

Fluxys Belgium press release

30 September 2024 18:00 CET – Regulated information

Results for the first half of 2024

Information on key events in the first half of 2024

and their impact on the financial situation of Fluxys Belgium

- Regulated revenue totals €296.7 million (first half of 2023: €309.3 million) and net profit is up to €40.6 million (first half of 2023: €34.5 million)
- New tariff methodology 2024-2027 comes into force
- Continued high volumes to Germany and the Netherlands and storage totally full
- L/H conversion finalised
- Additional transmission capacity completely future-proof
- New long-term capacity booked at Zeebrugge LNG Terminal
- 14th package of sanctions against Russia
- On course for first hydrogen and/or CO₂ transmission capacity in 2026
- Fluxys hydrogen appointed hydrogen network operator in Belgium
- Fluxys c-grid candidate CO₂ network operator
- On track for our own climate neutrality

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Key financial data

Income statement	(in thousands of €)	30.06.2024	30.06.2023
Operating revenue		296.745	309.286
EBITDA*		147.878	153.359
EBIT*		70.536	66.123
Net profit		40.587	34.534
Balance sheet	(in thousands of €)	30.06.2024	31.12.2023
Investments in property, plant and equipment		37.144	167.654
Total property, plant and equipment		1.832.001	1.873.286
Equity		560.959	613.413
Net financial debt*		190.182	219.404
Total consolidated balance sheet		3.328.078	3.358.616

* For the definitions and rationale for using these indicators: see annex on p. 9.

Turnover and net profit

The Fluxys Belgium group generated a revenue of €296.7 million in the first half of 2024, a decrease of €12.6 million year-on-year (€309.3 million). Net profit is up from €34.5 million to €40.6 million in line with the new tariff methodology.

The change in the regulated revenue can chiefly be explained by the change in the components covered by the regulated tariffs. The tariff methodology stipulates that reasonable operating costs should be covered by revenue.

The change in the net profit/loss is largely the consequence of the new tariff methodology that applies to the regulatory period 2024-2027.

Investments totalling €37.1 million

In the first half of 2024, investments in property, plant and equipment came to €37.1 million compared to €70.3 million for the same period in 2023. Of this amount, €33.8 million was allocated to transmission-related projects and €2.5 million to terminalling projects.

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Key events

Continued high volumes to Germany and the Netherlands and storage totally full

The geopolitical situation in Ukraine has significantly changed the dynamics of the gas markets and the direction of flows. With Zeebrugge serving as a crossroads, our Belgian network continues to play its role as an energy hub in North-West Europe.

Although demand for natural gas flows from Belgium to Germany and the Netherlands experienced a decline in the first half of 2024 compared to 2023, it still remains significantly higher than before the start of the war in Ukraine.

Border-to-border volumes fell 35% to 133 TWh, while volumes for consumption on the Belgian market dropped only slightly to 79.5 TWh (from 84 TWh in 2023). Flows to Germany fell to 81 TWh (from 124 TWh in 2023), while flows to the Netherlands totalled 36 TWh (compared to 60 TWh in 2023).

Given the new supply situation since the war in Ukraine, the European Union requires member states to ensure, by 1 November each year, that their gas storage facilities are at least 90% full so they can go into the winter with buffers filled as much as possible. The underground storage facility in Loenhout was already completely full by 1 August.

L/H conversion finalised

Dutch exports of low-calorific gas (L-gas) are declining due to the closure of the production field in Groningen. Since 2018, Fluxys Belgium has been adapting its network to gradually switch from L-gas to high-calorific natural gas (H-gas) from other sources and so ensure the continuity of supply. This year, together with distribution system operators Fluvius and Ores, we completed the final phase of the switch to H-gas. This involved approximately 475,000 connections, mainly in the Kempen region, Leuven-Diest, and the provinces of Hainaut, Walloon Brabant and Flemish Brabant. Belgium no longer uses L-gas. Fluxys Belgium will continue to transport L-gas to France in the coming years.

Necessary additional transmission capacity completely future-proof

Additional capacity is needed on the Belgian network to offset the loss of L-gas from the Netherlands, supply the new power plants that are being commissioned and

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maintain substantial flows to Germany. As such, we are laying a new pipeline on the Zeebrugge-Brussels axis. The pipeline is a multi-molecule pipeline and, in light of the energy transition, is completely future-proof. It can be used to transport hydrogen as soon as the market is ready for it.

