Annual Report 2024

Gasunie Transport Services

gasunie transport services

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Annual Report 2024

Directors' report

gasunie transport services

01 Directors' Report

General

Gasunie Transport Services B.V. (GTS) owns and operates the national gas grid in the Netherlands. GTS is responsible for selling gas transmission services, transmitting gas, and developing and maintaining the Dutch gas transmission network.

Mission

GTS delivers gas transmission services in a customer-focused and transparent way. Safety, reliability, sustainability and cost-effectiveness are central in everything we do. We serve the public interest, and work as professionals to create value for our stakeholders.

Vision

GTS aims to be an organisation that best serves the market, responds flexibly to changes in its surroundings, enables new gas flows, facilitates the introduction of sustainable energy and thus plays a key role in the north-western European gas market.

Tasks

GTS provides gas transmission services and related services, such as quality conversion and balancing. GTS' responsibilities include:

1. ensuring a safe, reliable and efficient transmission system;
2. managing and developing the gas transmission network on an economic basis;
3. ensuring sufficient transmission capacity;
4. maintaining the connection with other networks, both national and international;
5. conducting public and advisory tasks related to security of supply (including peak deliveries and contingency deliveries) and the small fields policy;
6. managing gas quality, including quality adjustments to minimise production from the Groningen field;
7. balancing the network.

Supervision

The Netherlands Authority for Consumers and Markets (ACM) supervises the execution of GTS' statutory duties. The Dutch Gas Act stipulates certain requirements for the way GTS performs its tasks. For example, we have a code of conduct for our employees that guarantees equal treatment for all our customers.

Gasunie Transport Services business model

GTS offers its services as a national transmission system operator in a non-discriminatory, customer-oriented and transparent manner. We sell the available capacity in a reliable network on competitive terms. Customers feed gas into the network at entry points and take gas off from the network at exit points (entry-exit). To arrange this, they sign contracts to reserve capacity at specific network entry or exit points over a specific period (year, quarter, month or day). Our network competes with those in other countries in north-western Europe for the transport of transit flows.

The tariffs that we charge our customers are regulated. They are determined once a year by the regulatory authority ACM, which reviews the method of regulation every three to five years. The tariffs are calculated by dividing the permitted revenues for the year in question by the estimated capacity demand (revenue regulation). If the actual capacity demand turns out to differ from the previous estimate, the revenue achieved could also differ from the permitted revenues. The difference between the permitted revenues and the revenue achieved will be settled across subsequent years.

The revenues permitted by the regulatory authority consist of an allowance for the cost of capital invested, a reimbursement for the annual depreciation costs (calculated on the basis of the depreciation periods determined by the regulator and the value of the assets) and a reimbursement for the operating expenses.

Investments

The design and use of the network determine the total available capacity. GTS invests efficiently in sufficient transmission capacity to be able to satisfy the total market needs. To this end, the basic principle is that the gas supply for small-scale users in the Netherlands is guaranteed for a day with an average effective temperature of minus 17°C, as measured at the Royal Netherlands Meteorological Institute in De Bilt. We add new investments deemed suitable and necessary by ACM to the cost base so that we can recover these investments through our tariffs.

Codes of Conduct and compliance with laws and regulations

As of 1 January 2020, GTS has been classed as a public-interest entity. We comply with codes of conduct, laws and regulations in a manner consistent with that of our shareholder N.V. Nederlandse Gasunie. For more information, please refer to the comprehensive risk management section in the annual report of N.V. Nederlandse Gasunie.

Management

The management of Gasunie Transport Services B.V. on 31 December 2024:

B.J. Hoevers, CEO*

I. Aardse, Commerce & Regulation Manager

G. Paas Broekman, Finance & Control Manager

M.J.D. Dresden, Assets Manager

* Director under the articles of association

Foreword

We are proud to present the 2024 annual report for Gasunie Transport Services (GTS), which details the main developments at GTS over the past year.

The north-western European gas market has realigned itself with a situation where the supply of pipeline natural gas from Russia has come to a complete halt since 2022, turning the north-western European gas market into one of the main gas supply routes to countries in Central and Eastern Europe.

Over the past two years, the European market has re-stabilised itself at a new level, without this leading to supply issues. Given both the ongoing focus on gas storage facility fill levels and the volatile and persistently high gas prices, this is a relatively delicate balance to strike. We have made analyses, both independently and together with our peer TSOs in Europe, to give the government agencies involved a better understanding of the security of supply and support the various government measures.

In 2024, GTS transported 639 TWh (59.7 bcm) of gas, a drop of roughly 8.5% compared to the 701 TWh (65.2 bcm) transported in 2023. As in previous years, this is a historic low. The decline is entirely due to lower export demand.

In the meantime, we are seeing weather conditions trigger heavy usage of our system on a relatively frequent basis during the colder winter months, with volumes of gas transported doubling from one week to the next. These days without sun and little wind, which are known as ‘dark doldrums’, lead to extra demand on power plants and show that the gas system fulfils an important rule in balancing the electricity system. The increase in the share of electricity from renewable sources in the Netherlands to over 50% in 2024 further adds to the importance of this balancing role.

The energy transition continues to be a key topic for GTS. Promoting the feed-in of as much biomethane as possible fits in well with our statutory duty with respect to natural gas transmission. Repurposing an existing pipeline into a biomethane gathering pipeline is yet another way in which we are giving the transition a boost. In addition, GTS is looking into which pipelines can be released for repurposing as hydrogen or CO_2 pipelines and, therefore, be removed from GTS’ asset base. This will enable us to better guarantee the affordability of gas transmission for the long term, while also driving a more cost-efficient energy transition. And finally, we are taking widespread action to reduce our own carbon emissions.

On behalf of GTS, I would like to thank all our stakeholders for their trust and for the excellent cooperation.

Bart Jan Hoevers
CEO

Key figures

In millions of euros	**2024**	2023
Total revenue	816.5	1,228.2
Total expenses	-742.3	-929.3
Operating result	74.2	298.9
Finance income and expenses	-65.8	-51.1
Result before taxation	8.4	247.8
Income taxes	-2.2	-63.9
Result after taxation	**6.2**	**183.9**

Revenue

GTS generated € 816.5 million in revenue from gas transmission and related services in the Netherlands, down € 411.7 million on the previous year.

There are three reasons behind this drop. Following the Russian invasion of Ukraine, GTS generated extraordinarily high revenue from regulated capacity auctions and what is known as ‘interruptible transmission capacity’ in 2022. Whenever revenue generated in any one financial year exceeds the permitted level, GTS must return the surplus to the market by charging lower tariffs, albeit not in the next financial year but in the financial year after that. 2024 was, therefore, the financial year when we had to settle the surplus from 2022 in our tariffs, which were, consequently, 20% lower on average than in 2023.

The second reason is the fact that demand for transmission capacity returned to a lower level in 2024, causing our revenue from auctions to drop by approximately € 110 million. Thirdly, in 2024, shippers transported less gas from the Netherlands to Germany and from Belgium to the Netherlands than they did in 2023. This had a negative impact on our revenue of approximately € 60 million.

We will return any regulated revenues exceeding the permitted revenue to the market in the future in the form of lower transmission tariffs. The regulation system will see to that. Under the current annual reporting rules that apply to GTS, we are not allowed to recognise future settlements in the balance sheet nor deduct them from revenue or result. We only recognise these settlements in the year in which the settlement takes place. We will settle the surplus revenue from the 2023 financial year through the tariffs that market parties pay for regulated natural gas transmission in the 2025 financial year.

Total expenses

In 2024, total expenses fell by € 187 million compared with 2023. They were down primarily as a result of a drop in the costs of network operations due to lower energy costs of approximately € 157 million in 2024 and the release of the provision for abandonment cost of approximately € 48 million. Depreciation costs, on the other hand, were up by approximately € 16 million.

Financing

We have a loan facility of € 5 billion made available by Gasunie. The term of this loan ends on 31 December 2029 but has an extension option. The parties have agreed that the facility can be drawn down or redeemed without restrictions during the term of the loan.

GTS’ operating activities and investments can be largely financed from normal business activities, though GTS also makes use of Gasunie’s loan facility for financing.

The Ministry of Economic Affairs and Climate Policy has issued rules with regard to proper financial management (*Besluit Financieel Beheer Netbeheerder* [BFBN]). These rules consist of a number of financial ratios, including a minimum for equity. Taking into account these rules, the company makes an assessment every quarter of whether the facility should be drawn down or redeemed. These ratios are applied to ensure sufficient solvency and liquidity.

In 2024, GTS did not comply with ratio A of the four BFBN ratios, primarily as a result of lower transmission revenue for 2024, as detailed under ‘Revenue’. As a result, GTS will be submitting a recovery plan to the Netherlands Authority for Consumers and Markets (ACM), as per the requirements of the Dutch Gas Act. At year-end 2024, the solvency ratio* stood at 54% (2023: 53%). With regard to liquidity, we refer the reader to the ‘Liquidity risk’ section in the financial statements.

HR and operating expenses

GTS does not employ any staff itself: it uses staff employed by Gasunie. Under Gasunie’s new management model, employees work in ‘expertise teams’ that work for Gasunie as a whole.

This is only permitted as long as Gasunie can guarantee that confidential data will always remain confidential and that customers are treated on a non-discriminatory basis. For this reason, all Gasunie staff must sign an employee statement declaring this each year. ACM has given the management model the all-clear, concluding that there is nothing standing in the way of it in terms of compliance with Dutch competition legislation and the Dutch Gas Act.

* Calculated by dividing equity by total assets.

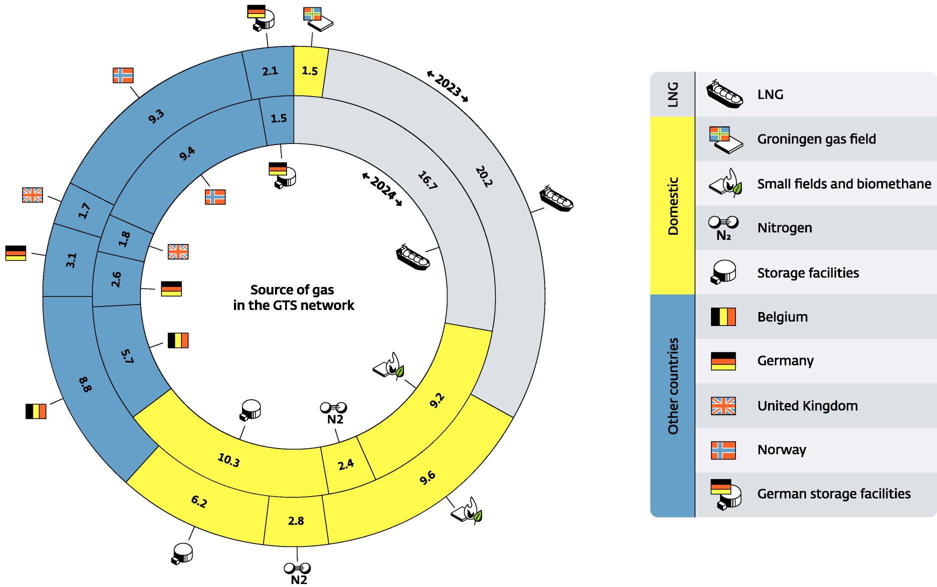
GTS has entered into service agreements with Gasunie to the value of € 477 million (2023: € 701 million) in operating expenses in 2024. These operating expenses relate to the deployment of employees, equipment, services and other costs.

Gas transmission results

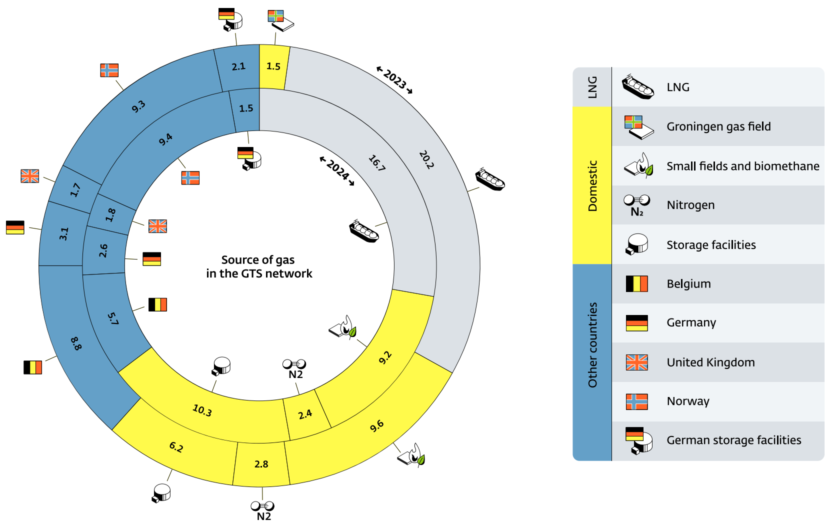
In 2024, Gasunie Transport Services transported 639 TWh (59.7 bcm) of gas, a drop of roughly 8.5% compared to the 701 TWh (65.2 bcm) transported in 2023. As in previous years, this is a historic low. The decline is entirely due to lower export demand. Considerably less H-gas was transported to the storage facilities in Germany connected to the GTS network. Because Belgium, France and Germany have, for some time now, been converting their market for G-gas (the former ‘Dutch’ gas quality) to H-gas (the international quality for natural gas), the export of G-gas decreased once more.

Domestic consumption increased slightly by 0.7%, due to larger offtake by power stations (+3.6%) and industrial consumers (+2.6%). On the other hand, gas offtake by the regional grid operators, which supply gas to homes and SMEs, fell by 1.6%. In 2024, the average effective temperature measured at the Royal Netherlands Meteorological Institute’s reference location of De Bilt was 9.6°C, making 2024 the hottest year on record since 1921. 2023 was a fraction colder at 9.4°C.

On the source side, it is notable that considerably more gas entered the network from Dutch storage facilities (10.3 bcm compared to 6.2 bcm). Not surprisingly, then, the fill level in Dutch storage facilities was clearly lower at the end of 2024 (at 57%) than at the end of 2023 (82% full). Gate terminal and EemsEnergyTerminal brought less LNG into the GTS system in 2024: 16.7 bcm compared to 20.2 bcm a year earlier.



Destination of gas in the GTS network, 2024 (inside ring) versus 2023 (outside ring)



Source of gas in the GTS network, 2024 (inside ring) versus 2023 (outside ring)

Result of quality conversion

In 2024, GTS needed to convert less H-gas to G-gas as high temperatures and phase-out programmes in our neighbouring countries pushed down demand for G-gas. The volume of converted H-gas fell by 18%, from 269 TWh (23.9 bcm) in 2023 to 222 TWh (19.7 bcm) in 2024. The amount of nitrogen used for conversion shrank from 2.84 bcm to 2.36 bcm.

Transmission interruptions

In 2024, we provided a high level of transmission security for our customers. There was one transmission interruption (2023: 1) as a result of an issue that arose on 23 May 2024 during works at the Hilvarenbeek export station. We contacted the Belgian network operator Fluxys immediately on detection of the transmission interruption. Fluxys was able to absorb the interruption through use of their linepack, with the result that no end users were affected.

Transmission security in the freezing cold

The year 2024 was not a cold year. The coldest day was 9 January, with an average 24-hour temperature of -6.3ºC. There were 15 days with frost conditions in 2024, most of them in January, compared to 23 in 2023.

Peak supply

Peak supply is an important public task carried out by GTS for small users in the Netherlands. Peak supply must be distributed if the mean effective 24-hour temperature falls to below -9.0°C. GTS provides all the necessary facilities to ensure peak supply deliveries to licence holders, including gas purchasing, flexibility services and gas transport over the national grid. In 2024, there was no peak supply, because the temperature never fell to below -9.0°C.

