

Press Release Fluxys Belgium

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Overview of 2023 Annual Results

- **Consolidated net profit** was EUR 77.4 million (EUR 83.7 million in 2022): reduction in the fair margin set by the tariff methodology for the LNG terminal
- Proposed allocation of profit submitted to the Annual General Meeting on 14 May 2024: **gross dividend** of EUR 1.40 per share (2023: EUR 1.40 per share)
- **Supporting security of supply 24/7**: maintenance of significant volumes to the Netherlands and Germany, and additional transmission capacity in service
- **Hydrogen and CO₂ backbones take shape**: preparations underway to offer the first hydrogen and CO₂ transmission capacity in Belgium starting in 2026
- **First steps towards underground hydrogen storage**: hydrogen injection test at our underground storage facility in Loenhout
- **System operator candidates Fluxys hydrogen and Fluxys c-grid**: Two Fluxys Belgium subsidiaries ready to play a role in the future hydrogen and CO₂ economy in Belgium
- **Strong partnerships to make Belgium a multi-molecule hub**: conclusion of agreements with German, Dutch and British partners to connect the hydrogen and CO₂ networks
- **Using seawater to reduce our CO₂ emissions**: commissioning of three additional Open Rack Vaporisers that use heat from seawater to convert LNG to gas

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Key financial data

Income statement	(in thousands of EUR)	31/12/2023	31/12/2022
Operating revenue		592,788	912,559
EBITDA*		285,809	323,167
EBIT*		129,570	147,305
Net profit		77,423	83,728
Balance sheet	(in thousands of EUR)		
Investments in property, plant and equipment for the period		167,654	105,525
Total property, plant and equipment		1,873,286	1,855,375
Equity		613,413	643,617
Net financial debt*		219,404	493,800
Total consolidated balance sheet		3,358,616	3,406,570

*For definitions and reasons for using these indicators, see the annex.

Consolidated turnover and net profit

Fluxys Belgium generated **turnover** of EUR 592.8 million in 2023. This represents a decrease of EUR 319.8 million compared with 2022, when turnover stood at EUR 912.6 million. This change is in line with the tariff methodology. The exceptional solidarity contribution of EUR 300 million in 2022 was not repeated in 2023. As a result, there was no impact on revenue in 2023 as there was in 2022.

The consolidated **net profit** decreased from EUR 83.7 million in 2022 to EUR 77.4 million in 2023, a drop of EUR 6.3 million. This change in the net profit was due mainly to the reduction in the fair margin set out in the tariff methodology for the LNG terminal.

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Efficiency efforts in line with the regulated tariff model

The 2020-2023 tariff methodology (established by the regulator, CREG) applies the principle that all reasonable costs, including interest and fair compensation, are covered by the regulated income. In addition, there are various incentives to control costs and guide and control aspects of company performance. By strictly controlling its operating costs, combined with significant efforts to improve efficiency, Fluxys Belgium has managed to achieve most regulatory objectives and to book those incentives in a period of major operational challenges.

EUR 167.7 million of investments

In 2023 investments in property, plant and equipment totalled EUR 167.7 million, compared with EUR 105.5 million in 2022. Of this amount, EUR 50.4 million was spent on LNG infrastructure projects, EUR 9.1 million on storage-related projects and EUR 106.3 million on transmission-related projects, including EUR 51.3 million for the Desteldonk-Opwijk pipeline, which is ready to be used to carry hydrogen as soon as the market is ready.

Key events

Supporting security of supply 24/7

Throughout the year all our teams did everything they could to support security of supply in North-West Europe. The geopolitical situation resulting from the war in Ukraine has profoundly changed the dynamics on the gas markets and the direction of flows in Europe. In addition to supplying Belgium, suppliers continued to carry large quantities of natural gas to the Netherlands and Germany via the Belgian grid. At the same time, our underground storage facility in Loenhout got completely filled, enabling to go into the winter with a maximum buffer. In other words, our Belgian grid once again confirmed its role as an energy hub for Europe, with Zeebrugge as an important gateway.