In late 2023 and early 2024, we commissioned the first pipeline section between Ghent (Desteldonk) and Brussels (Opwijk). This extension will increase transmission capacity from Zeebrugge by 15 GWh/h, equivalent to the energy generated by 15 nuclear reactors. Construction of the second pipeline section running between Zeebrugge (Knokke) and Ghent (Evergem) is scheduled from 2025 onwards, for an estimated investment of over €150 million. The additional pipeline will expand transmission capacity from Zeebrugge by another 5 GWh/h.

New long-term capacity booked at Zeebrugge LNG Terminal

The sharp decline in the Russian supply of gas by pipeline to Europe led to maximum deployment of LNG as an alternative source of supply. Responding to market signals, in June Zeebrugge LNG Terminal offered the market 24 additional unloading slots per year. The market responded very positively and all offered capacity was booked on a long-term basis for the period 2027-2044.

14th package of sanctions against Russia

In late June, a political agreement was reached at EU level on a 14th sanctions package against Russia. The package prohibits the reloading of LNG from Russia for export to non-EU countries from March 2025 onwards. Imports into the EU of LNG of Russian origin and its reloading for delivery at another EU port are still permitted.

As in the past, Fluxys Belgium continues to work in complete compliance with the applicable Belgian, European and international regulations. We will consult with the authorities concerning the actual implementation and follow-up of the sanctions as soon as they come into effect. For more information on the potential impact of the 14th sanctions package on Fluxys Belgium, see 'Financial outlook' on page 6.

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On course for first hydrogen and/or CO₂ transmission capacity in 2026

We are doing everything we can to ensure we can start transmitting hydrogen and/or CO₂ for industry in 2026. The first investment decisions to this end are currently being prepared.

In light of changes to the legal and regulatory framework for hydrogen and CO₂, we have established two subsidiaries: Fluxys hydrogen, which will deal with the development and management of the hydrogen network, and Fluxys c-grid, which will handle the development and management of CO₂ transmission networks.

Since 2021, we have been working closely with a range of stakeholders to gradually develop the necessary hydrogen and CO₂ infrastructure in line with market demand. In this way, we help consolidate Belgium's role as an energy hub to turn it into an international hydrogen and CO₂ hub to benefit the economy in both Belgium and North-West Europe.

- We work closely with **industry and ports** to fully respond to market needs. In June, we signed the Oslo Declaration with 13 major industrial groups, North Sea Port and Port of Antwerp-Bruges. The declaration draws policy makers' attention to the vital importance to industry of the capture of CO₂ and its transport and storage or reuse and the need for policy instruments to support the development of this logistics chain.
- We are working with **neighbouring operators** to establish the necessary interconnections for cross-border flows. In June, we signed an agreement with Creos Luxembourg (Luxembourg) and GRTgaz (France) to step up cooperation on cross-border hydrogen infrastructure.
- We are joining forces with **partners and parent company Fluxys** to develop terminals for the import of hydrogen and infrastructure for the export of CO₂.

Fluxys hydrogen appointed hydrogen network operator in Belgium

Pursuant to the Federal Hydrogen Act of 11 July 2023, our subsidiary Fluxys hydrogen was appointed operator in charge of the development and management of a hydrogen transport network in Belgium.

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Fluxys c-grid: candidate CO₂ network operator

Belgium's regions are the first in Europe to devise a regulatory framework for CO₂. In March, the parliaments in Wallonia and Flanders approved a decree on the transport of CO₂ via pipelines. Our subsidiary Fluxys c-grid is preparing its application to manage the CO₂ transport networks in the regions.

On track for our own climate neutrality

As a company, we aim to be climate neutral by 2050 and are on track to reach our first milestone: halving greenhouse gas emissions by 2025.

In late 2023, the Zeebrugge LNG Terminal saw the commissioning of three additional open rack vaporisers, which use heat from seawater to regasify LNG. The new facilities substantially cut CO₂ emissions at the terminal.

Transactions with related parties

For more information on transactions with related parties, please refer to Note 11 in the condensed half-yearly financial statements 2024.

Financial outlook

2024

In February 2024, Fluxys Belgium and CREG agreed to propose to the market, by way of a public consultation, changes in the tariff methodology for the natural gas transmission network, the natural gas storage facility, and the LNG facility for the regulatory period 2024-2027. These changes were fully accepted by the market, ensure a fair return on capital invested in regulated assets, and allow Fluxys Belgium to make the investments needed to fulfil its duties.

