

# Half-Year Report 2022



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Stedin Group is not required to revise the expectations and forecasts in this half-year report in response to new information or events and does not accept any liability in this respect. The half-year report has not been audited. The report is published in Dutch and English. In case of any discrepancy between both versions, the Dutch version will prevail.



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# Report of the Board of Management

**The first half of 2022 brought geopolitical turmoil, which caused a sharp rise in energy prices. In addition, our operations are affected by shortages in the labour market and problems with the supply of raw and other materials. Added together, these factors make it more challenging than ever to guarantee the daily energy supply in a smart and well-considered way while at the same time facilitating the energy transition. We have nonetheless achieved significant progress, which is something to be proud of.**

## **We are investing in the energy transition**

To facilitate the acceleration of the energy transition, foster economic growth and safeguard the quality of the current grid, we are investing €719 million in our grids this year and we expect to invest upwards of €8 billion during the period from 2023 through to 2030. Stedin wants to realise a capital reinforcement of €1.8 billion, of which a part will already be needed by the end of 2022. Additional ambitions such as FIT 55, RepowerEurope and the congestion management payments will increase this amount over time even further. The reinforcement of our equity is the subject of discussions with our current shareholders and with potential new shareholders.

In the first half of 2022, Stedin invested €324 million in expanding, reinforcing and maintaining gas and electricity grids. This is €20 million more than in the same period last year. Due in part to the high energy prices and increased costs of materials, the operating profit was lower than expected at €39 million.

## **Customers are becoming more sustainable**

The amount of work is increasing as well. For example, the number of reinforcements of electricity connections carried out by Stedin went up by 70% in the first six months of 2022 compared with the same period last year. The same applies to the total installed capacity of solar panels (on rooftops and in fields), which rose by 12% to 2,654 megawatts. Customers are increasingly becoming more sustainable.

## **Power failure Spijkenisse**

In the first half of 2022, we experienced a large-scale power failure in Spijkenisse, leaving around 17,000 households and businesses without power for up to 12 hours. The failure was caused by a fire in a distribution station. In February, an explosion occurred at a shop in Zoetermeer, injuring three shop workers and an employee of a building contractor. They were present in the building in order to carry out work. The victims have since recovered. Despite this isolated event, our supply reliability percentage remained high in the first half of 2022 at 99.995%.

## **Accelerate our core task**

Our ambition to accelerate in terms of our core task is obviously a major challenge. In recent months, we have worked hard to achieve our objective and have made great advances. We would like to thank our employees, customers, shareholders and partners for their efforts and cooperation. In the second half of this year, we will all continue to pursue the realisation of our ambitions.

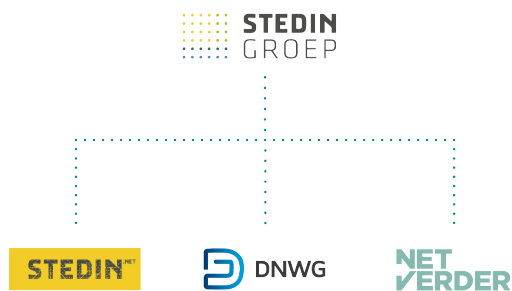
Board of Management

Koen Bogers, Danny Benima, David Peters, Trudy Onland



## Profile

More than 2.3 million private and business customers rely on Stedin Group for their energy supply, day and night. We are proud that our grids are among the most reliable and cost efficient in the world.



Business units of Stedin Group

### Activities

The electricity and gas grids are a key element in the overall energy system. As a grid manager, Stedin is responsible for the regional distribution of electricity and gas. Stedin Group operates and has its registered office in the Netherlands. We carry out regulated activities as a grid manager and we also perform a number of non-regulated activities as a group. Our head office is located at Blaak 8 in Rotterdam.

As of 1 January 2022, the name Enduris disappeared and Stedin became the gas and electricity grid manager in Zeeland. In February, Stedin Group sold TUMS Meetdiensten to Censo, which is committed to accelerating the energy transition of the Dutch business sector. All 27 employees kept their jobs under the existing conditions. The company remains based in Goes.

