

Press release Fluxys Belgium

29 March 2023 6:15 p.m. – Regulated information: 2022 results

Overview of the 2022 annual results

- Increase of **consolidated net income** to €83.7 million (2021: €75.5 million).
- Proposal to the Annual General Meeting on 9 May 2023: **gross dividend** of €1.40 per share (2021: €1.38 per share).
- **Maximum support to the security of supply**: in addition to the necessary flows to Belgium and storage filled at maximum, also high flows to Germany and the Netherlands.
- **Desteldonk-Opwijk pipeline section**: now built for natural gas and ready for hydrogen transport
- **A multi-molecule system is taking shape**: pipeline and terminal projects for hydrogen and CO2 are taking shape in cooperation with industry and partners
- **A step towards our own climate neutrality**

Pascal De Buck, Managing Director and CEO: "2022 was a terrible year for the Ukrainian people and the way they suffered from the violence. We can only hope that the suffering will end as soon as possible. For Fluxys, this is a twofold challenge: securing natural gas supplies for Europe while working towards a carbon-neutral future. Our staff, as well as the industry and our partners, have taken up this challenge with dedication and dynamism. We are proud of the result and look forward to the future with confidence."

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Key financial data

Income statement	(in thousands of €)	31/12/2022	31/12/2021
Operating revenue		912,559	573,191
EBITDA*		323,167	318,905
EBIT*		147,305	137,821
Net profit		83,728	75,521
Balance sheet	(in thousands of €)	31/12/2022	31/12/2021
Investments in property, plant and equipment for the period		105,525	50,647
Total property, plant and equipment		1,855,375	1,902,037
Equity		643,617	639,674
Net financial debt*		493,800	846,046
Total consolidated balance sheet		3,406,570	2,634,514

* Please consult the annex for the definitions and rationale for using indicators

Increase in consolidated turnover and net profit

Throughout the year Fluxys Belgium's infrastructure was used particularly intensively by our customers to support security of supply in Germany and the Netherlands. The extra revenues from that additional capacity that was sold do not benefit the company's shareholders. As stipulated by regulatory provisions, those extra revenues are deposited on the buffer account provided for this purpose (the 'adjustment account'). The amounts in the adjustment account are reallocated under the supervision of the regulator, CREG.

As part of the October budget consultations, the federal government decided to collect an **exceptional solidarity contribution of €300 million** from Fluxys Belgium. This contribution represents additional support for Belgium's population during the energy crisis.

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The Fluxys Belgium group generated **turnover** of €912.6 million in 2022. This represents an increase of €339.4 million compared with 2021, when turnover stood at €573.2 million. The increase in regulated revenue is in line with tariff methodology and mainly stems from accounting for the exceptional solidarity contribution of €300 million.

Consolidated net profit rose from €75.5 million in 2021 to €83.7 million in 2022, an increase of €8.2 million. The rise in net profit is in line with the tariff proposal, in accordance with the tariff methodology for 2020-2023, and is therefore not due to the increase in sold capacity or in energy prices.

The 2020-2023 tariff methodology (set by the regulator, CREG) applies the principle that all reasonable costs including interest and fair remuneration are covered by regulated revenues. In addition, there are a number of incentives aimed at controlling costs and to direct and monitor some of the company's performance. By controlling its operating costs and making efficiency efforts, the Fluxys Belgium group succeeded in achieving the regulatory targets and incentives.

Tariff reduction

In line with the tariff methodology, Fluxys Belgium, in consultation with the market and the federal energy regulator CREG, reduced tariffs for transmission services by 10% from 1 July 2022 onwards. The tariff reduction had no impact on Fluxys Belgium's results.

The reduction corresponds to a total of €45 million being returned over the course of 2022 and 2023. This is in line with Fluxys Belgium and CREG's desire to support consumers against the backdrop of high natural gas prices.

€105.5 million in investment

In 2022, investments in property, plant and equipment amounted to €105.5 million as opposed to €50.6 million in 2021. Of this amount, €67.7 million was dedicated to LNG infrastructure projects and €36.8 million to transmission projects.

