shaping together
a bright energy
future

fluxys Annual financial report 2022

#OneteamOnetarget

shaping together
a bright energy
future

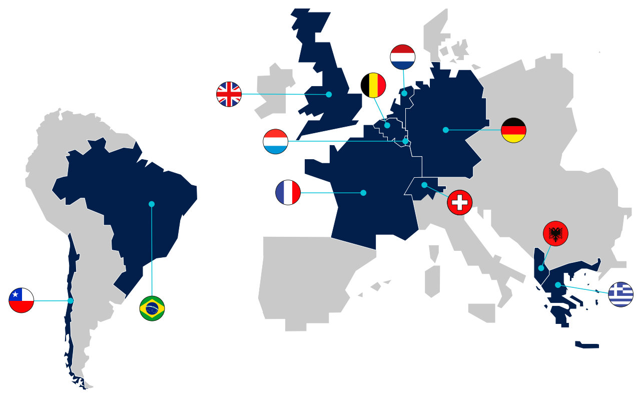
Annual financial report 2022
Fluxys

fluxys

This is who we are

100%

- focus on speeding up the energy transition
- independent infrastructure group headquartered in Belgium
- active in Europe and Latin America



What we're doing to speed up the energy transition

Transmission
- Natural gas & biomethane
- Hydrogen
- CO_2

Storage
- Natural gas & biomethane

Terminalling
- Natural gas & biomethane
- Hydrogen
- CO_2

Our ambition

For the market

30x30x30

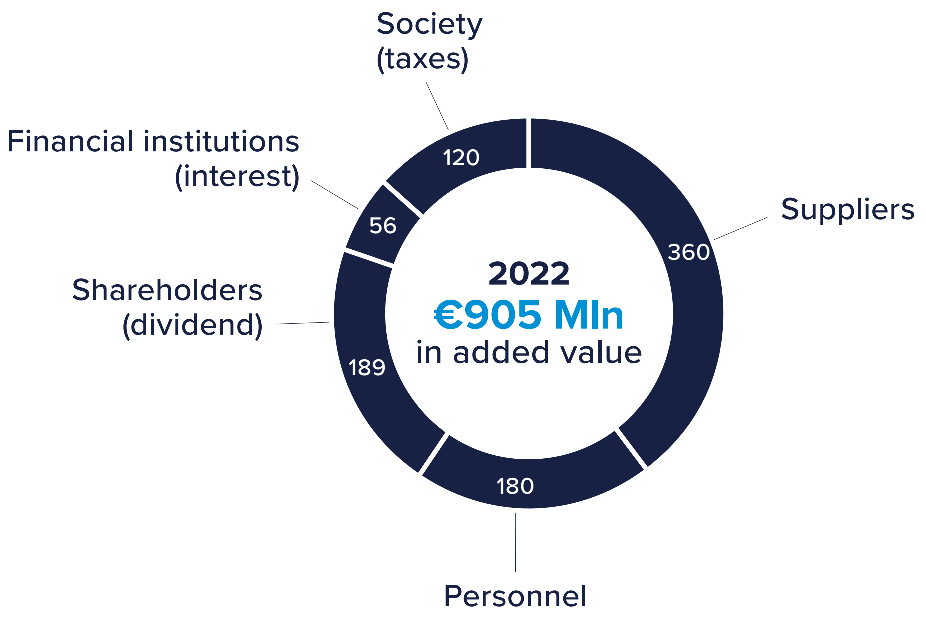
By 2030 provide capacity for annual transport:
30 TWh of hydrogen and
30 million tonnes of CO_2

In our own activities

0%

By 2035 fully climate-neutral

Our contribution to prosperity



Our talents

1301
Employees

20/80
Diversity women/men

147
New employees

81
Number of employees taking on a new role within the company

Our investments in infrastructure

€158 Mln

Contents

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Looking to the future

Acceleration is key and we're fully into our double mission. Creating solutions for large-scale decarbonisation through hydrogen and CO_2 infrastructure. As well as ensuring security of energy supply. That's how we provide continuity while speeding up towards a sustainable future, both for society and for our company.

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The essential infrastructure partner for speeding up the energy transition

Pascal De Buck
Managing Director and CEO

Daniël Termont
Chairman of the Board of Directors

2022 was an eventful year. What implications does it have for the future?

Pascal De Buck *It was a terrible year for the Ukrainian population, and in terms of the violence and suffering that people are enduring. We can only very much hope that this suffering will come to an end as soon as possible. The geopolitical situation has also turned the energy market upside down. The challenge is twofold: both to provide solutions for the security of supply of natural gas for Europe and to resolutely move towards large-scale decarbonisation.*

What does the way forward look like?

Daniël Termont *The message is to speed things up. We have honed our strategy accordingly. As a company, we have both the strength and the mission to be the essential infrastructure partner for speeding up the energy transition. We are developing infrastructure for hydrogen and CO_2 to ensure a rapid scale-up of decarbonisation solutions. At the same time, we will continue to help society with its natural gas supply for as long as that is necessary.*

Pascal De Buck *Together with industry and our partners, we have put our foot on the accelerator. Belgium is the pilot country, but we are also exploring possibilities in other countries. Preparations for the hydrogen and CO_2 infrastructure in the industrial clusters in Belgium has moved forward in double quick time. Cross-border connections with France, the Netherlands and Germany for hydrogen are already being worked on. In Germany we are also looking into infrastructure for a link to Belgium for CO_2. We are all set to develop the necessary hydrogen and CO_2 infrastructure for its Belgian and North-West European economy.*

Why is a multi-molecule system important?

Pascal De Buck *The robustness of a market stands or falls with its diversification. We can see that in the current geopolitical context, as we did during the pandemic. Our strength today lies in the fact that our infrastructure opens up a wide range of natural gas resources. That is something we will maintain into the future. We will do this by using hydrogen infrastructure that gives consumers access to all the options available: production locally or from our neighbouring countries, or from overseas imports. The same applies to the CO_2 infrastructure: we are focusing on various strategies that industry needs, with transmission for reuse and various export possibilities.*

Daniël Termont *LDiversification with inflows from hydrogen production with capture of CO_2 and from overseas hydrogen imports is a cornerstone of tomorrow's security of supply. Green hydrogen from regions with a lot of sun and wind will have to find its way to Europe. By establishing a broader presence outside Europe, we can can build the necessary import chains and use*

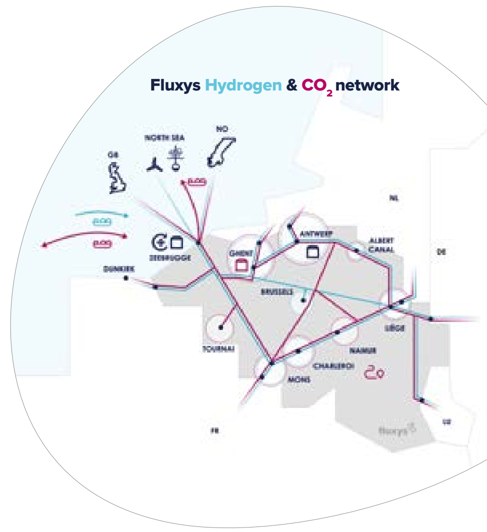
Milestones

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 Europe left no stone unturned to ensure security of supply. The Interconnector pipeline, the flows from Norway and the LNG terminals in Zeebrugge and Dunkirk ensured maximum supply to the Belgian grid. Accordingly, as well as supplying Belgium, suppliers managed to get unprecedented quantities of natural gas to the Netherlands and Germany. The Transitgas pipeline in Switzerland also helped supply Germany. And in Southern Europe, the TAP pipeline and DESFA in Greece were hard at work to ensure needed additional flows.

Multi-molecule system takes shape

Achieving climate neutrality will require flows of hydrogen and CO_2. Together with industry, our partners and neighbouring operators, we have accelerated our pursuit of this objective. In Belgium, pipeline and terminalling projects for hydrogen and CO_2 are well underway in a range of industrial clusters, and in Germany, there are also various collaborative projects involving hydrogen and CO_2 infrastructure. The TAP pipeline and DESFA in Greece are also preparing to facilitate hydrogen transport.



Together with industry and our partners, we have put our foot on the accelerator. We are all set to develop the necessary hydrogen and CO_2 infrastructure for the Belgian and North-West European economy.

Pascal De Buck
Managing Director and CEO

our infrastructure to ensure hydrogen it makes its way to the market.

Optimal diversification also means looking ahead by adopting a future-oriented and integrated approach to the energy system. Electricity from renewable sources, carbon-neutral molecules such as hydrogen, and carbon capture and CO_2 reuse or export must dovetail seamlessly together. If we make our gas and electricity systems work together holistically, we will be in a strong position to efficiently and sustainably meet the huge diversity of demand for energy and raw materials.

Why the ambitious target of offering transmission capacity of 30 TWh of hydrogen and 30 million tonnes of CO_2 a year by 2030?

Pascal De Buck *The climate challenge is enormous and the industry needs solutions to continue to keep its activities and employment geographically where they are. That is why we have to be ambitious. This ambition is also based on the pillars we use to create sustainable value for society and for the company.*

Daniël Termont *LSustainable value creation is a continuous process of gaining a growing understanding in a changing environment. In the years ahead, we plan to further develop that process by involving our stakeholders in an ESG approach. That is the perspective we are starting out from.*

New infrastructure: today for natural gas and ready for hydrogen

Given the new supply situation in Europe, speed and adaptability are the watchwords for new infrastructure as well. In Belgium, 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.

In Germany, preparations have been made to replace part of the TENP infrastructure. The new section of pipeline, which will bolster security of supply, can also be used for hydrogen as soon as the market changes.

Partner in LNG terminal in Chile

Together with institutional investor EIG, Fluxys became an 80% partner in GNL Quintero, the largest LNG import terminal in Chile. The energy transition is high on the agenda in Chile, with ambitious targets for producing green hydrogen from the abundant energy from sun and wind. The Quintero LNG terminal is a key factor in security of supply in central Chile and its infrastructure supports the country's decarbonisation strategy by promoting the improving market for renewables and the coal phase-out.

How will you change the world?

Keeping up the good work and tapping into our innovative side to help build a climate-neutral society. That is the message of our multimedia campaign in which we enthusiastically pursued our search for talent. The results of this speak for themselves, with nearly 150 new colleagues joining our team. Settling in quickly makes all the difference. That's why we provide a warm welcome as part of an innovative onboarding programme.

This is the last annual report which you, as Chairman of the Board of Directors, will present to the Annual General Meeting. Looking back, how do you view your time as Chairman?

Daniël Termont *I have had the privilege of chairing the Fluxys Board meetings for the last 13 years. It has been an honour to take part in developing and implementing our strategy throughout that period. During those years, I have seen our Group's balance sheet total grow from €4 billion to €9.4 billion. Our turnover has increased from €678 million to €1.75 billion and our annual net profit from €118 to €349 million. Our staff numbers have grown from 1,059 to 1,330. These are figures of which we can rightly be proud. Although I am stepping down as chairman, I will remain a member of our governing bodies for a while. With my experience I hope to be able to continue contributing to the exciting period in which our company finds itself. I would like to extend my heartfelt thanks to all those with whom I have worked over the past years, especially CEOs Walter Peeraer and Pascal De Buck for their pleasant and fruitful collaboration. And I would like to take this opportunity to wish my successor every success.*

In the years ahead, we plan to further develop our process of value creation by involving our stakeholders in an ESG approach. That is the perspective we are starting out from.

Daniël Termont
Chairman of the Board of Directors

Progress towards achieving our own climate neutrality

As a group, we are committed to making our own activities climate-neutral by 2035. The first milestone is to halve greenhouse gas emissions from our Belgian activities by 2025, compared to 2017 levels. In 2022, we reached that milestone for methane emissions in our transmission and storage businesses. In the LNG business, three additional open-rack vaporisers currently under construction will reduce the Zeebrugge terminal's emissions.

Belgium-Germany cooperation stepped up further

At the Belgian-German energy summit in Zeebrugge in early 2023, both countries agreed to further increase energy cooperation. The key element in this collaboration is to provide a pipeline corridor to facilitate hydrogen hydrogen between Belgium and Germany.

Ties with Open Grid Europe strengthened

In March 2023, Fluxys became a 24% partner in Open Grid Europe (OGE), the largest transmission system operator in Germany. This acquisition dovetails perfectly with Fluxys' strategy to become the essential infrastructure partner for speeding up the energy transition. Fluxys Belgium and OGE are both pioneers in decarbonisation solutions and are working together to have cross-border hydrogen infrastructure ready by 2028. For CO_2 the two companies are joining forces to create, by 2030, a backbone for transporting CO_2 from Germany via Belgium to permanent offshore storage.

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Our profile:

a purpose-driven company

Everyone and everything needs energy to grow and flourish. People can rely on us to make that energy flow. Day and night, we're there to ensure security of energy supply. And in the meantime, we're getting our infrastructure ready for the years to come. Today, we transport natural gas, tomorrow we'll also be transporting hydrogen and CO_2. That's how we keep people, society and the planet moving.

Our purpose and strategy

Shaping together a bright energy future

We are committed to continuing to build a greener energy future for the generations to come. People, industry and societies all need energy to thrive and progress. Fluxys Belgium accommodates this need: we put energy in motion through our infrastructure.

We move natural gas while paving the way for the transmission of hydrogen, biomethane or any other carbon-neutral energy carrier as well as CO_2, supporting carbon capture, reuse and storage.

together

The energy ecosystem is complex and the demand for energy as a driver of human progress combined with a global need to make energy more sustainable is a challenge that requires everyone to get involved. Redesigning the energy system will not be easy, yet it can be done if we work **together**. Together refers to all our stakeholders: our employees, shareholders, industrial partners, customers, the general public and all actors in the energy system. At Fluxys, we truly believe that cooperation is the key to our success.

bright

Bright: with optimism we dare to say that our infrastructure, with its capacity for green gases such as hydrogen and biomethane, will play a substantial role in the transition to a carbon-neutral energy future for everyone.

future

The word **future** encapsulates a responsibility. With our unique assets as an infrastructure company, we owe it to ourselves to contribute to a greener energy future for the generations to come.

Regarder la vidéo sur notre raison d'être
[lien vers youtube purpose movie]

Our strategy

Regarder la vidéo sur notre stratégie
[lien vers youtube video stratégie NL]

Our context

Market dynamics

In 2022, the European natural gas market felt the effects of the reduction in supplies of Russian gas through pipelines. A new balance between supply and demand was established during the year: on the one hand, imports of LNG (liquefied natural gas) rose sharply; on the other hand, demand for natural gas fell considerably, in particular as a result of the large increase in prices.

Fluxys' infrastructure played an important role in the new power configurations that were necessary to meet the demand for Russian pipeline gas, both for Germany and for Southern Europe.

Climate policy and energy transition

In response to natural gas supply problems, Europe took steps in 2022 not only to improve security of supply in the short term, for example by imposing a gas storage level before winter, but also to speed up the energy transition. Multiple regulatory initiatives pertaining to the European Green Deal have been approved in the meantime, but the 'hydrogen and decarbonised gas market package' has not yet been finalised.

This package is expected to propose a legal and regulatory framework for the role carbon-neutral molecules like hydrogen, biomethane and synthetic methane can play alongside renewable electricity in the energy system of the future. The capture and reuse or storage of CO_2 would be acknowledged as part of the solution needed to achieve climate neutrality.

Several European countries, including Belgium, France, Germany and the Netherlands, have adopted or updated an ambitious hydrogen strategy, sometimes with specific targets for hydrogen production and/or support mechanisms to promote that production.

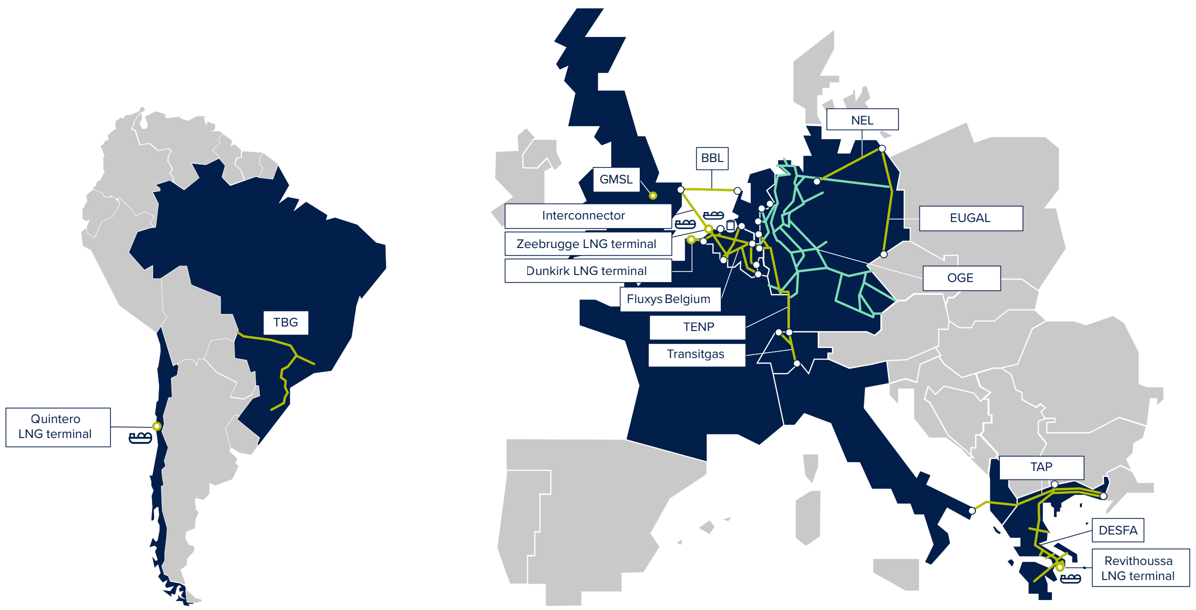
Innovation

In order to shape the energy transition, innovative technologies will have to be rolled out as quickly as possible on a large scale and along various lines, both in terms of the production of renewable and low-carbon energy carriers and in terms of how these will be transported and stored.

For example, industry is fully committed to developing and expanding innovative technologies to produce hydrogen. This hydrogen can then be used directly or as a basic component for other derivative products, such as synthetic methane and synthetic methanol. These synthetic energy carriers can also be produced using the CO_2 captured from industry to establish innovative, circular production processes with a carbon-neutral or even negative footprint.

The molecules for a carbon-neutral future will of course have to be transported and stored, so Fluxys is working hard to make this possible as part of an approach that involves innovatively repurposing existing infrastructure and building new infrastructure as tools for the energy transition.

Where we operate



Transmission

24,000 km

of gas pipelines in operation

Terminalling

380 TWh/year

of LNG regasification capacity, with terminals in Belgium, France, Greece and Chile

Storage

7,610 GWh

of underground gas-storage capacity in Belgium

Our services for speeding up the energy transition

Natural gas & biomethane services

- We will transport natural gas for as long as necessary
- We provide open-access infrastructure connected to as many sources as possible to support security of supply
- In this way we help society make the transition to carbon-neutral energy and raw materials. We are already able to transport large volumes of carbon-neutral biomethane.

Transmission

Storage

Terminalling

The connection to various sources and neighbouring markets, the flexibility of the service offering and the availability of the sales team all make the difference in these turbulent times and this difficult market situation.

Hydrogen services

- We get low-carbon hydrogen to customers in the form of energy and raw material
- We provide open-access infrastructure connected to as many sources as possible to support security of supply
- In this way we help decarbonise industry, power generation and the transport sector.

Transmission

Terminalling

With low-carbon hydrogen we can get our company's emissions to net zero.

CO_2 services

- We transport CO_2 to sites where it can be reused or exported to permanent storage
- We provide open-access infrastructure that offers as many takeaway options as possible
- In this way we help decarbonise industry that engages in carbon capture.

Transmission

Terminalling

We're pleased to be working with Fluxys on CO_2 transmission. It means we can now speed up deployment of our carbon capture technology and move towards net-zero emissions.

Our ambition: By 2030, offer the capacity to transport 30 TWh of hydrogen and 30 million tonnes of CO_2

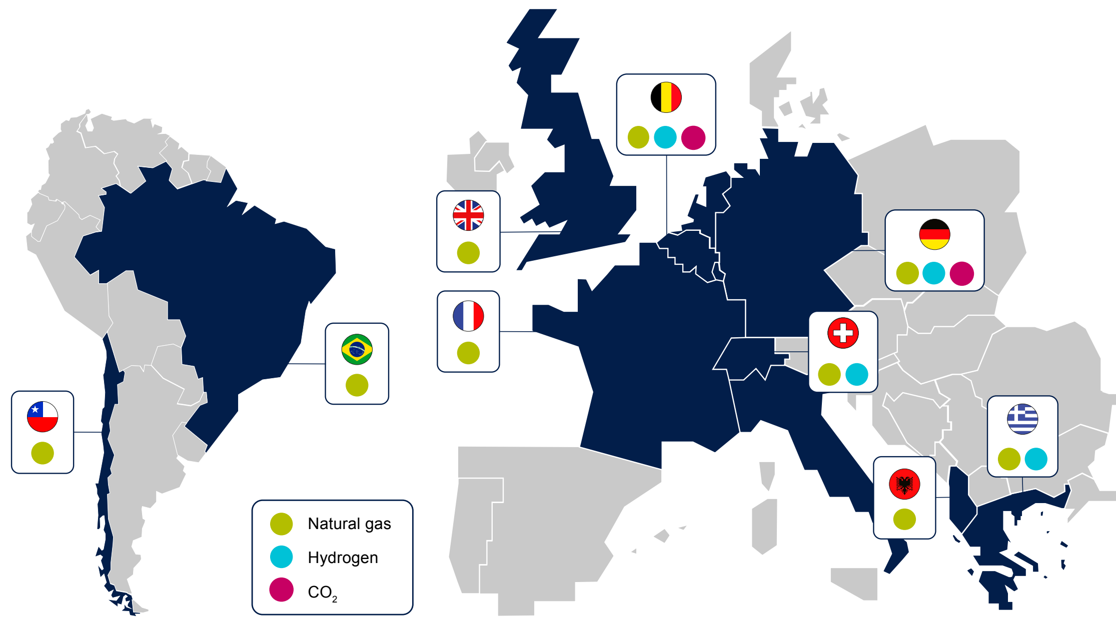
For commercial reasons, the customers quoted here preferred to remain anonymous.

How we are developing our infrastructure into the multi-molecule systems to decarbonise

Thanks to our infrastructure, we are building a bridge to the future. We currently transmit natural gas which, as a low-emission fossil energy source, offers security of supply in the transition to a carbon-neutral society.

Where the market is ready to make the green transition, Fluxys is also ready to go. Ready for the transition to a hybrid energy future in which carbon-neutral molecules, renewable electricity and the capture and reuse or storage of CO_2 complement each other optimally.

This energy transition is different in every country and every continent. The approach and pace depend to a large extent on various factors, including the specific climate, economic and industrial characteristics of each area.



Our people and organisation

Our results and success are based on the commitment and talents of our employees. However, we need to future-proof our organisation and employees against the backdrop of a changing industry. With a view to meeting this challenge, we are committed to strategies that allow employees to adapt to the new way of working and make our transformation a success.

We are evolving into an open, self-learning community of interconnected teams with a common, shared goal: to successfully implement our strategy of being the essential infrastructure partner in speeding up the energy transition. All teams work together to transform future challenges into new opportunities.

Continuous advancement of development and training policy

Our development and training policy focuses on active learning to ensure that employees have the knowledge and skills they require. The training on offer is constantly evolving to keep pace with the company's needs and includes a varied mix of learning/training resources. Fluxys applies the bottom-up principle: employees are expected to take charge of their own development and career, with the support of their managers.

Alignment of competency development with business strategy

Through our performance management, development paths and an annual talent review, we aim to align the competencies of our employees with what the company needs to grow, innovate and successfully deploy its strategy for the energy transition. In the same vein, we encourage internal job mobility and prioritise in-house candidates when seeking to fill vacancies or new positions. The international development of Fluxys also provides opportunities for further career development.

Annual performance-management cycle

Through the performance-management cycle, constructive consultations take place each year at the various levels within the company so that we can translate the corporate goals into personal goals. In the course of the year, these goals are the subject of regular dialogue between employees and their managers. A culture of open feedback is the foundation underlying this dialogue, which is formally supplemented by performance reviews and assessment interviews.

Workforce planning: the annual talent review

Based on its corporate goals, Fluxys uses an annual talent review to assess its future staffing needs so that we can see in our workforce planning which competencies are required now and in the future.

Involvement in business strategy

As an attractive employer, Fluxys sets great store by ensuring that employees are familiar with the business context and the challenges that the company faces, as this fosters personal commitment to the company's vision, strategy and goals. Fluxys Belgium makes special efforts, using a variety of means, to give members of staff a better understanding of what changes are going on in the energy sector, how the company is adjusting its goals and strategy to address these developments, and what these goals mean for each individual staff member.

A future-oriented approach to recruitment

We want what we offer as an employer to be meaningful to employees in exchange for their drive, expertise and competencies. Our purpose shows what we stand for as a company in order to find the right match for future employees.

To ensure the effective onboarding of new colleagues, we launched a shorter recruitment process and an innovative integration programme in 2022, including a new onboarding app and Meet & Greet sessions to promote involvement and interaction as much as possible.

Encouraging diversity

Fluxys encourages diversity without using positive discrimination quotas. Our personnel policy is based on the competencies of individuals. Openness to other realities, other people's ideas and individual differences is a basic requirement expected of every employee.

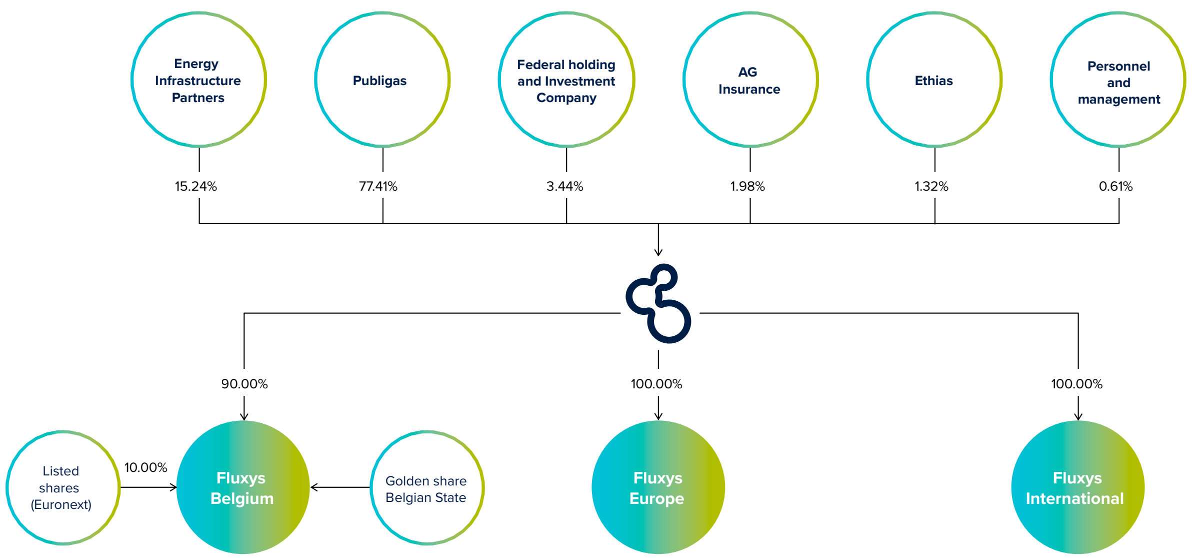
Fluxys uses its Employer Branding communications to target diverse, complementary profiles so that candidates from different backgrounds, views or preferences feel welcome.

Constructive social dialogue

Good industrial relations are vital for company cohesion and business development, which is why Fluxys pursues transparent and constructive social dialogue with all employees and social partners.

Our structure and governance

Our shareholders

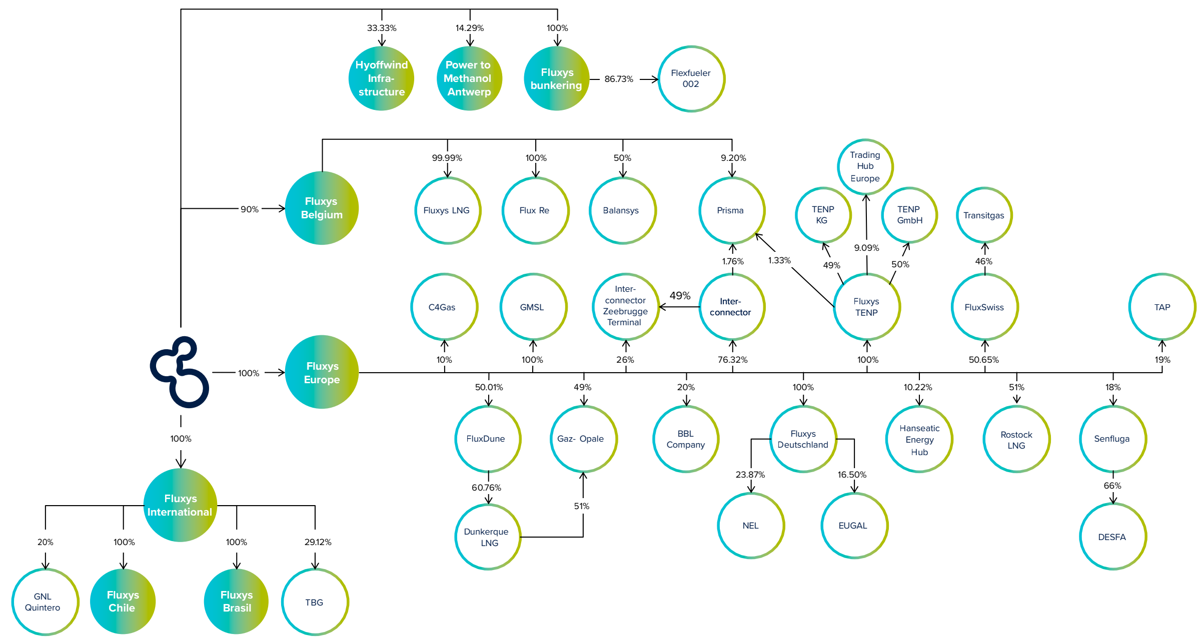


Our shareholders as at 29 March 2023

On 21 February 2023, CDPQ relinquished its entire stake in **Fluxys**, meaning that its shareholder structure at the time of writing is as follows.

- **Publigas** manages the interests of Belgian municipalities in Fluxys.
- **Energy Infrastructure Partners (EIP)** is a Switzerland-based asset manager focusing on long-term investments in high-quality large-scale renewable energy projects and in system-critical energy infrastructure.
- **AG Insurance** is a Belgian insurance company that is part of the international insurance group Ageas.
- **Ethias** is a Belgian insurance group whose shareholders are the Belgian Federal State, the Walloon Region, the Flemish Region and the cooperative society EthiasCo.
- The **Federal Holding and Investment Company** is a federal Belgian holding company set up to manage, on behalf of the Belgian State, shareholdings in public and private companies of strategic economic importance to Belgium.
- Since 2012, **Fluxys group employees and management** have had multiple opportunities to become Fluxys shareholders.

Our structure



Simplified structure of the Fluxys group as at 29 March 2023

Our governance

Our approach to sustainability

Our purpose **Shaping together a bright energy future** reflects our ambition to be an all-encompassing value creator. What this means in practice is becoming clearer year by year. Moreover, the creation of sustainable value by Fluxys as an essential infrastructure company in the energy transition was the subject of even greater focus in 2022.

Thus, the strategic ambition to speed up the energy transition was anchored more firmly in the business model. During a transitional phase, our triple ambition is to support society with its energy needs, develop a multi-gas infrastructure with cross-border links, and explore new green energy chains.

Our subsidiary Fluxys Belgium reports its approach to sustainable value creation in line with Global Reporting Initiative Standards and makes an initial move toward ESG reporting in its 2022 integrated annual report.

Legal aspects

Fluxys is subject to Belgian legislation and as such applies the Corporate Governance Principles in terms of how the company works, including the appropriate handling of potential conflicts of interest, and the establishment and functioning of the Audit Committee and the Appointment and Remuneration Committee.

Ethical Code

Furthermore, Fluxys has established an Ethical Code, describing the principles of integrity, ethics and general conduct that are applicable to all Fluxys employees.

Changes in the composition of the Board of Directors in 2022

At the Annual General Meeting held on 10 May 2022, the directorships of Pascal De Buck, François Fontaine, Andries Gryffroy and Daniël Termont were renewed for a period of six years, until the end of the 2028 Annual General Meeting. Claude Grégoire's directorship was renewed for a period of one year, until the end of the 2023 Annual General Meeting.

Abdellah Achaoui, who had been co-opted by the Board of Directors on 26 January 2022, was permanently appointed as a director by the same Annual General Meeting, and his directorship was also renewed for a period of six years, until the end of the 2028 Annual General Meeting.

Patrick Côté, who had been co-opted by the Board of Directors on 23 September 2020, was also permanently appointed as a director by the same Annual General Meeting for a term that will expire at the end of the 2023 Annual General Meeting. However, Patrick resigned his directorship effective 21 February 2023.

Finally, the Annual General Meeting appointed Gianni Infanti and Koen Van den Heuvel as directors, replacing Renaud Moens and Jos Ansoms respectively, for a six-year term that will expire at the end of the 2028 Annual General Meeting.

Roland Dörig and Tim Marahrens were, after consultation of the Appointment and Remuneration Committee, co-opted by the Board of Directors on 21 February 2023 to replace Patrick Côté and André Boulanger respectively, following their resignation on that same day, for a term expiring at the end of the 2028 Annual General Meeting. A decision on their permanent appointment will be made at the next General Meeting.

Auditor

The Annual General Meeting decided, based on a proposal by the Board of Directors and advice from the Audit Committee, to renew the mandate of EY Bedrijfsrevisoren BV, represented by Wim Van Gasse BV, permanently represented by Wim Van Gasse, for a period of three years.

Its mandate will expire at the end of the 2025 Annual General Meeting and will be subject to an indexed fee of €121,397/year.

In 2022, EY received remuneration totalling €567,340 for its work as the Fluxys NV/SA group's auditor.

EY also performed other tasks worth a total of €66,037.

Composition of the corporate bodies as at 29 March 2023

Board of Directors

- Daniël Termont, Chairman of the Board of Directors
- Claude Grégoire, Vice-Chairman of the Board of Directors
- Pascal De Buck, Managing Director and CEO
- Abdellah Achaoui
- Roland Dörig
- François Fontaine
- Andries Gryffroy
- Gianni Infanti
- Ludo Kelchtermans
- Tim Marahrens
- Josly Piette
- Koen Van den Heuvel

Nicolas Daubies, Dpt. Director Group General Counsel & Company Secretary, acts as secretary to the Board of Directors.

Audit Committee

- Gianni Infanti, Chairman of the Audit Committee
- Ludo Kelchtermans
- Tim Marahrens
- Pascal De Buck, Managing Director and CEO (invited in an advisory capacity)

Nicolas Daubies, Dpt. Director Group General Counsel & Company Secretary, acts as secretary to the Audit Committee.

Appointment and Remuneration Committee

- Ludo Kelchtermans, Chairman of the Appointment and Remuneration Committee
- Roland Dörig
- Gianni Infanti
- Koen Van den Heuvel
- Pascal De Buck, Managing Director and CEO (invited in an advisory capacity)

Anne Vander Schueren, HR Director, acts as secretary to the Appointment and Remuneration Committee.

Management Team

The Management Team is responsible for the day-to-day and operational management of the company. The Management Team also makes investment proposals to the Board of Directors within the framework of the company strategy.

- Pascal De Buck, Managing Director and CEO
- Arno Büx, Chief Commercial Officer
- Christian Leclercq, Chief Financial Officer
- Peter Verhaeghe, Chief Technical Officer

Nicolas Daubies, Dpt. Director Group General Counsel & Company Secretary, acts as secretary to the Management Team.