Additional transmission capacity

Speed and adaptability are the watchwords when it comes to supporting the new supply situation in Europe. We reinforced the Zeebrugge-Brussels corridor with an

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additional pipeline to carry more natural gas inland from Zeebrugge while maintaining high flows to neighbouring countries. The Desteldonk-Zele section of the new pipeline commissioned in late 2023. Moreover, the pipeline has been designed to carry hydrogen as soon as the market is ready for it. This multi-molecule pipeline is our first concrete step in speeding up the energy transition.

Hydrogen and CO₂ backbones take shape

We aim to help industry decarbonise as much as possible. We are making every effort to offer the first transmission capacity for hydrogen and/or CO₂ in 2026. After another year of intensive consultations with the industry, we are fully preparing the next steps and the newly constructed infrastructure on the Zeebrugge-Brussels axis for security of supply constitutes the first 44 kilometres of the future hydrogen backbone in Belgium. As for CO₂, we are also working on a backbone for transporting captured CO₂ to subsea storage facilities and sites where it will be reused. In addition to building backbones for hydrogen and CO₂ we are also fully committed to developing terminals for importing carbon-neutral molecules and exporting CO₂.

First steps towards underground hydrogen storage

Our expertise, innovative strength and existing infrastructure are vital building blocks for the future energy system. Wherever possible we will repurpose our 4,000 km of pipelines so they can carry hydrogen and CO₂. We are also running hydrogen injection tests to determine whether our unique underground storage facility in Loenhout can contribute to the hydrogen economy. Today it is a massive buffer for natural gas, in the future possibly for hydrogen.

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System operator candidates: Fluxys hydrogen and Fluxys c-grid

The federal Hydrogen Act, passed in July, regulates the appointment of the system operator responsible for planning, developing and operating the hydrogen transmission system in Belgium. In line with the Hydrogen Act, we founded our subsidiary Fluxys hydrogen, which has submitted its candidacy to serve as the operator of the hydrogen network. The federal government is expected to appoint the system operator in the first months of 2024. The regions are setting up a regulatory framework for CO₂ transmission activities. In anticipation of this, together with Pipelink, Socofe and SFPIIM, we founded our subsidiary Fluxys c-grid, a separate company ready to be a candidate for the planning, development and operation of the CO₂ transmission infrastructure on Belgian territory.

Strong partners make a strong hub

Strong partnerships and connections with neighbouring countries are essential for the development of open-access transmission infrastructure for both hydrogen and CO₂. Together with OGE and Wintershall Dea in Germany we are exploring a cross-border pipeline for the transmission of CO₂. With OGE we are also looking at a cross-border hydrogen connection between Belgium and Germany. With British National Gas we are working also in the context of the energy transition. And with Dutch hydrogen system operator Hynetwork Services we are looking into the possibilities to link our respective hydrogen networks. By connecting our hydrogen and CO₂ grids with those of neighbouring countries, we are developing our country as a multi-molecule hub for the economy in both Belgium and North-West Europe.

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Reducing our CO₂ emissions with sea water

Our goal is to be climate-neutral in 2050. The first milestones are to halve our greenhouse gas emissions in 2025 compared to 2017 and to achieve a 67% reduction in 2030. In 2023 at our LNG terminal in Zeebrugge we commissioned three additional open-rack vaporisers (ORVs) that use heat from seawater to regasify LNG. These ORVs replace traditional heating units, resulting in much more efficient energy consumption and significantly lower CO₂ emissions at the terminal.

Fluxys Belgium – 2023 results (according to Belgian standards): proposed allocation of profit

Fluxys Belgium NV/SA's net profit was EUR 79.5 million, compared to EUR 84.0 million in 2022.

At the Annual General Meeting on 14 May 2024, Fluxys Belgium will propose a gross dividend of EUR 1.40 per share.