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Key events

Supporting security of supply 24/7

The geopolitical situation has profoundly changed the dynamics of gas markets and the direction of flows in Europe. Throughout the year, our teams across the country left no stone unturned to ensure security of supply in North-West Europe – with impressive results. As well as supplying Belgium via the Belgian network, suppliers managed to get unprecedented quantities of natural gas to the Netherlands and Germany. Flows to Germany soared to 256 TWh (from 20 TWh in 2021) and those to the Netherlands increased to 145 TWh (from 68 TWh in 2021). At the same time, the Loenhout storage facility was filled to record levels before the winter period started. The Belgian network has thus once again confirmed its role as an energy hub for Europe, with the Zeebrugge area as an important gateway for both natural gas via pipelines and LNG via ship.

Desteldonk-Opwijk pipeline section: now built for natural gas and ready for hydrogen transport

Given the new supply situation in Europe, speed and adaptability are the watchwords for new infrastructure as well. We prepared thoroughly for the first phase in the construction of the Zeebrugge-Opwijk pipeline, comprising the section between Desteldonk and Opwijk. This will boost our capacity to carry natural gas inland from Zeebrugge. At the same time, the pipeline is an initial step towards speeding up the energy transition as it will be immediately available for hydrogen transport as soon as the market is ready. We will commission the Desteldonk-Opwijk section in late 2023.

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Multi-molecule system takes shape

We aim to have the first hydrogen and/or CO₂ infrastructure ready for users by 2026. Every effort is being made to make the necessary investment decisions to achieve this.

Together with the industry, our partners and adjacent operators, we have accelerated the process. We are developing the infrastructure from industrial clusters and establishing connections between them and neighbouring countries. In this way, we are building the necessary structural backbone and laying the foundations for a sustainable role for Belgium as a hydrogen and CO₂ hub for the Belgian and North-Western European economy.

To this aim we have developed 10 concrete infrastructure proposals and consult the market about those. In 2022, 4 market consultations were organized. At this stage, the hydrogen hubs in Ghent and Mons are already cross-border hubs and represent the initial impetus to make Belgium a hydrogen hub for North-Western Europe.

Furthermore, we are working on the development of terminals for the import of hydrogen and the export of CO₂ :

- Both in the Port of Antwerp-Bruges (Antwerp@C CO₂ Export Hub) and in the North Sea Port (Ghent Carbon Hub) Fluxys Belgium is working, together with industrial partners and port authorities, on an open-access terminal that can receive CO₂, liquefy it, store it temporarily and unload it onto ships that transport it to permanent offshore storage.
- In 2022, Fluxys Belgium and Advorio have also joined forces to develop an open access green ammonia import terminal in the Port of Antwerp-Bruges. Ammonia is an efficient molecule for transporting green hydrogen from wind and solar energy over long distances.

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Progress towards achieving our own climate neutrality

Our commitment: to be a climate-neutral company by 2035. The first milestone is to halve our greenhouse-gas emissions by 2025, compared with 2017. In 2022, we reached that milestone for methane emissions in our transmission and storage businesses. In our LNG business, three additional open-rack vaporisers currently under construction will reduce the Zeebrugge terminal's emissions.

Fluxys Belgium SA – 2022 results (according to Belgian standards): proposed allocation of the result

The net result of Fluxys Belgium SA amounts to EUR 84.0 million, compared to EUR 71.7 million in 2021. Fluxys Belgium will present a gross dividend of EUR 1.40 per share to the Annual General Meeting on 9 May 2023.

Taking into account the EUR 79.3 million carried forward from the previous financial year and a EUR 28.2 million withdrawal from reserves, the Board of Directors will propose to the General Meeting that the result be allocated as follows

- 98.4 million EUR for the distribution of the dividend and
- 93.1 million EUR to the profit to be carried forward.

If this proposal for the allocation of the result is accepted, the gross dividend for the financial year 2022 will amount to EUR 1.40 per share. This amount will be paid from 17 May 2023.

Financial outlook 2023

The net result of the Belgian regulated activities is determined, in accordance with the 2020-2023 tariff methodology, on the basis of various regulatory parameters, including invested equity, financial structure and incentives.