Storage facilities fill level

In 2024, the Dutch storage facilities were not filled to capacity. The highest fill level of 133 TWh, which is 92.6% of the total capacity, was reached on 30 September 2024. In 2023, these storage facilities were virtually full (99.8%) before the start of winter. By the end of 2024, the fill level had dropped to 56.7% (82 Wh), compared to 117 TWh (81.9%) at the end of 2023. By the end of the winter of 2023/2024, i.e. by early April 2024, the fill level was still 52.8%.

Safety performance

Uncontrolled events

Uncontrolled events are incidents involving gas leaks of over 14,000m^3 from a GTS-operated pressure holder with a rated pressure of 8 bar or higher. There were no uncontrolled events in 2024 and 2023.

Pipeline inspections

To safeguard the integrity of the pipeline systems, GTS inspects part of its pipeline system annually. In 2024, GTS carried out internal inspections (‘pig runs’) of 331.5 kilometres of pipeline (2023: 218 kilometres). In addition, GTS inspected 10.9 kilometres of pipeline above ground in 2024 using External Corrosion Direct Assessments (2023: 15.5 kilometres).

Network developments

Dismantling of large installations

Due to falling gas consumption levels, we are seeing that certain pipelines and stations in the GTS network are no longer needed for gas transmission. Some of these pipelines can be repurposed, such as for the transport of hydrogen or CO_2. For a number of large installations, however, there are no alternative uses available. GTS has launched a programme to dismantle these stations, so as to ensure that customers are not paying for installations that are no longer used.

Work is meanwhile underway at the Schinnen and Kootstertille sites to dismantle the blending stations there. Next up will be the compressor stations in Oldeboorn and Alphen, and part of the installations at the Ommen site. Decommissioning these installations boils down to safely dismantling the installation and removing the materials, whereby the aim is to reuse as many of those materials as possible. The buildings and installations will be removed, but we will keep hold of the property. This land will be put to use in another way, like for a valve location for example. In the future, this property may serve as a location for the compression of biomethane (feed-in) or hydrogen.

Preparing the transfer of pipelines to HNS

Over the coming years, Hynetwork will be building a national hydrogen network in the Netherlands. At the end of 2024, the two Gasunie subsidiaries signed an umbrella agreement for the transfer of pipelines from GTS to Hynetwork. The model purchase agreement will be finalised in early 2025. The first pipeline will be transferred in 2026, with the remaining pipelines to be transferred in subsequent years. Hynetwork's roll-out plan is based on the transfer of a total of 774 kilometres of pipeline.

Conversions at major industrial users

By law, major industrial gas consumers who used more than 100 million m^3 (0.98 TWh) of gas per year in the 2017/2018 and 2018/2019 gas years must stop using low-calorific gas as of 1 October 2022. This concerns nine companies with a collective annual demand of about 3 bcm (29.3 TWh), seven of which have now been switched over or disconnected. One major consumer will switch to H-gas in 2025. The two major consumers that still need to be switched over have been granted a temporary exemption by the government that allows them to keep using low-calorific gas until their conversion date.

Conversion programmes for neighbouring countries

Countries neighbouring the Netherlands also depend in part on low-calorific gas. Contrary to the Netherlands, which opted to build a nitrogen installation to produce low-calorific gas to replace the Groningen gas, the authorities in Germany, France, and Belgium are requiring all end users to switch to high-calorific gas. For this they will need to have their appliances like boilers, stoves and ovens overhauled. The conversion programmes for homes in Germany, France and Belgium to reduce their demand for Dutch low-calorific gas are proceeding according to plan. Partly due to this, exports are falling by an average of 2 to 3 bcm (20-30 TWh) per year and will be virtually zero by the end of this decade.

Advice to the Dutch Ministry

It is GTS' statutory duty to compile a review of the security of natural gas supply for the Dutch Ministry of Climate Policy and Green Growth. In September, the ministry released the review of the security of natural gas supply for the 2025-2026 period. In our advice, we conclude that there is sufficient gas supply for the coming gas year but warn of possible shortages in scenarios where a cold winter coincides with low gas availability.

The longer term

The analysis of security of natural gas supply also offers a look ahead to 2030. With the closure of the Groningen field, the Netherlands is now largely dependent on gas imports and well-functioning European markets. Ensuring that the gas storage facilities are sufficiently filled, maintaining sufficient connection capacity with neighbouring countries and diversifying the gas supply are crucial measures for a stable supply of gas over the coming years.

We apply three scenarios for our analysis: a basic variant, a variant with increased gas supply for the Netherlands, and a variant with reduced supply due to limited availability of LNG. In the variant with reduced supply, we expect a cold year to lead to a gas shortage. In our assumptions, we still assumed that EemsEnergyTerminal would be closed and that shortages will continue to arise until after 2030. Under the current assumptions, the volume shortage is less than previously reported. We also conclude that it would be sensible to maintain the existing supply levels in the interest of security of supply.

Gas storage facilities

With the closure of the Groningen gas field and the fall in the supply of Russian gas, gas storage facilities in the Netherlands have taken on a crucial role. GTS' analysis shows that the gas storage facilities must be filled with at least 110 TWh (approx. 11 bcm) by the start of the winter of 2025-2026. Based on these figures, the Dutch Ministry of Climate Policy and Green Growth set a minimum fill level for the coming winter period. This level is necessary to absorb seasonal fluctuations in gas demand, primarily in the Netherlands but also in neighbouring countries supplied via the Netherlands. In addition to well-filled gas storage facilities, to further guarantee security of supply we emphasise the importance of the connection capacity with neighbouring countries and diversification of supply.

We based our assumptions on realistic premises and consulted on them with market parties. The various scenarios do not take into account major or long-term disruptions, like the problems with Nord Stream in 2022 and the Baltic Interconnector in 2023. Additional measures are still necessary for this. With the closure of the Groningen field, the Netherlands can now only compensate for long-term disruptions with gas supplied from a gas storage facility. Gas storage in existing seasonal storage facilities would be a logical option for securing additional reserves.

Additional update

In January 2025, GTS presented an additional update in response to the current situation with faster-than-expected emptying (production) of gas storage facilities. While we did not deem there to be reduced security of supply at that time, we did warn that a harsh winter could lead to a tightening supply of gas and possibly high gas prices as well. This is because the Netherlands increasingly depends on gas imports and a well-functioning European gas market, meaning that developments and uncertainties in the north-western part of Europe have an impact on the Dutch situation.

Biomethane

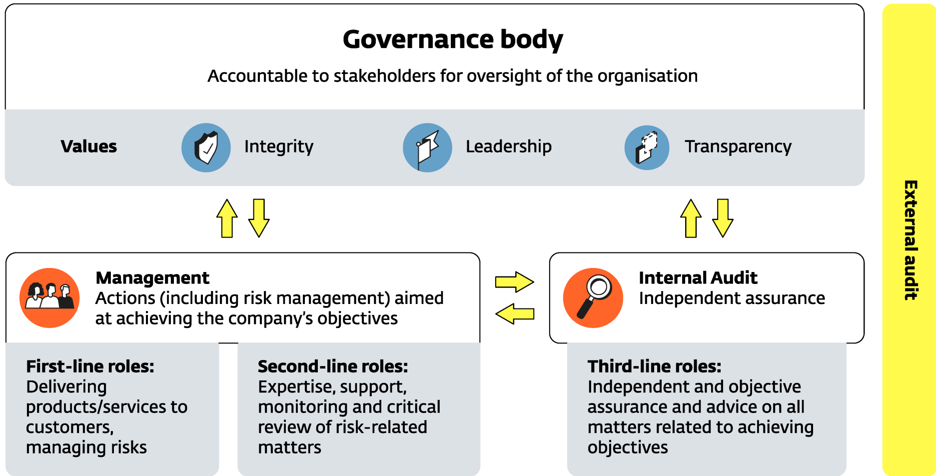
In 2025 and beyond, we will be working extensively to grow the share of biomethane in the GTS transmission network. Various major biomethane production plants will be connected directly to our 40-bar regional distribution network (RDN). The RDN is GTS' densely-branched distribution network (medium pressure, smaller pipelines), to which the networks of gas distribution companies are connected. The first two 'mobile' biomethane boosters are also expected to go operational. These boosters will pump surplus biomethane from the regional TSO's grid to the RDN. We are on schedule in building the biomethane gathering pipeline (GZl), which will see us repurpose a 60-kilometre-long existing stretch of natural gas pipeline between Emmen and Ommen for the transmission of surplus biomethane at a pressure of 6 to 7 bar. The way things stand now, several regional grid operators will be able to start feeding biomethane into this pipeline from the summer of 2026. A second biomethane gathering pipeline is currently being prepared in the province of Friesland.

Risk management

Key aspects of our risk management efforts are defining the risk appetite, running risk analyses at various levels in the company, and discussing the findings at various levels in the GTS organisation.

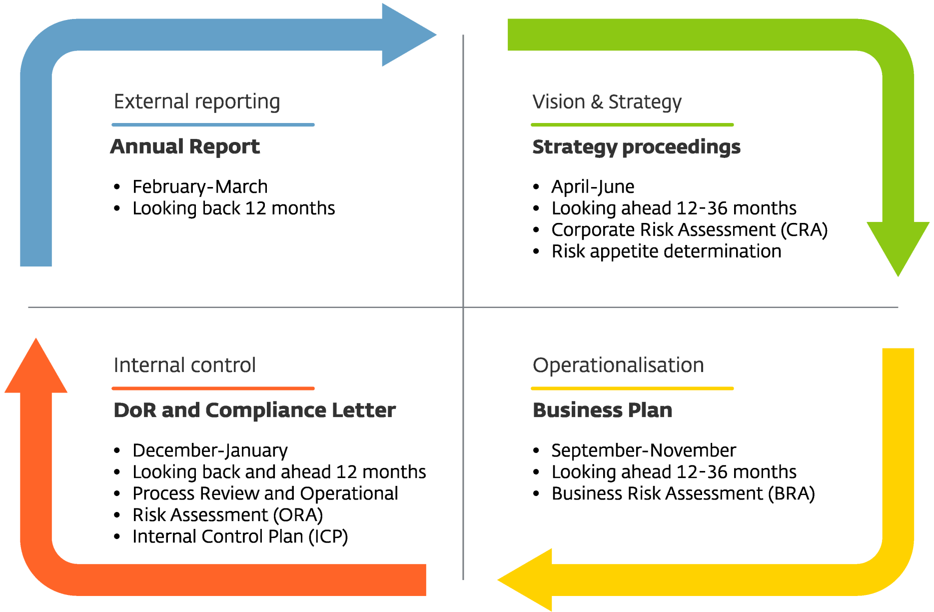
Every year, Gasunie's Executive Board establishes the corporate risk appetite in line with the organisation's strategy. In so doing, we make a statement about the extent to which the organisation is prepared to accept risks relating to attaining its strategic objectives. We furthermore apply a number of overriding general principles that we, as a company, must comply with at all times. Our risk appetite serves as a guideline in our strategic and operational decision-making. GTS goes by Gasunie's corporate risk appetite and translates this to the level of the entity where necessary.

Gasunie's Governance and Management Control architecture is based on the Three Lines Model. The GTS organisation has its own 1st line risk management team and relies on Gasunie's Corporate Risk Management and Internal Audit departments for its 2nd and 3rd line risk management respectively.



The 'Governance', 'Risk management', and 'Additional information' sections of Gasunie's 2024 annual report, which was published on 31 March 2025, provide an overview of the strategic (CRA) risks that Gasunie risk managers have identified and monitor.

Risk assessments



Risk instruments in GTS' management control cycle

- **Business Risk Analysis (BRA)** At GTS, we run a BRA each year. This analysis looks at (i) corporate risks and opportunities assigned to the organisation; and (ii) risks that are specific to GTS. The BRA looks at short to medium term risks that could impact the achievement of objectives and is an integral part of our business plans.
- **Process review** Process owners conduct a process review each year. They run down a checklist to assess the degree to which they are in control and whether there are opportunities for improvement. The process owner is supported in this by the process manager and other experts. If it emerges from the process review that it would be a good idea to gain more insight into possible risks, for example because the context of the process has changed, then we start an Operational Risk Analysis (ORA).
- **Operational Risk Analysis (ORA)** We conduct operational risk analyses of critical and essential business processes. We record the results of ORAs in GTS' internal reports and audit plans for those processes.
- **Internal Control Plans (ICPs)** Any mitigating measures taken to control risks identified by operational risk analyses must be tested for effectiveness. We run these tests based on an internal control plan.

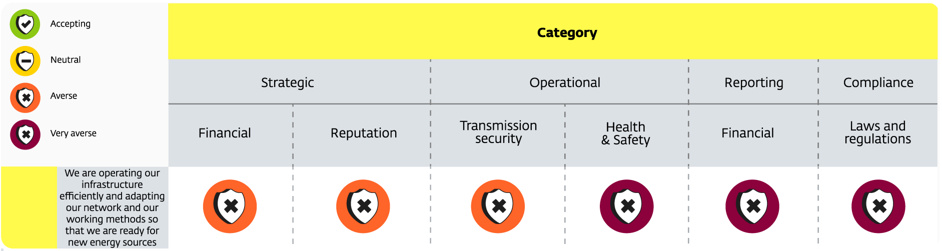
Risk areas

The key risk areas that apply specifically to GTS are:

1. legislation and regulations: robustness of revenue regulation in the area of gas transmission;
2. financial: risk exposure in asset management rising beyond the risk appetite;
3. strategic: public expectations around security of supply in relation to the investments;
4. transmission security: a poorly functioning Dutch gas market driving up costs or damaging our reputation.

Risk appetite

The energy market is very dynamic. GTS feels responsible for increasing transmission security in times of climate change and geopolitical unrest.



GTS' risk appetite

- Averse: GTS has little to no risk appetite for these activities. Adequate control measures have been implemented to prevent the risk, and detective control measures are in place to take action when necessary.
- Very averse: Activities for which GTS has no willingness to take risks. Very strong controls have been implemented to prevent the risk, and detective control measures are in place to take action when necessary.

Management of financial risks

GTS is a capital-intensive company that is active in an industry with safety risks. We provide not only reliable and sustainable infrastructure, but also affordable infrastructure. Accordingly, we pay close attention to operating cost effectively. In 2024, we invested € 170 million in our infrastructure assets. We expect to have to make around €123 million in maintenance investments in 2025, which we expect to finance largely through our normal business activities.

GTS uses asset management based on risk estimates for this. We map our risks with the help of a risk matrix. A risk assessment is carried out on all hazards/vulnerabilities in the system, during which each of the four business values – security, transmission security, sustainability, and financial or other damage – are assessed.

We use this risk assessment to assess replacement investments. This ensures that as many risks as possible are eliminated in a cost-efficient manner, and that no unnecessary works are carried out. Every year, some of the installations are re-analysed and re-assessed for risks.

Risk management – looking back at 2024

Public support for the energy transition remains strong, in part because the public has seen that we need to end our dependence on Russian gas. The role of the government has been and remains very important in this. In 2024, we continued on the changes we are making to the network in response to the changes in the gas flows, while also assessing which pipelines can be freed up for hydrogen or CO_2. Integrating the technical systems for the energy carriers will also require attention over the coming years so that GTS can continue to ensure an optimally functioning transmission system.

Risk management – looking ahead to 2025

The reduction of methane emissions, partly required under the EU Methane Regulation that came into effect in 2024, will require attention and great effort in the form of maintenance and investments over the coming years. This hinges on the availability of highly qualified staff, also at our partners. At Gasunie ongoing attention is paid to safety, and by extension at GTS, too. With the increase in the number of associated projects, working safely will again be a top priority in 2025. Additionally, declining use of the gas grid and a changing energy market may put pressure on tariffs.

Compliance management

Compliance at GTS focuses on promoting and enforcing compliance with national and international laws and regulations and compliance with procedures, standards and internal rules. The aim of compliance is to safeguard the integrity of the organisation, to protect management and employees, and to avoid legal or regulatory sanctions, material financial loss or loss of reputation (or the risk of such).