The Management Team is assisted by an Extended Management Team composed as follows:

- Nicolas Daubies, Dpt. Director Group General Counsel & Company Secretary
- Ben De Waele, Director Affiliates
- Raphaël De Winter, Director New Energy Solutions
- Anne Vander Schueren, Director Human Resources
- Leen Vanhamme, Director Transformation & Sustainability

From left to right:
Ben De Waele, Arno Büx, Leen Vanhamme,
Peter Verhaeghe, Pascal De Buck
Anne Vander Schueren, Nicolas Daubies,
Erik Vennekens, Raphaël De Winter, Christian Leclercq

Our risk management

Enterprise Risk Management

Fluxys' **enterprise risk management (ERM) system** identifies the risks that could have a short, medium and long-term impact on the company, people and the environment.

The risk management system is based on ISO 31000. Risk management is integrated into the company's strategy, business decisions and activities. The risk management system looks at the impact that risks can have from various angles: we not only assess the impact of risks on Fluxys' value creation, operational performance and reputation – we also consider the impact on people and the environment. Risk assessments are done in the short, medium and long term, which also makes it possible to carefully manage the risks associated with climate change.

Process actors

All subsidiaries in which Fluxys is a controlling shareholder identify, analyse and evaluate their risks and indicate how the risks are managed. The management of these subsidiaries maps the main risks, controls and mitigating measures. The Audit Committee examines all key risks, controls and mitigating measures every year.

The Risk Department systematically coordinates and supports the company-wide risk process. This approach is approved by the Audit Committee. The biggest risks are monitored on a quarterly basis.

Internal control process

The *three lines of defence* model is the internal control model used to manage our risks and carry out controls in subsidiaries in which Fluxys is the controlling shareholder.

First line	Second line	Third line
• The first line of de-fence: the depart-ments themselves, • which are responsi-ble for their risks and ensure effective controls and measures.	• The second line of defence: the Risk and Compliance teams as well as, in certain cases, the Finance, Health, Safety and Environ-ment, and ICT Secu-rity departments. • They guide those in the first line in risk management, com-pliance with regula-tions, guidelines and internal rules, budget monitoring and the security of staff, facil-ities, ICT systems and information.	• The independent third line of de-fence: Internal Au-dit, which is respon-sible for monitoring business processes. • Internal Audit per-forms risk-based audits to monitor the effectiveness and efficiency of the internal control system and pro-cesses. The de-partment also per-forms compliance audits to ensure that guidelines and processes are con-sistently applied.

Overview of the major risk areas

Market and regulatory risks	Measures
• Any change in the regulatory framework may have a significant impact on Fluxys' activities, profit and financial position • Drop in demand for natural gas in Europe in the long term due to the energy transition: the risk that part of Fluxys' infrastructure can no longer be used and/or investment is needed to make it future-proof	• Investment programme with projects to achieve decarbonisation goals while gradually reconfiguring the existing network as part of a carbon-neutral energy system • Monitoring the market by continuously adapting existing services and/or developing new services needed by the market at competitive prices • Digital technology allows existing business models and processes to be optimised or renewed in order to process larger volumes of short-term bookings as automatically as possible • Investments outside Europe in regions seeing sustained growth in natural gas demand and in infrastructure or projects supporting the energy transition

Geopolitical risks	Measures
Fluxys' assets are predominantly located in Europe. Geopolitical events may af-fect the European market.	Geopolitical developments are closely monitored and if they have an impact on supply flows to Europe, alternative sce-narios are devised to ensure that our infrastructure best meets supply needs

Industrial risks	Measures
• Industrial incidents and some cyber incidents can damage Fluxys infrastructure, endanger people's safety, cause unavailability impacting service continuity, and result in financial loss • Carbon emissions may have a financial impact	• The Fluxys subsidiaries responsible for operating the infrastructure take pre-ventive, detective and reactive measures to ensure the safe and reli-able operation of the infrastructure and manage the associated risks • The security of the critical systems is monitored according to the Europe-an NIS Directive on cyber security in all operational entities. Programmes are also being rolled out to raise em-ployees' awareness and train them in cyber security, alongside a range of technical measures and tests to practise responding to cyber attacks. • Aim to make our own activities cli-mate-neutral by 2035

Project risks	Measures
Project delays, budget overruns and risks related to acquisition and implementa-tion projects	• Risk assessment and monitoring • Strict monitoring of the progress of projects, audits conducted by third parties

Financial risks	Measures
• Counterparty risk (concentration risk and credit rating) • Changing conditions on the capital markets (liquidity risk) • Exchange rate and interest rate risks	• Financial monitoring of counterparties by monitoring their claims and analysing their credit rating, liquidity, solvency and reputation • Insurance • Warranties from suppliers and customers • Fluxys' policy to maintain its privileged access to capital through appropriate and confirmed credit lines, a strong network of banks and investors, and solid financial parameters for the company's credit position that make Fluxys a reliable counterparty for banks • Covering and monitoring of exchange rate and interest rate risks

Corruption risks	Measures
Corruption having a negative impact on the company's business reputation and/or financial results	• Fluxys staff are subject to the group's Ethical Code, company regulations, collective bargaining agreements and specific procedures • Suppliers are subject to the terms and conditions of purchase with specific provisions on corruption • Monitoring process to ensure that customers, suppliers, agents, consultants, etc. comply with anti-corruption and anti-bribery regulations • Specific internal checks followed up at least every two years by Internal Audit

Human rights violations risks	Measures
Violation of human rights having a negative impact on the company's business reputation and/or financial results	• Staff: provisions in our Ethical Code, work regulations, collective bargaining agreements and specific procedures • Suppliers: human rights provisions included in the terms and conditions of purchase

Human capital risks	Measures
The inability to attract, retain and future-proof talent in a changing landscape	• Continuous advancement of devel-opment and training policy • Alignment of competency develop-ment with business strategy • Workforce planning to map out future needs • A future-oriented approach to re-cruitment

Risks due to lack of diversity	Measures
A lack of diversity in the workforce can lead to a business organisation that lacks the necessary skills, talents and experience.	• Equal opportunities policies that en-courage diversity by promoting fair-ness, merit, personal development, work-life balance and shared respon-sibility

Impact of the war in Ukraine

Since the outbreak of war in Ukraine, various sanctions have been imposed against Russia and Belarus, as well as against Russian and Belarussian companies. In this context, Fluxys Group is not active on the Russian market and has no investments in Russian companies. Fluxys Group therefore sees no indications of impairment losses.

In its activities, Fluxys Group conducts business with Russian companies in accordance with European and national gas regulations and operates in full compliance with the sanctions regime.

Fluxys LNG and Fluxys Deutschland are the Group companies with the largest exposure to Russian gas flows under long-term contracts. For Fluxys LNG there have been no changes to regular flows or payments so far.

At Fluxys Deutschland, the current long-term contracts were terminated on 1 January 2023 and the capacity thus released made available to the market. This may lead to a temporary reduction in Fluxys Deutschland's economic contribution, but the regulatory framework is such that the company's permitted revenues are maintained over time.

Based on the current situation Fluxys' net profit generally is subject to very limited decreases in sold capacity because the vast majority of the Group's activities are regulated. Depending on how the war develops and on the duration and scope of the sanctions, Fluxys Group may temporarily face adverse consequences on cash income if customers default on payments for booked capacity.

Key financial data for 2022

Key financial data for 2022 (consolidated)

Income statement (in thousands of €)	31.12.2022	31.12.2021
Operating revenue	1,739,777	1,136,297
EBITDA*	989,145	809,533
EBIT*	497,009	394,558
Net profit	349,358	247,094

Balance sheet (in thousands of €)	31.12.2022	31.12.2021
Investments in property, plant and equipment for the period	158,456	100,886
Total property, plant and equipment	5,036,033	5,213,095
Equity	3,881,970	3,607,949
Net financial debt*	1,597,819	2,320,786
Total consolidated balance sheet	9,367,942	8,042,330

Financial ratios	2022	2021
Solvency: Ratio of (i) net financial debt* and (ii) the sum of equity and net financial debt*	29%	39%
Interest coverage: Ratio of (i) the sum of FFO* and interest expenses and (ii) interest expenses	21.0	10.2
Net financial debt*/extended RAB*: Ratio of (i) net financial debt and (ii) extended RAB	26%	37%
FFO*/net financial debt*: Ratio of (i) FFO and (ii) net financial debt	85%	26%
RCF*/net financial debt*: Ratio of (i) RCF and (ii) net financial debt	73%	17%

Indicators	31.12.2022	31.12.2021
RAB* (in millions of €)	6,230.6	6,343.1
- Transmission	2,941.1	2,925.9
- Storage	228.0	228.8
- LNG terminalling (in Belgium)	305.7	303.0
Property, plant and equipment outside RAB* (in millions of €)	2,755.7	2,885.3

* See glossary on page 211

Fluxys NV/SA – 2022 results (consolidated)

Consolidation scope

Some noteworthy changes in the consolidation scope and shareholdings in the 2022 financial year are summarised below:

- Acquisition of a minority interest (20%) in GNL Quintero (via a 25% interest in Condor Energy Holdings III, which indirectly holds an 80% interest in GNL Quintero). GNL Quintero is consolidated using the equity method, with an impact on the Group result as of the second half of 2022.
- Creation of Fluxys Chile (100%), which is exploring further development opportunities in Chile with no significant impact on the consolidated accounts.
- The interest in HEH via Fluxys Germany Holding GmbH decreased by 1.13% with no significant impact on the consolidated accounts.
- The interest in Boostheat was sold to HBR Investment Group.

Operating revenue

The Fluxys Group's operating revenue, including movements of regulatory assets and liabilities, rose sharply: €1,739.8 million in 2022 compared to €1,136.3 million in 2021.

This increase is mainly due to the development of the gas transmission business: UK (up €67.2 million), Belgium (up €325.9 million), Germany (up €54.7 million) and Switzerland (up €57.2 million).

Turnover consists of:

- €900.3 million from transmission, storage and terminalling and associated activities in Belgium, or 51.8% of total operating revenue, and;
- €839.4 million from activities outside Belgium, or 48.2% of total operating revenue.

EBIT

Fluxys Group generated EBIT of €497.0 million in 2022, up €102.4 million on 2021 (€394.6 million). This increase is mainly due to the larger contribution of the International segment as a result of sales.

Net profit

Fluxys Group's net profit increased to €349.4 million in 2022 compared to €247.1 million in 2021, an increase of €102.3 million.

Fluxys' share in the net profit was €263.3 million in 2022, compared to €194.3 million in 2021, an increase of €69.0 million.

This reflects the change in EBIT.

Investments in infrastructure projects

In 2022, Fluxys Group continued to invest in infrastructure in its three core businesses (transmission, storage and LNG terminalling). Investment in Belgium (€105.5 million) mainly pertained to the maintenance of facilities and partly to the increase in the regasification capacity, while material investments outside Belgium (€53.0 million) pertained mainly to facilities in Germany, as well as BBL and Interconnector.

Financial participations

The acquisition of a minority interest in GNL Quintero was Fluxys Group's main investment in 2022.

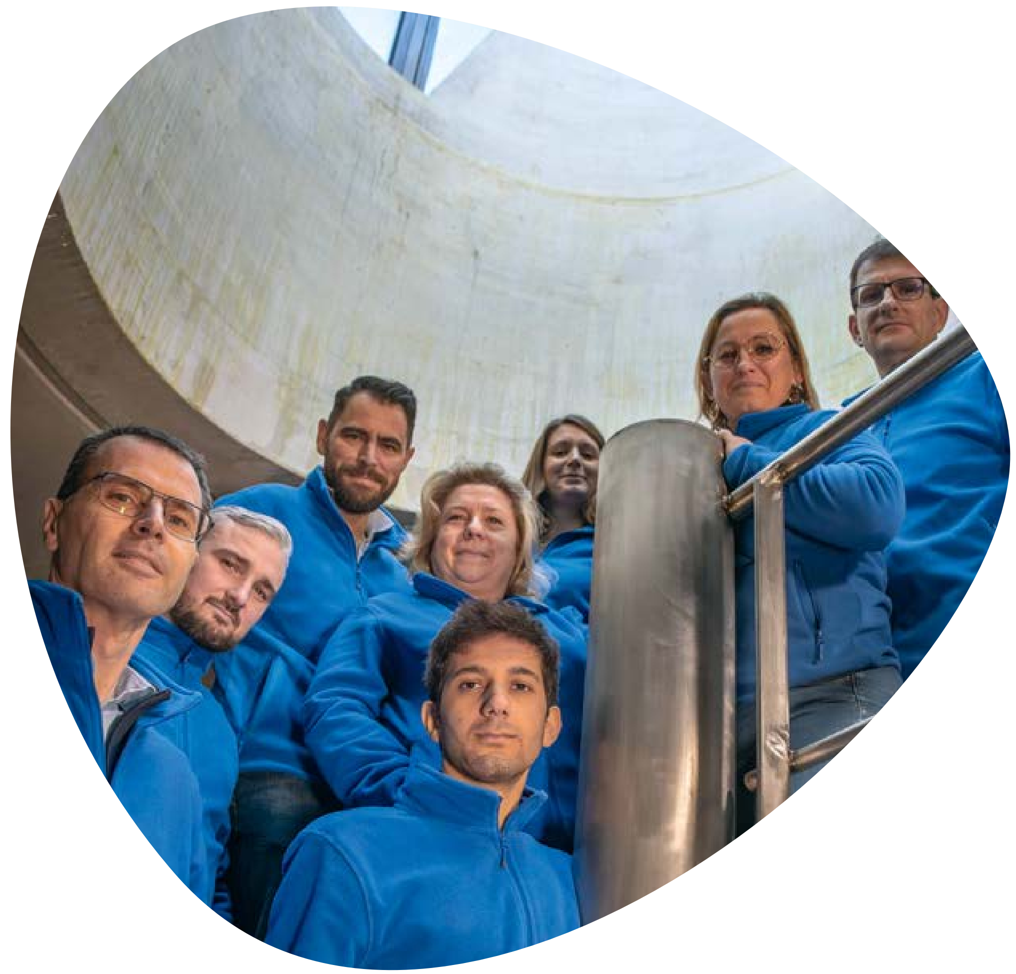
Fluxys NV – 2022 results (under Belgian accounting standards)

Fluxys' net profit amounted to €151,270,000, compared to €149,724.000 the previous year. The company's profit primarily consists of dividends paid out by Fluxys Belgium and Fluxys Europe.

If the proposed profit appropriation is approved by the Annual General Meeting, the total gross dividend will be €143,653k for financial year 2022, an increase of 3.2% compared to 2021.

Outlook for 2023

Based on the information available at the time of this report, it is extremely difficult to anticipate the economic impact of the war in Ukraine. In light of the current understanding of the situation, the essential nature of the company's activities and its regulatory framework in certain countries, it is currently difficult to estimate what the impact the war, the measures taken and any ensuing market developments will have on Fluxys Group's consolidated results in 2023. (see 'Our risk management – Impact of the war in Ukraine, p. 29).



Legal and regulatory framework

Europe

Since 3 March 2011, the European natural gas market has been regulated by the EU's third energy package:

- Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC (the Third Gas Directive);
- Regulation (EC) No. 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No. 1775/2005 (Second Gas Regulation);
- Regulation (EC) No 713/2009 of the European Parliament and of the Council of 13 July 2009 establishing an Agency for the Cooperation of Energy Regulators (the ACER Regulation).

In late 2021, the European Commission published its Proposal for a Directive of the European Parliament and of the Council on common rules for the internal markets in renewable and natural gases and in hydrogen, as well as its Proposal for a Regulation of the European Parliament and of the Council on the internal markets for renewable and natural gases and for hydrogen. These legislative texts are expected to be finalised and adopted by the end of 2023. It is expected that with this there will be introduced a regulated framework for the European markets in renewable gas and hydrogen, along the lines of the existing framework for natural gas.

New EU regulations adopted in 2022 against the backdrop of the European energy crisis that hit in the course of the year

Against the backdrop of the gas market in 2022, a number of legislative texts were adopted at European Union level to ensure security of supply for the EU and its Member States:

- Regulation (EU) 2022/1032 of the European Parliament and of the Council of 29 June 2022 amending Regulations (EU) 2017/1938 and (EC) No 715/2009 with regard to gas storage; in this connection, it is worth pointing that in late 2022, Fluxys Belgium was certified as a storage facility operator in accordance with Article 2 of that Regulation;
- Council Regulation (EU) 2022/2576 of 19 December 2022 enhancing solidarity through better coordination of gas purchases, reliable price benchmarks and exchanges of gas across borders.
- Council Regulation (EU) 2022/2578 of 22 December 2022 establishing a market correction mechanism to protect Union citizens and the economy against excessively high prices.

One of the aims of these various EU regulations is to optimise the use of natural gas infrastructure with a view to contributing to the security of the natural gas supply. Fluxys Group supports this objective and has made the appropriate adjustments to the regulated contracts in order to transpose the various measures provided for by these regulations.

Setting natural gas tariffs

General information

On 16 March 2017, a network code for tariffs (TAR-NC) was adopted by Regulation (EU) No. 2017/460 of the European Commission. This aims to achieve a harmonised transmission tariff design structure for gas transmission in Europe and provides a range of requirements regarding publication of data and communication on tariffs. This code was implemented for the first time for the current tariff period (2020-2023 in Belgium) and will be implemented again for setting tariffs for the next regulatory period (2024-2027 in Belgium).

Within Fluxys Group, there are entities that are regulated (Fluxys Belgium, Fluxys LNG, Fluxys Deutschland & Fluxys TENP, DESFA), entities that are exempted from regulation for a certain period (Dunkerque LNG, TAP), entities operating under a merchant model (Interconnector, BBL Company) and, lastly, entities that are not regulated (FluxSwiss, GMSL et GNL Quintero). TBG in Brazil operates under a regulated system inspired by the EU model.

Principles

Revenue principle for transmission/storage activities in regulated entities within the EU

Transmission is a regulated tariff activity within the EU. Gas storage and terminalling activities are also regulated in Belgium. Under the main principle of regulation, revenue must be sufficient to cover the eligible costs and allow shareholders to obtain a fair return (depending on the allocated regulated equity and, usually, the government bond return). In this context, revenue must be fixed, taking into account the following:

- Operating charges (including charges for new investments);
- Authorised depreciation (including depreciation for new investments);
- Cost of debt (including costs for new investments); and
- Fair margin for shareholders (including margin for new investments).

Explanatory note on regulated revenue

Regulation provides for regulatory periods of fixed duration (e.g. four years in Belgium and Greece, and five years in Germany). Before the regulatory period begins, the transmission system operator (TSO) submits a budget for the regulatory period or a reference year is selected (covering operational expenses, authorised depreciation, cost of debt and fair margin).

Annual capacity sales (Q) are estimated too. The unit tariff (T) is then calculated by dividing the sum of the budgeted revenues, taking into account any use or appropriation of the adjustment account and any 'inter-TSO compensation' (in Germany only), by the sum of estimated capacity sales for the period. The resulting tariff must be applied to all contracts with customers over the agreed period (single tariff for each regulated service). If the demand for capacity exceeds the available capacity (congestion), then auction premiums are generated on top of the tariff. Those premiums are placed in a specific regularisation account in accordance with the network code for tariffs to support investments and tariffs in the future.

The actual figures for a year may differ from the budgeted amounts for the tariff calculation. A settlement is therefore made each year, whereby the actual figures are compared with the authorised figures and certain differences are transferred to/from the adjustment account (the mechanism and timing for using the adjustment account is different in the applicable regulations in each country).

For instance, if the revenue invoiced to customers (cash revenue), which is calculated as actual volume sold x applied tariff, is higher than the authorised regulated revenue (sum of the actual costs to be covered minus the aforementioned components), the surplus must be transferred from profit and loss and credited to the adjustment account (as regulatory debt). A surplus may arise for several reasons, such as (non-exhaustive list):

- Lower operational costs (in Belgium and Greece);
- Items based on the quantity of gas actually transported;
- Capacity sales.

Conversely, if the revenue invoiced to customers (cash revenue) is lower than the sum of the actual costs to be covered, the shortfall is booked to debit in the adjustment account (as regulatory receivables) in IFRS.

As a result, the profit and loss will only show the regulated authorised revenue (invoice (cash) revenue plus/minus adjustment account movements).

Some regulators draw a distinction between manageable operational expenses and non-manageable operational expenses. Manageable operational expenses are those expenses that may be managed by the company, whereas non-manageable expenses are beyond the company's control.

As an incentive, part or all of the difference between the budgeted amount and the actual amount of the manageable operational expenses can be allocated to the margin and the other part appropriated to the adjustment account.

In addition, the Fluxys group buys and sells a commodity (gas) for balancing purposes. Balancing means buying or selling gas to ensure that the system remains within safe operating limits. This activity is fully regulated.

Revenue principle for terminalling activities in regulated entities within the EU

Regulation is applied to terminalling activities in the same way as to transmission/storage activities. However, some investments may be remunerated via an IRR (Internal Rate of Return) model, as is the case in Belgium.

Differences between authorised and actual figures are handled using a similar approach to the approach outlined for transmission/storage activities. All operational expenses of the terminalling activity are considered to be non-manageable costs in Belgium.

Exempted entities and regulation for interconnectors

In some countries, the regulator provides, under certain conditions, an exemption from regulation for a fixed period. These exemptions stimulate new investments in transmission/storage/terminalling infrastructure by allowing long-term contracts to be concluded with interested shippers. This was the case for TAP, Dunkerque LNG and BBL Company VOF until November 2022, and was also the case for Interconnector until September 2018. However, after the exempted period, regulation is applicable as previously described.

Entities like Interconnector and BBL Company VOF are subject to a specific form of regulation for interconnectors, such as a merchant model. This model requires compliance with all the general principles of a regulated market, but gives the entities some degree of commercial flexibility, including with regard to the revenue generated. For instance, Interconnector's net profit is capped. If the net profit exceeds the cap, the surplus is recorded as a regulatory debt to the market. The cap is set for a specific period and may be reviewed by the regulator if the entities can prove that it does not allow them to cover operational expenses, depreciation and a fair margin for their shareholders.

Non-regulated revenue

The natural gas market in Switzerland is not currently regulated. Consequently, FluxSwiss's revenue from capacity provision for gas transmission is not subject to EU regulation.

Alongside capacity provision services, Fluxys Group also provides additional services, such as operational support via GMSL. These services are not regulated and their prices depend on the contracts and the market environment.

OneteamOnetarget

Secure

Our transmission, storage and terminalling services keep society strong. In this challenging transition to climate neutrality, we're going all out to ensure the essential inflow of energy. Our commitment to security of energy supply is at the heart of everything we do today, as well as tomorrow.

Supporting maximum security of supply

The geopolitical situation has profoundly changed the dynamics of gas markets and the direction of flows in Europe. Throughout the year, our teams across Europe left no stone unturned to ensure security of supply. Together with neighbouring transmission system operators, they found ways to offer maximum physically available capacity in accordance with the new flow configurations.

1 Interconnector

Ample flows to Belgium

- Usually, gas in the Interconnector pipeline flows to the United Kingdom in the winter and to Belgium in the summer.
- In 2022, abundant natural gas flowed to Belgium throughout the year: 169 TWh in total, the largest quantity since 2015.

2 LNG terminal in Dunkirk

Additional quantities to France and Belgium

- Together with its long-term customers, the LNG terminal in Dunkirk provided additional unloading slots to allow more ships to dock. The teams also succeeded in increasing send-out capacity from the terminal.
- 75 TWh flowed to France from the terminal, more than twice as much as in 2021.
- Flows to Belgium were more than three times as high as in 2021: 69 TWh.
- For the period 2023-2025, the terminal sold the remaining capacity of 40 TWh per year.

3 BBL

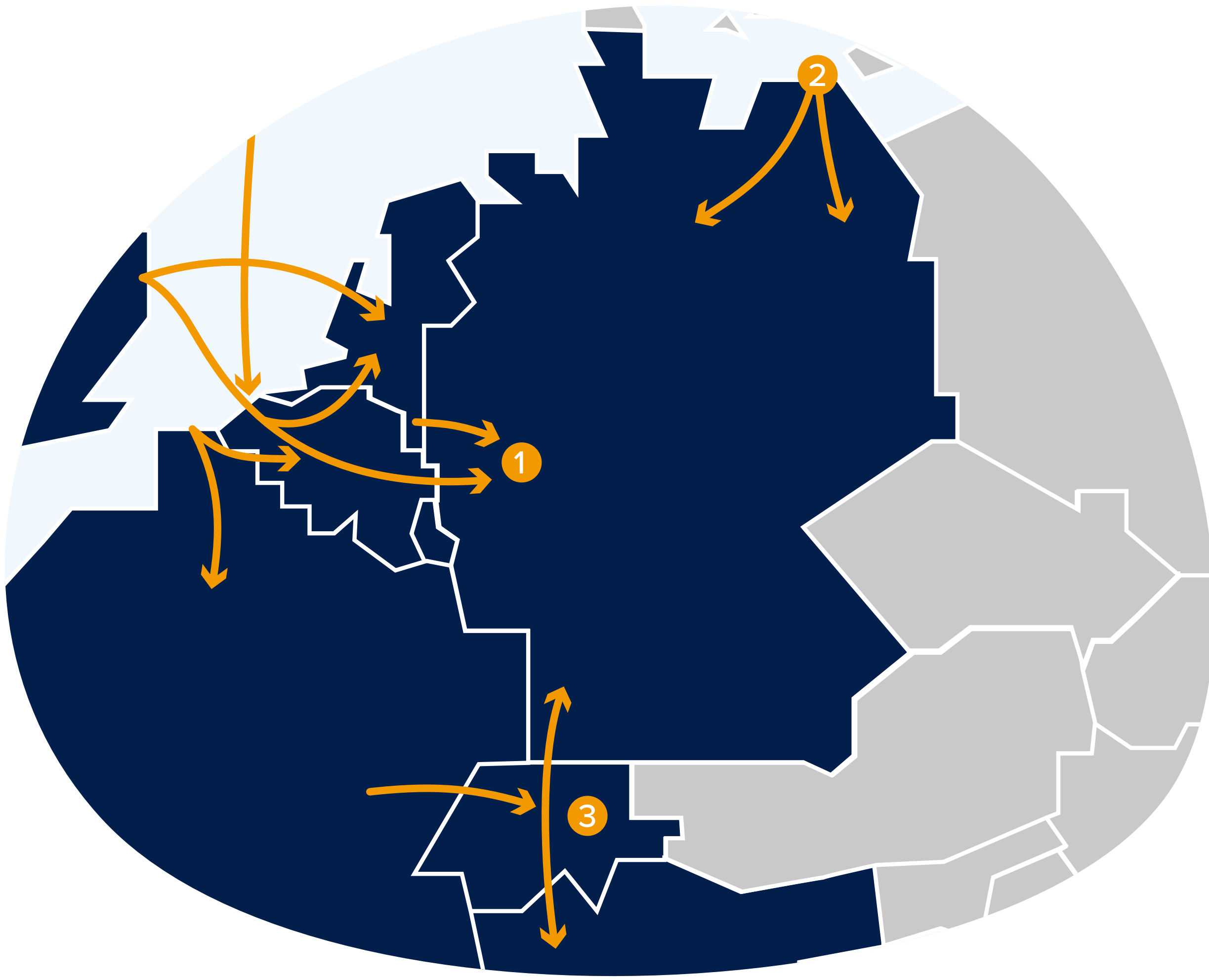
Large flows to the European mainland too

- Just like with the Interconnector pipeline, the BBL pipeline also carried large quantities from the United Kingdom to the European mainland: almost 40 TWh, approximately 100 times more than in 2021.

4 Fluxys Belgium

Record volumes to Germany and the Netherlands

- The Belgian network once again confirmed its role as an energy hub, with the Zeebrugge area as an important gateway for both natural gas via pipelines and LNG via ship.
- In the Zeebrugge area, particularly high flows came in from Norway, the United Kingdom, France and the LNG terminal, which, together with its long-term customers, provided additional unloading slots to allow more ships to dock.
- As well as supplying Belgium via the Belgian network, suppliers managed to get unseen high quantities to the Netherlands and Germany. Compared to 2021: thirteen times as much to Germany (256 TWh) and more than twice as much to the Netherlands (145 TWh).
- In Belgium, we also 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. The Desteldonk-Opwijk will commission in late 2023.



1 Fluxys TENP

Powerhouse for security of supply in Germany

- The TENP infrastructure provided fundamental support for security of supply in Germany.
- From the west, the TENP infrastructure brought in particularly high volumes via Belgium (158 TWh) and the Netherlands (149 TWh).
- From the south, 17 TWh entered Germany via TENP from the Transitgas pipeline in Switzerland.
- The TENP system also transported 33 TWh south to Switzerland during the year.
- At the same time, preparations have been made to replace part of the TENP infrastructure. The new section of pipeline, which will bolster security of supply for Germany, is scheduled to go into operation in phases in 2024-2025 and can be used for hydrogen as soon as the market switches to the molecule.

2 Fluxys Deutschland

NEL and EUGAL pipelines ready for supply from floating LNG terminals

- In Germany in 2022, various projects were quickly set in motion to supply LNG as a replacement for pipeline gas from Russia and bring it into the country via floating LNG terminals (floating storage and regasification units – FSRUs).
- Preparations were made for the NEL and EUGAL pipelines to transport natural gas inland from different FSRUs via Lubmin. The first FSRU came onstream in January 2023 and a second is scheduled to go onstream by the end of 2023.
- Furthermore, the NEL and EUGAL pipelines also transport natural gas from the Northwest to the East and South of Germany and to the Czech Republic.

3 FluxSwiss

Transitgas pipeline key role between north and south

- The Transitgas pipeline once again played its vital role as a key infrastructure linking north and south, with extraordinary volumes arriving from France.
- Depending on the supply and demand situation in Germany and Italy, the pipeline carried the natural gas to flow south or north.

1 DESFA

Fast-tracked with additional LNG

- DESFA is a 20% partner in the project for a floating LNG terminal in Alexandroupolis and the final investment decision for the project was taken in early 2022. The FSRU is scheduled to begin operation in late 2023 or early 2024.
- As an immediate alternative to support security of supply in Greece and Bulgaria, DESFA chartered a floating LNG storage terminal with berth at the LNG terminal in Revithoussa.
- In so doing, DESFA ensured 60% more LNG imports than the year before and transit to Bulgaria tripled.

2 TAP

Flows to Europe up 40%

- The Trans Adriatic Pipeline (TAP) increased flows to Europe by some 40% to 126 TWh compared to 2021.
- By 2026, capacity in the pipeline will rise by approximately 14 TWh per year. This stems from the positive binding response to the market consultation on the market's interest in additional capacity in the pipeline. TAP expects to conduct another binding market consultation in 2023 on the market's interest in additional capacity.

1 TBG

Now also connected to future LNG supply

- The TBG pipeline provides access to natural gas production in Bolivia and Brazil for the main consumption centres in Brazil.
- Since 2022, the pipeline is also connected to future LNG supply via the floating LNG terminal that New Fortress Energy is developing in Santa Catarina.

2 GNL Quintero

Security of supply for Central Chile

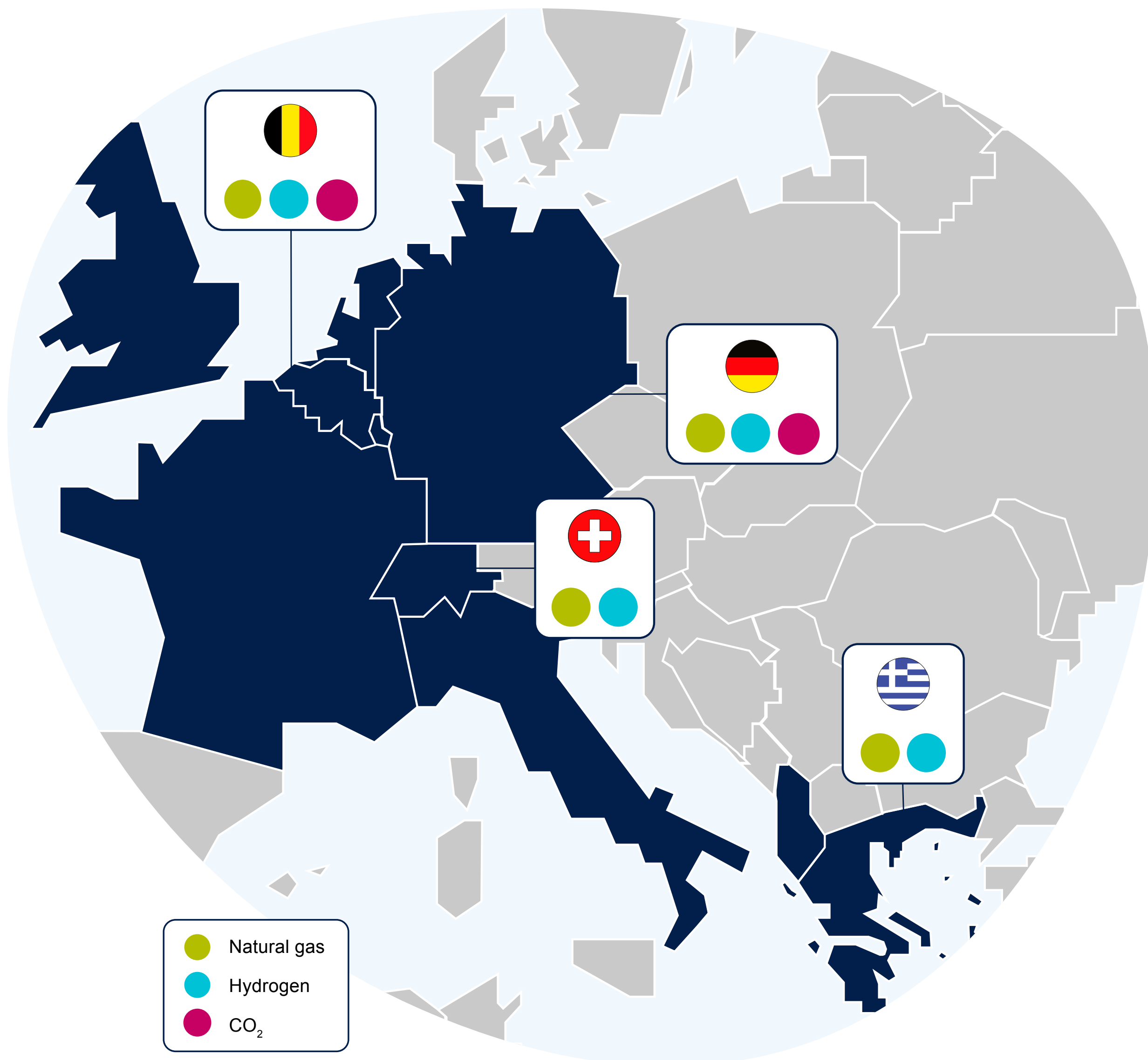
- The Quintero LNG terminal is a key factor in security of supply in central Chile and its infrastructure supports the country's decarbonisation strategy by promoting the improving market for renewables and the coal phase-out.
- The terminal plays par excellence its central role in security of supply during the winter period: in June 2022, the installation injected up to 158 GWh per day into the grid.

OneteamOnetarget

Expand

CO_2 emissions need to drop sharply. That's why we're expanding our infrastructure into a multi-molecule system with highways for hydrogen and CO_2 to decarbonise the economy. This is our essential contribution to climate objectives.

Giving our all for the infrastructure to help Europe decarbonise



Belgium

In Belgium, Fluxys is all set to develop the necessary hydrogen and CO_2 infrastructure for the national and North-West European economy: see Belgium all set to become tomorrow's multi-molecule hub, p. 52.

Switzerland

Transitgas and FluxSwiss are mapping out the central role that the Transitgas pipeline can play in the future for the transit of green hydrogen that can be imported into Southern Europe from North Africa. These transit flows also lay the foundation for the quantities of hydrogen that Switzerland will need.

Greece

In Greece, DESFA developed a proposal for the appropriate transport infrastructure to connect supply and demand for hydrogen. This proposal is the starting point for a growing hydrogen network in Greece and neighbouring countries.

Germany

In Germany, Fluxys TENP and Fluxys Deutschland are actively involved in the long-term approach for developing **hydrogen transport infrastructure on the mainland** within FNBGas, the association of gas transmission system operators.