Based on the information available to date, it is very difficult to estimate the impact of the war in Ukraine on the economy. Based on the situation as it is currently known to the public, the essential nature of the company's activities and its regulatory framework, we

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do not currently expect the war and the resulting measures and market developments to have a significant impact on the Fluxys Belgium Group's consolidated result in 2023.

Since the start of the war in Ukraine, various sanctions have been imposed on Russia and Belarus and on Russian and Belarusian companies. In this context, Fluxys Belgium Group is not active on the Russian market and has no investments in Russian companies. The Fluxys Belgium Group does not see any evidence of impairment.

In its activities, Fluxys Belgium Group deals with Russian companies in accordance with European and national gas regulations and fully respects the sanctions regime that has been adopted.

Given the regulated nature of its business, the Fluxys Belgium Group's net result is not very sensitive to a drop in volumes or other temporary negative effects on its cash flow.

External audit

The external auditor has confirmed that his audit work, which has been substantially completed, has not revealed any significant corrections to be made to the accounting information contained in this press release.

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Contact

Financial and accounting data: Filip De Boeck
+32 (0)2 282 79 89 filip.deboeck@fluxys.com

Press team: +32 471 95 00 24 • press@fluxys.com

About Fluxys Belgium

Fluxys Belgium is a Euronext listed subsidiary of infrastructure group Fluxys headquartered in Belgium. With 900 employees the company operates 4,000 kilometers of pipeline, a liquefied natural gas terminal totalling a yearly regasification capacity of 104 TWh and an underground storage facility.

As a purpose-led company, Fluxys Belgium together with its stakeholders contributes to a better society by shaping a bright energy future. Building on the unique assets of its infrastructure and its commercial and technical expertise, Fluxys Belgium is committed to transporting hydrogen, biomethane or any other carbon-neutral energy carrier as well as CO₂, accommodating the capture, usage and storage of the latter.

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Consolidated balance sheet	In thousands of €	
	31-12-2022	31-12-2021
I. Non-current assets	2 061 085	2 074 508
Property, plant and equipment	1 855 375	1 902 037
Intangible assets	22 864	23 891
Right-of-use assets	30 020	33 527
Investments accounted for using the equity method	50	50
Other financial assets	111 171	88 642
Financial lease receivables	0	2 094
Other receivables	15 144	9 144
Other non-current assets	26 461	15 123
II. Current assets	1 345 485	560 006
Inventories	62 656	39 042
Financial lease receivables	2 094	601
Current tax receivables	2 429	1 473
Trade and other receivables	164 299	90 446
Cash investments	26 113	45 740
Cash and cash equivalents	1 070 708	366 931
Other current assets	17 186	15 773
Total assets	3 406 570	2 634 514

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Consolidated balance sheet	In thousands of €	
	31-12-2022	31-12-2021
I. Equity	643 617	639 674
Equity attributable to the parent company's shareholders	643 617	639 674
<i>Share capital and share premiums</i>	60 310	60 310
<i>Retained earnings and other reserves</i>	583 307	579 364
Non-controlling interests	0	0
II. Non-current liabilities	2 061 275	1 775 473
Interest-bearing liabilities	1 115 772	1 162 091
Regulatory liabilities	746 809	397 877
Provisions	4 127	4 246
Provisions for employee benefits	47 444	60 517
Other non-current financial liabilities	3 575	3 254
Deferred tax liabilities	143 548	147 488
III. Current liabilities	701 678	219 367
Interest-bearing liabilities	56 269	57 432
Regulatory liabilities	188 485	75 963
Provisions	0	3 069
Provisions for employee benefits	3 543	4 201
Current tax payables	1 020	2 148
Current trade and other payables	444 533	73 307
Other current liabilities	7 828	3 247
Total equity and liabilities	3 406 570	2 634 514