### Our service area

We manage and maintain the energy grids in a large part of the Randstad conurbation as well as the provinces of Utrecht and Zeeland. Our service area is home to roughly 5.5 million people and includes three of the four largest cities in the Netherlands, the Port of Rotterdam and the Port of Zeeland, as well as large industrial and glasshouse horticulture regions. Parts of the provinces of North Holland and Friesland also fall within this area.



■ Gas Stedin  
■ Elektriciteit en gas Stedin

### Mission, vision and strategy

Working together to create an environment filled with new energy. That is our mission. Together, we are working to ensure a sustainable energy supply for today and tomorrow. We believe that we can make the energy transition possible by focusing on our core tasks for (future) grid management and delivering an excellent service for our customers. We have identified three strategic spearheads:

- Improved grid management
- Facilitating the energy transition
- Sustainable business operations

### Strategy 2023-2027

In order to carry out our core task 'construction and management of our grids' at the required pace, we need to build more and faster and make better use of the grid. Obviously, good and safe grid management will remain a key priority, to ensure the quality – and thus the reliability of our energy supply – also remains high. At present, we are working out the details in our new strategy for 2023-2027, in consultation with our employees and shareholders.

## Improved grid management

**We are committed to ensuring a reliable grid, satisfied customers as well as high-quality products and services. We continuously evaluate how we can improve even further in our role as grid manager.**

Strategic KPIs	Note	Unit	Achieved on 30/06/2021	Target 31/12/2022	Achieved on 30/06/2022
<b>Supply security</b>					
SAIDI E	Average time in minutes during which the customer was not supplied with electricity.	minutes	10	≤ 17	11
<b>Affordable and efficient services</b>					
Efficiency (on controllable opex and capex)	Efficiency achieved on directly controllable operational expenses and investments.	€ million	10	14	6
<b>Customer satisfaction</b>					
Customer ease versus customer inconvenience with Stedin	Convenience experienced by customers in doing business with Stedin.	%	75 / 14	≥ 75 / ≤ 14	80 / 9
Lead time for connections for low-use consumers	Completion of connections for low-use consumers within 18 weeks or on date preferred by customer.	%	90	≥ 95	94

### Reliability of our grids

Customers were without electricity for an average of 11 minutes in the first six months of this year. Stedin Group recorded an average downtime of 10 minutes in the first half of 2021. In 2022, a lengthy failure occurred in Spijkenisse; without this failure, the average downtime was 9 minutes. The average downtime for gas was 16 seconds in the first half of 2022, compared with 17 seconds in the first six months of 2021.

### Efficiency programme

Stedin is halfway through an efficiency programme aimed at saving €180 million during the period 2018-2025. Of this amount, €143 million had been realised by the end of 2021. Another €6 million was added in the first half of 2022. We are therefore well on track to achieve our efficiency target.

### Customer satisfaction

For the first half of 2022, 80% (target: at least 75%) of customers reported that doing business with Stedin was easy, while 9% (target: not more than 14%) experienced inconvenience. For customers in Zeeland, the scores were 82% customer ease and 10% customer inconvenience, with targets equivalent to those set for the rest of the service area.

All sub-surveys (failures, meter replacement and connections) produced scores on or above the target set. The performance of consumer connection products was particularly good: in the first half of 2022, ease scored 19% higher than in the same period in 2021 (73% versus 54%) while inconvenience scored 16% lower (14% versus 30%).



### Lead time of completing connections

In the first half of 2022, 94% of connections were provided within 18 weeks or on the date preferred by the customer. This figure is 2% above the target of 92%. We are well on track to achieve our target of >95% for the whole year.

At the same time, we are making good progress in implementing the remediation programme for the accelerated replacement of brittle gas pipes. All grid operators were previously advised by the regulator State Supervision of Mines (Staatstoezicht op de Mijnen) to accelerate the replacement of gas pipes. The objective is to have replaced all these pipes replaced by the end of 2028.

We had replaced 188 km of brittle gas pipes by the end of 2021, and a further 90 km were replaced in the first half of 2022. Our grid still contains around 1,100 km of brittle gas pipes. The pipes still to be replaced are prioritised on the basis of necessity, which helps us to make well-considered decisions as to which pipes to replace first. In addition, more than 10,310 primary gas connections were replaced. In the first half year, we also completed the work at 54 control stations, to ensure their compliance with standard NEN 1059. This is a long-term project involving the replacement, modification or removal of approximately 110 gas stations each year.



