

Fluxys Belgium press release

30 March 2022 6:30 p.m. – Regulated information: 2021 results

Overview of the 2021 annual results

- **Consolidated turnover** increases to €573.2 million (2020: €560.6 million) and **consolidated net income** increases to €75.5 million (2020: €73.2 million)
- Fluxys Belgium **supports those impacted by the floods**
- Ready for the network of the future: **ambition to have the first hydrogen and/or CO₂ infrastructure ready for use in 2026**
- **On track to halve our greenhouse gas emissions by 2025**
- Proposal to the Annual General Meeting on 10 May 2022:
Gross dividend of €1.38 per share (2020: €1.37 per share)
- **Transmission:** our network as a hub for Germany and the Netherlands
- **LNG terminalling**
 - More shipping traffic as well as loading operations for LNG trailers
 - Bio-LNG available
 - Additional regasifiers with seawater and extra truck loading stations under construction
- **Storage:** tariff reduction and new innovative range of services

"As an energy infrastructure company, we want to drive the transition to the molecules for a carbon-neutral future. By 2035, we also want our own activities to be climate-neutral.

We can fully count on our employees to achieve this. In 2021, they gave the best of themselves yet again. With a strong resilience to continue providing society with our essential services, despite the protracted pandemic.

At the same time, we have taken a major step forward together in our strategy to build the energy system of tomorrow. We are truly proud of their ingenuity, drive and dedication."

Pascal De Buck, Managing Director and CEO

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Key financial data

Income statement	(in thousands of €)	31/12/2021	31/12/2020 (revised)
Operating revenue		573,191	560,590
EBITDA*		318,905	313,623
EBIT*		137,821	133,482
Net profit		75,521	73,237

Balance sheet	(in thousands of €)	31/12/2021	31/12/2020 (revised)
Investments in property, plant and equipment for the period		50,647	42,255
Total property, plant and equipment		1,902,037	2,011,209
Equity		639,674	639,038
Net financial debt*		846,046	873,111
Total consolidated balance sheet		2,634,514	2,730,039

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

Increase in consolidated turnover and net profit

The Fluxys Belgium group generated consolidated turnover of €573.2 million in 2021. This represents an increase of €12.6 million compared with 2020, when turnover stood at €560.6 million. Consolidated net profit rose from €73.2 million in 2020 to €75.5 million in 2021. The increase in turnover and net profit is mainly due to the development of the components to be covered by the regulated tariffs. This change is in line with the tariff proposal and complies with the tariff methodology for 2020-2023 and is therefore not due to the rise in energy prices. As an energy infrastructure company we do not earn any revenue from trading the molecules we transport.

Efficiency efforts in line with the regulated tariff model

In June 2018, CREG, the federal regulator, set out a new tariff methodology for the transmission and storage of natural gas and LNG terminalling for the period 2020-2023. The new methodology is based on existing principles that have been honed and supplemented.

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The principle whereby tariffs cover all reasonable costs (including interest and fair remuneration) continues to apply. Alongside incentives to control costs, a package of new incentives was introduced to monitor and manage some aspects of company performance. The company share of savings has been adjusted, thus limiting potential gains.

By managing its operating costs and continuing its efficiency drive, the Fluxys Belgium group achieved these regulatory objectives and benefitted from incentives.

Investments totalling €50.6 million

In 2021, investments in property, plant and equipment totalled €50.6 million, compared with €42.3 million in 2020. In 2021, €32.6 million was spent on transmission projects and €17.4 million on LNG infrastructure projects.

Key events

War in Ukraine

Everyone at Fluxys Belgium is deeply moved by the human suffering caused by the war in Ukraine. We sympathise with the victims and their families during these dark times they are going through. Out of solidarity with the Ukrainian population, our employees started a wave of personal donations to offer help and assistance through various initiatives. In the same vein, Fluxys Belgium is helping the Belgian Consortium for Emergency Relief Situations (Consortium 12-12) with a donation for the same amount as all donations from our employees combined. We also supply technical equipment to the transmission system operator in Ukraine for grid repairs.