GTS adheres to the corporate Gasunie policy. Gasunie's compliance management system is based on the international compliance management standard and laid down in our compliance regulations, which detail the responsibilities for compliance and our compliance monitoring and reporting. All Gasunie employees are responsible and accountable for their own behaviour. Managers have first-line responsibility for compliance with the rules within their unit or department. In the second line, the corporate compliance officer has an independent role and reports directly to the Executive Board. The Supervisory Board receives an annual report on the compliance system by way of the Compliance Letter. In addition, GTS has a dedicated compliance officer who stays in close contact with Gasunie's corporate compliance officers.

Fraud

To mitigate fraud risks, we have:

- incorporated sufficient checks and balances into fraud-sensitive processes;
- included the topic of fraud in various awareness programmes and simulations as standard;
- included fraud risks in operational risk analyses as standard;
- further developed existing awareness programmes.

For more details on how we manage financial risks, see note 19 'Financial instruments' to the balance sheet in the financial statements.

In 2024, we found no incidents of fraud or corruption at GTS.

Developing our customer organisation

GTS facilitates the use of its gas transport system by offering services that match our customers' needs and developments in the market. We do so by informing our customers well and by responding to developments that we identify in the dialogue with our customers, and during various contact moments with other stakeholders.

We inform and engage in dialogue through market consultation and information meetings, conversations with representatives of customer groups (representative organisations) and our customer desk. We place clear information on our website and send out a newsletter whenever additional attention is required for a certain topic.

This year, we sought out and engaged with our stakeholders on a wide range of topics, such as investment plans, our vision of security of gas supply, transmission tariffs and the associated terms and conditions, and peak supply.

We continued to use digital communication wherever efficient and effective. On top of that, we also continued to engage with our shippers in person, for example at the 2024 E-world Energy & Water trade fair and the GTS shippers meeting.

Queries and complaints

In the event of questions or complaints, shippers can contact the Customer Desk and industrial customers can contact the Industry Desk. A specialist team will then help to solve the issue. With the Customer Desk and the Industry Desk we provide good accessibility and specialist contact points. We try to process queries and complaints we receive as quickly as possible, and to the satisfaction of all parties involved.

Shippers meeting

The GTS shippers meeting took place in Amsterdam on 7 November 2024. The purpose of this event was to meet up with our shippers in person again, as well as to facilitate mutual contacts between shippers.

During the plenary part of the event, we updated our shippers on the various scenarios with respect to security of supply, our investment plans, and changes to gas storage regulations. There was also a combined presentation by GTS and ICE Endex on the balancing regime and the liquidity of balancing products.

Shippers also had the opportunity to talk one-on-one with GTS' sales specialists before and after the plenary part of the event. All the shippers were enthusiastic about the shippers meeting, the conversations with the various people from GTS, and the informal setting in which this event took place. We can therefore look back on a successful event.

Result of stakeholder engagement platform

The Gasunie stakeholder engagement platform has been set up to engage with people, businesses and organisations, from stakeholders like local residents, farmers, growers and contractors to government bodies and educational institutions, for example. Visitors can find all sorts of information on this platform, and they can also arrange various matters online, like scheduling a preliminary meeting or reporting crop damage. The platform also offers an interactive tool that allows people to see where a Gasunie pipeline is located and to instantly report a damaged or defective Gasunie asset, for example, or submit a data request. The platform service desk can be reached by phone, email and chat, and a contact form is available for use outside office hours. In the coming years, the Gasunie stakeholder engagement platform will not only provide information about the GTS network, but also about the new CO_2, hydrogen and heat networks Gasunie is currently building.

Developments in the market

TTF results

Each year, gas traders buy and sell large volumes of gas in the Netherlands. Almost all gas trading now takes place on the Title Transfer Facility (TTF) gas trading platform. In 2024, more gas was traded on TTF than in the record year 2023. The number of parties trading on TTF remained stable compared to the previous year.

	2024	2023
Amount of gas traded on TTF (TWh)	66,008	53,794
Amount of gas traded through the GTS network via TTF (TWh)	437	448
Maximum number of active parties in one day	166	166

For gas trading on the TTF platform, there are two main forms of transactions: over the counter (OTC) transactions, where the gas is purchased directly from the other party, and transactions through a gas exchange, which acts as the intermediary for all traders. OTC trading increased by just under 13% in 2024, from 13,718 TWh to 15,499 TWh. The TTF share traded through gas exchanges increased even more strongly year-on-year (by 26%), from 40,076 TWh in 2023 to 50,509 TWh in 2024.

TTF retains its great lead over the other European gas trading platforms. In 2024, again nearly 80% of European gas trading took place on TTF, which again confirms that the Dutch gas market is working well and that TTF has acquired a leading position in Europe.

Regulation

The regulatory authority ACM sets the permitted revenue for GTS and thus the tariffs GTS may charge, based on its methodology decision. The methodology decision describes the method by which GTS can recoup its efficient costs during a regulatory period, and the rules and parameters that apply. The current regulatory period runs from 2022 to 2026.

On 21 December 2023, ACM adopted an amended methodology decision following the ruling of the Dutch Trade and Industry Appeals Tribunal. The amended methodology decision resulted in a significant increase in GTS' permitted revenue. The increase in permitted revenue, combined with a decrease in contracted capacities, led to an increase in the transmission tariff for 2025 of approximately 52% on average compared to 2024.

The tariff increase follows the sharp decrease of 20% in transmission tariffs for 2024 compared to 2023. Given the minor share of the GTS transmission costs in the total energy bill, this rise in GTS' tariffs will only have a limited impact on the end user's gas bill.

ACM is currently working on a new regulatory methodology that ACM can use to determine the permitted revenues from 2027 onwards. With the new methodology, ACM aims to ensure better alignment with the challenges faced by network operators in the context of the energy transition. To further shape the new regulatory methodology, over the coming period ACM will be organising consultation sessions. A draft methodology decision for the 2027-2031 regulatory period is expected in the autumn of 2025.

Emission reduction

Reduction policy

We want to help society make the transition to a non-fossil energy system while also setting a good example ourselves. By reducing our own carbon footprint, we will retain our social licence to operate. It is part of our commitment to protecting the environment and setting the example that the shareholder expects us to set. Despite not having a full Climate Transition Plan in place yet, we do have a clear picture of our pathway to zero emissions.

Gasunie has an integrated policy for driving back CO_2-related emissions and a specific policy for energy efficiency and methane emissions. All of these policies apply to all Gasunie-operated energy-consuming assets in the Netherlands and Germany, including GTS' assets. Where possible, we do this based on criteria that are similar to those of the Science Based Targets initiative (SBTi). Gasunie is still awaiting SBTi's industry-specific reduction pathway for the oil and gas industry, which is expected in 2025.

Climate Transition Plan

In 2024, Gasunie developed an emission reduction plan with a set of actions that are intended to reduce the emissions of (all Gasunie business units including) GTS to virtually zero. This sounds simpler than it actually is. Given GTS' duty to guarantee natural gas transmission security in the Netherlands, for example, how fast we will be able to drive back our emissions depends on many factors.

Nevertheless, Gasunie's strategy includes the ambition to reach net zero by 2045. If we take the measures required to turn this net-zero ambition into a net-zero target for 2045, we will no longer be contributing to global warming even before the year required under the Paris Agreement.

The emission reduction plan is the basis for Gasunie's future Climate Transition Plan. Gasunie evaluates the results achieved every year. Based on these evaluations, ambitions are tweaked as necessary and incorporated into future business plans. The initial results of our first emission reduction plan are expected in 2025. While we started reducing our emissions some time ago.

The 'Action plans' section below runs down the specific Scope 1 emission reduction actions we have taken in 2024 at GTS. Gasunie has also implemented actions on Scope 2 and Scope 3 emissions, but since these can generally not be directly related to GTS, we have not included them in this annual report. For a comprehensive rundown of these actions, see the 'Emissions' section of Gasunie's 2024 annual report, which was published on 31 March 2025. The Gasunie 2024 annual report was prepared according to the rules set out in the Corporate Sustainability Reporting Directive (CSRD).

Scope 1 action plans

Scope 1 emissions are all emissions that are a direct result of our own activities. Gasunie's and GTS' main focus so far has been to drive back these kinds of emissions. Methane emissions make up a large part of these emissions. Scope 1 emissions also include emissions from compressor drive systems, heating up gas at our gas receiving stations and heating buildings. The new EU Methane Regulation that took effect in 2024 requires us to further reduce our methane emissions.

A decarbonisation lever is a strategy or measure that helps to reduce carbon emissions. For Scope 1, GTS is using the following decarbonisation levers:

Energy efficiency

- **Limiting energy needs:** At a large number of gas receiving stations we are gradually reducing the pressure of gas at inlet points, reducing the temperature of the gas at outlet points, and using a variable boiler water temperature based on the then current heat demand. This has reduced total gas consumption at our Dutch gas receiving stations. We are also considering replacing the current central heating boilers at gas receiving stations with a hybrid heat pump system. We would only need to switch over to the system's gas-fired boilers when gas throughput is high, like in winter for example. In the near future it will become clear whether this concept can be used at gas receiving stations, because we are dependent on larger electricity connections, for example.

Preventing emissions

- **LDAR programme:** Through our leak detection and repair (LDAR) programme, we detect leaks in connections and appendages (valves, flanges, etc.) at compressor stations, gas receiving stations, metering and regulating stations and valve locations. For this we apply the NEN-EN 15446 standard, which is based on the measuring methodology developed by the US Environmental Protection Agency (EPA). The LDAR programme will continue in full force in the coming years. After all, leaks can occur any time and by maintaining this programme we limit our methane emissions.
- **BERK task force:** Over the period from early 2023 to mid-2025, we will be scaling up our LDAR programme by deploying a temporary task force. The BERK task force ('BERK' is the Dutch acronym for controlled emission reduction pathway) aims to substantially drive back the number of methane leaks. The basic aim is not to emit any methane, unless there is no other way due to technical or safety reasons. The BERK task force will also get Gasunie ready for the European Commission's Methane Regulation that came into force in early August 2024. This new EU legislation sets requirements for the frequency of leak detection and how quickly leaks are to be repaired.

Technological emission reduction

- **Mobile recompression:** GTS uses a mobile recompression unit to recompress as much of the gas as possible that would otherwise have had to be vented. This gas is then transferred to another pipeline. In 2024, 1.9 million cubic metres of gas were returned to the network through recompression (2023: 0.8 million cubic metres). With this we avoided emissions of 32 kilotonnes of CO_2e in 2024.

- **Nitrogen displacement:** One way to avoid having to vent natural gas from a pipeline is to use nitrogen to displace the gas and by this means transfer it to a different section of the pipeline. Though we have not yet used this technology, we will soon do so for the first time when repurposing gas pipelines for our new hydrogen network. We have now included the technology in the specific policy document on methane emissions.

- **Flaring:** If recompression is not an option, flaring offers a way to reduce the environmental impact of the methane in the natural gas by burning it off. In 2024, a total of 1.1 million cubic metres of natural gas was flared (2023: 0.3 million cubic metres). In 2024, flaring instead of venting yielded environmental savings of 16.4 kilotonnes of CO_2e.

- **Zero-emission regulating equipment:** In the GTS network, we no longer use gas-emitting regulators in newly built or refurbished installations. We will be replacing pneumatically driven components such as pressure regulators and flow regulators. By the end of 2029 we will have replaced all regulating equipment with emissions with zero-emission variants.
- **Electric-drive compression:** In all the operational choices we have to make, emission reduction is a compulsory selection criterion. Where technically and financially possible, we favour electric compression over gas-powered compression.

Resources

We are developing emission reduction programmes for emissions in all scopes. Those packages that will deliver the greatest emission reduction at the lowest cost will be carried out first. In reducing emissions, we apply an internal CO_2 price of € 200/tonne. That’s the amount we are currently willing to spend to avoid a tonne of carbon emissions.

We work based on efficiency, including risk efficiency, as laid down in our risk matrix. Our risk matrix assigns a financial value to the impact of emissions, and we monitor that value on a periodic basis. We are constantly gauging whether there is a way to further tighten this goal while staying within the boundaries set by our risk-based asset management, such as by intensively looking for innovative technologies and working methods.

We put a lot of time into improving the completeness, accuracy, timeliness, and traceability of our reported emission volumes. In 2024, we launched our Emissies in Kaart (Emissions mapped out) programme. Through this programme, emission registration, reporting, and management software are linked to our procurement software systems to get a constant and comprehensive view of our emissions across all scopes, allowing us to add further rigour to our annual plans wherever we can.

The Management,
Bart Jan Hoevers,
28 March 2025

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Financial statements Gasunie Transport Services B.V.

02 Financial statements

Balance sheet as at 31 December 2024

(before appropriation of result)

In millions of euros	*Notes*	**31 Dec. 2024**	31 Dec. 2023
Assets			
Fixed assets			
- tangible fixed assets	*2*	6,398.0	6,455.5
Financial fixed assets			
- participations	*3*	0.3	0.1
- deferred tax assets	*4*	265.0	282.7
Total fixed assets		**6,663.3**	**6,738.3**
Current assets			
- inventories	*5*	59.1	77.9
- receivables from group companies	*6*	1.9	0.0
- trade and other receivables	*7*	95.3	126.1
Total current assets		**156.3**	**204.0**
Total assets		**6,819.6**	**6,942.3**

In millions of euros	*Notes*	31 Dec. 2024	31 Dec. 2023
Liabilities			
Equity			
- issued share capital	*8*	1.0	1.0
- share premium	*9*	1,393.3	1,393.3
- revaluation reserve	*10*	1,440.3	1,480.7
- other reserves	*11*	855.1	630.8
- unappropriated result	*12*	6.2	183.9
Total equity		**3,695.9**	**3,689.7**
Provisions	*13*	27.8	78.7
Total provisions		**27.8**	**78.7**
Non-current liabilities			
- non-current loan from the shareholder	*14*	2,870.9	3,153.3
- lease liabilities	*15*	7.7	3.8
- long-term contract liabilities	*16*	15.9	16.3
Total non-current liabilities		**2,894.5**	**3,173.4**
Current liabilities			
- lease liabilities	*15*	0.3	0.1
- short-term contract liabilities	*16*	0.4	0.4
- liabilities to group companies	*17*	10.6	-
- other liabilities and accruals	*18*	190.1	-
Total current liabilities		**201.4**	**0.5**
Total liabilities		**6,819.6**	**6,942.3**

Statement of profit and loss for 2024

In millions of euros	*Notes*	2024		2023	
Net revenues	*21*	815.5		1,222.5	
Other operating revenues	*22*	1.0		5.7	
Total operating revenues			**816.5**		**1,228.2**
Costs of subcontracted work and other external costs	*23*	-562.4		-703.5	
Depreciation expenses	*2, 24*	-227.3		-210.8	
Other operating expenses	*1, 25*	47.4		-15.0	
Total expenses			**-742.3**		**-929.3**
Operating result			**74.2**		**298.9**
Finance income and expenses	*26*		-65.8		-51.1
Result before taxation			**8.4**		**247.8**
Taxes	*27*		-2.2		-63.9
Result after taxation			**6.2**		**183.9**

Notes to the financial statements

General

Preparation and adoption of the financial statements

The 2024 financial statements were prepared by the management on 28 March 2025. We will submit the financial statements as prepared for adoption by the General Meeting on 25 April 2025.

Reporting entity

Gasunie Transport Services B.V. (hereinafter: ‘GTS’, ‘the company’ or ‘we’) was founded on 2 July 2004. The company has its registered and actual office at Concourslaan 17, Groningen, Netherlands, and is registered with the Chamber of Commerce under number 02084889. GTS is a wholly-owned group company of N.V. Nederlandse Gasunie (hereinafter: ‘Gasunie’ or ‘shareholder’). All shares in GTS outstanding as at the balance sheet date are held by Gasunie (registered with the Chamber of Commerce under number 02029700), which has its registered office at Concourslaan 17 in Groningen, the Netherlands. We have also included the company’s financial details in the consolidated financial statements of Gasunie, the parent company of the group to which we belong.