## Facilitating the energy transition

**We are working day and night on a future-proof grid, to connect solar and wind farms as well as to transmit the energy that is generated. To ensure that residential districts can switch to sustainable energy and to enable an increasing number of electric cars to charge or discharge their batteries. In the first half of 2022, the growth in the capacity of solar panels in Stedin's service area increased by approximately 12% compared with 2021.**

Strategic KPIs	Note	Unit	Achieved on 30/06/2021	Target 31/12/2022	Achieved on 30/06/2022
<b>Stakeholder dialogue and environment</b>					
Stability of customer demand predictions *	The extent to which the predicted development of customer demand matches earlier predictions.	%	-	≥ 70	87
<b>Investments in our grids</b>					
Investments in our grids	Number of euros annually invested in our grids.	€ million	304	≥ 719	324
Implementation of strategic investment plan*	Extent to which the proposed investments (capacity expansions and/or replacement investments) were realised.	%	-	E: 100 G: 100	E: 110 G: 86
New capacity added (MVA)	Amount of new capacity in megavolt ampere added in the grid.	MVA	308	≥ 315	67
<b>Smart grids, data technology and innovation</b>					
P4 smart meter data provision	Timely and full provision of smart meter data for energy services and market processes.	%	97	≥ 97	97

\* New KPI in 2022

### Investments in our grids

In the first half year, Stedin invested €324 million. This is in line with the budget and €20 million more than in the first half year of 2021. The increase involved both expansion and replacement investments for 2022 and subsequent years.

### Addition of capital

The addition of capital is aimed at our larger and multi-year projects. It is only when these projects have been (fully) completed that we include the added capital in the total amount. Therefore, this KPI does not have a linear pattern. Our ambition for 2022 has remained unchanged.

### New Grid Code for congestion management

The energy transition has increased the threat of congestion in our grids. Congestion means that the maximum capacity is being reached. At the end of May, the Netherlands Authority for Consumers & Markets (ACM) published a new Electricity Grid Code (a technical elaboration of the law) for congestion management. The new Grid Code increases the options available to grid managers for distributing capacity on the electricity grid, by flexibly aligning supply and demand, when

grid congestion occurs. This ensures that the grid remains in balance and creates scope for new customers until the grid expansion has been accomplished. The grid managers are jointly preparing for the implementation and they have six months before they must start applying these new rules.

### StedinFlexchallenge

Through the 'StedinFlexchallenge', we are challenging the market to help us make better use of the electricity grid. We are looking for solutions to purchase or return less or, conversely, more electricity during peak times. In addition, we want to gain experience in using different flexibility solutions. The Flexchallenge focuses on two areas:

1. Schouwen-Duiveland & Tholen congestion area. In this area, we are examining whether flexible capacity will help us create space for new large-scale solar and/or wind initiatives during the congestion period.
2. A grid area in Spijkenisse. In this area, we are exploring the options for preventing or postponing a grid reinforcement in order to facilitate the gradual increase in electricity demand through flexibility.

As part of the StedinFlexchallenge, we organised a market consultation in the spring of 2022. This produced 30 responses with possible solutions. Stedin is now taking follow-up steps towards testing some of these potential solutions in practice in the second half of 2022.

### Regional Energy Strategies (RES)

Stedin is an active partner in the cooperation with RES regions. We contribute knowledge about energy infrastructure, determine how much space, time and investment is required in order to achieve the grid expansions and indicate how feasibility can be enhanced. The objective is to make optimum use of the existing grid and to plan and prepare grid expansions. In the current phase of specifying the challenges posed by the RES, our focus is on developing regional programmes to meet these challenges. In doing so, we are identifying mutual dependencies in the development of sustainable energy generation in the RES regions. The perspective during (temporary) congestion and the implementation of congestion management in relation to the RES ambition are also receiving increasing consideration in the context of RES.

### Heat Transition Vision

In March, on behalf of all grid managers, [Stedin](#) and [Netbeheer Nederland](#) urged municipalities to accelerate the development of their Heat Transition Visions, as only 16% of municipalities had included a concrete timetable in their Transition Vision. The grid managers fear that this means that all plans will come in simultaneously in 2030. In that case, due to several issues, including the scarcity of engineers and materials, it would be difficult to realise the plans in time. Grid managers would be happy to assist the municipalities by actively contributing ideas on how to detail the plans.

