uniper

Half-Year Interim Report 2022

Financial Results

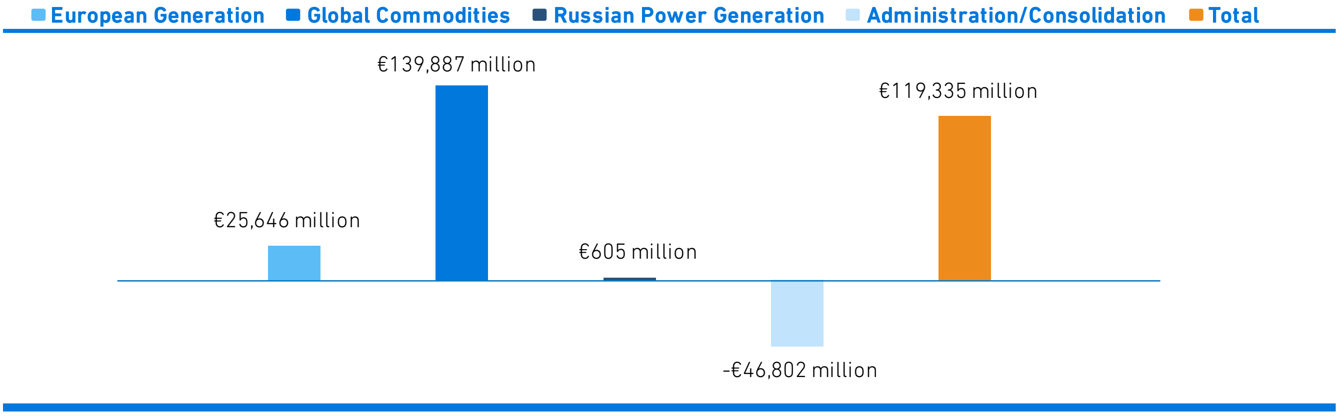
Performance Indicators at a Glance

Financial and Non-Financial Indicators for the Uniper Group

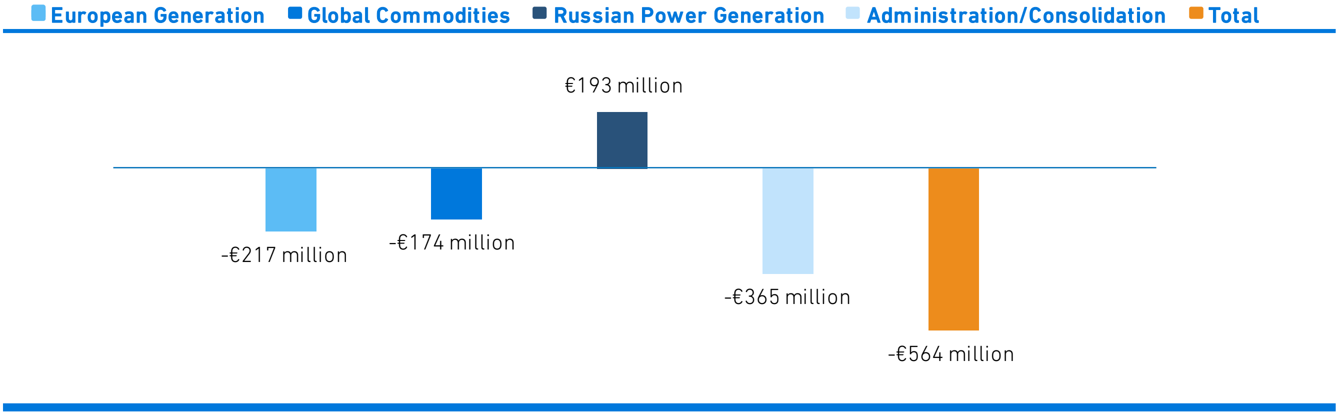
January 1–June 30	Unit	2022	2021	2020	2019	2018
Power purchases and owned generation	Billion kWh	178.0	233.4	268.8	318.7	359.4
Electricity sales	Billion kWh	176.4	231.8	266.6	316.5	358.3
Gas volume sold	Billion kWh	897.3	1,158.8	1,137.6	1,105.2	1,027.8
Direct fuel-derived carbon emissions	Million t CO_2	27.4	24.5	20.6	N/A	N/A
Sales	€ in millions	119,335	41,447	19,977	33,736	35,968
Adjusted EBIT[1]	€ in millions	-564	580	691	308	601
For informational purposes: Adjusted EBITDA[1]	€ in millions	-136	900	1,012	657	940
Net income/loss	€ in millions	-12,418	-20	677	921	-522
Earnings per share[2] [3]	€	-33.73	-0.18	1.75	2.40	-1.49
Cash provided by operating activities (operating cash flow)	€ in millions	-2,227	346	288	-322	465
Adjusted net income[4]	€ in millions	-359	485	527	189	N/A
Investments	€ in millions	204	341	279	240	244
Growth	*€ in millions*	*39*	*186*	*175*	*145*	*154*
Maintenance and replacement	*€ in millions*	*165*	*154*	*104*	*94*	*90*
Economic net debt[5]	€ in millions	2,057	324	3,050	2,650	2,509
Employees as of the reporting date[5]		11,249	11,494	11,751	11,532	11,780

[1]Adjusted for non-operating effects.
[2]Basis: outstanding shares as of reporting date.
[3]For the respective fiscal year.
[4]Adjusted net income is used as a management indicator for the entire Group for the first time beginning in 2020. The figure for 2019 is disclosed solely for informational purposes to provide year-over-year comparability.
[5]Figures as of June 30, 2022; comparative figures as of December 31 of each year.

External Sales Revenues



Adjusted EBIT



Contents

Only the German version of this Interim Report is legally binding.

Uniper applies commercial rounding. Any rounding differences existing between individual amounts and totals are accepted.

This Interim Report, and especially the Outlook Report section, contains certain forward-looking statements that are based on current assumptions and outlooks made by Uniper SE management and on other information currently available to Uniper SE management. Various known and unknown risks, uncertainties and other factors could cause the actual results, financial condition, development or performance of the Company to differ materially from that anticipated in the estimates given here. Risks and chances of this nature include, but are not limited to, the risks specifically described in the Risk and Chances Report.

Interim Management Report

- Adjusted EBIT and adjusted net income significantly below prior-year period (page 23 et seq.)
- IFRS net loss exacerbated by fair value measurement of derivatives and goodwill impairments (page 17-18)
- Full-year earnings outlook for 2022 withdrawn (page 11)
- Significantly higher economic net debt mainly due to negative operating cash flow (page 26-27)
- Agreement on Uniper stabilization package (page 12)

Business Model of the Group

Uniper is an international energy company with operations in more than 40 countries and with 11,249 employees. Its business is the secure provision of energy and related services in an increasingly decarbonizing environment in accordance with the requirements of energy and climate policy and the regulatory environment, as well as related voluntary commitments. The parent company of the Uniper Group is Uniper SE; the corporate headquarters are in Düsseldorf, Germany. The majority shareholder of Uniper SE is Fortum. As a separate listed group, Uniper publishes its quarterly statements, its half-year interim financial statements, and its consolidated annual financial statements, all of which are also included in Fortum's respective consolidated financial statements. The majority shareholder of Fortum is the Republic of Finland.

The shares of Uniper SE are traded on the Frankfurt Stock Exchange's regulated market in its subsegment with additional post-admission obligations (the "Prime Standard") and are included in the MDAX and various MSCI equity indices.

The Uniper Group is composed of three operating business segments: European Generation, Global Commodities, and Russian Power Generation. Combined separately under Administration/Consolidation are administrative functions that are performed centrally across segments, as well as the consolidations required to be carried out at Group level.

Business Report

Industry Environment

Energy Policy and Regulatory Environment

As war broke out in Ukraine, the renewed increase in energy prices and its consequences for security of supply took center stage in energy policy discussions at the European Union (EU) in the first half of 2022. Following an agreement between the European Parliament (EP) and the Council of the EU (Council), the revised regulation on gas storage took effect on June 30, 2022. The regulation provides that member states must ensure that their underground gas storage facilities are filled to at least 80% of capacity by November 1, 2022. On May 18, 2022, the European Commission (Commission) presented its REPowerEU plan, which seeks to reduce dependency on Russian fossil fuels and fast-forward the green energy transition. The plan consists mainly of non-legislative proposals like a Commission Communication on electricity market design, in which a mix of short- and long-term measures to tackle high energy prices and optimize the electricity market is proposed. An EU embargo on Russian coal and oil was adopted in parallel. Following the requisite EP approvals, the delegated act on the EU Taxonomy can enter into force as of January 1, 2023, with nuclear energy and gas now accepted, subject to strict conditions, as environmentally sustainable economic activities. The negotiation process continues on the two legislative packages Fit for 55 and Hydrogen and Decarbonised Gas, which are aimed at getting the EU's climate, energy and transportation policy in shape to achieve the goal of reducing greenhouse gas emissions by at least 55% by 2030. With the Council and the EP having adopted their positions, the Council, the EP and the Commission will now come together in the so-called trilogue process to negotiate compromises.

In Germany, the Federal Ministry for Economic Affairs and Climate Action (BMWK) presented a "climate action status" report on January 11, 2022, specifying the climate action goals outlined in the federal government's coalition agreement along with initial measures to be taken to achieve them. One of the measures is the so-called Easter legislative package, which includes an amendment of the Renewable Energy Sources Act. The main objectives are to cover 80% of gross demand with electricity from renewable sources by 2030 and to expand wind and solar energy tendering significantly in order to reach the enhanced power generation target. The legislation was enacted on July 8, 2022. The German federal government additionally announced on February 27, 2022, due to the energy price crisis and the war in Ukraine, that it would build two LNG terminals on the German coast, including one in Wilhelmshaven. To accelerate the approval procedures for LNG projects, the LNG Acceleration Act was adopted on May 24, 2022. Against the backdrop of comparatively low gas storage levels in the autumn of 2021, the Energy Industry Act was amended to include a new section that sets minimum storage levels for natural gas storage facilities in Germany beyond those contained in the adopted EU regulations. The legislation was enacted on April 8, 2022. In a coordinated process to establish security of supply, a minimum storage level of 90% shall be ensured at German gas storage facilities by November 1 of each year, beginning in 2022, which was increased to 95% on July 21, 2022.

To mitigate the impact of a potential shortage of natural gas, the Provision of Reserve Power Plants Act was adopted on July 8, 2022. This new law allows the German federal government to issue ordinances providing for the return to service of coal-fired power plants currently held in the national reserve, as well as the option to place gas-fired power plants into reserve status. On July 13, 2022, the German government adopted an ordinance to ensure that generation assets including hard-coal power plants that are currently held in reserve are capable of operating through April 30, 2023. Furthermore, the Energy Security Act (EnSiG) was also revised on July 8, 2022. The revised law contains a new provision under which the German government can initiate business stabilization measures similar to those taken in response to the Covid-19 crisis (Section 29 EnSiG). In addition, gas utilities will be permitted, should the regulator Bundesnetzagentur determine that there has been a substantial reduction in total gas volumes imported into Germany, to effect a price adjustment along the supply chain to allocate the higher cost of procuring gas from alternative sources. If they relate to physical deliveries of gas within the German market territory, price adjustments can either be made by netting additional costs and adding them to grid charges, pursuant to a government ordinance issued to that effect (Section 26 EnSiG), or charged directly to the customer (Section 24 EnSiG). The revised law also provides that businesses shall be compensated for gas storage volumes withdrawn from facilities under a withdrawal order from a competent authority (Section 11a EnSiG).

In the United Kingdom, the Energy Security Bill, laid before parliament on July 6, 2022, is intended to put in place the legislation needed to implement business models for carbon capture, use and storage, low-carbon hydrogen production and industrial carbon capture, and to establish a new Future System Operator (FSO) that will provide strategic oversight across electricity and gas systems. The Secretary of State for Business, Energy and Industrial Strategy (BEIS) wrote to operators with coal units due to close ahead of the phase-out date in 2024 to ask that they prolong operations over winter 2022/23 to bolster security of supply given the risk of a gas curtailment and asked the National Grid Electricity System Operator (NGESO) to negotiate an agreement with each operator. Uniper is in discussions with NGESO for its one unit at Ratcliffe that is due to close in September 2022. In the current situation of increasing cost of living, the UK's Chancellor of the Exchequer announced an Energy Profits Levy of 25% on oil and gas producers on May 26, 2022, and at the same time tax relief for new investments.

In the Netherlands, the government withdrew the CO_2 emissions cap for coal-fired power plants completely as of June 20, 2022. Legislation to implement the withdrawal of the production cap is being introduced. Finalization of the law is expected by the end of September 2022. This law will also include provisions to define how compensation for the period from January 1, 2022, through June 22, 2022, will be handled. The Dutch government also initiated the Gas Protection and Recovery Plan (BH-G) at phase one, the "early warning" phase. This will help the government regulate gas flows by requesting companies to voluntarily minimize their gas use and further requesting the general public to reduce gas use.

In Sweden, an energy package was announced on June 21, 2022: its most notable items were to support prolonging the operating life of the country's existing nuclear power plants and to task the Swedish Radiation Authority with initiating a regulation supporting the construction of small modular reactors (SMR). This follows the opposition's push to reduce political risks for nuclear energy, using green credit guarantees under the EU Taxonomy as one way, while also suggesting the state should be held accountable if a future change in policy were to force premature closures of power plants.

In Russia, the selection of renewable energy (RES) projects for the 2023–2025 period (for photovoltaic projects) and for the 2025–2028 period (for wind farms) was postponed and will now take place no later than May 1, 2023 (previously: no later than December 1, 2022). By Decree of the Russian Government No. 912 dated May 20, 2022, a moratorium was introduced suspending the accrual and payment of penalties for non-performance of obligations under contracts for modernization (KOMMod) and RES capacity supply agreements (CSA RES) for a period of 12 months from the start date of delivery specified in the contract. Furthermore, the possibility of postponing the start date of performance of obligations was provided for, and the right was granted to refuse to perform RES projects without penalties, provided that such projects have not yet reached the status of supplying power.

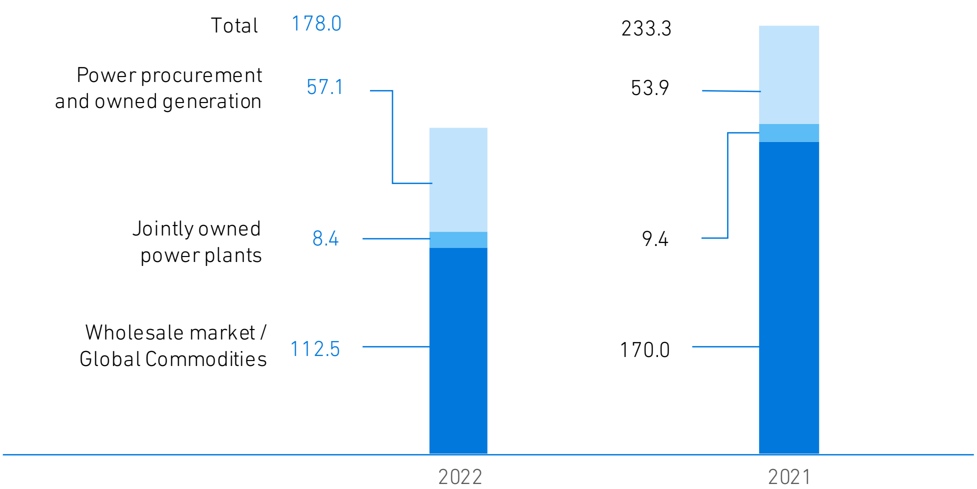
Business Performance

Power Procurement and Owned Generation

In the first half of 2022, the amount of electricity generated by the Uniper Group's own power plants stood at 57.1 billion kWh, a noticeable increase of 3.2 billion kWh, or 5.9%, compared with the prior-year period. Purchased electricity fell significantly, by 58.6 billion kWh, or 32.6%, to 120.9 billion kWh.

Power Procurement and Owned Generation[1, 2]

Billion kWh in the first half-year



[1]Any rounding differences between individual volumes and totals are accepted.

[2]The consolidation approach used in financial control means that only fully consolidated power plants (shareholding of more than 50%) are included in the generation volume, regardless of who operates these power plants.

The European Generation segment's owned generation totaled 30.4 billion kWh in the first half of 2022, a decline of 0.7 billion kWh, or 2.2%, from the prior-year level of 31.1 billion kWh. This was due to the disposal of the Schkopau lignite-fired power plant in the second half of 2021, which reduced owned generation. In addition, the operating hours of gas-fired power plants, especially in Germany, were reduced due to higher gas prices. Conversely, the operating times of the hard-coal-fired power plant portfolio increased due to the improved market conditions for these power plants. Generation volumes from Swedish nuclear power were down slightly, mainly due to the Oskarshamn 3 nuclear power plant, which was temporarily not used commercially due to unplanned unavailability. The volume of electricity generated by hydroelectric power plants increased slightly compared with the prior-year figure.

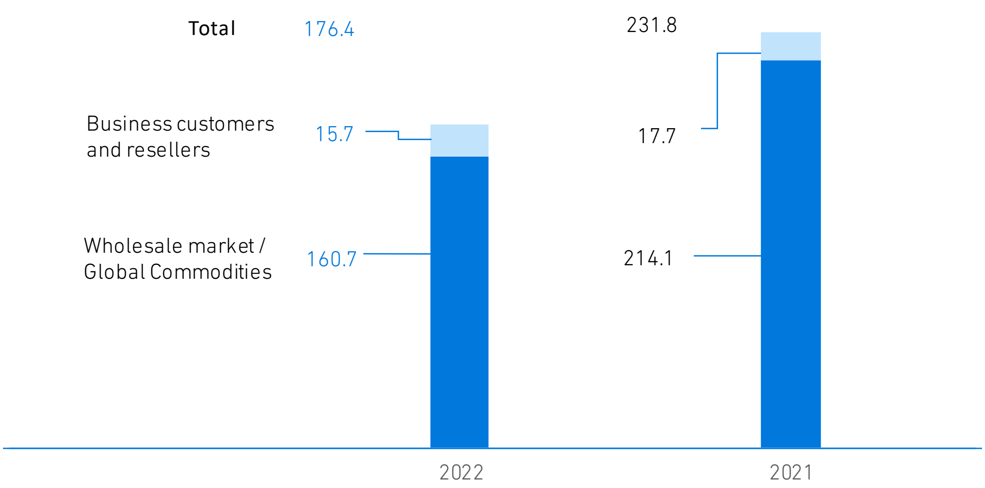
In the Russian Power Generation segment, owned generation increased significantly by 3.9 billion kWh, or 17.0%, from 22.8 billion kWh to 26.7 billion kWh in the first half of 2022. The increase in power generation in the first half of 2022 is due to the economic recovery from the crisis caused by the Covid-19 pandemic, significantly higher power demand in the Siberian price zone combined with lower hydroelectric power generation, and an increase in demand.

Electricity Sales

In the first half of 2022, the Uniper Group's electricity sales stood at 176.4 billion kWh, a significant decrease of 23.9% from the level of 231.8 billion kWh recorded in the prior-year period.

Electricity Sales[1, 2]

Billion kWh in the first half-year



[1]Difference from electricity procurement results from operating consumption and network losses.

[2]Any rounding differences between individual volumes and totals are accepted.

The significant reduction in electricity sales is primarily due to lower optimization and trading activities in the Global Commodities segment resulting from Uniper's current liquidity situation.

Alongside electricity trading in the energy markets, a portion of the Uniper Group's electricity sales to major customers such as municipal utilities and industrial customers in Germany and in Europe is transacted through an internal sales unit, Uniper Energy Sales GmbH (UES). In addition to sales, UES also handles marketing for the Uniper Group. It also offers its customers services in consulting, service and the electricity industry.

Electricity sales by UES in the first half of 2022 came to 14.0 billion kWh, noticeably more than in the first half of 2021 (12.9 billion kWh). Sales volumes in the first half of 2022 were therefore up by a total of 1.1 billion kWh compared with the first half of 2021. While volumes in the industrial and power plant customer segments declined, volumes in the reseller customer segment (e.g., municipal utilities) increased significantly.

Gas Business

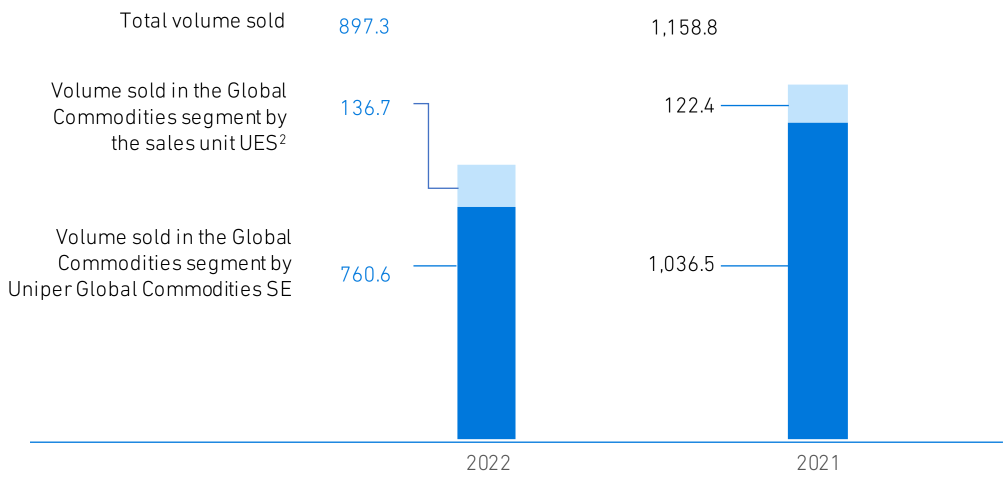
The total volume of natural gas sold in the first half of 2022 was 897.3 billion kWh (prior-year period: 1,158.8 billion kWh). During the same period, the Uniper Group acquired a total of 905.5 billion kWh (prior-year period: 1,170.7 billion kWh). The vast majority of the volumes moved result from transactions on domestic and foreign trading markets, which are carried out to manage the Group's own gas-fired power plants, to optimize booked natural gas storage or transport capacities, and to commercially exploit regional price differences.

Sales Business

Uniper sells natural gas to resellers (e.g., municipal utilities), large industrial customers and power plant operators through its internal sales unit UES. The volume of gas sold by UES in the first half of 2022 came to 136.7 billion kWh, which is significantly above the level of the prior-year period (122.4 billion kWh). While volumes in the industrial and power plant customer segments declined, volumes in the reseller customer segment increased significantly.

Gas Sales[1]

Billion kWh in the first half-year



[1]Any rounding differences between individual volumes and totals are accepted.

[2]Including intragroup volumes.

Long-Term Gas Supply Contracts

The procurement of natural gas is largely based on long-term contracts with suppliers from Germany, the Netherlands, Norway and Russia. For the first half of 2022, Uniper had long-term amounting to 178 billion kWh (prior-year period: 184 billion kWh). Since June 14, 2022, Gazprom has curtailed gas supplies to Uniper to only approx. 20-40% of the daily gas volume ordered. Uniper was therefore forced to purchase substitution volumes in the spot market.

Gas Storage Capacity

Uniper Energy Storage GmbH is responsible for the operation of gas storage for the Uniper Group. Its activities include technical and commercial development, the construction and operation of underground storage facilities for natural gas, the marketing of capacities, services and products on the European storage market and the development of new storage technologies. Uniper Energy Storage GmbH manages natural gas storage facilities in Germany and Austria. In addition, a British Uniper Group company operates a gas storage facility in England. In the first half of 2022, gas storage capacity stood at 7.3 billion cubic meters (m^3), a slight decline of 0.1 billion m^3 from the prior-year level (7.4 billion m^3).

Business Developments and Key Events for the Uniper Group in the First Half of 2022

Existing Long-Term Gas Import Contracts with Russia as Part of Europe's Gas Supply

Uniper's long-term import contracts with Russia play an essential role for gas supply in Europe, especially in Germany. Today, Germany is more than 90% dependent on natural gas imports. In 2021, Germany imported just under 90 billion cubic meters (m^3) of natural gas. More than half of that amount (approx. 55%) comes from Russia.

Since June 14, 2022, Gazprom has reduced Russian gas supplies and is thus in breach of its contractual obligations. From June 16, 2022, Uniper received only 40% of the contractually committed gas volumes. To ensure security of supply for its customers, Uniper started procuring substitution volumes at significantly higher prices and postponing storage injections. Based on price levels and the loss in volumes, Uniper began to accumulate daily losses in the mid-double-digit millions euro range.

Especially since the gas curtailments by Gazprom, the Board of Management has continuously assessed and discussed the situation. As the situation kept deteriorating for Uniper and led to severe liquidity constraints, the Uniper Board of Management finally entered into discussions with the Ger-man federal government on possible stabilization measures in June 2022 and also decided not to enter into new long-term supply contracts for natural gas with Russia. The following chronological overview provides information on current events as well as the corresponding activities and decisions on the part of Uniper to achieve measures to secure liquidity and thus also security of supply.

Uniper's Gas Midstream business comprises a portfolio of roughly 370 TWh p.a. of long-term gas supply contracts, with roughly 200 TWh originating from Russia. Uniper sees it as its mission to do everything in its means to supply people in Germany and Europe with energy even – and especially – in volatile times like these. Uniper will continue to be reliable in completing this mission based on the existing contracts. Uniper will not enter into new long-term supply contracts for natural gas with Russia.

When curtailments of gas flows from Russia were initially limited and short-lived, Uniper was able to use its flexible assets, including its gas storage facilities, in such a way that shortfalls were largely compensated. To fulfill its sales contracts and ensure security of supply, however, Uniper is currently forced to make spot-market purchases of substitution volumes to compensate for large shortfalls of gas from Russia. The significant interruptions of gas flows are jeopardizing the stability of the German gas system and could lead to a declaration of emergency by the Federal Ministry for Economic Affairs and Climate Action (BMWK). Within the corresponding legal framework, the Federal Network Agency for Electricity, Gas, Telecommunications, Post and Railway (Bundesnetzagentur) would become the so-called "federal load dispatcher," effectively taking control of the system and issuing instructions to market participants on the supply and demand side to balance the system in a timely manner.

In this context, Uniper would thus actively lend its support through use of its flexible assets to stabilize the system. Uniper expects that such measures and events would supersede existing contractual arrangements with customers.

Under EU legislation (specifically Regulation 2017/1938 on the security of gas supply), corresponding regulations are also established for other EU countries. This is also true for the United Kingdom, where most of the Security of Gas Supply Regulation has been transposed into UK law, and UK and EU crisis levels and security standards remain aligned. Accordingly, power generation facilities in Germany, the UK, the Netherlands and Hungary would be placed in merit order groups for gas supply restrictions. These groups differ depending on the country and customer group of the respective power plant.