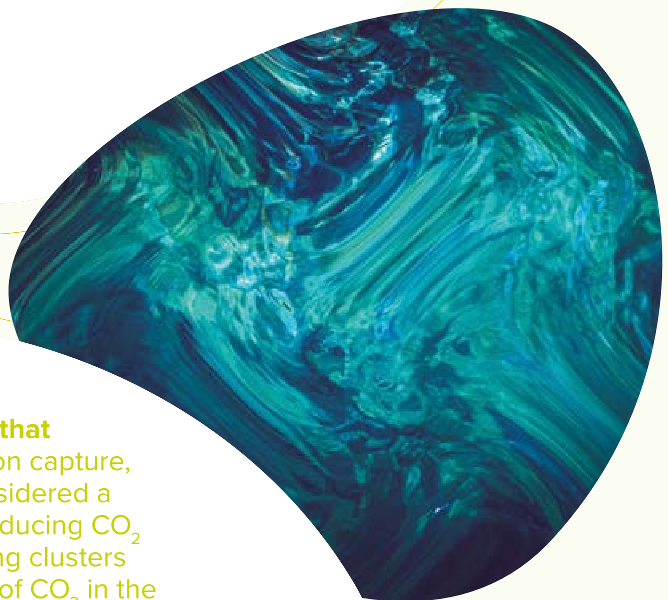
Together with transmission system operator Gascade, Fluxys is developing **AquaDuctus**, an offshore pipeline project to carry green hydrogen produced offshore at wind farms in the North Sea to the German mainland. The pipeline is set up as a **subsea backbone** in which hydrogen from different production platforms can be combined and to which other international hydrogen flows in the North Sea can connect.

Fluxys Belgium and transmission system operator Open Grid Europe (OGE) are working together to have the cross-border infrastructure ready by 2028 to ensure **hydrogen can flow from Belgium to Germany.**

For CO_2 transport, Fluxys Belgium works together with TSO Open Grid Europe and energy producer Wintershall DEA. The aim is to have, by 2030, the cross-border infrastructure ready to be able to transport **CO_2 from industry in Germany via Belgium to permanent offshore storage.**

Hydrogen and CO_2 infrastructure: a dual solution

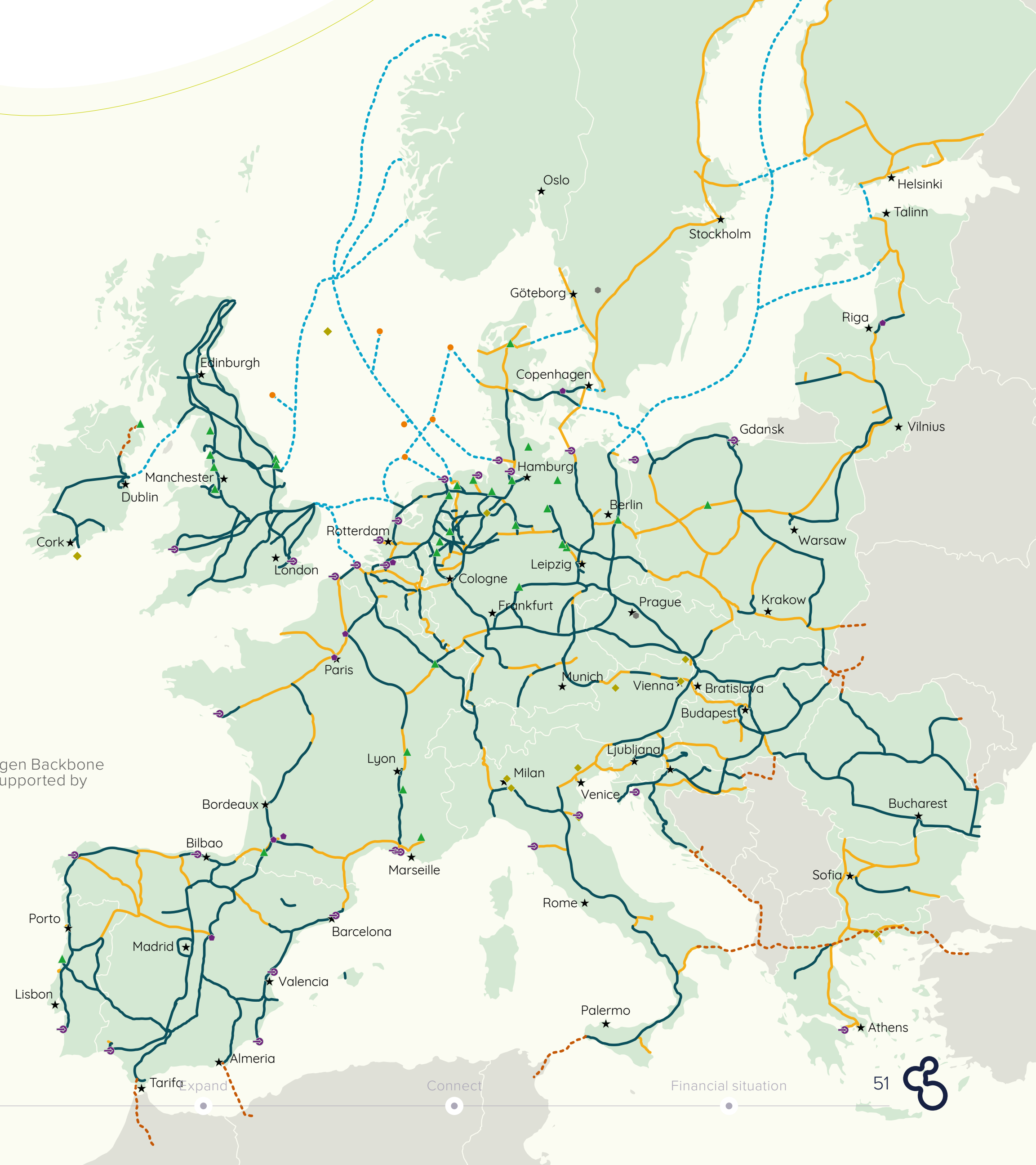
Industrial processes for which hydrogen is the best solution – For many companies, hydrogen is the right choice when weighing up the best balance between security of supply, climate impact and cost. A range of industrial processes also requires high temperatures for which (renewable) electricity is not an option. Connecting these industries to a hydrogen supply gives them a chance to switch to the best carbon-neutral alternative. The same goes for industries that use carbon-intensive feedstock.



Industrial processes that produce CO_2 – Carbon capture, use or storage is considered a key technology for reducing CO_2 emissions and creating clusters for the circular reuse of CO_2 in the production of, for example, carbon-neutral biofuels. This technology is vital to safeguard sectors that are difficult to decarbonise and involve industrial processes that produce CO_2. The availability of infrastructure for the transmission of captured CO_2 to destinations for reuse or storage is a cornerstone of this solution.

Embedded in Europe's hydrogen backbone

Since 2020, Fluxys Group companies have been working together with other infrastructure companies within the European Hydrogen Backbone initiative. The initiative has since grown into a joint approach to developing dedicated hydrogen infrastructure in 28 European countries. In 2022, the initiative expanded its aims, namely to create a 53,000-km pipeline network by 2040, a substantial share of which consists of reused infrastructure that currently serves to transport natural gas.



European Hydrogen Backbone initiative 2022, supported by Guidehouse

Belgium set to become tomorrow's multi-molecule hub

Given the developments in the legal and regulatory framework, and in line with industrial demand, we are thoroughly preparing to convert our network into a multi-molecule system which we will use to transport not only natural gas and biomethane but also hydrogen and other carbon-neutral molecules and CO_2. This will enable us to offer industry powerful tools for reducing large-scale CO_2 emissions and thus sustainably safeguarding economic activity and employment.

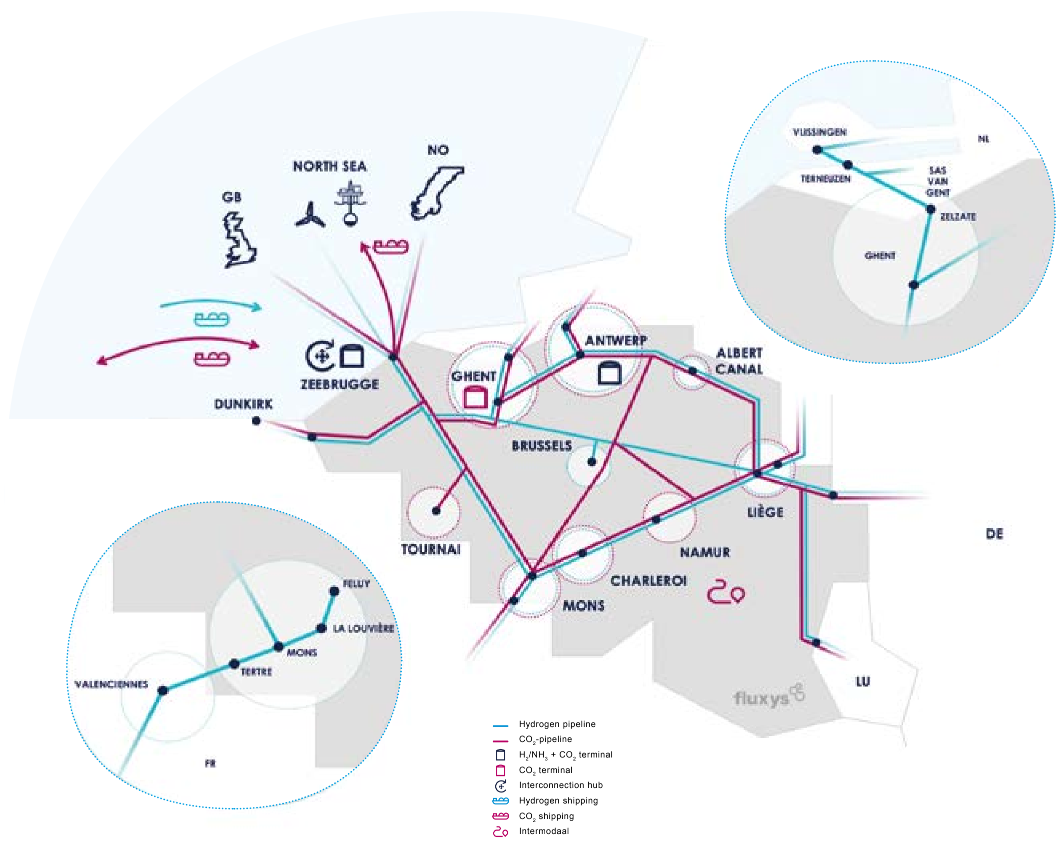
First transmission infrastructure for hydrogen/CO_2 in 2026

Our approach to providing Belgium with the necessary hydrogen and CO_2 infrastructure is shaped in cooperation with our customers, the authorities, neighbouring operators, distribution system operators and other stakeholders. We aim to have the first hydrogen and/or CO_2 pipelines in Belgium ready for use by mid-2026. Every effort will be made to take the necessary investment decisions in this regard.

We develop the infrastructure in industrial clusters and establish connections between them and neighbouring countries. This will allow us to develop the appropriate backbone infrastructure and lay the foundations for sustainably cementing Belgium's role as an energy crossroads by making the country a hydrogen and CO_2 hub for North-West Europe.

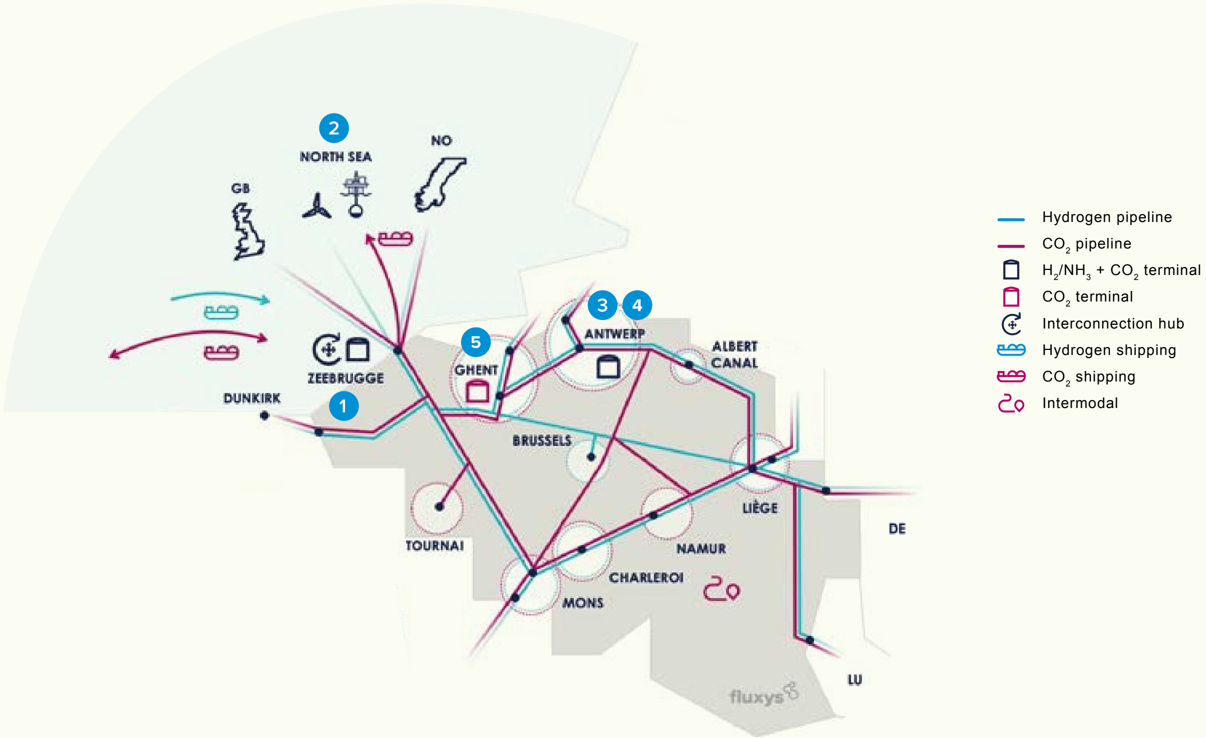
Terminalling projects for hydrogen and CO_2

In Belgium, Fluxys works together with various partners on projects to give hydrogen and CO_2 the widest possible diversification and optionality. The aim is to provide hydrogen consumers with access to production locally or from neighbouring countries, from wind in the North Sea and from overseas imports. The same applies to CO_2 infrastructure: we are focusing on various strategies that industry needs, with transmission for reuse and various export possibilities.



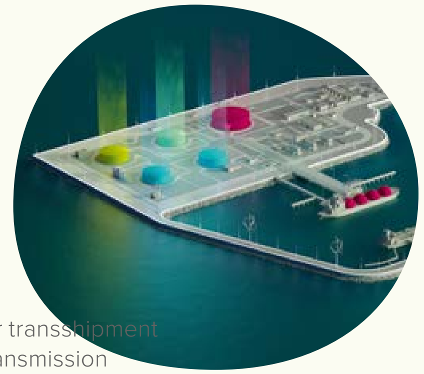
Overview of hydrogen and CO_2 infrastructure in Belgium

First transmission infrastructure in 2026



1 fluxys

Zeebrugge as a multi-molecule hub

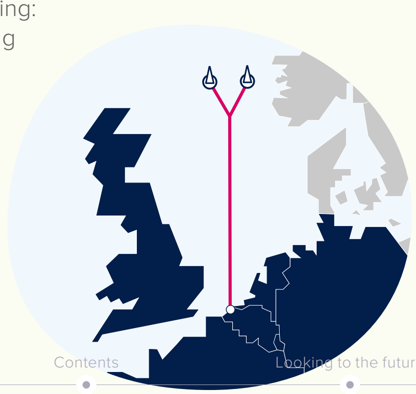


- Open-access terminal
- Importing hydrogen or derivatives for transshipment to the hydrogen network and then transmission within Belgium and to neighbouring countries
- Receiving captured CO_2 from the CO_2 network with two export options:
  - liquefaction, intermediate storage and loading onto ships to be taken to permanent offshore storage
  - transshipment to an offshore pipeline for transmission to permanent offshore storage
- Status: preliminary studies

2 fluxys | equinor

Offshore CO_2 pipeline in the North Sea

- Open-access pipeline
- Project with Equinor
- Pipeline of about 1,000 km for CO_2 exports from Zeebrugge to permanent storage in the North Sea
- Capacity of 20 to 40 million tonnes of CO_2 per year
- Status: feasibility study
- Proposed timing: commissioning before 2030

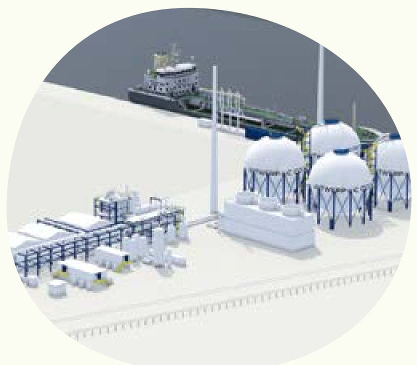


3 fluxys | Air Liquide

Antwerp@C CO_2 Export Hub

- Open-access terminal
- Fluxys Belgium project with Air Liquide
- Multimodal terminal for receiving, liquefying and temporarily storing CO_2 and loading it onto ships to be taken to permanent offshore storage
- Capacity up to 10 million tonnes of CO_2 per year
- Status: engineering & design
- Proposed timing: commissioning in 2026

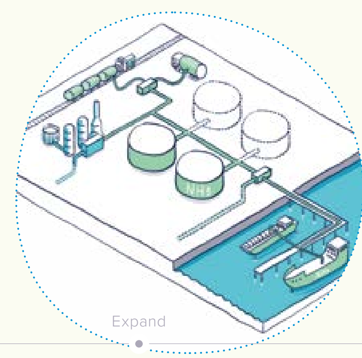
Medegefinancierd door de Europese Unie



4 fluxys | ADVARIO

Import terminal for green ammonia in Antwerp

- Open-access terminal
- Fluxys Belgium project with Advario Stolthaven Antwerp and Advario Gas Terminal
- Import terminal for green ammonia: use of green ammonia as a carbon-neutral feedstock and fuel and possibly also its conversion into green hydrogen for transmission in the hydrogen network
- Status: feasibility study
- Proposed timing: commissioning in 2027

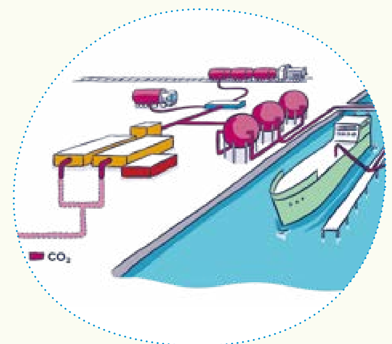


5 fluxys | ArcelorMittal | North Sea Port

Ghent Carbon Hub

- Open-access terminal
- Fluxys Belgium project with ArcelorMittal Belgium and North Sea Port
- Multimodal terminal for receiving, liquefying and temporarily storing CO_2 and loading it onto ships to be taken to permanent offshore storage
- Capacity of up to 6 million tonnes of CO_2 per year
- Status: feasibility study
- Proposed timing: commissioning in 2028

Medegefinancierd door de Europese Unie



OneteamOnetarget

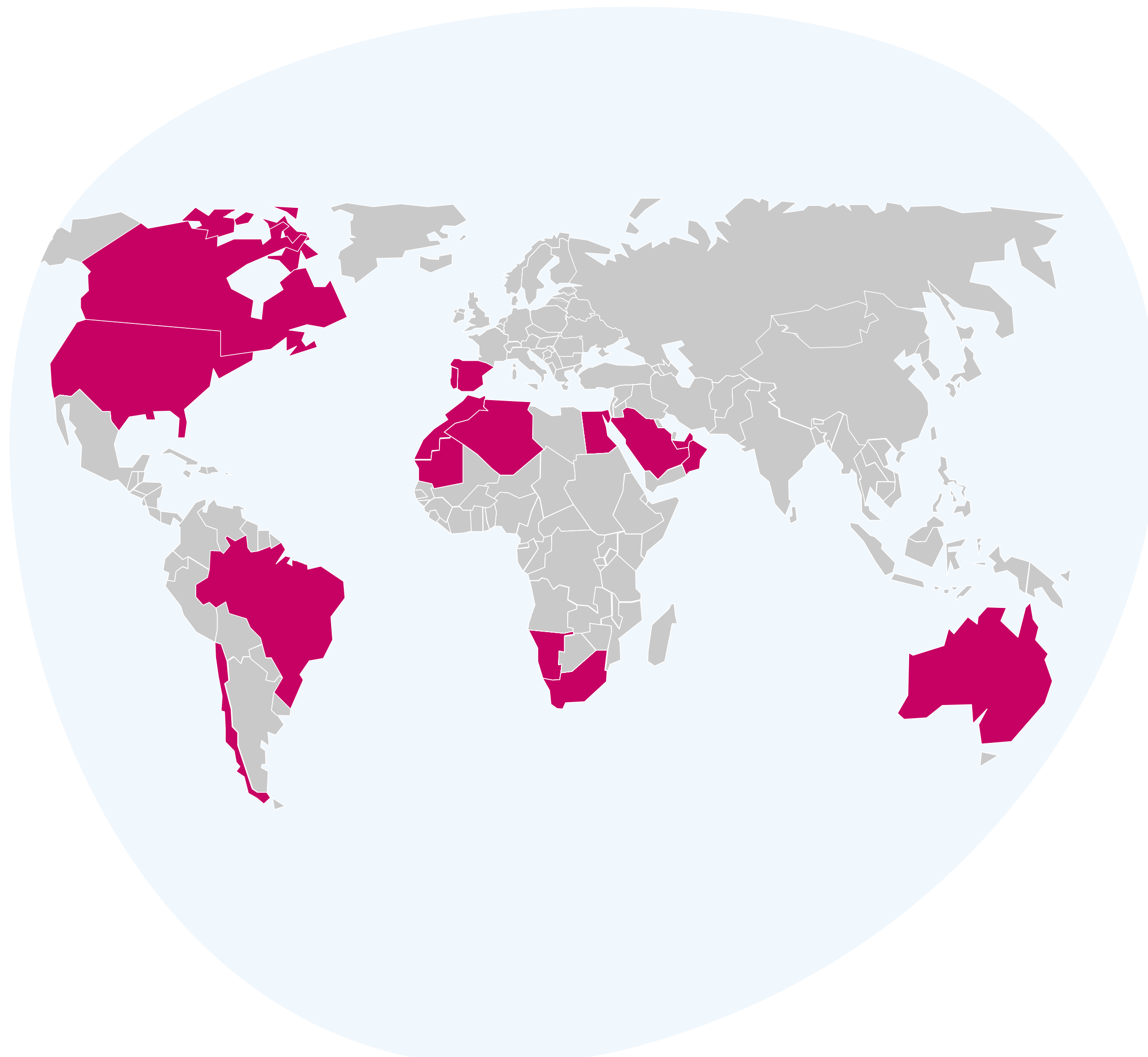
Connect

Being connected to as many sources as possible is vital, tomorrow as well as today. We're working closely with our partners to explore new horizons, set up new logistics chains and link our infrastructure to additional sources. That's how we reinforce the foundations for a climate-neutral future.

Shipping wind and sun to Northwest Europe

A robust European hydrogen market is open to as many sources as possible, which is why, with Fluxys, we are aiming for infrastructure with broad diversification potential. Infrastructure that not only unlocks local production on land, but also opens up the energy potential of the North Sea.

We are also exploring logistics chains with which we can bridge the gap worldwide to countries and regions with an abundance of sun and wind and from which green hydrogen or derivatives can find their way to Northwest Europe by ship. To this end, we are joining forces in the Hydrogen Import Coalition with Port of Antwerp-Bruges, DEME, ENGIE, EXMAR and WaterstofNet, among others.



OneteamOnetarget

Financial situation

We're there, day after day, ensuring security of energy supply and accelerating the green transition. This is how we bring prosperity to society, the economy and to our shareholders. And how we make sure to extend our contribution to welfare sustainably into the long-term future.

Consolidated financial statements under IFRS

General information on the company

Corporate name and registered office. The registered office of the parent entity Fluxys SA is Avenue des Arts 31, B – 1040 Brussels, Belgium.

Group activities. The Fluxys group's activities are essentially split into two main clusters.

The first focuses on the transmission and storage of natural gas as well as terminalling services for liquefied natural gas (LNG) in Belgium. In addition to these activities which fall under the Gas Act[1], the Fluxys group also carries out complementary services related to the activities described above.

The second essentially covers activities outside Belgium.

Please refer to the specific chapters in the directors' report for further information on the activities of the Fluxys group.

[1] Act of 12 April 1965 concerning the transmission of gaseous and other products by pipelines as later amended.

Consolidated financial statements of the Fluxys group under IFRS:

Consolidated balance sheet

Consolidated Balance Sheet			In thousands of €
	Notes	31-12-2022	31-12-2021
I. Non-current assets		**7,434,251**	**7,337,910**
Property, plant and equipment	5.1	5,036,033	5,213,095
Intangible assets	5.2	1,204,613	1,268,634
Goodwill	5.3	131,149	131,149
Right-of-use assets	5.4	131,502	122,429
Investments in associates and joint ventures	5.5	585,031	395,891
Other financial assets	5.6/6	145,710	90,932
Finance lease receivables		8,206	8,801
Other receivables	5.7/6	152,714	69,931
Regulatory assets	5.8	12,546	21,803
Deferred tax assets		0	0
Other non-current assets	5.7	26,747	15,245
II. Current assets		**1,933,691**	**704,420**
Inventories	5.9	89,407	54,607
Other current financial assets	6	3,178	739
Finance lease receivables		595	624
Current tax receivables		12,907	12,297
Trade and other receivables	5.10/6	289,837	205,330
Regulatory assets	5.8	2,300	2,272
Cash investments	5.11/6	259,600	71,909
Cash and cash equivalents	5.11/6	1,246,531	315,478
Other current assets	5.12	29,336	41,164
Total assets		**9,367,942**	**8,042,330**

Consolidated Balance Sheet			In thousands of €
	Notes	31-12-2022	31-12-2021
I. Equity	**5.13**	**3,881,970**	**3,607,949**
Equity attributable to the parent company's shareholders		2,509,024	2,262,625
Share capital and share premiums		1,791,465	1,788,830
Retained earnings and other reserves		698,863	464,963
Translation adjustments		18,696	8,832
Non-controlling interests		1,372,946	1,345,324
II. Non-current liabilities		**4,298,339**	**3,161,634**
Interest-bearing liabilities	5.14/6	2,486,442	1,794,780
Regulatory liabilities	5.15	871,707	400,093
Provisions	5.16.2	94,177	84,299
Provisions for employee benefits	5.17	52,085	69,775
Other non-current financial liabilities	6	11,041	21,097
Deferred tax liabilities	5.18	782,887	791,590
III. Current liabilities		**1,187,633**	**1,272,747**
Interest-bearing liabilities	5.14/6	137,073	950,452
Regulatory liabilities	5.15	196,485	87,347
Provisions	5.16.2	0	158
Provisions for employee benefits	5.17	4,043	5,209
Other current financial liabilities	6	1,681	975
Current tax payables		38,242	15,271
Trade and other payables	5.19/6	780,753	184,385
Other current liabilities		29,356	28,950
Total liabilities and equity		**9,367,942**	**8,042,330**

Consolidated income statement

Consolidated income statement			In thousands of €
	Notes	31-12-2022	31-12-2021
Operating revenue	4.1	1,739,777	1,136,297
Sales of gas related to balancing operations and operational needs		404,329	54,108
Other operating income	4.2	14,283	16,450
Consumables, merchandise and supplies used	4.3.1	-7,464	-5,353
Purchase of gas related to balancing of operations and operational needs		-407,223	-57,190
Miscellaneous goods and services	4.3.2	-631,451	-234,976
Employee expenses	4.3.3	-180,005	-155,587
Other operating expenses	4.3.4	-22,521	-18,494
Depreciations	4.3.5	-471,548	-409,392
Provisions	4.3.5	6,024	-4,938
Impairment losses	4.3.5	-26,612	-645
Operating profit/loss from continuing operations		**417,589**	**320,280**
Earnings from associates and joint ventures	4.6	79,420	74,278
Profit/loss before financial result and tax		**497,009**	**394,558**
Change in the fair value of financial instruments	4.5.4	3,355	-1,294
Financial income	4.4	22,552	14,607
Finance costs	4.5	-86,575	-76,522
Profit/loss before tax		**436,341**	**331,349**
Income tax expenses	4.7	-86,983	-84,255
Net profit/loss for the period	**4.8**	**349,358**	**247,094**
Fluxys share		263,340	194,345
Non-controlling interests		86,018	52,749

Consolidated statement of comprehensive income

Consolidated statement of comprehensive income			In thousands of €
	Notes	31-12-2022	31-12-2021
Net profit/loss for the period	4.8	**349,358**	**247,094**
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of employee benefits	5.16.1	29,289	30,720
Income tax expense on these variances		-7,198	-7,622
Other comprehensive income from investments in associates - Remeasurements of employee benefits		0	0
Items that may be reclassified subsequently to profit or loss			
Net investments in foreign operations – Translation adjustments		21,534	57,622
Net investments in foreign operations – Hedging instruments	6	-3,205	-2,892
Tax expenses on these foreign exchange hedging instruments		802	722
Cash flow hedges	6	32,996	2,689
Tax expenses on these cash flow hedging instruments		-8,165	-700
Other comprehensive income from investments in associates and joint ventures – Cash flow hedges		84,145	27,126
Other comprehensive income		**150,198**	**107,665**
Comprehensive income for the period		**499,556**	**354,759**
Fluxys share		382,964	276,912
Non-controlling interests		116,592	77,847

Consolidated statement of changes in equity

Consolidated statement of changes in equity				
	Share capital	Share premium	Retained earnings	Cash flow hedges
I. CLOSING BALANCE AS AT 01-01-2021	**1,706,535**	**81,933**	**422,032**	**-36,524**
1. Net profit/loss for the period			194,345	
2. Other comprehensive income				22,088
3. Dividends paid			-139,109	
4. Changes in the consolidation scope				
5. Capital increases/decreases	276	86		
6. Other changes				
II. CLOSING BALANCE AS AT 31-12-2021	**1,706,811**	**82,019**	**477,268**	**-14,436**
1. Net profit/loss for the period			263,340	
2. Other comprehensive income				87,948
3. Dividends paid			-139,199	
4. Changes in the consolidation scope				
5. Capital increases/decreases	2,013	622		
6. Other changes				
III. CLOSING BALANCE AS AT 31-12-2022	**1,708,824**	**82,641**	**601,409**	**73,512**

In thousands of €						
Net investments in foreign operations	Reserves for employee benefits	Translation adjust-ments	Other compre-hensive income	Equity attributable to the parent company's sharehol-ders	Non-controlling interests	Total equity
-4,824	**-14,117**	**-29,526**	**-1,050**	**2,124,459**	**1,387,558**	**3,512,017**
				194,345	52,749	247,094
-193	20,330	38,368	1,974	82,567	25,097	107,664
				-139,109	-56,473	-195,582
				0	0	0
				362	-63,607	-63,245
				0	0	0
-5,017	**6,213**	**8,842**	**924**	**2,262,624**	**1,345,324**	**3,607,948**
				263,340	86,018	349,358
-2,941	18,185	9,854	6,578	119,624	30,574	150,198
				-139,199	-49,793	-188,992
				0	0	0
				2,635	-42,033	-39,398
				0	2,856	2,856
-7,958	**24,398**	**18,696**	**7,502**	**2,509,024**	**1,372,946**	**3,881,970**

Consolidated statement of cash flows (indirect method)

Consolidated statement of cash flows (indirect method)		In thousands of €
	31-12-2022	31-12-2021
I. Cash and cash equivalents, opening balance	**315,478**	**220,585**
II. Net cash flows from operating activities	**1,918,092**	**643,592**
1. Cash flows from operating activities	**1,969,201**	**647,228**
1.1. Operating profit/loss from continuing operations	**417,589**	**320,280**
1.2. Non cash adjustments	**1,074,709**	**346,684**
1.2.1. Depreciations	471,548	409,392
1.2.2. Provisions	-6,024	4,938
1.2.3. Impairment losses	26,612	645
1.2.4. Translation adjustments	-1,817	-1,438
1.2.5. Other non-cash adjustments	-3,989	489
1.2.6. Increase (decrease) of regulatory liabilities	588,379	-67,342
1.3. Changes in working capital	**476,903**	**-19,735**
1.3.1. Decrease (increase) of inventories	-49,765	-15,377
1.3.2. Decrease (increase) of tax receivables	-610	804
1.3.3. Decrease (increase) of trade and other receivables	-91,261	-57,476
1.3.4. Decrease (increase) of other current assets	13,107	-5,445
1.3.5. Increase (decrease) of tax payables	611	-804
1.3.6. Increase (decrease) of trade and other payables	604,416	56,750
1.3.7. Increase (decrease) of other current liabilities	405	1,813
1.3.8. Other changes in working capital	0	0
2. Cash flows relating to other operating activities	**-51,109**	**-3,636**
2.1. Current tax paid	-96,901	-67,766
2.2. Interests from investments, cash and cash equivalents	11,736	6,394

Consolidated statement of cash flows (indirect method)	In thousands of €	
	31-12-2022	31-12-2021
2.3. Inflows related to associates and joint ventures (dividends received)	33,283	55,529
2.4. Other inflows (outflows) relating to other operating activities	773	2,207
III. Net cash flows relating to investment activities	**-536,970**	**-138,183**
1. Acquisitions	**-376,586**	**-288,902**
1.1. Payments to acquire property, plant and equipment, and intangible assets	-199,285	-109,944
1.2. Payments to acquire subsidiaries, joint arrangements or associates	-50,017	-170,953
1.3. Payments to acquire other financial assets	-127,284	-8,005
2. Disposals	**27,399**	**125,913**
2.1. Proceeds from disposal of property, plant and equipment, and intangible assets	5,081	5,479
2.2. Proceeds from disposal of subsidiaries, joint arrangements or associates	0	82,836
2.3. Proceeds from disposal of other financial assets	22,318	37,598
3. Dividends received classified as investment activities	**0**	**0**
4. Subsidies received	**0**	**513**
5. Increase (-)/ Decrease (+) of cash investments	**-187,783**	**24,293**
IV. Net cash flows relating to financing activities	**-450,152**	**-414,011**
1. Proceeds from cash flows from financing	**825,061**	**280,835**
1.1. Proceeds from issuance of equity instruments	2,635	362
1.2. Proceeds from issuance of treasury shares	0	0
1.3. Proceeds from finance leases	624	231
1.4. Proceeds from other non-current assets	0	0
1.5. Proceeds from issuance of compound financial instruments	0	0
1.6. Proceeds from issuance of other financial liabilities	821,802	280,242

Consolidated statement of cash flows (indirect method)	In thousands of €	
	31-12-2022	31-12-2021
2. Repayments relating to cash flows from financing	**-1,020,153**	**-440,544**
2.1. Repurchase of equity instruments subsequently cancelled	0	0
2.2. Repayment of capital to non-controlling shareholders	-50,055	-55,585
2.3. Repayment of lease liabilities	-21,442	-20,901
2.4. Redemption of compound financial instruments	0	0
2.5. Repayment of other financial liabilities	-948,656	-364,059
3. Interests	**-66,068**	**-58,720**
3.1. Interest paid classified as financing	-67,180	-59,832
3.2. Interest received classified as financing	1,112	1,112
4. Dividends paid	**-188,992**	**-195,582**
5. Payments to increase the percentage of ownership of subsidiaries, without change of control	**0**	**0**
6. Other cash flows relating to financing activities	**0**	**0**
V. Net change in cash and cash equivalents	**930,970**	**91,398**
Translation adjustments in cash and cash equivalents	83	3,494
VI. Cash and cash equivalents, closing balance	**1,246,531**	**315,478**

Notes

Note 1a. Shareholder structure and capital increases

As at 31 December 2022, Fluxys' shareholder structure was as follows:

- 77.42%: Publigas
- 19.85%: Caisse de dépôt et placement du Québec
- 2.12%: SFPI (Federal Holding and Investment Company)
- 0.61%: employees and management

In 2022, Fluxys proceeded to a capital increase for the group's employees and management of a total of €2.6m.