### Stad Aardgasvrij

Stad Aardgasvrij is an initiative of residents of Stad aan 't Haringvliet and the municipality of Goeree-Overflakkee to switch from natural gas to hydrogen. Stedin is their project partner. The first hydrogen conversion of a home in the village was accomplished in February. 250 persons, including approximately 75 residents of Stad aan 't Haringvliet, visited the Hydrogen House and experienced what exactly hydrogen-powered heating entails. If at least 70% of the residents of Stad aan 't Haringvliet want to switch by the end 2022, we will start modifying homes and buildings in 2023. By 2025,



Stad aan 't Haringvliet will then be one of the first entirely natural gas-free locations in the Netherlands.

### **Natural gas-free new housing developments**

In the first half of 2022, 94% of the connections requested for new homes in our service area were natural gas-free.

### **Number of connections for low-use consumers for charging infrastructure**

In the first six months of 2022, we received 1,234 applications for charging infrastructure connections. This compares with 2,791 new connections for 2021 as a whole.

### **Smart grids, data technology and innovation**

To facilitate the energy transition, we need smart grids that provide insight into the status of the grid. Together with customer demand, these data provide essential information

for accurately predicting where bottlenecks may potentially arise in our grid in the future. Longer-term customer demand is difficult to predict. Nevertheless, it is important to get a handle on future market demand. Each quarter, we update our predictions for all types of customer demand. In 87% of cases, the predictions provide a stable and thus reliable picture.

### **P4 smart meter data provision**

In order to facilitate the market, it is important that the data provision by smart meters (performance of P4 port) is kept stable and improved. At present, we receive approximately 110 million P4 requests per month. Of these requests, 97% must be answered with a meter reading. We provide this reading every month, except in March of this year due to a number of large-scale disruptions on the platform. This did not have any major consequences.

## Projects for the future energy infrastructure

The locations where new energy is being developed are marked on the project map, which can be viewed on our [website](#). The map shows the projects due for completion in 2022. Three projects are described in more detail below.

### Vlissingen-Oost

In Vlissingen-Oost, we are replacing a main distribution station that had become obsolete. The station serves large industrial customers in the port area. We are also expanding capacity: the two existing 40 MVA transformers are being replaced by two new transformers, each with a capacity of 130 MVA. In addition, we are installing a 20 kV facility alongside the existing 30 kV facility. For the purpose of connecting solar and wind initiatives, a complex drilling operation was carried out over a length of 1.5 km and at a depth of 50 metres beneath the Sloe port. These initiatives will in due course generate as much renewable energy as is consumed by 36,000 households in a year. The project is expected to be completed by the end of 2022.



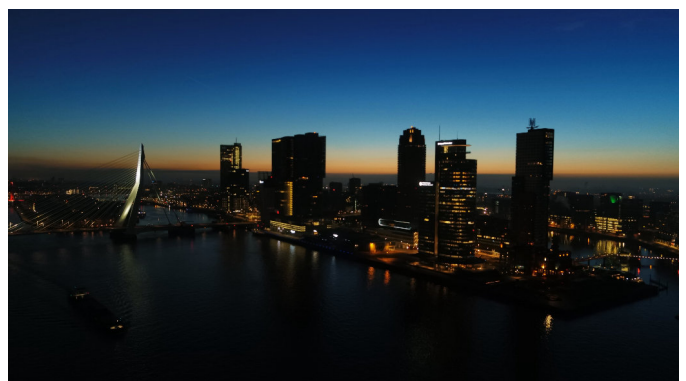
### Amersfoort

In Amersfoort, we are making substantial improvements to our stations. This involves the Amersfoort 1, 3, 4 and 5 stations. We are replacing or removing obsolete components, updating the 50/10 kV transformer station and constructing new switching fields. In this way, we will guarantee quality and increase capacity for this area. The work commenced in 2020 and will be completed in 2022. Besides replacing and expanding the stations, we expect that the medium-voltage and low-voltage grids here will require an additional investment in grid capacity by a factor of 6 to 9 in the coming years to facilitate the energy transition and economic developments.