In response to Russia's announcement that it would now accept payments for gas imports only in rubles, the BMWK declared the early-warning stage of its Emergency Plan for Gas for the Federal Republic of Germany on March 30, 2022, in order to be prepared for potential restrictions or interruptions of supply. The gas emergency plan has three stages: the early-warning stage, the alert stage and the emergency stage. The first stage provides for the convening of a "gas crisis team" to observe very closely the current situation in the gas network and advise the BMWK's leadership. This crisis team includes representatives of the BMWK, the Bundesnetzagentur, the transmission system operators (TSOs) and their market area managers (MAMs) for gas, and it is supported by representatives of Germany's federal states. Since the emergency plan is based on an EU regulation, the European Commission and neighboring states were also informed about the declaration of the early-warning stage.

On June 23, 2022, the BMWK declared the second stage of the gas emergency plan, the alert stage, following coordination within the German federal government. Currently, security of supply is guaranteed, but the situation is tense. The reason for declaring the alert stage is the curtailment of gas supplies from Russia, which has been in place since June 14, 2022, and the continuing high price level on the gas market.

To ensure security of supply in Germany and Europe, Uniper continues to purchase gas from Russia. In order to be able to make payments for Russian gas in accordance with Decree No. 172 of the Russian President, under which Russia unilaterally changed the options for payment for Russian natural gas, Uniper opened a euro bank account – a so-called Special K Account – at Gazprombank Russia. When payment is due, Uniper transfers the agreed invoice amount for gas received in euro to the euro account at Gazprombank. Uniper believes this measure fulfills its contractual obligations to Gazprom. The first of these payments was made at the end of May 2022. Uniper is thus acting in compliance with the sanctions and can continue to ensure timely contract performance. Uniper consulted closely with the German government regarding this procedure.

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Withdrawal of Earnings Outlook for the 2022 Fiscal Year

Uniper withdrew its outlook for fiscal 2022 with regard to adjusted EBIT and adjusted net income on June 29, 2022, and communicated this in an ad-hoc announcement.

Since June 14, 2022, and to the present day, Uniper has received only between 20% and 40% of the contractually committed gas volumes from Gazprom. Gazprom is thus in breach of the long-term gas supply contracts and has become an unreliable supplier for Uniper and the German gas market. However, Uniper currently procures substitution volumes at significantly higher market prices. Since Uniper cannot yet pass on these additional costs to its contractual counterparties, this results in a significant negative impact on earnings and liquidity. There are also major uncertainties regarding future developments in the geopolitical situation, as well as the duration and scope of Russian gas supply curtailments. This is illustrated by events including a further reduction of gas supply to only approx. 20% since July 27, 2022. Against this backdrop, future gas price developments are also difficult to assess at present.

KfW Credit Facility Extended through April 2023, and Further Increased

On January 4, 2022, Uniper agreed on a credit facility of up to €2 billion with the German state-owned KfW banking group. The facility was due to expire on April 30, 2022. As a precautionary measure in view of the ongoing armed conflict in Ukraine and the associated volatility in the commodity markets, Uniper and KfW agreed in March 2022 to continue the facility at an unchanged amount through April 30, 2023. On July 18, 2022, Uniper announced that the existing KfW credit facility in the amount of €2 billion would be fully utilized in the light of the ongoing curtailments of Russian gas and the associated developments in the energy markets and exchanges. Consequently, the credit facility was increased from €2 billion to €4 billion on August 2, 2022, and fully utilized on August 3, 2022. The KfW credit facility was increased to €9 billion on August 15, 2022 and will be utilized on an as-needed basis. In addition to the increase, the Fortum credit facility was subordinated to the KfW credit facility. The accounting and reporting implications are under assessment.

Agreement on Uniper Stabilization Package

On July 22, 2022, after intensive negotiations that already began in June, the German federal government, Uniper and Fortum agreed on the key points of a stabilization package for Uniper in a term sheet to mitigate the significant financial losses resulting from the breach of the long-term gas supply contracts due to curtailed gas deliveries by Gazprom. The stabilization package provides for a capital increase of roughly €267 million at an issue price of €1.70 per share, excluding shareholder subscription rights. The capital increase shall be subscribed exclusively by the Federal Republic of Germany, which would thus acquire an ownership interest of roughly 30% in Uniper (after the capital increase).

In addition, a mandatory convertible instrument in the amount of up to €7.7 billion is to be issued to the German state. The instrument shall be issued in tranches as necessitated by Uniper's liquidity needs.

Fortum is granted the option to acquire parts of the mandatory convertible instrument from the German state. Such acquisition shall take place in exchange for Fortum transferring its claim for repayment of the €4 billion loan granted by Fortum to Uniper, which Uniper has utilized in full. Acquisition is limited to an amount of up to €4 billion of the issued mandatory convertible instrument and shall not exceed 70% of the issued mandatory convertible instrument in any case.

The KfW credit facility granted to Uniper is to be increased from €2 billion to €9 billion in accordance with the agreed term sheet, and its intended use will be expanded. The German government informed Uniper during the negotiations that it intends to introduce a general surcharge mechanism for all gas importers to pass on 90% of the cost of procuring substitution volumes for shortfalls of Russian gas from no later than October 1, 2022. The effective date of the mechanism was confirmed by a corresponding ordinance (Gas Price Adjustment Ordinance) dated August 9, 2022. This was made a part of the term sheet, and the amount of the stabilization package was calibrated based on this part. The agreement also states that the German government stands ready to provide additional support if the losses arising from procurement of substitution volumes that cannot be offset by operating profits from Uniper's other businesses should exceed €7 billion. Detailed specifications are the subject of ongoing discussions.

The stabilization measures are subject to conditions including, among others, the withdrawal of Uniper's lawsuit against the Netherlands in connection with the Energy Charter Treaty (ECT), regulatory approvals including, in particular, state-aid approval by the European Commission, and the affirmation of Uniper's investment-grade rating by S&P Global Ratings, which took place on July 29, 2022. Further details on this topic can be found in the "Changes in Ratings" section.

Uniper will convene an Extraordinary General Meeting to obtain shareholder approval for the stabilization measures. Further conditions are that – as long as Uniper requires these stabilization measures – no variable compensation will be paid to the Board of Management, and no dividend distributions will be made.

Alternative Gas Supplies: Resumption of the LNG Terminal Project in Wilhelmshaven and Increased Diversification of Supply Sources

Uniper continues to implement its strategy, which includes making the energy supply more diversified and secure – for example, by possibly procuring additional volumes of liquefied natural gas (LNG) for Germany in cooperation with the German government. It has over the years increased its booked capacity at the Gate regasification terminal in order to create additional options for importing LNG into Europe. This forms a good foundation to establish LNG as an important part of the German supply portfolio. Uniper is well positioned for this with its global LNG business and its contractually secured LNG volumes. Last year, Uniper traded more than 360 cargoes worldwide.

Uniper has also supported the German government in procuring floating storage and regasification units (FSRUs). One of the planned FSRU projects is to be built at Uniper's site in Wilhelmshaven by winter 2022/2023. Uniper submitted the application for the required permit and for approval of the early start in accordance with the Federal Immission Control Act (BImSchG) to Lower Saxony's State Trade Supervisory Authority at Oldenburg at the beginning of June 2022. These activities will be closely linked to Uniper's plans to make Wilhelmshaven a green energy hub, with green ammonia importation and hydrogen production to meet more than 10% of German hydrogen demand in 2030.

In addition, Uniper is pressing ahead with further diversification of its gas procurement sources, operating gas storage facilities responsibly and implementing consistently the Company's strategy in the areas of hydrogen and renewables.

Proactive Measures Taken to Strengthen Security of Supply and Improve Fuel Supply Diversification for Power Generation

Uniper has taken the necessary steps to ensure that its coal-fired power plants in Europe can be technically operated without Russian coal and has decided not to extend its Russian coal supply contracts. Uniper already procures hard coal from a wide variety of regions worldwide and is executing a transitional coal diversification strategy. Most of the existing coal supply contracts are still being fulfilled by Russia without major disruptions. Uniper is closely monitoring how this situation develops. On April 8, 2022, the European Commission additionally declared an embargo on coal imports from Russia that will be fully effective from August 10, 2022. On June 3, 2022, the European Commission introduced a phased ban on Russian crude oil and petroleum products, subject to numerous exemptions and derogations, among other measures. Uniper continues to monitor closely the sanctions developments.

Uniper is also ready to further strengthen the security of supply and is currently looking at returning individual power plants to market operation on the basis of the Provision of Reserve Power Plants Act that became law in July 2022.

Finally, Uniper continues to develop its power generation fleet within the EU, and the Company remains fully committed to achieve carbon neutrality by 2035 by continuing to operate its hydroelectric and nuclear power plants, by investing in power from renewables and by concentrating on the use of clean fuels in the gas-fired power portfolio.

Nord Stream 2 Loans Written Down to Zero

In the first quarter of 2022, Uniper wrote down to zero the value of its loans to Nord Stream 2 AG in the amount of €1,003 million including accrued interest. The impairment loss is reported within other financial results and is classified as non-operating in line with other capital investments.

Presentation of PAO Unipro in the Consolidated Financial Statements of Uniper SE

Due to existing sanctions imposed by Russia, PAO Unipro is subject to significant foreign exchange transfer restrictions, which currently limit the transfer of funds, and thus potential dividend distributions, into the European Union. The currently existing sanctions do not, however, restrict Uniper SE in any way from exercising its voting rights at the general meetings of PAO Unipro at this time. Similarly, the current sanctions situation does not currently entail restrictions of voting rights for Uniper SE's representatives on PAO Unipro's board of directors, the majority of which is composed of representatives of Uniper SE. Accordingly, PAO Unipro remains classified as a subsidiary of Uniper SE as of June 30, 2022, as it was in the consolidated financial statements for 2021. The sanctions and the associated consolidation status of PAO Unipro are monitored continuously.

Changes in the Composition of the Supervisory Board

The terms of office of the shareholder representatives on the Supervisory Board ended at the close of the Annual General Meeting on May 18, 2022. At the Annual General Meeting on May 18, 2022, Markus Rauramo, Dr. Bernhard Günther, Prof. Dr. Werner Brinker, Judith Buss, Esa Hyvärinen and Nora Steiner-Forsberg were elected to the Supervisory Board as shareholder representatives. In accordance with Section 8 (3) of the Articles of Association of Uniper SE, they are elected effective from the close of the Annual General Meeting of May 18, 2022, through the close of the General Meeting resolving on their discharge for the fourth fiscal year after their election.

Among the employee representatives, Oliver Biniek, Barbara Jagodzinski and André Muilwijk departed from the Supervisory Board on May 18, 2022. Holger Grzella (member of the Executive Committee, member of the Audit and Risk Committee), Diana Kirschner (Deputy Chairwoman of the Audit and Risk Committee) and Magnus Notini (Deputy Chairman of the Sustainability Committee) had already been elected to the Supervisory Board as new employee representatives at the Uniper SE Works Council meeting on March 22, 2022, effective from the close of the Annual General Meeting on May 18, 2022.

Subsequently, at its inaugural meeting, the Supervisory Board elected Markus Rauramo as Chairman of the Supervisory Board. Dr. Bernhard Günther was elected Deputy Chairman of the Supervisory Board. Harald Seegatz, as employee representative, also holds the position of Deputy Chairman of the Supervisory Board.

Business Developments and Key Events at the Uniper Segments in the First Half of 2022

European Generation

Gas, coal and carbon allowance prices, and consequently European electricity prices as well, rose significantly in the first half of 2022, due particularly to the prevailing geopolitical situation. Most of the prices reached a peak in mid-June 2022 as the supply of gas from Russia was reduced and at times halted, and some remain significantly above the level recorded in early March 2022. In the Nordic market, the hydrological situation improved significantly compared with the start of the year. The principal cause was the higher water flows at the hydroelectric power plants brought about by milder weather conditions. Flows of water feeding the run-of-river hydroelectric plants in Germany, however, were low due to the dry weather in the first half of 2022. The Uniper Group's hedging and trading activities are severely limited by persistent liquidity and margining difficulties.

Global Commodities

When demand improved at the start of 2022 as the impact of the Covid-19 pandemic receded, gas and electricity prices remained at high levels in a volatile market in the second quarter of 2022, reaching a peak toward the end of the quarter. The primary causes continued to be geopolitical tensions triggered by the war in Ukraine, as well as low gas storage levels market-wide at German and other Western European facilities and associated fears of supply shortages. With a broad, diversified portfolio of procurement, transportation and storage activities, Uniper was able to ensure security of supply in this environment, even amid the Russian curtailments of gas supply starting in June 2022. The negative impact of the curtailed gas supplies from Russia on earnings and liquidity has been significant, however, because the volumes needed to supply customers had to be procured in the spot market at substantially higher prices. As expected, positive earnings contributions in the second quarter of 2022 resulted from lower physical gas storage withdrawals in the first quarter of 2022 compared with the same period of the previous year.

In the first six months of 2022, Uniper was able to operate successfully with the international portfolio in a volatile market environment. The LNG business was additionally boosted by catch-up effects from the previous year attributable to hedges. The fire outbreak at the Freeport LNG terminal in the U.S. on June 8, 2022, led to a shortfall in LNG deliveries, which necessitated procurement of substitution volumes. The resulting negative impact on earnings will materialize in the second half of 2022.

On March 16, 2022, Uniper announced that its capacity rights at the Gate terminal were increased by 1 billion cubic meters (m^3) per year for a period of three years from October 1, 2022.

Russian Power Generation

The business of the Russian majority shareholding Unipro was mainly influenced by the return to service of the Berezovskaya 3 power plant, which has been receiving capacity payments since May 1, 2021, and further by positive foreign-exchange and regulatory effects as well as higher volumes and prices in the Siberian price zone. This was partially offset by the expiration of the long-term capacity payments for two units at the Surgutskaya power plant.

Changes in Ratings

On March 14, 2022, S&P Global Ratings (S&P) placed Uniper’s BBB long-term rating on CreditWatch with negative implications.

On May 16, 2022, S&P downgraded Uniper’s rating to BBB- with negative outlook. This rating action resolved the CreditWatch negative which Uniper had been placed on by S&P on March 14, 2022.

On July 5, 2022, S&P placed Uniper’s long-term rating of BBB- on CreditWatch with negative implications.

On July 29, 2022, S&P affirmed Uniper’s BBB- rating with a negative outlook. This rating action resolved the CreditWatch negative which Uniper had been placed on by S&P on July 5, 2022. The rating action mainly came as a reaction to the publication of the stabilization package that was agreed between the German federal government, Uniper and Fortum. The support Uniper is receiving from the German federal government has led S&P to consider Uniper a “government-related entity,” which resulted in an affirmation of the rating at the BBB- level despite S&P considering Uniper’s stand-alone credit quality to have weakened. The negative outlook reflects prevailing uncertainty surrounding gas flows, which in S&P’s view may necessitate an increase of the government package and the fact that details of the stabilization package are still to be approved.

On March 14, 2022, Scope Ratings placed Uniper’s BBB+ credit rating under review for a possible downgrade due to the heightened event risk given tighter sanctions by the U.S. and the EU against Russia as well as potential retaliatory measures by Russia amid the war in Ukraine. A rating downgrade could result from a materialization of the above-mentioned risks. Scope has stated its aim to resolve the review status once there is more clarity and visibility on these risk factors and their impact on Uniper.

In general, Uniper strives to maintain a stable investment-grade rating.

Earnings

Sales Performance

Sales

January 1–June 30 € in millions	2022	2021	+/- %
European Generation	25,646	7,266	253.0
Global Commodities	139,887	45,473	207.6
Russian Power Generation	605	470	28.7
Administration/Consolidation	-46,802	-11,761	297.9
Total	**119,335**	**41,447**	**187.9**

The significant increase in revenues resulted primarily from the higher average market prices in the power and gas business. Aside from higher own-use contract prices and spot-market transactions, a significant portion of this increase is attributable to the contracts involving physical settlement that Uniper enters into (failed own-use contracts), which are presented at the spot price applicable on the settlement date – applying the recognition and measurement rules codified in IFRS – rather than at the originally hedged contract price. The difference between the spot price and the contractually hedged price is instead recognized in the line items for other operating income and expenses. The sharp rise in commodity spot prices has thus brought about a shift in the presentation of realized income and expenses from revenues and cost of materials to other operating income and expenses, but it has no effect on contractual cash flows and therefore no impact on adjusted EBIT. A reconciliation to the contractual revenues and cost of materials that are relevant for measuring earnings performance can be found in the "Reconciliation of Income/Loss before Financial Results and Taxes" section. Alongside the significant price effect, power generation volumes also had a positive impact on sales performance, whereas electricity sales volumes in the optimization and trading business declined significantly. In addition, there are general macroeconomic, political and sectoral developments.

European Generation

The significant sales increase in the European Generation segment compared with the prior-year period can be attributed to significantly higher prices and higher production volumes. The sharp price difference resulted from increased demand compared with that of the prior-year period, which had been characterized by comparatively low spot prices due to the Covid-19 pandemic. In addition, a significant increase in fossil fuel prices in the first six months of 2022 contributed further to the significant rise in European electricity prices.

Global Commodities

External sales in the gas and power business rose even amid substantially reduced volumes due to significantly higher prices realized in a dynamic market environment. Having been adversely affected by the Covid-19 pandemic in the prior-year period, prices increased significantly during the first half of 2022, peaking at the end of the second quarter of 2022, due to geopolitical tensions.

Russian Power Generation

The sales performance of the Russian Power Generation segment was positively affected by the return to service of the Berezovskaya 3 power plant, which has been receiving capacity payments since May 1, 2021, as well as by positive foreign exchange and regulatory effects and by higher volumes and prices in the Siberian price zone. This was partially offset by the expiration of the long-term capacity payments for two units at the Surgatskaya power plant.

Administration/Consolidation

The change in revenues attributable to the Administration/Consolidation reconciliation item resulted primarily from a higher consolidation effect arising from intersegment transactions between the power plant operating companies of the European Generation segment and the Uniper Group's trading unit in the Global Commodities segment.

Sales by product break down as follows:

Sales

January 1–June 30 € in millions	2022	2021	+/- %
Electricity	27,739	12,855	115.8
Gas	86,027	26,072	230.0
Other	5,570	2,520	121.0
Total	**119,335**	**41,447**	**187.9**

Significant Earnings Trends

The Group's net loss determined in accordance with International Financial Reporting Standards (IFRS) amounted to €12,418 million (prior-year period: €20 million net loss). Income before financial results and taxes decreased to -€13,623 million (prior-year period: -€252 million).

The principal factors driving this earnings trend are presented below:

The cost of materials increased by €76,977 million in the first six months of 2022 to €116,809 million (prior-year period: €39,832 million). The sales trend described previously was a key factor in this development. The high cost of the substitution volumes of gas that Uniper has been purchasing since mid-June in the day-ahead and spot markets has additionally inflated the cost of materials.

The Uniper Group's personnel costs decreased by €25 million in the first half of 2022 to €485 million (first half of 2021: €510 million). The decrease is mainly attributable to a reduction relative to the prior-year period of provisions recognized in connection with the restructuring process in the Engineering business initiated in the previous year and further implemented in the first half of 2022 and the implementation of Uniper's strategy, which includes a proactive coal phase-out in Europe and particularly in Germany, and to a year-over-year adjustment in the measurement of these provisions in line with project development. Moreover, the lower average number of persons employed at the Uniper Group relative to the prior-year period also helped reduce personnel costs, as did the non-recurrence of the one-time expense incurred for the settlement of amounts still payable to former members of the Board of Management of Uniper SE. This was partly offset by increases resulting from collectively agreed wage and salary adjustments.

Depreciation, amortization and impairment charges amounted to €2,736 million in the first six months of 2022 (prior-year period: €348 million). The increase is primarily attributable to the write-down to zero of goodwill in the Global Commodities segment by €1,312 million (prior-year period: €0 million) and the Russian Power Generation segment by €472 million (prior-year period: €0 million) and to an increase of €559 million in impairment charges on property, plant and equipment to €586 million (prior-year period: €26 million). Impairments on property, plant and equipment recognized in the first six months of the 2022 fiscal year related primarily to power plants held in the Russian Power Generation and European Generation segments (prior-year period: European Generation segment). To account for further developments in the geopolitical situation, individual power plants and storage facilities were tested for impairment based on changed estimates and assumptions about underlying price expectations for the liquid period. Regular depreciation and amortization rose by €43 million to €365 million (prior-year period: €322 million), mainly due to reversals of impairment losses recognized in the previous year for power plants in the UK and Germany.

Reversals of impairments in the first six months of 2022, which mainly resulted from changes in estimates and assumptions about underlying price expectations, amounted to €593 million (prior-year period: €12 million) and – as in the prior-year period – related primarily to the European Generation segment. Especially affected was the Maasvlakte 3 hard-coal power plant in the Netherlands, because the Dutch government, owing to the geopolitical situation, activated the early-warning phase of its energy crisis plan and announced the withdrawal of the recent statutory 35% production cap for coal-fired power plants for the period from 2022 through 2024, resulting in a revaluation of the power plant. Impairment reversals are recognized as other operating income.

Other operating income increased to €125,695 million in the first six months of 2022 (prior-year period: €34,713 million). This was caused primarily by changes in commodity derivatives recognized at fair value – due to the significantly increased commodity prices in all the markets relevant to the Uniper Group. Income from invoiced and open transactions and from related currency hedges amounted to €124,524 million, having increased by €90,030 million year over year (prior-year period: €34,494 million).

Other operating expenses increased to €138,732 million in the first six months of 2022 (prior-year period: €35,817 million). As it was for other operating income, the increase was primarily attributable to expenses from invoiced and open transactions and from related currency hedges, which rose by €102,446 million year over year to €137,802 million (prior-year period: €35,355 million).

The main driver of this significant change in other operating income/expenses is the strong increase in commodity prices, as Uniper structurally sells gas and power, and buys carbon allowances and coal, using forward transactions that are measured at fair value through profit or loss.

Due to restrictions of supply through the Nord Stream 1 pipeline, it was not possible to value certain long-term gas supply contracts based on contractually agreed volumes. Instead, various differently weighted scenarios were developed regarding the scope and duration of gas supply restrictions, allowing a fair value calculated using the weighted average to be determined for the corresponding long-term gas supply contracts. Given the amendments to the EnSiG (specifically Sections 24 and 26), substantial compensation for the added cost of procuring substitution volumes associated with the supply shortfalls is probable. In accordance with IFRS 13, compensation that increases earnings is not included when calculating the fair value for derivative financial instruments.

These scenarios were also applied in the analysis of a need for a provision to be recognized especially for long-term gas supply contracts involving counterparties from Russia. Additionally considered here were compensation possibilities under the EnSiG for the added cost of procuring substitution volumes associated with the supply shortfalls, since these are deemed sufficiently probable as of the June 30, 2022, reporting date.

During the first half of 2022, the negative changes in fair value of the sales forward contracts were higher than the positive changes in fair value of the purchase forward contracts, leading to a significant unrealized net loss on the derivative positions.

In addition, Uniper hedges its asset positions via forward sales and fuels via forward purchases. In many cases, these hedging transactions are subject to “mark-to-market” accounting under IFRS, while the underlying assets, like power plants or inventories, are not. Accordingly, in times of rising commodity prices, Uniper’s IFRS net income reflects unrealized losses from hedges now, while the offsetting unrealized gains on the underlying (hedged) assets and generation positions are not recognized until they are realized.

This IFRS-driven accounting mismatch, which as of June 30, 2022, relates to both issues previously described, is only temporary and will resolve over time as the forward contracts are settled. Uniper neutralizes these effects within its key performance indicators – adjusted EBIT and adjusted net income – in order to better reflect operational developments without these measurement effects.

Financial results decreased significantly, by €1,148 million, to -€992 million (prior-year period: €156 million). This change is primarily attributable to the write-down to zero of the loans to Nord Stream 2 AG in the amount of €1,003 million including accrued interest due to the withdrawal of the security of supply analysis by the German Federal Ministry for Economic Affairs and Climate Action and the associated halt to the certification process, as well as the imposition of U.S. sanctions on Nord Stream 2 AG and its CEO.

Tax income increased from €76 million in the prior-year period to €2,198 million, mainly due to non-operating tax income of €2,103 million (prior-year period: €226 million income) resulting particularly from the valuation of derivative financial instruments. Operating tax income amounted to €95 million (prior-year period: €150 million expense).

Reconciliation of Income/Loss before Financial Results and Taxes

Unadjusted earnings before interest and taxes ("EBIT") represents the Group's income/loss before financial results and taxes in accordance with IFRS, taking into account the net income/loss from equity investments.

In order to increase its meaningfulness as an indicator of the operating performance of Uniper's business, EBIT is adjusted for certain non-operating effects to produce a reliable adjusted EBIT measure, which is used for internal management control purposes.

The non-operating effects on earnings for which EBIT is adjusted include gains and losses from the fair value measurement of derivative financial instruments used in hedges, as well as certain effects resulting from the measurement of physically settled contracts within the scope of IFRS 9, which are measured at the market price at physical settlement instead of the contractually hedged price. Additionally, certain book gains/losses, expenses for (and income from) restructuring and cost-management programs and impairment charges/reversals on non-current assets, on companies accounted for under the equity method and other long-term financial assets and on goodwill in the context of impairment tests, as well as other contributions to non-operating earnings, are eliminated.

Net book gains are equal to the sum of book gains and losses from disposals, which are included in other operating income and other operating expenses. Effects from the fair value measurement of derivatives are also included in other operating expenses and income. These hedges entered into as part of the energy trading business, however, have no impact on adjusted EBIT until maturity. In addition, for physically settled derivative financial instruments within the scope of IFRS 9, further non-operating adjustments of revenues, cost of materials, other operating income and other operating expenses are also made to adjust for the difference between the economically and contractually hedged contract price and the spot price on the settlement date that is relevant for income and expense recognition under IFRS. Since unadjusted EBIT is derived from the revenue and cost of materials (i.e., inventories and emission rights, including their subsequent measurement) measured for these transactions at the IFRS-relevant spot price when they are settled, the difference between such measurement and one based on the economically hedged contract price is adjusted accordingly to determine adjusted EBIT.

Expenses for (and income from) restructuring and cost-management programs represent additional expenses and income that are not directly attributable to the operating business. Other non-operating earnings encompass other non-operating income and expenses that are unique or rare in nature. Depending on the particular case, such income and expenses may affect different line items in the income statement.

The reported net income before financial results and taxes of -€13,623 million (prior-year period: -€252 million) is adjusted for non-operating effects totaling €13,060 million (prior-year period: €823 million) and, in addition, reduced by net income from equity investments of €1 million (prior-year period: increased by €8 million) to produce adjusted EBIT of -€564 million (prior-year period: €580 million).