GTS is the owner and operator of the national gas transmission network as defined in the Dutch Gas Act. It is the duty of GTS to operate, maintain and develop the national gas grid in the Netherlands in accordance with economic conditions, in a way that guarantees the safety, efficiency and reliability of gas transmission, and with due consideration to the environment.

On 1 January 2014, GTS acquired ownership from Gasunie of the gas transmission network in the Netherlands and the associated assets, liabilities and operations. The transfer of the ownership of the gas transmission network in the Netherlands forms part of the certification of GTS as independent network operator of the national gas grid. In its capacity as the national transmission system operator, GTS buys services from Gasunie. GTS and Gasunie have laid down the agreements with respect to this collaboration in such a way that security of supply, transmission security and the safety of gas transmission are guaranteed.

The activities and the results of GTS are to a significant extent determined by the national and European regulation of the energy markets. The tasks of GTS, the access to the gas transmission network and the tariffs for the transmission of gas through the gas transmission network are determined by the Dutch regulatory authority (ACM).

Rules on proper financial management

As the national transmission system operator, GTS must comply with the requirements as laid down in Article 32(11)(c) of the Dutch Gas Act and Article 10(e)(1) of the rules on proper financial management by a network operator (*Besluit Financieel Beheer Netbeheerder* [BFBN]). In the event the network operator fails to comply with the requirements, it must report this to ACM without delay and submit a recovery plan. The above provisions may affect the level of the distributable reserves or the dividend. As at year-end 2024, GTS did not fully meet all the BFBN requirements. See notes 11 ‘Other reserves’ and 12 ‘Unappropriated result’ for details of how this affects these financial statements.

Reporting period

These financial statements relate to the 2024 financial year, which ended on the balance sheet date of 31 December 2024.

Presentation and functional currency

We present the financial statements in euros, which is also our functional currency. Unless otherwise specified, all amounts are in millions of euros.

Accounting policies for the translation of foreign currencies

We measure transactions denominated in foreign currencies in the functional currency on initial recognition by translating them at the foreign exchange rate between the functional currency and foreign currency applicable on the date of the transaction.

On the balance sheet date, we translate monetary assets and liabilities denominated in foreign currencies into the functional currency at the exchange rate applicable on that date. We recognise exchange differences arising from the settlement of monetary items in foreign currency in profit and loss in the period in which they arise.

We translate non-monetary assets and liabilities denominated in foreign currencies that we measure at historical cost into the functional currency at the exchange rate applicable on the historical transaction date.

Going concern

These financial statements have been prepared on the basis of the going concern assumption. Management believes that there is no uncertainty about using the going concern assumption.

Elements of the financial statements

The financial statements comprise the statement of financial position, the statement of profit and loss, and the notes thereto. The statement of financial position and the statement of profit and loss include references to the notes to the financial statements. The notes form an integral part of the financial statements.

On the basis of the exemption under guideline RJ 360.104 of the Dutch Council for Annual Reporting, GTS has not published a separate cash flow statement. The financial data of GTS is included in the consolidated cash flow statement of Gasunie. The financial statements of Gasunie have been filed with the Dutch Chamber of Commerce.

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

Basis of preparation

The financial statements have been prepared in accordance with the statutory provisions of Part 9 of Book 2 of the Dutch Civil Code and the authoritative directives in the Dutch Guidelines for Annual Reporting published by the Dutch Accounting Standards Board. The principles adopted for measuring assets and liabilities and determining the results are based on historical costs, unless otherwise specified. The accounting policies used for the measurement of assets and liabilities and the determination of the results were unchanged compared to the previous financial year. The accounting policies used for presentation are also unchanged compared to the previous financial year, with the exception of a reclassification of certain debtors and other trade receivables to other receivables. This adjustment is better aligned with the formal legal status of the receivables as at the balance date and did not affect equity, the net result, and cash flows in 2023 and 2024.

General

We recognise an asset in the balance sheet if it is probable that the company will continue to benefit from it economically and the asset has a cost price or a value that we can measure reliably. We do not recognise assets that do not meet this condition in the balance sheet, but we flag them as assets that have not been included in the balance sheet.

We recognise a liability in the balance sheet if it is probable that its settlement will be accompanied by an outflow of resources from which the company benefits economically and that we can measure reliably. Provisions are also included under liabilities. We do not recognise liabilities that do not meet this condition in the balance sheet, but we recognise them as off-balance sheet obligations.

An asset or liability included in the balance sheet must remain there if a transaction does not give rise to a major change to the economic reality with regard to the asset or liability. Such transactions do not give rise to the recognition of results.

In determining whether or not there has been a major change to the economic reality, we take the economic benefits and risks that are likely to arise in practice as a basis, not the benefits and risks that are not reasonably expected to occur.

We have ceased to recognise assets or liabilities in the balance sheet if a transaction leads to all or nearly all rights to economic benefits and risks relating to an asset or liability being transferred to a third party. In such cases, we take the results of the transaction directly to profit and loss, whereby we take account of any provisions that should be formed in conjunction with the transaction.

If the representation of the economic reality leads to us recognising assets for which we are not the legal owner, we disclose this fact.

We recognise income in profit and loss if there has been an increase in the economic potential, in conjunction with an increase in an asset or a reduction in a liability, and if we can measure the amount reliably. We recognise expenses in profit and loss if there has been a reduction in the economic potential, in conjunction with a reduction in an asset or an increase in a liability, and if we can measure the amount reliably.

We allocate the revenue and costs to the period to which they relate. We recognise revenue if all major risks are transferred to the buyer.

Management judgements and estimates

In preparing the financial statements, we have used estimates and assessments that could affect the assets and liabilities presented as at the balance sheet date and the result for the financial year. The actual results may differ from these estimates. We review the estimates and underlying assumptions on a regular basis. We recognise revisions to estimates in the period in which the estimate is revised and in future periods affected by the review.

The nature of the judgements and estimates, including the assumptions that accompany the uncertainties, are included in the note to the relevant items in the financial statements if they are deemed necessary for providing the information required in Article 2:362(1) of the Dutch Civil Code. The effect of the judgements and estimates is significant for the:

- measurement of fixed assets (note 2 ‘Tangible fixed assets’);
- measurement of the provision for abandonment costs (note 13 ‘Provisions’);
- measurement of deferred tax assets (note 4 ‘Deferred tax assets’).

In certain cases, developments in the area of the energy transition, environmental and climate objectives and/or geopolitical developments also affect the judgements and estimates as stated above. We take these developments into account in our judgements and estimates.

Financial instruments

The company's financial statements include financial instruments. These concern trade and other receivables (financial assets) and non-current and current financial liabilities (financial liabilities).

We recognise financial assets and financial liabilities in the balance sheet at the time that contractual rights or obligations arise in respect of that instrument. We have ceased to recognise financial instruments in the balance sheet if a transaction leads to all or nearly all rights to economic benefits and risks relating to an instrument being transferred to a third party.

We present financial instruments (and individual components thereof) in the financial statements in accordance with the economic reality of the contractual provisions. They are presented on the basis of individual components of financial instruments as a financial asset, financial liability or equity.

In financial and non-financial contracts, agreements could have been made that meet the definition of derivatives. Such an agreement is separate from the basic contract and recognised as a derivative if:

- the economic characteristics and risks of the agreement are not closely related to the economic characteristics and risks of the basic contract;
- a separate instrument with the same conditions would meet the definition of a derivative; and
- the composite instrument is not measured at fair value with the impairment recognised in profit and loss.

If a financial instrument is contained in a contract and cannot be separated from the basic contract, we recognise it in accordance with the basic contract. Derivatives separated from the basic contract, if applicable, are measured at cost or fair value, whichever is lower, unless the value is derived from an underlying stock exchange quotation, in which case we measure the derivative at current value.

In accordance with Dutch Accounting Standards Board guideline 290.202, we do not recognise contracts entered into for the procurement of commodities, such as energy for the company's operating activities, in the balance sheet.

In the first measurement, we recognise financial instruments at fair value, including the directly attributable transaction costs. However, if we measure financial instruments at fair value in the subsequent measurement, with impairments recognised in the statement of profit and loss, then we recognise directly attributable transaction costs directly in the statement of profit and loss in the first measurement.

The measurement of the financial instruments after initial recognition is described below.

Trade and other receivables

After initial recognition, we measure trade and other receivables at amortised cost based on the effective interest method, minus a provision for bad debts. We recognise the effective interest and losses in respect of bad debts directly in profit and loss.

'Other receivables' also includes the amounts that have not yet been invoiced as at the balance sheet date for services rendered during the financial year. We also recognise a provision for bad debts if there is an objective reason to do so.

We subject all trade and other receivables that have not been individually shown to be subject to impairment to collective impairment testing. We do this by aggregating assets with similar risk characteristics. In our collective impairment testing, we use historical trends to determine likelihood of non-fulfilment of payment obligations and the number of payment arrears in the portfolio. We adjust the results if we believe that the current economic and credit circumstances make it probable that the losses incurred will be higher or lower than historical trends suggest.

We reduce the carrying amount of receivables by the provision for doubtful debts. We deduct receivables that cannot be collected from the provision. We recognise an addition to and release of the provision in profit and loss.

Non-current liabilities

Non-current liabilities are liabilities with a remaining nominal term of more than one year. After initial recognition, we measure non-current liabilities at amortised cost based on the effective interest method. We recognise the effective interest directly in the statement of profit and loss.

Current liabilities

After initial recognition, we measure the current liabilities at amortised cost based on the effective interest method. We recognise the effective interest directly in the statement of profit and loss.

Setting off financial instruments

We present a financial asset and a financial liability as a net amount if the company has a valid legal instrument that can be used to do so and the company firmly intends to settle the balance as such simultaneously.

Tangible fixed assets

We measure tangible fixed assets at cost, less any accumulated depreciation and accumulated impairments. When initially measured, the costs of periodic major repairs are recognised in the carrying amount of the asset on the basis of the component approach. This also applies, where appropriate, to abandonment costs. We capitalise interest expenses if they relate to the purchase, construction or production of qualifying assets, provided the assets need a substantial period (more than one year) before being ready for their intended use.

We determine depreciation by writing off the costs of the tangible fixed assets, less their estimated residual value, on a straight-line basis over their estimated useful life. We do not calculate depreciation on land, sites or the volumes of linepack or of cushion gas in the caverns.

Our assets are intended for our regulated business operations. Regulation of future cash flows by the regulatory authority will determine the recoverable amount of the regulated assets. We make significant estimates and judgements in this regard, in particular with regard to the useful life, residual value, and future cash flows of gas transmission. We will review the residual value of an asset, its useful life and the depreciation methods if the circumstances change or new information becomes available on the residual value, useful life or depreciation methods. Note 2 ‘Tangible fixed assets’ provides a more detailed explanation of the expected useful life of the tangible fixed assets, including our considerations with regard to the energy transition.

We divided tangible fixed assets into categories. We determine the useful life and associated depreciation period for each category. Note 2 ‘Tangible fixed assets’ describes the categories and gives the depreciation period for each category.

We deduct third-party contributions to the cost of construction of the assets from the investments, insofar as such contributions are either government-sourced (including grants) or not related to transport capacity. We recognise customer contributions to investments that are related to transmission capacity in the balance sheet as contract liabilities and we credit these to profit and loss at regular intervals in accordance with the expected useful life of the asset (as an indication of the expected term of the contract). If there is a significant financing component in the customer contributions, we recognise the finance expenses under financial expenses. We describe this recognition in more detail under ‘Net revenue’ in these accounting policies.

We recognise tangible fixed assets not yet in operation as at the balance sheet date as ‘Fixed operating assets under construction’. On commissioning, we classify the relevant assets according to their type in one of the main categories. We recognise the volumes of gas (line pack) and nitrogen permanently present in the pipelines and which are needed for gas transmission and related services under ‘Other fixed operating assets’. If any changes occur in the volume of linepack and/or cushion gas, we use the average price for the period in which the change took place as the cost price.

We recognise any loss on disposal of a tangible fixed asset under depreciation costs in profit and loss at the time of decommissioning; we recognise any profit under ‘operating revenue’.

We also recognise in the balance sheet any tangible fixed assets for which the company has the right of use under the terms of a lease agreement. See also the accounting policies under the heading ‘Leases’.

Financial fixed assets

Participating interests with significant influence

We measure participating interests that give us significant influence over the associated company's business and financial policy according to the equity method on the basis of the net asset value. If the participating interest cannot be measured at net asset value because we are unable to obtain the information required for this, we measure the participating interest according to disclosed equity. We consider all facts and contractual relations (including any potential voting rights) when determining whether a participating interest gives us significant influence over the associated company's business and financial policy. We use our accounting policies to determine the net asset value.

Participating interests without significant influence

We measure participating interests where we do not have significant influence over the associated company's business and financial policy at acquisition cost or the lower recoverable amount. We recognise dividend received from associated companies over which the company exercises no significant influence in profit and loss as the result from participating interests. We consider all facts and contractual relations (including any potential voting rights) when determining whether a participating interest gives us significant influence over the associated company's business and financial policy. If the interest is less than 20%, there is a rebuttable presumption that no significant influence has been exercised.

We eliminate unrealised profit from transactions with participating interests measured using the acquisition price in proportion to our interest in the participating interest.

Impairment of fixed assets

At the end of every reporting period, we test fixed assets, including tangible and financial fixed assets, for impairment. In case of impairment, we determine the recoverable amount of the assets. The recoverable amount is the higher of the fair value less costs to sell (e.g. based on a sales contract less the costs to be incurred for the sale) and the value in use (based on the results of a value-in-use calculation for example). If the recoverable amount is less than the carrying amount, we take the difference to profit and loss. Due to the nature of the tangible fixed assets, it is often not possible for us to determine the recoverable amount of an individual asset. In such cases, we determine the recoverable amount of the cash-generating unit to which the asset belongs.

We also investigate at regular intervals whether there are any signs that an impairment recognised in previous periods no longer exists or has decreased. If we find that an impairment recognised in the past no longer exists or has decreased, we do not set the increased carrying amount of the relevant asset or cash-generating unit higher than the carrying amount which would have been determined if no impairment for the asset or cash-generating unit had been recognised. We recognise any reversal of an impairment recognised in the past in the statement of profit and loss.

Current assets

Inventories

We recognise inventories at cost based on average cost or net realisable value, whichever is lower. Cost comprises the acquisition price or the cost of manufacture plus any other costs involved in taking inventories to their current place and keeping them in their current condition. The net realisable value is based on the most reliable estimate of the amount that the inventories will generate, less any costs to be incurred.

Inventories also includes the surplus emission allowances, i.e. the emission allowances that are not required at the end of the financial year to meet the emission obligation for the financial year under the EU Emissions Trading Scheme (EU ETS). Emission allowances are measured at cost. We hold emission allowances only for our own use and not for trading purposes. We only include an obligation (liability) under the EU ETS if the actual emissions at the end of the financial year are higher than the number of available certificates (the ‘net approach’). We measure such a liability at the fair value of the emission allowances yet to be acquired.

Trade and other receivables

The basis for measurement of ‘trade and other receivables’ is explained in the ‘Financial instruments’ section.

Equity

General

We present equity instruments under equity. We deduct profits distributed to the holders of these instruments from equity. As part and in anticipation of profit appropriation, interim payments may have been made during the year under review that were taken to the result for the financial year. In the statement of financial position, we deduct these payments from the result after taxation for the financial year.

Share premium

We recognise the amounts contributed by shareholders above the nominal share capital as share premium. In doing so, we also include additional equity contributions made without the issue of shares or rights to subscribe to or receive company shares. Repayment of the share premium to the shareholder is taken to the share premium.