### Rotterdam-Centrum

In Rotterdam-Centrum we reinforced the medium-voltage grid, which was put into operation this February. To this end, we laid 8 km of electricity cables in a busy urban area and converted 25 distribution and customer stations. This means the Rotterdam grid is now ready for the future.



## Sustainable business operations

**We work to ensure safe conditions for our customers, employees and other stakeholders; professionally competent and vital employees are crucial to creating a strong company into the future. And with our sustainability strategy, we work to have a positive impact for people and planet. At all times, we are mindful of the importance of ensuring that the energy transition remains affordable.**

Strategic KPIs	Note	Unit	Achieved on 30/06/2021	Target 31/12/2022	Achieved on 30/06/2022
<b>Safety and security</b>					
RIF	Recordable Incident Frequency: the number of lost-time workplace incidents, incidents entailing alternative work or incidents requiring medical treatment per 200,000 hours worked.	ratio	0.79	≤ 0.90	0.82
LTIR	Lost Time Injury Rate: the number of lost-time workplace per million hours worked.	ratio	0.27	≤ 1.90	0.79
<b>Good employment practice</b>					
Engagement	Engagement is the extent to which employees feel a sense of attachment towards their organisation (measured annually).	rating	-	≥ 7,7	-
Commitment	Commitment is the degree of passion and inspiration experienced by employees in their work (measured annually)	rating	-	≥ 7,5	-
<b>Impact on people and planet</b>					
Reduction of CO2 emissions	Percentage reduction of CO2 emissions from Stedin's business operations in tonnes compared to 2018 (excluding gas grid losses).	%	-46	≤ -36	-47
<b>Economic, financial performance</b>					
Solvency	Ratio of equity to total assets	%	43.5	≥ 40	45.5
FFO/Net debt ratio	The FFO/Net debt ratio reflects the extent to which the net debt can be repaid out of cash flow from operating activities.	%	10.9	≥ 12.0	11.7

### Safety

We do everything we can to prevent workplace accidents and highly value a safe and healthy working environment and minimising risks to achieve this. We define workplace or occupational accidents as lost-time incidents, with alternative work or medical treatment required. Compared with June 2021, the RIF rose slightly by 4% while the LTIR rose sharply by 193%. The figures show that the number of workplace accidents is relatively stable overall, but the number of accidents resulting in lost time rose sharply.

### Capital requirement

To facilitate the acceleration of the energy transition, foster economic growth and safeguard the quality of the current grid, we are expecting to invest €719 million in our grids this year and we expect to invest €8 billion during the period from 2023 through to 2030. We can fund this in part from our own revenue, but we will also need to arrange additional financing due to the significant increase in investments. This financing will have to consist of a combination of new loans and additional equity in order for us to remain sufficiently creditworthy and to continue to be able to finance investments at acceptable costs. In order to make these

investments, Stedin needs a capital reinforcement of €1.8 billion.

### Long-term uncertainties

The underlying calculations of our investments and thus our capital requirement do not yet take into account the impact of things like FIT 55, the compensation of congestion costs, further developments in hydrogen use, RepowerEurope, etc. In addition, geopolitical developments entail a high degree of uncertainty (dependency on natural gas, economic effects) and will in all probability have an impact on the speed of the energy transition. In the longer term, these developments will have a impact on the capital requirement, which will most likely increase and/or be brought forward in time.

### Exploring possibilities for attracting new shareholders

Stedin is exploring various alternatives for reinforcing its equity, holding consultations with both current and potential new shareholders. Together with our current shareholders, we want to further strengthen the cooperation with public authorities through shareholding by all public authorities in the service area. To this end, we are holding exploratory talks with non-shareholding provincial and municipal authorities about taking shareholdings in Stedin. In addition, we are holding consultations with the central government. Our aim in this context is to have clarity by the end of 2022 about a (further) equity reinforcement by new and/or current shareholders.

### Green bond

On May 24<sup>th</sup>, Stedin Group issued the third green bond of €500 million. In total Stedin has €1.5 billion of green bonds outstanding. This capital will be invested in the expansion and reinforcement of the electricity grid in order to facilitate the energy transition. The loan of €500 million has a term of 8 years, an issue price of 99.318% and a coupon interest of 2.375% (effective interest rate of 2.47%). Stedin Group attracted both existing and new sustainable investors through the bond issue. The issue was oversubscribed nearly two times. This was partly thanks to the excellent terms under which the bond was issued. The bond is listed on Euronext Amsterdam.