Supporting those impacted by the floods

In Belgium, the floods in July took a particularly heavy toll in the south of the country. Wanting to respond quickly to those in need, our employees established a solidarity initiative and Fluxys Belgium donated €100,000 to the Red Cross to help the flooding victims.

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At operational level, we made every effort to assist the distribution system operators in securing their networks. We also deployed people and specialised equipment to carry out drone inspections and underwater checks and to detect gas leaks using infrared technology, for example. We remained on hand to further aid the distribution system operators and were able to help supply the municipality of Nessonvaux during winter as it had been cut off from the natural gas distribution system by the floods.

Ready for the network of the future

Thanks to its energy transition strategy, Fluxys Belgium is ready to sustainably use its infrastructure as a tool to help shape a carbon-neutral society. Taking into account the necessary legal and regulatory changes, we want to transform and develop our infrastructure into complementary networks in which we also transport hydrogen and CO₂, for example. In doing so, we are working fully in line with the hydrogen strategies of the European Commission and the Belgian federal government as well as the climate approach at regional level.

Our approach is shaped in cooperation with our customers, the authorities, neighbouring operators, distribution system operators and other stakeholders. The aim is to develop, in line with market needs, infrastructure in industrial clusters, establish connections between them and with neighbouring countries. This will allow us to lay the foundations for Belgium's lasting role as an energy hub in North-West Europe for the molecules of the future.

First hydrogen and CO₂ infrastructure in 2026

We aim to have the first hydrogen and/or CO₂ infrastructure in place for use in 2026. In early 2021, we asked the market which capacities would be needed from where and going to which destinations. At the end of that year and in early 2022, we went back to the market with concrete proposals for hydrogen and CO₂ infrastructure in several industrial clusters. We are ready to get started.

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On track to halve our greenhouse gas emissions by 2025

Our commitment: to be a climate-neutral company by 2035. The first milestone is to halve our own greenhouse gas emissions by 2025 compared to 2017 levels. We are on track to achieve this goal. New in 2021 was that we made the decision to build three additional regasifiers with seawater to increase send-out capacity at the LNG terminal in Zeebrugge. Using the heat from seawater to regasify LNG will significantly reduce the terminal's energy consumption and emissions.

Transmission: our network as a hub for Germany and the Netherlands

Shifts in import flows into Europe in late 2021 meant that there was high demand in both Germany and the Netherlands for supply flows from Belgium. Our grid smoothly ensured high throughputs to our neighbours, reaffirming once again its role as an energy hub for North-West Europe.

Zeebrugge LNG Terminal: more shipping traffic as well as loading operations for LNG trailers

Shipping traffic at Zeebrugge LNG Terminal reached new heights in 2021. 181 ships docked at the terminal, breaking the previous record of 172 in 2020. May 2021 was the busiest month for marine traffic at the terminal, with 26 ships docking.

LNG truck loading has experienced particularly strong growth over past three years due to the sharp increase in demand for LNG as an alternative fuel for ships and trucks. 2021 was a record year, with the number of loading operations doubling to 6,635. This is the largest rise in seven years.

Four extra truck loading stations under construction

Given current volumes of traffic, the existing truck loading stations are gradually approaching their maximum capacity. Moreover, there is considerable market interest in booking even more loading slots in the future. Therefore, four additional truck loading stations are being built at the terminal.

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Innovative bio-LNG service launched

To provide heavy duty trucks and ships with comprehensive decarbonisation options, we have launched an innovative bio-LNG service at the Zeebrugge terminal. Fluxys teams have developed a way for terminal users to convert biomethane into bio-LNG and around a hundred trucks and two bunker vessels were loaded with bio-LNG in 2021.

In consultation with the market and federal energy regulator CREG, over the course of the year we have developed a regulated service package for bio-LNG. CREG approved the regulatory documents and tariffs at the end of the year. The service range is attracting considerable interest, with 60% of the bio-LNG capacity for 2022 being sold in a first subscription window.