Remeasurement reserve

The remeasurement reserve relates to the remeasurement of the tangible fixed assets. We realise the remeasurement reserve in proportion to the depreciation or disposal of the tangible fixed asset to which the remeasurement reserve relates. We add the part of the remeasurement reserve realised annually to equity under ‘Other reserves’.

Provisions

We recognise provisions in the balance sheet if:

- there is a legally enforceable or factual liability resulting from a previous event;
- we can make a reliable estimate for the obligation; and
- it is probable that an outflow of resources is required to settle that liability.

The amount recognised as a provision is the best possible estimate as at the balance sheet date of the expenditure required to meet the existing liability, taking into account the probability of the event.

If the time value of money is material, we recognise the provision based on the present value of the expenditure deemed necessary to settle the liability. We determine the discount rate before taxation and take into account the prevailing market assessments of the time value of money and the risks inherent in the liability.

If all or part of the expenditure required to settle a provision is likely to be reimbursed in whole or in part by a third party in settlement of the provision, we present such reimbursement as a separate asset.

Provision for abandonment costs

The provision for abandonment costs recognised in the balance sheet has been formed for decommissioned assets for which we have an obligation to remove these and remediate the site based on laws and regulations and/or rights and permits. The provision is intended for the expected costs of decommissioning and dismantling assets and any additional decommissioning costs. We determine the size of the provision partially on the basis of experience figures derived from previous removal/remediation works and based on the technical feasibility of removing the assets.

The provision is measured based on the present value of the expenditure deemed necessary to settle the liability. We determine the discount rate before taxation and take into account the prevailing market assessments of the time value of money and the risks inherent in the liability.

For a more detailed explanation of the assets for which we have not formed a provision for abandonment costs, see note 20 ‘Off-balance sheet assets and obligations’.

Leases

We recognise certain leases in the balance sheet. The right-of-use assets leased are also recognised in the statement of financial position (as per the accounting policies detailed under ‘Tangible fixed assets’).

We apply the possibility offered by guideline RJ 292.101 of the Dutch Council for Annual Reporting to recognise leases as per the provisions of IFRS 16. The principles of IFRS 16 have been fully and consistently applied.

Initial recognition and measurement of leases is as follows:

- We break down lease liabilities into lease and non-lease components. The non-lease components are not considered to fall within the scope of IFRS 16. We recognise the costs resulting from these non-lease components in profit and loss in the period to which they refer.
- We determine the expected term of the lease liability on the basis of the contractual term of the agreement, taking into account any potential options for extension and termination, in the event that we may reasonably be expected to use them.
- If applicable, we take residual value guarantees, significant variable lease payments and penalty clauses into account when measuring the lease liabilities.
- In principle, we discount the present value of the lease liabilities at the implicit interest rate. Where the implicit interest rate cannot be directly derived from the leases, we use our incremental borrowing rate. We use a borrowing rate representative of the portfolio as a whole for portfolios of leases with similar features.
- We initially recognise the right-of-use asset connected with the lease in the balance sheet at the present value of the lease liability, plus any directly attributable costs (including abandonment costs).
- Leases with a term of less than one year or with a contract value of less than € 5,000 are not included in the balance sheet, in accordance with the provisions of IFRS 16.

The assets associated with the lease liability are recognised under tangible fixed assets in the main category right-of-use assets.

The subsequent measurement of the leases is as follows:

- We measure right-of-use assets at cost, less straight-line depreciation calculated over the expected term of the lease agreement and with possible impairment losses. An explanation of how the cost price is determined is given above under ‘initial recognition and measurement of leases’.
- After initial recognition, we measure the lease liabilities at amortised cost based on the effective interest method.
- If the principles in the lease change (e.g. due to modifications), we remeasure and recognise the carrying amount of the lease liability and the right-of-use asset in the balance sheet.

Determination of the result

We calculate the result as the difference between the revenue from services rendered to meet performance commitments and the costs and other expenses incurred over the year. We recognise revenues from transactions in the year in which the services under the performance commitments were rendered.

Net revenue

In determining the net revenue, the company applies the option offered by guideline RJ 270.101a of the Dutch Council for Annual Reporting to recognise revenues and related costs in accordance with IFRS 15. The principles of IFRS 15 have been fully and consistently applied.

We consider net revenue the sum of revenues from gas transmission and related services provided to third parties, after deduction of taxes on these revenues, such as VAT. Income is subject to key estimates we make regarding the interest rate in the case of contract liabilities with a significant financing component to them.

If we can reliably estimate the result of a transaction involving the rendering of a service, we recognise the revenues relating to the service in proportion to the services rendered in the financial year. GTS provides services in the field of gas transmission and related activities. We offer these services as capacity services. This gives customers the right to use pre-agreed capacities for a pre-agreed period (hour, day, month, etc.). GTS regards the service as delivered over the period concerned and recognises the revenue accordingly. We can reliably determine the realisation of net revenues. Our only compensation from customers are the amounts determined in accordance with the contractually agreed remuneration methods.

The tariffs for our regulated activities are set by the independent regulatory authority. We do not apply any discounts to regulated revenues. There may, however, be customer contributions to the cost of construction or improvement of transmission infrastructure. We treat these customer contributions and discounts/advance payments as contract liabilities or contract receivables and recognise them in the balance sheet, periodically charging or crediting these to profit and loss over the term of the contract. In the event that a contract liability or contract receivable contains a significant financing component, we determine the value of this component based on an estimate of the relevant interest rate. We recognise the financing component in the financial income and expenses in the period to which it relates.

Other operating revenue

We recognise revenue that is not directly related to the supply of goods or the provision of services as part of normal operations under ‘Other operating revenue’. We attribute this revenue to the reporting period in accordance with the specifics of the transactions.

Government grants

We initially present prepayments on investment grants under the other liabilities. As soon as investment spending starts and meets the conditions for capitalisation, we then deduct the investment grants from the tangible fixed assets for which the grant was awarded. We include any portion of investment grants still to be received under receivables.

Other costs

We recognise the other costs in the reporting period to which they relate.

Financial income and expenses

Included in this item are income and expenses relating to financing and similar income and expenses. We recognise interest income and similar income in the period to which it relates, taking into account the effective interest rate for the asset concerned, provided the income can be measured and is likely to be received. We recognise interest expenses and similar expenses in the period to which they relate.

We describe the recognition of capitalised interest expenses under the heading ‘Tangible fixed assets’ in these accounting policies.

Income taxes

GTS is part of a fiscal unity headed by Gasunie for the purposes of corporate income tax. Gasunie and GTS have agreed for tax to be assigned to GTS based on the fiscal result, as if GTS were independently liable for tax.

Tax includes income tax and deferred taxation due over the reporting period. We take tax to profit and loss, except when it relates to items recognised directly as equity, in which case we recognise the tax effect also directly as equity.

The tax owed for the financial year is the tax expected to be payable on the taxable profit for that financial year, calculated on the basis of tax rates determined on the reporting date or materially decided upon on the reporting date, plus any corrections to the tax owed for previous years. We calculate the tax owed taking into account tax-exempt items and costs that are either non-deductible or only partly deductible.

If the carrying amount of assets and liabilities for financial reporting purposes differs from their carrying amounts for tax purposes, these are classed as temporary differences. For all taxable temporary differences that qualify for it, we recognise a deferred tax liability. For all deductible temporary differences that qualify for it, we recognise a deferred tax asset, to the extent that it is likely that sufficient taxable profit will be available for future set-off. For this purpose, we make assumptions about our future taxable profits and the point at which the temporary differences are realised. We have included further information about this in note 4 ‘Deferred tax assets’.

We measure deferred tax liabilities and assets at the nominal value. For the measurement, we use the tax rates that are expected to apply in the period in which the deferred tax items will be realised, basing this on the tax rates and tax legislation effective as at the balance sheet date. We take the results of movements in corporate income tax arising from any rate changes to profit and loss, with the exception of such results for transactions that were originally taken directly to equity, in which case we also take the results of such movements in corporate income tax for these transactions directly to equity.

The recognised current and deferred taxes can actually be classed as either (deferred) receivables or (deferred) liabilities towards the head of the fiscal unity. We recognise these receivables and liabilities as a net receivable or liability. We provide details of the current part of the deferred taxes in the note to deferred taxation. We do not calculate interest on deferred taxes.

Related parties

We provide details of transactions with related parties that were not effected under normal market conditions. The company will also explain major important transactions with related parties that are effected under normal market conditions. We also explain the nature and the size, plus any other information necessary to gain an understanding.

Determining the fair value

The fair value of a financial instrument is the amount for which we can trade an asset or settle a liability with parties knowledgeable about the matter who are willing to enter into a transaction and from whom we are independent.

We determine the fair value of non-listed financial instruments by calculating the present value of the expected cash flows at a discount rate equal to the applicable risk-free market rate for the remaining term plus credit and liquidity surcharges.

Events after the balance sheet date

We recognise events that provide further information about the actual situation at the balance sheet date and that appear before the date on which the financial statements are prepared in the financial statements.

We do not recognise events that do not provide further information about the actual situation on the balance sheet date in the financial statements. If such events are important for users to form an opinion of the financial statements, we explain the nature and estimated financial effects in the financial statements.

Additional notes to the financial statements

1. Significant developments in 2024

Development of revenue and result

In 2024, our consolidated net revenue (excluding other revenue) fell by 33.3% compared to 2023, mostly due to the lower permitted revenue in 2024. The decrease in net revenue was in line with our expectations given the revenue regulation system.

If our regulated revenue in any year exceeds the permitted revenue determined by the regulatory authority, we must offset the surplus revenue in subsequent years by charging lower tariffs, This is determined by the regulation system. In 2022, our actual regulated income was substantially higher than the cap, largely due to developments in the gas market following the Russian invasion of Ukraine. The increase in income in 2022 was partly offset by higher energy costs in that year. We are allowed to settle the higher energy costs as well.

Under the applicable reporting standards, we were not allowed to recognise future settlements as a liability in the balance sheet in 2022 nor deduct them from our 2022 revenue or result. We may only recognise any settlement of regulated revenue in the year in which the settlement actually takes place. The surplus revenue for the 2022 financial year was partly settled in the 2024 financial year. Accordingly, the permitted revenue in 2024 was, in line with our expectations, substantially lower than in the previous years in which such large settlements did not occur. The excess energy costs from 2022 were also settled in 2024. Because the revenue we needed to settle in 2024 was considerably higher than the costs to be settled, the operating result was around € 300 million lower compared to our long-term average (underlying) operating result of around € 300 to € 350 million. The underlying result is the result corrected for past and future regulated settlements.

For more detailed information on the development of the revenue and result, see note 21 'Net revenue'.

Consequences of the climate and energy transition

GTS plays an important role in the energy market in north-western Europe, which sees us operate in close conjunction with our shareholder (Gasunie) to the extent permitted by our legal frameworks. We manage, maintain and develop infrastructure for large-scale natural gas transmission. The energy transition is increasingly shifting Gasunie's focus towards CCS and hydrogen. Gasunie is also working on the development and operation of heat networks. Gasunie takes into account several future scenarios, all of which envision achieving a carbon-neutral society by 2050. We are taking action to see that we achieve net zero for our own emissions by 2045 already. This means that, on balance (after decarbonisation through certificates if required) we no longer contribute to global warming. In the long run, these developments will also affect GTS' gas transmission network.

It is Gasunie's social duty to be able to serve society with our infrastructure no matter which scenario materialises. An in-depth elaboration of these scenarios is presented in the Integrated Infrastructure Survey 2030-2050 (II3050). The main conclusions from the II3050 report that may affect the future use of GTS' gas transmission network are the following:

- Hydrogen, biomethane, heat and CCS are key elements in bringing about a carbon-neutral future.
- After 2030, the hydrogen network planned to be built between now and 2030 will approximately double in size. Our existing gas infrastructure can largely accommodate this expansion.
- The storage of hydrogen is essential if we are to keep the supply and demand for energy in balance in the future. This can be done in abandoned salt caverns in the Netherlands and Germany.
- The CCS network is not only a short-term solution: it will serve us in the long term too. In the short term, we will transport captured CO_2 to offshore storage fields to reduce industrial carbon emissions. In the long term, we will transport sustainable CO_2 for production processes that are currently still based on fossil resources.

This is because both we and Gasunie believe in a sustainable future with a balanced energy mix and a lasting role for diversified gases. Our assets are expected to play an important role in this. Given the uncertainties concerning future developments, we have made certain assumptions and used estimates in our financial statements, including assumptions about the useful life of our network infrastructure and the associated depreciation methods and periods. These lifespans and periods may be shorter or longer than we currently estimate, depending on, among other things, which assets Gasunie can repurpose for alternative use and when the transmission of natural gas will be phased out. We explain this further in note 2 'Tangible fixed assets'. These developments may also affect the required size of the provision for abandonment costs. Depending on which assets we can reuse, we may need to remove more or fewer assets than what we currently foresee. We explain this further in note 13 'Provisions'.

Provision for abandonment costs

In 2024, we reassessed the technical feasibility of removing the assets based on the most recent experiences in this area, while also revising our projections on future prices. These two revisions combined led to a € 47.8 million release of the provision for abandonment costs and prompted us to bring forward the end date of the redevelopment programme, from 2034 to 2028. For further details on the provision for abandonment costs and the changes to our estimate based on which we determine the required size of this provision, see notes 13 'Provisions' and 20 'Off-balance sheet assets and obligations'. We have recognised the release of the provision for abandonment costs under 'Other costs', because we also recognised the addition to the provision under 'Other costs' in the past. The release led to costs being negative on balance in 2024 (income).

2. Tangible fixed assets

Movements in tangible fixed assets in 2024 were as follows:

In millions of euros	Carrying amount as at 1 Jan. 2024	Investments	Transfers	Disposals	Depreciation	Carrying amount as at 31 Dec. 2024
Land and buildings	79.9	-	92.1	-0.2	-8.2	163.6
Compressor stations	443.5	-	4.0	-8.4	-32.9	406.2
Installations	759.9	-	362.7	-0.4	-53.7	1,068.5
Main transmission lines and related plant and equipment	3,620.2	-	42.0	-0.3	-88.9	3,573.0
Regional transmission lines and related plant and equipment	926.3	-	39.1	-1.2	-30.0	934.2
Other fixed operating assets	72.6	-	30.5	-	-3.0	100.1
Right-of-use assets	3.8	4.4	-	-	-0.3	7.9
Fixed assets under construction	549.3	165.6	-570.4	-	-	144.5
Total for 2024 financial year	**6,455.5**	**170.0**	**-**	**-10.5**	**-217.0**	**6,398.0**

Movements in tangible fixed assets in 2023 were as follows:

In millions of euros	Carrying amount as at 1 Jan. 2023	Investments	Transfers	Disposals	Depreciation	Carrying amount as at 31 Dec. 2023
Land and buildings	59.8	-	25.1	0.0	-5.0	79.9
Compressor stations	479.9	-	1.5	0.0	-37.9	443.5
Installations	710.5	-	98.7	-0.2	-49.1	759.9
Main transmission lines and related plant and equipment	3,662.0	-	45.1	-0.3	-86.6	3,620.2
Regional transmission lines and related plant and equipment	921.6	-	34.6	-0.9	-29.0	926.3
Other fixed operating assets	44.1	-	37.6	7.70-	-1.4	72.6
Right-of-use assets	4.2	-	-	-	-0.4	3.8
Fixed assets under construction	606.8	185.1	-242.6	-	-	549.3
Total for 2023 financial year	**6,488.9**	**185.1**	**-**	**-9.1**	**-209.4**	**6,455.5**

In 2024, investments related mainly to the commissioning of the nitrogen plant in Zuidbroek, to switching certain customers from high-calorific to low-calorific gas, and to regular replacement investments. We have detailed the conditional investment obligations at year-end 2024 in note 20 ‘Off-balance sheet assets and obligations’.