### Sustainability of own operations

In order to make our own operations more sustainable, Stedin Group is recalibrating its sustainability strategy in 2022. The main focus is on CO<sub>2</sub> and particulate matter emissions, circularity and inclusivity & diversity. The target for sustainability of our own operations was achieved in the first half of 2022 (excluding gas grid losses). The return to

working at the office may have an impact on Stedin Group's CO<sub>2</sub> emissions.

### Plenty to do at Stedin

Having enough staff is an important precondition for achieving our strategy, and one of our greatest challenges. This is reflected in an increase in the number of vacancies. In recent years, our primary focus was on getting the maximum out of the existing organisation. We were successful in doing so, but we are gradually reaching our limits. For this reason, our focus now is not only on internal efficiency but are also on expanding our workforce. We therefore scaled up our recruitment capacity in the first half of 2022. As a first result, the number of vacancies that was filled has doubled compared with 2021. In addition, we are investing in our training capacity and we are engaging external capacity where possible.

As well as tackling the recruitment challenge, we are looking at initiatives to retain and develop our current employees. These include measures relating to appropriate appreciation and remuneration in view of the current scarcity, while we also invest in training programmes, long-term employability, and ensuring that we are attractive and stand out as an employer.

### Utrecht in-house training school

In February, we officially opened our in-house training school in Utrecht during a festive ceremony. The ceremonial opening was done by alderman Lot van Hooijdonk (mobility, energy and the environment) and our HR Director Janneke Gökemeijer. The in-house training school will train youngsters and people coming in from other professions; they will be the skilled technicians of the future. The programmes at the school are aimed at training electricians and gas fitters. Having our own in-house training school enables us to provide tailor-made services. In this context, we cooperate closely with various senior secondary vocational education institutions.

The sector is currently also exploring opportunities to recruit technically trained specialists from other countries.

### Newcomers

In the first half of 2022, we welcomed a group of eight 'newcomers' at our Utrecht in-house training school, who were the third group embarking on this programme. Newcomers are refugees with a residence permit in the Netherlands. This group of people has difficulty finding work because they are not yet familiar enough with the Dutch

language and culture. Stedin has set up a special learning programme for this group. The students start with a preliminary programme, in which the focus is on language, technical skills and tool knowledge, safety and professional attitude.

### **Stedin@Work**

Since the end of 2021, we apply our renewed work concept Stedin@Work. Employees consciously choose how, when, where and with whom they work. In April, a survey was conducted among office staff of Stedin Group. Employees indicated that they were happy with the arrangements on working from home and appreciated this option. No fewer than 80% of the employees were (very) positive about their home workspace facilities. Employees choose to work from home in order to do their job better and more efficiently and be able to combine it better with their private life, which results in greater productivity. Employees come to the office to meet up with colleagues and learn.



# 2022 consolidated interim financial statements

**Consolidated interim financial statements**

**Accounting principles**

**Significant events and transactions during the first half of 2022**



# Consolidated interim financial statements

## Consolidated income statement

x € 1 million	First half of 2022	First half of 2021
Net revenue and other income	659	632
Operating expenses	-620	-567
<b>Operating profit</b>	<b>39</b>	<b>65</b>
Financial income and expenses	-18	-74
Profit from associates and joint ventures after income tax	4	-
<b>Profit before income tax</b>	<b>25</b>	<b>-9</b>
Income tax	-6	1
Profit from discontinued operations	-	-
<b>Profit after income tax</b>	<b>19</b>	<b>-8</b>

## Consolidated balance sheet

x € 1 million	As at 30 June 2022	As at 31 December 2021
<b>Assets</b>		
Non-current assets	7,973	7,814
Current assets	517	368
<b>Total assets</b>	<b>8,490</b>	<b>8,182</b>
<b>Equity and liabilities</b>		
Total equity	3,316	3,270
Non-current liabilities	4,546	4,040
Current liabilities	628	872
<b>Total liabilities</b>	<b>8,490</b>	<b>8,182</b>

## Consolidated cash flow statement

x € 1 million	First half of 2022	First half of 2021
Cash flow from operating activities	165	138
Cash flow from investing activities	-261	-248
Cash flow from financing activities	244	104
<b>Movements in cash and cash equivalents</b>	<b>148</b>	<b>-6</b>

# Accounting principles

Stedin Holding N.V. (below: Stedin Group) is a public limited liability company under Dutch law with its registered office in Rotterdam, a holding company of subsidiaries, and is registered with the Chamber of Commerce under number 24306393.