The bottom line in the table below shows the detailed reconciliation of income/loss before financial results and taxes in accordance with IFRS to adjusted EBIT, and additionally provides an overview of what items are affected by non-operating adjustments:

Matrix for Reconciliation of Income/Loss before Financial Results and Taxes 2022[1]

		Adjustments of items of income/loss before financial results and taxes to adjusted EBIT								
January 1–June 30 € in millions	**Income statement items**	**Net book gains (-) / losses (+)**	**FV measure-ment of deriv-atives**	**Adj. of reve-nues and cost of materials**	**Restruc-turing[2]**	**Misc. other non-op. earnings**	**Impair-ment charges/ reversals[3]**	**Total adjust-ments**	**Income from equity invest-ments[4]**	**Components of adjusted EBIT**
Sales including electricity and energy taxes	119,455	–	–	-41,300	–	–	–	-41,300	–	78,155
Electricity and energy taxes	-119	–	–	–	–	–	–	–	–	-119
Sales	**119,335**	**–**	**–**	**-41,300**	**–**	**–**	**–**	**-41,300**	**–**	**78,036**
Changes in inventories (finished goods and work in progress)	52	–	–	–	–	–	–	–	–	52
Own work capitalized	34	–	–	–	–	–	–	–	–	34
Other operating income	125,695	-2	-113,171	–	-1	-85	-593	-113,852	–	11,843
Cost of materials	-116,809	–	–	38,273	–	-75	–	38,198	–	-78,611
Personnel costs	-485	–	–	–	-3	3	–		–	-485
Depreciation, amortization and impairment charges	-2,736	–	–	–		–	2,308	2,309	–	-427
Other operating expenses	-138,732	2	127,565	–	-6	144	–	127,705	–	-11,027
For informational purposes: Subtotal of adjusted EBIT components before income from equity-method accounting and from equity investments	N/A	–	–	–	–	–	–	–	–	-586
Income from companies accounted for under the equity method	22	–	–	–	–	–	–	–	–	22
For calculation purposes: Income from equity investments[4]	N/A	–	–	–	–	–	1	1	–1	–
Reconciliation of income/loss before financial results and taxes to adjusted EBIT (summarized)	**-13,623**	**–1**	**14,395**	**-3,027**	**-9**	**-13**	**1,716**	**13,060**	**–1**	**-564**

[1]Owing to the adjustments made, the earnings items shown here may differ from the figures determined in accordance with IFRS. A reconciliation of income/loss before financial results and taxes prepared in compliance with the Guidelines on Alternative Performance Measures published by the European Securities Markets Authority (ESMA) is provided in the notes to the IFRS interim and consolidated financial statements.

[2]Expenses for (and income from) restructuring and cost management in the Global Commodities segment included depreciation and amortization of €0.5 million in the first half of 2022 (first half of 2021: €1 million).

[3]Non-operating impairment charges/reversals consist of non-operating impairment charges and reversals triggered by regular impairment tests. The total of the non-operating impairment charges/reversals and economic depreciation and amortization/reversals differs from the depreciation, amortization and impairment charges reported in the income statement, since the two items also include impairment charges on companies accounted for under the equity method and other financial assets; in addition, a small portion is included in restructuring/cost-management expenses and in miscellaneous other non-operating earnings.

[4]In the income statement according to IFRS, income from equity investments is part of financial results, which are not shown in this matrix, and is added as a component of adjusted EBIT. The presentation within the items of the income statement that make up income/loss before financial results and taxes is used in this matrix solely to determine adjusted EBIT.

Matrix for Reconciliation of Income/Loss before Financial Results and Taxes 2021[1]

January 1–June 30 € in millions	Income statement items	Adjustments of items of income/loss before financial results and taxes to adjusted EBIT: Net book gains (-) / losses (+)	FV measurement of derivatives	Adj. of revenues and cost of materials	Restructuring[2]	Misc. other non-op. earnings	Impairment charges/ reversals[3]	Total adjustments	Income from equity investments[4]	Components of adjusted EBIT
Sales including electricity and energy taxes	41,586	–	–	-5,725	–	–	–	-5,725	–	35,862
Electricity and energy taxes	-139	–	–	–	–	–	–	0	–	-139
Sales	**41,447**	**–**	**–**	**-5,725**	**–**	**–**	**–**	**-5,725**	**–**	**35,723**
Changes in inventories (finished goods and work in progress)	32	–	–	–	–	–	–	0	–	32
Own work capitalized	37	–	–	–	–	–	–	0	–	37
Other operating income	34,713	-14	-31,410	–	–	-31	-12	-31,468	–	3,246
Cost of materials	-39,832	–	–	5,736	–	28	–	5,764	–	-34,068
Personnel costs	-510	–	–	–	9	–	–	9	–	-501
Depreciation, amortization and impairment charges	-348	–	–	–	1	–	26	28	–	-321
Other operating expenses	-35,817	2	32,164	–	2	47	–	32,216	–	-3,601
For informational purposes: Subtotal of adjusted EBIT components before income from equity-method accounting and from equity investments	N/A	–	–	–	–	–	–	0	–	547
Income from companies accounted for under the equity method	26	–	–	–	–	–	–	0	–	26
For calculation purposes: Income from equity investments[4]	N/A	–	–	–	–	–	-2	-2	8	6
Reconciliation of income/loss before financial results and taxes to adjusted EBIT (summarized)	**-252**	**-12**	**755**	**11**	**12**	**45**	**12**	**823**	**8**	**580**

[1]Owing to the adjustments made, the earnings items shown here may differ from the figures determined in accordance with IFRS. A reconciliation of income/loss before financial results and taxes prepared in compliance with the Guidelines on Alternative Performance Measures published by the European Securities Markets Authority (ESMA) is provided in the notes to the IFRS interim and consolidated financial statements.
[2]Expenses for (and income from) restructuring and cost management in the Global Commodities segment included depreciation and amortization of €1 million in the first half of 2021 (first half of 2020: €2 million).
[3]Non-operating impairment charges/reversals consist of non-operating impairment charges and reversals triggered by regular impairment tests. The total of the non-operating impairment charges/reversals and economic depreciation and amortization/reversals differs from the depreciation, amortization and impairment charges reported in the income statement, since the two items also include impairment charges on companies accounted for under the equity method and other financial assets; in addition, a small portion is included in restructuring/cost-management expenses and in miscellaneous other non-operating earnings.
[4]In the income statement according to IFRS, income from equity investments is part of financial results, which are not shown in this matrix, and is added as a component of adjusted EBIT. The presentation within the items of the income statement that make up income/loss before financial results and taxes is used in this matrix solely to determine adjusted EBIT.

Gains and losses on disposals of property plant and equipment resulted in a net book gain of €1 million in the reporting period (prior-year period: net book gain of €12 million on a land sale and on the sale of other equity investments).

The fair value measurement of derivatives used to hedge the operating business against price fluctuations resulted in a net non-operating loss of €14,395 million in the first six months of 2022, due to changed market values in connection with increased commodity prices in all the forward markets relevant to Uniper (prior-year period: net non-operating loss of €755 million). The non-operating derivative loss also includes reduced fair values of gas purchase contracts (derivatives) that consider curtailed gas volumes based on the gas curtailment scenarios applied. Whereas the derivatives are subject to “mark-to-market” (i.e., fair value) accounting, the corresponding appreciation of the hedged underlying assets is initially limited to their cost, and additional gains may not be recognized until they are realized. This measurement inconsistency is neutralized accordingly within the adjusted EBIT and adjusted net income measures, in order to better reflect Uniper’s operating performance.

This item also includes the recognition of a provision for onerous contracts. This provision represents a negative fair value of €2,374 million as of June 30, 2022 and reflects the risk of increased purchase (replacement) cost to substitute the potentially curtailed Russian gas supplies in the future. Uniper has to substitute the curtailed volumes to fulfil its gas sales contracts in case the supply curtailment continues and the regulatory environment is not changed. Due to the uncertainty of the future price difference (i.e. the purchase price) and supplied volumes, the yet unrealized part of the relationship of sales and purchase volumes is classified as non-operating for the time-being. Upon physical delivery and hence realization of the final difference between purchase and sales prices – which will mainly occur in the third quarter 2022 – the effects will be reported within the Adjusted EBIT.

Revenues and cost of materials for physically settled commodity derivatives (contracts that are accounted for under IFRS 9 (failed own-use contracts)) were adjusted for the difference between the spot prices relevant pursuant to IFRS and the contract prices relevant from the management perspective by net income of €3,027 million in the first half of 2022 (prior-year period: net expense of €11 million).

In the first half of 2022, restructuring and cost-management expenses/income changed by €21 million relative to the prior-year period. Income amounted to €9 million in the first half of 2022 (prior-year period: €12 million expense) and was primarily attributable to income from the spin-off and transfer agreement with E.ON in the amount of €7 million (prior-year period: expense of €4 million).

Income of €13 million was recorded under miscellaneous other non-operating earnings in the first half of 2022 (prior-year period: expense of €45 million). This amount includes income from an insurance settlement of €59 million in the European Generation segment. It was partially offset by a net expense of €56 million (prior-year period: €54 million) for adjustments of provisions recognized for non-operating effects in the Global Commodities segment.

A net loss of €1,716 million (prior-year period: net loss of €12 million) from the aggregation of non-operating impairment charges and reversals was recognized in the reporting period. The valuations related to all three of the Uniper Group's operating segments in the first half of 2022 (prior-year period: European Generation). The increase is particularly attributable to the write-down to zero of goodwill in the Global Commodities segment by €1,312 million (prior-year period: €0 million) and in the Russian Power Generation segment by €472 million (prior-year period: €0 million). Reversals of impairments recognized in previous years related primarily to the European Generation and Global Commodities segments in the first six months of 2022 (prior-year period: European Generation segment). Especially affected was the Maasvlakte 3 hard-coal power plant in the Netherlands, because the Dutch government, owing to the geopolitical situation, activated the early-warning phase of its energy crisis plan and announced the still to be enacted withdrawal of the statutory 35% production cap for coal-fired power plants, resulting in a revaluation of the power plant. Impairment reversals are recognized as other operating income.

Adjusted EBIT

Adjusted EBIT, a measure of earnings before interest and taxes adjusted for non-operating effects, is the key measure in the Uniper Group for purposes of internal management control and is the most important indicator of the profitability of its operations.

Segments

The following table shows adjusted EBIT for the first half 2022 and the first half of 2021, broken down by segment:

Adjusted EBIT

January 1–June 30 € in millions	2022	2021	+/- %
European Generation	-217	272	-179.9
Global Commodities	-174	501	-134.8
Russian Power Generation	193	111	74.3
Administration/Consolidation	-365	-304	-20.1
Total	**-564**	**580**	**-197.2**

European Generation

The significantly reduced adjusted EBIT compared with the prior-year period is particularly attributable to higher expenses recognized in the context of measuring provisions for carbon allowances, which are offset by hedges that will not be realized until the fourth quarter of 2022, and for which gains on fair value measurement, which were higher compared with the prior-year period, are reported as non-operating earnings until they are realized. Furthermore, large discrepancies between the so-called Swedish system prices and the delivery prices in the relevant Swedish price zones led to significantly lower earnings contributions from Nordic hydropower as a consequence of the hedging strategy applied in the past. Additional factors that affected adjusted EBIT negatively in the first half of 2022 were the restrictions on generation specified for the Maasvlakte power plant since the start of 2022 to achieve further reduction of carbon emissions, the disposal of the Schkopau power plant in the third quarter of fiscal 2021, reduced contributions from the British capacity market and higher delivery and procurement costs incurred for hard coal in the context of the transitional strategy to diversify coal sourcing. This was partially offset by some positive earnings contributions from the fossil trading margin due to higher spreads.

Global Commodities

Adjusted EBIT in the Global Commodities segment fell significantly compared with the prior-year period. The decline is primarily attributable to the gas business. Gas earnings were negatively affected by the added cost of procuring substitution volumes in response to the curtailment of Russian gas volumes from June 14, 2022. In addition, the gas commoditiy business recorded a lower overall optimization result compared with the prior-year period. Earnings in the international portfolio were down from the exceptionally strong prior-year period, which had been characterized by volatile markets during the winter months.

Russian Power Generation

The Russian Power Generation segment's adjusted EBIT came in significantly above the prior-year level. The main reasons for this were the commissioning of the Berezovskaya 3 power plant unit, which has been receiving capacity payments since May 1, 2021, positive foreign exchange and regulatory effects, as well as higher volumes and prices in the Siberian price zone. The expiration of the long-term capacity payments for two units at the Surgutskaya power plant had an offsetting effect.

Administration/Consolidation

Adjusted EBIT attributable to the Administration/Consolidation reconciliation item changed negatively relative to that of the prior-year period. This change resulted particularly from the reconciliation of the operating segments' adjusted EBIT to the Group's adjusted EBIT with respect to the measurement of coal inventories, which was partially offset by the measurement during the year of provisions for carbon emissions (remeasurement to cross-segment figures at Group level) had a negative impact.

Adjusted Net Income

The Uniper Group uses adjusted net income as an additional internal management indicator and as a further key indicator of the profitability of its operations after taxes and after financial results – one that also takes into account important income and expense components that are not included in adjusted EBIT but aggregated as an economic interest and tax result – for determining the variable compensation of the Board of Management and of all management personnel, non-pay-scale employees, and pay-scale employees.

Unadjusted net income is earnings after financial results and income taxes. To focus this indicator on the operating business and increase its meaningfulness, unadjusted net income is adjusted for certain non-operating effects.

Adjusted EBIT is the starting point for further adjustments, and it is adjusted for the following selected non-operating items:

- Net non-operating interest income
- Other financial results
- Income taxes on non-operating earnings
- Non-controlling interests in non-operating earnings

Included in other financial results are effects such as measurement effects from changes in the fair value of securities and of the KAF (the Swedish Nuclear Waste Fund; "Kärnavfallsfonden"). Not being a component of adjusted EBIT, other financial results are added back to adjusted EBIT in a first step to determine adjusted net income, together with net interest income, so that all earnings components of the income statement are also shown in the reconciliation to adjusted net income. They are then eliminated in a second step, together with non-operating interest expense and income. Other financial results thus have no effect on adjusted net income. Non-operating time value of money effects include, for example, interest on provisions financed through the KAF, which are eliminated correspondingly with other financial results. Also eliminated are measurement effects on liabilities to minority shareholders. The adjustments additionally include, among other things, the related income taxes, and the overall result is adjusted net income.

Reconciliation to Adjusted Net Income

January 1–June 30 € in millions	2022	2021
Income/Loss before financial results and taxes	**-13,623**	**-252**
Net income/loss from equity investments	-1	8
EBIT	**-13,624**	**-243**
Non-operating adjustments	13,060	823
Adjusted EBIT	**-564**	**580**
Interest income/expense and other financial results	*-991*	*148*
Non-operating interest expense and negative other financial results (+) / interest income and positive other financial results (-)	*1,136*	*-66*
Operating interest income/expense and other financial results	144	82
Income taxes	*2,198*	*76*
Expense (+) / Income (-) resulting from income taxes on non-operating earnings	*-2,103*	*-226*
Income taxes on operating earnings	95	-150
Less non-controlling interests in operating earnings	-34	-25
Adjusted net income	**-359**	**485**

The adjustments for financial effects relate primarily to the write-down to zero of the financing extended to Nord Stream 2 AG in the amount of €1,003 million. Furthermore, aside from the remaining other financial results, the time value of money effects of the provisions financed through the Swedish Nuclear Waste Fund ("Kärnavfallsfonden" or "KAF") in the European Generation segment and the other non-operating provisions in the Global Commodities segment are also adjusted for. An expense of €1,136 million was adjusted for in total (prior-year period: €66 million income).

In the first six months of 2022, there was non-operating tax income, arising particularly from the measurement of derivative financial instruments, of €2,103 million (prior-year period: €226 million income). Operating tax income amounted to €95 million (prior-year period: €150 million expense), resulting in an operating effective tax rate of 22.6% (prior-year period: 22.7%).

Adjusted net income for the first six months of 2022 amounted to -€359 million, a year-over-year decrease of -€844 million (prior-year period: €485 million). Adjusted net income followed the trend of adjusted EBIT. Higher economic net interest income relative to the first half of 2021, attributable especially to higher interest rates and their effect on the measurement of non-current provisions for asset retirement obligations, primarily in Hydro, had a slightly positive effect. It was offset by a year-over-year increase in interest expenses due to the increased financing volume and to higher margin payments, as well as by the non-recurrence of the economic net interest income from the financing extended to Nord Stream 2 AG.

Financial Condition

The Uniper Group presents its financial condition using financial measures including economic net debt and operating cash flow before interest and taxes, among others.

Economic Net Debt

Economic net debt is used by Uniper to manage the Group's capital structure. All items are shown with their respective (+) or (-) sign in the summation.

Economic Net Debt

€ in millions	Jun. 30, 2022	Dec. 31, 2021
(+) Financial liabilities and liabilities from leases	11,016	8,975
(+) Bonds	–	–
(+) Commercial paper	*55*	*1,480*
(+) Liabilities to banks	*3,014*	*2,964*
(+) Lease liabilities	*716*	*745*
(+) Margining liabilities	*2,833*	*783*
(+) Liabilities from shareholder loans towards Uniper shareholders and co-shareholders	*4,339*	*2,931*
(+) Other financing	*59*	*70*
(-) Cash and cash equivalents	3,025	2,919
(-) Current securities	48	47
(-) Non-current securities	95	111
(-) Margining receivables	7,590	7,866
Net financial position	**258**	**-1,969**
(+) Provisions for pensions and similar obligations	466	1,065
(+) Provisions for asset retirement obligations	1,333	1,228
(+) Other asset retirement obligations	*818*	*853*
(+) Asset retirement obligations for Swedish nuclear power plants	*2,766*	*2,940*
(-) Receivables from the Swedish Nuclear Waste Fund recognized on the balance sheet	*2,252*	*2,565*
Economic net debt	**2,057**	**324**
(-) For informational purposes: Receivables from the Swedish Nuclear Waste Fund (KAF) ineligible for capitalization[1]	64	211
For informational purposes: Fundamental economic net debt	**1,993**	**113**

[1]Due to IFRS valuation rules (IFRIC 5), €64 million (December 31, 2021: €211 million) of Uniper's share of the fair value of the net assets of the Swedish Nuclear Waste Fund may not be capitalized on the balance sheet. Accordingly, there exists an additional receivable from the Swedish Nuclear Waste Fund ineligible for recognition on the balance sheet, and the economic net obligation for the decommissioning of the Swedish nuclear power plants is thus reported too high in the table by the amount of this receivable.

Mainly the negative operating cash flow (-€2,227 million) and outflows for investments (-€263 million) reduced the net financial position by €2,227 million in the first half of 2022. Within the net financial position, margining receivables were reduced by -€276 million to €7,590 million (December 31, 2021: €7,866 million) and financial liabilities and liabilities from leases rose by €2,041 million to €11,016 million (December31, 2021: €8,975 million). One main reason was the drawing of another €1,500 million of the loan from Fortum by Uniper SE as of June 30, 2022. The loan is therefore now drawn by €4,000 million (December 31, 2021: €2,500 million); furthermore, margining liabilities increased by €2,050 million to €2,833 million. As an offsetting effect, commercial papers were reduced by €1,425 million to €55 million.

The increase in economic net debt by €1,733 million was lower than the increase in the net financial position, mainly because provisions for pensions and similar obligations were reduced by €599 million to €466 million (December 31, 2021: €1,065 million). This development was caused by an increase in interest rates in Germany and the UK during the first half of 2022 relative to year-end 2021, leading to a reduction of the present value of pension liabilities. While the fair value of plan assets diminished compared with year-end 2021 at the same time, the two developments taken together resulted in overall lower provisions for pensions and similar obligations in the first half of 2022. In contrast, the provisions for asset retirement obligations increased to €1,333 million as of June 30, 2022 (December 31, 2021: €1,228 million) due to the effect of foreign exchange rates, among others.

Investments

Investments

January 1–June 30 € in millions	2022	2021
Investments		
European Generation	*135*	*262*
Global Commodities	*27*	*19*
Russian Power Generation	*27*	*54*
Administration/Consolidation	*15*	*7*
Total	**204**	**341**
Growth	*39*	*186*
Maintenance and replacement	*165*	*154*

The decrease in the Uniper Group's investment spending resulted mainly from significantly reduced growth investments, while repair and maintenance investments are noticeably above the prior-year level. The investments break down by segment as follows:

The year-over-year decrease of €127 million in investments in the European Generation segment in the first half of 2022 was primarily due to lower growth investments given the impending completion of the Scholven 3 new construction project and to lower growth investments for the Datteln 4 hard-coal power plant. The collection of an insurance settlement had an additional reducing effect.

In the Global Commodities segment, investments were up €8 million from the prior-year level, primarily due to higher spending on growth investments.

Investment spending in the Russian Power Generation segment in the first six months of 2022 was down €27 million year over year and was primarily attributable to lower growth investments for the Berezovskaya 3 power plant, which was commissioned in May 2021, and to significantly lower maintenance investments.

In the Administration/Consolidation segment, investments were up €8 million from the prior-year level and related to investments in IT projects, among others.

Cash Flow

Cash Flow

January 1–June 30 € in millions	2022	2021
Cash provided by operating activities (operating cash flow)	**-2,227**	**346**
Cash provided by investing activities	**276**	**-1,460**
Cash provided by financing activities	**1,967**	**1,260**

Cash Flow from Operating Activities, Operating Cash Flow before Interest and Taxes

Cash provided by operating activities (operating cash flow) changed by -€2,574 million in the first six months of 2022 to a cash outflow of €2,227 million (prior-year period: cash inflow of €346 million). This resulted primarily from the liquidity optimization measures taken at the end of 2021 for assets in the gas and emission rights business to cover temporary liquidity requirements arising from collateral pledges for commodity transactions (margining), which led to a realization of an inflow of liquidity into the fourth quarter of the 2021 fiscal year. Operating cash flow was additionally negatively impacted by changes in working capital that resulted primarily from price increases in the commodity markets.

The following table presents the reconciliation of cash flow from operating activities (operating cash flow) to operating cash flow before interest and taxes:

Operating Cash Flow before Interest and Taxes

January 1–June 30 € in millions	2022	2021	+/-
Operating cash flow	**-2,227**	**346**	**-2,574**
Interest payments and receipts	55	3	52
Income tax payments (+) / refunds (-)	156	102	55
Operating cash flow before interest and taxes	**-2,016**	**451**	**-2,467**

Cash Flow from Investing Activities

Cash provided by investing activities increased by €1,736 million, from a cash outflow of €1,460 million in the prior-year period to a cash inflow of €276 million in the first six months of the 2022 fiscal year. This development resulted primarily from changes in collateral to be provided by Uniper for futures and forward transactions (margining receivables), which changed by €1,472 million year over year in the first six months of 2022. Where there had been a cash outflow of €1,182 million in the prior-year period, there was a cash inflow of €290 million in the first half of 2022. Compared with the prior-year period (€341 million), cash payments for investments in intangible assets, in property, plant and equipment, and in equity investments decreased by €137 million, to €204 million. Cash proceeds from disposals increased by €79 million, from a cash inflow of €21 million in the prior-year period to a cash inflow of €100 million in the first half of 2022.

Cash Flow from Financing Activities

In the first six months of 2022, cash provided by financing activities amounted to €1,967 million (prior-year period: cash inflow of €1,260 million). The increase in margin deposits received for futures and forward transactions led to a cash inflow of €2,030 million (prior-year period: cash inflow of €1,162 million) and increased margining liabilities accordingly. Furthermore, the loan provided by Fortum was increased, which resulted in a cash inflow of €1,500 million. The taking up of €50 million in current liabilities to banks (prior-year period: cash inflow of €7 million) resulted in higher liquid funds. The redemption of commercial paper in the amount of €1,425 million during the same period (prior-year period: cash inflow of €673 million) and the repayment of lease liabilities in the amount of €52 million (prior-year period: €61 million) had an offsetting effect. The dividend distributed to shareholders of Uniper SE led to a cash outflow of €26 million (2021: cash outflow of €501 million).

Assets

Consolidated Assets, Liabilities and Equity

€ in millions	Jun. 30, 2022	Dec. 31, 2021
Non-current assets	79,716	37,074
Current assets	129,782	91,323
Total assets	**209,498**	**128,397**
Equity (deficit)	-4,505	6,788
Non-current liabilities	74,055	26,094
Current liabilities	139,948	95,514
Total equity and liabilities	**209,498**	**128,397**

The significant increase in total assets in the first six months of 2022 compared with December 31, 2021, is due especially to the significant price increases in all the commodity forward markets relevant to Uniper. These higher prices led to valuation-related increases in current as well as non-current receivables and liabilities from derivative financial instruments (i.e., their gross fair values). Because of the particularly strong increase in prices for the supply of electricity and fuels, non-current receivables and liabilities from derivative financial instruments with a maturity of more than 12 months rose by a much greater percentage than the corresponding short-term balance sheet line items. Also, current and non-current liabilities from derivative financial instruments increased by more in total than the corresponding receivables. One of the reasons for this was that Uniper predominantly entered into sales contracts in the electricity market to hedge future power generation, and the value of these contracts was diminished amid rising prices. In addition, the greater increase in derivative liabilities compared with the corresponding assets as of June 30, 2022, was amplified further by changes in the fair value of derivative receivables from certain gas purchase contracts, which was reduced by the impact of restrictions of supply through the Nord Stream 1 pipeline.

The increase in non-current assets resulted especially from the described change in non-current receivables from derivative financial instruments, which increased by €42,938 million, from €16,913 million to €59,852 million, as well as from deferred tax assets. These increased by €2,138 million, from €2,121 million to €4,260 million, primarily due to the changes in derivative financial instruments.
The increase in the carrying amount of property, plant and equipment of €422 million, from €10,055 million to €10,477 million, was primarily due to currency translation effects and impairment reversals because, among other things, these effects exceeded those of impairments and regular depreciation of property, plant and equipment. Investments of €176 million in property, plant and equipment in the first half of 2022 exceeded divestments of €87 million.
Non-current financial receivables were reduced by €1,325 million, from €4,065 million to €2,740 million, primarily due to the write-down to zero of the financing extended to Nord Stream 2 AG. Furthermore, the changed geopolitical situation, and specifically the political situation in the Netherlands, necessitated impairment testing of individual items of property, plant and equipment. The tests resulted in impairment charges of €586 million (particularly in the European Generation and Russian Power Generation segments) and reversals of €593 million (particularly in the European Generation segment) due to changed estimates and assumptions about underlying price expectations. These changes in assumptions and price expectations also led to the write-down to zero of the goodwill of the Global Commodities and Russian Power Generation segments by €1,312 million and €472 million, respectively. Impairment testing of deferred tax items resulted in a charge of €1,439 million on deferred tax assets.

As with non-current assets, the main cause of the increase in current assets was the valuation-related increase in receivables from derivative financial instruments, which rose by €40,367 million, from €64,732 million to €105,099 million. Receivables from posted collateral for commodity forward transactions, in contrast, declined by €276 million, from €7,866 million to €7,590 million. There also was a decrease of €3,560 million in trade receivables, which fell from €11,629 million to €8,069 million. Liquid funds increased by €106 million despite the negative operating cash flow, from €2,966 million to €3,072 million, due among other things to the addition of financial liabilities.

Payment transactions with Russian are subject to general restrictions as of June 30, 2022. Accordingly, the cash and cash equivalents held within Russia by PAO Unipro in the amount of €210 million are not available to the other Group companies. There had been no restrictions as of December 31, 2021.