Tariff reduction and new innovative range of storage services

In line with the tariff methodology, Fluxys Belgium, in consultation with the market and CREG, lowered its tariffs for storage services by 30% on 1 July. The tariff reduction has no impact on Fluxys Belgium's results.

In consultation with CREG and the Federal Public Service Economy, we also developed an innovative new range of services to future-proof the continued use of storage infrastructure as a key asset for the Belgian energy system. The new range of services was launched at the end of 2021. It offers customers 100% fixed capacity, simplified products, greater flexibility and innovative sales mechanisms.

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Fluxys Belgium – 2021 results (according to Belgian standards): proposed allocation of profit

Fluxys Belgium's net profits totalled €71.7 million, compared with €70.8 million in 2020. At the Annual General Meeting on 10 May 2022, Fluxys Belgium will propose a gross dividend of € 1.38 per share. Taking into account a profit of €66.8 million carried over from the previous financial year and a withdrawal of €37.7 million from the reserves, the Board of Directors will propose to the Annual General Meeting that the profits be allocated as follows:

- €97.0 million as a dividend payout
- €79.2 million as profit to be carried forward

If that profit allocation proposal is adopted, the total gross dividend for the 2021 financial year will be €1.38 per share. This amount will be payable from 18 May 2022 onwards.

Financial outlook for 2022

Under the 2020-2023 tariff methodology, the net profit from Belgian regulated activities is determined based on various regulatory parameters, including equity invested, financial structure and incentives. The recurring dividend will continue to evolve, primarily based on these three parameters.

Based on the information available at the time of this report, it is extremely difficult to anticipate the 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, at present we do not anticipate the war and the current resulting measures and market developments having a significant negative impact on the consolidated result of the Fluxys Belgium group in 2022.

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External audit

The statutory auditor has confirmed that its audit activities, which were conducted meticulously, have not revealed the need for any significant adjustments to the accounting information contained in this press release.

Contacts

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About Fluxys Belgium

Fluxys Belgium is a Euronext listed subsidiary of energy infrastructure group Fluxys headquartered in Belgium. With 900 employees the company operates 4,000 kilometers of pipeline, a liquefied natural gas terminal totalling a yearly regasification capacity of 9 billion cubic meters and an underground storage facility.

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

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Consolidated balance sheet		In thousands of €
	31/12/2021	31/12/2020 (revised)
I. Non-current assets	2,074,508	2,196,174
Property, plant and equipment	1,902,037	2,011,209
Intangible assets	23,891	28,207
Right-of-use assets	33,527	36,467
Investments accounted for using the equity method	50	50
Other financial assets	88,642	109,506
Financial lease receivables	2,094	2,697
Other receivables	9,144	4,144
Other non-current assets	15,123	3,894
II. Current assets	560,006	533,865
Inventories	39,042	26,378
Financial lease receivables	601	601
Current tax receivables	1,473	5,108
Trade and other receivables	90,446	71,000
Cash investments	45,740	39,458
Cash and cash equivalents	366,931	377,359
Other current assets	15,773	13,961
Total assets	2,634,514	2,730,039

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Consolidated balance sheet		In thousands of €	
	31/12/2021	31/12/2020 (revised)	
I. Equity	639,674	639,038	
Equity attributable to the parent company's shareholders	639,674	639,038	
<i>Share capital and share premiums</i>	60,310	60,310	
<i>Retained earnings and other reserves</i>	579,364	578,728	
Non-controlling interests	0	0	
II. Non-current liabilities	1,775,473	1,819,250	
Interest-bearing liabilities	1,162,091	1,208,055	
Regulatory liabilities	397,877	381,499	
Provisions	4,246	4,465	
Provisions for employee benefits	60,517	70,631	
Other non-current financial liabilities	3,254	2,054	
Deferred tax liabilities	147,488	152,546	
III. Current liabilities	219,367	271,751	
Interest-bearing liabilities	57,432	58,186	
Regulatory liabilities	75,963	126,657	
Provisions	3,069	875	
Provisions for employee benefits	4,201	5,143	
Current tax payables	2,148	4,146	
Current trade and other payables	73,307	73,950	
Other current liabilities	3,247	2,794	
Total equity and liabilities	2,634,514	2,730,039	