Taking into account a profit of EUR 93.1 million carried over from the previous financial year and a withdrawal of EUR 27.5 million from the reserves, the Board of Directors will propose to the Annual General Meeting that the profits be allocated as follows:

- EUR 98.4 million as a dividend payout
- EUR 101.7 million as profit to be carried forward

If that profit allocation proposal is adopted, the total gross dividend for the 2023 financial year will be EUR 1.40 per share. This amount will be payable from 22 May 2024 onwards.

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Financial outlook for 2024

Under the 2024-2027 tariff methodology, the net profit from Belgian regulated activities is determined based on various regulatory parameters, including equity invested, financial structure and incentives.

The tariff reductions for transmission and storage have no impact on profits

The federal energy regulator, the CREG, approved in 2023 new transmission and storage tariffs for the 2024-2027 regulatory period. For transmission tariffs, the 10% tariff reduction dating from July 2022 will be extended to the 2024-2027 regulatory period. Storage tariffs are down 20% compared to 2023 tariffs. These tariff reductions have no impact on the profits of the Fluxys Belgium group.

The favourable development in transmission tariffs is mainly due to additional capacity sales to support security of supply in Germany and the Netherlands. Market conditions were also more favourable than expected for storage, resulting in higher-than-expected revenues. As provided for in the regulatory framework, these additional revenues are set aside in the adjustment account and are gradually returned to the market via a tariff reduction and via investments aimed at strengthening security of supply and supporting the energy transition.

Agreement between Fluxys Belgium and CREG on the fair margin

In February 2024, Fluxys Belgium and CREG agreed to propose to the market, via a public consultation, adaptations to the tariff methodology for the natural gas transmission system, the natural gas storage facility and the LNG facility for the 2024-2027 regulatory period.

The tariff methodology, adopted in June 2022, provides for the use of a risk-free rate of 1.68% to calculate the margin for the four years of the 2024-2027 regulatory period. In the current context of high volatility in interest rates, an overall upward trend over the past two years and particularly high inflation in 2022, a number of changes are needed in order to guarantee operators a fair remuneration on capital invested in regulated assets, and to enable them to make the investments necessary to carry out their missions.

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The public consultation on changes to the tariff methodology will be held from 14 March to 14 April 2024. The impact of these proposed changes will be covered by the adjustment account. The tariffs set by CREG for the period 2024-2027 therefore remain unchanged at this stage.

Geopolitical developments

Based on the information available at the time of this report, it is extremely difficult to anticipate the 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 any significant negative impact on the consolidated result of the Fluxys Belgium group in 2024.

External audit

The auditor confirmed that its audit work, which has been substantially completed, has not revealed any significant correction that should be made to the accounting information included in this press release.

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About Fluxys Belgium

Fluxys Belgium is a Euronext-listed subsidiary of energy infrastructure group Fluxys. The company is headquartered in Belgium, has 900 employees and operates 4,000 kilometres of pipelines, a liquefied natural gas terminal with an annual regasification capacity of 174 TWh and an underground storage facility.

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

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Annex

Consolidated balance sheet		(in thousands of EUR)	
	31/12/2023	31/12/2022	
I. Non-current assets	2,073,059	2,061,085	
Property, plant and equipment	1,873,286	1,855,375	
Intangible assets	27,238	22,864	
Right-of-use assets	28,580	30,020	
Equity-accounted investments	50	50	
Other financial assets	111,210	111,171	
Other amounts receivable	21,496	15,144	
Other non-current assets	11,199	26,461	
II. Current assets	1,285,557	1,345,485	
Inventory	50,443	62,656	
Finance lease receivables	1,644	2,094	
Income tax receivable	7,071	2,429	
Trade and other receivables	102,056	164,299	
Short-term deposits	32,998	26,113	
Cash and cash equivalents	1,068,227	1,070,708	
Other current assets	23,118	17,186	
Total assets	3,358,616	3,406,570	