Equity fell by €11,293 million in the reporting period, from €6,788 million as of December 31, 2021, to -€4,505 million (equity deficit) as of June 30, 2022, due primarily to the net loss of €12,418 million (of which a negative share of €73 million is attributable to non-controlling interests). The Group's net loss was heavily influenced by the unrealized negative change in the value of derivative financial instruments, the impairment charges on property, plant and equipment and on goodwill, and the write-down to zero of the financing extended to Nord Stream 2 AG. The offsetting effect of the unrealized appreciation of the corresponding hedged items (especially power plants and inventories) is limited by IFRS accounting rules to their cost. Other comprehensive income, by contrast, had a positive effect of €1,156 million on equity. It includes the remeasurement of defined benefit plans in the net amount of €431 million due to an increase in the discount rates applied compared with those used for the Consolidated Financial Statements as of December 31, 2021. Effects from the remeasurement of equity investments totaling €232 million, as well as exchange-rate-related changes in assets and liabilities amounting to €653 million net, also contributed positively. The change in fair value of cash flow hedges of -€283 million after taxes had an offsetting effect and reduced other comprehensive income. The total dividend distribution of €26 million to shareholders of Uniper SE additionally reduced equity.

Non-current liabilities increased by €47,961 million in the reporting period, from €26,094 million at the end of the previous year to €74,055 million as of June 30, 2022, predominantly because of the valuation-related increase of €42,074 million in liabilities from derivative financial instruments, which rose from €16,336 million to €58,409 million. Furthermore, non-current miscellaneous provisions increased by €977 million, from €6,346 million to €7,323 million. This increase is caused by higher expected procurement costs for electricity sales contracts by accounting for the impact of curtailments of gas supplied from Russia and of the assumption as to compensation for the added cost of procuring substitution volumes. Power purchases were hedged using derivative financial instruments; the recognized provision is thus offset on the asset side by a positive effect in non-current receivables from derivative financial instruments. Non-current financial liabilities, in addition, rose by €5,337 million, from €1,665 million to €6,992 million, primarily due to changes in the maturity dates of some promissory notes totaling €400 million, which have been reclassified as current liabilities (December 31, 2021: €400 million non-current), as well as in the maturities of the €1,800 million revolving credit facility (December 31, 2021: €1,800 million current) and of the loan extended by Fortum, which was increased by €1,500 million, from €2,500 million to €4,000 million, and is not expected to be repaid within the next 12 months. By contrast, provisions for pensions and similar obligations decreased by €599 million, from €1,065 million to €466 million, particularly as a result of higher interest rates as of June 30, 2022, compared with those at year-end 2021. Deferred tax liabilities changed by €85 million, from €433 million to €518 million.

The increase in current liabilities is primarily attributable to the valuation-related increase in liabilities from derivative financial instruments, which rose by €46,645 million, from €70,397 million to €117,042 million. Current financial liabilities decreased by €3,295 million, from €7,320 million to €4,024 million, primarily owing to the reclassifications described previously and the reduction of commercial papers issued, which were decreased by redemptions of €1,480 million to €55 million. These effects were partially offset by the increase of €2,050 million in liabilities from posted collateral for commodity forward transactions. The increase of €3,441 million in current miscellaneous provisions, from €4,361 million to €7,802 million, is attributable to the circumstances mentioned for the corresponding non-current provisions, among others. However, power purchases are hedged using derivative financial instruments, whose fair value measurement has had offsetting positive effects in receivables from derivative financial instruments. Future cash outflows arising from higher procurement costs are thus offset by expected cash inflows from derivative financial instruments. Current provisions have additionally been recognized in the gas portfolio to account for the impact of curtailments of gas supplied from Russia and of the assumption as to compensation for the added cost of procuring substitution volumes. Trade payables were reduced by €1,773 million, from €11,568 million to €9,796 million.

Human Resources

Employees[1]

	Jun. 30, 2022	Dec. 31, 2021	+/- %
European Generation	4,448	4,721	-5.8
Global Commodities	1,408	1,355	3.9
Russian Power Generation	4,277	4,267	0.2
Administration/Consolidation	1,116	1,151	-3.0
Total	**11,249**	**11,494**	**-2.1**

[1]Figures do not include members of the Board of Management, managing directors, apprentices, work-study students and interns.

On June 30, 2022, the Uniper Group had 11,249 employees, 142 apprentices and 131 work-study students and interns worldwide. The workforce thus decreased by 2.1% compared with December 31, 2021.

The number of employees in the European Generation segment as of June 30, 2022, is noticeably below the figure for December 31, 2021, due to the restructuring process in the Engineering business, which was implemented further in the first half of 2022, and to the transfer of the employees of Sydkraft Hydropower AB to Fortum Oyj. These effects were offset slightly by the transfer of employees in the Renewable Energies business area from the Administration/Consolidation segment to the European Generation segment.

The headcount in the Global Commodities segment was slightly higher than at year-end 2021. The increase in the number of employees is the result of the expansion of new business areas.

In the Russian Power Generation segment, the workforce was at the level reported for year-end 2021.

The number of employees in Administration/Consolidation was slightly lower than at year-end 2021 due to the transfer of employees in the Renewable Energies business area to the European Generation segment.

At 57.4% as of June 30, 2022, the proportion of employees working outside Germany, numbering 6,454, remained stable compared with the end of fiscal 2021.

Risk and Chances Report

The risk management system of the Uniper Group, as well as the measures taken to manage risks and chances across the Uniper Group, are described in detail in the Combined Management Report for the year 2021.

Risk and Chances Profile of the Uniper Group

The commercial activity of the Uniper Group is naturally linked with uncertainties which lead to risks and chances. Resulting financial, credit, market, and operational risks and chances including their subcategories are explained in detail in the 2021 Combined Management Report. The categories of risks/chances, as well as the methodology to determine the assessment classes, have not changed compared to the 2021 Combined Management Report.

Categories of Risks and Chances in the Uniper Group

Category	Subcategory
Financial Risks/Chances	
Credit Risks	
Market Risks/Chances	Commodity Price Risks/Chances
	Foreign Currency and Interest Rates Risks/Chances
	Market Environment Risks/Chances
Operational Risks/Chances	Asset Operation Risks/Chances
	Asset Project Risks/Chances
	People and Process Risks/Chances
	Information Technology (IT) Risks/Chances
	Legal Risks/Chances
	Political and Regulatory Risks/Chances

To assess its risk and chances profile from an earnings perspective, the Uniper Group uses a two-stage process. In a first step, all quantified individual risks and chances with a potential impact on planned adjusted EBIT and/or net income are allocated to the categories and subcategories described above. For this all risks/chances which, in the worst-/best-case scenario (99%/1% confidence interval), after consideration of risk management measures could cause net losses/gains of more than € 20 million in any one year of the three-year medium-term planning time horizon are considered.

In a second step, all risks/chances allocated to one category/ subcategory are aggregated via a Monte Carlo simulation for each year of the three-year planning horizon. From the resulting aggregated distribution function per year, the 1% (best case) and 99% (worst case) confidence intervals are gathered and an average over the three-year mid-term plan time horizon is calculated. Based on this average value, each category/subcategory is assigned an assessment class for the best and worst case in accordance with the following table.

Assessment Classes

Assessment class	Potential average impact on earnings per year (best case/worst case)
Insignificant	≤ €5 million
Low	> €5 million and ≤€20 million
Moderate	> €20 million and ≤€100 million
Significant	> €100 million and ≤€300 million
Major	> €300 million

Key Changes in the Risk and Chances Profile of the Uniper Group

The war in Ukraine has significantly negatively impacted the risk and chances profile of the Uniper Group as of June 30, 2022, compared with the situation on December 31, 2021. This event exposes the Uniper Group to several new material risks and increases the potential worst-case impact and probability of occurrence of multiple existing risks.

Below, the key changes in the risk and chances profile compared to December 31, 2021 are described. Both, changes in the assessment class of the risk/chances categories presented above as well as changes in major individual risks/opportunities are explained. An individual risk (chance) is considered major if its potential worst (best) case negative (positive) impact on the planned earnings or on cash flow is €300 million or more in any one year of the three-year planning horizon.

Commodity price risk, Margining risk, and associated IT risk
During the first half of 2022 commodity prices climbed to new heights and further increased their volatility. As a result, the commodity price risk (Value at Risk) on Uniper's portfolio is higher. The assessment class for the corresponding risk category is now major. Furthermore, the margining requirements from Uniper's hedges concluded via exchanges or under bilateral margining agreements have remained at a high level and show a continued high sensitivity to market price moves (margining risk). Due to this, the Margining Risk still qualifies as major individual risk. In light of the ongoing armed conflict in Ukraine and the associated volatility on the commodity markets, Uniper extended the €2.0 billion revolving credit facility with KfW until April 2023 in March 2022. The KfW credit facility was increased to €4.0 billion on August 2, 2022 and to €9.0 billion on August 15, 2022 and will be utilized as required. In addition, Uniper uses flexible financing instruments such as the €8.0 billion intra-group credit facility agreement with Fortum as well as bilateral credit lines with Uniper's financing banks and its €1.8 billion revolving credit facility as sources of external funding. Moreover, operational measures to manage liquidity demand continue to be taken where deemed useful and the exposure in the margining channels is closely monitored and constantly adjusted to manage the margining risk.
Due to the current price environment a potential unavailability of Uniper's IT could lead to higher losses. Therefore, this risk is now considered a major individual risk and accordingly the assessment class of the IT risk category has also changed to major.

Gas Curtailment risk and Gas supplier Credit risk

Since June 14, 2022, Gazprom significantly reduced gas flows to Germany with varying degrees. As a consequence, the German Federal Government moved to phase 2 of its 3-phase emergency plan on June 23, 2022, however without BNetzA confirming a significant reduction of gas imports to Germany. Due to this, neither section 24 nor section 26 of the updated German Energy Security Act (EnSiG), which would allow Uniper to be compensated for higher gas procurement costs, has been activated yet. Consequently, Uniper needs to serve its customers at the historically agreed prices and buy gas from the market at the current significantly higher prices, which leads to a double-digit million euro loss every day. Continuation of this situation is a major individual risk for the Uniper Group and follow-on implications, e.g. on the availability of Uniper's gas-fired power plants, the physical gas deliveries to Uniper's customers, and potentially Uniper's ability to meet planned storage injections cannot be excluded. The risk of non-delivery also exists under Uniper's other long term gas supply contracts. On July 22, 2022, the German Federal Government announced a stabilization package for Uniper. As part of this package the German Federal Government informed that it intends to introduce a general mechanism via a levy for all gas importers to compensate for 90%of the replacement costs for missing Russian gas volumes as of October 1, 2022, in order to limit the continuing financial losses from the supply cuts. The agreement also foresees that in case replacement cost losses that cannot be offset by operating profits from Uniper's other businesses exceed €7 billion, the German Federal Government stands ready for further support. Uniper is in the process to significantly reduce remaining risks from 2024 onwards by adjusting its gas portfolio on the supply and sales side over time. The stabilization measures are subject, inter alia, to regulatory approvals, in particular from the EU Commission, and an extraordinary general meeting to obtain shareholder approval.

After a multi notch downgrade and subsequent withdrawal of the ratings of Gazprom, the credit risk towards Gazprom Export, Uniper's main gas supplier and core affiliate of Gazprom, has increased significantly compared to year end and now qualifies as a major individual risk.

Rating downgrade and Financing risk

On May 16, 2022, S&P downgraded Uniper's rating to BBB- with negative outlook due to its exposure to Russia, and on July 5, 2022 placed it on CreditWatch Negative after the start of the gas curtailments by Gazprom. Scope placed Uniper's BBB+ rating on "Review for Downgrade" on March 14, 2022. A downgrade of Uniper's current BBB- rating to sub-investment grade would trigger counterparties' rights to demand additional cash or non-cash collateral in material size which is a major individual risk for Uniper's liquidity situation.

A rating downgrade may also lead to banks freezing or cancelling financing instruments that Uniper is currently using, which would put a further strain on Uniper's liquidity situation and also qualifies as a major individual risk.

On July 22, 2022 the German Federal Government announced a stabilization package for Uniper which targets to preserve Uniper's investment grade rating. As part of this package the German Federal Government shall become a major shareholder of Uniper and acquire an ownership stake of approximately 30%. Additionally, it is planned that Uniper receives up to €7.7 billion via a mandatory convertible instrument. This instrument will be converted into equity on the conversion date by issuing Uniper shares. As a reaction to the publication of the stabilization package S&P affirmed Uniper's rating at BBB- with negative outlook on July 29, 2022, thereby resolving the recent CreditWatch Negative. The support Uniper is receiving from the German Federal Government has led S&P to consider Uniper a "government-related entity," which resulted in an affirmation of the rating at the BBB- level despite S&P considering Uniper's stand-alone credit quality to have weakened. The negative outlook reflects prevailing uncertainty around gas flows, which in S&P's view may necessitate an increase of the government package and the fact that details of the stabilization package are still to be approved. A downgrade could be triggered if S&P believed that the German Federal Government support was insufficient to protect Uniper from market conditions, or cannot be implemented sufficiently. Uniper continues to constantly monitor all rating-related developments and has regular exchanges with the rating agencies as well as its financing banks.

Unipro-related risk developments

In reaction to the sanctions from the West towards Russia, there is a risk that the Russian government introduces sanctions or legal changes restricting foreign ownership of Russian assets and control over Russian businesses. In a worst-case scenario for Uniper this could result in an expropriation or loss of control over PAO Unipro. If this were to materialize, Uniper would have to deconsolidate Unipro, which would lead to a deconsolidation loss. Hereby also the accumulated ruble translation reserve on the Unipro book value would be reclassified to the income statement (equity neutral), but not affect the equity as it is already reflected there. Both effects qualify as major individual risks. In addition, Russian counter-sanctions or legal restrictions may result in Uniper not being able to receive dividends from Unipro.
The assessment class for the category of political and regulatory risks has increased to major due to the gas curtailment and Unipro related risk developments.

Nord Stream 2: project failure risk

In the first quarter of 2022, Uniper has recorded a full impairment on the book value of its loans as well as the accrued interest towards Nord Stream 2 AG. As a result, the project failure risk has materialized, which leads to a reduction of the assessment class for the category of asset project risks from major to low. A legal analysis is ongoing to see if nevertheless it is possible to recover parts or all of the loans provided which would represent a major individual chance that would improve the assessment class of the legal chances category to major.

LNG supply risk

On June 8, 2022 an explosion at the Freeport LNG natural gas export terminal in Texas, USA, led to a temporary shut-down of the facility and a planned partial operation until the year-end. Should the restart of operations be delayed there is a major individual risk that Uniper would need to replace planned cargoes from this location at a higher price.

Chances from the extension of Coal fired power generation

To mitigate the gas curtailment risk, multiple European governments have announced their willingness to allow extended operation of coal-fired power plants to ensure security of supply. Specifically in Germany, a new law was issued on July 8, 2022 (Substitute Power Plant Standby Act) which allows certain coal-fired power plants to participate in the power market on a voluntary basis for a limited period of time without changing the coal exit aspirations. In a similar response, the Dutch government announced on June 20, 2022 the withdrawal of the 35% production cap as part of the so-called Urgenda ruling for coal generation with immediate effect. The implementation of this announcement requires a change of law which still needs to run through the formal steps. In both countries this does not qualify as a major individual chance, however Uniper is preparing its operations to support Europe's security of supply.

Assessment of the Overall Risk Situation

Uniper has comprehensively analyzed the impacts that the described key changes of its risk and chances profile could have on the Group. The analysis shows that Uniper's business and financial risk profiles have significantly deteriorated since the end of 2021.

The key risk for the Group is that the gas curtailments continue for longer and/or increase in volume. Absent any remedy measures, this could trigger significant losses and liquidity issues as well as a rating downgrade to sub-investment grade. Such a downgrade would trigger counterparties' rights to demand additional cash or non-cash collateral in an amount that would drive Uniper illiquid if called upon. Due to this the Uniper Board in June started discussions with the German Federal Government about potential stabilization measures. All parties involved in the negotiations – the German Federal Government, Uniper, and Fortum – share the common objective that such stabilization measures should support Uniper's investment grade rating. The stabilization package agreed on July 22, 2022, aims to strengthen the risk-bearing capacity of Uniper via additional credit lines and equity such that the potential impacts of further gas curtailments and other risks on the Group's liquidity and earnings situation can be mitigated. As a reaction to the publication of the stabilization package S&P affirmed Uniper's investment grade rating at BBB- with negative outlook on July 29, 2022.

Based on the discussions held in June 2022 that led to an agreement with the German government and Fortum in July 2022 on the key points of a stabilization package for the Uniper Group, the Board of Management of Uniper SE was of the opinion that, as of June 30, 2022, and in the succeeding period up to the date on which the Interim Financial Statements as of June 30, 2022, are prepared and authorized by the Board of Management, no circumstances existed that, considered individually or in their entirety, could cast prevailing doubt on Uniper's ability to continue as a going concern (particularly the liquidity situation). The going-concern assumption therefore remains appropriate with prevailing probability for the current fiscal year and for the subsequent fiscal year 2023.

A material uncertainty exists due to individual conditions still to be fulfilled that are governed by the term sheet signed between the German Federal Government, Fortum, and Uniper and which are not entirely under the control of Uniper, or one of its governing bodies, or the Company's shareholders. The Board of Management of Uniper SE believes that it is highly probable that these conditions will be met.

Non-Financial Information

Uniper discloses non-financial key performance indicators on a quarterly basis. The aim is to underscore Uniper's ongoing commitment to its most material sustainability topics and present information on how Uniper has performed in the reporting period.

Uniper's decarbonization strategy aims to enable the energy transition by providing a reliable and affordable supply of low-carbon energy. A key element of the strategy is for the entire Group's Scope 1 (direct emissions), 2, and 3 emissions (indirect emissions) to be carbon-neutral by 2050. The European Generation segment aims to be carbon-neutral for Scopes 1 and 2 emissions by 2035. An interim target has been set for the European Generation segment to achieve a 50% reduction in carbon emissions for Scope 1 and 2 by 2030, using 2019 as the baseline.

Uniper's direct CO_2 emissions, from the combustion of fossil fuels for power and heat generation, totaled 27.4 million metric tons in the first half of 2022 (previous year period: 24.5 million metric tons). While CO_2 emissions in the European Generation segment slightly decreased, emissions in the Russian Power Generation segment grew noticeably, due to higher output from Unipro's power plants. To meet the increasing energy consumption in Russia in the first six months of 2022, there was a higher demand from the system operator on Unipro for power generation.

Direct Fuel-Derived Carbon Emissions by Country

January 1–June 30 **Million metric tons CO_2**	**2022**	**2021**
European Generation	11.8	12.7
Germany	*5.8*	*6.7*
United Kingdom	*4.0*	*3.7*
Netherlands	*1.5*	*1.9*
Hungary	*0.5*	*0.4*
Sweden	*<0.1*	*<0.01*
Russian Power Generation	15.5	11.8
United Arab Emirates[1]	<0.1	–
Total	**27.4**	**24.5**

Uniper uses the operational-control approach. This means that Uniper counts 100% of the direct emissions of any generation assets over which it has operational control. With the exception of Russia and the United Kingdom, all data was calculated using the European Union Emissions Trading Scheme rules. Rounding may result in minor deviations from the totals. 2022 data for the United Kingdom, Netherlands, Germany, Sweden and Russia contain estimates.

[1]Quarterly emissions from the United Arab Emirates disclosed for the first time in 2022. Uniper's business in UAE is Uniper Energy DMCC. Uniper Energy DMCC owns and operates a low-sulfur marine fuel oils production facility in Fujairah, supplying products from its storage facilities to local partners and large shipping companies. The direct carbon emissions result from the burning of diesel and naphtha for electricity generation in the production facility.

Uniper strives to be a safe workplace for the employees, contractors, and service providers. Therefore, it aims to maintain certification or to certify all of its operating entities' health and safety management systems to ISO 45001. As of June 30, 2022, 100% of such systems were certified.

An employee of Unipro was severely injured on April 30, 2022 during inspection work at the power plant Surgutskaya GRES-2, and passed away due to the injuries on May 10, 2022. Unipro's internal investigation was supported by a representative from Uniper SE and is now complete. The root causes were identified and improvement actions are being implemented to prevent reoccurrence. The results of the incident investigation are currently being presented to the various stakeholders across Uniper and ultimately also to the Uniper Board of Management in order to ensure that the lessons learned are known and discussed in the relevant business areas.

At the beginning of 2022 Uniper implemented the severity rate of recordable safety incidents as a non-financial performance indicator to measure safety performance. The severity rate is defined as the number of lost time days divided by the number of Total Recordable Injuries (TRI), which are the sum of fatalities, lost time injuries, restricted work cases, and medical treatment cases. The severity rate represents the average number of days that a person is absent from work due to any kind of recordable injury, taking into account all Uniper Group's employees and those of external companies engaged by Uniper. The indicator allows Uniper to understand how often accidents occur, and how severe they are on average. In this way, safety performance can be evaluated better and more comprehensively. The severity rate as of June 30, 2022, was 23.3 days. Uniper is aiming to reach a severity rate of 14.0 days or below by year-end 2022. Consistent implementation of safety action plans across the business areas, effective learning from previous incidents, and promotion of best practice is key to achieving this target.

A second safety metric used at Uniper is the combined Total Recordable Incident Frequency (TRIF). The combined TRIF measures the TRI sustained both by the Uniper Group's employees and by those of external companies engaged by Uniper – per million hours of work. Uniper is aiming to reach a combined TRIF at or below 1.0 by 2025. The combined TRIF for the first six months of 2022 was 1.82 (previous year period 1.37). The comparative increase is a result of a higher number of recordable incidents across Uniper, primarily in the Engineering business and to a lesser extent among contractor staff in the decommissioning area of Nuclear Sweden. Dedicated safety workshops continue to be organized to review the effectiveness of existing safety action plans and identify improvement potential, with a specific focus on contractor management.

Uniper's functional units and subsidiaries have a responsibility to implement annual improvement measures to help meet the Group's overall HSSE & sustainability objectives. The key performance indicator for managing Uniper's group-wide HSSE & Sustainability performance is the degree of implementation of its comprehensive HSSE & Sustainability Improvement Plan. Uniper's HSSE & Sustainability Improvement Plan 2022 focuses on strengthening Uniper's health culture through networking and best-practice sharing, as well as the commitment of Uniper's leaders to comprehensive safety training and the development of improved health and safety action plans.

In evaluating the target achievement of the Improvement Plan, three different levels of achievement are possible: below 100%, 100%, and above 100%. Participation in the Health Networking & Best Practice Sharing session and the delivery of health action plans were below expectation in the second quarter. Therefore, as of June 30, 2022, the degree of implementation of the Improvement Plan 2022 was assessed to be slightly below the target level. Safety Leadership Workshops with Fortum and Uniper Leaders are scheduled for the third quarter.

Uniper aims to prevent incidents at its operations that could have adverse impacts on the environment. It has therefore committed to maintaining 100% ISO 14001 certification for its operational assets. As of June 30, 2022, 100% of Uniper assets maintained their certification. As in the first six months of 2021, there were no severe environmental incidents during the first six months of 2022.

Providing a reliable and affordable supply of energy is a key element of Uniper's strategy. There are two kinds of plant outages: planned outages for maintenance and unplanned outages due to technical faults. During the first six months of 2022, the average availability factor of Uniper's gas- and coal-fired power plants was 77.2% (2021: 79.2%). The decrease in asset availability is linked to planned outages and unavailability events at CCGT units in Germany and the UK.

Outlook Report

Macroeconomic Situation

The overall economic situation has steadily deteriorated over the course of 2022. Before the start of Russia's war of aggression against Ukraine, the global economy had been on track for a strong recovery from the crisis caused by Covid-19. However, the war coupled with continued supply-chain disruptions particularly from the China lockdowns have dealt a severe blow to the recovery. Many of the hardest-hit countries are in Europe, which has been particularly affected by the consequences of the war due to its dependence on Russian energy imports. Dramatic increases in food and energy prices and ongoing global supply shortages have pushed inflation to its highest level since the early 1980s, which is increasingly eroding purchasing power. In addition to concerns about persistent stagflation, there is therefore an increasing risk of a renewed recession if energy prices continue to surge in the wake of falling gas supplies from Russia.

Against the backdrop of massive inflation rates, the European Central Bank (ECB) has initiated a turnaround in interest-rate policy. It decided to end net asset purchases under its asset purchase program as of July 1, 2022, and multiple rate increases are expected in the second half of the year. The first of these took place on July 21, 2022, when, for the first time since 2011, the ECB raised all three of its key interest rates (the main refinancing operations rate, the marginal lending facility rate and the deposit facility rate) by 50 basis points.

Earnings Outlook

Uniper withdrew its outlook for fiscal 2022 with regard to adjusted EBIT and adjusted net income on June 29, 2022, and communicated this in an ad-hoc announcement.

Since June 14, 2022, and to the present day, Uniper has been receiving only between 20% and 40% of the contractually committed gas volumes from Gazprom. Gazprom is thus in breach of the long-term gas supply contracts and has become an unreliable supplier for Uniper and the German gas market. However, Uniper currently procures substitution volumes at significantly higher market prices. Since Uniper cannot yet pass on these additional costs to its contractual counterparties, this results in a significant negative impact on earnings and liquidity. There are also major uncertainties regarding the further development of the geopolitical situation, as well as the duration and scope of Russian gas supply curtailments. This is illustrated by events including a further reduction of gas supply to only 20% since July 27, 2022. Against this backdrop, future gas price developments are also difficult to assess at present.

Uniper therefore expects significantly negative adjusted EBIT and adjusted net income in 2022, at levels significantly below those of the previous year. Given the high degree of uncertainty regarding gas volumes actually received in the future and the relevant price levels for purchases of substitution volumes, a more precise earnings outlook cannot be provided at present and for the foreseeable future.

Outlook for Direct CO_2 Emissions (Scope 1)

Due to the uncertainty regarding the further development of the geopolitical situation and its impact on market prices, as well as the uncertainties arising from the Provision of Reserve Power Plants Act, a reliable prediction of power plant utilization and thus an outlook for direct CO_2 emissions for 2022 is not possible.

Review Report

To Uniper SE, Düsseldorf

We have reviewed the condensed consolidated interim financial statements – comprising the income statement, statement of recognized income and expenses, balance sheet, cash flow statement, statement of changes in group equity and selected explanatory notes – and the interim group management report of Uniper SE, Düsseldorf, for the period from January 1 to June 30, 2022, which are part of the half-year financial report pursuant to § (Article) 115 WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and additionally observed the International Standard on Review Engagements "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

We draw attention to the disclosures in section "Description of Selected Significant Individual Going-Concern Risks at Uniper" and " Key Elements of the Stabilization Package and Their Impact on Significant Going-Concern Risks" of the selected explanatory notes as well as the disclosures in section "Key changes in the Risk and Chances Profile of the Uniper Group" of the interim group management report, where the managing directors describe that the Group's ability to continue as a going concern is threatened by gas supply cuts and the resulting liquidity risks, and that, in order to eliminate these risks, a stabilization package was agreed on 22 July 2022 between the German Government, Uniper SE and Fortum Oyj, which is, inter alia, still subject to the following conditions

- the withdrawal of Uniper SE's lawsuit against the Netherlands in connection with the Energy Charter Treaty (ECT), as well as
- the regulatory approvals, in particular the EU Commission's approval under state aid law.