Note 1b. Statement of compliance with IFRS

The consolidated financial statements of the Fluxys group have been prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union. All amounts are stated in thousands of €.

Note 1c. Judgement and use of estimates

The preparation of financial statements requires the use of estimates and assumptions to determine the value of assets and liabilities, to assess the positive and negative consequences of unforeseen situations and events at the balance sheet date, and to form a judgement as to the revenues and expenses of the financial year.

Significant estimates made by the group in the preparation of the financial statements relate mainly to the fair value of acquired assets and assumed liabilities, and remaining goodwill (see Note 5.3), the valuation of the recoverable amount of property, plant and equipment and intangible assets, (see Notes 5.1 and 5.2), the valuation of provisions, and in particular contingent assets/liabilities (see Notes 5.16 and 7) and for pension and related liabilities (see Note 5.17).

If the use of certain assets is closely linked to market demand, the group uses a depreciation method based on the expected use of the assets concerned. Future economic benefits which these assets represent are mainly consumed by the group as a result of their use. A change in market demand could lead to a prospective revision of the depreciation profile on certain assets. A decision to proceed to a revision will be based on the group's past experience for similar assets.

The criteria used for the classification of joint arrangements are included in the accounting policies (see Note 2.4) and Note 3.2.

Due to the uncertainties inherent in all valuation processes, the group revises its estimates on the basis of regularly updated information. Future results may differ from these estimates.

Other than the use of estimates, group management also uses judgement in defining the accounting treatment for certain operations and transactions not addressed under the IFRS standards and interpretations that are currently in force.

Therefore, in the balance sheet, the group records the regulatory liabilities corresponding to the excess of regulated revenue received according to the real costs to be covered by the authorised regulated tariffs. This difference is transferred from the income statement to the balance sheet in the regulatory liabilities (non-current and current - see Note 5.15). When the received regulated revenue is lower than the actual costs to be covered by the authorised regulated tariffs, the regulatory assets are recognised in the balance sheet under the headings "regulatory assets" (non-current and current - see Note 5.8) and are booked as long as the group considers it highly probable that they will be recovered.

This accounting method (see Note 2.14) has been determined by the group as no definitive guidance on 'rate-regulated activities' has been published to date.

Note 1d. Date of authorisation for issue

The Board of Directors of Fluxys SA authorised these IFRS financial statements of the Fluxys Group on 29 March 2023.

Note 1e. Changes or additions to the accounting principles and policies

The following standards and interpretations are applicable for the annual period starting from 1 January 2022:

- Amendments to IFRS 3 - Reference to the Conceptual Framework
- Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to IAS 37 - Onerous Contracts - Costs of Fulfilling a Contract
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
- IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities
- IAS 41 Agriculture - Taxation in fair value measurements

The application of the amendments listed above has no significant impact on the financial statements of the group.

Note 1f. Standards, amendments and interpretations applicable from 1 January 2023 and thereafter

At the date of authorisation of these financial statements, the standards and interpretations listed below have been issued but are not yet mandatory:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2024, but not yet adopted at European level)
- Amendments to IAS 1 Presentation of Financial Statements and the IFRS 2 Practice Statement 2: Disclosure of Accounting policies (effective for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 12 Income taxes: Deferred tax related to assets and liabilities arising from a single transaction (effective for annual periods beginning on or after 1 January 2023)
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024)
- Amendments to IFRS 17 Insurance Contracts: Initial application of IFRS 17 and IFRS 9 Financial Instruments
- IFRS 17 Insurance Contracts (effective for annual periods beginning on or after 1 January 2023)

These standards, amendments and interpretations have not been adopted early. The application of these standards, amendments and interpretations have not had and will not have a significant impact on the financial statements of the group.

Note 2. Accounting principles and policies

The accounting principles and policies were approved at the Fluxys Board of Directors meeting of 29 March 2023.
Changes or additions compared with the previous financial year are underlined.

2.1. General principles

The financial statements fairly present the Fluxys group's financial position, results of operations and cash flows.
The group's financial statements have been prepared on the accrual basis of accounting, except for the statement of cash flows.
Assets and liabilities have not been offset against each other, except when required or allowed by an international accounting standard.
Current and non-current assets and liabilities have been presented separately in the balance sheet of the Fluxys group.
The accounting policies have been applied in a consistent manner.

2.2. Balance sheet date

The consolidated financial statements are prepared as of 31 December, i.e. the parent entity's balance sheet date.

2.3. Events after the balance sheet date

The book value of assets and liabilities at the balance sheet date is adjusted when events after the balance sheet date provide evidence of conditions that existed at the balance sheet date.
Adjustments can be made until the date of authorisation for issue of the financial statements by the Board of Directors.
Other events relating to circumstances arising after balance sheet date are disclosed in the notes to the consolidated financial statements, if significant.

2.4. Basis of consolidation

The Fluxys group's consolidated financial statements have been prepared in accordance with IFRS and in particular with IFRS 3 (Business Combinations), IFRS 10 (Consolidated Financial Statements), IFRS 11 (Joint Arrangements) and IAS 28 (Investments in Associates and Joint Ventures).

Subsidiaries

The Fluxys group's consolidated financial statements include the financial statements of the parent entity and the financial statements of the entities it controls and its subsidiaries.
The investor controls an investee when it is exposed—or has rights—to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.
The investor has power over the investee when it holds existing rights that give the current ability to direct the relevant activities, i.e. the activities of the investee that significantly affect the investee's returns, even if it does not hold the majority of the voting rights in the investee concerned.

The parent entity must consolidate the subsidiary as of the date it obtains the control over it, and must cease to consolidate when it loses control over it. In this way revenues and charges of a subsidiary acquired or transferred in the course of the financial year are included in the consolidated income statement and in the consolidated statement of comprehensive income as of the date on which the parent entity acquired the control over the subsidiary and up to the date on which it ceased to control the latter.

Joint operations

A joint operation is a partnership in which the parties which exercise joint control over the company have rights to the assets and obligations for liabilities relating thereto. Joint control means contractually agreed sharing of the control exercised over an undertaking, which only exists in the cases where the decisions on the relevant activities require the unanimous consent of the parties sharing the control.
When a group entity carries out its activities in the framework of a joint operation, the group, as a co-participant, must account for the assets, liabilities, revenues and charges relating to its interests in the joint operation and in accordance with the IFRS which apply to these assets, liabilities, revenues and charges.

Investments in associates and joint ventures

An associate is an entity in which the group has a significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity, without exercising control or joint control over these policies.
A joint venture is a joint arrangement in which the parties exercising joint control over the undertaking have rights to the net assets of the undertaking. Joint control means contractually agreed sharing of the control exercised over an undertaking, which only exists in the cases where the decisions on the relevant activities require the unanimous consent of the parties sharing the control.
The results and assets and liabilities of associates or joint ventures are accounted for in the present consolidated financial statements in accordance with the equity method, unless the investment, or a part thereof, is classified an asset held for sale in accordance with IFRS 5.
An investment in an associate or joint venture is initially accounted for at cost. Its book value then integrates the share of the group in the net results and the other elements of the comprehensive result of the undertaking accounted for under the equity method. Finally, dividends distributed by this entity decrease the value of the investment.
An associate is not accounted for under the equity method if its impact on the financial statements is immaterial.

2.5. Business combinations

The group accounts for all business combinations using the acquisition method. This method is also used for business combinations under joint control in the event that the method is in line with the substance of the transaction and helps to give a true and fair view of the financial position.
The acquirer measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.
The costs connected to the acquisition are accounted for in the results when they are made.

Goodwill represents the surplus, at the acquisition date, of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the investment previously held by the acquirer in the acquiree over the net fair value of identifiable assets acquired and liabilities assumed.
If after revaluation, the net fair value at the acquisition date of identifiable assets acquired and liabilities assumed is higher than the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the investment previously held by the acquirer in the acquiree, the surplus will be accounted for immediately in the results of the period.
Goodwill is recognised as an asset. For the purpose of impairment tests, goodwill is allocated to the group's cash-generating units expected to benefit from the synergies of the combination. An impairment test is carried out each year, even when there is no indication that goodwill may have been impaired, or more frequently if events or changes in circumstances indicate that goodwill may have been impaired (IAS 36 – Impairment of assets).
In case of a business combination realised in stages, the group reassesses the participation it previously held in the acquired company at the acquisition-date fair value and accounts for any gain or loss in the net results.
Changes in participations in subsidiaries of the group which do not result in a loss of control are recognised as equity transactions.
When the group loses control of a subsidiary, a gain or loss is accounted for in the net results and is calculated as the difference between:

- the total fair value of the consideration received and the fair value of any retained participation and
- the previous book value of the subsidiary's assets (including goodwill) and liabilities.

All amounts previously recognised in other items of comprehensive income relating to the subsidiary are recognised as if the group had directly disposed of the related subsidiary's assets or liabilities. They are reclassified to net results or transferred to another category of equity in accordance with applicable IFRS.
The fair value of any participation retained in the former subsidiary at the date of loss of control must be regarded as the fair value on initial recognition for subsequent recognition under IFRS 9 or, where applicable, as the cost on initial recognition of an investment in an associate or joint venture.

2.6. Translation of foreign entities' financial statements

For consolidation purposes, the balance sheets of foreign entities are translated into euro using the closing rate and the income statements are translated using the average exchange rate for the period unless the exchange rate has fluctuated considerably.
The group's share of the resulting exchange differences is reported as translation adjustment in the consolidated equity section of the balance sheet, whereas the non-controlling interests' share in those differences is reported as 'non-controlling interests' in consolidated equity on the liability side of the balance sheet.

2.7. Intangible assets

An intangible asset is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and if the cost of the asset can be measured reliably.
Intangible assets are recognised at cost in the balance sheet (cost method), less any accumulated amortisation and any accumulated impairment losses.
Intangible assets on the asset side of the balance sheet, with a limited useful life, are amortised over their useful life.
The main amortisation periods are as follows:

- 40 years for the asset 'sole operator of the natural gas transmission network and storage facilities' in Belgium;
- 20 to 45 years for the customer portfolios;
- 20 years for the asset 'sole operator of the LNG facilities';
- 5 years for computer software.

Intangible assets 'customer portfolios' may be amortised under a declining balance method which reflects more closely the way that the Group expects to consume the future economic benefits associated with these assets.
Subsequent expenditure is capitalised if it generates economic benefits exceeding the initial standard of performance.
Intangible assets are reviewed at each balance sheet date to identify indications of potential impairment that may have arisen during the financial year. In case such indications are noted, an estimate of the recoverable amount of the related intangible assets is made. The recoverable amount is defined as the higher of the fair value less costs to sell of an asset and its value in use.
The value in use is calculated by discounting future cash inflows and outflows generated by the continuous use of the asset and its final disposal at an appropriate discounting rate.

Intangible assets are impaired when their book value exceeds the amount that can be recovered, as a result of obsolescence of these assets or due to economic or technological circumstances.
Intangible assets with an indefinite useful life are subject to an annual impairment test, and an impairment loss is recognised when their book value exceeds their recoverable amount.
The useful life, the depreciation method, as well as the potential residual value of intangible assets are reassessed at each balance sheet date and revised prospectively, if applicable.

Emission rights for greenhouse gases

Emission rights for greenhouse gases acquired at fair value are recognised as intangible assets at their acquisition cost. Rights granted free of charge are recognised as intangible assets at a nil book value.
The emission of greenhouse gases in the atmosphere is recognised as an operating expense, the counterpart being a liability for the obligation to deliver allowances covering the effective emission over the period concerned in the liabilities side of the balance sheet (other payables).
This expense is measured by reference to the weighted average cost of the acquired or granted allowances.
This liability in the balance sheet (other payables) is derecognised on the delivery of allowances to the government by withdrawing emission rights from intangible assets.
In case the allowances are insufficient to cover the emission of greenhouse gases during the financial year, the group accounts for a provision. This provision is measured by reference to the market value at the balance sheet date of the allowances yet to be purchased.
The excess emission rights not sold on the market are valued at the balance sheet date by reference to the weighted average cost of the acquired or granted allowances, or at market value if lower than the weighted average cost.

2.8. Property, plant and equipment

Property, plant and equipment (PPE) is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and if the cost of the asset can be measured reliably.
Property, plant and equipment are recognised at cost in the balance sheet (cost method), less any accumulated amortisation and any accumulated impairment losses.
Subsequent expenditure is capitalised if it generates economic benefits exceeding the initial standard of performance.
Property, plant and equipment are reviewed at each balance sheet date to identify indications of potential impairment that may have arisen during the financial year. In the event that such indications are noted, an estimate of the recoverable amount of the PPE in question is established. The recoverable amount is defined as the higher of the fair value less costs to sell of an asset and its value in use. The value in use is calculated by discounting future cash inflows and outflows generated by the continuous use of the asset and its final disposal at an appropriate discounting rate.

Subsidies

Subsidies related to property, plant and equipment as well as contributions by third parties in the funding of such assets are deducted from the acquisition cost of these assets.

Depreciation methods

PPE is depreciated over its useful life.
Each significant component of PPE is recognised separately and depreciated over its useful life.
The depreciation method reflects the rate at which the group expects to consume the future economic benefits related to the asset, taking into account the time during which the assets may generate regulated revenue.
The regulated investments intended to increase the security of supply in Europe are depreciated under a declining balance method, which more accurately reflects the rate at which the group expects to consume the future economic benefits of these assets.
This is a specific list of regulated infrastructure investments, which are essential for gas transmission in Europe and form an integral part of the RAB (in Belgium).

The methods and durations of depreciation are as follows:

Straight-line method:

- 50 to 55 years for transmission pipelines, terminalling facilities and tanks. In line with the new tariff method applied in Belgium since 01.01.2020, all new investments in gas transmission pipelines are fully depreciated by December 2049 at the latest.
- 50 years for administrative buildings, staff housing and facilities;
- 40 years for storage facilities;
- 33 years for industrial buildings;
- 20 years for investments related to the extensions of the Zeebrugge LNG terminal;
- 10 years for equipment and furniture;
- 5 years for vehicles and site machinery;
- 4 years for computer hardware;
- 3 years for prototypes;

Declining-balance method:

- This method only applies for investments made to ensure security of supply: declining-balance over 25 years.

The useful life, the depreciation method, as well as the potential residual value of property, plant and equipment are reassessed at each balance sheet date and revised prospectively, if applicable.

2.9. Leases

Definition of 'lease'

A contract is or contains a lease if it conveys a right to control the use of an identified asset for a period of time in exchange for a consideration.
To determine whether a lease confers the right to control the use of a specified asset for a determined period of time, the entity must appreciate whether, throughout the period of use, it has the right to:

- obtain substantially all of the economic benefits from the use of the asset; and
- direct the use of the asset.

To determine the duration of the lease, any options for renewal or termination were considered required under IFRS 16, taking into account the probability of exercising the option as well as whether it is under the control of the lessee.

1- The group as a lessee

At the start of the lease, the lessee recognises a right-of-use asset and a lease obligation.

Right-of-use assets

The group recognises right-of-use assets on the commencement date of the contract, i.e. the date on which the asset becomes available for use. These assets are valued at the initial cost of the lease obligation minus amortisation and any depreciation, adjusted to take into account any revaluations of the lease obligation. The initial cost of the right-of-use assets includes the present value of the lease obligation, the initial costs incurred by the lessee, rent payments made on the start date or before that date, minus any incentives obtained by the lessee.

These assets are depreciated over the estimated lifetime of the underlying asset or over the duration of the contract if this period is shorter, unless the group is sufficiently certain of obtaining ownership of the asset at the end of the contract.

Right-of-use assets are presented separately from other assets as a different heading under non-current assets.

Lease obligations

The lease obligation are valued at the present value of the rent payments that have not yet been paid. The present value of the rent payments must be calculated using the interest rate implicit in the lease if it is possible to determine that rate. If not, the lessee must use its incremental borrowing rate.

The incremental borrowing rate is the interest rate that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

Over the duration of the contract, the lessee values the lease obligation as follows:

- by increasing the book value to reflect the interest on the lease obligation;
- by reducing the book value to reflect the rent payments made;
- by revaluing the book value to reflect the new appreciation of the lease obligation or amendments to the lease.

The services included in leases do not form part of the lease debt.

Lease obligations are presented in a separate entry under current and non-current interest-bearing liabilities (see note 5.14).

Short-term leases and low-value leases

For short-term leases (duration of 12 months or less), the Fluxys group registers a lease expense.

To determine the criteria for a low-value lease, a threshold has been determined, with the exception of vehicles, which are included in the group of vehicles leased for more than one year without applying the value criteria.

The impact on the results of short-term and low-value leases is not significant.

Presentation

In the consolidated income statement, the interest charge on the lease obligation is presented separately from the depreciation charge that applies to the right-of-use asset.

In the statement of cash flows, the cash flows will be presented as follows:

- cash outflows relating to the principal of the lease obligation and the interest paid, in the financing activities;
- rent payments for short-term leases, low-value leases and variable rent payments that have not been taken into account in the valuation of the lease obligations, in the operating activities.

2- The group as a lessor

The group leases out some facilities under finance lease as a lessor.

Assets under finance lease are assets for which the group substantially transfers risks and rewards related to the economic ownership to the lessee.

Assets leased under such contracts are recognised on the balance sheet as receivables in an amount equal to the net investment in the lease contract in question.

Finance lease payments received are apportioned between financial income and repayments of the finance lease receivable so as to achieve a constant rate of return on the net investment by the group in the finance lease contract.

When the classification of contracts under finance lease is based on the present value of the minimum lease payments, the most pertinent criteria adopted is the following: a contract is considered a finance lease if the present value of the minimum lease payments amounts to at least 90% of the fair value of the leased asset at the inception of the lease contract.

2.10. Financial instruments

a. Recognition and derecognition of financial assets and liabilities

Recognition

Financial assets and liabilities are recognised when the group becomes party to the instrument's contractual terms.

Derecognition of financial assets

The group has to derecognise a financial asset if and only if the contractual rights on the cash flows of the financial asset expire, or where it transfers almost all the risks and rewards inherent to the ownership of the financial asset to a third party.

If the group neither transfers nor retains substantially all the risks and rewards of ownership of a transferred asset, and retains control of the transferred asset, the group continues to recognise the financial asset to the extent of its continuing involvement and recognises a related liability for the amount received.

If the group keeps almost all the risks and rewards inherent to the ownership of the financial asset, it continues to recognise the whole financial asset and recognises a financial liability for the consideration received.

When a financial asset measured at amortised cost is derecognised, the difference between the amortised cost and the sum of the considerations received is transferred to the income statement.

When an investment in equity instruments until now measured at fair value through other comprehensive income is derecognised, the accumulated profit/loss recognised previously in other comprehensive income is not reclassified to net income.

Derecognition of financial liabilities

The entity derecognises a financial liability only if this liability is extinguished, i.e. once the obligation is fulfilled, cancelled or it expires.

The difference between the book value of an extinguished financial liability and the consideration paid, including, where applicable, the assets (non-cash) transferred and the liabilities acquired must be recognised in net income.

b. Unconsolidated instruments (such as shares and equity rights)

The Fluxys group values the unconsolidated equity instruments at fair value with changes to other comprehensive income.

However, given the materiality of certain instruments and the unavailability of recent market values, certain equity instruments are accounted for at the initial cost.

The dividends received for these equity instruments are recognised in financial income under the item 'Dividends from unconsolidated entities'.

c. Short-term investments, cash and cash equivalents

Cash investments in the form of bonds or commercial paper, having a maturity date exceeding three months, are reported as financial assets measured at amortised cost. These are shown in the balance sheet under non-current 'other financial assets' and under current 'cash investments'.

Cash and cash equivalents include short-term investments, short-term bank deposits and deposits readily convertible to a known cash amount and which are subject to an insignificant risk of changes in value (maximum of three months).

Cash and cash equivalents held are reported as financial assets measured at amortised cost.

The economic model used by the Fluxys group to manage financial assets aims to hold them in order to obtain contractual cash flows. The sales of financial assets are rare and the group does not expect to proceed with such sales in the future, except in the case of an increased credit risk for the assets over and above the policy advocated by the group. A sale may also be motivated by an unexpected financing need.

Where the conditions required to be qualified as financial assets valued at amortised cost are not met, these financial assets concerned are valued at fair value through profit and loss.

d. Trade and other receivables

Trade and other receivables are stated at their face value reduced by any amounts deemed unrecoverable.

When the time value of money is significant, trade and other receivables are discounted.

Impairment losses are recognised when the book value of these items at balance sheet date exceeds their recoverable amount.

e. Expected credit losses and write-downs

Expected credit losses on financial assets accounted for at amortised cost are calculated using an individual approach, based on the credit quality of the counterparty and the maturity of the financial asset.

Expected credit losses are calculated using a probability of default over 12 months where the credit risk is low.

A financial asset is impaired where one or more events have occurred with a negative effect on the future estimated cash flows of this financial asset. The indications of the impairment of a financial asset encompass data that may be observed on the following events:

- defaults in payments for more than 90 days,
- significant financial difficulty of the issuer or debtor and
- increasing probability of bankruptcy or financial restructure of the lender.

If the economic forecast (for example gross domestic product) deteriorates over the course of next year, which could lead to an increase in the number of defaults, the historical default rates are adjusted. At each balance sheet date, the historical default rates observed are updated and the changes in the forecast estimates are analysed.

f. Interest-bearing liabilities

Interest-bearing liabilities are recognised at the net amount received. Following initial recognition, interest-bearing liabilities are recorded at amortised cost. The difference between the amortised cost and the redemption value is recognised in the income statement under the effective interest rate method over the term of the liabilities.

When a financial liability measured at amortised cost is amended without this amendment entailing derecognition, the profit/loss arising therefrom is immediately transferred to the income statement. The gain or loss corresponds to the difference between the original contractual cash flows and the amended cash flows discounted at the original effective interest rates.

g. Trade payables

Trade payables are stated at face value.

When the time value of money is significant, trade payables are discounted.

h. Derivative instruments

The Fluxys group uses derivative financial instruments to hedge its exposure to exchange and interest rate risks.

Derivative instruments designated as hedging instruments

The Fluxys group designates certain derivatives as hedging instruments for foreign exchange risk and interest rate risk in cash-flow hedges or hedges of net investments in foreign operations.

Designation and effectiveness of hedging

When creating a hedge relationship, the group prepares documentation describing the relationship between the hedging instrument and the hedged item as well as its objectives as regards risk management and its strategy for conducting various hedging transactions.

Moreover, at the time of creating the hedge and regularly thereafter, the group indicates whether the hedging instrument is highly effective to compensate the variations in fair value or cash flows of the hedged item attributable to the hedged risk, i.e. where the hedge relationship satisfies all of the following effectiveness constraints for the hedge:

- there is an economic link between the hedged item and the hedging instrument;
- the credit risk has no dominant effect on the variations in value that result from this economic link;
- the hedge ratio of the hedge relationship is equal to the relationship between the quantity of the hedged item that is really hedged by the group and the quantity of the hedged item that the group really uses to hedge this quantity of the hedged item.

If a hedge relationship ceases to satisfy the constraint of effectiveness of the hedge relative to the hedge ratio, but the risk management objective of this designated hedge relationship remains the same, the group must re-adjust the hedge ratio of the hedge relationship in such a way as to make it meet the criteria again (rebalancing).

Changes in the fair value of financial instruments designated as hedges of a net investment in an activity abroad, and which meet the associated conditions, are recognised directly in equity provided that they relate to the effective portion of the hedge and that the changes in fair value result from changes in exchange rate.

Gains or losses on hedging instruments recognised directly in equity must be recognised in the income statement when the activity abroad leaves the consolidation scope.

Changes in the fair value of financial instruments designated as cash flow hedges are recognised directly in group equity. The ineffective portion of the gain or loss on the hedging instrument is recognised in the income statement. If the planned transaction is no longer likely to take place, gains or losses on the hedging instruments which were recognised directly in equity are recognised in the income statement.

Derivative instruments not designated as hedging instruments

Certain financial instruments, although hedging clearly defined risks, do not meet the criteria for the application of hedge accounting under IFRS 9 (Financial instruments).

Changes in the fair value of these financial instruments are directly recognised in the income statement.

2.11. Inventories

Valuation

Inventories are valued at the lower of cost and net realisable value.
Inventories are written down to account for:

- a reduction in net realisable value, or
- impairment losses due to unforeseen circumstances related to the nature or use of the assets.

These write-downs on inventories are recognised in the income statement in the period in which they arise.

Gas inventory

Gas inventory changes are valued under the weighted average cost method.

Supplies and consumables

Supplies and consumables are valued under the weighted average cost method.

Work in progress

Work in progress for third parties is valued at cost, including indirectly attributable costs. When the outcome of a contract can be reliably estimated, contract revenue and expenses are recognised as revenue and expenses respectively by reference to the stage of completion of the contract at balance sheet date.
Any expected loss is recognised immediately as an expense in the income statement.

2.12. Borrowing costs

Borrowing costs directly attributable to the acquisition, building or production of assets requiring a substantial period of time to get ready for their intended use (property, plant and equipment, inventories, investment property, etc.) are added to the costs of the assets concerned until they are ready for use or sale.
The amount of the borrowing costs to be capitalised is the actual cost incurred in borrowing the funds, as reduced by income from any temporary investment of these funds.

2.13. Provisions

Provisions are recognised as a liability in the balance sheet when they meet the following criteria:

- the group has a present (legal or constructive) obligation arising from past events, and
- it is probable (i.e. more likely than not) that the settlement of this obligation will lead to an outflow of resources embodying economic benefits, and
- the amount of the obligation can be reliably estimated.

No provision is recognised if the above conditions are not met.
The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, in other words the amount the entity reasonably expects to need to pay to discharge the obligation at balance sheet date, or to transfer it to a third party at the same date.
This estimation is based either on a request from a third party or on estimates or detailed calculations. For all provisions recognised, management considers that the probability of an outflow of resources exceeds 50%.
When the time value of money is significant, provisions are discounted. The discount rate used is a rate before tax reflecting current market estimates of the time value of money and taking into account any risks associated with the type of liability in question.
All risks incurred by the group that do not comply with the above-mentioned criteria are disclosed as contingent liabilities in the Notes.

Employee benefits

Some companies in the Fluxys group have established supplementary ‘defined benefit’ or ‘defined contribution’ pension plans. Benefits provided under these plans are based on the number of years of service and the employee’s salary.
‘Defined benefit’ pension plans enable employees to benefit from a capital sum calculated on the basis of a formula which takes account of their annual salary at the end of their career and their seniority when they retire.

‘Defined contribution’ pension plans provide employees with a capital sum accumulated from personal and employer contributions based on their salary.

In Belgium, the law requires that the employer guarantees a minimum return for defined contribution, which varies based on the market rates.
The accounting method used by the group to value these ‘defined contribution pension plans, with a guaranteed minimum return’, is identical to the method used for ‘defined benefit’ plans.

In case of death before retirement, these plans provide, in Belgium, a lump sum for the surviving spouse and benefits for the orphans.

Other employee benefits

Certain group companies offer their employees post-employment benefits such as the reimbursement of medical costs and tariff reductions, and other long-term benefits (seniority premiums).

Valuation

These liabilities are valued annually by a qualified actuary.
Regular payments made in relation to the supplementary pension plans are recognised as expenses at the time they are incurred.

‘Defined benefit’ pension plans

Provisions for pensions and other collective agreements are reported in the balance sheet in accordance with IAS 19 (Employee Benefits), using the projected unit credit method (PUCM).

The current value of post-employment benefits is determined at each balance sheet date based on the projected salary estimated at the end of the employee’s career, the rate of inflation, life expectancy, staff turnover and the expected age of retirement. The present value of defined benefit obligations is determined using a discount rate based on high-quality bonds with maturity dates close to the weighted average maturity of the plans concerned and which are denominated in the currency in which the benefits are to be paid.

The amount accounted for in respect of post-employment liabilities corresponds to the difference between the current value of future obligations and the fair value of assets in the plan destined to cover them. If the result of this calculation is a deficit, the commitment is entered in the liability side of the balance sheet. In the opposite case, an asset is recognised in line with the surplus of the defined benefit pension plan, capped at the current value of any future reimbursement from the plan or any reduction in future contributions to the plan.

The remeasurements of the liabilities or surplus assets in the balance sheet comprise:

- the actuarial gains or losses on the defined benefit liabilities resulting from adjustments relating to experience and/or changes in actuarial assumptions (including the effect of the change in the discount rate);
- the return on plan assets (excluding amounts included in net interest) and changes in the effect of the asset ceiling (excluding amounts included in net interest).

These remeasurements are directly recognised in equity through the other items in comprehensive income.

'Defined contribution' pension plans

The liabilities of the group with regard to 'defined contribution' plans are limited to the employer contributions paid recorded in the results.

Actuarial gains and losses relating to other long-term employee benefits

The other long-term benefits are accounted for in the same way as the post-employment benefits, but remeasurements are fully accounted for in the financial results in the financial year in which they occur.

2.14. Revenue recognition

The group accounts for operating revenue as it meets a service obligation by supplying the customer with the promised good or service and as this latter obtains control thereof.

The Fluxys group uses a five-stage approach to determine whether a contract entered into with a customer may be accounted for and the way in which revenue should be recognised:

1. identification of the contract,
2. identification of the performance obligations,
3. determination of the transaction price,
4. allocation of the transaction price between the service obligations and
5. recognition of operating revenue where the performance obligations are met or where the control of the goods or services is transferred to the customer.

Group revenues mainly come from transmission, storage and terminalling service contracts for which both the services to be provided and the price of the service are clearly identified. Revenues from these contracts are mainly recognised based on reserved capacities.

For most services, Fluxys SA and its subsidiaries transfer the control of their services progressively and in doing so meet their performance obligation and account for operating revenue progressively. Furthermore, the Fluxys group makes sales of gas that are necessary for balancing operations and its operational needs. These services, fulfilled at a specific time, are recognised in operating revenue from the time of their fulfilment. From 1 June 2020, these balancing operations are conducted by the joint-venture with Balansys for the Belgian and Luxembourg markets.

Regulated income received by the group may generate a gain or a loss compared to the fair margins on the capital invested.

Gains are deferred and recognised as regulatory liabilities, whereas revenues acquired corresponding to a loss are included in operating revenue to offset the accounting of a regulatory asset.

The regulatory framework is explained in further detail in the chapter Legal and regulatory framework of the annual report. In note 4 - Segment income statement, the distinction is shown between the revenue invoiced and the revenue recognised. The latter includes the revenue invoiced, but also the movements in regulatory assets and liabilities.

The following table provides more detailed information on the group's main services (performance obligations), which are transmission, storage and terminalling, the types of contract, and the way in which operating revenue is recognised. The large majority of this revenue is regulated.

Legal entity	Revenue stream	Performance obligation: nature, customer and timing of satisfaction	Contract type and price setting
Fluxys Belgium **Fluxys Deutschland** **Fluxys TENP** **Interconnector** **FluxSwiss** **BBL**	**Transmission services**	**Nature of performance obligation**: sale of capacity and related services in the pipeline infrastructure to its customers to transmit natural gas to distribution system operators, power stations and major industrial end-users or to transport natural gas to a border point for transmission to other end-user markets in Europe. **Customers**: gas shippers reserve capacity slots (short + long term contracts) **Revenue recognition**: the performance obligation consists in making these capacities available for the customers for use at the customers' discretion (cf. IFRS 15.26 (e)). Basically, the contracts determine that the latter reserve a certain capacity that can be used over a certain period, at the choice of the customer. Thus, the Entity will transfer to the customer a series of services that are substantially the same and that have the same pattern of transfer to the customer (IFRS 15.22 (b)). Each service in the series provided is a performance obligation satisfied **over time**, as described by IFRS 15.35a (the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs). Therefore, the reserved capacities are invoiced and recognised monthly over the period covered by the contract related to the capacities reserved (in accordance with IFRS 15.39 and IFRS 15.B15), i.e. **over time** recognition.	**Regulated Standard Transmission Agreement.**
Fluxys Belgium	**Storage capacity service**	**Nature of performance obligation**: storage services enabling customers to use buffer capacity flexibly according to their needs. The gas is stored in the underground facilities in Loenhout, Belgium. Most of the revenues are generated by the sale of standard bundled packages, composed of injection, storage and withdrawing capacity throughout the storage season in fixed proportion. Such contracts can be both long term and short term. **Customers**: As for transmission, the revenues are based on the reserved capacities. **Revenue recognition**: revenue is recognised over time as these services are performed continuously **throughout the contractual term.**	**Regulated Standard Storage Agreement** (in combination with a regulated Standard Transmission Agreement to enable injecting into and withdrawing from the gas grid – see above).
Fluxys LNG **Dunkerque LNG**	**Terminalling services**	**Nature of performance obligations:** **Unloading services** (time slots are sold in advance, the so-called 'berthing rights'), possibly combined with related services such as storage, regasification or sending out (i.e. transform the liquid gas into gas that can be injected in the grid). **Loading services** Transhipment services (only Fluxys LNG), that occur in 2 forms: • Ship-To-Ship: unloading of LNG from one LNG ship directly to another. • Ship-Storage-Ship: LNG is unloaded from an LNG ship, then stored in a tank at the terminal. It can be loaded a few days later by another LNG ship. **Customers:** Customers reserve berthing rights in advance, these can be both long term and short term contracts. **Revenue recognition**: revenue of these berthing rights is recognised **over time** based on the reserved capacity, independently of whether the slots are used or not. For some additional services, such as storage, revenue is recognised over time as well, in accordance with IFRS 15.35(a). For other additional services, such as regasification, revenue is recognised at a point in time.	**Standard regulated LNG Terminalling Agreement,** mostly combined with a separate standard regulated LNG Service Agreement for ancillary services such as storage and sending out capacity, etc. **Regulated standard LNG Transhipment Service Agreement.**

2.15. Income taxes

Current tax is determined in accordance with local tax regulations and calculated on the income of the parent entity, subsidiaries and joint operations.

Deferred tax liabilities and assets reflect, respectively, the future taxable and deductible temporary differences between the book value and the tax base of assets and liabilities.

Deferred tax liabilities and assets are measured at the income tax rate applicable to the financial year in which the underlying asset is expected to be realised or the underlying liability settled, considering the new rates if they are enacted or substantially enacted at the closing date.

Any later change in rates requires a change to the deferred taxes. This is accounted for via the other items of comprehensive income for the part concerning operations that are usually accounted for in these items. The balance of the change in deferred taxes is accounted for in the net profit/loss for the period.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the future deductible temporary differences can be offset.

2.16. Foreign currency assets, rights, borrowings and liabilities

Recognition at the date of the transaction

Foreign currency receivables and payables are measured at the exchange rate prevailing at the transaction date.

Measurement at balance sheet date

At balance sheet date, in accordance with IAS 21 (Effects of Changes in Foreign Exchange Rates), monetary assets and liabilities, as well as rights and liabilities, are valued at the closing rate.
The resulting translation adjustments are recognised in the income statement.

Note 3. Investments

3.1. Consolidation scope

The consolidation scope has evolved in the following way in 2022: stake acquired in GNL Quintero, creation of the company Fluxys Chile and divestment of Boostheat.

3.1.1 Evolution of stakes

GNL Quintero

Acquisition of a minority stake (20%) in GNL Quintero (through a 25% stake in Condor Energy Holdings III, which indirectly has an 80% stake in GNL Quintero), the largest regasification terminal for liquefied natural gas (LNG) in Chile. This is an essential energy infrastructure company that supports Chile's decarbonization strategy by assisting with the adoption of renewable resources and the progressive exit from carbon. GNL Quintero is consolidated using the equity method, with an impact on the group profit/loss from the 2nd quarter of 2022. The exercise of fair value adjustment of assets and liabilities of the company allowing the price allocation is achieved, and the book value of the stake on the balance sheet date takes that into account.

Fluxys Chile

Creation of Fluxys Chile (100%), which looks at other commercial development possibilities in Chile.