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Consolidated income statement	In thousands of €	
	31-12-2022	31-12-2021
Operating revenue	912 559	573 191
Sales of gas for balancing and operational needs	278 566	32 378
Other operating income	16 212	13 107
Consumables, merchandise and supplies used	-5 582	-3 422
Purchases of gas for balancing and operational needs	-275 178	-32 378
Miscellaneous goods and services	-465 521	-146 348
Employee expenses	-132 931	-112 549
Other operating expenses	-4 958	-5 074
Depreciations	-168 051	-173 993
Provisions	6 993	-7 070
Impairment losses	-14 804	-21
Profit/loss from continuing operations	147 305	137 821
Change in the fair value of financial instruments	-1 298	-114
Financial income	4 589	1 142
Financial expenses	-40 805	-38 375
Profit/loss before tax	109 791	100 474
Income tax expenses	-26 063	-24 953
Profit/loss for the period	83 728	75 521
Fluxys Belgium share	83 728	75 521
Non-controlling interests	0	0
Basic net earnings per share attributable to the parent company's shareholders (in €)	1.1916	1.0748
Diluted net earnings per share attributable to the parent company's shareholders (in €)	1.1916	1.0748

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Consolidated statement of comprehensive income		In thousands of €	
	31-12-2022	31-12-2021	
Net profit/loss for the period	83 728	75 521	
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of employee benefits	22 905	28 503	
Income tax expense on other comprehensive income	-5 726	-7 126	
Other comprehensive income	17 179	21 377	
Comprehensive income for the period	100 907	96 898	
Fluxys Belgium share	100 907	96 898	
Non-controlling interests	0	0	

Statement of changes in consolidated equity								In thousands of €	
	Share capital	Share premium	Reserves not available for distribution	Retained earnings	Reserve s for employ ee benefits	Other comprehe nsive income	Equity attributable to the parent company's shareholders	Non-controlli ng interests	Total equity
I. CLOSING BALANCE AS AT 31/12/2020	60 272	38	54 072	542 537	-17 881	0	639 038	0	639 038
1. Comprehensive income for the period				75 521	21 377		96 898		96 898
2. Dividends distributed				-96 262			-96 262		-96 262
II. CLOSING BALANCE AS AT 31/12/2021	60 272	38	54 072	521 796	3 496	0	639 674	0	639 674
1. Comprehensive income for the period				83 728	17 179		100 907		100 907
2. Dividends distributed				-96 964			-96 964		-96 964
III. CLOSING BALANCE AS AT 31/12/2022	60 272	38	54 072	508 560	20 675		643 617	0	643 617

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Consolidated statement of cash flows (indirect method)		In thousands of €
	31-12-2022	31-12-2021
I. Cash and cash equivalents, opening balance	366 931	377 359
II. Net cash flows from operating activities	1 008 653	214 328
1. Cash flows from operating activities	1 041 093	248 206
1.1. Profit/loss from operations	147 305	137 821
1.2. Non-cash adjustments	631 460	144 620
1.2.1. Depreciations	168 051	173 993
1.2.2. Provisions	-6 993	7 070
1.2.3. Impairment losses	14 804	21
1.2.4. Translation adjustments	0	0
1.2.5. Other non-cash adjustments	-626	-369
1.2.6. Changes in regulatory debts	456 224	-36 095
1.3. Changes in working capital	262 327	-34 235
1.3.1. Changes in inventories	-38 433	-12 663
1.3.2. Changes in tax receivables	-956	3 635
1.3.3. Changes in trade and other receivables	-73 838	-19 468
1.3.4. Changes in other current assets	-153	-564
1.3.5. Changes in tax payables	-126	-4 355
1.3.6. Changes in trade and other payables	371 252	-1 273
1.3.7. Changes in other current liabilities	4 581	453
1.3.8. Other changes in working capital	0	0
2. Cash flows relating to other operating activities	-32 439	-33 878
2.1. Current tax due	-36 732	-34 780
2.2. Interest from cash instruments, cash and cash equivalents	4 053	957
2.3. Other inflows (outflows) relating to other operating activities	240	-55
III. Net cash flows relating to investment activities	-124 784	-43 950
1. Acquisitions	-145 118	-61 546
1.1. Payments to acquire property, plant and equipment, and intangible assets	-116 916	-56 546
1.2. Payments to acquire subsidiaries, joint ventures or associates	0	0