The Group's ability to continue as a going concern depends on the fulfillment of these requirements, the fulfillment of the further conditions that - as long as Uniper SE requires these stabilization measures - no variable compensation is paid to the board of managing directors and no dividend payments are made, as well as on the approval of the stabilization package by the Uniper shareholders within an extraordinary general meeting.
As stated in section "Closing Statement on the Going-Concern Assumption" of the selected explanatory notes and in section "Assessment of the Overall Risk Situation" of the interim group management report, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and that represents a risk that the Group's ability to continue

as a going concern is threatened pursuant to § (Article) 322 Abs. (paragraph) 2 Satz (sentence) 3 HGB ("Handelsgesetzbuch": "German Commercial Code). In the course of our review, we evaluated, among other things, the stabilization package agreed between the German Government, Uniper SE and Fortum Oyj. In this context, we also assessed the appropriateness of the assumptions made in the liquidity plan prepared by the Company taking into account the stabilization package and assessed whether the measures presented in the liquidity plan were appropriately derived on the basis of these assumptions. Our conclusion is not modified in respect of this matter.

Düsseldorf, August 16, 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Ralph Welter
Wirtschaftsprüfer
(German Public Auditor)

Frank Schemann
Wirtschaftsprüfer
(German Public Auditor)

Condensed Consolidated Interim Financial Statements

Uniper Consolidated Statement of Income

€ in millions	Note	April 1–June 30 2022	April 1–June 30 2021	January 1–June 30 2022	January 1–June 30 2021
Sales including electricity and energy taxes		50,635	20,354	119,455	41,586
Electricity and energy taxes		-57	-66	-119	-139
Sales	**(15)**	**50,579**	**20,288**	**119,335**	**41,447**
Changes in inventories (finished goods and work in progress)		-40	41	52	32
Own work capitalized		18	28	34	37
Other operating income	(15)	40,358	27,907	125,695	34,713
Cost of materials	(15)	-49,957	-19,744	-116,809	-39,832
Personnel costs		-238	-264	-485	-510
Depreciation, amortization and impairment charges	(6), (15)	-1,658	-167	-2,736	-348
Other operating expenses	(15)	-49,739	-29,180	-138,732	-35,817
Income from companies accounted for under the equity method	(7)	12	16	22	26
Income/Loss before financial results and taxes		**-10,665**	**-1,077**	**-13,623**	**-252**
Financial results	(4)	25	83	-992	156
Net income/loss from equity investments		*-1*	*8*	*-1*	*8*
Interest and similar income		*153*	*56*	*276*	*105*
Interest and similar expenses		*-55*	*-33*	*-107*	*-44*
Other financial results		*-72*	*53*	*-1,161*	*87*
Income taxes		1,376	132	2,198	76
Net income/loss		**-9,263**	**-861**	**-12,418**	**-20**
Attributable to shareholders of Uniper SE		*-9,243*	*-887*	*-12,345*	*-67*
Attributable to non-controlling interests		*-20*	*26*	*-73*	*47*
€					
Earnings per share (attributable to shareholders of Uniper SE) – basic and diluted	**(5)**				
From continuing operations		-25.26	-2.42	-33.73	-0.18
From net income/loss		**-25.26**	**-2.42**	**-33.73**	**-0.18**

Uniper Consolidated Statement of Recognized Income and Expenses

	April 1–June 30		January 1–June 30	
€ in millions	**2022**	**2021**	**2022**	**2021**
Net income/loss	**-9,263**	**-861**	**-12,418**	**-20**
Remeasurements of equity investments	114	45	232	90
Remeasurements of defined benefit plans	349	79	618	334
Remeasurements of defined benefit plans of companies accounted for under the equity method	–	–	2	–
Income taxes	-105	-19	-189	-96
Items that will not be reclassified subsequently to the income statement	**358**	**104**	**663**	**328**
Cash flow hedges	572	–	-410	-2
Unrealized changes	*96*	–	*-701*	*-1*
Reclassification adjustments recognized in income	*476*	–	*291*	*-1*
Currency translation adjustments	971	49	779	146
Unrealized changes	*971*	*49*	*779*	*146*
Reclassification adjustments recognized in income	–	–	–	–
Companies accounted for under the equity method	-2	-2	-3	–
Unrealized changes	*-2*	–	*-3*	*2*
Reclassification adjustments recognized in income	–	*-2*	–	*-2*
Income taxes	-175	1	126	1
Items that might be reclassified subsequently to the income statement	**1,367**	**47**	**493**	**146**
Total income and expenses recognized directly in equity	**1,725**	**152**	**1,156**	**474**
Total recognized income and expenses (total comprehensive income)	**-7,539**	**-710**	**-11,262**	**454**
Attributable to shareholders of Uniper SE	*-7,673*	*-743*	*-11,312*	*387*
Attributable to non-controlling interests	*134*	*34*	*50*	*67*

Uniper Consolidated Balance Sheet

€ in millions	Note	Jun. 30, 2022	Dec. 31, 2021
Assets			
Goodwill		–	1,783
Intangible assets		701	708
Property, plant and equipment and right-of-use assets		10,477	10,055
Companies accounted for under the equity method	(7)	338	322
Other financial assets	(7)	1,060	859
Equity investments		*965*	*747*
Non-current securities		*95*	*111*
Financial receivables and other financial assets	(10)	2,740	4,065
Receivables from derivative financial instruments	(10)	59,852	16,913
Other operating assets and contract assets	(10)	287	247
Deferred tax assets		4,260	2,121
Non-current assets	**(15)**	**79,716**	**37,074**
Inventories		3,632	1,849
Financial receivables and other financial assets	(10)	7,839	8,131
Trade receivables	(10)	8,069	11,629
Receivables from derivative financial instruments	(10)	105,099	64,732
Other operating assets and contract assets	(10)	1,912	1,875
Income tax assets		66	33
Liquid funds[1]		3,072	2,966
Assets held for sale	(3)	92	108
Current assets	**(15)**	**129,782**	**91,323**
Total assets		**209,498**	**128,397**

[1]Payment transactions with the Russian Federation are subject to general restrictions as of June 30, 2022. Accordingly, the cash and cash equivalents held within the Russian Federation by PAO Unipro in the amount of €210 million are not available to the other Group companies. There had been no restrictions as of December 31, 2021.

Uniper Consolidated Balance Sheet

€ in millions	Note	Jun. 30, 2022	Dec. 31, 2021
Equity and liabilities			
Capital stock	(8)	622	622
Additional paid-in capital	(8)	10,825	10,825
Retained earnings	(8)	-13,095	-1,388
Accumulated other comprehensive income		-3,386	-3,756
Equity attributable to shareholders of Uniper SE (deficit)		**-5,034**	**6,303**
Equity attributable to non-controlling interests		529	485
Equity (deficit)	**(15)**	**-4,505**	**6,788**
Financial liabilities and liabilities from leases	(10), (15)	6,992	1,655
Liabilities from derivative financial instruments	(10)	58,409	16,336
Other operating liabilities and contract liabilities	(10)	347	260
Provisions for pensions and similar obligations	(9)	466	1,065
Miscellaneous provisions		7,323	6,346
Deferred tax liabilities		518	433
Non-current liabilities	**(15)**	**74,055**	**26,094**
Financial liabilities and liabilities from leases	(10), (15)	4,024	7,320
Trade payables	(10)	9,796	11,568
Liabilities from derivative financial instruments	(10)	117,042	70,397
Other operating liabilities and contract liabilities	(10)	990	1,443
Income taxes		295	425
Miscellaneous provisions		7,802	4,361
Current liabilities	**(15)**	**139,948**	**95,514**
Total equity and liabilities		**209,498**	**128,397**

Uniper Consolidated Statement of Cash Flows

January 1–June 30 € in millions	2022	2021
Net income/loss	**-12,418**	**-20**
Depreciation, amortization and impairment of intangible assets, of property, plant and equipment, and of right-of-use assets	2,736	348
Changes in provisions	4,610	444
Changes in deferred taxes	-2,206	-79
Other non-cash income and expenses	557	-149
Gain/Loss on disposal of intangible assets, property, plant and equipment, equity investments and securities (> 3 months)	-80	-14
Changes in operating assets and liabilities and in income taxes	4,573	-184
Inventories	*-1,759*	*-636*
Trade receivables	*3,605*	*1,084*
Other operating receivables and income tax assets	*-83,220*	*-29,393*
Trade payables	*1,308*	*278*
Other operating liabilities and income taxes	*84,639*	*28,483*
Cash provided by operating activities (operating cash flow)	**-2,227**	**346**
Proceeds from disposal of	100	21
Intangible assets and property, plant and equipment	*87*	*14*
Equity investments	*13*	*7*
Purchases of investments in	-204	-341
Intangible assets and property, plant and equipment	*-196*	*-338*
Equity investments	*-8*	*-3*
Proceeds from disposal of securities (> 3 months) and of financial receivables and fixed-term deposits	824	322
Purchases of securities (> 3 months) and of financial receivables and fixed-term deposits	-443	-1,462
Cash provided by investing activities	**276**	**-1,460**
Cash proceeds/payments arising from changes in capital structure[1]	-6	-2
Cash dividends paid to shareholders of Uniper SE	-26	-501
Cash dividends paid to other shareholders	–	-15
Proceeds from new financial liabilities	3,795	2,053
Repayments of financial liabilities and reduction of outstanding lease liabilities	-1,796	-275
Cash provided by financing activities	**1,967**	**1,260**
Net increase/decrease in cash and cash equivalents	**16**	**146**
Effect of foreign exchange rates on cash and cash equivalents	89	8
Cash and cash equivalents at the beginning of the reporting period[2]	2,919	243
Cash and cash equivalents at the end of the reporting period[2]	**3,025**	**396**
Supplementary information on cash flows from operating activities		
Income tax payments	-156	-102
Interest paid	-76	-28
Interest received	21	25
Dividends received	4	6

[1]No material netting has taken place in either of the periods presented here.

[2]The difference between the amounts reported here for cash and cash equivalents and the amount reported under "Liquid funds" on the balance sheet arises from short-term securities (> 3 months), which are reported as liquid funds on the balance sheet.

Statement of Changes in Equity

€ in millions	Capital stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income that might be reclassified subsequently to the income statement: Currency translation adjustments	Accumulated other comprehensive income that might be reclassified subsequently to the income statement: Cash flow hedges	Equity attributable to shareholders of Uniper SE	Non-controlling interests	Total
Balance as of January 1, 2021	**622**	**10,825**	**3,082**	**-3,779**	**1**	**10,751**	**437**	**11,188**
Capital decrease							-2	-2
Dividends			-501			-501	-15	-516
Total comprehensive income			261	127	-1	387	67	454
Net income/loss			-67			-67	47	-20
Other comprehensive income			328	127	-1	454	20	474
Remeasurements of defined benefit plans			238			238		238
Remeasurements of investments			90			90		90
Changes in accumulated other comprehensive income				127	-1	126	20	146
Balance as of June 30, 2021	**622**	**10,825**	**2,842**	**-3,652**	**–**	**10,636**	**487**	**11,124**
Balance as of January 1, 2022	**622**	**10,825**	**-1,388**	**-3,636**	**-120**	**6,303**	**485**	**6,788**
Capital decrease							-6	-6
Dividends			-26			-26		-26
Total comprehensive income			-11,682	653	-283	-11,312	50	-11,262
Net income/loss			-12,345			-12,345	-73	-12,418
Other comprehensive income			663	653	-283	1,033	123	1,156
Remeasurements of defined benefit plans			431			431		431
Remeasurements of investments			232			232		232
Changes in accumulated other comprehensive income				653	-283	370	123	493
Balance as of June 30, 2022	**622**	**10,825**	**-13,095**	**-2,983**	**-403**	**-5,034**	**529**	**-4,505**

Notes to the Condensed Consolidated Interim Financial Statements

(1) General Information and Summary of Significant Accounting Policies

General Information on Strategy

Uniper's corporate strategy is focused on decarbonization and is both an important tool for mitigating climate risks and the basis for unlocking new growth opportunities. At its core, Uniper is transforming its portfolio in a way that, on the one hand, reduces its exposure to fossil activities and, on the other, benefits from growth in CO_2-free business areas.

Significant Accounting Policies

The Interim Financial Statements for the six months ended June 30, 2022, have been prepared in accordance with those International Financial Reporting Standards ("IFRS") and related interpretations of the IFRS Interpretations Committee ("IFRS IC") effective and adopted for use in the European Union ("EU").

These Interim Financial Statements prepared in accordance with IAS 34 are condensed relative to the reporting scope applied to the Consolidated Financial Statements for the full year. Apart from the new financial reporting standards and interpretations presented below that have been adopted by the EU into European law, the accounting policies and consolidation principles used were the same as those applied in the preparation of the Consolidated Financial Statements for the 2021 fiscal year. Further information, including information about the risk management system, is provided in Uniper's Consolidated Financial Statements for the year ended December 31, 2021, which serve as the basis for these Interim Financial Statements.

The Interim Financial Statements and the Consolidated Financial Statements of the Uniper Group are generally prepared based on amortized cost, with the exception of those other equity investments measured at fair value "through other comprehensive income" (changes in fair value recognized in equity), and of financial assets and liabilities (including derivative financial instruments) measured at fair value "through profit or loss" (changes in fair value recognized in income).

Currencies were translated at the following rates:

Currencies

	ISO Code	€1, rate at the reporting date Jun. 30, 2022	Dec. 31, 2021
British pound	GBP	0.86	0.84
Russian ruble	RUB	56.40	85.30
Swedish krona	SEK	10.73	10.25
U.S. dollar	USD	1.04	1.13

Currencies

January 1–June 30	ISO Code	€1, annual average rate 2022	2021
British pound	GBP	0.84	0.87
Russian ruble	RUB	85.04	89.55
Swedish krona	SEK	10.48	10.13
U.S. dollar	USD	1.09	1.21

Provisions Applicable for the First Time in 2022

New Financial Reporting Standards and Interpretations

Standard/Interpretation		IASB / IFRS IC effective date	Endorsed by EU	Impact on Uniper
Amendments to IFRS 3	Reference to the Conceptual Framework	Jan. 1, 2022	Yes	None
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	Jan. 1, 2022	Yes	None
Amendments to IAS 16	Property, Plant and Equipment: proceeds before Intended Use	Jan. 1, 2022	Yes	None
Omnibus standard	Annual Improvements to IFRS Standards (2018–2020 Cycle)	Jan. 1, 2022	Yes	None

Assumptions and Estimation Uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that may influence the application of accounting policies within the Uniper Group and affect the measurement and presentation of reported figures. Estimates are based on past experience and on additional knowledge obtained on transactions to be reported. Actual amounts may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Adjustments to accounting estimates are recognized in the period in which the estimate is revised if the change affects only that period, or in the period of the revision and subsequent periods if both current and future periods are affected.

At Uniper, estimates are particularly necessary for the recognition and measurement of deferred tax assets, to account for pension provisions and miscellaneous provisions, for impairment testing, for the determination of the fair value of certain financial instruments, and to account for price-adjustment clauses contained in long-term contracts. As in previous years, income tax expense is determined based on the projected weighted average annual income tax rate for the full fiscal year.

The assumptions and estimates in the first half of 2022 are affected particularly by developments in the geopolitical situation related to the war in Ukraine, especially related curtailments in gas supply due to non-contractual behavior of a Russian counterparty as occurred since mid of June 2022. Furthermore, also developments in the Covid-19 pandemic continue to play still a role.

The principal estimates and uncertainties affecting the preparation of the financial statements relate to the testing of generation assets and goodwill in the Russian Power Generation and Global Commodities segments for impairment, and to the measurement of individual derivative financial instruments. As regards goodwill, impairment testing relates particularly to developments in the cost of capital and in future earnings. In the Russian Power Generation segment, the cost of capital was reassessed as of March 31, 2022, and applied in estimates for the years 2022–2024; then, following a period of interpolation, a cost of capital was applied for estimates from 2026 forward at levels from the end of the 2021 fiscal year. In addition, probability-weighted cash flows were determined as recommended by the Institute of Public Auditors' (IDW) technical committee for business valuation (FAUB) in Germany, applying different cash flow scenarios in order to estimate current developments as accurately as possible. In addition, to account appropriately for the uncertainties of the volatile market environment and the curtailments of gas supplies since June 14, 2022, which reflect the non-compliance of the Russian counterparty with its contractual commitments and thus its unreliability as a supplier, the goodwill of the Global Commodities segment was tested quantitatively for impairment in the second quarter of 2022. The test was performed applying various cash flow scenarios and particularly considered alternatives in terms of gas supply curtailments and price assumptions for purchases of substitution volumes, as well as potential compensation under the German Energy Security Act ("EnSiG"). Moreover, the small number of event-triggered reviews conducted at the Group's other cash-generating units in the second quarter of 2022 were also based on the changed estimates and assumptions made centrally about underlying price expectations that could arise from future geopolitical and legal developments.

Due to the curtailments of gas supply since June 14, 2022, it was not possible to value certain long-term gas supply contracts measured at fair value based on contractually agreed volumes. Instead, the aforementioned weighted scenarios, each of which assumes different time periods for gas curtailments, were developed with compensation payments excluded, allowing a value calculated using the weighted average to be determined for the corresponding long-term gas supply contracts. In addition, when measuring the fair value of long-term gas supply contracts, uncertainties increasingly arose in the assessment of the creditworthiness of the corresponding counterparties, which meant that spreads for illiquid bonds were used to determine the credit value adjustment for inputs that were deemed to be not liquid in the reporting period. The affected assets were therefore reclassified into another level of the IFRS 13 fair value hierarchy. This did not, however, result in a change to the assumptions underlying the valuation model.

These scenarios were also applied in the analysis of a potential need for a provision to be recognized especially for for the portfolio of gas sales contracts and the corresponding high priced short-term gas purchases needed to compensate for curtailments of gas deliveries under long-term gas supply contracts involving counterparties from Russia. Additionally considered here – as they were for the goodwill impairment test – were compensation possibilities under the EnSiG for the added cost of procuring substitution volumes associated with the supply shortfalls, since these are deemed sufficiently probable as of the June 30, 2022, reporting date.

The items of the balance sheet and of the income statement that are affected by material estimates and uncertainties are presented in Note 6, Impairments, and Note 10, Additional Disclosures on Financial Instruments. A detailed description of the other provisions that are affected from this as well is provided in Note 15, Summary of Significant Changes from the Previous Year.

There may be future effects on the Consolidated Financial Statements arising from more volatile commodity markets and, correspondingly, more volatile revenues and cost of materials at Uniper, as well as from interest rate adjustments in different countries, increased volatility in foreign exchange rates, a deterioration in creditworthiness, and customer defaults or arrears. In addition, Gazprom's future behavior as a supplier will continue to influence the measurement of the aforementioned items. These factors can affect the carrying amounts of assets and liabilities, the amount and timing of earnings recognition, as well as cash flows. Uniper is also required to post collateral for futures and forward transactions (especially margining receivables) for portfolio hedges that arise in the ordinary course of Uniper's business. The amount of these temporary collateral pledges is governed by, among other things, the size of the derivative position affected by collateral pledges, commodity price levels and the volatility of prices in the commodity markets. To reinforce Uniper's ability to withstand future extreme market developments and the impact of resulting collateral requirements, Uniper has taken long-term financing measures to add liquidity and provide for financial flexibility and security. However, these measures were not sufficient to stabilize the Group after the gas curtailments and breach of contract by Gazprom took effect, and led to immediate discussions with the German government which resulted in an agreement on a stabilization package (Heads of Terms for Stabilization of Uniper SE; Term Sheet) for Uniper between the German government, Uniper and Uniper's majority shareholder Fortum on July 22, 2022. The individual circumstances and the measures taken in this connection are discussed in detail in the "Going Concern" section below.

It is reasonably possible that changes in estimates and assumptions will be necessary in the next fiscal year.

Going Concern

Record Energy Prices at Year-End 2021 Trigger Uniper's Financing Measures at the End of 2021 and at the Start of 2022

The significant price increases in all the commodity markets relevant to Uniper that started in the third quarter of 2021 continued throughout the fourth quarter of 2021, with gas prices reaching record levels of roughly €180/MWh around Christmas. This unprecedented development in terms of both price levels and volatility led to significantly higher margining payments for Uniper and to a corresponding drain in liquidity. By year-end 2021, the net margining paid by Uniper reached a record high of more than €7 billion.

A credit facility agreement was arranged with Fortum on December 22, 2021, which in its current specification provides for both shareholder loans and guarantees of up to €8 billion in aggregate. The credit facility agreement was concluded at arm's-length terms and is basically an extension of the credit line that had already been agreed in the autumn of 2021. In addition, to enhance its liquidity headroom, Uniper drew down the full volume of €1.8 billion under the existing revolving credit facility (RCF) at the beginning of 2022. Finally, a credit facility of €2 billion was arranged with the German state-owned KfW Bank with an original expiration date of April 30, 2022, that was subsequently prolonged to April 30, 2023.

Gas-Supply Curtailments Amid the War in Ukraine Trigger Additional Financing Requirements and Stabilization Measures by the German Government

Uniper published its Consolidated Financial Statements for the 2021 fiscal year on February 23, 2022, which was one day before Russia launched its invasion of Ukraine. Given the high degree of uncertainty, Uniper's Board of Management communicated that the proposed dividend for the Annual General Meeting in May 2022 would be reduced to the regulatory minimum according to Section 254 of the Stock Corporation Act.

In a press release dated on March 7, 2022, Uniper clarified its stance on the Russian aggression and announced that it would write down to zero the roughly €1 billion in financing extended to Nord Stream 2 AG, that a strategic review of the equity investment in Unipro had already been initiated, and that there would be no new investments in Russia and no transfers of funds to Unipro until further notice. In the same press release, Uniper additionally communicated that it would not enter into new long-term supply contracts for natural gas with Russia, that it was taking the necessary steps to ensure that Uniper's coal-fired power plants in Europe can be technically operated without Russian coal, and that Russian coal supply contracts are not extended.

On May 15, 2022, S&P Global Ratings downgraded Uniper's rating from BBB to BBB- with a negative outlook. The rating action was mainly driven by Uniper's exposure to Russia, especially in the gas commodity business. In particular, S&P flagged the potential gas curtailment risk, i.e., that Uniper could be forced to procure gas for its customers at significantly higher prices if Russian gas supplies were to be interrupted. It was also mentioned that the German government was signaling support, but that any support might be limited to extreme scenarios and that Uniper could therefore still end up facing significant financial losses in curtailment scenarios. The rating downgrade triggered collateral clauses in certain contracts that required Uniper to post roughly €1.4 billion in additional collateral (roughly 50% of it in cash).

Since June 14, 2022, Gazprom has reduced Russian gas supplies and is thus in breach of its contractual obligations. Consequently, Uniper received only 40% of the contractually committed gas volumes. To ensure security of supply for its customers, Uniper started procuring substitution volumes at significantly higher prices and postponing storage injections. Based on price levels and the loss in volumes, Uniper began to accumulate daily losses in the mid-double-digit-million euro range.

On June 29, 2022, Uniper withdrew its adjusted EBIT and adjusted net income outlook for fiscal 2022. This decision reflected the uncertainties regarding the duration and scope of Russian gas supply restrictions, as well as future gas price developments.

In the first half of 2022, Uniper had already taken comprehensive measures to stabilize the financial situation and secure its liquidity position. They included a change to the hedging approach: the hedging speed was reduced, and hedging activities were directed more strongly toward business lines that are not subject to margining. This allowed Uniper to significantly reduce margining requirements and, by extension, net margining – even in a high-price environment. In addition, over-the-counter (OTC) commodity contracts were adjusted to reduce bilateral margining requirements. Moreover, part of the shortfall in gas volumes was compensated by postponing gas storage injections in order to minimize the substitution volumes procured in the spot market, thus protecting liquidity. The measures also included full utilization of the shareholder loan and the guarantees provided by Fortum.

However, those measures ultimately could not mitigate the financial drain caused by the gas curtailments. Accordingly, on June 29, 2022, Uniper communicated that it had commenced discussions with the German government on possible stabilization measures for which a number of tools could be considered, such as guarantees and collateral, increasing the then-current KfW credit facility that had not yet been drawn as of that date, and equity investments.

On July 5, 2022, in light of the materializing gas curtailment risk, S&P placed Uniper on CreditWatch with negative implications, signaling a significant risk of a potential downgrade to sub-investment-grade.

On July 8, 2022, Germany's legislature adopted amendments to the Energy Security Act, which among other things establishes a regulatory framework for the stabilization of gas importers hurt by the energy crisis. On the same day, Uniper submitted a formal application for stabilization measures to the German government. The application focused on establishing a fair cost allocation pursuant to Section 24 or Section 26 of the Energy Security Act. In addition, the application proposed additional debt financing through an increase of the KfW credit facility, which was undrawn at that time. The final component of the application was a proposal to create equity components that would lead to the German state having a relevant shareholding in Uniper SE. The measures were aimed at bringing to an end the accumulation of substantial losses, covering Uniper's liquidity requirements and protecting Uniper's investment-grade credit rating.

On July 18, 2022, Uniper announced that the existing KfW credit facility in the amount of €2 billion would be fully utilized in the light of the ongoing curtailments of Russian gas and the associated developments in the energy markets and exchanges. Consequently, the KfW credit facility was initially increased to €4 billion on August 2, 2022, and fully utilized on August 3, 2022. The KfW credit facility was increased to €9 billion on August 15, 2022 and will be utilized on an as-needed basis. In addition to the increase, the Fortum credit facility was subordinated to the KfW credit facility. Uniper further communicated that, to secure liquidity, it had begun withdrawing gas from its own booked storage capacities on July 11, 2022. Uniper also sent a letter to its customers on July 11, 2022, informing them about the current market situation and pointing out the possibility of rising prices. The aforementioned gas withdrawals from owned storage capacities ended on July 22, 2022.

Also on July 22, 2022, the German federal government, Uniper and Fortum agreed on a package of measures to stabilize Uniper financially. This package comprises both macroeconomic measures and measures specific to Uniper, and it is described in detail below under "Key Elements of the Stabilization Package and Their Impact on Significant Going-Concern Risks."

On July 27, 2022, Russian gas supplies decreased further to only 20% of the contractually committed volumes. Consequently, gas prices rose temporarily above the €220/MWh-mark.

On July 29, 2022, S&P affirmed Uniper's long-term credit rating at BBB- with a negative outlook. The decision to keep Uniper within the investment-grade category took into account the aforementioned comprehensive stabilization package described below. The strong support Uniper is receiving from the German federal government has led S&P to consider Uniper a "government-related entity." The negative outlook reflects the prevailing uncertainty surrounding gas flows and the fact that the details of the stabilization package must still be finalized, with individual terms also subject to approval. This decision resolves the previous CreditWatch with negative implications, signaling that a potential rating downgrade has now become less likely.