Tangible fixed assets at year-end 2024 includes an amount of € 7.9 million (year-end 2023: € 3.8 million) for right-of-use assets. The right-of-use assets all cover a limited number of plots with an expected term up to 2051. GTS has economic but not legal ownership of these right-of-use assets.

The cost and accumulated depreciation were as follows:

In millions of euros	**Cost as at 31 Dec. 2024 ***	**Accumulated depreciation as at 31 Dec. 2024 ****	Cost as at 31 Dec. 2023 *	Accumulated depreciation as at 31 Dec. 2023 **
Land and buildings	226.8	-63.2	138.3	-58.4
Compressor stations	1,298.6	-892.4	1,432.3	-988.8
Installations	2,515.9	-1,447.4	2,155.8	-1,395.9
Main transmission lines and related plant and equipment	7,690.5	-4,117.5	7,649.1	-4,028.9
Regional transmission lines and related plant and equipment	1,829.0	-894.8	1,794.9	-868.6
Other fixed operating assets	119.0	-18.9	88.5	-15.9
Right-of-use assets	10.0	-2.1	5.5	-1.7
Fixed assets under construction	144.5	-	549.3	0.0
Total	**13,834.3**	**-7,436.3**	**13,813.7**	**-7,358.2**

**Including the remeasurement of tangible fixed assets in the transition to IFRS by Gasunie in 2005 (deemed cost).*
*** Including accumulated impairments and their reversals.*

Impairment tests

At the end of each reporting period, we determine whether there are any events or indications for impairment of fixed assets and we investigate whether there are reasons to reverse previously recognised impairments.

Our assessment has not revealed any signs of material impairment (or a reversal of a previously recognised impairment) of the fixed assets as at 31 December 2024.

Depreciation periods and methods

We use assumptions when determining the relevant depreciation periods and methods. At year-end 2024, we concluded that there was no reason at that time to revise the depreciation periods and/or methods.

Our assets are subject to regulation. Our regulatory authority (ACM) sets the frameworks for the regulated depreciation periods and methods. In the methodology decision for GTS for the 2022-2026 period, ACM still assumes – based partly on their energy transition studies – a long depreciation horizon for the gas transmission network. For main transmission pipelines, this is up to as long as 55 years (i.e. after 2080 for investments completed in 2026). However, in its current methodology decision ACM has accelerated regulated depreciation by depreciating the regulated carrying amount using the diminishing balance method so as to reflect the decreasing use of the gas transmission network in general.

In these financial statements, when determining the depreciation periods and methods we took into account the view of ACM – as it stood at the end of 2024 – on the depreciation of regulated assets. Their view may, in certain cases, differ from the view we apply in preparing these financial statements, given that – from the perspective of the regulatory authority – the depreciation periods and methods can be an instrument for the equitable distribution of the costs of gas transmission between current and future users. Having the depreciation periods and methods in the financial statements depend on the level of the permitted income or the realised revenue is not allowed.

Alongside the view behind the formation of regulation, another key consideration in determining depreciation periods and methods is our own view on the energy transition and environmental and climate targets, as well as on other social and geopolitical developments. In our view, the existing gas infrastructure will continue to be needed in the medium to long term. In the vision of our shareholder (Gasunie), the energy system of the future will be an intelligent interplay of electrons and molecules. Natural gas transmission will remain important for as long as our economy needs it. Declining transmission volumes or society's or our own ambition to achieve net-zero emissions does not necessarily make this less true.

In the Netherlands, an increasingly concrete long-term vision is emerging in the field of hydrogen and CCS, and the details are expected to become ever more clear over the coming years. A practical example of this is the start of the construction of the national hydrogen grid and the Porthos CCS project by our shareholder (Gasunie) at the end of 2023 and in 2024 respectively. As this long-term vision becomes ever-more concrete, a better understanding of the reuse of the current natural gas network (by our shareholder or their group companies) and the consequences of this for the depreciation periods and methods will also emerge. Gasunie expects to develop a new Integrated Infrastructure Survey for the medium term in 2025 or 2026. This study can provide us with new insights that can help determine the depreciation periods and methods.

In our regular assessments of depreciation periods and methods, we also check whether there are any specific assets that will, in the medium term, no longer be used for the transmission of gas. In such specific cases, we may possibly amend the depreciation periods for these individual assets. This concerns installations that have been temporarily decommissioned, or could be in the near future; in such cases we depreciate these assets at an accelerated rate until the date of decommissioning. In the approach to the technical decommissioning, if we (through our shareholder or their group companies) foresee an alternative use of these assets for hydrogen or CCS, we take into consideration the possibility of recommissioning the installations in the future. In such cases, we do not abandon the installations, but rather sustainably preserve them for the long term.

The depreciation periods for the most important asset categories are as follows:

Land	no depreciation
Buildings	50 years
Compressor stations	30 years
Installations	30 years
Main transmission lines and related plant and equipment	until 2070
Regional transmission lines and related plant and equipment	until 2070
Other fixed operating assets	5-20 years
Fixed operating assets under construction	no depreciation

We depreciate right-of-use assets in accordance with the above categories; we depreciate leased land in accordance with the useful life of the asset with which the land lease is connected. We do not calculate depreciation on land, linepack/cushion gas volumes or assets under construction.

3. Participating interests

We hold participating interests in Beheerder Afspraken Stelsel (BAS) B.V., Energie Data Services Nederland (EDSN) B.V. and PRISMA European Capacity Platform (PRISMA) GmbH. In 2024, there were no movements in the net asset value or acquisition price and neither was dividend received from the relevant associated entities in which GTS holds a participating interest (2023: the same). In 2024, our share in the results of all participating interests was less than € 0.1 million (2023: also less than € 0.1 million). As a result, none of the participating interests have a material impact on GTS' equity, results or cash flows.

BAS, EDSN and PRISMA are joint arrangements between various grid operators and are aimed at facilitating an efficient and effective market; the entities are not profit or dividend focused. Our assessment has not revealed any evidence or indication of an impairment of the financial fixed assets as at 31 December 2024 (year-end 2023: the same).

Below you will find further explanation of our participating interests:

BAS

BAS is responsible for the practical support of the Market Facilitation Forum (MFF) association and also responsible for the implementation and monitoring of the agreements made within MFF. BAS has its registered office in Amersfoort, the Netherlands. At year-end 2024, GTS had a 25.0% interest in BAS Systems (year-end 2023: the same). The rest of the shares in BAS are held by TenneT (25.0%) and seven regional grid operators (together 50.0%). Based on the arrangements between the shareholders, we have significant influence on the relevant operations of BAS.

At year-end 2024, we had provided BAS a loan of € 0.3 million (year-end 2023: € 0) under a credit agreement with a maximum borrowing limit of € 2.5 million (Gasunie's share) and with a term ending on 1 October 2042. The credit facility is to be used to finance the company's activities as described above.

BAS pays arm's length interest on the balance of the credit facility based on a floating interest rate plus 115 basis points. Paydown of the outstanding balance on the credit facility is predominantly long term.

EDSN

EDSN works together with TSOs TenneT and GTS and the regional grid operators (all of which are also its joint shareholders) on central market facilitation for the energy sector. EDSN develops and manages IT infrastructure for the energy market. EDSN has its registered office in Arnhem, the Netherlands. At year-end 2024, GTS held a financial interest of 12.5% in EDSN (year-end 2023: the same). Based on agreements with shareholders, GTS has no significant influence in EDSN.

PRISMA

PRISMA is a European platform for trading transmission capacity. GTS offers some of its transmission capacity on this platform. At year-end 2024, GTS held a financial interest of 11.05% in PRISMA (year-end 2023: the same). PRISMA has its registered office in Leipzig, Germany. Based on agreements with shareholders, GTS has no significant influence in PRISMA.

4. Deferred tax assets

Deferred tax assets arise from temporary differences between the measurement of assets and liabilities for financial reporting purposes and their measurement for tax purposes. There are also tax losses carried forward.

The temporary differences concern the tax treatment of the purchase price paid by the Dutch State and the differences in respect of the measurement of tangible fixed assets. The first difference arose when our shareholder (Gasunie) was split into a transmission and a trading company in 2005. At the time, the Dutch State made a deemed capital contribution to the company for tax purposes. This purchase price for tax purposes has not been capitalised in the company financial statements. This recognition of the purchase price has given Gasunie an additional tax depreciation potential that can be attributed to GTS, for which a deferred tax asset has been recognised.

The temporary difference resulting from the measurement of tangible fixed assets is mainly due to the one-time remeasurement of tangible fixed assets to the deemed costs during the transition to IFRS after Gasunie was split into two companies in 2005. The assets were still owned by Gasunie at the time. On 1 January 2014, the assets in question, including the (statutory) remeasurement reserve, were transferred to GTS. In addition, the depreciation method for tax purposes deviates from time to time from the depreciation principles as applied in these financial statements (including the recognition of impairment losses and their reversals). We recognise temporary differences for that in the balance sheet. On balance, temporary differences in tangible fixed assets result in a deferred tax liability.

The aforementioned deferred tax assets and liabilities relate entirely to the fiscal unity with Gasunie and satisfy the conditions for setting off tax debts. We have therefore presented deferred taxation as a net amount.

GTS' tax losses carried forward arose in 2024 and relate solely to the tax loss for the 2024 financial year. There are no recognised and/or unrecognised tax losses carried forward from previous years. Based on the 2025-2027 business plan, we expect that, during the business plan period, we can make full use of the available tax losses carried forward.

At year-end 2024, we expected sufficient future taxable profits to utilise the deferred tax assets (year-end 2023: the same). This assumption is based on the projected taxable results for the coming years (based on the 2025-2027 business plan) and on the assumption that, based on the current regulatory frameworks, we will in principle always be allowed to make a reasonable return on our invested amounts and recover the operating expenses and depreciation costs, meaning that we will also earn sufficient taxable profits in the long term.

The movements in deferred tax assets in 2024 were as follows:

In millions of euros	Purchase price paid by the Dutch State	Tangible fixed assets	Carry forward	Total
Balance as at 1 January 2024	1,145.9	-863.2	-	282.7
Recognition of temporary differences in profit and loss	-54.6	18.5	18.4	-17.7
Balance as at 31 December 2024	**1,091.3**	**-844.7**	**18.4**	**265.0**

Of the total amount of deferred tax assets (including the tax losses carried forward), an amount of € 31.4 million (2023: € 30.0 million) is expected to have a term of under one year. This amount is not presented separately under current assets. The non-current portion of the deferred tax assets has a term until 2070.

The movements in deferred tax assets in 2023 were as follows:

In millions of euros	Purchase price paid by the Dutch State	Tangible fixed assets	Carry forward	Total
Balance as at 1 January 2023	1,200.5	-884.6	-	315.9
Recognition of temporary differences in profit and loss	-54.6	21.4	-	-33.2
Balance as at 31 December 2023	**1,145.9**	**-863.2**	**-**	**282.7**

5. Inventories

Inventories can be broken down as follows:

In millions of euros	31 Dec. 2024	31 Dec. 2023
Gas inventories	58.3	77.9
Emission allowances	0.8	-
Totaal voorraden	**59.1**	**77.9**

Gas inventories comprise the physical stores of gas and mainly consist of natural gas inventories, though also a small store of nitrogen, which we use for quality conversion. We maintain natural gas reserves to balance our gas transmission network and to fulfil our statutory duty to provide peak capacity in the Netherlands. The purpose of this statutory duty is to ensure security of supply for the small-scale consumer market in accordance with the statutory provisions. We can be called on to fulfil this duty in the event of a cold snap. One of the measures we have taken to ensure we can fulfil this duty is maintaining our own backup volumes of natural gas. We do not trade using our gas reserves.

The emission allowances concern emission allowances under the EU ETS. The balance of emission allowances recognised in the balance sheet is made up of surplus allowances available at the end of the financial year not needed to meet our obligations. We can use these allowances to settle future obligations. At year-end 2024, this balance was € 0.8 million (year-end 2023: less than € 0.1 million).

There was no write-down to a lower net realisable value for gas inventories and emission allowances as at year-end 2024 (year-end 2023: the same).

6. Receivables from group companies

The receivables from group companies are de facto receivables from entities that, like GTS, are Gasunie group companies. At year-end 2024, these receivables related primarily to transmission and associated services that GTS provides to certain group companies. Additional information on transactions with related parties is provided in note 29 ‘Related parties’.

7. Trade and other receivables

Trade and other receivables can be broken down as follows:

In millions of euros	31 Dec. 2024	31 Dec. 2023
Trade and other receivables	6.5	3.3
Provision for doubtful debts	88.8	122.8
Total trade and other receivables	**95.3**	**126.1**

The other receivables mainly comprise revenue that is yet to be invoiced. The drop in trade and other receivables came mostly as a result of the lower tariffs charged in 2024 and lower volumes of gas transported compared to the previous financial year.

Trade and other receivables are measured less a provision for doubtful debts.

Movements in the provision were as follows:

In millions of euros	31 dec. 2024	31 dec. 2023
Balance as at 1 January	16.8	16.8
Addition, charged to profit and loss	-	-
Write-offs charged against the provision	-16.2	-
Release, credited to profit and loss	-	-
Balance as at 31 December	**0.6**	**16.8**

Trade and other receivables have a nominal term of less than one year. Note 19 ‘Financial instruments’ provides more information on the securities received.

8. Issued share capital

The authorised share capital amounts to € 5.0 million, consisting of five million ordinary shares of € 1 each, of which one million have been issued and paid up in full. The issued share capital amounts to € 1.0 million (year-end 2023: 1.0 million). No movements took place in the issued and paid-up shares during the financial year (2023: the same).

At year-end 2024, all shares in issue were held by Gasunie (year-end 2023: the same).

9. Share premium

No movements in the share premium took place in the financial year (2023: the same).

10. Remeasurement reserve

The remeasurement reserve relates to the remeasurement of certain company assets. This remeasurement originally related to the transition to IFRS in 2005, following the split of N.V. Nederlandse Gasunie into a trading company and a transmission company. The remeasurement was calculated based on the situation as per 1 January 2004. At the time of this remeasurement, GTS was not yet the owner of the assets. When the assets were transferred to GTS on 1 January 2014, the remeasurement reserve linked to the assets was also transferred to GTS. The remeasurement reserve was formed after deduction of a liability for deferred tax, as explained in note 4 ‘Deferred tax assets’.

Movements in the remeasurement reserve were as follows:

In millions of euros	**2024**	2023
Balance as at 1 January	1,480.7	1,524.2
Realised share of unrealised remeasurement	-40.4	-43.5
Balance as at 31 December	**1,440.3**	**1,480.7**

11. Other reserves

The movements in the other reserves were as follows:

In millions of euros	**2024**	2023
Balance as at 1 January	630.8	444.4
Appropriation of result for previous financial year	183.9	477.9
Dividend paid	-	-335.0
Realised share in the unrealised revaluation	40.4	43.5
Balance as at 31 December	**855.1**	**630.8**

For details of the movements, see notes 10 ‘Remeasurement reserve’ and 12 ‘Unappropriated result’.

GTS is the network operator of the national gas grid in the Netherlands as defined in the Dutch Gas Act. The Dutch Minister of Economic Affairs has set rules with regard to proper financial management by network operators (*Besluit Financieel Beheer Netbeheerders* [‘BFBN]). These rules include a minimum for equity, which can lead to restrictions with regard to the level of distributable reserves. At year-end 2024, GTS met the ratios from these rules that relate to the minimum for equity, meaning that a non-distributable reserve need not be recognised (year-end 2023: the same).