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Consolidated income statement	In thousands of €	
	31/12/2021	31/12/2020 (revised)
Operating revenue	573,191	560,590
Sales of gas for balancing and operational needs	32,378	26,887
Other operating income	13,107	12,191
Consumables, merchandise and supplies used	-3,422	-2,970
Purchases of gas for balancing and operational needs	-32,378	-26,886
Miscellaneous goods and services	-146,348	-140,410
Employee expenses	-112,549	-110,544
Other operating expenses	-5,074	-5,235
Depreciations	-173,993	-174,534
Provisions	-7,070	-6,155
Impairment losses	-21	548
Profit/loss from continuing operations	137,821	133,482
Change in the fair value of financial instruments	-114	0
Financial income	1,142	924
Financial expenses	-38,375	-40,734
Profit/loss before tax	100,474	93,672
Income tax expenses	-24,953	-20,435
Profit/loss for the period	75,521	73,237
Fluxys Belgium share	75,521	73,237
Non-controlling interests	0	0
Basic net earnings per share attributable to the parent company's shareholders (in €)	1.0748	1.0423
Diluted net earnings per share attributable to the parent company's shareholders (in €)	1.0748	1.0423

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Consolidated statement of comprehensive income		In thousands of €	
	31/12/2021	31/12/2020 (revised)	
Net profit/loss for the period	75,521	73,237	
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of employee benefits	28,503	-7,378	
Income tax expense on other comprehensive income	-7,126	1,845	
Other comprehensive income	21,377	-5,533	
Comprehensive income for the period	96,898	67,704	
Fluxys Belgium share	96,898	67,704	
Non-controlling interests	0	0	

Statement of changes in consolidated equity		In thousands of €							
	Share capital	Share premium	Reserves not available for distribution	Retained earnings	Reserve s for employ ee benefits	Other comprehensive income	Equity attributable to the parent company's shareholders	Non-controlling interests	Total equity
I. CLOSING BALANCE AS AT 31/12/2019	60,272	38	54,072	560,643	-12,348	0	662,677	0	662,677
1. Comprehensive income for the period				73,237	-5,533	0	67,704	0	67,704
2. Dividends distributed				-91,343			-91,343		-91,343
II. CLOSING BALANCE AS AT 31/12/2020	60,272	38	54,072	542,537	-17,881	0	639,038	0	639,038
1. Comprehensive income for the period				75,521	21,377		96,898		96,898
2. Dividends distributed				-96,262			-96,262		-96,262
III. CLOSING BALANCE AS AT 31/12/2021	60,272	38	54,072	521,796	3,496	0	639,674	0	639,674

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Consolidated statement of cash flows (indirect method)	In thousands of €	
	31/12/2021	31/12/2020 (revised)
I. Cash and cash equivalents, opening balance	377,359	369,005
II. Net cash flows from operating activities	214,328	213,337
1. Cash flows from operating activities	248,206	247,366
1.1. Profit/loss from operations	137,821	133,482
1.2. Non-cash adjustments	144,620	113,528
1.2.1. Depreciations	173,993	174,534
1.2.2. Provisions	7,070	6,155
1.2.3. Impairment losses	21	-548
1.2.4. Translation adjustments	0	0
1.2.5. Other non-cash adjustments	-369	390
1.2.6. Changes in regulatory debts	-36,095	-67,003
1.3. Changes in working capital	-34,235	356
1.3.1. Changes in inventories	-12,663	658
1.3.2. Changes in tax receivables	3,635	-1,143
1.3.3. Changes in trade and other receivables	-19,468	18,421
1.3.4. Changes in other current assets	-564	-69
1.3.5. Changes in tax payables	-4,355	756
1.3.6. Changes in trade and other payables	-1,273	-18,718
1.3.7. Changes in other current liabilities	453	-398
1.3.8. Other changes in working capital	0	849
2. Cash flows relating to other operating activities	-33,878	-34,029
2.1. Current tax due	-34,780	-34,732
2.2. Interest from cash instruments, cash and cash equivalents	957	792
2.3. Other inflows (outflows) relating to other operating activities	-55	-89
III. Net cash flows relating to investment activities	-43,950	-51,949
1. Acquisitions	-61,546	-71,262
1.1. Payments to acquire property, plant and equipment, and intangible assets	-56,546	-47,306
1.2. Payments to acquire subsidiaries, joint ventures or associates	0	-34
1.3. Payments to acquire other financial assets	-5,000	-23,922