BoostHEAT

The stake in BoostHEAT, designer of hybrid boilers combining gas and a heat pump, and going through a safeguard procedure, has been sold to HBR Investment Group.

3.2. Nature and extent of stakes held in joint arrangements

Transitgas and TENP KG

Transitgas is a joint arrangement in which FluxSwiss exercises a joint control with the other joint operators.
Transitgas is qualified as a joint operation for the following reasons:
The purpose of the activities of Transitgas is essentially to put the capacity of its installations at the disposal of the joint operators. This gives them the right to almost all of the economic benefits of the assets of the operation. They also incur obligations against liabilities related to the operation. Indeed, the liabilities incurred by Transitgas are paid through cash flows received from the joint operators through the considerations paid for the capacity made available.
FluxSwiss holds 90% of the capacity of the Transitgas installations. The latter are therefore integrated for 90% in the consolidated financial statements of the group. This integration percentage is not based on the investment held in this company but on the rights to the assets and liabilities incurred by the group for the liabilities.
This method better reflects the risks and rewards of the joint operators related to the capacity reserved in the installations.

TENP KG is a joint arrangement in which Fluxys TENP exercises a joint control with the other joint operators.
The approach in the framework of this joint arrangement is identical to that of Transitgas, except that this joint operation is integrated for 64.25% in the consolidated financial statements of the group in accordance with the capacity reserved in the facilities.

BBL Company VOF, NEL and EUGAL

Through Fluxys Deutschland GMBH, Fluxys is joint owner of 16.5% of the assets and liabilities of EUGAL (gas pipeline linking Lubmin in northeast Germany with Deutschneudorf on the Czech border) and of 23.87% of the assets and liabilities of NEL (gas pipeline linking Lubmin with Rehden in southwest Germany).
Through Fluxys BBL, Fluxys is joint owner of 20% of the assets and liabilities of BBL Company, which operates a gas pipeline between Balgzand in the Netherlands and Bacton in England.

3.3. Nature and scope of the restrictions related to the assets and liabilities of the group

Special rights are attached to the special share of the Belgian State in Fluxys Belgium, other than the normal rights attached to all other shares. These special rights are exercised by the Federal Minister in charge of Energy and can be summarised as follows:

- The right to oppose all transfers, any assignment as security or change of the destination of strategic assets of Fluxys Belgium of which the list is set out in an annex to the royal decree of 16 June 1994, if the Federal Minister in charge of Energy considers that this operation prejudices the national interests in the area of energy;
- The right to appoint two representatives of the federal government with a consultative vote in the Board of Directors of Fluxys Belgium.
- The right of the representatives of the federal government, within four business days, to appeal to the Federal Minister in charge of Energy on the basis of objective, non-discriminatory and transparent criteria, as defined in the Royal Decree of 5 December 2000, against any decision of the Board of Directors of Fluxys Belgium (including the investment and business plan and related budget) which they regard as contrary to the guidelines of the country’s energy policy, including the government's objectives concerning the country's energy supply. The appeal is suspensive. If the Federal Minister in charge of Energy has not cancelled the decision concerned within eight business days after this appeal, it becomes final.
- A special voting right in case of deadlock in the General meeting on a matter concerning the objectives of the federal energy policy.

Other shareholders’ agreements have been entered into within Fluxys group subsidiaries. These provide for pre-emptive rights at the time of transfer of securities by a shareholder, as well as certain special majorities needed for decision-making in specific matters. These do not affect the control exercised by the group over its subsidiaries or the joint control over its joint operations.

There are no other significant restrictions that could limit the ability of the group to access or use its assets and discharge its liabilities. However it must be noted that the assets of Flux Re are destined to cover the risk of the company in the scope of its reinsurance activities. The total assets in the balance sheet of Flux Re came to €164.1 million as at 31-12-2022 compared to €172.3 million as at 31-12-2021.

3.4. Information on investments

Fully consolidated entities

Name of the company	Registered office	Entity number	% owner-ship	Core business	Cur-ren cy	Balance sheet date
FLUXYS BELGIUM SA	Avenue des Arts 31 B - 1040 Brussels	0402 954 628	90.00%	Gas transmission	€	31 December
FLUXYS LNG SA	Rue Guimard 4 B - 1040 Brussels	0426 047 853	90.00%	LNG terminalling	€	31 December
FLUX RE SA	Rue de Merl 74 L - 2146 Luxembourg	-	90.00%	Reinsurance entity	€	31 December
FLUXYS EUROPE SA	Rue Guimard 4 B - 1040 Brussels	0712 615 547	100.00%	International activity	€	31 December
FLUXYS BBL B.V.	Willem de Zwijgerlaan 32 NL – 5263 DG Vught	-	100.00%	Gas transmission	€	31 December
Fluxys Germany Holding GmbH	Elisabethstr. 5 D - 40217 Düsseldorf	-	100.00%	Holding	€	31 December
FLUXYS DEUTSCHLAND GmbH	Elisabethstr. 5 D - 40217 Düsseldorf	-	100.00%	Gas transmission	€	31 December
FLUXYS TENP GmbH	Elisabethstr. 5 D - 40217 Düsseldorf	-	100.00%	Gas transmission	€	31 December
FLUXSWISS SAGL	Via della Scuole 8 CH - 6900 Paradiso	-	50.65%	Gas transmission	CHF	31 December
FLUXYS UK Ltd (*)	Clarendon House Road GB - Cambridge CB2 8FH	-	100.00%	International activity	€	31 December
GMSL Ltd	Clarendon House Road GB - Cambridge CB2 8FH	-	100.00%	Services	GBP	31 December
INTERCONNECTOR Ltd	4th Floor, Burdet House Buckingham Street 15-16 UK - London WC2N 6 DU	-	76.32%	Gas transmission	GBP	31 December
INTERCONNECTOR ZEEBRUGGE TERMINAL SRL	Rue Guimard 4 B - 1040 Brussels	0454 318 009	63.40%	LNG terminal	€	31 December
FLUXYS BUNKERING SRL	Rue Guimard 4 B - 1040 Brussels	0645 978 824	100.00%	LNG Services	€	31 December
FLEXFUELER 002 SRL	Rue Guimard 4 B - 1040 Brussels	0716.865.434	86.73%	LNG bunkering services	€	31 December
DUNKERQUE LNG SAS	Rue l'Hermitte 30 Immeuble des 3 Ponts F - 59140 Dunkerque	-	30.39%	LNG terminalling	€	31 December
DUNKERQUE LNG Holding SAS*	10 rue Auber F-75009 Paris	-	30.39%	Holding	€	31 December
FLUXDUNE SA	Rue Guimard 4 B - 1040 Brussels	0697 786 623	50.01%	Holding	€	31 December
GAZ-OPALE SAS	Rue l'Hermitte 30 Immeuble Les 3 Ponts F - 59140 Dunkerque	-	64.50%	Services	€	31 December
FLUXYS BRASIL SA	Rua Visconde de Pirajá, No. 495, 7th floor, room 702 Ipanema, Zip Code 22410-002 Rio de Janeiro, State of Rio de Janeiro, Brazil		100%	Services	BRL	31 December
FLUXYS INTERNATIONAL NV	Guimardstraat 4 B – 1040 Brussel		100%	Holding	€	31 December
CORUMBA Holding sarl	Rue de Merl 74 L - 2146 Luxembourg		100%	Holding	€	31 December
BBPP Holdings Ltda.	Rua da Passa-gem, No. 83 - suite 214 (Part), Botafogo, zipcode 22290-030, Rio de Janeiro, State of Rio de Janeiro, Brazil		100%	Holding	BRL	31 December
FLUXGERMANY SA	Guimardstraat 4 B – 1040 Brussel		100%	Holding	€	31 December
FLUXDE HOLDING GmbH	Elisabethstr. 5 D - 40217 Düsseldorf		100%	Holding	€	31 December
FLUXYS CHILE SpA	Rosario Norte n° 660, piso 20, Las Condes, Santiago, Chile		100%	Services	CLP	31 December

(*) Fluxys controls Dunkerque LNG through its control of FluxDune SA (50.01%), which in turn controls Dunkerque LNG Holding SAS (60.76%), the latter holding 100% of the shares of Dunkerque LNG.

Joint operations integrated based on rights on assets and obligations on liabilities

Name of the company	Registered office	Entity number	% ownership	Core business	Currency	Balance sheet date
TENP GmbH & Co KG	Gladbecker Strasse 425 D - 45329 Essen	-	49.00%	Leasing of facilities and services	€	31 December
Transitgas AG	Franklinstrasse 27 CH - 8050 Zurich	-	23.30%	Leasing of facilities and services	CHF	31 December
BBL Company VOF	Concourslaan 17 NL - 9727 KC Groningen	-	20.00%	Gas transmission	€	31 December
NEL (Nordeuropäische Erdgasleitung) Gastransport GmbH	Kölnische Strasse 108-112 D - 34119 Kassel	-	23.87%	Gas transmission	€	31 December
EUGAL (European Gas Pipeline Link)	Kölnische Strasse 108-112 D - 34119 Kassel	-	16.50%	Gas transmission	€	31 December

Subsidiaries with significant non-controlling interests — In thousands of €

100 %	31-12-2022 * Fluxys Belgium Group	31-12-2022 * Swiss Group**	31-12-2022 * Intercon-nector	31-12-2022 * Dunkerque LNG	31-12-2022 * Other subsidiaries	31-12-2022 * TOTAL
Non-current assets	2,198,573	901,296	365,864	2,489,559		
Current assets	1,345,484	184,452	272,424	271,925		
Equity	746,733	742,004	259,950	1,515,302		
Non-current liabilities	2,095,647	248,800	226,625	1,137,992		
Current liabilities	701,677	94,944	151,713	108,190		
Operating revenue	1,207,337	271,934	198,046	243,322		
Operating expenses	-1,068,798	-156,801	-154,947	-185,453		
Net financial result	-37,514	-7,571	-432	-13,582		
Income tax expenses	-23,872	-17,946	-9,139	-11,645		
Net profit/loss for the period	77,153	89,616	33,528	32,642		
Balance sheet - Non-controlling interests	74,668	366,179	61,888	1,043,543	-173,332	**1,372,946**
Profit/loss – Non-controlling interests	7,715	44,226	7,999	22,723	3,355	**86,018**

* Figures on an annual basis are 100% subject to approval by the companies' management bodies and general meeting

** Swiss Group corresponds to the consolidation of FluxSwiss integrating 90% of Transitgas.

Subsidiaries with significant non-controlling interests						In thousands of €
	31-12-2021 *	31-12-2021 *	31-12-2021 *	31-12-2021 *	31-12-2021 *	31-12-2021 *
100 %	Fluxys Belgium Group	Swiss Group**	Inter-connector	Dunkerque LNG Holding	Other Subsidiaries	TOTAL
Non-current assets	2,220,761	929,782	432,979	2,640,973		
Current assets	560,005	58,479	83,995	138,403		
Equity	749,364	633,144	335,300	1,527,623		
Non-current liabilities	1,812,035	295,221	134,854	423,207		
Current liabilities	219,367	59,896	46,820	828,546		
Operating revenue	618,676	159,337	87,432	197,284		
Operating expenses	-489,622	-78,285	-56,369	-156,247		
Net financial result	-37,347	-10,421	-450	-11,382		
Income tax expenses	-22,762	-12,508	-25,007	-7,802		
Net profit/loss for the period	68,945	58,123	5,606	21,853		
Balance sheet - Non-controlling interests	74,931	312,457	79,723	1,052,120	-173,907	**1,345,324**
Profit/loss – Non-controlling interests	6,895	28,683	1,301	15,213	657	**52,749**

* Figures on an annual basis are 100%
** Swiss Group corresponds to the consolidation of FluxSwiss integrating 90% of Transitgas.

Equity accounted investees – Joint ventures

Name of the company	Registered office	Entity number	% ownership	Core business	Currency	Balance sheet date
TENP Verwaltungs GmbH	Gladbecker Strasse 425 D - 45329 Essen	-	50.00%	Services	€	31 December
BALANSYS SA	105 Rue de Strassen L-2555 Luxembourg	-	45.00%	Balancing operator	€	31 December
POWER TO METHANOL ANTWERP BV	Scheldelaan 480, Haven 647 B - 2040 Antwerpen	0746.607.812	14.29%	Energy Transition	€	31 December
ROSTOCK LNG GmbH	Elisabethstr, 11 D - 40217 Düsseldorf	-	51.00%	LNG terminalling	€	31 December
HYOFFWIND INFRASTRUCTURE SA	Villalaan 96 B - 1500 Halle	0775.857.171	33,33%	Energy Transition	€	31 December

Equity accounted investees - Associates

Name of the company	Registered office	Entity number	% ownership	Core business	Curren-cy	Balance sheet date
TRANS ADRIATIC PIPELINE AG	Lindenstrasse 2 CH - 6340 Baar	-	19.00 %	Gas transmission	€	31 December
SENFLUGA ENERGY INFRASTRUCTURE HOLDING SA	D, Soutsou street 28 GR - 11521 Athens	-	18.00%	Holding	€	31 December
DESFA S.A.	Mesogion Av, 357-359 GR - 15231 Chalandri, Athens	-	11.88%	Gas transmission	€	31 December
Transportadora Brasileira Gasoduto Bolívia-Brasil S.A. – TBG	Praia do Flamengo, 200 25º andar - Rio de Janeiro – RJ CEP: 22.210-901 Brazil		29.12%	Gas transmission	BRL	31 December
Hanseatic Energy Hub GmbH	Am Sandtorkai 48, 20457 Hamburg Germany		10.22%	LNG terminalling	€	31 December

Condor Energy Holdings SpA	2939 Av. Vitacura Piso 12, Las Condes Santiago, Chile	25%	Holding	31 December
Condor Energy Holdings II SpA	2939 Av. Vitacura Piso 12, Las Condes Santiago, Chile	25%	Holding	31 December
Condor Energy Holdings III SpA	2939 Av. Vitacura Piso 12, Las Condes Santiago, Chile	25%	Holding	31 December
Condor Intermediate Holdings SpA	2939 Av. Vitacura Piso 12, Las Condes Santiago, Chile	25%	Holding	31 December
GNL Quintero S.A.	532 Rosario Norte, 16th floor, Suite 1604, Metropolitan Region, Chile	20%	LNG-Terminalling	31 December

Financial statements of equity accounted investees — **In thousands of €**

	31-12-2022*	31-12-2022*	31-12-2022*	31-12-2022*	31-12-2022*	31-12-2022*	31-12-2022*
100 %	**Senfluga Energy Infrastructure Holdings****	**Quintero**	**Trans Adriatic Pipeline AG**	**Condor**	**TBG**	**Other companies**	**TOTAL**
Non-current assets	902.147	2.214.343	5.023.717	3.007.861	748.684		
Current assets	357.849	409.641	705.862	53.023	184.898		
Equity	570.333	1.298.284	1.973.992	2.114.594	342.040		
Non-current liabilities	433.420	1.143.477	3.166.485	943.002	251.626		
Current liabilities	256.243	182.223	589.102	3.288	339.917		
Operating revenue	323.732	136.164	874.639	1	318.172		
Operating expenses	-203.227	-79.789	-420.120	-9.017	-220.650		
Net financial result	-15.186	-24.290	-106.114	-25.865	20.634		
Investments in associates	378	0	0	0	0		
Income tax expenses	-26.024	-8.667	-60.418	-11.389	-40.231		
Net profit/loss for the period	79.673	23.418	287.987	-46.270	77.925		
Investments in associates & JV	55.302	259.657	375.058	-211.573	99.602	6.985	585.031
Result from investments in associates & JV	8.894	4.684	54.718	-11.568	22.692	1	79.420

* Figures before eliminations of intra-group operations on an annual basis at 100% and subject to the approval of the management bodies and the general meeting of the companies.

** The figures concern the group Senfluga, which controls the company DESFA with a stake of 66%.

Financial statements of equity accounted investees					In thousands of €
	31-12-2021*	31-12-2021*	31-12-2021*	31-12-2021*	31-12-2021*
100 %	Senfluga Energy Infrastructure Holdings**	Trans Adriatic Pipeline AG	TBG	Other companies	TOTAL
Non-current assets	818,595	4,790,863	716,627		
Current assets	200,687	384,717	141,284		
Equity	511,617	1,287,264	341,670		
Non-current liabilities	367,948	3,470,067	188,268		
Current liabilities	139,717	418,249	327,973		
Operating revenue	214,387	767,103	186,697		
Operating expenses	-121,045	-321,642	-136,166		
Net financial result	-10,167	-111,142	826		
Investments in associates	-7	0	0		
Income tax expenses	-20,470	-47,281	-9,988		
Net profit/loss for the period	62,698	287,038	41,369		
Investments in associates & JV	46,658	244,580	99,494	5,159	**395,891**
Result from investments in associates & JV	7,420	54,537	12,047	274	**74,278**

* Figures before eliminations of intra-group operations on an annual basis at 100%.
** The figures concern the group Senfluga, which controls the company DESFA with a stake of 66%.

Main unconsolidated entities			
Name of the company	Registered office	% ownership	Core business
Trading Hub Europe Gmbh	Kaiserswerther Strasse 115 D-40880 Ratingen	9,09%	Conduct market area corporation
PRISMA EUROPEAN CAPACITY PLATFORM GmbH	Reichsstrasse 1-9 D – Saxony 04109 Leipzig	10,95%	Transmission capacity reservation platform
F,L, ZEEBRUGGE SA	Chaussée de Gand 1440 B - 1082 Brussels	19,08%	Finance lease company
C4GAS SAS	Rue de la Pépinière 24 F - 75008 Paris	10%	Purchasing portal

The Fluxys group holds, through the Interconnector, 19.08% of the company FL Zeebrugge NV, a company which provides tangible assets under finance lease to the company Interconnector Zeebrugge Terminal SRL. The Interconnector group has subscribed to the bonds issued by FL Zeebrugge NV with a view to partially financing the assets provided under finance lease.

Note 4. Income statement and operating segments

Operating segments

The Fluxys group carries out activities in the following operating segments:

- The Belgium segment comprises all services subject to the Belgian Gas Act, i.e. transmission, storage in Loenhout and LNG terminalling services in Zeebrugge. Other activities with a link to these services are included in this segment, whether or not subject to the Gas Act. They mainly comprise the operational support of the IZT and ZPT terminals[2], making facilities or persons available as well as work for third parties.
- The 'International' segment comprises the revenue generated by the transmission facilities in Germany, Switzerland, between Zeebrugge in Belgium and Bacton in the UK (Interconnector) and between Balgzand in the Netherlands and Bacton in the UK (BBL). It includes the LNG terminalling activities in Dunkerque, as well as the results of the participations in TAP TBG, Desfa and GNL Quintero.
- The 'Unallocated' column comprises the governance and financial management activities of the Fluxys group.

The segment information is based on a classification into these operating segments.

Basis of accounting relating to transactions between operating segments

Transactions between operating segments are valued either at the current regulated tariff or on the basis of the contractual prices in accordance with market conditions and therefore on the basis of same tariffs as for external clients.

Information relating to the main customers

- The group's main customers are users of natural gas transmission and storage services and LNG terminalling services. Among them, two generate revenue exceeding 10% each of total revenue (€228 million and €213 million), which is spread over the segments Fluxys Belgium and Fluxys International.

[2] Interconnector Zeebrugge Terminal (IZT): Fluxys Belgium rents part of its installations to IZT under a finance lease and also provides operational support and maintenance. The cooperation with IZT is based on contracts (no participation by Fluxys Belgium).

Zeepipe Terminal (ZPT): Fluxys Belgium participates in the costs and revenues of the operations of the ZPT reception terminal (joint venture) on a contractual basis (no participation).

Segment income statement at 31-12-2022					In thousands of €
	Fluxys Belgium	Fluxys International	Unallocated	Elimination between segments	Total
Operating revenue	**912,559**	**839,253**	**6,647**	**-18,682**	**1,739,777**
Sales and services to external customers	1,189,405	969,979	1,618	0	2,161,002
Transactions with other segments	12,224	1,429	5,029	-18,682	0
Changes in regulatory assets and liabilities	-289,070	-132,155	0	0	-421,225
Sales of gas related to balancing operations and operational needs	**278,566**	**125,763**	**0**	**0**	**404,329**
Sales of gas related to balancing of operations and operational needs	445,720	125,763	0	0	571,483
Sales of gas related to balancing of operations and operational needs – Regulatory changes	-167,154	0	0	0	-167,154
Other operating income	16,212	3,996	4,445	-10,370	14,283
Consumables, merchandise and supplies used	-5,582	-1,882	0	0	-7,464
Purchase of gas related to balancing of operations and operational needs	-275,178	-132,045	0	0	-407,223
Miscellaneous goods and services	-465,521	-175,294	-17,998	27,362	-631,451
Employee expenses	-132,931	-38,162	-10,602	1,690	-180,005
Other operating expenses	-4,958	-17,444	-119	0	-22,521
Depreciation and amortisation	-176,816	-294,349	-383	0	-471,548
Provisions for risks and charges	6,993	-1,005	36	0	6,024
Impairment losses	-14,804	-11,480	-328	0	-26,612
Operating profit/loss from continuing operations	**138,540**	**297,351**	**-18,302**	**0**	**417,589**
Earnings from associates and joint ventures	22,692	63,611	0	-6,883	79,420
Profit/loss before financial result and tax	**161,232**	**360,962**	**-18,302**	**-6,883**	**497,009**
Change in the fair value of financial instruments					3,285
Financial income					22,552
Finance costs					-86,505
Profit/loss before taxes					**436,341**
Income tax expenses					-86,983
Net profit/loss for the period					**349,358**

Segment income statement at 31-12-2021					In thousands of €
	Fluxys Belgium	**Fluxys International**	**Unallocated**	**Elimination between segments**	**Total**
Operating revenue	**573,191**	**573,494**	**6,434**	**-16,822**	**1,136,297**
Sales and services to external customers	466,470	542,119	992	0	1,009,581
Transactions with other segments	11,251	129	5,442	-16,822	0
Changes in regulatory assets and liabilities	95,470	31,246	0	0	126,716
Sales of gas related to balancing operations and operational needs	**32,378**	**21,730**	**0**	**0**	**54,108**
Sales of gas related to balancing of operations and operational needs	91,753	21,729	0	0	113,482
Sales of gas related to balancing of operations and operational needs – Regulatory changes	-59,374	0	0	0	-59,374
Other operating income	13,107	8,126	4,607	-9,390	16,450
Consumables, merchandise and supplies used	-3,422	-1,931	0	0	-5,353
Purchase of gas related to balancing of operations and operational needs	-32,378	-24,812	0	0	-57,190
Miscellaneous goods and services	-146,347	-95,009	-16,142	22,522	-234,976
Employee expenses	-112,549	-33,194	-10,623	779	-155,587
Other operating expenses	-5,074	-13,361	-59	0	-18,494
Depreciation and amortisation	-182,759	-226,216	-417	0	-409,392
Provisions for risks and charges	-7,070	-740	-39	2,911	-4,938
Impairment losses	-21	-621	-3	0	-645
Operating profit/loss from continuing operations	**129,056**	**207,466**	**-16,242**	**0**	**320,280**
Earnings from associates and joint ventures	12,047	62,231	0	0	74,278
Profit/loss before financial result and tax	**141,103**	**269,697**	**-16,242**	**0**	**394,558**
Change in the fair value of financial instruments					-1.294
Financial income					14,607
Finance costs					-76,522
Profit/loss before taxes					**331,349**
Income tax expenses					-84,255
Net profit/loss for the period					**247,094**

Note 4.1. Operating revenue

Analysis of operating revenue by business segment:

Operating revenue				In thousands of €
	Notes	**31-12-2022**	**31-12-2021**	**Change**
Fluxys Belgium	4.1.1	900,335	561,940	338,395
Fluxys International and corporate	4.1.2	839,442	574,357	265,085
Total		**1,739,777**	**1,136,297**	**603,480**

Operating revenue for 2022 was €1,739,777 thousand compared with €1,136,297 thousand in 2021. The split per country is as follows:

Operating revenue by country under IFRS as at 31-12-2022							In thousands of €
	Belgium	**Germany**	**England**	**Netherlands**	**Switzerland**	**France**	**TOTAL**
Regulated	900,335	175,819	0	0	0	0	1,076,154
Non-regulated	0	0	14,682	0	204,810	0	219,492
Exempted & interconnections	0	0	137,864	62,582	0	242,052	442,498
Others	1,619	0	0	14	0	0	1,633
Total	**901,954**	**175,819**	**152,546**	**62,596**	**204,810**	**242,052**	**1,739,777**

Operating revenue by country under IFRS as at 31-12-2021							In thousands of €
	Belgium	**Germany**	**England**	**Netherlands**	**Switzerland**	**France**	**TOTAL**
Regulated	561,940	121,130			0		**683,070**
Non-regulated	0	0	13,874		147,619		**161,493**
Exempted & interconnections	0		71,518	21,930	0	197,280	**290,728**
Others	992	0	0	14	0		**1,006**
Total	**562,932**	**121,130**	**85,392**	**21,944**	**147,619**	**197,280**	**1,136,297**

4.1.1. The 'Fluxys Belgium' segment comprises transmission, storage and terminalling services in Belgium which are subject to the Gas Act.

Revenue from these services aims to ensure an authorized return on capital invested and to cover the operating expenses related to these services, while integrating the productivity efforts to be accomplished by the network operator, as well as permitted depreciation.

The bulk of the increase in sales and regulated services (+€338,395 thousand) relates to transmission services (€325,936 thousand). This increase mainly results from the exceptional solidarity contribution of €300 million. The regulatory nature of this contribution makes the impact on profit/loss neutral. The income invoiced has greatly increased in 2022 with the infrastructure chiefly being used to support the security of supply of neighbouring countries. This additional income, including auction premiums, does not benefit shareholders but is compensated by a higher regulatory liability charge.

Revenue from storage services is slightly up compared to 2021. Revenues are down in 2022, but this decrease is offset by the use of regulatory liabilities in accordance with the tariff proposal.

With regard to terminalling revenue, this is up €11,589 thousand, largely following spot slot auction sales. Almost all of these increased sales are allocated to regulatory liabilities.

Revenue from this segment also includes work and services rendered for third parties as well as the provision of facilities.

4.1.2. The 'Fluxys International' segment comprises mainly revenues generated by transmission facilities in Switzerland, Germany, between Bacton in the United Kingdom and Zeebrugge in Belgium (Interconnector) and between Balgzand in the Netherlands and Bacton in the United Kingdom (BBL), by terminalling facilities in Dunkerque in France, and gas flow monitoring services on behalf of third parties.

The 'Fluxys International' segment has also seen an increase, especially thanks to Interconnector revenue (+€67,154 thousand), BBL (+€40,652 thousand), Dunkerque LNG (+€44,772 thousand), FluxSwiss (+€57,191 thousand) and Germany (+€54,589 thousand), as a result of an increase in demand and, specifically for regulated entities, in order to cover higher energy costs.

Sales of gas related to operational needs

It should be noted, however, that both the figures for sales and gas purchases for operational needs are up in 2022 compared to 2021, partly because these activities fluctuate strongly, given the high levels of activity, and also because of the price of gas, which increased in 2022.

Note 4.2. Other operating income

Other operating income			In thousands of €
	31-12-2022	31-12-2021	Change
Other operating income	14,283	16,450	-2,167

Other operating income mainly comprises various recoveries from insurance companies and other debtors and income earned from CO2 certificates, supplying property or people and reinvoicing of costs.

The income from CO2 certificates in 2021 was mainly generated at Interconnector. Interconnector held CO2 certificates obtained from the authorities of the European Union, the book value of which had been booked in a deferred income account. Following the UK's departure from the EU, these certificates can no longer be used in England. Therefore, the corresponding income has been recognised in the income statement at book value. This decrease is partly compensated by an increase in re-invoicing of electricity costs.

Note 4.3. Operating expenses

Operating expenses excluding depreciations, impairment losses and provisions			In thousands of €
	Notes	31-12-2022	31-12-2021
Consumables, merchandise and supplies used	4.3.1	-7.464	-5,353
Miscellaneous goods and services	4.3.2	-631.451	-234,976
Employee expenses	4.3.3	-180.005	-155,587
Other operating expenses	4.3.4	-22.521	-18,494
Total operating expenses		**-841.441**	**-414,410**

4.3.1. Consumables, merchandise and supplies used

This item mainly includes costs for transport material taken out of inventory for maintenance and repair projects and costs for work carried out on behalf of third parties.

4.3.2. Miscellaneous goods and services

Miscellaneous goods and services are mainly composed of:

In thousands of €	31-12-2022	31-12-2021
Purchase of equipment	-21.504	-16,832
Rent and rental charges (1)	-15.251	-15,553
Maintenance and repair expenses	-57.571	-48,337
Goods and services supplied to the group	-28.365	-8,943
Third-party remuneration	-375.554	-69,445
Royalties and contributions	-102.975	-49,226
Non-personnel related insurance costs	-16.995	-16,757
Other miscellaneous goods and services	-13.236	-9,883
Total	**-631.451**	**-234,976**

(1) These amounts relate mainly to services that do not meet the definition of a lease under IFRS 16.

Goods and services increased in 2022 (+€396,475 thousand). The bulk of the main increase in this item ensues from the exceptional solidarity contribution of €300 million that the Belgian State established for the operator of the natural gas transmission network to support the Belgian population during the energy crisis, included in third-party remuneration. Goods and services supplied to the group, and royalties, are also up. This evolution, apart from the solidarity contribution, is, for the regulated entities, in line with the reference framework for the regulation.

Alongside this non-recurring item, the increased inflation in 2022 greatly affected costs across the board. The increase in goods and services supplied to the group, and royalties and contributions can additionally be explained by the increase in activity, which had an impact on the costs of electricity, CO2 certificates, port costs and pressure costs of adjacent operators etc.

4.3.3. Employee expenses

Employee expenses are up €24,418 thousand. This change can be explained inter alia by inflation and to a lesser extent by the increase in the average headcount and indexations.

The group's average headcount was 1,295 in 2022 compared with 1,292 in 2021. Expressed in FTE (full-time equivalents), these figures convert to 1,261.7 in 2022 compared to 1,257.1 in 2021.

Workforce	Financial year		Preceding financial year	
	Total number of staff	Total in FTE	Total number of staff	Total in FTE
Average number of employees	**1,295**	**1,261.7**	**1.292**	**1,257.1**
Belgium (multi-employers adjusted)	**967**	**939.4**	**969**	**942.8**
Fluxys	**59**	**49.9**	**63**	**54.4**
Executives	51	42.3	52	43.5
Employees	8	7.6	11	10.9
Fluxys Belgium	**865**	**836.1**	**864**	**835.3**
Executives	308	300.2	295	286.7
Employees	557	535.9	569	548.6
Fluxys LNG	**48**	**46.8**	**46**	**45.5**
Executives	3	2.9	3	3.1
Employees	45	43.9	43	42.4
Flux Re	**1**	**0.5**	**1**	**0.5**
Fluxys Europe	**12**	**6.6**	**13**	**7.6**
FluxSwiss	**6**	**5.8**	**6**	**6.1**
Fluxys TENP	**15**	**15.0**	**15**	**14.9**
Fluxys Deutschland	**6**	**6.0**	**6**	**5.4**
GMSL	**103**	**102.2**	**103**	**102.0**
Fluxys BBL	**1**	**0.1**	**1**	**0.1**
Transitgas	**50**	**47.7**	**53**	**48.9**
Tenp KG	**2**	**1.6**	**2**	**1.6**
Interconnector	**61**	**60.6**	**55**	**55.0**
Gaz-Opale	**61**	**60.7**	**61**	**61.0**
Dunkerque LNG	**19**	**18.8**	**19**	**18.6**
Fluxys Brasil	**3**	**3.3**	**1**	**0.2**

Workforce	Financial year		Preceding financial year	
	Total number of staff	Total in FTE	Total number of staff	Total in FTE
Headcount at balance sheet date	**1,330**	**1,296.4**	**1,293**	**1,260.6**
Belgium (multi-employers adjusted)	**988**	**960.7**	**972**	**943.7**
Fluxys	**55**	**45.6**	**60**	**51.0**
Executives	47	37.8	51	42.4
Employees	8	7.8	9	8.6
Fluxys Belgium	**891**	**862.0**	**869**	**839.2**
Executives	321	313.1	300	291.3
Employees	570	548.9	569	547.9
Fluxys LNG	**47**	**46.2**	**48**	**46.5**
Executives	3	2.9	3	2.9
Employees	44	43.3	45	43.6
Flux Re	**1**	**0.5**	**1**	**0.5**
Fluxys Europe	**12**	**7.0**	**12**	**7.0**
FluxSwiss	**6**	**6.0**	**6**	**6.0**
Fluxys TENP	**15**	**15.0**	**15**	**15.0**
Fluxys Deutschland	**6**	**6.0**	**6**	**6.0**
GMSL	**108**	**107.4**	**102**	**103.5**
Fluxys BBL	**1**	**0.1**	**1**	**0.1**
Transitgas	**51**	**48.4**	**51**	**47.6**
Tenp KG	**2**	**1.6**	**2**	**1.6**
Interconnector	**69**	**68.3**	**54**	**54.0**
Gaz-Opale	**60**	**59.4**	**62**	**61.6**
Dunkerque LNG	**19**	**19.0**	**19**	**19.0**
Fluxys Brasil	**4**	**4.0**	**2**	**2.0**

4.3.4. Other operating expenses

Other operating expenses include property taxes, local taxes, and losses on disposals or retirements of property, plant and equipment.

4.3.5. Depreciation, impairment losses and provisions

Depreciations, impairment losses and provisions			In thousands of €
	Notes	31-12-2022	31-12-2021
Depreciations	4.3.5.1	**-471,548**	**-409,392**
Intangible assets		-113,572	-94,881
Property, plant and equipment		-344,431	-299,799
Right-of-use assets		-13,545	-14,712
Impairment losses	4.3.5.2	**-26,612**	**-645**
Shares		0	-476
Property, plant and equipment		-325	0
Intangible assets		-4,568	0
Inventories		-14,965	-113
Trade receivables		-6,754	-56
Provisions for risks and charges	4.3.5.3	**6,024**	**-4,938**
Total depreciations, impairment losses and provisions		**-492,136**	**-414,975**

4.3.5.1. Depreciations and amortisations

The intangible assets resulting from the business combinations have been amortised in accordance with the accounting methods, namely predominantly over 40 years for the fixed asset ‘sole operator of the natural gas transmission network and storage facilities’ in Belgium, over 20 years for the fixed asset ‘sole operator of the LNG facilities’ and between 20 and 45 years for the acquired customer portfolios.

The increase in depreciation of property, plant and equipment can be explained by the higher depreciations at Interconnector and FluxSwiss because of higher usage rates.

Discounting of the estimated future dividends, based on the ‘Dividend Discount Model’, supports the book value of the property, plant and equipment which, at the end of 2022 comes to €252.5 million for ‘Interconnector’ and €1,322.6 million for Dunkerque.

The value in use of these facilities is highly sensitive to the assumptions made, the large majority of capacity sales being based on short-term contracts. In 2022, we saw the return of multi-year contracts. The assumptions have been established by the group based on best estimates of future market demand, necessary maintenance investments and the estimated change in operating expenses. The group reviews these assumptions every year.

4.3.5.2. Impairment losses

An impairment loss on gas stocks was recorded in 2022 to reflect the price of gas on 31/12/2022, which was considerably lower than the average price of gas in stock. This change was partly compensated by a partial reversal of the reduction in value in the stock of spare parts.

4.3.5.3. Provisions for risks and charges

The usage of provisions for liabilities and charge come to €6,024 thousand in 2022, mainly for pensions (See Note 5.17) and litigation (See Note 5.16). The change can chiefly be explained by the increase in discount rates, which ended up resulting in a reduction of the provision for employee benefits and by the use of a provision relating to a claim established during the previous financial year, the compensation for which was paid in 2022.