Description of Selected Significant Individual Going-Concern Risks at Uniper

The principal risk for the Group is that the gas curtailments continue for longer and/or increase in volume. Absent any remedy measures, this could trigger significant losses and liquidity problems, as well as a rating downgrade to sub-investment-grade. Such a downgrade would trigger counterparties' rights to demand additional cash or non-cash collateral in an amount that would render Uniper illiquid if those rights were exercised. A rating downgrade could also lead to banks freezing or cancelling financing instruments that Uniper is currently using, which would put a further strain on Uniper's liquidity situation.

Furthermore, the margining requirements from Uniper's hedges concluded via exchanges or under bilateral margining agreements have remained at a high level and show a continued high sensitivity to market price moves (margining risk).

Another major but less likely risk is that, in reaction to the sanctions imposed by the West on Russia, the Russian government might introduce its own sanctions or legislative changes restricting foreign ownership of Russian assets and control over Russian businesses. In a worst-case scenario for Uniper, this could result in an expropriation or loss of control over PAO Unipro. If this were to materialize, Uniper would have to deconsolidate Unipro, which would lead to a deconsolidation loss.

Finally, a combination of risks materializing could pose a major threat to the Group, e.g., if a lower gas curtailment combined with high market prices and margining requirements also were to trigger banks to withdraw uncommitted financing lines.

Key Elements of the Stabilization Package and Their Impact on Significant Going-Concern Risks

The Board of Management has continuously assessed the risks described in detail in the risk and opportunity report, and it has continuously reviewed and, where possible, implemented mitigation measures.

Especially since the breach of contract by Gazprom and the resulting gas curtailments previously described, the Board of Management has continuously assessed and discussed the situation. As the situation kept deteriorating for Uniper and led to severe liquidity constraints, the Uniper Board of Management finally entered into discussions with the German federal government on possible stabilization measures in June 2022.

Based on the discussions held with the German government in June 2022, the Uniper Board of Management was convinced that the German government clearly intends to provide sufficient liquidity support as of June 30, 2022, and that especially the details concerning assumptions for determining liquidity requirements and loss of liquidity, as well as the corresponding measures and tools to ensure Uniper's ability to continue as a going concern in the current fiscal year and in the subsequent 2023 fiscal year, would have to be worked out in July 2022. On July 22, 2022, after these intensive negotiations, the German government, Uniper and Uniper's majority shareholder Fortum finally agreed on a stabilization package (Heads of Terms for Stabilization of Uniper SE; Term Sheet) for Uniper.

The key points of agreement on the measures for financial stabilization are set down in the Term Sheet and are particularly aimed at limiting the losses incurred by Uniper when it procures substitution volumes of gas by means of a mechanism to pass on the added procurement costs, securing Uniper's liquidity by increasing the existing KfW credit facility, and maintaining Uniper's investment-grade rating by means of appropriate financing and equity instruments.
Specifically, the stabilization package provides for the following measures:

- To limit losses and liquidity outflows, a general mechanism to pass on 90% of the added cost of procuring substitution volumes arising from Russian gas curtailments is to be introduced for all importers. The mechanism is to take effect on October 1, 2022. When setting the levels and amounts of the other direct stabilization measures, the introduction of such a mechanism was accounted for. In addition, the German government stands ready to provide further support to Uniper SE should those cumulative losses arising from the curtailments that cannot be offset by operating profits from the other business areas exceed an amount of €7 billion. Detailed specifications are the subject of ongoing discussions.
- To secure Uniper's short-term liquidity, the credit facility granted to Uniper by KfW in January 2022 is to be increased from €2 billion to €9 billion, and the loan's intended use is to be expanded.
- To maintain Uniper's investment-grade rating, the Federal Republic of Germany is to acquire new shares issued under a capital increase of roughly €267 million at an issue price of €1.70 per share, excluding shareholder subscription rights, which would correspond to an equity interest of roughly 30% in Uniper (after the capital increase). In addition, a mandatory convertible bond in the amount of up to €7.7 billion is to be issued to the German state. This bond is to be issued in tranches as dictated by Uniper's liquidity needs. The price per share at conversion is subject to a discount of between 25% and up to 50% of the market price of Uniper's shares over a specific period before implementation of the conversion.

The stabilization measures are subject to conditions including, among others, withdrawal of Uniper's lawsuit against the Netherlands in connection with the Energy Charter Treaty (ECT) and regulatory approvals, especially state-aid approval from the European Commission. Uniper believes that these conditions will be met. Further conditions are that – as long as Uniper requires these stabilization measures – no variable compensation will be paid to the Board of Management, and no dividend distributions will be made.

The affirmation of Uniper's investment-grade rating by S&P Global Ratings, which is also required, already took place on July 29, 2022. On that date, S&P affirmed Uniper's BBB- rating with a negative outlook

The implementation of the measures to strengthen Uniper's equity additionally requires the approval of the General Meeting. Uniper will therefore convene an Extraordinary General Meeting to obtain this approval.

Part of the stabilization package is a legal regulation that enables compensation for costs incurred due to gas curtailments. This regulation was implemented with the corresponding Gas Price Adjustment Ordinance of August 9, 2022.

Closing Statement on the Going-Concern Assumption

Based on the discussions held in June 2022 that led to an agreement with the German government and Fortum in July 2022 on the key points of a stabilization package for the Uniper Group, the Board of Management of Uniper SE was of the opinion that, as of June 30, 2022, and in the succeeding period up to the date on which the Interim Financial Statements as of June 30, 2022, are prepared and authorized by the Board of Management, no circumstances existed that, considered individually or in their entirety, could cast prevailing doubt on Uniper's ability to continue as a going concern (particularly the liquidity situation). The going-concern assumption therefore remains, appropriate with prevailing probability for the current fiscal year and for the subsequent 2023 fiscal year.

A material uncertainty exists due to individual conditions still to be fulfilled that are governed by the term sheet signed between the German government, Fortum and Uniper and which are not entirely under the control of Uniper, or one of its governing bodies, or the Company's shareholders. The Board of Management of Uniper SE believes that it is highly probable that these conditions will be met.

(2) Scope of Consolidation and Equity Investments

Scope of Consolidation

	Domestic	Foreign	Total
Consolidated companies as of January 1, 2022	**27**	**29**	**56**
Additions	2	–	2
Disposals/mergers	–	–	–
Consolidated companies as of June 30, 2022	**29**	**29**	**58**

As of June 30, 2022, a total of two domestic and six foreign associated companies were accounted for under the equity method (December 31, 2021: two domestic companies and six foreign companies).

(3) Disposals and Assets Held for Sale

Disposals and Assets Held for Sale in the First Half of 2022

There were no significant disposals in the first half of 2022. As of the reporting date, two individually immaterial equity investments in the Global Commodities and European Generation segments were classified as held for sale.

Disposals and Assets Held for Sale in the First Half of 2021

No assets were held for sale as of June 30, 2021. One disposal group in the European Generation segment had been classified as held for sale as of the reporting date. It related to the interest in the Schkopau lignite power plant, which had already been reclassified in February 2020 and was sold effective October 1, 2021.

(4) Financial Results

Financial Results

€ in millions	April 1–June 30		January 1–June 30	
	2022	2021	2022	2021
Income from companies in which equity investments are held	–	6	–	6
Impairment charges/reversals on other financial assets	-1	1	-1	2
Net income/loss from equity investments	**-1**	**8**	**-1**	**8**
Interest and similar income	153	56	276	105
Amortized cost	*7*	*29*	*13*	*55*
Other interest and similar income	*146*	*26*	*263*	*49*
Interest and similar expenses	-55	-33	-107	-44
Amortized cost	*-32*	*-11*	*-62*	*-18*
Other interest and similar expenses	*-22*	*-22*	*-45*	*-26*
Net interest income	**98**	**22**	**169**	**61**
Impairment charges/reversals	-1	1	-1,004	1
Net income from securities	-14	4	-24	8
Result from the Swedish Nuclear Waste Fund	-58	48	-133	78
Other financial results	**-72**	**53**	**-1,161**	**87**
Financial results	**25**	**83**	**-992**	**156**

In the first half of 2022, financial results decreased by €1,148 million. This was due especially to the decline in other financial results brought about by the write-down to zero of the financing extended to Nord Stream 2 AG, and additionally to the reduced valuation result from the Swedish Nuclear Waste Fund. At -€1 million, income from equity investments decreased only slightly year over year (prior-year period: €8 million). These effects were partially offset by the year-over-year increase of €108 million in net interest income.

Interest and similar income rose by €171 million to €276 million (prior-year period: €105 million). This development resulted mainly from time value of money effects in the measurement of non-current provisions, primarily in Hydro. In the first half of 2022, significantly higher interest rates resulted in interest income (prior-year period: income due to an interest rate increase).

Interest and similar expenses rose by €63 million to €107 million in the first half of 2022 (prior-year period: €44 million), owing especially to the increased financing volume and to higher margin payments. Also, capitalized borrowing costs were reduced to €1 million (prior-year period: €13 million), owing especially to the decrease in the borrowing rate applied for capitalization and to the return to service of Unit 3 of the Berezovskaya power plant in May 2021, which materially reduced qualifying assets.

Other financial results decreased by €1,248 million as of June 30, 2022, brought about especially by the write-down to zero of the loans to Nord Stream 2 AG (€1,003 million), as well as by the reduced valuation result relative to the previous year from the Swedish Nuclear Waste Fund of -€133 million (prior-year period: €78 million). Impairment losses included within other financial results are classified as non-operating. Furthermore, net income from securities decreased by €33 million in the first half of 2022 to -€24 million (prior-year period: €8 million).

(5) Earnings per Share

Earnings per Share

€ in millions	April 1–June 30 2022	April 1–June 30 2021	January 1–June 30 2022	January 1–June 30 2021
Income/Loss from continuing operations	-9,263	-861	-12,418	-20
Less: non-controlling interests	20	-26	73	-47
Income/Loss from continuing operations (attributable to shareholders of Uniper SE)	**-9,243**	**-887**	**-12,345**	**-67**
Net income/loss attributable to shareholders of Uniper SE	**-9,243**	**-887**	**-12,345**	**-67**
€				
Earnings per share (attributable to shareholders of Uniper SE)				
From continuing operations	-25.26	-2.42	-33.73	-0.18
From net income/loss	**-25.26**	**-2.42**	**-33.73**	**-0.18**

The computation of diluted earnings per share is identical to that of basic earnings per share because Uniper SE has issued no potentially dilutive ordinary shares.

(6) Impairments

Goodwill Impairment Testing

Impairment Testing Results in the First Half of 2022

In the first quarter of 2022, a goodwill impairment test was performed on the Russian Power Generation segment based on a reassessed cost of capital that reflects the current overall geopolitical situation. At the same time, probability-weighted cash flows were determined applying different cash flow scenarios. The test showed that the group of cash-generating units (CGUs) in the Russian Power Generation segment had a recoverable amount falling short of its carrying amount. Accordingly, in addition to the impairments recognized on property, plant and equipment, the entire goodwill of the Russian Power Generation segment was written down to zero by €405 million (adjusting for exchange rates, €472 million in the second quarter). Impairment testing of goodwill in the Russian Power Generation segment was performed based on a year-specific cost of capital after taxes in local currency ranging between 11.3% and 26.2% (as of December 31, 2021: 11.3% cost of capital) and on a growth rate of 5.8% (as of December 31, 2021: 5.8% growth rate). Goodwill impairment testing in the Global Commodities segment necessitated no recognition of impairment losses in the first quarter of 2022.

Given the developments in the geopolitical situation, especially the unannounced restrictions on procuring gas from Russia and the associated breach of contract by the Russian gas supplier, it also became necessary to test the goodwill in the Global Commodities segment for impairment as of June 30, 2022. Varying scenarios were similarly taken into account when performing this impairment test, especially in terms of the scope of future gas deliveries from Russia, the timing and the pass-through amount of the resulting added cost of procuring substitution volumes, and the diminished long-term growth prospects for the segment. The outcome of the impairment test led to a write-down to zero of all the goodwill carried in the segment (€1,312 million) as of June 30, 2022. This impairment test was performed based on a cost of capital of 4.8% (after taxes) and on a reduced average growth rate of 0.5% (as of December 31, 2021: 4.8% cost of capital and 1% growth rate), taking the experienced unreliability of a key-supplier of the Global Commodities' gas portfolio into consideration.

The impairment tests were based on varying scenarios that take into account the volatile market environment and the uncertainties regarding developments in the geopolitical situation.

Impairment Testing of Non-Current Assets

Impairment Testing Results in the First Half of 2022

Because impairments had been recognized on a large number of generation assets in previous years, especially in the European Generation and Russian Power Generation segments, the assets involved will be particularly sensitive in subsequent years to changes in the key assumptions used to determine their recoverable amounts. In combination with the aforementioned inherent uncertainties, future developments in market situations and in the geopolitical situation can likewise be a significant factor in future impairment testing.

Impairment charges on property, plant and equipment totaled €586 million in the first half of 2022 (first half of 2021: €26 million). They related primarily to the Russian Power Generation segment, at €360 million, and additionally to the European Generation segment (€162 million) and the Global Commodities segment (€64 million). Impairment reversals on property, plant and equipment amounted to €593 million in the first half of 2022 (first half of 2021: €12 million). These related primarily the European Generation segment, at €580 million, and additionally to the Global Commodities segment, at €13 million.

Impairment charges on property, plant and equipment totaled €485 million in the first quarter of 2022. They related primarily to the Russian Power Generation segment, at €302 million, and additionally to the European Generation segment (€162 million) and the Global Commodities segment (€21 million).

In the first quarter of 2022, a comprehensive impairment test was performed on the generation assets held in the Russian Power Generation segment using a reassessed cost of capital and on cash flow scenarios that reflect the most recent developments in the overall geopolitical situation. This test resulted in an impairment charge of €302 million in total on generation assets that was primarily attributable to the Berezovskaya 3 power plant.

Impairments in the European Generation segment were attributable to the Datteln 4 hard-coal power plant in the amount of €79 million. The impairment test on this asset in the first quarter of 2022 was triggered by an agreement reached with the insurer concerning the boiler damage. The settlement required separate recognition in income of a corresponding receivable. Since it can be measured separately, this receivable is not included in the impairment test of the CGU but accounted for as a separate receivable, which meant that the recoverable amount of the CGU had to be reduced by the amount of the insurance payment.

In the United Kingdom, the results of the capacity market auctions necessitated impairment testing. Impairments were recognized on two assets: At one generation asset, the result of the capacity market auction failed to offset the reduction in gross margin that had already been realized in the first quarter of 2022 and resulted in a charge of €56 million. At another generation asset, the damage sustained by one of the units in a storm exceeded the positive result from the auction, necessitating the recognition of an impairment charge of €27 million. In the Global Commodities segment, the net present value of a storage facility was diminished mainly in connection with the gas storage optimization conducted in the first quarter, necessitating an impairment charge of €21 million.

None of the remaining impairments in the first quarter of 2022 were material either separately or in aggregate; the same is true for reversals of impairment charges previously recognized on power plants.

Impairment charges on property, plant and equipment totaled €101 million in the second quarter of 2022 (second quarter of 2021: €4 million). Of these charges, approximately €43 billion related to the Global Commodities segment, and €58 million related to the Russian Power Generation segment. The latter resulted primarily from the translation as of the reporting date of the impairment losses recognized in the first quarter of 2022.

Reversals of impairment charges previously recognized on power plants and storage facilities amounted to €569 million in the second quarter of 2022 (second quarter of 2021: €0 million). Of these reversals, €556 million related to the European Generation segment, and €13 million related to the Global Commodities segment.

Given the geopolitical and legislative measures, a comprehensive impairment test was performed on the Global Commodities segment's storage infrastructure in the second quarter of 2022. The test led primarily to a further impairment charge on the storage facility that had already been written down in the first quarter, and additionally to smaller positive effects at two further facilities, none of which are material either separately or in aggregate.

The most substantial individual impairment reversal in the second quarter of the 2022 fiscal year in terms of amount related to the European Generation segment's Maasvlakte 3 hard-coal power plant in the Netherlands and totaled €556 million. Owing to the geopolitical situation, the Dutch government activated the early-warning phase of its energy crisis plan and announced the withdrawal of the statutory 35% production cap for coal-fired power plants. Although the cap withdrawal is not yet implemented in law, it still triggered an impairment test. Applying a scenario-based analysis for actual implementation, the impairment reversal determined resulted primarily from prevailing market prices as of the reporting date.

Impairment tests on non-current assets are also normally based on varying scenarios that take into account the volatile market environment and the uncertainties regarding developments in the geopolitical situation. Developments observable in the future may require corresponding changes to the assumptions and scenarios to be considered when testing in the future.

(7) Companies Accounted for under the Equity Method and Other Financial Assets

Companies Accounted for under the Equity Method and Other Financial Assets

	June 30, 2022			December 31, 2021		
€ in millions	**Uniper Group**	**Associates[1]**	**Joint ventures[1]**	**Uniper Group**	**Associates[1]**	**Joint ventures[1]**
Companies accounted for under the equity method	338	232	106	322	227	96
Equity investments	965	18	5	747	17	5
Non-current securities	95	–	–	111	–	–
Total	**1,399**	**250**	**111**	**1,182**	**244**	**101**

[1]The associates and joint ventures presented as equity investments are associated companies and joint ventures accounted for at cost on materiality grounds.

(8) Equity and Dividend

At the Annual General Meeting of Uniper SE on May 18, 2022, shareholders resolved to use the net income available for distribution reported in the annual financial statements to distribute a dividend of €0.07 per share (365,960,000 shares) of the dividend-paying capital stock of €622.1 million. The dividend distribution in the amount of €25.6 million took place on May 23, 2022.

Due to the net loss of -€12,418 million of in the first half of 2022 (prior-year period: net loss of -€20 million) Uniper's equity decreased to a negative Equity (deficit) of -€4,505 million (31. December 2021: €6,788 million). The improved accumulated other comprehensive income could not offset the net loss.

(9) Provisions for Pensions and Similar Obligations

Provisions for pensions and similar obligations decreased by €599 million from December 31, 2021, to €466 million as of June 30, 2022. The decrease was caused especially by net actuarial gains, which resulted primarily from the increase in the underlying interest rates, partially offset by declines in the fair value of the corresponding plan assets, and by employer contributions to plan assets. These effects were partly offset by additions attributable to the net periodic pension cost.

The following discount rates were applied for the computation of provisions for pensions and similar obligations in Germany and in the United Kingdom:

Discount Rates

Percentages	Jun. 30, 2022	Dec. 31, 2021
Germany	3.40	1.20
United Kingdom	4.10	2.00

The net defined benefit liability, which is equal to the difference between the present value of the defined benefit obligations and the fair value of plan assets, is determined as shown in the following table:

Net Defined Benefit Liability

€ in millions	Jun. 30, 2022	Dec. 31, 2021
Present value of all defined benefit obligations	2,631	3,900
Fair value of plan assets	2,235	2,878
Net defined benefit liability	**396**	**1,022**
Presented as provisions for pensions and similar obligations	*466*	*1,065*
Presented as operation receivables and other operation receivables	*-70*	*-43*

The net periodic pension cost for defined benefit plans included in the provisions for pensions and similar obligations and in other operating assets and contract assets breaks down as shown in the following table:

Net Periodic Pension Cost

	April 1–June 30		January 1–June 30	
€ in millions	2022	2021	2022	2021
Employer service cost	16	18	32	34
Past service cost	3	1	6	3
Gains (-) and losses (+) on settlements	–	–	–	–
Net interest on the net defined benefit liability	3	3	6	6
Total	**22**	**22**	**43**	**42**

(10) Additional Disclosures on Financial Instruments

Measurement of Financial Instruments

The value of financial instruments that are generally measured at market value is determined on the basis of fair value measurement. The fair value of derivative financial instruments is sensitive to movements in the underlying market variables. The Uniper Group assesses and monitors the fair value of derivatives at regular intervals. The fair value determined for each derivative financial instrument is the price at which one party can sell to a third party the rights and/or obligations embodied in that derivative. The fair values of derivative financial instruments are calculated using standard market valuation methods, with reference to market data available on the measurement date.

The fair values of individual assets are determined using published exchange or market prices at the time of acquisition in the case of marketable securities. If exchange or market prices are unavailable for consideration, fair values are determined using the most reliable information available that is based on market prices for comparable assets or on suitable valuation techniques. In such cases, Uniper determines fair value using the discounted cash flow method by discounting estimated future cash flows by a weighted-average cost of capital. Estimated cash flows are consistent with the internal mid-term planning data for the next three years, followed by two additional years of cash flow projections, which are extrapolated until the end of an asset's useful life using a growth rate based on industry and internal projections. The discount rate reflects the specific risks inherent in the activities.

Due to the curtailments of supply through the Nord Stream 1 pipeline, it was not possible to determine fair value for certain gas supply contracts that do not meet the own-use criteria based on contractually agreed volumes. Instead, possible supply volumes were determined using scenarios for supply curtailments and their duration and measured using probabilities. The fair value was calculated as a weighted average. Potential compensation according to Section 24 or 26 of the German Energy Security Act for the added cost of procuring substitution volumes is not considered in the calculation.

Derivative financial instruments are covered by industry-standard netting agreements. Master netting agreements based on those developed by the International Swaps and Derivatives Association (ISDA), and supplemented by appropriate schedules, are in place with banks. Trading operations conducted within the energy industry are generally governed by master agreements developed by the European Federation of Energy Traders (EFET). The aforementioned netting agreements are taken into account when determining the fair values of financial instruments.

As part of fair value measurement in accordance with IFRS 13, the counterparty risk is also taken into account for derivative financial instruments. The Uniper Group determines this risk based on a portfolio valuation in a bilateral approach covering both its own credit risk (debt value adjustment) and the credit risk of the corresponding counterparty (credit value adjustment). This approach implicitly considers both the geopolitical situation related to the war in Ukraine and the effects on the real economy associated with the Covid-19 pandemic, especially higher probabilities of default. This is particularly the case for counterparties in the oil and gas industries. The credit value adjustment for derivative assets was €793 million as of June 30, 2022 (December 31, 2021: €124 million), and the debt value adjustment for derivative liabilities was €312 million (December 31, 2021: €56 million).

Additional Disclosures on Financial Instruments

The following table shows the carrying amounts of the financial assets and financial liabilities that are measured at fair value, classified by measurement source:

Carrying Amounts of Financial Instruments as of June 30, 2022

€ in millions	Total carrying amounts within the scope of IFRS 7	Determined using market prices	Derived from active market prices
Assets measured at fair value			
Equity investments	899	65	48
Derivatives without hedge accounting	164,525	61,344	98,777
Derivatives with hedge accounting	426	9	417
Other operating assets	11	–	11
Securities and fixed-term deposits	143	143	–
Liabilities measured at fair value			
Derivatives without hedge accounting	173,212	57,663	115,034
Derivatives with hedge accounting	2,239	308	1,931

Carrying Amounts of Financial Instruments as of December 31, 2021

€ in millions	Total carrying amounts within the scope of IFRS 7	Determined using market prices	Derived from active market prices
Assets measured at fair value			
Equity investments	689	71	46
Derivatives without hedge accounting	81,311	26,916	53,864
Derivatives with hedge accounting	335	–	–
Other operating assets	13	–	13
Securities and fixed-term deposits	158	158	–
Liabilities measured at fair value			
Derivatives without hedge accounting	84,983	24,817	59,866
Derivatives with hedge accounting	1,750	–	–

The carrying amounts of trade receivables are considered reasonable estimates of their fair values because of their short maturity. The carrying amounts of commercial paper and borrowings under short-term credit facilities, as well as the carrying amount of trade payables, are used as the fair values for these items owing to their short maturities.

Included within financial assets are securities held in institutional investment funds with a total fair value of €48 million (December 31, 2021: €47 million).

At the end of each reporting period, Uniper assesses whether there might be grounds for reclassification between hierarchy levels. The proportion of fair values measured at Level 1 to those measured at Level 2 has not changed materially compared with December 31, 2021. There were no material reclassifications between these two fair value hierarchy levels in the first half of 2022. Derivative financial instruments in the amount of €3,529 million were transferred out of Level 2 of the fair value hierarchy and into Level 3 in the first half of 2022. A changed market situation affecting the inputs used to determine the credit value adjustment (in this case, pursuant to IFRS 13: spreads for illiquid bonds) necessitated the reclassification. Classification at Level 3 of the fair value hierarchy is based on a measurement made using internal valuation techniques. The fair values determined using valuation techniques for financial instruments carried at fair value are reconciled as shown in the following table:

Fair Value Hierarchy Level 3 Reconciliation (Values Determined Using Valuation Techniques)

€ in millions	December 31, 2021	Purchases (including additions)	Sales (including disposals)	Settle-ments	Gains/ Losses in income statement	Transfers into Level 3	Transfers out of Level 3	Gains/ Losses in OCI	June 30, 2022
Equity investments	572	–	–	–	–	–	–	215	786
Derivative financial instruments (assets)	530	–	63	-107	390	3,529	–	–	4,405
Derivative financial instruments (liabilities)	-300	–	–	–	-216	–	–	–	-515
Total	**801**	**0**	**63**	**-107**	**174**	**3,529**	**0**	**215**	**4,675**

The changes in initial-measurement effects of derivatives in Level 3 of the fair value hierarchy are shown in the following table:

Reconciliation of the Initial-Measurement Effect in Level 3 of the Fair Value Hierarchy

€ in millions	December 31, 2021	Purchases and sales (including additions and disposals)	Change in fair value during the reporting period	June 30, 2022
Gross fair value	805	2,898	707	4,409
Gain on initial measurement	-582	24	29	-529
Loss on initial measurement	7	2	–	8
Net fair value	**230**	**2,923**	**736**	**3,889**

Certain long-term energy contracts are measured using valuation models based on internal fundamental data if market prices are not available. A hypothetical 10% increase or decrease in these internal valuation parameters as of the balance sheet date would lead to a theoretical decrease in market values of €55 million or an increase of €53 million, respectively. Due to the geopolitical situation and the associated volume sensitivity, assumptions were made for certain long-term gas supply contracts based on future supply volumes for the first time. Accordingly, a hypothetical 10% increase or decrease in these volume assumptions would lead to a theoretical decrease in market values of €522 million or an increase of €654 million, respectively. Furthermore, when determining the credit value adjustments on these reference contracts, probabilities of default derived from spreads for illiquid bonds were considered. A hypothetical 10% increase or decrease in these probabilities of default would lead to a theoretical decrease or increase in market values of €59 million.

