70.3
Total interest-bearing loans	3,000.9	2,768.0	-232.9	3,000.2	3,121.6	121.5

The drop in the fair value of loans in the first half of 2022 came as a result of a rise in market rates of interest.

Other primary financial instruments

Other primary financial instruments comprise trade and other receivables, cash and cash equivalents, current financing liabilities (excluding current repayment obligations on non-current loans), trade and other payables.

Given the short term of these instruments, their carrying amount approximates their fair value.

The balance of cash and cash equivalents as part of current assets was € 96.5 million as at 30 June 2022 (year-end 2021: € 38.3 million).

Derivative financial instruments

The derivative financial instruments that the company uses are forward exchange contracts that it has entered into. As at 30 June 2022, these contracts were almost exclusively used to hedge the currency risk involved in the contracts for chartering two FSRUs. Further information about this point is provided in [note 1 'Significant matters and transactions in the first half of 2022'](#). The fair value of the forward exchange contracts was less than € 0.5 million as at 30 June 2022 (year-end 2021: less than 0.5 million).

10. Events after the balance sheet date

On 11 July 2022, Gasunie raised € 500.0 million in the capital markets to refinance a bond loan that expired on 13 July 2022. This sustainability-linked bond has a term of 12 years at an issue price of 98.821%. The effective rate of interest is 3.64%. The loan was issued in compliance with the sustainability-linked bond framework. This framework is in line with the 2020 version of the sustainability-linked bond principles (SLBPs) of the International Capital Markets Association (ICMA). The sustainability targets linked to this sustainability-linked bond are identical to those of the previously issued sustainability-linked bond, as detailed in the 2021 consolidated financial statements.

No further significant events occurred between the balance sheet date and the date of these interim financial statements that should be recognised or noted in the interim financial statements.

09 Signature

Signature

The Executive Board,

Mr J.J. Fennema*, Chair

Ms J. Hermes*

Mr B.J. Hoevers

Mr U. Vermeulen

Groningen, 19 July 2022

* Director under the Articles of Association

Review report



10 Review report

The accompanying 2022 interim financial statements have been reviewed by an independent auditor (PricewaterhouseCoopers Accountants N.V.). The independent auditor's review report is included in the Dutch version of the 2022 half-year report. Refer to the section entitled '[Beoordelingsverklaring](#)'.

11 Disclaimer

In the event of inconsistencies or differences of interpretation between the original Dutch report and the translated English report, the Dutch report shall prevail.