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Consolidated statement of cash flows (indirect method)	In thousands of €	
	31/12/2021	31/12/2020 (revised)
2. Disposals	23,365	566
2.1. Proceeds from the disposal of property, plant and equipment, and intangible assets	1,307	565
2.2. Proceeds from the disposal of subsidiaries, joint ventures or associates	0	0
2.3. Proceeds from the disposal of other financial assets	22,058	1
3. Dividends received classified as investment activities	0	0
4. Government subsidies received	513	0
5. Increase (-) / Decrease (+) in cash investments	-6,282	18,747
IV. Net cash flows relating to financing activities	-180,807	-153,034
1. Proceeds from cash flows from financing	603	603
1.1. Proceeds from the issuance of equity instruments	0	0
1.2. Proceeds from the issuance of treasury shares	0	0
1.3. Proceeds from financial leases	603	603
1.4. Proceeds from other non-current assets	0	0
1.5. Proceeds from the issuance of compound financial instruments	0	0
1.6. Proceeds from the issuance of other financial liabilities	0	0
2. Repayments relating to cash flows from financing	-48,288	-24,608
2.1. Repurchase of equity instruments subsequently cancelled	0	0
2.2. Purchase of own shares	0	0
2.3. Repayment of financial lease liabilities	-4,955	-4,602
2.4. Repayment of compound financial debts	0	0
2.5. Repayment of other financial liabilities	-43,333	-20,006
3. Interest	-36,859	-37,686
3.1. Interest paid classified as financing	-36,919	-37,750
3.2. Interest received classified as financing	60	64
4. Dividends paid	-96,262	-91,343
V. Net change in cash and cash equivalents	-10,429	8,354
VI. Cash and cash equivalents, closing balance	366,931	377,359

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Fluxys Belgium consolidated income statement		In thousands of €	
	31/12/2021	31/12/2020 (revised)	
Profit/loss from continuing operations	137,821	133,482	
Depreciations	173,993	174,534	
Provisions	7,070	6,155	
Impairment losses	21	-548	
Earnings from associates and joint ventures	0	0	
Dividends from unconsolidated entities	0	0	
EBITDA in thousands of €	318,905	313,623	

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

Fluxys Belgium consolidated income statement		In thousands of €	
	31/12/2021	31/12/2020 (revised)	
Profit/loss from continuing operations	137,821	133,482	
Earnings from associates and joint ventures	0	0	
Dividends from unconsolidated entities	0	0	
EBIT in thousands of €	137,821	133,482	

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

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Fluxys Belgium consolidated balance sheet	In thousands of €	
	31/12/2021	31/12/2020 (revised)
Non-current interest-bearing liabilities	1,162,091	1,208,055
Current interest-bearing liabilities	57,432	58,186
Other financing (current)	0	0
Other financing (non-current)	0	0
Other liabilities (current)	0	0
Other liabilities (non-current)	0	0
Cash investments (75%)	-34,305	-29,594
Cash and cash equivalents (75%)	-275,198	-283,019
Other financial assets (75%)	-63,974	-80,517
Net financial debt (in thousands of €)	846,046	873,111

Net financial debt: Interest-bearing liabilities (including lease debts), less regulatory assets, cash linked to early refinancing transactions and 75% of the balance of cash, cash equivalents and short- and long-term cash investments (the remaining 25% is considered a buffer reserve for operational purposes (working capital) and therefore deemed unavailable for investment). This indicator gives an idea of the amount of interest-bearing liabilities that would remain if all available cash were used to repay loans.