

Glossary

Pertinence of published financial ratios

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 indicator gives an idea about the amount of interest bearing debt that would remain if all available cash would be used to reimburse loans.

Until 2020, the precompletion guarantees for TAP financing were included in the net financial debt due to the nature of the project and the construction risk related to it. As TAP reached the Financial Completion Date on 31st March 2021, the guarantees provided by the shareholders have been replaced by a mechanism for shareholder support, proportional to its stake in TAP and to the outstanding amount of the loans, which would be activated only if certain extraordinary events would occur. Consequently, Fluxys does not consider relevant anymore to include the new support mechanism in the net financial debt computation though it will continuously keep track of the operational activities in TAP.

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 €)	31.12.2021	31.12.2020	Notes
Operating profit/loss from continuing operations	320,280	299,759	4
Depreciations	409,392	402,659	4.3.5
Provisions	4,938	16,382	4.3.5
Impairment losses	645	-396	4.3.5
Earnings from associates and joint ventures	74,278	21,124	4.6
Dividends from unconsolidated entities	0	0	4.4.2
EBITDA (in thousands of €)	809,533	739,528	

Fluxys SA consolidated income statement (in thousands of €)	31.12.2021	31.12.2020	Notes
Operating profit/loss from continuing operations	320,280	299,759	4
Earnings from associates and joint ventures	74,278	21,124	4.6
Dividends from unconsolidated entities	0	0	4.4.2
EBIT (in thousands of €)	394,558	320,883	

Fluxys SA consolidated income statement (in thousands of €)	31.12.2021	31.12.2020	Notes
Financial income from lease contracts	1,112	182	4.4
Interest income on investments, cash and cash equivalents at fair value through profit and loss	5,748	5,856	4.4
Other interest income	646	406	4.4
Borrowing interest costs	-58,736	-62,100	4.5
Borrowing interest cost on leasing	-7,253	-7,880	4.5
Interest on regulatory assets and liabilities	1,692	2,194	
Net financial expenses (in thousands of €)	-56,791	-61,342	

Fluxys SA consolidated income statement (in thousands of €)	31.12.2021	31.12.2020	Notes
Borrowing interest costs	-58,736	-62,100	4.5
Borrowing interest costs on leasing	-7,253	-7,880	4.5
Interest on regulatory liabilities	1,936	2,257	
Interest expenses (in thousands of €)	-64,053	-67,723	

Fluxys SA consolidated income statement (in thousands of €)	31.12.2021	31.12.2020	Notes
Operating profit/loss from continuing operations	320,280	299,759	4
Operating revenue - Movements in regulatory assets and liabilities	-67,342	-68,937	4
Depreciation	409,392	402,659	4.3.5
Provisions	4,938	16,382	4.3.5
Impairment losses	645	-396	4.3.5
Inflows related to associates and joint ventures	55,529	3,650	E – consolidated statement of cash flows
Dividends from unconsolidated entities	0	0	4.4.2
Net financial expenses	-56,791	-61,342	
Current tax	-67,773	-69,738	4.7
FFO (in thousands of €)	598,878	522,037	

Fluxys SA consolidated income statement (in thousands of €)	31.12.2021	31.12.2020	Notes
FFO	598,878	522,037	
Dividends paid	-195,582	-170,677	E – consolidated statement of cash flows
RCF	403,296	351,360	

Fluxys SA consolidated balance sheet (in thousands of €)	31.12.2021	31.12.2020 revised	Notes
Non-current interest-bearing liabilities	1,794,780	2,573,920	5.14
Current interest-bearing liabilities	950,452	269,308	5.14
Granted guarantees	0	702,269	7.7
Non-current loan	-57,782	-73,326	5.7
Cash investments (75%)	-53,932	-72,230	5.11
Cash and cash equivalents (75%)	-236,609	-165,439	5.11
Other financial assets (75%)	-63,974	-80,517	5.6.2
Net financial debt (in thousands of €)	2,332,935	3,153,985	

Fluxys SA consolidated balance sheet (in millions of €)	31.12.2021	31.12.2020 revised	Toelichting
Transmission	2,925.9	2,935.0	
<i>Transmission - Fluxys Belgium</i>	<i>2,047.5</i>	<i>2,086.9</i>	
<i>Transmission - Fluxys TENP</i>	<i>6.9</i>	<i>3.0</i>	
<i>Transmission - TENP</i>	<i>292.7</i>	<i>282.0</i>	
<i>Transmission - Fluxys Deutschland</i>	<i>578.8</i>	<i>563.1</i>	
Storage	228.8	235.6	
LNG terminalling	303.0	302.7	
RAB (in millions of €)	3,457.8	3,473.2	
Other tangible investments outside RAB	2,885.3	2,924.0	
Extended RAB (in millions of €)	6,343.1	6,397.2	

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.