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Consolidated balance sheet		(in thousands of EUR)	
	31/12/2023	31/12/2022	
I. Equity	613,413	643,617	
Equity attributable to shareholders of the parent company	612,625	643,617	
<i>Share capital and share premiums</i>	60,310	60,310	
<i>Retained earnings and other reserves</i>	552,315	583,307	
Minority interests	788	0	
II. Non-current liabilities	2,297,633	2,061,275	
Interest-bearing liabilities	1,070,311	1,115,772	
Regulatory obligations	1,039,716	746,809	
Provisions	3,939	4,127	
Provisions for employee benefits	48,455	47,444	
Other non-current financial liabilities	4,010	3,575	
Deferred tax liabilities	131,202	143,548	
III. Current liabilities	447,570	701,678	
Interest-bearing liabilities	55,336	56,269	
Regulatory obligations	219,122	188,485	
Provisions	291	0	
Provisions for employee benefits	3,508	3,543	
Current tax liabilities	4,248	1,020	
Trade and other liabilities	118,956	444,533	
Other current liabilities	46,109	7,828	

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Total equity and liabilities	3,358,616	3,406,570
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Consolidated income statement	(in thousands of EUR)	
	31/12/2023	31/12/2022
Sales and services	592,788	912,559
Gas sales relating to balancing operations and operational needs	160,761	278,566
Other operating income	19,594	16,212
Consumables, merchandise and supplies used	-8,895	-5,582
Gas purchases relating to balancing operations and operational needs	-157,389	-275,178
Miscellaneous goods and services	-179,845	-465,521
Employee expenses	-135,240	-132,931
Other operating expense	-5,965	-4,958
Depreciation	-166,894	-168,051
Provisions	-745	6,993
Impairment losses	11,400	-14,804
Profit from operations	129,570	147,305
Change in value of financial instruments	262	-1,298
Financial income	37,606	4,589
Financing expenses	-70,777	-40,805
Pre-tax profit	96,661	109,791
Income tax expenses	-19,238	-26,063
Net profit for the period	77,423	83,728

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Fluxys Belgium share	77,423	83,728
Minority interest share	0	0
Basic earnings per share attributable to equity holders of the parent company in EUR	1.1019	1.1916
Diluted basic earnings per share attributable to equity holders of the parent company in EUR	1.1019	1.1916

Statement of consolidated comprehensive income		(in thousands of EUR)	
	31/12/2023	31/12/2022	
Net profit for the period	77,423	83,728	
Items not subsequently reclassified in the income statement			
Revaluations under defined benefit plans	-13,394	22,905	
Income tax expense on other comprehensive income	3,348	-5,726	
Other comprehensive income	-10,046	17,179	
Comprehensive income for the period	67,377	100,907	
Fluxys Belgium share	67,377	100,907	
Minority interest share	0	0	

Statement of changes in consolidated equity								(in thousands of EUR)	
	Share capital	Share premiums	Unavailable reserves	Retained earnings	Employee benefits reserves	Other comprehensive income	Equity attributable to shareholders of the parent company	Minority interests	Total equity
I. 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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1. Comprehensive income for the period				83,728	17,179		100,907		100,907
2. Dividends distributed				-96,964			-96,964		-96,964
II. CLOSING BALANCE AS AT 31/12/2022	60,272	38	54,072	508,560	20,675	0	643,617	0	643,617
1. Comprehensive income for the period				77,423	-10,046		67,377		67,377
2. Dividends distributed				-98,369			-98,369		-98,369
3. Capital increases								788	788
III. CLOSING BALANCE AS AT 31/12/2023	60,272	38	54,072	487,614	10,629	0	612,625	788	613,413