Note 4.4. Financial income

Financial income			In thousands of €
	Notes	31-12-2022	31-12-2021
Dividends from unconsolidated entities		0	0
Financial income from leasing contracts	4.4.1	1,112	1,112
Interest income on investments and cash equivalents	4.4.2	10,727	5,748
Other interest income		1,009	646
Unwinding of discounts on provisions		0	0
Other financial income	4.4.2	9,704	7,101
Total		**22,552**	**14,607**

4.4.1. Financial income from leasing contracts come mainly from Flexfueler 002.

4.4.2. Interest on investments and cash equivalents mainly come from investments recognised at depreciated cost in accordance with IFRS 9. Their increase comes from a higher cash position and the increase in interest rates, mainly in Belgium and Interconnector.

4.4.3. Other financial income mainly reflects the exchange rate differences realised as part of our BRL and GBP transactions, an amount partly compensated by the fluctuation in the value of financial instruments (see Note 4.5.4).

Note 4.5. Finance costs and change in the fair value of financial instruments

Finance costs			In thousands of €
	Notes	31-12-2022	31-12-2021
Borrowing interest costs	4.5.1	-66,932	-58,736
Unwinding of discounts on provisions	4.5.2	-3,217	-2,341
Interest on lease liabilities		-7,425	-7,253
Other finance costs	4.5.3	-8,931	-8,192
Total		**-86,505**	**-76,522**

4.5.1 Borrowing interest costs mainly include interest on loans from the EIB (European Investment Bank), on bonds, bank loans, on subsidiary loans in foreign currencies, on regulatory liabilities, and short and medium term financing in place to cover the group's financial needs. These charges have increased in 2022 because of the refinancing of Dunkerque LNG and the interest on the regulatory account, partly compensated by the repayment of loans in Belgium and Switzerland.

4.5.2. The effects of discounting provisions (primarily for pensions and dismantling of certain facilities) are recognised in the accounting as a financial cost (see Notes 5.16 and 5.17).

4.5.3. Other finance costs mainly include the exchange rate differences realized as part of our GBP and CHF transactions, as well as the exchange rate differences realized on USD, those being compensated in part by the valuation of financial instruments. Additionally, in 2021, the loss for the anticipated disposal of Rostock LNG was included here..

4.5.4. Change in the fair value of financial instruments

Change in the fair value of financial instruments			In thousands of €
	Note	31-12-2022	31-12-2021
Use and change in the fair value of financial instruments		**3,285**	-1,294
Total		3,285	**-1,294**

This item shows the result related to the use of financial instruments. The evolution of these financial instruments is detailed in Note 6.

Note 4.6. Earnings from associates and joint ventures

The result from investments accounted for using the equity method is €79,420 thousand in 2022 compared to €74,278 thousand in 2021. This increase is attributable to the contribution from TBG (the stake in TBG contributes to the results since April 2021) and GNL Quintero (since July 2022).

Note 4.7. Income tax expenses

Income tax expense is analysed as follows:

Income tax expenses				In thousands of €
	Note	31-12-2022	31-12-2021	Ecarts
Current tax	4.7.1	-119,261	-67,773	-51,488
Deferred tax	4.7.2	32,278	-16,482	48,760
Total	4.7.3	**-86,983**	**-84,255**	**-2,728**

The income tax expense came to €86,983 thousand in 2022 compared with €84,255 thousand in 2021.

Income tax expenses are up €2,728 thousand as compared with the preceding financial year. This change can essentially be explained by the following factors:

- The increase in current tax because of the increase in the result before taxes;
- The reduction in the amount of the deduction for revenues from innovation (of €10,000 thousand estimated in 2021 to €5,400 thousand estimated in 2022);
- The impact of a one-off effect in 2021 following the announced increase of the tax rate in England (of 19% to 25% in 2023) leading to an adjustment of deferred taxes in 2021 of €20,928 thousand as well as the increase of accounting amortizations leading to an inclusion of deferred taxes.

Income tax expenses are broken down as follows:

4.7.1. Current tax			In thousands of €
	31-12-2022	31-12-2021	Change
Income taxes on the result of the current period	**-119,740**	**-68,012**	**-51,728**
Taxes and withholding taxes due or paid	-60,913	-54,350	-6,563
Excess of payment of taxes and withholding taxes included in assets	5,069	42	5,027
Additional taxes included in liabilities	-63,896	-13,704	-50,192
Adjustments to previous years' current taxes	**479**	239	**240**
Total	**-119,261**	**-67,773**	**-51,488**

4.7.2. Deferred tax			In thousands of €
	31-12-2022	31-12-2021	Change
Relating to origination or reversal of temporary differences	**32,278**	**4,895**	**27,383**
Differences arising from the valuation of property, plant and equipment	48,665	28,184	20,481
Changes in provisions	-8,476	-10,300	1,824
Other differences	-7,911	-12,989	5,078
Relating to tax rate changes or to new taxes	**0**	**-21,377**	**21,377**
Relating to changes in accounting policies and errors	**0**	**0**	**0**
Relating to changes in fiscal status of entity or shareholders	**0**	**0**	**0**
Total	**32,278**	**-16,482**	**48,760**

Deferred tax is primarily influenced by the difference between the book value and the tax base of property, plant and equipment and intangible assets.

The reduction in deferred taxes is largely due to the increase of the tax rate in England announced in 2021 as mentioned below.

4.7.3. Reconciliation of expected income tax rate and effective average income tax rate			In thousands of €
	31-12-2022	31-12-2021	Change
Income tax as per effective average tax rate – Financial year	**-89,230**	**-64,268**	**-24,962**
Profit/loss before taxes	436,341	331,349	104,992
Earnings from associates and joint ventures (-)	-79,420	-74,278	-5,142
Earnings before tax	**356,921**	**257,071**	**99,850**
Applicable tax rate	25.00%	25.00%	
Impacts to justify transition to the effective average tax rate	**4,827**	**-17,990**	**22,817**
Income tax rate differences between jurisdictions	8,070	1,639	6,431
Changes in tax rates	-946	-20,909	19,963
Tax-exempt income	10,914	822	10,092
Non-deductible expenses	-3,733	-1,538	-2,195
Other	-9,478	1,996	-11,474
Income tax as per effective average tax rate – Financial year	**-84,403**	**-82,258**	**-2,145**
Earnings before tax	356,921	257,071	99,850
Average effective tax rate	23.65%	32,00%	-8.35%
Adjustments to previous years' current taxes	**-2,580**	**-1,997**	**-583**
Total income tax expense	**-86,983**	**-84,255**	**-2,728**

Note 4.8. Net profit/loss for the period

Net profit/loss for the period			In thousands of €
	31-12-2022	31-12-2021	Change
Non-controlling interests	86,018	52,749	33,269
Group share	263,340	194,345	68,995
Total profit/loss for the period	**349,358**	**247,094**	**102,264**

Fluxys group's net profit/loss in 2022 comes to €349,358 thousand compared to €247,094 thousand in 2021, an increase of €102,264 thousand.

Note 5. Segment balance sheet

Segment balance sheet at 31-12-2022				In thousands of €
	Fluxys Belgium	Fluxys International	Unallocated	Total
Property, plant and equipment	1,855,375	3,180,658	0	5,036,033
Intangible assets	160,352	1,044,261	0	1,204,613
Goodwill	1,924	129,225	0	131,149
Right-of-use assets	30,020	101,482	0	131,502
Investments in associates and joint ventures	1,915	583,116	0	585,031
Other financial assets	111,171	37,717	0	148,888
Inventories	62,656	26,751	0	89,407
Finance lease receivables	0	8,801	0	8,801
Net trade receivables	151,805	77,788	0	229,593
Other assets			1,802,925	1,802,925
				9,367,942
Interest-bearing liabilities	956,589	1,666,926		2,623,515
Other financial liabilities	3,575	9,147		12,722
Other liabilities			2,849,735	2,849,735
				5,485,972
Equity			3,881,970	3,881,970
				9,367,942

Segment balance sheet at 31-12-2021				In thousands of €
	Fluxys Belgium	Fluxys International	Unallocated	Total
Property, plant and equipment	1,902,037	3,311,058	0	5,213,095
Intangible assets	170,145	1,098,489	0	1,268,634
Goodwill	1,924	129,225	0	131,149
Right-of-use assets	33,527	88,902	0	122,429
Investments in associates and joint ventures	265	395,626	0	395,891
Other financial assets	88,642	3,029	0	91,671
Inventories	39,042	15,565	0	54,607
Finance lease receivables	0	9,425	0	9,425
Net trade receivables	85,387	73,252	0	158,639
Other assets			596,790	596,790
				8,042,330
Interest-bearing liabilities	980,132	1,765,100		2,745,232
Other financial liabilities	3,254	18,818		22,072
Other liabilities			1,667,077	1,667,077
				4,434,381
Equity			3,607,949	3,607,949
				8,042,330

Note 5.1. Property, plant and equipment

Movements in property, plant and equipment — In thousands of €

	Land	Buildings	Gas transmission networks	Gas storage	LNG Terminal	Other installations and machinery	Furniture, equipment & vehicles	Assets under construction & instalments paid	Total
Gross book value									
As at 31-12-2020	**55,752**	**410,438**	**6,414,480**	**386,670**	**2,734,468**	**46,191**	**69,827**	**157,598**	**10,275,424**
Investments	1,060	3,818	53,434	22	3,621	0	7,806	31,125	100,886
Subsidies	0	0	0	0	-513	0	0	0	-513
Disposals and retirements	-153	-189	-12,297	0	-18	-659	-11,857	-3,225	-28,398
Internal transfers	0	0	128,330	0	0	0	0	-128,330	0
Changes in the consolidation scope and assets held for sale	0	0	0	0	0	0	0	0	0
Translation adjustments	217	0	130,636	0	0	193	115	759	131,920
Reclassification	0	0	0	0	20,533	0	0	0	20,533
As at 31-12-2021	**56,876**	**414,067**	**6,714,583**	**386,692**	**2,758,091**	**45,725**	**65,891**	**57,927**	**10,499,852**
Investments	575	737	46,740	312	2,476	0	8,872	98,744	158,456
Subsidies	0	0	0	0	0	0	0	0	0
Disposals and retirements	-2	0	-10,387	-5	-290	-743	-8,259	0	-19,686
Internal transfers	0	249	25,620	121	793	0	0	-26,783	0
Changes in the consolidation scope and assets held for sale	0	0	0	0	0	0	0	0	0
Translation adjustments	-216	0	5,900	0	0	225	-95	-153	5,661
Reclassification	0	0	0	0	6,008	0	0	0	6,008
As at 31-12-2022	**57,233**	**415,053**	**6,782,456**	**387,120**	**2,767,078**	**45,207**	**66,409**	**129,735**	**10,650,291**

Movements in property, plant and equipment									In thousands of €
	Land	**Buildings**	**Gas transmission networks**	**Gas storage**	**LNG Terminal**	**Other installations and machinery**	**Furniture, equipment & vehicles**	**Assets under construction & instalments paid**	**Total**
Depreciation and impairment losses									
As at 31-12-2020	**0**	**-249,703**	**-3,471,320**	**-251,390**	-866,158	-43,806	-49,356	0	-4,931,733
Depreciation	0	-43,056	-188,427	-9,357	-52,937	-32	-5,990	0	-299,799
Disposals and retirements	0	175	11,560	0	2	0	11,377	0	23,114
Internal transfers	0	0	0	0	0	0	0	0	0
Changes in the consolidation scope and assets held for sale	0	0	0	0	0	0	0	0	0
Translation adjustments	0	0	-78,232	0	0	-31	-76	0	-78,339
Reclassification	0	0	0	0	0	0	0	0	0
As at 31-12-2021	**0**	**-292,584**	**-3,726,419**	**-260,747**	**-919,093**	**-43,869**	**-44,045**	**0**	**-5,286,757**
Depreciation	0	-11,432	-232,652	-8,137	-85,702	0	-6,508	0	-344,431
Disposals and retirements	0		5,888	1	18	0	8,096	0	14,003
Internal transfers	0	157,479	0	0	-157,479	0	0	0	0
Changes in the consolidation scope and assets held for sale	0	0	0	0	0	0	0	0	0
Translation adjustments	0	0	2,846	0	0	0	81	0	2,927
Reclassification	0	0	0	0	0	0	0	0	
As at 31-12-2022	**0**	**-146,537**	**-3,950,337**	**-268,883**	**-1,162,256**	**-43,869**	**-42,376**	**0**	**-5,614,258**
Net book values as at 31-12-2022	**57,233**	**268,516**	**2,832,119**	**118,237**	**1,604,822**	**1,338**	**24,033**	**129,735**	**5,036,033**
Net book values as at 31-12-2021	**56,876**	**121,483**	**2,988,164**	**125,945**	**1,838,998**	**1,856**	**21,846**	**57,927**	**5,213,095**

Movements in property, plant and equipment — In thousands of €

	Land	Buildings	Gas transmission networks	Gas storage	LNG Terminal	Other installations and machinery	Furniture, equipment & vehicles	Assets under construction & instalments paid	Total
Net book values as at 31-12-2022 of which:	**57,233**	**268,516**	**2,832,119**	**118,237**	**1,604,822**	**1,338**	**24,033**	**129,735**	**5,036,033**
At cost	57,233	268,516	2,832,119	118,237	1,604,822	1,338	24,033	129,735	5,036,033
At revaluation	0	0	0	0	0	0	0	0	0
Supplementary information									
Net book value of assets temporarily retired from active use	110	0	0	0	0	0	0	0	110

Property, plant and equipment mainly comprises the group's transmission, storage (Loenhout) and LNG terminalling (Zeebrugge and Dunkerque) facilities.

In 2022, the Fluxys group made investments for an amount of €158.5 million. The primary investments made concern the 'TENP' transmission facilities (replacement of certain sections out of service today in order to increase capacity) in Germany (€30.9 million) and €102.5 million in different projects in Belgium. The investments in Belgium mainly concern LNG infrastructure projects (€67.7 million) for the construction of 3 new Open Rack Vaporizers and 3 new truck loading bays.

The depreciation charge for the period amounts to €344.4 million and reflects the consumption of economic benefits of the property, plant and equipment in this same period.

The assets that are used within the regulated market are depreciated over their useful life, as stated in point 8 of the accounting principles (Note 2), without taking into account a residual value, given the specificity of the sector's activities.

Other property, plant and equipment is depreciated over its useful life as estimated by the group, taking into account actual and potential contracts, and considering reasonable market assumptions, based on the principle of matching of revenues and costs.

Given the specific nature of the activities concerned, the residual value, if any, of the facilities in question has been ignored.

At the balance sheet date, the group has identified no indication or event which would lead any item of property, plant and equipment to be considered impaired (see Note 4.3.5).

Note 5.2. Intangible assets

Movements in the book value of intangible assets	Software	Emission rights	'Sole operator of the network' assets	'Client portfolios' assets and other intangible assets (*)	Total (In thousands of €)
Gross book value					
As at 31-12-2020	**32,351**	**0**	**244,600**	**1,775,186**	**2,052,137**
Investments	8,307	188	0	1,193	9,688
Disposals and retirements	-6,176	0	0	0	-6,176
Translation adjustments	164	570	0	23,027	23,761
Changes in the consolidation scope	0	0	0	0	0
Other	0	0	0	0	0
As at 31-12-2021	**34,646**	**758**	**244,600**	**1,799,406**	**2,079,410**
Investments	12,052	28,710	0	41	40,803
Disposals and retirements	-3,627	0	0	0	-3,627
Translation adjustments	-408	-1,284	0	1,568	-124
Changes in the consolidation scope	0	0	0	0	0
Other	0	0	0	0	0
As at 31-12-2022	**42,663**	**28,184**	**244,600**	**1,801,015**	**2,116,462**

(*) The other intangible assets are not material.

Movements in the book value of intangible assets	Software	Emission rights	'Sole operator of the network' assets	'Client portfolios' assets and other intangible assets (*)	Total (In thousands of €)
Depreciation and impairment losses					
As at 31-12-2020	**-15,573**	**0**	**-89,577**	**-603,904**	**-709,054**
Depreciation and impairment losses	-4,761	-1	-8,766	-81,353	-94,881
Disposals and retirements	6,176	-35	0	0	6,141
Translation adjustments	0	0	0	-12,982	-12,982
Changes in the consolidation scope	0	0	0	0	0
Other	0	0	0	0	0
As at 31-12-2021	**-14,158**	**-36**	**-98,343**	**-698,239**	**-810,776**
Depreciation and impairment losses	-8,789	-325	-8,766	-96,017	-113,897
Disposals and retirements	3,619	0	0	0	3,619
Translation adjustments	203	0	0	9,002	9,205
Changes in the consolidation scope	0	0	0	0	0
Other	0	0	0	0	0
As at 31-12-2022	**-19,125**	**-361**	**-107,109**	**-785,254**	**-911,849**

(*) The other intangible assets are not material.

Movements in the book value of intangible assets					In thousands of €
	Software	Emission rights	'Sole operator of the network' assets	'Client portfolios' assets and other intangible assets (*)	Total
Net book value as at 31-12-2022	23.538	27.823	137.491	1.015.761	1.204.613
Net book value as at 31-12-2021	20.488	722	146.257	1.101.167	1.268.634

(*) The other intangible assets are not material.

Intangible assets comprise the net book value of software and of emission rights, the value to the Fluxys group of the nomination of Fluxys Belgium and Fluxys LNG as sole network operators as well as the value of client portfolios acquired.

The software included in intangible assets is software developed or purchased by the group which bears characteristics of an investment. This software is depreciated on a straight-line basis. Major investments during the financial year concern software developed in relation to gas flow and asset management and related administrative tools.

Business combinations in Fluxys have been realised using the acquisition method. As part of the fair value accounting of the assets acquired and liabilities assumed, the group has accounted for intangible assets which represent the value for the group of the nomination of Fluxys Belgium as the sole operator of the natural gas transmission network and storage facilities and that of Fluxys LNG as sole operator of the LNG facilities. Fluxys has also accounted for the value of client portfolios of FluxSwiss, Fluxys TENP, Interconnector, GMSL, Dunkerque LNG and Hub activities. The principal depreciation periods used for these assets are described in the accounting methods (see Note 2.7). It should be noted that the intangible asset 'HUB in Belgium' will be fully depreciated in 2023, the FluxSwiss asset in 2033 and the Dunkerque asset for the most part in 2037 and the balance in 2061.

The increase in the category of emission rights is due to the purchase by Interconnector of the necessary emission rights because of strong activity over the course of 2022.

There were no new changes in the consolidation scope with impact on intangible assets in 2022.

At the balance sheet date, the group has identified no indication or event which would lead any intangible asset to be considered impaired.

Note 5.3. Goodwill

Goodwill		In thousands of €
	31-12-2022	**31-12-2021**
Fluxys Belgium SA	1,924	1,924
Dunkerque	129,225	129,225
Total	**131,149**	**131,149**

A goodwill of €1,924 thousand for Fluxys Belgium SA arose from the business combination transaction realised in September 2010, the date on which Publigas contributed its investment in Fluxys Belgium SA to Fluxys. The amount corresponds to the excess of the cost of the business combination with respect to the fair value of the assets, liabilities and any potential liabilities that could be identified as at 10 September 2010. It is allocated to the cash-generating unit 'regulated activities in Belgium' for the impairment test.

The final price allocation exercise following the acquisition of a controlling interest in Dunkerque LNG by Fluxys in 2018 results in goodwill of €129,225 thousand. This goodwill is the acquisition cost surplus on the net fair value of the identifiable assets and liabilities of Dunkerque LNG on 31 October 2018 established by virtue of IFRS.

This excess corresponds in part to the value of acquisition of a controlling interest in Dunkerque LNG and in part to the value of the future synergies thanks to the group's expertise in terminalling services. In addition, the acquisition of a controlling interest in Dunkerque LNG will reinforce the development of LNG activities that Fluxys pursues and contributes to the importance of Fluxys on the LNG market in northwest Europe. This goodwill is not tax deductible.

This goodwill is allocated to the cash-generating unit of Dunkerque LNG (segment Fluxys International) for the impairment test.

The impairment test verifies whether the recoverable amount of a cash-generating unit is higher than its book value. The recoverable amount is determined based on its value in use. These calculations are based on cash flow projections, derived from the financial data that corresponds to the multi-year plan approved by management. These projections are then discounted at a weighted average cost of capital reflecting current market estimates of the time value of money.

As at 31 December 2022, the fundamental assumptions in the multi-year plan with time horizon 2061 have not changed significantly in a negative way as compared with the preceding year's plan.

Given the nature of the activities, the assumptions concerning the future cash flows remain similar:

- long-term contracts are in place for the major part of the capacity of the LNG terminal; and
- additional sales of available capacities in line with market forecasts and with tariffs consistent with the existing agreements;
- the application of the regulation once long-term contracts reach maturity.

All sales figures and costs considered are generated in euros.

Since the cash flows integrated in the value in use calculation are after tax, for the sake of coherence, the discount rate used is also after tax. This discount rate is based on market rates as at 31/12/2022. This results in a weighted average cost of capital before tax situated between 5% and 6%.

The impairment test has not identified any reduction in the value of goodwill as at 31/12/2022.

Note 5.4. Right-of-use assets

Evolution of right-of-use assets				In thousands of €
	Land and Buildings	Technical facilities	Vehicles	Total
As at 31-12-2021	**85,214**	**33,031**	**4,183**	**122,428**
Additional rights	9,875	13,442	1,521	24,838
Depreciation	-5,023	-6,772	-1,750	-13,545
Disposals	-37	-42	-134	-213
Other changes	-173	-1,834	1	-2,006
As at 31-12-2022	**89,856**	**37,825**	**3,821**	**131,502**

The right of use assets are mainly linked to concession rights for land in the ports of Zeebrugge and Dunkerque (LNG terminals) as well as the Interconnector facilities in the port of Zeebrugge. The additional rights can partly be explained by increased inflation and partly by the recognition of the purchase option of a contract in force.

There are no significant extension or termination options in these lease contracts. The rent is not variable, except for some contracts that have a clause for yearly indexation. The impact thereof is not material.

Other changes mainly concern the difference in exchange rates.

Note 5.5. Investments accounted for using the equity method

At the end of 2022, the Fluxys group has the following investments in associates and joint ventures:

- TENP GMBH (50%),
- TAP (19%),
- Balansys (50%),
- Rostock LNG (51%),
- Senfluga Energy Infrastructure Holdings (18%), and its 66% stake in Desfa,
- Hyoffwind Infrastructure (33,33%) since 2021,
- TBG (29,12%) since 2021,
- Condor Energy Holdings III (25%), and its 80% stake in GNL Quintero, since 2022
- Power to Methanol Antwerp (14.3%).

Movements in equity accounted investees	In thousands of €	
	31-12-2022	31-12-2021
Equity accounted investees – opening balance	**395,891**	**264,334**
Investments	48,193	126,109
Depreciation	0	-3,298
Share in the total comprehensive result	166,442	96,893
Earnings from associates and joint ventures	79,420	74,278
Other comprehensive income items that may be reclassified subsequently to profit or loss	87,022	22,615
Dividends paid	-33,283	-48,875
Changes in the consolidation scope		0
Translation adjustments	5,963	5,886
Capital increases	1,825	100
Capital reductions	0	-45,258
Equity accounted investees – closing balance	**585,031**	**395,891**

The result of these stakes accounted for using the equity method, which comes to €79,420 thousand, is commented in Note 4.6.

Other comprehensive income items that may be reclassified subsequently to profit or loss come to €87,022 thousand, mainly linked to the valuation of interest-rate swaps on TAP's financing.

Dividends paid also come from TBG. The decrease in capital reductions can be explained by TAP.

Note 5.6. Other financial assets

Other financial assets			In thousands of €
	Notes	31-12-2022	31-12-2021
Shares at cost	5.6.1	613	963
Investment securities at amortised cost	5.6.2/6	53,481	26,289
Other investments at amortised cost	5.6.2/6	54,019	59,009
Financial instruments at fair value through profit or loss	6	6,019	4,157
Financial instruments at fair value through other comprehensive income	5.6.4/6	31,269	186
Other financial assets at cost		309	328
Total		**145,710**	**90,932**

5.6.1 The shares in these companies, which have activity that is of interest to the Fluxys group are held with the intention of keeping them for the long term without being able to exercise significant control or influence. The decrease is explained by a reduction in the value on Boostheat, followed by a divestment.

5.6.2. These items include cash investments with a maturity longer than one year. They are mainly from Flux Re of which the cash is destined to cover the risk of the entity in the scope of its reinsurance business. The maturity of these investments is between 2023 and 2032. The increase observed in the table above represents the new investments made with maturities of more than one year by Flux Re using the investment funds that matured in 2022.

The assets held by Flux Re are significantly higher than the minimum Solvency II capital requirements (€16.3 million).

5.6.3. As at 31-12-2022, the fair value financial instruments with changes to other comprehensive income mainly concern the derivative instruments (SWAPs) entered into with a view to hedging the interest-rate risk incurred by the group with respect to the financing of Dunkerque LNG (see Note 6).

Note 5.7. Other receivables and other non-current assets

Other receivables and other non-current assets			In thousands of €
	Notes	31-12-2022	31-12-2021
Non-current assets	5.7.1	40,473	57.782
Calls for funds and others	5.7.2	112,241	12.149
Total		**152,714**	**69.931**

5.7.1. Interconnector has subscribed to the bonds of F L Zeebrugge, the final maturity of which is November 2025. These euro bonds have a fixed interest rate.

5.7.2. This item mainly includes a €15,000 thousand loan to the Balansys joint venture, up €6,000 thousand, and loans to related companies (€97,097 thousand).

Maturity of non-current receivables at au 31-12-2022			In thousands of €
	Between one and five years	More than five years	Total
Non-current assets	40,473	0	40,473
Calls for funds and others	44,719	67,522	112,241
Total	**85,192**	**67,522**	**152,714**

Maturity of non-current receivables at 31-12-2021			In thousands of €
	Between one and five years	**More than five years**	**Total**
Non-current assets	57.782	0	57.782
Calls for funds and others	9.169	2.980	12.149
Total	**66.951**	**2.980**	**69.931**

Other non-current assets			In thousands of €
	Notes	31-12-2022	31-12-2021
Plan asset surpluses 'IAS 19 Employee benefits'	5.17	26,747	15.245
Total		**26,747**	**15.245**

Note 5.8. Regulatory assets

As explained in Note 1g, the regulatory assets are from now on presented separately.

Regulatory assets			In thousands of €
	31-12-2022	31-12-2021	difference
Presented in the balance sheet as:			
Non-current regulatory assets	12,546	21,803	-9,257
Current regulatory assets	2,300	2,272	28
Total regulatory assets	**14,846**	**24,075**	**-9,229**

The regulatory assets correspond to the items to recoup from future tariffs (2023-2027) and concern the German entities. The outstanding amount dates from the past and the reduction can be explained by a recovery via the tariffs.

Movements on the regulatory assets	In thousands of €
Long term & short term	**Total**
Balance as at 01.01.2022	**24,075**
Use	-9,229
Additions	0
Interest	0
Balance as at 31.12.2022	**14,846**

For the reconciliation of use and additions of regulatory assets and liabilities with Note 4, (segment information - net change in revenue), please refer to Note 5.15.

Note 5.9. Inventories

Book value of inventories	31-12-2022	31-12-2021
	In thousands of €	
Supplies	**42,818**	**32,476**
Gross book value	47,039	39,446
Impairment losses	-4,221	-6,970
Goods held for resale (gas)	**45,716**	**21,856**
Gross book value	63,430	21,856
Impairment losses	-17,714	0
Work in progress	**873**	**275**
Gross book value	873	275
Impairment losses	0	0
Total	**89,407**	**54,607**

Inventories of materials connected to the transmission network are at their normal levels. The increase in the gross book value of goods held for resale can primarily be explained by the strong increase in gas prices during the financial year, partially compensated by impairment losses at the end of the financial year following lower gas prices as at 31 December 2022.

Impact of movements on net profit/loss	31-12-2022	31-12-2021
	In thousands of €	
Inventories – purchased or used	49,765	15,603
Impairment losses	-14,965	-113
Total	**34,800**	**15,490**

Note 5.10. Trade and other receivables

Trade and other receivables	Notes	31-12-2022	31-12-2021
		In thousands of €	
Gross trade receivables		237,988	160,280
Impairment losses		-8,395	-1,641
Net trade receivables	**5.10.1**	229,593	**158,639**
Other receivables		60,244	48,963
Total		**289,837**	**207,602**

5.10.1. The Fluxys group reduces its exposure to credit risk, both in terms of default and concentration of risk, by requiring short payment terms from its customers, a strict policy for the follow-up of trade receivables, and a systematic evaluation of its counterparties' financial position (see Note 6).

The increase in receivables is largely due to the sale of additional capacity, an increase in the invoicing of the commodity component of the tariffs, partly compensated by the return of the funds provided for the balancing of the network in Germany.

The credit losses expected and accounted for in trade and other receivables are not very material for the Fluxys group and in addition are often covered by the regulatory system.

Trade receivables can be broken down as follows according to their ageing:

Net trade receivables according to ageing	31-12-2022	31-12-2021
	In thousands of €	
Receivables not past due	228,617	158,143
Receivables < 3 months	885	405
Receivables 3 - 6 months	0	0
Receivables > 6 months	0	0
Receivables in litigation or doubtful	91	91
Total	**229,593**	**158,639**

Disputed or doubtful receivables mainly concern grid users. Those deemed irrecoverable have been subject to impairment losses of 100%.

Note 5.11. Short-term investments, cash and cash equivalents

Short-term investments are investments with a maturity of more than three months and maximum one year in bonds, commercial paper and bank deposits.

Cash and cash equivalents are mainly investments in commercial paper that mature within a maximum of three months after the date of acquisition, term deposits at credit institutions, current account bank balances and cash in hand.

Short-term investments, cash and cash equivalents	In thousands of €	
	31-12-2022	31-12-2021
Short-term investments	**259,600**	**71,909**
Cash and cash equivalents	**1,246,531**	**315,478**
Cash equivalents	0	0
Short-term deposits	587,533	10,130
Bank balances	658,956	305,320
Cash in hand	42	28
Total	**1,506,131**	**387,387**

The credit losses expected and accounted for in investments, cash and cash equivalents are not very material for the Fluxys group.

The increase in short-term deposits and bank balances is largely due to the increase in sales in the different entities following major gas flows to Germany, the Netherlands and Italy.

Note 5.12. Other current assets

Other current assets			In thousands of €
	Notes	31-12-2022	31-12-2021
Accrued income		6,200	3,934
Prepaid expenses		20,164	35,537
Other current assets	5.12.1	2,972	1,693
Total		**29,336**	**41,164**

Other current assets mainly comprise accrued income of €6,200 thousand and prepaid expenses of €20,164 thousand (insurance, rent etc.).

5.12.1. Other current assets for their part include the short-term share of the plan asset surpluses compared with the actuarial debt relating to the group's pension liabilities (see Notes 5.7 and 5.17).

Note 5.13. Equity

Publigas established the public limited company Fluxys on 12 July 2010, into which it transferred its stake in Fluxys Belgium SA on 10 September 2010.

On 30 March 2011, Caisse de dépôt et placement du Québec acquired a 10% stake in Fluxys SA, by means of a €150 million capital increase.

On 28 November 2011, Fluxys carried out a second capital increase of €300 million.

Other capital increases have allowed the Société Fédérale de Participations et d'Investissement (SFPI) to enter the capital of Fluxys as well as the employees and management of the group. In 2021 and 2022, there were capital increases of €0.4 million and €2.6 million respectively from staff and management.

These capital increases fall within the group's objective to maintain a solvency ratio of at least a third of equity.

As at 31 December 2022, Fluxys' shareholder structure was as follows:

- 77.42%: Publigas
- 19.85%: Caisse de dépôt et placement du Québec
- 2.12%: SFPI
- 0.61%: Employees and management

Non-controlling interests amount to €1,372,946 thousand, representing mainly the 10.00% stake held by minority shareholders in Fluxys Belgium SA and its subsidiaries (€74.7 million); 49.35% in FluxSwiss (€366.2 million); 23.68% in Interconnector (€61.9 million) and the 69.61% in Dunkerque LNG (€869.8 million), with the balance represented by those in Flexfueler (€0.4 million).

Note on parent entity shareholding	Ordinary shares	Preferential shares	Total
I. Movements in number of shares			
1. Number of shares, opening balance	87,076,669	0	**87,076,669**
2. Number of shares issued	100,625	0	**100,625**
3. Number of ordinary shares cancelled or reduced (-)	0	0	**0**
4. Number of preference shares cancelled or reduced (-)	0	0	**0**
5. Other increase (decrease)	0	0	**0**
6. Number of shares, closing balance	87,177,294	0	**87,177,294**
II. Other information			
1. Face value of shares	No face value mentioned		
2. Number of shares owned by the company	0	0	**0**
3. Interim dividends during the financial year	0	0	**0**

Note 5.14. Interest-bearing liabilities

Non-current interest-bearing liabilities	Notes	31-12-2022	31-12-2021
			In thousands of €
Leases	5.14.1	144,324	146,033
Bonds	5.14.2	1,242,118	944,793
Other borrowings	5.14.3	1,043,336	647,259
Joint arrangements	5.14.4	56,664	56,695
Total		**2,486,442**	**1,794,780**
Of which debts guaranteed by the public authorities or by actual sureties		0	0

Current interest-bearing liabilities	Notes	31-12-2022	31-12-2021
			In thousands of €
Leases	5.14.1	21,749	20,685
Bonds	5.14.2	3,456	3,456
Other borrowings	5.14.3	111,868	926,311
Total		**137,073**	**950,452**
Of which debts guaranteed by the public authorities or by actual sureties		0	0

5.14.1. Interconnector entered into a fixed-rate euro financial lease which matures in 2025. This contract concerns the Zeebrugge compression facilities.

The repayment of part of the capital under this contract in 2022, as anticipated in the repayment plan, explains the decrease in the lease liabilities.

The lease liabilities were accounted for in accordance with IFRS 16. They are limited to obligations that are contractually enforceable, even if the group expects that some of these contracts may be extended in the future, but the extension option is not foreseen in the current contract.

5.14.2. In November 2014 and October 2017, Fluxys Belgium issued bonds for a total of €700,000 thousand. These bonds offer a gross annual coupon of 1.75% and 3.25% respectively. They will mature between 2027 and 2034.

Fluxys completed bond issues in the form of European Private Placements over the course of the months of December 2015 and January 2016 for a total of €250 million. An amount of €150 million was issued for a duration of 30 years and the balance was issued for a duration of 20 years. These bonds offer a gross annual coupon of 2.75% and 3.08% respectively.

These transactions have notably enabled Fluxys to diversify the duration of its financing under advantageous conditions.

5.14.3. Other borrowings included as at 31-12-2022 include:

- Bank loans taken out by Dunkerque LNG, for €500 million, of which €400 million is repayable by 30-03-2028 and €100 million repayable on a straight-line basis from 2027 until 31-12-2036, as well as bonds for an amount of €300 million repayable on a straight-line basis from 2027 until 31-12-2036. SWAP instruments were acquired by the group to limit the risk incurred with variable interest rates for these loans (see Note 6).
- 25-year loans (the balance of which is €226.0 million as at the end of December 2021 after partial repayment of €20 million in 2022) at a fixed rate contracted with the European Investment Bank in 2008 and 2009 to finance investments in development the gas transmission network.
- Bank loans obtained by Fluxys between 2018 and 2021 for a total of €250 million maturing between 2023 and 2025 as well as €30 million obtained in 2018 with a final maturity in 2028.
- Loans taken out in CHF by FluxSwiss and Transitgas the balance of which was €83.3 million as at 31-12-2022. Cap instruments were acquired by the group to limit the risk incurred with variable interest rates for these loans (see Note 6).
- Loans taken out by TENP KG the balance of which was €51.4 million as at 31-12-2022.
- A fixed-rate loan granted by SFPI for €30.0 million maturing in 2032.
- Short term and medium term loans and pro rata interest for the balance.

5.14.4 These amounts correspond to contributions into the joint operations Transitgas and TENP KG by the joint operators. They arise from the fact that the integration percentages of these joint operations are not based on participations in these companies but are based on the rights attached to the assets and obligations for the liabilities incurred by the group in accordance with the capacity reserved in the installations (see Note 3.2).

