

## Fluxys Belgium press release

28 September 2022 19:40 CET – Regulated information

### Results for the first half of 2022

Information on key events in the first half of 2022  
and their impact on the financial situation of Fluxys Belgium

- Regulated turnover rose to € 287.4 million (first half of 2021: € 277.9 million) and net profit rose to € 41.1 million (first half of 2021: € 38.3 million)
- Infrastructure and employees operating at full speed
- Energy grid of the future in the making
- Storage over 90% filled
- Transported volumes on the rise
- Efforts to reduce our own climate impact on schedule
- Tariff reduction

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### Key financial data

Income statement (in thousands of €)	30.06.2022	30.06.2021
Operating revenue	287,430	277,900
EBITDA*	153,577	155,290
EBIT*	72,623	68,799
Net profit	41,111	38,319
Balance sheet (in thousands of €)	30.06.2022	31.12.2021
Investments in property, plant and equipment	35,232	50,647
Total property, plant and equipment	1,862,163	1,902,037
Equity	598,126	639,674
Net financial debt*	665,105	846,046
Total consolidated balance sheet	2,894,022	2,634,514

\* For the definitions and rationale for using these indicators: see annex on p. 8-9.

### Turnover and net profit

The Fluxys Belgium Group generated turnover of € 287.4 million in the first half of 2022. This represents an increase of € 9.5 million compared with the same period in 2021 (€ 277.9 million). Net profit rose from € 38.3 million to € 41.1 million. The change in regulated turnover and net profit is mainly due to the evolution of the different components to be covered by the regulated tariffs. This evolution is in line with the tariff proposal and complies with the tariff methodology for 2020-2023.

### Investments totalling €35.2 million

In the first half of 2022, investments in property, plant and equipment amounted to € 35.2 million, compared with € 15.8 million in the first half of 2021. € 19.3 million of these investments went to LNG infrastructure projects and € 15.9 million to transmission projects.

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### Key events

#### Infrastructure and employees operating at full speed

The geopolitical situation in Ukraine has dramatically changed the dynamics on the gas markets and the direction of flows. Demand to send natural gas from Belgium to Germany and the Netherlands is especially high and our commercial and operational staff are doing their very best to ensure our essential service to society even during these extraordinary times.

Our grid has once again confirmed its role as an energy hub for North-West Europe, with the Zeebrugge terminal as an important gateway for both natural gas via pipelines and LNG via ship. This vital role means our infrastructure was used more intensively in the first half of 2022 than ever before.

Fluxys Belgium's activities are regulated. In that context, profits are determined in advance and do not change if more capacity is sold. The increased volumes handled do not bring additional profit to shareholders.

As an essential infrastructure company, the safety and security of our facilities comes first and we monitor our infrastructure 24/7. Given the current context, we are currently operating in a regime of refined precautionary measures.

Given the new context of changed flows, we plan to bolster the Zeebrugge-inland route in the near term by building an additional pipeline between Desteldonk and Opwijk, parallel to the existing pipeline, in order to create additional throughput capacity for Belgium and our neighbouring countries. The investment in additional capacity has particular societal added value in supporting security of supply because the completion of the L-H conversion will mean that no more low-energy gas from the Netherlands will flow into the Belgian market by 2024.

We are also anticipating the energy transition: we will immediately build a future-proof pipeline that, at a later stage, can transport hydrogen and other low carbon molecules from Zeebrugge, inland and to Germany.

#### Energy grid of the future in the making

In the first half of the year, we took major steps forward in our strategy to transform and expand our infrastructure into complementary networks via which we will also carry hydrogen, CO<sub>2</sub> and other molecules.

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Our specific proposals for open-access hydrogen and CO<sub>2</sub> infrastructure on various industrial sites (in Antwerp, Ghent, Liège, Mons and Charleroi) were enthusiastically received by Belgian industry. The market's positive response is giving us clear direction regarding our plans to lay new pipelines and repurpose existing infrastructure. Fluxys Belgium aims to have the first hydrogen and/or CO<sub>2</sub> infrastructure in Belgium in place by 2026.

To achieve this milestone, we are working in close cooperation with our customers, the authorities, distribution system operators, operators in neighbouring countries and other stakeholders. Accordingly, many international companies in the various industrial clusters are collaborating with Fluxys Belgium on the feasibility study for the development of the energy grid of the future.

We are collaborating with Gasunie in the Netherlands and GRTgaz in France to connect hydrogen networks on both sides of the border. We are also studying the transit of hydrogen and other low carbon molecules to Germany. These are important projects that maintain Belgium's role as an energy crossroads in North-West Europe with the molecules of the future and that dovetail seamlessly into a European vision of highly connected hydrogen routes.

At the same time, Fluxys Belgium is fully involved in projects to transport CO<sub>2</sub> from industry in Belgium and neighbouring countries to permanent storage sites or make it available for reuse: a.o. Antwerp@C with the port industry, Ghent Carbon Hub with North Sea Port and ArcelorMittal, and a 1,000-km subsea pipeline from Zeebrugge to Norway with Norwegian energy company Equinor. In so doing, Fluxys is developing essential infrastructure that can help industry to decarbonise its activities.

### Storage over 90% filled

The European Union requires Belgium and the other EU member states to have their gas storage facilities at least 80% full by 1 November this year. Europe wants to go into the winter with buffers filled as much as possible. By 1 September, our underground storage facility in Loenhout – the only one in Belgium – was 92% full.