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1.3. Payments to acquire other financial assets -28 202 -5 000

Consolidated statement of cash flows (indirect method)		In thousands of €	
	31-12-2022	31-12-2021	
2. Disposals	707	23 365	
2.1. Proceeds from the disposal of property, plant and equipment, and intangible assets	707	1 307	
2.2. Proceeds from the disposal of subsidiaries, joint ventures or associates	0	0	
2.3. Proceeds from the disposal of other financial assets	0	22 058	
3. Dividends received classified as investment activities	0	0	
4. Government subsidies received	0	513	
5. Increase (-) / Decrease (+) in cash investments	19 627	-6 282	
IV. Net cash flows relating to financing activities	-180 092	-180 807	
1. Proceeds from cash flows from financing	601	603	
1.1. Proceeds from the issuance of equity instruments	0	0	
1.2. Proceeds from the issuance of treasury shares	0	0	
1.3. Proceeds from financial leases	601	603	
1.4. Proceeds from other non-current assets	0	0	
1.5. Proceeds from the issuance of compound financial instruments	0	0	
1.6. Proceeds from the issuance of other financial liabilities	0	0	
2. Repayments relating to cash flows from financing	-48 455	-48 288	
2.1. Repurchase of equity instruments subsequently cancelled	0	0	
2.2. Purchase of own shares	0	0	
2.3. Repayment of financial lease liabilities	-5 060	-4 955	
2.4. Repayment of compound financial debts	0	0	
2.5. Repayment of other financial liabilities	-43 395	-43 333	
3. Interest	-35 274	-36 859	
3.1. Interest paid classified as financing	-35 330	-36 919	
3.2. Interest received classified as financing	56	60	
4. Dividends paid	-96 964	-96 262	
V. Net change in cash and cash equivalents	703 777	-10 429	
VI. Cash and cash equivalents, closing balance	1 070 708	366 931	

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Fluxys Belgium consolidated income statement	In thousands of €	
	31-12-2022	31-12-2021
Profit/loss from continuing operations	147 305	137 821
Depreciations	168 051	173 993
Provisions	-6 993	7 070
Impairment losses	14 804	21
Earnings from associates and joint ventures	0	0
Dividends from unconsolidated entities	0	0
EBITDA in thousands of €	323 167	318 905

EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortisation or operating profit/loss, before depreciation, amortisation, impairment and provisions, plus earnings from associates and joint ventures and dividends received from unconsolidated entities. EBITDA is used as a reference to monitor the operational performance of the group over time, without taking non-cash costs into account.

Fluxys Belgium consolidated income statement	In thousands of €	
	31-12-2022	31-12-2021
Profit/loss from continuing operations	147 305	137 821
Earnings from associates and joint ventures	0	0
Dividends from unconsolidated entities	0	0
EBIT in thousands of €	147 305	137 821

EBIT: Earnings Before Interest and Taxes or operating profit/loss, plus earnings from associates and joint ventures and dividends received from unconsolidated entities. EBIT is used as a reference to monitor the operational performance of the group over time.

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Fluxys Belgium consolidated balance sheet	In thousands of €	
	31-12-2022	31-12-2021
Non-current interest-bearing liabilities	1 115 772	1 162 091
Current interest-bearing liabilities	56 269	57 432
Cash investments (75%)	-19 585	-34 305
Cash and cash equivalents (75%)	-578 031	-275 198
Other financial assets (75%)	-80 625	-63 974
Net financial debt (in thousands of €)	493 800	846 046

Net financial debt: Interest-bearing liabilities (including lease debts), cash linked to early refinancing transactions and 75% of the balance of cash, cash equivalents and short- and long-term cash investments (the remaining 25% is considered a buffer reserve for operational purposes (working capital) and therefore deemed unavailable for investment). This indicator gives an idea of the amount of interest-bearing liabilities that would remain if all available cash were used to repay loans. In order to reflect reality more accurately, the exceptional solidarity contribution of €300 million has been removed from the cash position when calculating net financial debt. Indeed, this debt was recognised on 31 December whereas it was paid in January 2023, which has a significant influence on the calculation.