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Consolidated cash-flow statement (indirect method)	(in thousands of EUR)	
	31/12/2023	31/12/2022
I. Cash and cash equivalents, opening balance	1,070,708	366,931
II. Net cash flow from operating activities	356,266	1,008,653
1. Cash flow from operations	345,568	1,041,092
1.1. Profit from operations	129,569	147,305
1.2. Adjustments for non-cash items	447,983	631,460
1.2.1. Depreciation	166,894	168,051
1.2.2. Provisions	745	-6,993
1.2.3. Impairment losses	-11,400	14,804
1.2.4. Other adjustments for non-cash items	640	-626
1.2.5. Increase (decrease) in regulatory debt	291,104	456,224
1.3. Change in working capital	-231,984	262,327
1.3.1. Decrease (increase) in inventory	23,644	-38,433
1.3.2. Decrease (increase) in tax assets payable	901	-956
1.3.3. Decrease (increase) in trade and other receivables	62,264	-73,838
1.3.4. Decrease (increase) in other current assets	-7,628	-153
1.3.5. Increase (decrease) in tax liabilities payable	1,070	-126
1.3.6. Increase (decrease) in trade and other liabilities	-333,230	371,252
1.3.7. Increase (decrease) in other current liabilities	20,995	4,581
2. Cash flow from other operating activities	10,698	-32,439
2.1. Current taxes paid	-26,600	-36,732
2.2. Interest received on investments, cash and cash equivalents	36,689	4,053
2.3. Other inflows (outflows) relating to other operating activities	609	240
III. Net cash flow from investing activities	-177,564	-124,784
1. Acquisitions	-185,595	-145,118
1.1. Payments made for the acquisition of tangible and intangible assets	-184,776	-116,916

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1.2. Payments made for the acquisition of other financial assets	-819	-28,202
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Consolidated cash-flow statement (indirect method)	(in thousands of EUR)	
	31/12/2023	31/12/2022
2. Disposals	14,916	707
2.1. Inflows relating to the transfer of tangible and intangible assets	2,916	707
2.2. Inflows relating to the disposal of other financial assets	12,000	0
3. Increase (-) / Decrease (+) in short-term deposits (1)	-6,885	19,627
IV. Net cash flow from financing activities	-181,183	-180,092
1. Cash flow received relating to financing	1,238	601
1.1. Inflows from the issue of equity instruments	788	0
1.2. Inflows from financial leases	450	601
2. Repaid cash flow relating to financing	-49,411	-48,455
2.1. Repayment of debts relating to a rental contract	-5,048	-5,060
2.2. Repayment of other financial liabilities	-44,363	-43,395
3. Interests	-34,641	-35,274
3.1. Interest paid relating to financing	-34,680	-35,330
3.2. Interest received relating to financing	39	56
4. Dividends paid	-98,369	-96,964
V. Net movement of cash and cash equivalents	-2,481	703,777
VI. Cash and cash equivalents, closing balance	1,068,227	1,070,708

Consolidated income statement Fluxys Belgium in thousands of EUR	31/12/2023	31/12/2022
Profit from operations	129,570	147,305
Depreciation	166,894	168,051
Provisions	745	-6,993
Impairment losses	-11,400	14,804
Profit from equity-accounted companies	0	0

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Dividends from non-consolidated companies	0	0
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EBITDA in thousands of EUR	285,809	323,167
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Consolidated income statement Fluxys Belgium in thousands of EUR	31/12/2023	31/12/2022
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Profit from operations	129,570	147,305
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Profit from equity-accounted companies	0	0
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Dividends from non-consolidated companies	0	0
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EBIT in thousands of EUR	129,570	147,305
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Fluxys Belgium consolidated balance sheet in thousands of EUR	31/12/2023	31/12/2022
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Non-current interest-bearing liabilities	1,070,311	1,115,772
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Current interest-bearing liabilities	55,336	56,269
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Short-term deposits (75%)	-24,749	-19,585
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Cash and cash equivalents (75%)	-801,170	-578,031
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Other financial assets (75%)	-80,324	-80,625
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Net financial debt in thousands of EUR	219,404	493,800
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