Credit Risk

Uniper applies appropriate measures to manage credit risks. They include setting limits for individual counterparties, counterparty groups and at portfolio level, as well as securing collateral, structuring contracts and/or transferring credit risk to third parties (such as insurers). Guarantees issued by the respective parent companies or evidence of profit-and-loss-transfer agreements in combination with letters of awareness are accepted as collateral for credit risks. The Company also requires bank guarantees and deposits of cash and securities as collateral to reduce credit risk. As of June 30, 2022, risk-management collateral was accepted in the amount of €6,076 million (December 31, 2021: €5,158 million). To reduce credit risk, physical as well as financial transactions are generally executed on the basis of standard agreements under which the netting of all outstanding transactions can, in principle, be agreed with individual counterparties. To further reduce credit risk, bilateral margining agreements are entered into with selected business partners. Bilateral margining involves paying cash into a margin account to cover the credit risk (settlement and replacement risk) arising from margin-based contracts.

As of June 30, 2022, exchange-traded forward and option contracts, as well as exchange-traded emissions-related derivatives, bear no credit risk. For the remaining financial instruments, the maximum risk of default is equal to their carrying amounts.

Loss allowances for expected credit losses are recognized on financial assets carried at amortized cost, lease receivables and contract assets, as well as on loan commitments and financial guarantees. In the first half of 2022, there were no significant changes in the ratings of Uniper's debtors in the Uniper portfolio, and the model was not adjusted. The probabilities of default per rating class have increased significantly in part, which led to increased loss allowances and thus resulted in an expense of €7 million (first half of 2021: income of €4 million). Uniper has written down to zero the value of its loans to Nord Stream 2 AG in the amount of €1,003 million including accrued interest. The impairment loss is reported within other financial results and is classified as non-operating in line with other capital investments. No material defaults occurred during the reporting period.

Commodity Cash Flow Hedge Accounting

Commodity derivatives are generally measured at fair value. Since the 2021 fiscal year, Uniper has applied "all-in-one" hedge accounting for physically settled fixed-price forwards and futures it uses to hedge future cash flows, but for which the own-use exemption cannot be applied. The goal of these hedges is to fix the price for 13 terawatt-hours of gas volumes to be delivered in 2022 and thereby eliminate the variability of cash flows. The following table shows the details of the hedging relationship:

Commodity Cash Flow Hedge Accounting

Timing of nominal amount of the hedging instrument	2022
Nominal amount (€ in millions)	285
Average gas price of hedging instrument (€/MWh)	21.5
Volume (TWh)	13
Hedging instruments	
Carrying amounts (€ in millions)	-1,813
Assets	*426*
Liabilities	*-2,239*
Line item in financial statements	Receivables / liabilities from derivative financial instruments
Change in fair value of hedging instrument, used as the basis for determining hedge ineffectiveness (€ in millions)	-398
Hedged items	
Change in value of hedged item, used as the basis for determining hedge ineffectiveness (€ in millions)	398
Continuing hedge	*398*
Ended hedge accounting	*0*

As of June 30, 2022, existing items covered by the all-in-one hedge with a maturity of under one year were included in the Gas Commodity business area. Ineffectiveness results from this hedging relationship if Uniper's credit risk or that of the counterparty increases. There was no significant ineffectiveness in the first half of 2022. €172 million will be reclassified out of OCI into the income statement in the remainder of the 2022 fiscal year.

Debt

Economic Net Debt

Economic net debt is used by Uniper to manage the Group's capital structure. All items are shown with their respective (+) or (-) sign in the summation.

Economic Net Debt

€ in millions	Jun. 30, 2022	Dec. 31, 2021
(+) Financial liabilities and liabilities from leases	11,016	8,975
(+) Bonds	–	–
(+) Commercial paper	*55*	*1,480*
(+) Liabilities to banks	*3,014*	*2,964*
(+) Lease liabilities	*716*	*745*
(+) Margining liabilities	*2,833*	*783*
(+) Liabilities from shareholder loans towards Uniper shareholders and co-shareholders	*4,339*	*2,931*
(+) Other financing	*59*	*70*
(-) Cash and cash equivalents	3,025	2,919
(-) Current securities	48	47
(-) Non-current securities	95	111
(-) Margining receivables	7,590	7,866
Net financial position	**258**	**-1,969**
(+) Provisions for pensions and similar obligations	466	1,065
(+) Provisions for asset retirement obligations	1,333	1,228
(+) Other asset retirement obligations	*818*	*853*
(+) Asset retirement obligations for Swedish nuclear power plants	*2,766*	*2,940*
(-) Receivables from the Swedish Nuclear Waste Fund recognized on the balance sheet	*2,252*	*2,565*
Economic net debt	**2,057**	**324**
(-) For informational purposes: Receivables from the Swedish Nuclear Waste Fund (KAF) ineligible for capitalization[1]	64	211
For informational purposes: Fundamental economic net debt	**1,993**	**113**

[1]Due to IFRS valuation rules (IFRIC 5), €64 million (December 31, 2021: €211 million) of Uniper's share of the fair value of the net assets of the Swedish Nuclear Waste Fund may not be capitalized on the balance sheet. Accordingly, there exists an additional receivable from the Swedish Nuclear Waste Fund ineligible for recognition on the balance sheet, and the economic net obligation for the decommissioning of the Swedish nuclear power plants is thus reported too high in the table by the amount of this receivable.

Mainly the negative operating cash flow (-€2,227 million) and outflows for investments (-€263 million) reduced the net financial position by €2,227 million in the first half of 2022. Within the net financial position, margining receivables were reduced by -€276 million to €7,590 million (December 31, 2021: €7,866 million) and financial liabilities and liabilities from leases rose by €2,041 million to €11,016 million (December 31, 2021: €8,975 million). One main reason was the drawing of another €1,500 million of the loan from Fortum by Uniper SE as of June 30, 2022. The loan is therefore now drawn by €4,000 million (December 31, 2021: €2,500 million); furthermore, margining liabilities increased by €2,050 million to €2,833 million. As an offsetting effect, commercial papers were reduced by €1,425 million to €55 million.

The increase in economic net debt by €1,733 million was lower than the increase in the net financial position, mainly because provisions for pensions and similar obligations were reduced by €599 million to €466 million (December 31, 2021: €1,065 million). This development was caused by an increase in interest rates in Germany and the UK during the first half of 2022 relative to year-end 2021, leading to a reduction of the present value of pension liabilities. While the fair value of plan assets diminished compared with year-end 2021 at the same time, the two developments taken together resulted in overall lower provisions for pensions and similar obligations in the first half of 2022. In contrast, the provisions for asset retirement obligations increased to €1,333 million as of June 30, 2022 (December 31, 2021: €1,228 million) due to the effect of foreign exchange rates, among others.

(11) Contingent Liabilities, Contingent Assets and Other Financial Obligations

Contingent Liabilities

With respect to the activities of the Swedish nuclear power plants, the companies of the Swedish generation units have issued guarantees to governmental authorities in accordance with Swedish law. The guarantees were issued to cover possible additional costs related to the disposal of high-level radioactive waste and to the decommissioning of nuclear power plants. These costs could arise if actual costs exceed accumulated funds. In addition, the companies of the Swedish generation unit are responsible for all costs related to the disposal of low-level radioactive waste.

The guarantees referred to above are issued by Sydkraft Nuclear Power AB, a fully consolidated subsidiary of Uniper SE.

Owners of nuclear facilities in Sweden are additionally liable under the Law Concerning Nuclear Liability for damages resulting from accidents occurring in those nuclear facilities and for accidents involving any radioactive substances connected to the operation of those facilities. On January 1, 2022, a law took effect that requires the operator of a nuclear power plant in operation to have liability insurance or other financial cover in an amount equivalent to €1.2 billion per incident. The necessary insurance for the affected nuclear power plants has been purchased by Uniper. The Swedish government requires, however, that the affected companies also post further collateral in addition to the purchased insurance coverage. Uniper plans to post this additional collateral through the issuance of guarantees. The requisite application for 2022 has been submitted. Formal approval by the Swedish government remains outstanding as of June 30, 2022.

The best estimate of the amount that would have to be paid to settle the Uniper Group's present obligations under contingent liabilities as of June 30, 2022, is €85 million (December 31, 2021: €90 million). The Uniper Group does not currently have any significant reimbursement rights relating to these contingent liabilities.

Other Financial Obligations

Other financial obligations result mainly from contracts entered into with third parties or from legal requirements. They are based on contracts or statutory provisions in which performance and consideration are currently evenly balanced. Where they are not, a provision is recognized, and the amount of that provision is subtracted from the obligation where it is disclosed.

Material changes relative to the December 31, 2021, balance sheet date occurred especially in long-term contractual obligations related to the purchase of fossil fuels such as natural gas, lignite and hard coal. Financial obligations under these purchase contracts amounted to roughly €104.4 billion on June 30, 2022 (due within one year: €25.8 billion), and to roughly €80.9 billion on December 31, 2021 (due within one year: €14.9 billion). The increase in contractual obligations for purchases of fossil fuels is primarily due to the increase in gas prices.

Gas is usually procured by means of long-term purchase contracts with large international producers of natural gas. Such contracts are generally of a take-or-pay nature. The prices paid for natural gas are tied to the prices of competing energy sources or market reference prices, as dictated by market conditions. The conditions of these long-term contracts are reviewed at certain specific intervals (usually every three years) as part of contract negotiations and may thus change accordingly. In the absence of agreement on a pricing review, a neutral board of arbitration usually makes a final and binding decision. Financial obligations arising from these contracts are calculated based on the same principles that govern internal budgeting. Furthermore, the take-or-pay conditions in the individual contracts are also considered in the calculations.

(12) Transactions with Related Parties

Related Entities

Uniper exchanges goods and services with numerous entities as part of its continuing operations. In the reporting period, these included related entities of the Fortum Group and the Uniper Group.

Uniper is an affiliated company of Fortum Oyj and includes it and its subsidiaries and joint ventures as related parties in its financial reporting. The same is true for the Republic of Finland – in its capacity as majority shareholder of Fortum Oyj – and the entities controlled by it.

Fortum and Uniper have bundled their expertise in common business areas. In one of the cooperation areas, Fortum manages the operations of both groups' Nordic hydro assets. This strategic cooperation comprises the operation of Fortum's and Uniper's hydroelectric power plants in Sweden and Finland under a joint team at Fortum. It further comprises the physical trading activities and commercial optimization activities in the Nordics, including the marketing of the energy generated from Uniper's nuclear and thermal power plants in Sweden. Uniper, in turn, manages the wind and solar business, which includes, among other things, the development of solar and onshore wind activities and the planning, procurement and construction of solar and wind projects, as well as the operational, technical and commercial management of these activities. Furthermore, the hydrogen business will also be led by Uniper. It involves, among other things, the execution of the joint hydrogen strategy, the development of pilot projects and the coordination of all hydrogen activities across the Fortum and Uniper groups. Separately, Uniper and Fortum are also cooperating in the area of nuclear decommissioning. Activities include the internal program for decommissioning Units 1 and 2 at Oskarshamn and the Barsebäck plant, as well as potential projects externally.

Transactions with associated companies of the Uniper Group and their subsidiaries, as well as with joint ventures of the Uniper Group, are presented separately. Transactions with subsidiaries of the Uniper Group that are not fully consolidated are presented as transactions with other related parties. As in the comparative period of the previous year, the share of the transactions referred to in the following section made up by transactions with other related parties is not material.

Aside from the financing transactions discussed below, there have been no significant business transactions with the Republic of Finland, or with material entities controlled by it other than with Fortum Oyj, in the first half of 2022. The following transactions with related parties took place in the periods indicated:

Related-Party Transactions – Income Statement

January 1–June 30 € in millions	2022	2021
Income	**150**	**566**
Entities with control over Uniper (Fortum Group)	*126*	*62*
Associates	*6*	*490*
Joint ventures	*6*	*6*
Other related parties	*12*	*8*
Expenses	**275**	**265**
Entities with control over Uniper (Fortum Group)	*61*	*11*
Associates	*183*	*235*
Joint ventures	*13*	*18*
Other related parties	*18*	*1*

Related-Party Transactions – Balance Sheet

€ in millions	Jun. 30, 2022	Dec. 31, 2021
Receivables	**444**	**514**
Entities with control over Uniper (Fortum Group)	*26*	*28*
Associates	*365*	*417*
Joint ventures	*12*	*12*
Other related parties	*41*	*57*
Liabilities	**4,428**	**2,917**
Entities with control over Uniper (Fortum Group)	*4,236*	*2,770*
Associates	*68*	*8*
Joint ventures	*21*	*44*
Other related parties	*103*	*95*

Transactions for Goods and Services, Financing Activities and Other Financial Obligations

Income from transactions and from goods and services received, and other expenses from transactions within the Uniper Group and with the Fortum Group, were as follows in the first half of 2022:

Business relationships with related entities reflected the Group-wide procurement and sales activities of Uniper Global Commodities SE in the electricity and gas business. These relationships result in extensive mutual obligations and trading relationships.

Income generated from transactions with related entities of the Uniper Group included especially revenues from deliveries of gas in the amount of €5 million (prior-year period: €3 million). The corresponding expenses from transactions with related entities of the Uniper Group consisted especially of material costs associated with electricity and gas procurement in the amount of €105 million (prior-year period: €104 million). Both revenues and cost of materials result from spot and forward transactions concluded at market terms that were conducted by Uniper Global Commodities SE as part of the provision of market access for the Uniper Group's companies.

The income generated from transactions with Fortum Oyj and Fortum Group companies included especially revenues from electricity and gas deliveries amounting to €98 million (prior-year period: €61 million). The corresponding expenses from transactions with Fortum Oyj and Fortum Group companies consisted especially of material costs for electricity and gas procurement amounting to €35 million (prior-year period: €10 million).

As of June 30, 2022, receivables from and liabilities to Fortum Oyj and Fortum Group companies exist in the amount of €24 million (December 31, 2021: €28 million) and €4,234 million (December 31, 2021: €2,770 million), respectively. Included in the liabilities are financial liabilities of €4,221 million (December 31, 2021: €2,764 million) resulting from a utilized credit facility and from a Fortum Group company's share in the financing of the nuclear power plant in Sweden that is jointly operated under Uniper's management. The underlying contracts were concluded at market terms.

An Intercompany Financing Agreement between Fortum Finance Ireland DAC and Uniper SE was signed in September 2021 and subsequently amended several times. In December 2021, that Intercompany Financing Agreement between Uniper SE and Fortum Finance Ireland DAC was superseded by an €8.0 billion multi-tranche credit facility. The parties to this facility are Fortum Oyj (guarantee issuer) and Fortum Finance Ireland DAC (lender), as well as Uniper SE and Uniper Global Commodities SE (each a borrower and guarantee holder), and the facility remains in place. As of June 30, 2022, the facility was utilized to the amount of €4 billion in credit and to the amount of approximately €3.5 billion in guarantees. The underlying contracts were concluded at market terms.

Other financial obligations to related entities amounted to €1,992 million as of June 30, 2022 (December 31, 2021: €1,868 million).

Hedging Transactions and Derivative Financial Instruments

Gains from the marking to market of commodity forward transactions with Fortum Oyj and Fortum Group companies amounted to €2 million in the first half of 2022 (prior-year period: €0 million); corresponding losses amounted to €3 million (prior-year period: €0 million). As of the reporting date, there were associated derivative receivables of €2 million and derivative liabilities of €3 million relating to the marking to market of commodity forward transactions (prior-year period: no associated receivables or liabilities).

There were no receivables and liabilities, and no effects on earnings, arising from the marking to market of commodity forward transactions with Uniper Group companies as of the reporting date (prior-year period: no receivables and liabilities, income of €298 million, expenses of €138 million).

Related Persons

As of June 30, 2022, there were no material changes to the disclosures contained in the 2021 Annual Report concerning related persons, with the exception of the matters described below, as well as the changes to the performance-based compensation of the members of the Board of Management considered as part of the stabilization package (see also Note 1).

Effective November 1, 2022, the appointment of David Bryson as Chief Operating Officer was extended by 3 years until October 31, 2025.

The Board of Management and the Supervisory Board submitted the compensation report for the 2021 fiscal year to the Annual General Meeting on May 18, 2022. It was approved by Uniper SE's shareholders with 98.20% of the votes cast. The compensation report prepared by the Board of Management and the Supervisory Board of Uniper SE in accordance with Section 162 of the German Stock Corporation Act presents the basic features of the compensation plans for members of the Board of Management and of the Supervisory Board, and it provides information about the individuals who were current or former members of the Board of Management and of the Supervisory Board in the 2021 fiscal year and about the compensation granted and owed to them. The compensation report and the enclosed report on the audit of the compensation report are published on Uniper SE's website at https://www.uniper.energy/investors/corporate-governance/compensation.

The terms of office of the shareholder representatives on the Supervisory Board ended at the close of the Annual General Meeting on May 18, 2022. At the Annual General Meeting on May 18, 2022, Markus Rauramo, Dr. Bernhard Günther, Prof. Dr. Werner Brinker, Judith Buss, Esa Hyvärinen and Nora Steiner-Forsberg were elected to the Supervisory Board as shareholder representatives. In accordance with Section 8 (3) of the Articles of Association of Uniper SE, they are elected effective from the close of the Annual General Meeting of May 18, 2022, through the close of the General Meeting resolving on their discharge for the fourth fiscal year after their election, not counting the fiscal year in which the election takes place, and for a maximum period of six years in all cases.

Among the employee representatives, Oliver Biniek, Barbara Jagodzinski and André Muilwijk departed from the Supervisory Board on May 18, 2022. Holger Grzella (member of the Executive Committee, member of the Audit and Risk Committee), Diana Kirschner (Deputy Chairwoman of the Audit and Risk Committee) and Magnus Notini (Deputy Chairman of the Sustainability Committee) had already been elected to the Supervisory Board as new employee representatives at the Uniper SE Works Council meeting on March 22, 2022, effective from the close of the Annual General Meeting on May 18, 2022.

Subsequent to the Annual General Meeting, the Supervisory Board, at its inaugural meeting, elected Markus Rauramo as Chairman of the Supervisory Board. Dr. Bernhard Günther was elected Deputy Chairman of the Supervisory Board.

In accordance with the Articles of Association of Uniper SE, the departure of the three Supervisory Board members triggered the early settlement and payouts of any variable compensation converted into virtual shares during their respective service periods. These obligations had to be revalued as of May 31, 2022. Provisions recognized for these obligations through December 31, 2021, totaled roughly €295 thousand. Due to the decline in Uniper SE's share price in the 2022 calendar year to date, the payouts totaled roughly €167 thousand and were paid out in the second quarter of 2022. The release of the remaining provision amount for these obligations results in a gain of roughly €128 thousand for fiscal 2022.

In line with Uniper's strategic orientation, a Sustainability Committee was established as part of the Annual General Meeting on May 18, 2022. The members of the committee are Prof. Dr. Brinker (Chairman), Magnus Notini (Deputy Chairman), Victoria Kulambi and Nora Steiner-Forsberg.

The compensation of the members of the Board of Management and of the Supervisory Board in fiscal 2022 will be discussed in detail in the 2022 Compensation Report pursuant to Section 162 of the German Stock Corporation Act, as well as in the 2022 Annual Report.

(13) Reconciliation of Income/Loss before Financial Results and Taxes to Adjusted EBIT and to Adjusted Net Income

The following information for the first half of 2022 is provided on the basis of the Uniper Group's internal reporting system in order to enable an assessment to be made of the nature and financial consequences of the business activities conducted by the Uniper Group and of the economic environment in which the Group operates.

Adjusted EBIT

Adjusted EBIT, a measure of earnings before interest and taxes adjusted for non-operating effects, is used at Uniper for purposes of internal management control and as the most important indicator of a business's operating performance. This information is also used for the management of operating segments.

Unadjusted earnings before interest and taxes ("EBIT") represents the Group's income/loss before financial results and taxes in accordance with IFRS, taking into account the net income/loss from equity investments.

Reconciliation of Income/Loss before Financial Results and Taxes

January 1–June 30 € in millions	2022	2021
Income/Loss before financial results and taxes	**-13,623**	**-252**
Net income/loss from equity investments	-1	8
EBIT	**-13,624**	**-243**
Non-operating adjustments	13,060	823
Net book gains (-) / losses (+)	*-1*	*-12*
Impact of derivative financial instruments	*14,395*	*755*
Adjustments of revenue and cost of materials from physically settled commodity derivatives to the contract price	*-3,027*	*11*
Restructuring / Cost-management expenses (+) / income (-)[1]	*-9*	*12*
Miscellaneous other non-operating earnings	*-13*	*45*
Non-operating impairment charges (+) / reversals (-)[2]	*1,716*	*12*
Adjusted EBIT	**-564**	**580**
For informational purposes: *Economic depreciation and amortization/reversals*	*427*	*321*
For informational purposes: Adjusted EBITDA	*-136*	*900*

[1]Expenses for (and income from) restructuring and cost management in the Global Commodities segment included depreciation and amortization of €0.5 million in the first half of 2022 (first half of 2021: €1 million).
[2]Non-operating impairment charges/reversals consist of non-operating impairment charges and reversals triggered by regular impairment tests. The total of the non-operating impairment charges/reversals and economic depreciation and amortization/reversals differs from depreciation, amortization and impairment charges reported in the income statement since the two items also include impairment charges on companies accounted for under the equity method and other financial assets; in addition, a small portion is included in restructuring / cost-management expenses and in miscellaneous other non-operating earnings.

Owing to the adjustments made, the earnings items shown here may differ from the figures determined in accordance with IFRS.

The net book gain of €1 million in the reporting period is primarily attributable to disposals of property, plant and equipment (prior-year period: net book gain of €12 million on a land sale and on the sale of other equity investments).

The fair value measurement of derivatives used to hedge the operating business against price fluctuations resulted in a net non-operating loss of €14,395 million in the first six months of 2022, due to changed market values in connection with increased commodity prices in all the forward markets relevant to Uniper (prior-year period: net non-operating loss of €755 million). The non-operating derivative loss includes reduced fair values of gas purchase-contracts (derivatives) that consider curtailed gas volumes based on the gas curtailment scenarios applied. Whereas the derivatives are subject to "mark-to-market" (i.e., fair value) accounting, the corresponding appreciation of the hedged underlying assets is initially limited to their cost, and additional gains may not be recognized until they are realized. This measurement inconsistency is neutralized accordingly within the adjusted EBIT and adjusted net income measures, in order to better reflect Uniper's operating performance.
This item also includes the recognition of a provision for onerous contracts. This provision represents a negative fair value of €2,374 million as of June 30, 2022 and reflects the risk of increased purchase (replacement) cost to substitute the potentially curtailed Russian gas supplies in the future. Uniper has to substitute the curtailed volumes to fulfil its gas sales contracts in case the supply curtailment continues and the regulatory environment is not changed. Due to the uncertainty of the future price difference (i.e. the purchase price) and supplied volumes, the yet unrealized part of the relationship of sales and purchase volumes is classified as non-operating for the time-being. Upon physical de-livery and hence realization of the final difference between purchase and sales prices – which will mainly occur in the third quarter 2022 – the effects will be reported within the Adjusted EBIT.

Revenues and cost of materials for physically settled commodity derivatives (contracts that are accounted for under IFRS 9 (failed own-use contracts)) were adjusted for the difference between the spot prices relevant pursuant to IFRS and the contract prices relevant from the management perspective by net income of €3,027 million in the first half of 2022 (prior-year period: net expense of €11 million).

In the first half of 2022, restructuring and cost-management expenses/income changed by €21 million relative to the prior-year period. Income amounted to €9 million in the first half of 2022 (prior-year period: €12 million expense) and was primarily attributable to income from the spin-off and transfer agreement with E.ON in the amount of €7 million (prior-year period: expense of €4 million).

Income of €13 million was recorded under miscellaneous other non-operating earnings in the first half of 2022 (prior-year period: expense of €45 million). This amount includes income from an insurance settlement of €59 million in the European Generation segment. It was partially offset by a net expense of €56 million (prior-year period: €54 million) for adjustments of provisions recognized for non-operating effects in the Global Commodities segment.

A net loss of €1,716 million (prior-year period: net loss of €12 million) from the aggregation of non-operating impairment charges and reversals was recognized in the reporting period. The valuations related to all three of the Uniper Group's operating segments in the first half of 2022 (prior-year period: European Generation). The increase is particularly attributable to the write-down to zero of goodwill in the Global Commodities segment by €1,312 million (prior-year period: €0 million) and in the Russian Power Generation segment by €472 million (prior-year period: €0 million). Reversals of impairments recognized in previous years related primarily to the European Generation and Global Commodities segments in the first six months of 2022 (prior-year period: European Generation segment). Especially affected was the Maasvlakte 3 hard-coal power plant in the Netherlands, because the Dutch government, owing to the geopolitical situation, activated the early-warning phase of its energy crisis plan and announced the still to be enacted withdrawal of the statutory 35% production cap for coal-fired power plants, resulting in a revaluation of the power plant. Impairment reversals are recognized as other operating income.

Adjusted Net Income

The Uniper Group uses adjusted net income as an additional internal management indicator and as a further key indicator of the profitability of its operations after taxes and after financial results – one that also takes into account important income and expense components that are not included in adjusted EBIT but aggregated as an economic interest and tax result – for determining the variable compensation of the Board of Management and of all management personnel, non-pay-scale employees, and pay-scale employees.

Unadjusted net income is earnings after financial results and income taxes. To focus this indicator on the operating business and increase its meaningfulness, unadjusted net income is adjusted for certain non-operating effects.

Adjusted EBIT is the starting point for further adjustments, and it is adjusted for the following selected non-operating items:

- Net non-operating interest income
- Other financial results
- Income taxes on non-operating earnings
- Non-controlling interests in non-operating earnings

Included in other financial results are effects such as measurement effects from changes in the fair value of securities and of the KAF (the Swedish Nuclear Waste Fund; "Kärnavfallsfonden"). Not being a component of adjusted EBIT, other financial results are added back to adjusted EBIT in a first step to determine adjusted net income, together with net interest income, so that all earnings components of the income statement are also shown in the reconciliation to adjusted net income. They are then eliminated in a second step, together with non-operating interest expense and income. Other financial results thus have no effect on adjusted net income. Non-operating time value of money effects include, for example, interest on provisions financed through the KAF, which are eliminated correspondingly with other financial results. Also eliminated are measurement effects on liabilities to minority shareholders. The adjustments additionally include, among other things, the related income taxes, and the overall result is adjusted net income.

Reconciliation to Adjusted Net Income

January 1–June 30 € in millions	2022	2021
Income/Loss before financial results and taxes	**-13,623**	**-252**
Net income/loss from equity investments	-1	8
EBIT	**-13,624**	**-243**
Non-operating adjustments	13,060	823
Adjusted EBIT	**-564**	**580**
Interest income/expense and other financial results	*-991*	*148*
Non-operating interest expense and negative other financial results (+) / interest income and positive other financial results (-)	*1,136*	*-66*
Operating interest income/expense and other financial results	144	82
Income taxes	*2,198*	*76*
Expense (+) / Income (-) resulting from income taxes on non-operating earnings	*-2,103*	*-226*
Income taxes on operating earnings	95	-150
Less non-controlling interests in operating earnings	-34	-25
Adjusted net income	**-359**	**485**

The adjustments for financial effects relate primarily to the write-down to zero of the financing extended to Nord Stream 2 AG in the amount of €1,003 million. Furthermore, aside from the remaining other financial results, the time value of money effects of the provisions financed through the Swedish Nuclear Waste Fund ("Kärnavfallsfonden" or "KAF") in the European Generation segment and the other non-operating provisions in the Global Commodities segment are also adjusted for. An expense of €1,136 million was adjusted for in total (prior-year period: €66 million income).