12. Unappropriated result

Movements in the unappropriated result were as follows:

In millions of euros	**2024**	2023
Balance as at 1 January	183.9	477.9
Appropriation of result in previous financial year	-183.9	-477.9
Result for the year	6.2	183.9
Balance as at 31 December	**6.2**	**183.9**

Profit appropriation for the previous financial year

The 2023 financial statements were adopted by the general meeting of shareholders of 5 April 2024. The general meeting of shareholders appropriated the result as determined in accordance with management's proposal. The profit for 2023 totalled € 183.9 million and was added in full to the other reserves.

Result appropriation proposal for the 2024 financial year

The management proposes that the 2024 result after taxation be added to 'other reserves' in full. This appropriation of result has not been recognised in the balance sheet as at 31 December 2024 or in the notes thereto.

The company may make distributions to the shareholders only if: 1) the company can continue to pay its due and payable debts after distribution (distribution test), and 2) the equity is greater than the reserves that we are required by law to maintain (balance test). In addition to these general statutory provisions, GTS, as the national transmission system operator, must also comply with the requirements as laid down in the BFBN. Due to GTS not fully meeting the BFBN rules at year-end 2024, GTS is not allowed to allocate a dividend to its shareholder. We took this requirement into account in our proposal for appropriation of profit for the 2024 financial year.

13. Provisions

At year-end 2024, the provisions are entirely made up of the provision for abandonment costs (year-end 2023: the same).

The provision for abandonment costs was formed following our decisions to decommission and remove specific assets. Legislation, regulations and/or rights and permits, including those governing the environment and spatial planning, require assets to be removed in certain cases. This provision recognised in the balance sheet relates to the removal of assets that have already been decommissioned and the related site remediation works. The basis for this provision is our redevelopment programme. We will complete the remaining part of this redevelopment programme between 2025 and 2028. At year-end 2024, we considered it unlikely that all our tangible fixed assets would eventually have to be removed. For a further explanation of our conditional decommissioning obligations, see note 20 ‘Off-balance sheet assets and obligations’.

In determining the provision for abandonment costs, we take into account that our judgements and estimates may be affected by developments in the area of the energy transition and tightened environmental and climate targets. With respect to hydrogen, heat and CCS, the long-term vision is becoming increasingly concrete and is expected to be worked out further over the coming years. Our shareholder (Gasunie) is actively involved in this. On the balance sheet date, we had brought the provision for abandonment costs into line with the most recent developments. The social developments referred to above may also in future years lead to an adjustment to the size of the provision for abandonment costs, such as if certain assets turn out not to be fit for an alternative use that was previously thought feasible (or if other assets not considered at this time turn out to be suitable for alternative use later) and these developments result in actual removal of the asset concerned.

Aside from that, the provision can be adjusted if experience figures prompt a change to the removal method or if the costs of historic removal activities are reason to assume higher or lower costs for future removal activities. We update the redevelopment programme annually, including with regard to expected future prices, the estimate of assets to be removed, and the nature and extent of the work to be carried out in connection with the removal of the assets.

The movements in other provisions were as follows:

In millions of euros	**2024**	2023
Balance as at 1 January	78.7	70.8
Provisions made during the year	-	14.4
Provisions reversed during the year	-47.8	-
Accrued interest	2.4	2.6
Provisions used during the year	-5.5	-9.1
Balance as at 31 December	**27.8**	**78.7**

The release of the provision in 2024 mainly follows from a change in estimate of the technical feasibility of removing the pipelines based on the most recent experiences in this area. Based on this review the end date of the redevelopment programme was brought forward, from 2034 to 2028.

The current part of the provision for abandonment costs is expected to total € 8.2 million at year-end 2024 (year-end 2023: € 14.6 million). This amount is not shown separately under current liabilities. The part of the provision with a term of over five years was € 0 at year-end 2024 (year-end 2023: € 35.7 million). In 2024, we applied a discount rate for taxes of between 2.6% and 2.7% (2023: between 3.5% and 3.6%).

14. Non-current loan from the shareholder

Movements in the non-current loan from the shareholder were as follows:

In millions of euros	**2024**	2023
Balance as at 1 January	3,153.3	3,142.9
Borrowings	-	87.6
Repayments	-282.4	-77.2
Balance as at 31 December	**2,870.9**	**3,153.3**

The debt to our shareholder (Gasunie) is the de facto balance of borrowings drawn on a loan facility of up to € 5.0 billion, which was made available to GTS by Gasunie on 1 January 2014. The loan terminates on 31 December 2029, but has an extension option. The agreed interest rate is the weighted average borrowing rate of the non-current loan portfolio of Gasunie plus 12.5 basis points. The weighted average interest rate on the balance of the borrowings drawn in 2024 was 2.1% (2023: 1.8%). We have agreed with Gasunie that we can draw down or repay funds during the term of the loan facility without any restrictions. No interim repayment scheme has been agreed. For this reason, the borrowings as at the balance sheet date are fully presented as non-current.

We have not provided any securities with regard to this loan facility.

15. Lease liabilities

We are bound by some leases relating to the lease of land. We reserve these right-of-use assets for the company's own use; there are no sub-leases involved. For more information about the related right-of-use assets, see note 2 'Tangible fixed assets'.

Movements in lease liabilities were as follows:

In millions of euros	2024	2023
Balance as at 1 January	3.9	4.3
New lease contracts	-	-
Adjustments of lease variables	4.4	-
Lease payments	-0.4	-0.5
Interest on leases	0.1	0.1
Total	**8.0**	**3.9**
Included under current liabilities	-0.3	-0.1
Balance as at 31 December	**7.7**	**3.8**

Adjustments of lease contracts concern interim adjustments of variables in the existing lease contracts that result in a change in the measurement of the contracts, such as expected or agreed terms and the size of lease payments (through indexation, for example). The adjustments made to lease contracts in 2024 primarily involved extending a number of existing leases to 2051.

The remaining term of the lease liabilities is as follows:

In millions of euros	31 Dec. 2024		31 Dec. 2023	
	Carrying amount	Nominal value	Carrying amount	Nominal value
Maturity < 1 year	0.3	0.4	0.1	0.2
Maturity ≥ 1 year and ≤ 5 years	1.1	1.4	0.5	0.7
Maturity ≥ 5 years	6.6	7.3	3.3	4.0
Total lease liability	**8.0**	**9.1**	**3.9**	**4.9**

The weighted average incremental borrowing rate in 2024 was 1.03% (2023: 1.85%).

Lease contracts with a term of less than one year or with a contract value of less than € 5,000 are not included in the balance sheet. They represented less than € 0.1 million per year at year-end 2024 (2023: less than € 0.1 million per year).

16. Contract liabilities

Contract liabilities relate to recognition of our revenue from contracts with customers. The payment schedule for certain contracts is not synchronous with the way in which we are required to allocate revenues to the financial years. This happens in the case of, for instance, contracts in which customers have made a financial contribution to an investment in specific transport capacity. We attribute these contributions to the contract with the customer, which we assume has a term equal to the useful life of the asset to which the customer contribution relates. We have included a contract liability for such customer contributions, taking account of the financing element in these contracts.

Movements in contract liabilities were as follows:

In millions of euros	**2024**	2023
Balance as at 1 January	16.7	17.1
Recorded as net revenue	-0.9	-0.9
Accrued interest	0.5	0.5
New contributions	-	-
Total	**16.3**	**16.7**
Included under current liabilities	-0.4	-0.4
Balance as at 31 December	**15.9**	**16.3**

In 2024, there were no significant movements in contract liabilities (2023: the same). The remaining term of the contract liabilities is as follows:

In millions of euros	**31. Dec 2024**	31. Dec 2023
Maturity < 1 year	0.4	0.4
Maturity ≥ 1 year and ≤ 5 years	1.5	1.5
Maturity ≥ 5 years	14.4	14.8
Total contract liabilities	**16.3**	**16.7**

We have recognised the current part of the contract liabilities separately under current liabilities.

17. Liabilities to group companies

The liabilities to group companies are de facto payables to entities that, like GTS, are Gasunie group companies. These liabilities mainly concern consideration payable for the use of installations and equipment, as well as the costs of certain network operation-related services that we procure from these parties. Additional information on transactions with related parties is provided in note 29 'Related parties'.

18. Trade and other payables

Trade and other payables can be broken down as follows:

In miljoenen euro's	31 Dec. 2024	31 Dec. 2023
Security deposits	150.6	-
Trade payables	16.1	-
Other taxes	0.7	-
Other liabilities and accruals	22.7	-
Total other current liabilities	**190.1**	**-**

For more detailed information on security deposits received, see note 19 ‘Financial instruments’. The trade and other payables comprise mainly invoices that are yet to be received.

Since our shareholder (Gasunie) used to take care of receiving and settling our customers’ security deposits, as well as of fulfilling any other (procurement) obligations, these liabilities were not recognised in our balance sheet at year-end 2023. As of 2024, however, GTS takes care of the administrative handling of security deposits and other (procurement) obligations itself again, and so we have recognised these liabilities in our own balance sheet again.

19. Financial instruments

General

The main financial risks to which we are exposed are market risk (consisting of interest rate risk, currency risk, and price risk), credit risk and liquidity risk. In collaboration with our shareholder (Gasunie), we apply financial risk management with the aim of reducing these risks through operational and financial measures. Depending on the nature and size of the risks, we use specific hedging instruments for this purpose, either directly ourselves or indirectly through Gasunie.

We may use derivative financial instruments to manage interest rate, currency, and price risks arising from ordinary operational activities. We only use derivative financial instruments to hedge risks and not for trading or any other purpose. The use of specific risk instruments requires the prior approval of management and/or our shareholder (Gasunie).

Interest rate risk

The interest rate risk that we are exposed to is the risk that our future interest payments will increase due to changes to the market rate for interest-bearing loans with floating interest rates. We are exposed to an interest rate risk with respect to the interest-bearing loan from our shareholder (Gasunie). The loan facility made available by Gasunie has a variable interest rate based on the weighted average interest rate of the non-current loan portfolio of Gasunie plus 12.5 basis points. If this average interest rate changes, our interest payments also change. We have not hedged this interest rate risk because the timing and the extent of the repayment cash flows under the loan facility have not been established and cannot be predicted with sufficient precision.

A one hundred basis points change in the interest rate will change the annual interest expenses by around € 28.7 million (2023: € 31.5 million).

Currency risk

Currency risks arise when we conclude financial instruments in a currency that is not the functional currency. The currency risk is the risk that future cash flows will fluctuate over time due to changes in exchange rates. The currency risk involved in normal business operations is very limited because almost all transactions take place in euros. At year-end 2024, there were no material receivables or liabilities in a foreign currency and hedging instruments were, therefore, not used (year-end 2023: the same).

Price risk

We use gas and electricity for our regular operations, including for gas transmission, balancing actions in the gas transmission network, and internal and external production of nitrogen for quality conversion. for which the company has entered into gas and power supply contracts with energy providers. These are standard supply contracts that are common in the market today, with variable energy prices based on current spot market prices at the moment of contracting/supply. These contracts are not subject to a minimum purchase obligation.

We would be exposed to a minor price risk if the variable costs of gas and power were to rise. Based on the current regulations, we are allowed, for a large part, to offset increases in energy costs in future regulated tariffs. We apply a procurement strategy aimed at achieving a market-competitive price. The basic principle of our policy is that we do not trade in energy supply contracts and do not take speculative positions. We have committed to purchasing the contracted volumes ourselves and using them for our day-to-day operations.

Our energy supply contracts come with the contractual option to partly fix prices for a certain future supply period. We do this through, for example, forward delivery contracts for the physical supply of energy, in which we take into account the anticipated energy requirements for specific periods, in order to meet the own-use exemption under guideline RJ 290.202 of the Dutch Council for Annual Reporting. The level of price risk hedging is influenced in part by the predictability of the volume and timing of the energy usage. Energy usage that has not been contracted under forward supply contracts is purchased on the sport market as and when the need for energy arises. At year-end 2024, there were no outstanding forward delivery contracts for our own use of energy (year-end 2023: € 73.5 million). Under guideline RJ 290.202 of the Dutch Council for Annual Reporting, we do not recognise any liabilities from forward supply contracts in the balance sheet.

With regard to gas inventories we hold for balancing the gas transmission network, given the underlying regulated settlement system we do not run a price risk. The value of the stored nitrogen is not significant.

Credit risk

Credit risk relates to the loss that would arise if our financial or other counterparties were to entirely or partially default and fail to meet their contractual obligations. On the balance sheet date, we were not exposed to any material credit risk with regard to any individual customer or counterparty (year-end 2023: the same). In 2024, we did generate over 10% (but under 15%) of our external revenue relating to gas transmission and the associated services from one single external party (2023: the same). We did not record a provision for doubtful debts at year-end 2024 (2023: the same).

To limit the credit risk with regard to our counterparties, if appropriate, we ask for guarantees from our customers and other parties with whom transactions take place.

At year-end 2024, we had received the following guarantees from third parties:

In millions of euros	31 Dec. 2024		31 Dec. 2023	
	Number	Balance	Number	Balance
Security Deposit	145	150.6	142	195.1
Bank Guarantee	59	170.5	56	142.5
Parent Company Guarantee	39	360.6	39	385.0
Surety Agreement	2	10.4	2	10.4
Total guarantees received	**245**	**692.1**	**239**	**733.0**

The securities received relate to securities as part of capacity bookings. As at year-end 2024, we hold the security deposits in cash and recognise them under current liabilities. In 2023, our shareholder (Gasunie) held the security deposits in cash on our behalf, as explained in note 18 ‘Trade and other payables’. We calculate a market interest charge for the security deposits.

The term of the guarantees received varies from a few months to indefinite guarantees. The guarantees are not freely assignable.

Liquidity risk

The liquidity risk is the risk that we have insufficient cash and cash equivalents to meet our immediately payable current liabilities. We quantify our liquidity risk by using a long-range forecast of capital expenses and investments and a liquidity forecast with a horizon of at least one year for operational expenses.

Our cash and cash equivalents are part of a cash pool agreement with our shareholder (Gasunie) and its group companies. Under the terms of this agreement, the bank balances of the companies, including GTS, are held in the main account of Gasunie. We transfer amounts received in our bank account daily to Gasunie. Equally, the amounts we pay are reimbursed daily by Gasunie. The bank balances that are part of the cash pool agreement are interest-bearing.

In order to hedge the liquidity risk, we had access to a € 5.0 billion loan facility at year-end 2024 (year-end 2023: € 5.0 billion), which is made available by our shareholder (Gasunie). The loan terminates on 31 December 2029, but has an extension option. We have agreed with Gasunie that we can draw down and repay funds during the term of the loan facility without any restrictions. As at year-end 2024, we have drawn an amount of € 2.9 billion on this facility (year-end 2023: € 3.2 billion).

In addition, we have access to an uncommitted external credit facility of € 10.0 million (year-end 2023: € 10.0 million), as per the cash pool agreement. No amounts had been drawn down on this facility as at year-end 2024 (year-end 2023: the same).

Fair value

Various financial instruments for which the fair value can deviate from the carrying amount on the basis of amortised cost are included in these financial statements. This relates to:

- Current receivables and liabilities
- Non-current loan from the shareholder

We have detailed the way in which fair value is determined under 'Determining fair value' in the accounting policies for the measurement of assets and liabilities and the determination of the results.

Current receivables and liabilities

The carrying amount of current receivables and liabilities recognised in the balance sheet is almost the same as their fair value due to the short term of these instruments. This also applies to current liabilities from group companies and current liabilities towards group companies.

Non-current loan from the shareholder

We have calculated the fair value of the loan from the shareholder 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. In doing so, we have taken into account our own risk profile and that of Gasunie. It is assumed that the outstanding principal sum will be redeemed in full on the date of the end of the credit facility.