	31-12-2021	Cash flow	Other movements	
			New leases	Reclass non-current/ current
Non-current interest-bearing liabilities	**1.794.780**	**788.078**	**24.838**	**-123.152**
Leases	146.033	0	24.838	-23.456
Bonds	944.793	296.785	0	0
Other liabilities	647.259	492.447	0	-99.696
Joint arrangements	56.695	-1.154	0	0
Current interest-bearing liabilities	**950.452**	**-936.374**	**0**	**123.152**
Leases	20.685	-21.442	0	23.456
Bonds	3.456	0	0	0
Other borrowings	926.311	-914.932	0	99.696
Total	**2.745.232**	**-148.296**	**24.838**	**0**

Other movements (continued)			Balance at 31.12.2022
Variation in accrued interests payable	Amortisation of issuance costs	Exchange rate differences	
116	**1,588**	**194**	**2,486,442**
0	0	-3,091	144,324
0	540	0	1,242,118
116	1,048	2,162	1,043,336
0	0	1,123	56,664
-720	**-13**	**576**	**137,073**
0	0	-950	21,749
0	0	0	3,456
-720	-13	1,526	111,868
-604	**1,575**	**770**	**2,623,515**

Cash flows for interest-bearing liabilities are included in points IV.1.6 and IV 2.3 and IV 2.5 of the consolidated statement of cash flows.

The variation in interest to be paid and the amortisation of issuance costs (€971 thousand in total) corresponds to the difference between:

- the interests paid, including leases (see note IV.3.1 of the statement of cash flows: -€67,179 thousand) and
- the sum of borrowing interest costs and interests on lease liabilities (included in Note 4.5: €74,357 thousand) minus the interest on regulatory liabilities of €6,207 thousand = €68,150 thousand.

Maturity of interest-bearing liabilities at 31-12-2022 undiscounted				In thousands of €
	Up to one year	Between one and five years	More than five years	Total
Leases	27,116	88,679	109,739	225,534
Bonds	36,515	455,804	1,098,212	1,590,531
Other borrowings	141,292	438,039	725,944	1,305,275
Joint arrangements	0	56,664	0	56,664
Total	**204,923**	**1,039,186**	**1,933,895**	**3,178,004**

Maturity of interest-bearing liabilities at 31-12-2021 undiscounted				In thousands of €
	Up to one year	One to five years	More than five years	Total
Leases	27,407	94,579	113,739	235,725
Bonds	27,839	97,598	1,117,126	1,242,563
Other borrowings	955,066	462,312	256,808	1,674,186
Joint arrangements	0	56,695	0	56,695
Total	**1,010,312**	**711,184**	**1,487,673**	**3,209,169**

Note 5.15. Regulatory liabilities

As explained in note 1g, regulatory liabilities are from now on shown separately.

Regulatory liabilities	Note	31.12.2022	31.12.2021	difference
In thousands of €				
Other financing – non-current		612,584	83,033	529,551
Other financing – current		149,863	15,896	133,967
Total of other financing (A)	**5.15.1**	**762,447**	**98,929**	**663,518**
Other liabilities – non-current		259,123	317,060	-57,937
Other liabilities – current		46,622	71,451	-24,829
Total of other liabilities (B)	**5.15.2**	**305,745**	**388,511**	**-82,766**
Total of regulatory liabilities (A+B = C)		**1,068,192**	**487,440**	**580,752**
Presented in the balance sheet as:				0
Regulatory liabilities – non-current		871,707	400,093	471,614
Regulatory liabilities – current		196,485	87,347	109,138
Total of regulatory liabilities (C)		**1,068,192**	**487,440**	**580,752**

5.15.1 **Other financing** corresponds to the specific allocations of regulatory liabilities at the group's disposal firstly to finance specific investments, notably in the second jetty at Zeebrugge, and the cost associated with the conversion of part of the gas transmission network. Part of these amounts bears interest at a 10-year OLO rate and the remainder at the average 1-year Euribor rate. Auction premiums of EUR 668.6 million were realized in 2022 in Belgium; this amount was recorded under 'Other financing – long-term' for EUR 523.7 million and under 'Other financing – short-term' for EUR 144.9 million. This presentation is justified by the different regulatory treatment applied in Belgium to auction premiums in accordance with the European network code.

5.15.2 The other regulatory liabilities included in '**other liabilities**' include the positive differences between the invoiced and the allowed regulated tariffs. These amounts bear interest. This category also includes the regulatory liabilities in 2022 accounted for in Interconnector for the first time.

The regulatory assets and liabilities are reconciled with the segment reporting and the statement of cash flows as follows:

Regulatory liabilities Non-current + current	Other financing (A)	Other liabilities (B)	Total
In thousands of €			
Opening balance at 01.01.2022	**98,930**	**388,511**	**487,441**
Use	-5,002	-408,333	-413,335
Additions	668,519	323,967	992,486
Interests	1,512	4,694	6,206
Transfers	-1,512	1,512	0
Others (CTA)	0	-4,606	-4,606
Closing balance at 31.12.2022	**762,446**	**305,745**	**1,068,192**

The sum of use and additions of regulatory assets and liabilities amounts to €579,151 thousand (above) and €9,229 thousand (Note 5.8), and corresponds with the sum of the changes in regulatory assets and liabilities in note 4 (segment information - net change in revenue), i.e. €588,379 thousand (€421,225 thousand + €167,154 thousand).
This increase in regulatory assets and liabilities also corresponds with the change in net regulatory liabilities included in item 1.2.6 of the statement of cash flows.
The €6,206 thousand interest charge on regulatory liabilities was accounted for in the finance costs.

Note 5.16. Provisions

5.16.1. Provisions for employee benefits

Provisions for employee benefits	In thousands of €
Provisions at 31-12-2021	**74,984**
Additions	13,705
Use	-16,641
Release	0
Unwinding of the discount	2,455
Actuarial gains/losses recognised in the profit/loss (seniority bonuses)	-122
Expected return on plan assets	-1,801
Actuarial gains/losses recognised in equity	-29,289
Reclassification to the assets	12,781
Foreign exchange effect	56
Provisions at 31-12-2022, of which:	**56,128**
Non-current provisions	52,085
Current provisions	4,043

The provisions for employee benefits have decreased by €18,856 thousand. This decrease can primarily be explained by a combination of an increase in the discount rates and a negative return on plan assets in 2022. In addition to the reduction in provisions, there is also an increase in the surplus from plan assets (see Note 5.17).

5.16.2. Other provisions

Provisions for:			In thousands of €
	Litigation and claims	Environment and site restoration	Total other provisions
Provisions at 31-12-2021	**2,772**	**81,685**	**84,457**
Additions	250	0	250
Use	-211	-1	-212
Release	0	0	0
Unwinding of the discount	0	2,685	2,685
Foreign exchange effect	4	985	989
Other changes	0	6,008	6,008
Provisions at 31-12-2022, of which:	**2,815**	**91,362**	**94,177**
Non-current provisions	2,815	91,362	94,177
Current provisions	0	0	0

Provisions for litigation and claims

The other provisions have been established to cover likely litigation payments arising for instance from the construction of the Zeebrugge LNG terminal (1983).

The estimation for these provisions is based on the value of claims filed or on the estimated amount of risk incurred.

Provisions for the environment and site restoration

These provisions essentially cover the costs of decommissioning, safety, clean-up and restoration of sites subject to closure.

In Belgium, these provisions come under the regional environmental legislative framework and the Gas Act. These works require action plans and numerous studies in cooperation with the various public authorities and the institutions established for this purpose.

The other variations in these provisions concern the change in the assumption relating to the inflation rates used for the provision for decommissioning linked to the Dunkerque LNG tanker terminal facilities (as a counterparty to the decommissioning asset in line with IFRIC 1).

5.16.3. Movements in the income statement and maturity of provisions

Movements in the income statement and maturity of provisions can be detailed as follows:

Impact			In thousands of €
	Additions	Use and reversals	Total
Operating results	13,955	-16,853	-2,898
Financial profit (loss)	5,140	-1,923	3,217
Total	**19,095**	**-18,776**	**319**

Maturity of provisions at 31-12-2022				In thousands of €
	Up to one year	Between one and five years	More than five years	Total
Litigation and claims	0	234	2,581	2,815
Environment and site restoration	0	23,235	68,127	91,362
Subtotal	**0**	**23,469**	**70,708**	**94,177**
Employee benefits	4,043	22,084	30,001	56,128
Total	**4,043**	**45,553**	**100,709**	**150,305**

Maturity of provisions at 31-12-2021				In thousands of €
	Up to one year	Between one and five years	More than five years	Total
Litigation and claims	158	54	2,560	2,772
Environment and site restoration	0	21,375	60,310	81,685
Subtotal	**158**	**21,429**	**62,870**	**84,457**
Employee benefits	5,209	28,196	41,579	74,984
Total	**5,367**	**49,625**	**104,449**	**159,441**

Note 5.17. Provisions for employee benefits

Description of the principal retirement schemes and related benefits

In Belgium collective agreements regulate the rights of entity employees in the electricity and gas industries.

Defined benefit pension plans

These agreements, applicable in Belgium cover 'salary scale' personnel recruited before 1 June 2002 and management personnel recruited before 1 May 1999 allowing affiliates to benefit from a capital calculated based on a formula that takes account of their final annual salary and the number of years of service when they leave or retire, These are called ‘defined benefit pension plans’.

Obligations under these defined contribution pension plans are funded through a number of pension funds for the electricity and gas industries and through insurance companies.

Employees and employers contribute to these pension plans. The employer’s contribution is determined annually on the basis of an actuarial report. This is to ensure that the minimum legal funding requirements have been met and that the long-term funding of the benefits is assured.

Description of the main actuarial risks

The group is exposed, in connection with its defined benefit pension plans, to risks related to actuarial assumptions concerning investments, interest rates, life expectancy and salary development.

The present value of defined benefit obligations is determined using a discount rate based on high-quality bonds.

Each year, the discount rate used to calculate obligations for financing pension liabilities and minimum financing requirements is compared with the expected return on plan assets. The latter is obtained from the risk-free rate observed on the financial markets at the balance sheet date, the risk premiums for each category of assets in the portfolio and their corresponding volatility. If the expected return is lower than the discount rate, the latter is reduced.

The assumptions concerning salary increases, inflation, personnel movements and expected average retirement age are defined based on historic entity statistics. The mortality tables used as those published by the IABE (Institute of Actuaries in Belgium).

At 2022 year-end, the defined benefit pension plans have surplus plan assets of €29,719 thousand (2021: €16,938 thousand) compared with the actuarial estimated liabilities of the group. The amount was therefore transferred to the assets in the balance sheet under 'Other non-current assets' (Note 5.7) and 'Other current assets' (Note 5.12.1).

The financing policy was amended in 2018 to ensure that surpluses are recovered over the duration of the pension plans.

Defined contribution pension plans with guaranteed minimum return

In Belgium, 'Salary scale' personnel recruited after 1 June 2002 and management staff recruited after 1 May 1999 as well as the members of the management benefit from defined contribution pension plans.

The pension plans are financed by contributions from employees and employers, the latter corresponding to a multiple of the contributions from employees. In Belgium, obligations under these defined contribution pension plans are funded through a number of pension funds for the electricity and gas industries and through insurance companies.

The assets of the pension funds are allocated among the various categories of the following risks:

- Low risk: bonds in the euro zone and/or high-quality bonds.
- Medium risk: risk diversification between bonds, convertible bonds, real estate and equity instruments.
- High risk: equity instruments, real estate, etc.
- Dynamic Asset Allocation: rapid adjustment of the portfolio structure in case specific events in order to limit losses in periods of stress.

Belgian law requires that the employer guarantees a minimum return for defined contribution, which varies based on the market rates.

Specifications relating to minimum returns guaranteed by the employer:

- For contributions paid up until 31-12-2015, the minimum return of 3.25% for employer contributions and 3.75% for employee contributions applies up to that date. Since 01-01-2016, the minimum return is calculated as mentioned in the previous paragraph.
- For contributions paid since 01-01-2016, the minimum return is variable based on OLO rates, with a minimum of 1.75% and a maximum of 3.75%. Given the current rates, this minimum guaranteed return has been initially set at 1.75%.

The accounting method used by the group to value these 'defined contribution pension plans, with a guaranteed minimum return', is identical to the method used for 'defined benefit plans' (see Note 2.13).

For certain defined contribution schemes, the contributions increase depending on the seniority in the Group (referred to as 'backloaded'). For these schemes, the contributions are distributed uniformly over time.

Description of the main risks

Defined contribution plans expose the employer to the risk of a minimum return on pension fund assets that do not offer a sufficient guaranteed return.

Other long-term employee benefits

Fluxys group also has other pension benefits, early pension schemes, other post-employment benefits such as reimbursement of medical expenses and price subsidies, as well as other long-term benefits (seniority payments). Not all of these benefits are funded.

Financial status of the employee benefits

In thousands of €	Pensions *		Other **	
	2022	2021	2022	2021
Present value of funded obligations	-214,370	-247,170	-33,141	-48,328
Fair value of plan assets	221,102	237,452	0	0
Funded status of plans	**6,732**	**-9,718**	**-33,141**	**-48,328**
Effect of the asset ceiling	0	0	0	0
Other	0	0	0	0
Net employee benefit liability	**6,732**	**-9,718**	**-33,141**	**-48,328**
Of which assets	29,719	16,938	0	0
Of which liabilities	-22,987	-26,656	-33,141	-48,328

* Pensions also include non-prefinanced early-retirement obligations. They also include, since 2018, contributions paid to cover pension schemes with a profile that takes into account seniority.

** The item 'Other' includes seniority bonuses paid over the course of the career as well as other post-employment benefits (reimbursement of medical expenses and tariff reductions (discounted energy prices)).

Movements in the present value of obligations

In thousands of €	Pensions		Other	
	2022	2021	2022	2021
At the start of the period	**-247,170**	**-262,116**	**-48,328**	**-51,708**
Service costs	-10,803	-10,958	-1,353	-1,405
Early retirement costs	-1,040	-365	0	0
Financial loss (-) / profit (+)	-1,954	-559	-501	-224
Participant's contributions	-1,154	-1,564	0	0
Change in demographic assumptions	-2,712	-1,662	-611	-587
Change in financial assumptions	52,593	14,048	16,292	4,961
Change from experience adjustments	-12,365	203	-401	-1,243
Past service costs	272	-1,684	0	0
Benefits paid	10,013	16,747	1,761	1,878
Change in the consolidation scope	0	0	0	0
Reclassifications	0	0	0	0
Other	-50	740	0	0
At the end of the period	**-214,370**	**-247,170**	**-33,141**	**-48,328**

Past service costs are linked to a plan amendment.

Movements in the fair value of plan assets

In thousands of €	Pensions		Other	
	2022	2021	2022	2021
At the start of the period	**237,452**	**230,930**	**0**	**0**
Interest income	1,801	501	0	0
Return on plan assets (excluding net interest income)	-29,203	13,055	0	0
Employer's contributions	14,099	6,839	1,761	1,878
Participants' contributions	1,154	1,564	0	0
Benefits paid by participants	-10,013	-16,747	-1,761	-1,878
Change in financial assumptions	5,818	2,134	0	0
Other	-6	-824	0	0
At the end of the period	**221,102**	**237,452**	**0**	**0**
Actual return on plan assets	**-27,402**	**13,556**	**0**	**0**

The return on pension plan assets in 2022 is considerably lower than in 2021 following difficult conditions on the financial markets in 2022.

Costs recognised in profit or loss

In thousands of €	Pensions		Other	
	2022	2021	2022	2021
Cost				
Service costs	-10,803	-10,958	-1,353	-1,405
Early retirement costs	-1,040	-365	0	0
Past service costs	272	-1,684	0	0
Actuarial gains/(losses) on other long-term benefits	122	189	0	0
Net interest on net liabilities/(assets)				
Interest expense on obligations	-1,954	-559	-501	-224
Interest income on plan assets	1,801	501	0	0
Costs recognised in profit or loss	**-11,602**	**-12,876**	**-1,854**	**-1,629**

Actuarial losses (gains) recognised in other comprehensive income

In thousands of €	Pensions		Other	
	2022	2021	2022	2021
Change in demographic assumptions	-2,712	-1,662	-611	-587
Change in financial assumptions	58,289	15,993	16,292	4,961
Change from experience adjustments	-12,365	203	-401	-1,243
Effect of the asset ceiling	0	0	0	0
Return on plan assets (excluding net interest income)	-29,203	13,055	0	0
Actuarial gains (losses) recognised in other comprehensive income	**14,009**	**27,589**	**15,280**	**3,131**

Allocation of obligation by type of participant to the plan

In thousands of €	2022	2021
Active plan participants	-206,014	-246,178
Non-active participants with deferred benefits	-21,609	-20,786
Retirees and beneficiaries	-19,888	-28,534
Total	**-247,511**	**-295,498**

Allocation of obligation by type of benefit

In thousands of €	2022	2021
Retirement and death benefits	-214,370	-247,170
Other post-employment benefits (medical expenses and tariff reductions)	-24,286	-38,120
Seniority bonuses	-8,855	-10,208
Total	**247,511**	**-295,498**

Main actuarial assumptions used

	2022	2021
Discount rate between 10 to 12 years	3.73%	0.61%
Discount rate between 13 to 19 years	3.75%	1.07%
Discount rate over 19 years	3.73%	1.07%
Expected average salary increase	2.04%	2.05%
Expected inflation	1.99%	1.75%
Expected increase in health expenses	2.99%	2.75%
Expected increase of tariff advantages	1.99%	1.75%
Average assumed retirement age	63(BAR) / 65(CAD)	63(BAR) / 65(CAD)
Mortality tables	IABE prospective	IABE prospective
Life expectancy in years:		
For a person aged 65 at the balance sheet date:		
- Male	20	20
- Female	24	24
For a person aged 65 in 20 years:		
- Male	22	22
- Female	26	26

The discount rate used depends on the estimated average duration of the plans.

The fair value of plan assets per major category

	2022	2021
Listed investments	**92.83%**	**79.76%**
Shares – eurozone	13.91%	15.56%
Shares - outside eurozone	14.86%	19.85%
Government bonds - eurozone	0.62%	2.38%
Other bonds - eurozone	28.68%	27.71%
Other bonds - outside eurozone	34.76%	14.25%
Non-listed investments	**7.17%**	**20.24%**
Insurance contracts	0.00%	0.00%
Real estate	1.46%	2.80%
Cash and cash equivalents	4.47%	3.18%
Other	1.25%	14.27%
Total (in %)	**100.00%**	**100.00%**
Total (in thousands of €)	**221,102**	**237,452**

Sensitivity analysis

Impact on obligation	In thousands of €
	Increase (-) / Decrease (+)
Increase in discount rate (0.50%)	7,055
Average salary increase - Excluding inflation (0.1%)	-2,068
Increase in inflation rate (0.25%)	-5,062
Increase in healthcare benefits (0.1%)	-44
Increase in tariff benefits (0.5%)	-1,478
Increase in life expectancy of retirees (1 year)	-1,253

Average weighted duration of obligations

	2022	2021
Average weighted duration of defined benefit obligations	9	9
Average weighted duration of other obligations	19	20

Expected contribution to pay for employee benefits relating to extra-statutory pensions

	In thousands of €
Expected contribution for the next financial year (for all pension and other obligations, listed above)	13.549

The contributions to be paid are based on changes in the payroll of the population concerned.

Note 5.18. Deferred tax assets and liabilities

Deferred tax assets and liabilities are offset within each taxable entity.

Following this compensation, there are no deferred tax assets on the balance sheet.

Deferred tax liabilities can be apportioned as follows, depending on their origin:

Deferred tax liabilities accounted for on the balance sheet	In thousands of €	
	31-12-2022	31-12-2021
Valuation of assets	642,844	694,850
Accrued income	-327	-5
Fair value of financial instruments	11,238	-1,816
Provisions for employee benefits or provisions not accepted under IFRS	124,463	108,462
Other normative differences	4,669	-9,901
Total	**782,887**	**791,590**

Deferred tax is primarily influenced by the difference between the book value and the tax base of property, plant and equipment and intangible assets. This difference comes essentially from the fair value accounting of property, plant and equipment and intangible assets within the scope of business combination transactions (IFRS 3). Subsequently, these differences reduce gradually over time in line with the depreciations on these assets.

Provisions made in accordance with IAS 19 (Employee benefits) and provisions recognised under local GAAP but not recognised under IFRS are another major source of deferred tax.

Finally, the valuation at fair value of financial instruments also generates the recognition of deferred taxes. These instruments are primarily composed of instruments to hedge the interest rate risk and currency forwards. Reference is made to the Note 6 on financial instruments for more information on this subject.

Movement of the period		In thousand €
	Notes	Deferred taxes
Total deferred taxes as at 31-12-2021		**791,590**
Of which deferred tax assets		*0*
Of which deferred tax liabilities		*791,590*
Evolution of deferred taxes during the year:		
Deferred taxes – Income statement	4.7.2	-32,278
Deferred taxes – other comprehensive income		14,561
Translation adjustments		4,647
Other		4,367
Changes in consolidation scope		0
Total deferred taxes at 31-12-2022		**782,887**
Of which deferred tax assets		782,887
Of which deferred tax liabilities		0

Note 5.19. Current trade and other payables

Trade and other payables	In thousands of €	
	31-12-2022	31-12-2021
Trade payables	167,208	78,964
Payroll and related items	63,215	53,597
Other payables	550,330	51,824
Total	**780,753**	**184,385**

The significant increase of other payables is linked to the recognition of the exceptional solidarity contribution of €300 million and the guarantees received in cash from clients.

Note 6. Financial instruments

Principles for managing financial risks

In the course of conducting its activities, the Fluxys group is exposed to credit and counterparty risks, liquidity and interest rate risks and foreign exchange and market risks, all of which affect its assets and liabilities.

The Fluxys group policy as regards financial risk management is based on the principles of prudence and excludes seeking any speculative gain. It aims to cover, in the best possible way, the group's exposures to financial risk. All hedging strategies are put in place by way of a competitive process with a suitable number of counterparties based on the type of transaction and the value of the amount to be hedged.

The group's administrative organisation, controlling and financial reports ensure that these risks are constantly monitored and managed.

Cash management policy

The Fluxys group's cash is managed as part of a general financial policy that was approved by the Board of Directors.

The objective of this policy is to optimise the group's cash positions. Transactions are entered into at market terms and conditions.

In case of need, the group can borrow on a short- medium- or long-term basis to respond to its cash needs.

Cash surpluses are largely allocated to the operational needs and to development projects of the Fluxys group's companies. These investments are subject to constant monitoring and risk analysis on a case-by-case basis.

Cash surpluses other than those referred to above are kept either at first class financial institutions or invested in financial instruments issued by entities with a high credit rating or in financial instruments of issuers which are covered by a guarantee from an European Member State or whose share capital is predominantly controlled by state-owned entities. Cash surpluses are invested following a competitive bidding award, and in instruments that are sufficiently diversified to limit counterparty risk concentration.

At 31-12-2022, current and non-current investments, cash and cash equivalents amounted to €1,613,631 thousand, compared with €472,685 thousand at 31-12-2021.

Credit and counterparty risks

The group systematically assesses its counterparties' financial capacity and systematically monitors receivables. Group policy regarding counterparty risks requires that the group submits potential customers and suppliers to a detailed preliminary financial analysis (liquidity, solvency, profitability, reputation and risks). The group uses internal and external information sources, such as official analysis performed by rating agencies (Moody's, Standard & Poor's and Fitch). These rating agencies assess entities in relation to risk and award them a credit score. The group also uses databases containing general, financial and market information to complement its own evaluation of potential customers and suppliers.

In addition, for most of its activities the group is allowed to contractually require guarantees (either bank guarantees or cash deposits) from counterparties. The group thereby reduces its exposure to credit risk both in terms of default and concentration of customers.

In view of the concentration risk it must be noted that two clients contribute respectively 12% and 13% of the operating revenue. Their contributions are mainly in transmission and terminalling activities.

Foreign exchange risk

The currency used by the group is the euro.

Because of its international activity, the Fluxys group is exposed to foreign exchange risk. Group policy requires that all positions in currencies considered safe be hedged with an appropriate instrument. Foreign exchange exposures linked to net foreign investments may be hedged either by directly borrowing in foreign currencies and establishing a repayment schedule based on the income expected in foreign currency, or by buying the acquisition price amount in foreign currency and simultaneously selling it on maturity with a payment schedule based on the estimated income flows from the acquisition plan. In establishing its hedging strategy, the group ensures it uses 'plain vanilla' liquid instruments with sound counterparties.

The group is exposed to CHF/€ currency fluctuation risks primarily because of its stake in FluxSwiss (capital invested, group share of €376 million). This net investment in an activity in Switzerland has been hedged through currency forward contracts. These financial instruments are qualified as hedging instruments. The variation in value of these latter has a direct impact on equity.

Intragroup loans to our subsidiaries in Switzerland and the UK are covered either through cross currency interest rate swaps or currency forward contracts. These instruments are a natural hedge for the risk incurred by the group with regard to CHF/€ and GBP/€ currency fluctuations. The variation in value of these latter instruments is accounted for in the profit/loss for the period.

The group was historically exposed to USD/€ currency fluctuation risks primarily because of its stake in LNG Link Investment AS and Mahon Shipping. These entities were disposed of during the 2020 financial year and the hedging was terminated.

In 2021, the group acquired a new participation in Brazil, the dividends of which are in BRL. Exposure to EUR/BRL foreign exchange risk is covered through a non-deliverable forward contract (NDF) when dividend projections are assessed as certain and in line with the group's policies. As at 31 December 2022, there is no BRL currency hedge.

In 2022, the group acquired a new stake in Chile, the dividends of which are in USD. The exposure to EUR/USD foreign exchange risk is hedged by forward contracts in USD based on the acquisition business plan.

The group was exposed to SEK/€ currency fluctuation risks because of its holding in Swedegas until the sale of the stake in November 2018. The effects of the currency forward contracts were neutralised by new opposite contracts, definitively ending the group's exposure to SEK/€ risks. These contracts appear in the balance sheet at their market value. The variations in value of these latter are expected to compensate each other.

The fair value of these instruments is detailed in Notes 6.3 and 6.4. The maturity of these investments is between 2022 and 2026.

In 2022, the Fluxys group has not identified any inefficiency in its hedging.

Sensitivity analysis:

Outside hedging instruments, a 10% variation in the CHF exchange rate would have an impact of €33.0 million on equity whilst a 10% variation in the GBP exchange rate would have an impact of €17.1 million on equity, and a variation of 10% in the BRL exchange rate would have an impact of €8 million and a variation of 10% in the USD exchange rate would have an impact of €1.7 million attributable to the shareholders of the parent company in 2022. This impact is determined based on the net assets of the companies concerned on the balance sheet date.

Interest rate risk

As a general rule, given that the group's assets are long-term, loan contracts are, as long as the market permits, for a term close to the estimated economic life of the assets concerned.

These loans may be fixed rate or variable.

The Fluxys group manages its interest rate risk based on an in-depth assessment of its assets and liabilities. The variable-rate debts are only maintained if they are covered by assets subject to a comparable risk.

Most of the other variable-rate debts are hedged using suitable financial instruments that can either convert the variable rates into fixed rates, or provide a cap for the variable interest rates, In establishing its hedging strategy, the group ensures it uses 'plain vanilla' liquid instruments with sound counterparties.

The group's debt is €3,691,707 thousand as at 31-12-2022 compared with €3,232,672 thousand as at 31-12-2021.

It mainly consists of loans which mature between 2022 and 2045 (see Note 5.14) and the regulatory liabilities (see Note 5.15).

Part of the loans taken out by FluxSwiss (for CHF 69.0 million) as well as part of the TENP KG loans (for €12.5 million), part of the Fluxys SA loans (€100.0 million) and part of the €400 million loan of Dunkerque LNG are financed with variable rates.

In order to manage this risk exposure, these companies have put in place, except for Fluxys SA, for the entire variable interest amount, cap and/or swap contracts destined to exchange this variable rate for a fixed rate. These financial instruments are qualified as hedging instruments. The variation in value of these latter has a direct impact on equity insofar as it concerns the effective part of the hedge.

The fair value of these instruments is detailed in Notes 6.3 and 6.4. The maturity of these investments is between 2023 and 2028.

In 2022, the Fluxys group has not identified any inefficiency in this hedging.

In 2017, FluxSwiss proceeded to renegotiate its loans. On the same occasion, it proceeded to unwind the cash-flow hedging instruments, these interest-rate swaps on longer being entirely effective in a negative interest rate environment. The cost of the unwinding of the interest rate swaps is progressively transferred into the financial results. The balance to be transferred into the results comes to €496 thousand as at the end of December 2022.

In addition, the group's liabilities include liabilities to be used within the regulatory framework. These latter bear interest. The group does not incur any interest rate risks related to this.

Sensitivity analysis:

Outside hedging instruments, a variation of 100 base points in interest rates on financing would have an impact on financial results in 2022 of:

- €0.4 million for FluxSwiss compared to €0.7 million the previous year,
- €1.0 million for Fluxys SA compared to €1.5 million the previous year,
- €0.1 million for TENP KG, identical figure to the previous year, and
- €4.0 million for Dunkerque LNG Holding, compared to €8.0 million the previous year.

Liquidity Risk

Liquidity risk management is one of Fluxys group's main objectives. The amounts invested and the investment period reflect the short- and long-term planning of cash needs as closely as possible, taking into account operational risks.

The Fluxys group was granted loans by the European Investment Bank (EIB). They contain contractual financial covenants which were fulfilled by the group as at 31-12-2022. These contractual clauses provided for ratios to be adhered to of the type 'Net Finance Charges to EBITDA ratio', 'Net Debt to EBITDA ratio' and 'Bond and other loan to EBITDA ratio' (see Note 7.7).

The maturity of interest-bearing liabilities is reported in Note 5.14.

Cash facilities

The group has cash facilities for an amount of €512.5 million as at 31-12-2022, in line with last year.

6.1 Summary of financial instruments at 31-12-2022 — In thousands of €

	Category	Book value	Fair value	Level
I. Non-current assets				
Other financial assets at amortised cost	A	108,422	108,532	1 & 2
Other financial assets at fair value through profit or loss	B*	6,019	6,019	2
Other financial assets at fair value through other comprehensive income	C*	31,269	31,269	2
Finance lease receivables	A	8,206	8,206	2
Other receivables	A	152,714	155,396	2
II. Current assets				
Other financial assets at fair value through profit or loss	B*	156	156	2
Other financial assets at fair value through other comprehensive income	C*	3,022	3,022	2
Finance lease receivables	A	595	595	2
Trade and other receivables	A	289,837	289,837	2
Cash investments	A	259,600	259,600	1 & 2
Cash and cash equivalents	A	1,246,531	1,246,531	1 & 2
Total financial instruments – assets		**2,106,371**	**2,109,163**	
I. Non-current liabilities				
Interest-bearing liabilities	A	2,486,442	2,410,399	2
Other financial liabilities at fair value through profit or loss	B*	8,151	8,151	2
Other financial liabilities at fair value through other comprehensive income	C*	2,890	2,890	2
II. Current liabilities				
Interest-bearing liabilities	A	137,073	137,073	2
Other financial liabilities at fair value through profit or loss	B*	119	119	2
Other financial liabilities at fair value through other comprehensive income	C*	1,562	1,562	2
Trade and other payables	A	780,753	780,753	2
Total financial instruments - liabilities		**3,416,990**	**3,340,947**	

* The detail of these financial instruments is provided in Table 6.3.

The categories correspond to the following financial instruments:

- Financial assets or financial liabilities at amortised cost.
- Assets or liabilities at fair value through profit or loss.
- Assets or liabilities at fair value through other comprehensive income.

6.2 Summary of financial instruments at 31-12-2021				In thousands of €
	Category	Book value	Fair value	Level
I. Non-current assets				
Other financial assets at amortised cost	A	86,589	87,026	1&2
Other financial assets at fair value through profit or loss	B*	4,157	4,157	2
Other financial assets at fair value through other comprehensive income	C*	186	186	2
Finance lease receivables	A	8,801	8,801	2
Other receivables	A	69,931	77,981	2
II. Current assets				
Other financial assets at fair value through profit or loss	B*	739	739	2
Other financial assets at fair value through other comprehensive income	C*	0	0	2
Finance lease receivables	A	624	624	2
Trade and other receivables	A	205,330	205,330	2
Cash investments	A	71,909	71,909	1 & 2
Cash and cash equivalents	A	315,478	315,478	1 & 2
Total financial instruments – assets		**763,744**	**772,231**	
I. Non-current liabilities				
Interest-bearing liabilities	A	1,794,780	1,862,892	2
Other financial liabilities at fair value through profit or loss	B*	8,959	8,959	2
Other financial liabilities at fair value through other comprehensive income	C*	2,266	2,266	2
II. Current liabilities				
Interest-bearing liabilities	A	950,452	950,452	2
Other financial liabilities at fair value through profit or loss	B*	468	468	2
Other financial liabilities at fair value through other comprehensive income	C*	507	507	2
Trade and other payables	A	184,385	184,385	2
Total financial instruments - liabilities		**2,941,817**	**3,009,929**	

** The detail of these financial instruments is provided in Table 6.4.

6.3 Summary of derivate instruments at 31-12-2022					In thousands of €
	Qualification	Notional amounts covered	Carrying amount of the hedging instruments		Notes
		(in thousands)	Assets in thousands	Liabilities In thousands	
I. Non-current assets and liabilities			**37,288**	**11,041**	**5.6 & 6**
A. Net investment hedge			**0**	**2,890**	**5.6 & 6**
CHF	**hedging instruments**	**CHF 42,352**	**0**	**2,890**	**5.6 & 6**
One to five years		**CHF 42,352**	**0**	2,890	
More than five years		CHF 0	0	0	
B. Cash Flow Hedge			**31,555**	**0**	**5.6 & 6**
IRS	**hedging instruments**	**€ 8,031**	**431**	**0**	**6**
One to five years		€ 8,031	431	0	
More than five years		€ 0	0	0	
IRS	**hedging instruments**	**€ 400,000**	**30,838**	**0**	**6**
One to five years		€ 0	0	0	
More than five years		€ 400,00	30,838	0	
CAP	**hedging instruments**	**CHF 41,113**	**286**	**0**	**5.6 & 6**
One to five years		CHF 41,113	286	0	
More than five years		CHF 0	0	0	
C. Natural Hedge			**1,769**	**4,187**	**5.6 & 6**
CCIRS	**Not designated as hedging instruments**	**CHF 23,042**	**0**	**4,187**	**6**
One to five years		CHF 23,042	0	4,187	
More than five years		CHF 0	0	0	
Loan USD	**Not designated as hedging instruments**	**USD 39,647**	**1,403**	**0**	**6**
One to five years		USD 39,647	1,403	0	
More than five years		USD 0	0	0	
SEK	**Not designated as hedging instruments**	**SEK 60,973**	**586**	**0**	**5.6 & 6**
One to five years		SEK 60,973	586	0	
One to five years		SEK 0	0	0	

SEK	**Not designated as hedging instruments**	**SEK -60,973**	**-220**	**0**	**5.6 & 6**
One to five years		SEK -60,973	-220	0	
One to five years		SEK 0	0	0	
D. Other financial instruments	**Not designated as hedging instruments**		3,964	3,964	**5.6 & 6**
One to five years			3,964	3,964	
More than five years			0	0	
II. Current assets and liabilities			**3,178**	**1,681**	**5.6 & 6**
A. Net Investment Hedge			**1,611**	**1,440**	**5.6 & 6**
CHF	Hedging instrument	**CHF 24,109**	**0**	**1,440**	**5.6 & 6**
USD	Hedging instrument	**USD 48,635**	**1,611**	**0**	**5.6 & 6**
B. Cash Flow Hedge			**0**	**122**	**6**
C. Natural Hedge			**1,567**	**119**	**5.6 & 6**
GBP	Not designated as hedging instruments	GBP 7,859	0	49	5.6 & 6
SEK	Not designated as hedging instruments	SEK 23,758	265	0	5.6 & 6
SEK	Not designated as hedging instruments	SEK -23,758	-109		5.6 & 6
JPY	Not designated as hedging instruments	JPY 9,600	0	70	6
USD	Not designated as hedging instruments	USD 34,803	1,411	0	6

6.4 Summary of derivate instruments at 31-12-2021 — **In thousands of €**

	Qualification	Notional amounts covered	Carrying amount of the hedging instruments		Notes
		(in thousands)	Assets in thousands	Liabilities In thousands	
I. Non-current assets and liabilities			**4,343**	**11,225**	**5.6 & 6**
A. Net investment hedge			**0**	**219**	**5.6 & 6**
CHF	**hedging instruments**	**CHF 58,370**	**0**	**219**	**5.6 & 6**
One to five years		CHF 58,370	0	219	
More than five years			0	0	
B. Cash Flow Hedge			**186**	**2,047**	**5.6 & 6**
IRS	**hedging instruments**	**€ 8,031**	**0**	**170**	**6**
One to five years		€ 8,031	0	170	
More than five years			0	0	
IRS	**hedging instruments**	**€ 800,000**	**0**	**1,426**	**6**
One to five years		€ 800,000	0	1,426	
More than five years			0	0	
CAP	**hedging instruments**	**CHF 59,540**	**186**	**451**	**5.6 & 6**
One to five years		**CHF 59,540**	**0**	**451**	
More than five years		CHF 0	186	0	
C. Natural Hedge			**549**	**5,351**	**5.6 & 6**
CCIRS	**Not designated as hedging instruments**	**CHF 43,980**	**0**	**5,351**	**6**
One to five years		CHF 43,980	0	5,351	
More than five years			0	0	
SEK	**Not designated as hedging instruments**	**SEK 84,731**	**140**	**0**	**5.6 & 6**
One to five years		SEK 84,731	140	0	

More than five years			0	0	
SEK	**Not designated as hedging instruments**	**-SEK 84,731**	**409**	**0**	**5.6 & 6**
One to five years		-SEK 84,731	409	0	
More than five years			0	0	
JPY	**Not designated as hedging instruments**	**JPY 491,72(**	**0**	**5**	**5.6 & 6**
D. Other financial instruments	**Not designated as hedging instruments**		**3,608**	**3,608**	**5.6 & 6**
One to five years			3,608	3,608	
More than five years			0	0	
II. Current assets and liabilities			**739**	**975**	**5.6 & 6**
A. Net Investment Hedge			**0**	**507**	**5.6 & 6**
CHF	hedging instruments	CHF 14,647	0	507	5.6 & 6
B. Cash flow hedge			**0**	**0**	**6**
C. Natural Hedge			**739**	**468**	**5.6 & 6**
GBP	Not designated as hedging instruments	GBP 4,838	122	382	5.6 & 6
SEK	Not designated as hedging instruments	-SEK 20,485	536	0	5.6 & 6
SEK	Not designated as hedging instruments	SEK 20,485	81	0	5.6 & 6
BRL	Not designated as hedging instruments	BRL 21,258	0	66	6
JPY	Not designated as hedging instruments	JPY 491,72(	0	20	6

All of the group's financial instruments fall within Levels 1 and 2 of the fair value hierarchy. Their fair value is measured on a recurring basis.