In the first six months of 2022, there was non-operating tax income, arising particularly from the measurement of derivative financial instruments, of €2,103 million (prior-year period: €226 million income). Operating tax income amounted to €95 million (prior-year period: €150 million expense), resulting in an operating effective tax rate of 22.6% (prior-year period: 22.7%).

Adjusted net income for the first six months of 2022 amounted to -€359 million, a year-over-year decrease of -€844 million (prior-year period: €485 million). Adjusted net income followed the trend of adjusted EBIT. Higher economic net interest income relative to the first half of 2021, attributable especially to higher interest rates and their effect on the measurement of non-current provisions for asset retirement obligations, primarily in Hydro, had a slightly positive effect. It was offset by a year-over-year increase in interest expenses due to the increased financing volume and to higher margin payments, as well as by the non-recurrence of the economic net interest income from the financing extended to Nord Stream 2 AG.

(14) IFRS 8 Operating Segments

The Uniper Group is composed of three operating business segments: European Generation, Global Commodities and Russian Power Generation.

Combined separately under Administration/Consolidation are the non-operating functions that are performed centrally across segments, as well as the consolidations required to be carried out at Group level.

European Generation

The European Generation segment comprises the various power and heat generation facilities that the Uniper Group operates in Europe. In addition to fossil-fuel power plants (coal-, gas-, oil-fired power plants; combined gas and steam power plants) and hydroelectric power plants, these generation facilities also include nuclear power plants in Sweden. Most of the energy produced is sold to the Global Commodities segment, which is responsible for the marketing and sale of energy to major customers via the traded markets and its own sales organization. A further portion of the energy generated is marketed by means of long-term electricity and heat supply contracts. In addition to the power plant business, this segment also includes the marketing of energy services, which encompass engineering and asset management, as well as operational and maintenance services.

Global Commodities

The Global Commodities segment bundles the energy trading activities and forms the commercial interface between the Uniper Group and the global traded markets for energy and the major customers. Within this segment, the fuels required for power generation (mainly coal and gas) are procured, emission allowances are traded, the electricity produced is marketed, and the portfolio is optimized by managing the use of the power plants. On the basis of long-term contracts with suppliers within and outside Germany, Uniper sells natural gas to resellers (e.g., municipal utilities), major industrial customers and power plant operators. This segment additionally includes infrastructure investments and gas storage operations.

Russian Power Generation

The Russian Power Generation segment brings together the operating power generation business of the Uniper Group in Russia. PAO Unipro, a subsidiary of Uniper SE listed in Russia, is responsible for conducting all business in connection with power generation and associated activities in Russia. These include the procurement of the fuels needed for the power plants, the operation and management of the plants and the trading and sale of the energy produced.

Financial Information by Segment

January 1–June 30 € in millions	European Generation		Global Commodities[2]		Russian Power Generation		Administration/ Consolidation		Uniper Group	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
External sales	1,804	1,070	116,924	39,905	605	470	2	2	119,335	41,447
Intersegment sales	23,841	6,196	22,963	5,567	–	–	-46,804	-11,763	–	–
Sales	**25,646**	**7,266**	**139,887**	**45,473**	**605**	**470**	**-46,802**	**-11,761**	**119,335**	**41,447**
Adjusted EBIT (segment earnings)	**-217**	**272**	**-174**	**501**	**193**	**111**	**-365**	**-304**	**-564**	**580**
Equity-method earnings[1]	–	–	22	26	–	–	–	–	22	26
Operating cash flow before interest and taxes	**-67**	**763**	**-2,044**	**-261**	**218**	**142**	**-124**	**-194**	**-2,016**	**451**
Investments	**135**	**262**	**27**	**19**	**27**	**54**	**15**	**7**	**204**	**341**

[1]The income/loss from companies accounted for under the equity method presented here is generally adjusted for non-operating effects and therefore differs from the income/loss from companies accounted for under the equity method as presented in the income statement in accordance with IFRS.
[2]Regarding the change in sales in the Global Commodities segment, see also Notes 3 and 5 to the 2021 Consolidated Financial Statements.

The investments presented in the financial information by business segment tables are the purchases of investments reported in the Consolidated Statement of Cash Flows.

Transactions within the Uniper Group are generally executed at market prices.

The following table shows the reconciliation of operating cash flow before interest and taxes to operating cash flow:

Operating Cash Flow before Interest and Taxes

January 1–June 30 € in millions	2022	2021	+/-
Operating cash flow	**-2,227**	**346**	**-2,574**
Interest payments and receipts	55	3	52
Income tax payments (+) / refunds (-)	156	102	55
Operating cash flow before interest and taxes	**-2,016**	**451**	**-2,467**

The following segment information by product reflects the classification of revenues in line with IFRS 15, and allocates to the segments the revenues generated from each product:

Sales by Segment and Product

January 1–June 30 € in millions	European Generation		Global Commodities		Russian Power Generation		Administration/ Consolidation		Uniper Group	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Electricity	18,041	5,526	44,891	16,219	593	458	-35,785	-9,347	27,739	12,855
Gas	7,047	1,378	87,615	26,612	–	–	-8,636	-1,918	86,027	26,072
Other	558	362	7,381	2,642	12	12	-2,381	-496	5,570	2,520
Total	**25,646**	**7,266**	**139,887**	**45,473**	**605**	**470**	**-46,802**	**-11,761**	**119,335**	**41,447**

Revenues are generated predominantly from sales of electricity and gas via traded markets to industrial customers and resellers, and include hedges settled through physical delivery. Also shown in this line item are revenues earned from the transportation of gas and from deliveries of steam, heat and water, as well as from the rendering of services.

Revenues from trading operations transacted via traded markets (including hedges settled through physical delivery) are recognized when control is transferred to the purchaser. These transactions contain a performance obligation.

For physically settled transactions that are not within the scope of IFRS 9 (own-use transactions), contract prices, which reflect the economic character of these transactions and the contractually agreed consideration amounts, are used to determine revenues unless IFRS 15 provides for a different method, e.g., to account for constraint of variable consideration. For physically settled transactions that must be accounted for as derivatives pursuant to IFRS 9 criteria (failed own-use transactions), revenue is recognized at the market price applicable at the time of recognition. Accordingly, such contracts are presented as physical spot contracts with a financial hedge.

(15) Summary of Significant Changes from the Previous Year

Changes in Selected Income Statement Items

Revenues and Cost of Materials

At €119,335 million, sales revenues in the first half of 2022 were significantly above the prior-year level (2021: €41,447 million), owing to the requirement to recognize revenues at current spot prices, which had risen significantly year over year.

Developments in energy prices at the beginning of 2022 were characterized by improved demand as the impact of the Covid-19 pandemic receded. Gas and electricity prices remained at high levels in a volatile market in the second quarter of 2022, reaching a peak toward the end of the quarter. The primary causes continued to be geopolitical tensions triggered by the war in Ukraine, as well as curtailed gas supplies to Germany and Europe and low gas storage levels at German and other Western European facilities and associated fears of supply shortages.

The significant increase in Uniper's revenues followed this trend and resulted especially from the higher average market prices in the power and gas business. Aside from higher own-use contract prices and spot-market transactions, a significant portion of this increase is attributable to the contracts involving physical settlement that Uniper enters into (failed own-use contracts), which are presented at the spot price applicable on the settlement date – applying the recognition and measurement rules codified in IFRS – rather than at the originally hedged contract price. The difference between the spot price and the contractually hedged price is instead recognized in the line items for other operating income and expenses. The sharp rise in commodity spot prices has thus brought about a shift in the presentation of realized income and expenses from revenues and cost of materials to other operating income and expenses, but it has no effect on contractual cash flows and therefore no impact on adjusted EBIT. A reconciliation to the contractual revenues and cost of materials that are relevant for measuring earnings performance can be found in Note 13, Reconciliation of Income/Loss before Financial Results and Taxes to Adjusted EBIT and to Adjusted Net Income.

The cost of materials increased by €76,977 million in the first six months of 2022 to €116,809 million (prior-year period: €39,832 million). The sales trend described previously was a key factor in this development.

The significant increase in the cost of materials resulted particularly from higher average market prices in the power and gas business relative to the previous year, since a significant portion of the contracts involving physical settlement that Uniper enters into (failed own-use contracts) is realized at the spot price applicable on the settlement date, rather than at the originally hedged contract price. The difference between the spot price and the contractually hedged price is instead recognized in the line items for other operating income and expenses. The rise in commodity spot prices has thus brought about a shift in the presentation of realized income and expenses from revenues and cost of materials to other operating income and expenses, but it has no effect on contractual cash flows and therefore no impact on adjusted EBIT. The principal factors responsible for the increase are those already stated for revenues. The high cost of the substitution volumes of gas that Uniper has been purchasing since mid-June in the day-ahead and spot markets has additionally inflated the cost of materials.

Expenses for raw materials and supplies and for purchased goods consisted especially of purchases of gas and electricity in the amount of €101,161 million (prior-year period: €34,323 million). Network usage charges of €362 million (prior-year period: €361 million) are also included in this line item.

Expenses for purchases of emission rights amounted to €963 million (prior-year period: €520 million). The year-over-year increase is due to higher emissions resulting from increased use of fossil-fuel power plants and to significantly higher prices.

Other Operating Income and Expenses

Other operating income increased to €125,695 million in the first six months of 2022 (prior-year period: €34,713 million). This was caused primarily by changes in commodity derivatives recognized at fair value – due to the significantly increased commodity prices in all the markets relevant to the Uniper Group. Income from invoiced and open transactions and from related currency hedges amounted to €124,524 million, having increased by €90,030 million year over year (prior-year period: €34,494 million). The explanations already take into account the effect from the difference between the spot price and the contractually hedged price on the accounting treatment of forward contracts to buy or sell non-financial items when those were accounted for under IFRS 9 (failed own-use contracts).

Other operating expenses increased to €138,732 million in the first six months of 2022 (prior-year period: €35,817 million). As it was for other operating income, the increase was primarily attributable to expenses from invoiced and open transactions and from related currency hedges, which rose by €102,446 million year over year to €137,802 million (prior-year period: €35,355 million).

The main driver of this significant change in other operating income/expenses is the strong increase in commodity prices, as Uniper structurally sells gas and power, and buys carbon allowances and coal, using forward transactions that are measured at fair value through profit or loss.

Depreciation and Amortization, Impairments and Reversals

Depreciation, amortization and impairment charges amounted to €2,736 million in the first six months of 2022 (prior-year period: €348 million). The increase is primarily attributable to the write-down to zero of goodwill in the Global Commodities segment by €1,312 million (prior-year period: €0 million) and in the Russian Power Generation segment by €472 million (prior-year period: €0 million) and to an increase of €559 million in impairment charges on property, plant and equipment to €586 million (prior-year period: €26 million). Impairments on property, plant and equipment recognized in the first six months of the 2022 fiscal year related primarily to power plants held in the Russian Power Generation and European Generation segments (prior-year period: European Generation segment). To account for further developments in the geopolitical situation, individual power plants and storage facilities were tested for impairment based on changed estimates and assumptions about underlying price expectations for the liquid period. Regular depreciation and amortization rose by €43 million to €365 million (prior-year period: €322 million), mainly due to reversals of impairment losses recognized in the previous year for power plants in the UK and Germany.

Reversals of impairments in the first six months of 2022, which mainly resulted from changes in estimates and assumptions about underlying price expectations, amounted to €593 million (prior-year period: €12 million) and – as in the prior-year period – related primarily to the European Generation segment. Especially affected was the Maasvlakte 3 hard-coal power plant in the Netherlands, because the Dutch government, owing to the geopolitical situation, activated the early-warning phase of its energy crisis plan and announced the withdrawal of the statutory 35% production cap for coal-fired power plants. The necessary revaluation arising from this led to an impairment reversal, which resulted primarily from prevailing market prices as of the reporting date. Impairment reversals are recognized as other operating income.

Financial Results and Taxes

Financial results decreased significantly, by €1,148 million, to -€992 million (prior-year period: €156 million). This change is primarily attributable to the write-down to zero of the loans to Nord Stream 2 AG in the amount of €1,003 million including accrued interest due to the withdrawal of the security of supply analysis by the German Federal Ministry for Economic Affairs and Climate Action and the associated halt to the certification process, as well as the imposition of U.S. sanctions on Nord Stream 2 AG and its CEO.

Tax income increased from €76 million in the prior-year period to €2,198 million, mainly due to non-operating tax income of €2,103 million (prior-year period: €226 million income) resulting particularly from the valuation of derivative financial instruments. Operating tax income amounted to €95 million (prior-year period: €150 million expense).

Changes in Selected Balance Sheet Items

Due to restrictions of supply through the Nord Stream 1 pipeline, it was not possible to value certain long-term gas supply contracts measured at fair value based on contractually agreed volumes. Instead, various differently weighted scenarios were developed, allowing a value calculated using the weighted average to be determined for the corresponding long-term gas supply contracts. Given the amendments to the EnSiG (specifically Sections 24 and 26), material compensation for the added cost of procuring substitution volumes associated with the supply shortfalls is probable. In accordance with IFRS 13, compensation that increases earnings is not included when calculating the fair value of derivative financial instruments. These scenarios were also applied in the analysis of a potential need for a provision to be recognized especially for long-term gas supply contracts involving counterparties from Russia. Additionally considered here were compensation possibilities under the EnSiG for the added cost of procuring substitution volumes associated with the supply shortfalls, since these are deemed sufficiently probable as of the June 30, 2022, reporting date.

The significant increase in total assets in the first six months of 2022 compared with December 31, 2021, is due especially to the significant price increases in all the commodity forward markets relevant to Uniper. These higher prices led to valuation-related increases in current as well as non-current receivables and liabilities from derivative financial instruments. Because of the particularly strong increase in prices for the supply of electricity and fuels, non-current receivables and liabilities from derivative financial instruments with a maturity of more than 12 months rose by a much greater percentage than the corresponding short-term balance sheet line items. Also, current and non-current liabilities from derivative financial instruments increased by more in total than the corresponding receivables. One of the reasons for this was that Uniper predominantly entered into sales contracts in the electricity market to hedge future power generation, and the value of these contracts was diminished amid rising prices. In addition, the greater increase in derivative liabilities compared with the corresponding assets as of June 30, 2022, was amplified further by changes in the fair value of derivative receivables from certain gas purchase contracts, which was reduced by the impact of restrictions of supply through the Nord Stream 1 pipeline.

Assets
The increase in non-current assets resulted especially from the described change in non-current receivables from derivative financial instruments, which increased by €42,938 million, from €16,913 million to €59,852 million, as well as from deferred tax assets. These increased by €2,138 million, from €2,121 million to €4,260 million, primarily due to the changes in derivative financial instruments.

The increase in the carrying amount of property plant and equipment of €422 million, from €10,055 million to €10,477 million, was primarily due to currency translation effects and impairment reversals because, among other things, these effects exceeded those of impairments and regular depreciation of property, plant and equipment. Investments of €176 million in property, plant and equipment in the first half of 2022 exceeded divestments of €87 million. Non-current financial receivables were reduced by €1,325 million, from €4,065 million to €2,740 million, primarily due to the write-down to zero of the financing extended to Nord Stream 2 AG. Furthermore, the changed geopolitical situation as well as the political situation in the Netherlands necessitated impairment testing of individual items of property, plant and equipment. The tests resulted in impairment charges of €586 million (particularly in the European Generation and Russian Power Generation segments) and reversals of €593 million (particularly in the European Generation segment) due to changed estimates and assumptions about underlying price expectations. These changes in assumptions and price expectations also led to the write-down to zero of the goodwill of the Global Commodities and Russian Power Generation segments by €1,312 million and €472 million, respectively, and the Group now carries zero goodwill as a result. Impairment testing of deferred tax items resulted in a charge of €1,439 million on deferred tax assets.

As with non-current assets, the main cause of the increase in current assets was the valuation-related increase in receivables from derivative financial instruments, which rose by €40,367 million, from €64,732 million to €105,099 million. Receivables from posted collateral for commodity forward transactions, in contrast, declined by €276 million, from €7,866 million to €7,590 million. There also was a decrease of €3,560 million in trade receivables, which fell from €11,629 million to €8,069 million. Liquid funds increased by €106 million despite the negative operating cash flow, from €2,966 million to €3,072 million, due among other things to the addition of financial liabilities.

Equity
Equity fell by €11,293 million in the reporting period, from €6,788 million as of December 31, 2021, to - €4,505 million (equity deficit) as of June 30, 2022, due primarily to the net loss of €12,418 million (of which a negative share of €73 million is attributable to non-controlling interests). The Group's net loss was heavily influenced by the unrealized negative change in the value of derivative financial instruments, the impairment charges on property, plant and equipment and on goodwill, and the write-down to zero of the financing extended to Nord Stream 2 AG. The offsetting effect of the unrealized appreciation of the corresponding hedged items (especially power plants and inventories) is limited by IFRS accounting rules to their cost. Other comprehensive income, by contrast, had a positive effect of €1,156 million on equity. It includes the remeasurement of defined benefit plans in the net amount of €431 million due to an increase in the discount rates applied compared with those used for the Consolidated Financial Statements as of December 31, 2021. Effects from the remeasurement of equity investments totaling €232 million, as well as exchange-rate-related changes in assets and liabilities amounting to €653 million net, also contributed positively. The change in fair value of cash flow hedges of -€283 million after taxes had an offsetting effect and reduced other comprehensive income. The total dividend distribution of €26 million to shareholders of Uniper SE additionally reduced equity.

Liabilities

Non-current liabilities increased by €47,961 million in the reporting period, from €26,094 million at the end of the previous year to €74,055 million as June 30, 2022, predominantly because of the valuation-related increase of €42,074 million in liabilities from derivative financial instruments, which rose from €16,336 million to €58,409 million. Furthermore, non-current miscellaneous provisions increased by €977 million, from €6,346 million to €7,323 million. This increase is caused by higher expected procurement costs for electricity sales contracts and by accounting for the impact of curtailments of gas supplied from Russia and of the assumption as to compensation for the added cost of procuring substitution volumes. Power purchases were hedged using derivative financial instruments; the recognized provision is thus offset on the asset side by a positive effect in non-current receivables from derivative financial instruments. Non-current financial liabilities, in addition, rose by €5,337 million, from €1,665 million to €6,992 million, primarily due to changes in the maturity dates of some promissory notes totaling €400 million, which have been reclassified as current liabilities (December 31, 2021: €400 million non-current), as well as in the maturities of the €1,800 million revolving credit facility (December 31, 2021: €1,800 million current) and of the loan extended by Fortum, which was increased by €1,500 million, from €2,500 million to €4,000 million (December 31, 2021: €2,500 million current), and is not expected to be repaid within the next 12 months. By contrast, provisions for pensions and similar obligations decreased by €599 million, from €1,065 million to €466 million, particularly as a result of higher interest rates as of June 30, 2022, compared with those at year-end 2021. Deferred tax liabilities changed by €85 million, from €433 million to €518 million.

The increase in current liabilities is primarily attributable to the valuation-related increase in liabilities from derivative financial instruments, which rose by €46,645 million, from €70,397 million to €117,042 million. Current financial liabilities decreased by €3,295 million, from €7,320 million to €4,024 million, primarily owing to the reclassifications described previously and the reduction of commercial papers issued, which were decreased by redemptions of €1,480 million to €55 million. These effects were partially offset by the increase of €2,050 million in liabilities from posted collateral for commodity forward transactions. The increase of €3,441 million in current miscellaneous provisions, from €4,361 million to €7,802 million, is attributable to the circumstances mentioned for the corresponding non-current provisions. However, power purchases are hedged using derivative financial instruments, whose fair value measurement has had offsetting positive effects in receivables from derivative financial instruments. Future cash outflows arising from higher procurement costs are thus offset by expected cash inflows from derivative financial instruments. Current provisions have additionally been recognized in the gas portfolio to account for the impact of curtailments of gas supplied from Russia and of the assumption as to compensation for the added cost of procuring substitution volumes. Trade payables were reduced by €1,773 million, from €11,568 million to €9,796 million.

(16) Other Significant Issues after the Balance Sheet Date

Construction of Wilhelmshaven LNG Terminal Begins

The construction of Germany's first LNG terminal, and of the associated onshore and seaward port infrastructure, has begun after Lower Saxony's State Trade Supervisory Authority at Oldenburg gave its approval for an early start. The official construction start date of the FSRU-based LNG terminal was July 4, 2022. Up to 7.5 billion cubic meters (m^3) of natural gas per year are to be handled via this terminal as quickly as possible. That is about 8.5% of Germany's current gas demand per year. The German Federal Ministry for Economic Affairs and Climate Action and Uniper are aiming for commissioning in winter 2022/2023.

Amendments to the German Energy Security Act, Uniper Applies for Stabilization Measures

On July 8, 2022, to prepare for a further worsening of the situation in the energy markets, Germany's legislature adopted legislative adjustments including, above all, amendments to the Energy Security Act (EnSiG). Among other things, the legislative action clarifies and expands the framework for price adjustment mechanisms and for stabilization measures for energy companies.

The Board of Management of Uniper SE submitted a formal application to the German government for stabilization measures on the same day. Further information on this has already been presented in Note 1, General Information and Summary of Significant Accounting Policies.

Withdrawals from Uniper's Own Gas Storage Capacities

Gas was withdrawn from Uniper's own storage capacities in the period from July 11, 2022, through July 22, 2022 as an interim measure to decrease the purchase of replacement gas .

Gazprom Declares Force Majeure for Reduced Gas Supply

On July 14, 2022, Gazprom wrote to Uniper stating that it was retroactively invoking force majeure for past and current shortfalls in gas deliveries. Uniper considers the claim to be unjustified and has formally rejected it.

Utilization and Further Increase of the KfW Credit Facility

On July 18, 2022, Uniper announced that the existing KfW credit facility in the amount of €2 billion would be fully utilized in the light of the ongoing curtailments of Russian gas and the associated developments in the energy markets and exchanges. Consequently, the KfW credit facility was initially increased to €4 billion on August 2, 2022, and fully utilized on August 3, 2022. The KfW credit facility was increased to €9 billion on August 15, 2022 and will be utilized on an as-needed basis. In addition to the increase, the Fortum credit facility was subordinated to the KfW credit facility. The accounting and reporting implications are under assessment.

Agreement on Uniper Stabilization Package

On July 22, 2022, the German federal government, Uniper and Fortum agreed on the key points of a stabilization package for Uniper in a term sheet.

The stabilization package is described in detail in Note 1, General Information and Summary of Significant Accounting Policies.

S&P Affirms Uniper's Investment-Grade Rating

On July 29, 2022, S&P affirmed Uniper's long-term credit rating at BBB- with a negative outlook. This decision resolves the CreditWatch with negative implications which Uniper had been placed on by S&P on July 5, 2022. S&P considers Uniper to be a government-related entity, which supports the current rating.

Gas Price Adjustment Ordinance Enters Into Force

The Gas Price Adjustment Ordinance (GasPrAnpV) was published on August 8, 2022, to specify the requirements of Section 26 EnSiG. It entered into force on August 9, 2022, and it regulates the financial compensation for the added costs incurred by certain gas importers for the procurement of substitution volumes by means of a netted price adjustment (gas procurement levy). The netting period is limited to the period from October 1, 2022, 6 a.m. through April 1, 2024, 6 a.m.

Düsseldorf, August 16, 2022

The Board of Management

Prof. Dr. Klaus-Dieter Maubach

David Bryson

Niek den Hollander

Tiina Tuomela

Declaration of the Board of Management

To the best of our knowledge, we declare that, in accordance with applicable principles for interim financial reporting, the Condensed Consolidated Interim Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and that the Interim Group Management Report provides a fair review of the development and performance of the business and the position of the Uniper Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Düsseldorf, August 16, 2022

The Board of Management

Prof. Dr. Klaus-Dieter Maubach

David Bryson

Niek den Hollander

Tiina Tuomela

Additional Indicators

Achieved and Hedged Prices and Hedged Ratios for Outright Power Generation

	Year	Hedged price as of June 30, 2021 (€/MWh)	Hedged ratio as of June 30, 2021 (%)
Achieved prices, Germany, as of June 30[1]	2022	15	
Hedged prices and hedged ratios, Germany[1 3]	2022	13	85
	2023	41	90
	2024	64	90
Achieved prices, Nordics, as of June 30[1]	2022	20	
Hedged prices and hedged ratios, Nordics[1 2 3]	2022	26	70
	2023	30	55
	2024	30	25

[1]Calculations are based on the Uniper Group's legally attributable generation capacity (the capacity that reflects Uniper's ownership interest in the power plants).
[2]The prices shown include region-specific premiums and discounts, as well as guarantees of origin.
[3]Figures for 2022 reflect forward months, i.e. excluding the realized period.

Generation Capacity

in MW[1]		Jun. 30, 2022	Dec. 31, 2021
Gas	Russia	7,156	7,139
	United Kingdom	4,190	4,180
	Germany	2,912	2,912
	Netherlands	525	525
	Hungary	428	428
Hard coal	Germany	3,197	3,197
	United Kingdom	2,000	2,000
	Netherlands	1,070	1,070
Lignite	Russia	1,895	1,895
Hydro	Germany	1,918	1,918
	Sweden	1,771	1,771
Nuclear	Sweden	1,737	1,737
Other	Germany	1,418	1,418
	Sweden	1,175	1,175
	United Kingdom	221	221
Total		**31,613**	**31,587**

[1]Legally attributable generation capacity (the capacity that reflects Uniper's ownership interest in the power plants).

Electricity Generation Volumes

in TWh[1]		January 1–June 30 2022	2021
Gas	Russia[2]	20.6	19.1
	United Kingdom	5.6	6.0
	Germany	1.9	2.2
	Netherlands	0.6	0.7
	Hungary	1.3	1.0
	Sweden	0.1	0.0
Hard coal	Germany	5.0	3.6
	United Kingdom	2.1	1.5
	Netherlands	1.5	1.7
Lignite	Russia[2]	5.0	2.7
	Germany[4]	0.0	1.1
Hydro	Germany[3]	2.3	2.3
	Sweden	4.5	4.3
Nuclear	Sweden	6.3	6.5
Biomass	Netherlands	0.6	0.6
Total		**57.4**	**53.3**

[1]Legally attributable generation capacity (the capacity that reflects Uniper's ownership interest in the power plants): net generation production volumes = owned generation – own-use losses – sales to minority owners + purchases from minorities.
[2]Gross production (own use is not considered).
[3]Germany's net sales of hydroelectric power generation also include pumped-storage-related water flows and pipeline losses from pumping operations.
[4]Effective October 1, 2021, Uniper transferred its stake in the Schkopau lignite-fired power plant and has completely withdrawn from lignite-fired power generation in Europe.

Financial Calendar

November 3, 2022

Quarterly Statement: January–September 2022

Further Information

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