The carrying amount and the fair value of the loan from the shareholder as at year-end 2024 were as follows:

In millions of euros			31 Dec. 2024			31 Dec. 2023
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Non-current loan from the shareholder	2,870.9	2,810.0	-60.9	3,153.3	3,003.3	-150.0

20. Off-balance sheet assets and obligations

Investment obligations

At year-end 2024, there were conditional investment obligations totalling € 20.1 million (year-end 2023: € 34.3 million). The obligations relate mainly to our regular replacement investments. Our shareholder (Gasunie) occasionally carries out the investment projects for GTS; in these instances the associated investment obligations can be classified as obligations towards our shareholder. For further explanation of the transactions with related parties, see note 29 ‘Related parties’.

Non-current obligations

Non-current obligations were as follows:

In millions of euros		Contract value
Term	31 Dec. 2024	31 Dec. 2023
0 – 1 year	57.8	57.6
1 – 5 years	195.5	195.9
> 5 years	81.9	98.0
Total	**335.2**	**351.5**

These obligations mainly relate to the procurement of nitrogen production capacity, and flexible storage services. If appropriate, such procurement is routed through our shareholder (Gasunie) or one of its group companies and the associated obligations can be classified as long-term obligations towards our shareholder or one of its group companies. For further explanation of the transactions with related parties, see note 29 ‘Related parties’.

Liabilities arising from physical imbalances

Although we strive to minimise operational imbalances, steering differences do arise in practice, meaning that the actual physical gas flow may differ to some extent from the volumes nominated by our customers. Due in part to practical feasibility, we do not settle these differences with our customers on a daily basis, but rather take these up in a cumulative steering account (an operational balancing account, or ‘OBA’) with the adjacent network operator, storage facility or production site.

We closely and continuously monitor the operational imbalance and continuously settle this in kind with the adjacent network operator, storage facility or production site by physically supplying or receiving natural gas. We only use OBAs for operational, not commercial, purposes.

We base the use of the OBAs on the going concern assumption and a continuous settlement in kind. We only settle imbalances financially if the party to the agreement has ceased its gas transmission operations, meaning settlement through the physical supply of gas is no longer possible. The OBAs are perpetual in nature. Given the considerations stated above, the balance of gas to be received or to be supplied can be regarded as ‘perpetual’ and, accordingly, its net present value on the balance sheet date is € 0. For this reason, the imbalances are included in the off-balance sheet assets and liabilities.

At year-end 2024, the cumulative operational imbalance volume was 48 GWh (year-end 2023: 36 GWh negative), meaning that there was a supply obligation with regard to the adjacent networks, storage facilities and/or production sites. Based on the TTF spot price on the balance sheet date, the value of this ‘imbalance liability’ (gas we still need to supply) was approximately € 2.3 million (year-end 2023: ‘imbalance claim’ (gas we still need to receive) of approximately € 1.1 million).

In addition to imbalances under the OBAs, imbalances in the portfolios of our customers can also occur. Here, too, we in principle apply a going concern assumption and a continuous settlement in kind. We only settle imbalances financially if the party to the agreement has ceased its gas transmission operations (meaning settlement through the physical supply of gas is no longer possible) or when they exceed the agreed credit limits. At year-end 2024, our customers had a negative cumulative imbalance volume of 19 GWh (year-end 2023: 3 GWh negative). Based on the TTF spot price on the balance sheet date, the value of this imbalance claim was approx. € 0.9 million (year-end 2023: approx. € 0.1 million).

Decommissioning obligations

In certain cases, we are required to remove decommissioned assets and remediate the site based on laws and regulations and/or rights and permits. For the assets for which such an obligation exists under law, regulations, rights and/or permits on the balance sheet date, we have included a provision for these abandonment costs in the balance sheet. We provide further details on this matter in note 13 ‘Provisions’.

For a significant portion of our assets, the decommissioning obligation is only a conditional obligation. We have not included a provision in the balance sheet for the assets for which we are not obliged to remove the assets and remediate the site under laws and regulations or under rights or permits, conditional to certain future events not arising. Examples of such future events are situations where our assets result in environmental contamination after decommissioning, or when a rights holder or a permit issuer, invoking a relevant contractual arrangement or authority under public law, requires us to remove our decommissioned assets.

We currently expect that our decommissioning obligations will only materialise in a limited number of cases. We expect that the transmission of natural gas will remain important in the coming years and that our shareholder (Gasunie) or its group companies will then keep a significant part of our assets in operation in the service of the energy transition, for example for the transport of hydrogen or as part of CCS. Developments in the energy transition may cause us to revise this assumption in the future.

In addition, we expect that we will ultimately not be required to remove decommissioned assets in many cases because the social cost will not outweigh the costs of removal, with the result that the parties involved will not require us to actually remove these decommissioned assets. Rights holders or permit issuers may also waive their right to have decommissioned assets removed for other practical reasons. This assumption may change if our policy and/or that of the third parties involved changes in the future and/or because of advancements in technical removal options.

Claims and disputes

One of our customers has initiated proceedings with the court to terminate its long-term capacity contracts prior to the contract end date. In our view, this customer’s claim is without merit. If the claim were, however, to be declared legitimate in whole or in part, we do not expect this to have any direct financial impact for us due to the legally stipulated revenue regulation system.

In addition, we have filed a claim against a Gazprom Export LLC regarding their failure to comply with contractual obligations towards us and, in response to our claim, we have also received an opposing claim from Gazprom Export LLC, for which we believe there is no legal basis. We have not recognised a receivable or liability in the balance sheet for the outcome of these claims.

Joint and several liability of the fiscal unity

We are part of a fiscal unity for the purposes of Dutch corporate income tax and VAT, which is headed by Gasunie. Pursuant to the Dutch Collection of State Taxes Act, we are jointly and severally liable for the corporate income tax and VAT liabilities of all the companies in our fiscal unity.

Guarantees issued

We have issued a guarantee of € 0.8 million (2023: € 0.8 million) for our participating interest in EDSN.

21. Net revenue

Generated entirely in the Netherlands, our net revenue consists exclusively of regulated revenue from gas transmission and gas transmission-related services. Net revenue was down 33.3% on the previous financial year (2023: down 24.6%). For a more detailed explanation of the net revenue and the result for 2024, see note 1 ‘Significant developments in 2024’.

Net revenue also includes the periodic release of certain contract liabilities. For more information on this matter, see note 16 ‘Contract liabilities’.

22. Other operating revenue

‘Other operating revenue’ comprises mainly contributions from third parties, for example to cover the costs of relocating our pipelines at the third party’s request.

23. Costs of subcontracted work and other external costs

Costs of subcontracted work and other external costs were as follows:

In millions of euros	2024	2023
Cost of network management	216.2	373.0
Other operating expenses	346.2	330.5
Total costs of subcontracted work and other external costs	**562.4**	**703.5**

The costs of network operations mainly comprise the procurement of external nitrogen production capacity and electricity for the production of nitrogen and the cost of electricity and gas for gas transmission. The decrease in the costs of network operations in 2024 is mainly due to lower energy prices. In addition, our energy usage was lower as the result of a lower volume of gas transported.

The costs of subcontracted work and other external costs also include the services provided by our shareholder (Gasunie). For an explanation of the transactions with related parties, see note 29 ‘Related parties’.

24. Depreciation costs

The depreciation costs were as follows:

In millions of euros	2024	2023
Depreciation expenses	217.0	209.4
Result from disposals	10.3	1.4
Total depreciation costs	**227.3**	**210.8**

The book result from disposals is the balance of the net realisable value of the assets sold or transferred minus the carrying amount of these assets on the date of disposal. The book result on the disposals in 2024 mainly relates to the accelerated decommissioning of part of a compressor station which is (earlier than originally forecast) no longer useful for gas transmission.

25. Other costs

The other costs were as follows:

In millions of euros	**2024**	2023
Other costs	-47.4	15.0
Total other costs	**-47.4**	**15.0**

Following the € 47.8 release of the provision for abandonment costs (2023: addition of € 14.4 million), other costs came in negative in 2024. Aside from that, the other costs include several non-recurring costs. We provide further details of the partial release of the provision for abandonment costs in note 13 ‘Provisions’.

26. Financial income and expenses

Financial income and expenses can be broken down as follows:

In millions of euros	**2024**	2023
Interest on non-current loan from the shareholder and cash pooling	68.7	57.7
Accrued interest on provisions	2.4	2.6
Other finance expenses	-0.9	-0.4
Interest and finance expenses	70.2	59.9
Capitalised interest	-4.4	-8.8
Total financial income and expenses	**65.8**	**51.1**

Interest relating to the construction of qualifying fixed assets was capitalised based on a weighted average interest rate of 1.7% (2023: 1.7%).

The other finance income and expenses consist chiefly of interest expenses on security deposits from customers and interest income and expenses on payables to and receivables from group companies. Additionally, the other finance income and expenses are made up of the financing component in the current contract liabilities and the interest accrued on the lease liabilities.

27. Income taxes

The tax expense was as follows:

In millions of euros	2024	2023
Corporate income tax for the financial year	-15.5	30.7
Movement in deferred taxation	17.7	33.2
Total tax expense	**2.2**	**63.9**

The applicable tax rate in 2024 was 25.8% (2023: 25.8%). The effective tax rate in 2024 was also 25.8% (2023: 25.8%). There are no permanent differences resulting in a difference between the applicable tax rate and the effective tax rate.

GTS is a Dutch wholly-owned group company of Gasunie. As the head of the group, Gasunie falls under the scope of the Pillar Two legislation. Based on the Pillar Two provisions, our current estimate is that Gasunie can apply the CbCR Safe Harbour rule over 2024. In the analysis of Gasunie, GTS is part of the jurisdiction of the Netherlands. The most recent analysis shows that Gasunie meets the de minimis test, the CbCR ETR test and/or the routine profit test in all jurisdictions, which would mean that for 2024 no additional tax will be imposed under the Pillar Two legislation.

28. Workforce

We did not employ any staff in 2024 (2023: the same). The staff who work for GTS are legally employed by our shareholder (Gasunie). For the cost of the provision of services by Gasunie, see note 29 ‘Related parties’.

29. Related parties

General

We are part of a group that is headed by Gasunie. Gasunie and all entities belonging to the group are considered to be related parties. Directors mandated under the articles of association, management and other key officers of GTS and Gasunie and closely related parties are also deemed to be related parties. There have been no transactions with related parties that were not made under normal market conditions.

The following transactions with related parties have been made under normal market conditions:

Transactions with Gasunie and/or its group companies

In its capacity as the national transmission system operator, GTS procures goods and services from Gasunie and/or its group companies. GTS and Gasunie have laid down the agreements with respect to the collaboration in such a way that security of supply, transmission security and the safety of gas transmission are guaranteed.

The volume of services provided in 2024 amounted to € 643.0 million (2023: € 885.9 million), of which € 165.6 million (2023: € 185.1 million) relates to investments in the gas transmission network and € 477.4 million (2023: € 700.8 million) to operating expenses. For the most part, the operating expenses relate to the deployment of employees of Gasunie, the procurement of flexible storage services, and the supply of materials & services and the costs passed on, including the transport-related energy costs. These services and supplies are delivered at cost.

GTS also provides services to Gasunie's group company Hynetwork Services B.V. (HNS) for the construction of a national hydrogen transmission network. Since this work does not come under GTS' statutory duty, the costs involved may not be borne by GTS (and, by extension, not by the market parties). GTS and HNS have, therefore, signed a contract under which HNS agrees to reimburse GTS in full for the costs of the construction of a national hydrogen transmission network, while itself shouldering the financial risks. Given that GTS' relationship with HNS is limited to that of an agent, we offset the reimbursement received from HNS against the actual costs. On balance, this has, therefore, neither an effect on GTS' result nor any impact on market parties. At year-end 2024, there was no outstanding receivable from HNS (2023: the same).

In 2024, the interest expenses on the loan from Gasunie amounted to € 63.2 million (2023: € 57.7 million).

Transactions between GTS and other related parties

GTS provides gas transmission services to customers, including GasTerra B.V. The ultimate shareholder of GTS, the Dutch State, is also 50% shareholder of GasTerra B.V. This allows the Dutch State, in its capacity as shareholder, to exercise significant influence on the policy of the two companies.

We carry out GTS' services to GasTerra B.V. in accordance with the provisions of the Dutch Gas Act. Under this legislation, GTS must not discriminate in its treatment of the various market parties – and so including GasTerra – and must conduct business as requested. The tariffs GTS charges GasTerra and other customers have been set by ACM. ACM operates independently of Gasunie, GTS, GasTerra and the Dutch State.

30. Remuneration of management

Pursuant to Article 2:383, paragraph 1 of the Dutch Civil Code, the remuneration of management is not specified, because this can be traced back to a single natural person.

31. External auditor's fees

EY Accountants B.V. (formerly Ernst & Young Accountants LLP) performed the statutory audit of the financial statements of Gasunie Transport Services B.V. Further audit procedures were performed with respect to disclosures to the regulatory authority, ACM.

The financial information (including concerning the fees of the external auditor) of Gasunie Transport Services B.V. are included in the consolidated financial statements of Gasunie. In accordance with Article 2:382(a)(3) of the Dutch Civil Code, we do not include a separate explanation concerning the fees of the external auditor in the financial statements of Gasunie Transport Services B.V.

32. Events after the balance sheet date

No significant events that we need to recognise or disclose in the financial statements occurred after the balance sheet date.

Signature

B.J. Hoevers,

CEO

Groningen, 28 March 2025

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Other information

03 Other information

Independent auditor’s report

The independent auditor’s report with respect to the 2024 company financial statements is included in the original Dutch version of the annual report.

Provisions of the articles of association governing profit appropriation

Article 33, paragraphs 2 and 3, of the company’s articles of association read as follows:

- The profit is at the free disposal of the general meeting of shareholders. In the event of a tied vote regarding the distribution or reservation of profit, the profit to which the proposal relates shall be reserved. A decision to distribute the profit is subject to the approval of management, in accordance with Article 2:216, paragraph 2, of the Dutch Civil Code. Management may only refuse such approval if it knows or can be reasonably expected to foresee that, after distribution, the company will not be able to continue to pay its due and payable debts.

The company may make distributions to shareholders and other persons entitled to receive part of the distributable profit only insofar as its equity exceeds the total issued share capital plus the reserves that must be maintained by law.

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Appendices: Rules on proper financial management

gasunie
transport services

04 Appendices

Rules on proper financial management

Being the national transmission system operator, GTS is under an obligation to meet the requirements specified in Article 32(11)(c) and Article 10(e)(1) of the Dutch Gas Act and the Rules on proper financial management (BFBN). The BFBN defines four ratios, including a minimum for equity, each with a standard value that network operators must comply with. In the event the network operator fails to comply with the requirements, it must report this to ACM and submit a recovery plan.

The BFBN ratios are:

A. The operating result before interest and tax divided by the gross interest expenses must equal at least 1.7.
B. The sum of the net profit from ordinary operating activities, depreciation, amortisation, deferred taxes, other cost items for which no cash is required and gross interest expenses divided by the gross interest expenses must equal at least 2.5.
C. The sum of the net profit from ordinary operating activities, depreciation, amortisation, deferred taxes and other cost items for which no cash is required divided by the total debt must equal at least 0.11.
D. The total debt divided by the sum of the total debt and equity including minority interests and preference shares must be no greater than 0.7.

GTS' BFBN ratio were as follows as at year-end 2024:

	Standard	2024	2023
Ratio A	at least 1.7	1.1	5.2
Ratio B	at least 2.5	7.6	9.3
Ratio C	at least 0.11	0.1	0.1
Ratio D	no greater than 0.7	0.5	0.5

As at year-end 2024, GTS did not comply with BFBN ratio A. This is due mainly to the lower revenue from gas transmission in 2024 on account of the regulatory system. For further information on the drop in transmission revenue, see the 'Revenue' section of the Directors' Report and note 1 'Significant developments in 2024' to the financial statements. Given our non-compliance with one of the four BFBN ratios, GTS will be submitting, as required under the Dutch Gas Act, a recovery plan to ACM.

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.