Level 1 of the fair value hierarchy includes short-term investments and cash equivalents whose fair value is based on quoted prices. They consist mainly of bonds.

Level 2 of the fair value hierarchy includes other financial assets and liabilities whose fair value is based on other inputs that are observable for the asset or liability, either directly or indirectly.

The techniques for measuring the fair value of Level 2 financial instruments are as follows:

- The items 'Interest-bearing liabilities' include the fixed-rate bonds whose fair value is determined based on active market rates, usually provided by financial institutions.
- The items 'Other financial assets' and 'Other financial liabilities' include derivative instruments whose fair value is determined based on active market rates, usually provided by financial institutions.
- The fair value of other financial assets and liabilities categorised under level 2 is largely identical to their book value:
  - either because they have a short-term maturity (such as trade receivables and payables), or
  - because they bear interest at the market rate at the closing date of the financial statements.

Note 7. Contingent assets and liabilities – group's rights and commitments

7.1. Litigation

Ghislenghien

As announced in 2011, Fluxys Belgium has undertaken, in agreement with insurers and other responsible parties, to proceed with the final compensation of private victims of the accident at Ghislenghien in 2004. All the victims who have presented themselves to date and who were entitled to compensation have since been compensated.

Claim relating to the 'Open Rack Vaporiser' investment

A compensation claim for additional works was introduced by a supplier in the scope of the investment 'Open Rack Vaporiser' made by Fluxys LNG. The latter disputes this claim and an expert was appointed to assess the case. No reliable estimate can be made at this stage. No provision has therefore been recognised as at 31-12-2022.

Other procedures

Other claims arising from the operation of our facilities are in progress but their potential impact is immaterial and/or procedures are being put on hold.

7.2. Assets and items held for third parties, in their name, but at the risk and for the benefit of entities included in the consolidation scope

In the ordinary course of business, the group holds gas belonging to its customers in the pipelines, at its storage sites in Loenhout, and in the tanks at the LNG terminals in Zeebrugge and Dunkerque.

7.3. Guarantees received

Bank securities for the benefit of the group comprise guarantees received from contractors in respect of construction contracts as well as bank guarantees received from customers. The credit losses expected on guarantees received are not very material for the Fluxys group.

7.4. Guarantees provided by third parties on behalf of the entity

Rental guarantees and other sureties have been issued for owners of assets leased by the group. However, these are not significant for the Fluxys group.

7.5. Commitments as part of the leases for Transitgas, TENP and Interconnector

As part of the leases for Transitgas and TENP, FluxSwiss and Fluxys TENP have committed to pay royalties dues for the provision of 90% and 64.25% respectively of the capacity of these facilities. The end date of these leases is 2026 and 2031 respectively, with the option to extend.

Interconnector has committed, as part of a lease entered into with FL Zeebrugge, to pay the royalties due for the provision of the facilities. This lease requires maintenance of a minimum cash level in Interconnector, a clause which was adhered to as at 31-12-2022. The maturity of this lease is in 2025.

7.6. Commitments under terminalling service contracts

The Capacity Subscription Agreements (CSA) entered into with the terminal users of the Zeebrugge LNG terminal provide for 110 slots to be available per contractual year until 2023 and 88 mooring slots per contractual year until 2027.

During the binding window of the Open Season held at the end of 2020 for additional regasification capacity at the Zeebrugge LNG terminal, the full 6 million tonnes per year offered (or close to 10.5 GWh/h) was subscribed to. On this basis, Fluxys LNG took the final investment decision in February 2021 to build the additional necessary infrastructure at the Zeebrugge LNG terminal. The additional regasification capacity will be provided in two steps:

- as from the start of 2024, a total of 4.7 million tonnes per year will already have been supplied,
- a from the start of 2026, the entire additional capacity of 6 million tonnes will have been supplied.

In 2019, in addition to the aforementioned contracts, a new long-term contract was entered into with Qatar Petroleum, subsidiary of Qatar Terminal Limited (QTL), for the remaining unloading slots until 2039 with extension option until 2044.

In addition, Yamal Trade (a 100% subsidiary of Yamal LNG) and Fluxys LNG signed a 20-year contract for the transshipment of a maximum of 8 million tonnes of LNG per year at the port of Zeebrugge in Belgium. This contract has entered into effect upon the commissioning of the 5th storage tank in the Zeebrugge LNG terminal at the end of 2019.

7.7. Commitments in relation to loans and to the European Investment Bank (EIB)

The Fluxys Belgium group was granted loans by the European Investment Bank (EIB). They contain contractual financial covenants which are fulfilled by the group at 31 December 2022. Like bonds, these loans also contain a pari passu clause.

Dunkerque LNG obtained €800 million of funding, €400 million of which at a variable rate (hedged by a swap to convert the interest rate into a fixed rate) repayable in March 2028 and with €400 million at a fixed rate repayable on a straight-line basis until the end of 2036 – and with a grace period of 5 years. This loan provides for a contractual clause (financial covenant) of 'Net Debt to EBITDA ratio', and 'Debt service cover ratio', clauses fulfilled by the group as at 31-12-2022.

External financing was granted to TAP from December 2018. Following the completion of the works in November 2020, a limited guarantee remains in place in the case of non-payment or force majeure. Fluxys' share in the guarantee represents 19% of the amount drawn. The credit losses expected on guarantees given are not very material for the Fluxys group.

Finally, certain guarantees have been issued as part of financing agreements. They are primarily in the form of guarantees on revenue generated by the activity concerned, on trade receivables and on shares held.

7.8. Commitments with regard to projects under construction

The Fluxys group also finances the investments provided for in the EUGAL project. Our total stake is estimated at €389 million, almost €386 million of which has already been invested on 31-12-2022. Additionally, the Fluxys group participates in the investments in TENP, estimated at €228 million, of which €21 million was invested on the balance sheet date.

7.9. Other commitments

Other liabilities have been made and received by the Fluxys group, but their potential impact is immaterial.

Note 8. Related parties

The Fluxys group is controlled by Publigas.

In 2022, the Fluxys group executed transactions with the joint operations, Tenp KG and Transitgas, and with associates, i.e. TAP, Condor Holding and Balansys (mainly financing).

Transactions with shareholders of the parent entity concern Publigas and SFPI, mainly for financing.

Other related parties include transactions with FluxSwiss' shareholders (financing) as well as relations with directors and members of the management team, the latter being charged with the management of the company and decisions on investments.

Related parties					In thousands of €
	31-12-2022				
	Parent company shareholders	Joint arrange-ments	Associates and joint ventures	Other Related parties	Total
I. Assets with related parties	**23,717**	**0**	**15,000**	**0**	**38,717**
1. Other financial assets	**23,500**	**0**	**15,000**	**0**	**38,500**
1.1. Securities other than shares	0	0	0	0	0
1.2. Other receivables	23,500	0	15,000	0	38,500
2. Other non-current assets	**0**	**0**	**0**	**0**	**0**
2.1. Finance leases	0	0	0	0	0
2.2. Other non-current receivables	0	0	0	0	0
3. Trade and other receivables	**217**	**0**	**0**	**0**	**217**
3.1. Clients	0	0	0	0	0
3.2. Finance leases	0	0	0	0	0
3.3. Other receivables	217	0	0	0	217
4. Cash and cash equivalents	**0**	**0**	**0**	**0**	**0**
5. Other current assets	**0**	**0**	**0**	**0**	**0**
II. Liabilities with related parties	**30,000**	**56,664**	**0**	**20,929**	**107,593**
1. Interest-bearing liabilities (current and non-current)	**30,000**	**56,664**	**0**	**20,929**	**107,593**
1.1. Bank borrowings	0	0	0	0	0
1.2. Leases	0	0	0	0	0
1.3. Bank overdrafts	0	0	0	0	0
1.4. Other borrowings	30,000	56,664	0	20,929	107,593
2. Trade and other payables	**0**	**0**	**0**	**0**	**0**
2.1. Trade payables	0	0	0	0	0
2.2. Other payables	0	0	0	0	0
3. Other current liabilities	**0**	**0**	**0**	**0**	**0**

Related parties					In thousands of €
	31-12-2021				
	Parent company shareholders	Joint arrange-ments	Associates and joint ventures	Other Related parties	Total
I. Assets with related parties	**3**	**0**	**9,126**	**0**	**9,129**
1. Other financial assets	**0**	**0**	**9,000**	**0**	**9,000**
1.1. Securities other than shares	0	0	0	0	0
1.2. Other receivables	0	0	9,000	0	9,000
2. Other non-current assets	**0**	**0**	**0**	**0**	**0**
2.1. Finance leases	0	0	0	0	0
2.2. Other non-current receivables	0	0	0	0	0
3. Trade and other receivables	**3**	**0**	**0**	**0**	**3**
3.1. Clients	0	0	0	0	0
3.2. Finance leases	0	0	0	0	0
3.3. Other receivables	3	0	0	0	3
4. Cash and cash equivalents	**0**	**0**	**0**	**0**	**0**
5. Other current assets	**0**	**0**	**126**	**0**	**126**
II. Liabilities with related parties	**45,000**	**56,695**	**0**	**19,949**	**121,644**
1. Interest-bearing liabilities (current and non-current)	**45,000**	**56,695**	**0**	**19,949**	**121,644**
1.1. Bank borrowings	0	0	0	0	0
1.2. Leases	0	0	0	0	0
1.3. Bank overdrafts	0	0	0	0	0
1.4. Other borrowings	45,000	56,695	0	19,949	121,644
2. Trade and other payables	**0**	**0**	**0**	**0**	**0**
2.1. Trade payables	0	0	0	0	0
2.2. Other payables	0	0	0	0	0
3. Other current liabilities	**0**	**0**	**0**	**0**	**0**

Related parties					In thousands of €
	31-12-2022				
	Parent company shareholders	Joint arrangements	Associates and joint ventures	Other Related parties	Total
III. Transactions with related parties					
1. Sale of non-current assets	**0**	**0**	**0**	**0**	**0**
2. Purchase of non-current assets (-)	**0**	**0**	**0**	**0**	**0**
3. Services rendered and goods delivered	**0**	**0**	**1,888**	**0**	**1,888**
4. Services received (-)	**0**	**0**	**0**	**0**	**0**
5. Net financial result	**-686**	**-3,832**		**-1,566**	**-6,084**
6. Directors' and senior executives' remuneration				**3,808**	**3,808**
of which short-term employee benefits				3,163	3,163
of which post-employment benefits				645	645

Related parties					In thousands of €
	31-12-2021				
	Parent company shareholders	Joint arrangements	Associates and joint ventures	Other Related parties	Total
III. Transactions with related parties					
1. Sale of non-current assets	**0**	**0**	**0**	**0**	**0**
2. Purchase of non-current assets (-)	**0**	**0**	**0**	**0**	**0**
3. Services rendered and goods delivered	**0**	**0**	**1,220**	**0**	**1,220**
4. Services received (-)	**0**	**0**	**0**	**0**	**0**
5. Net financial result	**-771**	**-1,280**		**-1,864**	**-3,915**
6. Directors' and senior executives' remuneration				**3,706**	**3,706**
of which short-term employee benefits				3,097	3,097
of which post-employment benefits				609	609

Note 9. Directors' and senior executives' remuneration

Pursuant to Article 14 of the Articles of Association, the Board of Directors of Fluxys SA comprises no more than 12 members, who can be natural persons or legal entities, shareholders or not, and appointed for six years as a maximum by the General Meeting of Shareholders

The Fluxys group has not granted any loans to administrators and the administrators have moreover not executed any unusual transactions with the group.

Reference is made to Note 8 for more information on this subject.

Note 10. Events after the balance sheet date

No events after the balance sheet date had a material impact on the 2022 financial statements of the group.

The significant events after the balance sheet date (but with no material impact on the 2022 financial statements of the group are:

1. Based on the information available to date, it is extremely difficult to estimate the impact of the war in Ukraine on the economy. Based on the situation publicly known, the essential nature of the company's activity and its regulatory nature in certain countries, the impact on the consolidated profit/loss of the Fluxys group in 2023 because of the war, measures and market evolution that have ensued, remains difficult to predict.
2. At the beginning of March, Fluxys acquired from Macquarie Asset Management its stake of approximately 24% in Open Grid Europe ('OGE'), the largest transmission grid operator in Germany. This acquisition fits perfectly into Fluxys' strategy of being the essential infrastructure partner in order to accelerate the energy transition.
3. Moreover, Fluxys announced in January that it would acquire an additional 1% stake in TAP from Axpo, thereby becoming a 20% partner like the other shareholders. This transaction remains to be completed.
4. In February, Fluxys and Gasunie also exercised their pre-emptive right on the 20% in BBL that Uniper put up for sale. The discussions on this subject are underway and the regulator has not yet approved it.

Statutory accounts of Fluxys SA under Belgian GAAP

Given that Fluxys SA is essentially a holding company, holding the stakes at their book value, the unconsolidated annual accounts only give a limited view of the company's financial situation. As a result, the Board of Directors has deemed it appropriate to, in application of Article 3:17 of the Code of companies and associations, only publish an abridged version of the unconsolidated annual accounts as at 31 December 2022.

The statutory auditor has issued a report with an unqualified opinion on the statutory annual accounts of Fluxys SA.

These documents have been filed with the National Bank of Belgium.

They are available free of charge upon request at the following address:

Fluxys SA

Communication Department

Avenue des Arts 31, 1040 Brussels

1. Balance Sheet

Assets		In thousands of €
	31-12-2022	**31-12-2021**
Formation expenses	**536**	**665**
Fixed assets	**2,315,348**	**2,305,030**
Intangible assets	0	0
Property, plant and equipment	504	713
Financial fixed assets	2,314,844	2,304,317
Current assets	**2,147,401**	**1,257,151**
Amounts receivable after more than one year	1,058,251	1,040,104
Stock and contracts in progress	0	0
Amounts receivable within one year	90,921	53,931
Cash investments	685,736	24,498
Cash at bank and in hand	300,583	123,895
Deferred charges and accrued income	11,910	14,723
Total	**4,463,285**	**3,562,846**

Liabilities		In thousands of €
	31-12-2022	**31-12-2021**
Equity	**1,884,982**	**1,874,744**
Capital	1,708,824	1,706,811
Share premium account	82,641	82,018
Revaluation surpluses	0	0
Reserves	89,636	82,073
Accumulated profits (losses)	3,881	3,827
Capital subsidies	0	15
Provisions and deferred taxes	**0**	**5**
Provisions for liabilities and charges	0	0
Deferred tax	0	5
Amounts payable	**2,578,303**	**1,688,097**
Amounts payable after more than one year	508,868	558,781
Amounts payable within one year	2,056,293	1,117,273
Accrued charges and deferred income	13,142	12,043
Total	**4,463,285**	**3,562,846**

2. Income statement

Income statement		**In thousands of €**
	31-12-2022	**31-12-2021**
Operating income	12,539	11,024
Operating charges	29,013	27,189
Operating profit	**-16,474**	**-16,165**
Financial income	191,758	178,747
Finance costs	22,462	12,767
Net financial income	**169,296**	**165,980**
Earnings before taxes	**152,822**	**149,815**
Transfer from deferred taxes	**5**	**6**
Income tax expenses	**1,557**	**97**
Net profit/loss for the period	**151,270**	**149,724**
Transfer to untaxed reserves	**0**	**0**
Profit for the period available for appropriation	**151,270**	**149,724**

Fluxys' net profit was €151,270 thousand compared to €149,724 thousand the previous year. The profit for the financial year mainly consists of the dividends paid by Fluxys Belgium and Fluxys Europe.

3. Appropriation account

Appropriation account		**In thousands of €**
	31-12-2022	**31-12-2021**
Profit to be appropriated	**155,097**	**150,511**
Profit for the period available for appropriation	151,270	149,724
Profit carried forward from the previous period	3,827	787
Transfer from equity	**0**	**0**
From reserves	0	0
Transfer to equity	**7,563**	**7,486**
To the legal reserve	7,563	7,486
To the other reserves	0	0
Result to be carried forward	**3,881**	**3,827**
Profit to be carried forward	3,881	3,827
Profit to be distributed	**143,653**	**139,198**
Dividends	143,653	139,198

4. Capital at the end of the period

Capital at the end of the period			In thousands of €
			31-12-2022
Subscribed capital			
At the end of the previous period			1,741,533
At the end of the period			1,743,546
Capital represented by			
Registered shares			87,177,294
Dematerialised shares			0
Bearer shares			0
Shareholders' structure :			
Shareholders	***Type***	***Number of voting rights declared***	***%***
Publigas	Shares without nominal value	67,487,572	77.42
Caisse de dépôt et placement du Québec	Shares without nominal value	17,305,412	19.85
Federal Holding and Investment Company	Shares without nominal value	1,851,852	2.12
Members of staff and management	Shares without nominal value	532,458	0.61

5. Income taxes

Income taxes	In thousands of €
	31-12-2022
Breakdown of heading 670/3	
Income taxes on the result of the current period	42
Taxes and withholding taxes due or paid	3,355
Excess of income tax prepayments	-3,313
Estimated additional taxes	
Income taxes on previous periods	1,515
Additional taxes due or paid	
Additional taxes (estimated or provided for)	1,515
Reconciliation between profit before taxes and estimated taxable profit	
Profit before taxes	**152,822**
Permanent differences:	
Definitively taxed income	-163,488
Non-deductible expenses	450
Notional interest	0
Transfer from deferred taxes	5
Impairment of financial assets	337
Intra-group transfer	-1.461
Estimated profit before tax	**-11.335**

6. Workforce

6.1. Headcount

A. Employees recorded in the personnel register

1a During the current period	Total	Men	Women
Average number of employees			
Full time	43.4	27.5	15.9
Part-time	15.5	11.7	3.8
Total in full-time equivalents (FTE)	49.9	32.1	17.8
Number of hours actually worked			
Full time	67,428	43,579	23,849
Part-time	10,096	7,162	2,934
Total	77,524	50,741	26,783
Employee expenses			
Full time	7,594,116 €	4,987,182 €	2,606,934 €
Part-time	2,745,197 €	2,122,130 €	623,067 €
Total	10,339,313 €	7,109,312 €	3,230,001 €
Advantages in addition to wages	**66,581 €**	**45,781 €**	**20,800 €**

1b. During the previous period	Total	Men	Women
Average number of employees (FTE)	54.3	36.6	17.7
Number of hours actually worked	85,357	58,213	27,144
Employee expenses	10,419,785 €	7,558,512 €	2,861,273 €
Advantages in addition to wages	80,880 €	58,670 €	22,210 €

2. At the closing of the period	Full time	Part-time	Total FTE*
a. Employees recorded in the personnel register	**40**	**15**	**45.6**
b. By nature of the employment contract			
Contract for an indefinite period	39	15	44.6
Contract for a definite period	1	0	1.0
Contract for execution of specifically assigned work	0	0	0.0
Replacement contract	0	0	0.0
c. According to gender and study level			
Men	23	11	27.0
Primary education	0	0	0.0
Secondary education	1	0	1.0
Higher non-university education	3	0	3.0
University education	19	11	23.0
Women	17	4	18.6
Primary education	0	0	0.0
Secondary education	0	0	0.0
Higher non-university education	6	2	7.1
University education	11	2	11.5
d. By professional category			
Management	33	14	37.8
Employees	7	1	7.8
Workers	0	0	0.0
Other	0	0	0.0

* full-time equivalent

B. Hired temporary staff and personnel placed at the enterprise's disposal

During the current period	Hired temporary staff	Personnel placed at the enterprise's disposal
Average number of persons employed	0.5	0.0
Number of hours actually worked	1,026	0.0
Costs for the enterprise	46,248 €	0.0 €

6.2. Table of movements in personnel during the period

	Full time	Part-time	Total FTE*
Entries			
a. Employees recorded in the personnel register	**7**	**1**	**7.2**
b. By nature of the employment contract			
Contract for an indefinite period	6	1	6.2
Contract for a definite period	1	0	1.0
Contract for execution of specifically assigned work	0	0	0.0
Replacement contract	0	0	0.0
Exits			
a. Employees whose contract end-date has been recorded in the personnel register in this financial year	**12**	**1**	**12.6**
b. By nature of the employment contract			
Contract for an indefinite period	11	1	11.6
Contract for a definite period	1	0	1.0
Contract for execution of specifically assigned work	0	0	0.0
Replacement contract	0	0	0.0
c. By reason of termination of contract			
Retirement	0	0	0.0
Early retirement	0	0	0.0
Dismissal	0	0	0.0
Other reason	12	1	12.6
Of which: the number of persons who continue to render services to the company at least part-time on a self-employed basis	0	0	0.0

* full-time equivalent

6.3. Information on training provided to employees during the period

	Men	Women
Initiatives in formal continued professional development at the expense of the employer		
Number of employees involved	28	17
Number of actual training hours	467	311
Net costs for the enterprise	68,138 €	43,611 €
Of which gross costs directly linked to training	68,138 €	43,611 €
Of which fees paid and payments to collective funds	0 €	0 €
Of which subsidies and other financial advantages received (to deduct)	0 €	0 €
Total of initiatives of less formal or informal professional training at the expense of the employer		
Number of employees involved	23	17
Number of actual training hours	507	267
Net costs for the enterprise	52,272 €	28,739 €
Total of initiatives of initial professional training at the expense of the employer		
Number of employees involved	0	0
Number of actual training hours	0	0
Net costs for the enterprise	0 €	0 €

Independent auditor's report and declaration by responsible persons

Independent auditor’s report to the general meeting of Fluxys SA for the year ended 31 December 2022

In the context of the statutory audit of the Consolidated Financial Statements) of Fluxys SA (the “Company”) and its subsidiaries (together the “Group”), we report to you as statutory auditor. This report includes our opinion on the consolidated balance sheet as at 31 December 2022, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2022 and the disclosures (all elements together the “Consolidated Financial Statements”) as well as our report on other legal and regulatory requirements. These two reports are considered one report and are inseparable.

We have been appointed as statutory auditor by the shareholders’ meeting of 10 May 2022, in accordance with the proposition by the Board of Directors following recommendation of the Audit Committee. Our mandate expires at the shareholders’ meeting that will deliberate on the Consolidated Financial Statements for the year ending 31 December 2024. We performed the audit of the Consolidated Financial Statements of the Group during 4 consecutive years.

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have audited the Consolidated Financial Statements of Fluxys SA, that comprise of the consolidated balance sheet on 31 December 2022, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the year and the disclosures, which show a consolidated balance sheet total of € 9.367,9 million and of which the consolidated income statement shows a profit for the year of € 349,4 million.

In our opinion, the Consolidated Financial Statements give a true and fair view of the consolidated net equity and financial position as at 31 December 2022, and of its consolidated results for the year then ended, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA's") applicable in Belgium. In addition, we have applied the ISA's approved by the International Auditing and Assurance Standards Board ("IAASB") that apply at the current year-end date and have not yet been approved at national level. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the Consolidated Financial Statements" section of our report.

We have complied with all ethical requirements that are relevant to our audit of the Consolidated Financial Statements in Belgium, including those with respect to independence.

We have obtained from the Board of Directors and the officials of the Company the explanations and information necessary for the performance of our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium and for such internal controls relevant to the preparation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern, The Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease business operations, or has no realistic alternative but to do so.

Our responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, and to express an opinion on these Consolidated Financial Statements based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

In performing our audit, we comply with the legal, regulatory and normative framework that applies to the audit of the Consolidated Financial Statements in Belgium. However, a statutory audit does not provide assurance about the future viability of the Company and the Group, nor about the efficiency or effectiveness with which the board of directors has taken or will undertake the Company's and the Group's business operations. Our responsibilities with regards to the going concern assumption used by the board of directors are described below.

As part of an audit in accordance with ISA's, we exercise professional judgment and we maintain professional skepticism throughout the audit. We also perform the following tasks::

- identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements resulting from fraud is higher than when such misstatements result from errors, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining insight in the system of internal controls that are relevant for the audit and with the objective to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;
- conclude on the appropriateness of the Board of Directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going-concern;
- evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and evaluating whether the Consolidated Financial Statements reflect a true and fair view of the underlying transactions and events.

We communicate with the Audit Committee within the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audits of the subsidiaries. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

Report on other legal and regulatory requirements

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and the content of the Board of Directors' report on the Consolidated Financial Statements, and other information included in the annual report.

Responsibilities of the auditor

In the context of our mandate and in accordance with the additional standard to the ISA's applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Directors' report on the Consolidated Financial Statements, and other information included in the annual report, as well as to report on these matters.

Aspects relating to Board of Directors' report and other information included in the annual report

In our opinion, after carrying out specific procedures on the Board of Directors' report, the Board of Directors' report is consistent with the Consolidated Financial Statements and has been prepared in accordance with article 3:32 of the Code of companies and associations.

In the context of our audit of the Consolidated Financial Statements, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Board of Directors' report and other information included in the annual report, being:

- Key financial data 2022 p.30
- Chapter 'Legal and regulatory framework' p.34

contain any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, there are no material inconsistencies to be reported.

Independence matters

Our audit firm and our network have not performed any services that are not compatible with the audit of the Consolidated Financial Statements and have remained independent of the Company during the course of our mandate.

The fees related to additional services which are compatible with the audit of the Consolidated Financial Statements as referred to in article 3:65 of the Code of companies and associations were duly itemized and valued in the notes to the Consolidated Financial Statements.

Diegem, 18 April 2023

EY Bedrijfsrevisoren BV

Statutory auditor

Represented by

Wim Van Gasse *

Partner

*Acting on behalf of a BV/SRL

23WVG0108

Declaration by responsible persons

Declaration regarding the financial year ended 31 December 2022

We hereby attest that to our knowledge:

- Fluxys' financial statements, drawn up in accordance with the applicable accounting standards, give a true and fair view of the company's assets, liabilities, financial position and profit or loss as well as those of the companies included in the consolidation scope;
- the annual report gives a true and fair view of the development and performance of the business and of the position of the company itself and of the companies included in the consolidation scope, together with a description of the principal risks and uncertainties that they face.

Brussels, 29 March 2023

Christian Leclercq	Pascal De Buck
	Managing Director and
Chief Financial Officer	Chief Executive Officer

Glossary

Pertinence of published financial ratios (see 'Financial situation: key statistics', p.30)

The Fluxys group continually evaluates its financial solidity, in particular using the following financial ratios:

- **Solvency:** The ratio between net financial debt and the sum of equity and net financial debt indicates the solidity of the Fluxys group's financial structure.
- **Interest coverage:** The ratio between the FFO, before interest expenses, and interest expenses represents the group's capacity to cover its interest expenses thanks to its operating activities.
- **Net financial debt/extended RAB:** This ratio expresses the share of the extended RAB financed by external debt.
- **FFO/Net financial debt:** This ratio is to determine the group's capacity to pay off its debts based on cash generated by its operating activities.
- **RCF/Net financial debt:** This ratio is to determine the group's capacity to pay off its debts based on cash generated by its operating activities after payment of dividends.

Definition of indicators

Other property, plant and equipment investments outside the RAB
Average combined investments in property, plant and equipment linked to the extensions to the Zeebrugge LNG terminal and in unregulated activities.

Net finance costs
Interest charges less financial income from lease contracts, interest on investments and cash equivalents and other interest received, excluding interest on regulatory assets and liabilities.

Interest expenses
Interest expenses on debts (including interest charges on leasing debts), less interest on regulatory liabilities.

EBIT
Earnings Before Interests and Taxes, or operating profit/loss from continuing operations plus the result of investments accounted for using the equity method and the dividends received from non-consolidated entities. EBIT is used to monitor the operational performance of the group over time.

EBITDA
Earnings Before Interests, taxes, depreciation and amortisation, or operating profit/loss from continuing operations plus the result of investments accounted for using the equity method and the dividends received from non-consolidated 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 and guarantees granted), 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 indicators gives an idea about the amount of interest bearing debt that would remain if all available cash would be used to reimburse loans. In order to more faithfully reflect reality, the exceptional solidarity contribution of 300 million euros was withdrawn from cash when calculating the net financial debt. This debt was accounted for on 31 December, whereas the payment was made in January 2023, which has a significant impact on the calculation.

FFO
Funds from Operations or operating profit/loss from continuing operations, excluding changes in regulatory assets and liabilities, before depreciation, amortization, impairment and provisions, to which dividends received from associates and joint ventures and unconsolidated entities are added, and from which net financial expenses and current tax are deducted. This ratio indicates the cash generated by operational activities and thus the capacity of the group to reimburse its debts, invest but also pay dividends.

RAB
Average Regulatory Asset Base, or average value of the regulated asset base for the year. The RAB is a regulatory concept which contains the assets on which a regulatory return is granted, as regulated by the CREG (or foreign regulators).

Extended RAB
Total of the RAB and other property, plant and equipment investments outside the RAB.

RCF
Retained Cash-Flow or FFO, less dividends paid. This ratio indicates the cash generated by operational activities, but after payments of the dividends and thus shows the remaining net capacity of the group to reimburse its debts and invest.

Fluxys SA consolidated income statement (in thousands of €)	31.12.2022	31.12.2021	Notes
Operating profit/loss from continuing operations	417,589	320,280	4
Depreciations	471,548	409,392	4.3.5
Provisions	-6,024	4,938	4.3.5
Impairment losses	26,612	645	4.3.5
Earnings from associates and joint ventures	79,420	74,278	4.6
Dividends from unconsolidated entities	0	0	4.4.2
EBITDA (in thousands of €)	**989,145**	**809,533**	

Fluxys SA consolidated income statement (in thousands of €)	31.12.2022	31.12.2021	Notes
Operating profit/loss from continuing operations	417,589	320,280	4
Earnings from associates and joint ventures	79,420	74,278	4.6
Dividends from unconsolidated entities	0	0	4.4.2
EBIT (in thousands of €)	**497,009**	**394,558**	

Fluxys SA consolidated income statement (in thousands of €)	31.12.2022	31.12.2021	Notes
Financial income from lease contracts	1.112	1,112	4.4
Interest income on investments, cash and cash equivalents at fair value through profit and loss	10.727	5,748	4.4
Other interest income	1.009	646	4.4
Borrowing interest costs	-66.932	-58,736	4.5
Borrowing interest cost on leasing	-7.425	-7,253	4.5
Interest on regulatory assets and liabilities	6.207	1,692	
Net financial expenses (in thousands of €)	**-55.302**	**-56,791**	

Fluxys SA consolidated income statement (in thousands of €)	31.12.2022	31.12.2021	Notes
Borrowing interest costs	-66,932	-58,736	4.5
Borrowing interest costs on leasing	-7,425	-7,253	4.5
Interest on regulatory liabilities	6,623	1,936	
Interest expenses (in thousands of €)	**-67,734**	**-64,053**	

Fluxys SA consolidated income statement (in thousands of €)	31,12,2022	31,12,2021	Notes
Operating profit/loss from continuing operations	417,589	320,280	4
Operating revenue - Movements in regulatory assets and liabilities	588,379	-67,342	4
Depreciation	471,548	409,392	4.3.5
Provisions	-6,024	4,938	4.3.5
Impairment losses	26,612	645	4.3.5
Inflows related to associates and joint ventures	33,283	55,529	E
Dividends from unconsolidated entities	0	0	4.4.2
Net financial expenses	-55,302	-56,791	
Current tax	-119,261	-67,773	4.7
FFO (in thousands of €)	**1,356,824**	**598,878**	

Fluxys SA consolidated income statement (in thousands of €)	31.12.2022	31.12.2021	Notes
FFO	1,356,824	598,878	E
Dividends paid	-188,992	-195,582	
RCF	**1,167,832**	**403,296**	

Fluxys SA consolidated balance sheet (in thousands of €)	31.12.2022	31.12.2021	Notes
Non-current interest-bearing liabilities	2,486,442	1,794,780	5.14
Current interest-bearing liabilities	137,073	950,452	5.14
Granted guarantees	0	0	7.7
Non-current loan	-40,473	-57,782	5.7
Cash investments (75%)	-194,700	-53,932	5.11
Cash and cash equivalents (75%)	-709,898	-236,609	5.11
Other financial assets (75%)	-80,625	-63,974	5.6.2
Net financial debt (in thousands of €)	**1,597,819**	**2,332,935**	

Fluxys SA consolidated balance sheet (in millions of €)	31.12.2022	31.12.2021	Toelichting
Transmission	2,941.1	2,925.9	
Transmission - Fluxys Belgium	2,059.1	*2,047.5*	
Transmission - Fluxys TENP/TENP	305.0	*299,6*	
Transmission - Fluxys Deutschland	577.0	*578.8*	
Storage	228.0	228.8	
LNG terminalling	305.7	303.0	
RAB (in millions of €)	**3,474.9**	**3,457.8**	
Other tangible investments outside RAB	2,755.7	2,885.3	
Extended RAB (in millions of €)	**6,230.6**	**6,343.1**	

In Belgium, the Regulated Asset Base (RAB) is determined based on the average book value of the fixed assets for the period, plus essentially the accounting amortisations accumulated on the revaluation surpluses. The calculation is in line with the tariff methodology published by the CREG.

Questions about accounting data
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FSC
TO BE DONE