In accordance with the 2024-2027 tariff methodology, the net profit/loss from Belgian regulated activities is determined by various regulatory parameters, including equity invested and financial structure, as well as incentives. The recurring dividend will continue to evolve, primarily on the basis of the parameters above.

Based on the information available at the time of this report, it is extremely difficult to anticipate the future repercussions for the economy of the war in Ukraine. In light of the current understanding of the situation, the essential nature of the company's activities

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and its regulatory framework, we do not currently estimate any significant change to the Fluxys Belgium group's consolidated profit/loss in 2024. It is in line with the pricing methodology and the fair margin determined therein. The group's activities are regulated and the volumes handled by our infrastructure do not ensue in any change in profit to shareholders.

As the war and associated market developments progress, the Fluxys Belgium group could temporarily face unfavourable cash flow consequences if, for example, customers fail to pay for the capacities reserved.

2025

The provisions under the 14th package of sanctions relating to LNG coming from Russia will take effect as of March 2025. They affect a limited segment of the services included in the long-term contracts for the Zeebrugge LNG terminal for handling LNG coming from Russia. The contractual response from customers who have reserved reloading and regasification services for LNG coming from Russia is as yet unclear. It is therefore too soon to determine the potential financial impact.

In this context, we note that a certain number of aspects may limit the potential financial impact. LNG terminalling is regulated and the regulatory framework provides for certain room for manoeuvre in the event of revenue shortfall. Moreover the recent long-term sales of additional LNG unloading slots create a buffer and also show that there is market interest in the LNG terminal's capacity as it becomes available.

Main risks and uncertainties for the second half of 2024

The expected risks and uncertainties for the second half of 2024 have not changed significantly compared to the risk reporting in the Annual Financial Report 2023. See the 'Risk Management' section in the Half-yearly financial report 2024 for more information.

Half-yearly financial report available

The Fluxys Belgium half-yearly financial report 2024, including the condensed financial statements, is available on the [Fluxys Belgium website](#).

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Contacts

Financial and accounting data: Filip De Boeck

+32 2 282 79 89 filip.deboeck@fluxys.com

Press Team

+32 2 282 74 44 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 174 TWh and an underground storage facility.

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Annex: Definition of indicators

EBIT – Earnings Before Interests and Taxes operating profit/loss from continuing operations plus the result of investments accounted for by the equity method and the dividends received from unconsolidated entities. EBIT is used to monitor the operational performance of the group over time.

EBITDA – Earnings Before Interests, taxes, depreciation and amortization operating profit/loss from continuing operations, before depreciation, amortization, impairment and provisions, plus the result of investments accounted for by the equity method and the dividends received from unconsolidated entities. EBITDA is used to monitor the operational performance of the group over time, without considering non-cash expenses.

Netto financiële schuld: Interest-bearing liabilities (including leases), less regulatory liabilities, non-current loans linked to debts, cash linked to early refinancing transactions and 75% of the balance of cash, cash equivalents and short- and long-term cash investments (the other 25% is considered as reserve for operational needs and therefore

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not available for investments). This indicator gives an idea about the amount of interest-bearing debt that would remain if all available cash would be used to reimburse loans.

Consolidated income statement (in thousands of €)	30.06.2024	30.06.2023
Consolidated income statement (in thousands of €)	70.536	66.123
Operating profit/loss	85.599	81.269
Depreciation	-2.780	562
Provisions	-5.477	5.405
Impairment losses	0	0
Earnings from associates and joint ventures	0	0
EBITDA	147.878	153.359

Consolidated income statement (in thousands of €)	30.06.2024	30.06.2023
Operating profit/loss	70.536	66.123
Earnings from associates and joint ventures	0	0
Dividends from unconsolidated companies	0	0
EBIT	70.536	66.123

Consolidated balance sheet (in thousands of €)	30.06.2024	31.12.2023
Non-current interest-bearing liabilities (+)	1.044.081	1.070.311
Current interest-bearing liabilities (+)	69.120	55.336
Term deposits (75%) (-)	-34.150	-24.749
Cash and cash equivalents (75%) (-)	-803.319	-801.170
Other financial assets (75%) (-)	-85.550	-80.324
Net financial debt	190.182	219.404