Stedin Group's main activity is to ensure safe, reliable and affordable energy supply. The grid manager of Stedin Group, Stedin Netbeheer (Enduris was incorporated into Stedin Netbeheer through a merger effective from 1 January 2022) achieves this by building and managing the electricity and gas networks and preparing them for the future, as well as by facilitating the energy market. Stedin Netbeheer operates in the provinces of South Holland, Utrecht and Zeeland, and in parts of the North-East Friesland and Kennemerland regions. The subsidiary DNWG Infra provides energy infrastructure services to business customers, while the subsidiary NetVerder promotes the energy transition by supporting the development, construction and maintenance of energy infrastructures for heat, steam and biogas. NetVerder also focuses on the independent transport and distribution of other new energy sources or carriers. Utility Connect is a joint operation with Alliander that focuses on data communication for smart meters.

Stedin Netbeheer operates alongside five other Dutch regional grid managers in a regulated market. Each regional grid manager is a monopolist within its own service area. Regulation means that the work performed by the grid operator is set out in law and that the rates are set by the Netherlands Authority for Consumers and Markets (ACM). The regulatory model encourages grid managers to perform as well as possible (in terms of efficiency and quality) by using a benchmark model.

This half-year report contains the interim financial statements of Stedin Group for the first half of 2022. The half-year report has not been audited, nor has it been reviewed by an independent auditor. This report does not contain all the information that is normally included in financial statements. Therefore, the half-year report should be read in conjunction with the financial statements for the year 2021. The accounting principles for the valuation of assets and liabilities and the basis for consolidation applied in this half-year report are identical to those in the consolidated financial statements for the year 2021.

In preparing these financial statements, the management of Stedin Group made judgements, estimates and assumptions that affect the reported amounts. No significant changes in accounting estimates occurred in the first half of 2022 compared with the estimates in the 2021 financial statements which require further explanatory comment.

# Significant events and transactions during the first half of 2022

## Consolidated income statement

In the first half of 2022, we recorded an operating profit of € 39 million (2021: €65 million). The operating profit is under pressure due to the high costs of grid losses. The cost increase due to grid losses is partly offset by a cost decrease as a result of the scrapping of municipal sufferance taxes levied on grid managers. In addition, the early redemption of two loans in 2021 had a positive effect on the financial expenses in 2022 and thus on the profit after income tax.

## Consolidated balance sheet

Investments in property, plant and equipment and intangible assets in the first half of 2022 totalled €324 million, an increase of 7% compared with the investment level in the first half of 2021 (€304 million). We are therefore on course to achieve the target for 2022. We financed our investments with cash from operating activities and by taking out new loans.

## Consolidated cash flow statement

The cash flows from operating activities were in line with the previous year. The cash flow from financing activities came to €244 million positive, following the issue of the €500 million green bond in May of this year. The funds obtained were and continue to be used to make the required investments in our grid.

## Financing, solvency and credit rating

On May 24<sup>th</sup>, Stedin Group issued the third green bond of €500 million. This capital will be invested in the expansion and reinforcement of the electricity grid in order to facilitate the energy transition. The loan of €500 million has a term of 8 years, an issue price of 99.318% and a coupon interest of 2.375% (effective interest rate of 2.47%).

Our solvency ratio on 30 June 2022 was 45.5% (year-end 2021: 45.6%). Stedin Group's policy is aimed at maintaining a solvency ratio of at least 40% in the long term. In addition, Stedin Group's goal is to sustainably retain an A- Standard & Poor's (S&P) credit rating.

The FFO/Net debt ratio as at 30 June 2022 was 11.7 (year-end 2021: 11.3). The FFO increased, mainly due to the timing of tax payments and a decrease in interest paid, including premium in respect of early redemptions. Net debt increased as at 30 June 2022 as a result of the arranging of new financing.

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