### Transported volumes on the rise

The volumes transmitted in the network were 38% above those in the first half of 2021. Border-to-border volumes almost doubled to 194 TWh, while volumes for consumption on the Belgian market dropped 18% to 88 TWh.

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Consumption in Belgium in the first half evolved as follows compared to the same period last year:

- Transmission to distribution system operators fell by more than 18%. (49 TWh)
- Directly connected industrial companies purchased 11% less natural gas. (21 TWh)
- Transmission volumes for natural gas-fired power plants dropped by more than 25%. (18 TWh)

### Efforts to reduce our own climate impact on schedule

At our LNG terminal in Zeebrugge, the construction of three additional open rack vaporisers (ORVs) is in full swing. In addition to increasing the end-out capacity, this expansion aligns with the Go4Net0 project to reduce our greenhouse gas emissions. We are on track to reach the first milestone: halving emissions by 2025. And by 2035, we want our operations to be climate-neutral.

An ORV uses the heat from seawater to convert LNG back into gaseous form. This technology replaces traditional heating installations and results in much more efficient energy consumption and significantly lower CO<sub>2</sub> emissions at the terminal.

The project to install the additional open rack vaporisers is on schedule. They will enter service in early 2024.

### Tariff reduction

In line with the tariff methodology, Fluxys Belgium, in consultation with the market and CREG, lowered its tariffs for transmission services by 10% on 1 July. The tariff reduction has no impact on Fluxys Belgium's results.

The reduction corresponds to a total of €45 million over 2022 and 2023 and is in line with the aim pursued by both Fluxys Belgium and CREG of supporting consumers at a time when natural gas prices are high.

### Main risks and uncertainties for the second half of 2022

The expected risks and uncertainties for the second half of 2022 have not changed significantly compared to the risk reporting in the Annual Financial Report 2021. See the 'Risk Management' section in the Half-yearly financial report 2022 for more information.

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### **Transactions with related parties**

For more information on transactions with related parties, please refer to Note 11 in the condensed half-yearly financial statements in the half-yearly financial report 2022.

### **Financial outlook**

Under the 2020-2023 tariff methodology, net profits from Belgian regulated activities are determined based on various regulatory parameters, including equity invested and financial structure, as well as additional permitted return if we achieve certain targets for cost savings and/or emission reductions.

The recurring dividend will continue to evolve, primarily based on these three parameters.

Based on the information available at the time of this report, it is extremely difficult to anticipate the impact of the war in Ukraine on the economy.

In light of the current understanding of the situation, the essential nature of the company's activities and its regulatory framework, at present we do not anticipate any significant changes to the consolidated result of the Fluxys Belgium group in 2022. The group's activities are regulated and the increased volumes handled in our infrastructure do not bring additional profit to shareholders.

### **Impact of the war in Ukraine**

Since the war in Ukraine started in February 2022, various sanctions have been declared against Russia and Belarus, as well as against Russian and Belarusian companies. Fluxys Belgium group in this context is not active in the Russian market nor has investments in Russian companies. Fluxys Belgium group sees no indications for impairment.

In its activities Fluxys Belgium group does business with Russian companies in accordance with European and national gas regulations and fully complies with the sanction regime that has been adopted.



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Given the regulated nature of the group's activities, net income is very limitedly sensitive to any decreases in volumes handled or other elements that may temporarily have adverse effects on cash income.

## Half-yearly financial report available

The Fluxys Belgium Half-yearly financial report 2022, including the condensed financial statements, is available on the [Fluxys Belgium website](#).

## Contacts

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## About Fluxys Belgium

Fluxys Belgium is a Euronext listed subsidiary of energy 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 9 billion cubic meters 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 CO<sub>2</sub>, accommodating the capture, usage and storage of the latter.

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### Annex: Definition of indicators

**EBIT – Earnings Before Interest 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 Interest, Taxes, Depreciation and Amortisation:** 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.

**Net financial debt:** 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 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.



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Consolidated income statement (in thousands of €)	30.06.2022	30.06.2021
Operating profit/loss	72,623	68,799
Depreciation	82,472	84,744
Provisions	-1,517	1,752
Impairment losses	-1	-5
Earnings from associates and joint ventures	0	0
Dividends from unconsolidated companies	0	0
<b>EBITDA</b>	<b>153,577</b>	<b>155,290</b>

Consolidated income statement (in thousands of €)	30.06.2022	30.06.2021
Operating profit/loss	72,623	68,799
Earnings from associates and joint ventures	0	0
Dividends from unconsolidated companies	0	0
<b>EBIT</b>	<b>72,623</b>	<b>68,799</b>

Consolidated balance sheet (in thousands of €)	30.06.2022	31.12.2021
Non-current interest-bearing liabilities (+)	1,133,418	1,162,091
Current interest-bearing liabilities (+)	61,972	57,432
Other financing (non-current) (-)	0	0
Other financing (current) (-)	0	0
Other liabilities (non-current) (-)	0	0
Other liabilities (current) (-)	0	0
Term deposits (75%) (-)	-22,199	-34,305
Cash and cash equivalents (75%) (-)	-425,368	-275,198
Other financial assets (75%) (-)	-82,718	-63,974
<b>Net financial debt</b>	<b>665,105</b>	<b>846,046</b>