Annual Financial Report 2020

Fluxys

shaping together
a bright energy
future

We are committed to continue building a greener energy future for the generations to come. People, industry and societies all need energy to thrive and progress. Fluxys accommodates this need: we put energy in motion through our infrastructure. We transport natural gas while paving the way for the transmission of hydrogen, biomethane or any other carbon-neutral energy carrier as well as carbon dioxide and to accommodate the capture, usage and storage of the latter.

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Daniël Termont
Chairman of the Board of Directors

Pascal De Buck
Managing Director and CEO

Message from the Chairman and Managing Director

The past year was an unusual one, one in which the pandemic changed the face of society and forced us to rethink the way we work and live. Despite these unprecedented circumstances, Fluxys ended 2020 on a high note.

Society was able to rely on our essential services as a gas infrastructure group at all times throughout the year: we kept energy flowing in the various countries in which we are active. We also made good progress in implementing our sustainable growth strategy.

With our infrastructure in Europe we provide natural gas as a low-emission energy source and we aim to take up this role in other parts of the world as well. Where the market is ready, we are pressing ahead to ensure we can use our infrastructure to transport the molecules for a carbon-neutral future.

2020 was a strong year for Fluxys, and this is all down to our employees. Their drive, ingenuity and commitment were crucial in allowing us to continue providing society and our customers with the best possible service while also enabling us to look ahead to the future of our group despite these hard times. We are truly proud of the resilience of our employees and the way they gave their all in this difficult year.

Thanks to the efforts of our sales teams, capacity sales remained stable, taking into account the unusual market conditions. Furthermore, the first full year of transshipment services at the Zeebrugge LNG terminal made a positive contribution to revenue.

Be fit and grow in Belgium and Europe

By moving quickly and thanks to the resilience and total commitment of our employees, we ensured that our essential services remained operational in complete safety during the pandemic in all the countries in which we are active.

Fluxys made considerable efforts to help alleviate pandemic-related needs in a broad social context, too. During lockdown, many employees throughout the company were personally involved in initiatives within and outside Fluxys to provide social and health assistance.

Alongside other initiatives by companies in the group, Fluxys with the support of its shareholders also freed up approximately €1 million for various organisations and institutions engaged with vulnerable groups, frontline workers or scientific research into COVID-19.

Looking to our pipeline infrastructure in Europe, the market context in 2020 posed a real challenge for capacity sales, especially in light of the particularly high capacity sales achieved by Interconnector and FluxSwiss the previous year. Thanks to the efforts of our sales teams, capacity sales remained stable, taking into account the unusual market conditions. Furthermore, the first full year of transshipment services at the Zeebrugge LNG terminal made a positive contribution to revenue.

2020 was a busy year in terms of commissioning new infrastructure. The TAP pipeline in Greece, Albania and Italy became operational after four and a half years of construction, opening up a new energy route into Europe. From 2021 onwards, the infrastructure will contribute to the group's revenue over the entire year.

We commissioned the deodorisation plant in Germany, giving our customers more flexibility to move natural gas to the country from the south. The construction of the second EUGAL pipeline continued and the pipeline's full capacity was commissioned in early April 2021.

Fluxys is also fully committed to infrastructure and services allowing customers to supply small quantities of LNG as an alternative low-emission fuel for ships, heavy freight or remote industry. We have adapted infrastructure or commissioned new facilities to this end in both Dunkirk and Antwerp, while in Greece DESFA has made the investment decision for additional infrastructure and in Zeebrugge we are looking into building additional bays in order to be able to continue responding rapidly to increasing demand for loading LNG trailers.

All in all, the group's approach kept operating income stable, and we are proposing the same dividend as last year.

As for our continued growth, our sales teams sold a substantial amount of additional regasification capacity at the LNG terminal in Zeebrugge, marking a new milestone in the development of the terminal.

In 2020, we also prepared for further growth in Europe by becoming partner in the project to build an LNG terminal in Stade, Germany. The terminal would provide a major source of support to the country in its nuclear phase-out and the planned phasing out of lignite- and coal-fired power generation. The project investment decision will be made based on market interest in booking capacity in the terminal, among other aspects.

In 2020, the TAP pipeline in Greece, Albania and Italy became operational after four and a half years of construction, opening up a new energy route to Europe. From 2021 onwards, the infrastructure will contribute to the group's revenue over the entire year.

Be the transporter of the future energy carriers

Fluxys' commitment to sustainability is an integral part of our purpose: shaping together a bright energy future. We are committed to working with our stakeholders to continue to build a greener energy future for the generations to come. We therefore fully support the climate targets set out in the Paris Agreement and the European Green Deal.

The Green Deal and the European recovery plan that took shape in 2020 in the wake of the pandemic created a momentum for us to proactively accelerate our energy transition

In line with the European Commission's strategy and taking into account the necessary legal and regulatory evolutions, we can gradually transform and develop our infrastructure in Belgium into complementary networks in which we also transport hydrogen and CO2, for example. We are helping pave the way for the energy system of the future in Germany and Switzerland as well.

strategy. We have made the most progress in this regard in Belgium, but we are helping pave the way for the energy system of the future in Germany and Switzerland as well.

As such, in 2020 we devised a plan to use our infrastructure sustainably as a tool of Belgium's energy transition. In line with the European Commission's strategy and taking into account the necessary legal and regulatory evolutions, we can gradually transform and develop our infrastructure into complementary networks in which we also transport hydrogen and CO_2, for example. The plan will be further developed in collaboration with our customers, the distribution system operators, the government and other stakeholders. The intention is to build step by step, taking into account evolutions in the market. At the same time, we are laying the foundations for our infrastructure to play a lasting role in transporting the molecules of the future.

We are also working with a range of Belgian and Dutch ports as well as industry and other gas infrastructure companies on various projects to carve out a place for hydrogen as a carbon-neutral energy carrier and CO_2 capture and reuse/storage chains within the energy system and the wider economy. Moreover, we have teamed up with several Belgian universities on research projects, the results of which will help us to further advance the energy transition.

In 2020, we also continued to support the development of the biomethane market in Belgium by actively contributing to the certification systems for carbon-neutral gases. Furthermore, we devised procedures for connecting biomethane producers to our network. In another development, the Zeebrugge LNG terminal obtained official certification as an EU-approved facility for making available bio LNG.

At the same time, Fluxys continued to roll out its action plan to halve its own greenhouse gas emissions in Belgium on 2017 levels by 2025 and we are on track to meet this target. In an addition to the action plan, three additional open-rack vaporisers will be built at the Zeebrugge LNG terminal with a view to substantially reducing the terminal's energy consumption and consequently also its emissions.

Develop outside Europe

Many regions outside Europe are expecting a sharp increase in gas demand to reconcile the need for additional energy with the challenges posed by climate change and air quality. For Fluxys this represents a dual opportunity, being an additional driver both for sustainable growth and for capitalising on the knowledge and expertise within the company on a broader geographical basis.

Working safely in a meaningful job took on an extra dimension during the pandemic in 2020. This is why we continued to invest in supporting the well-being and development of our employees and keeping them connected throughout the year.

We want to be active in regions where good prospects for energy demand go hand in hand with a favourable investment climate and where the group's experience and expertise hold value for potential partners. With this in mind, we primarily look at Southeast Asia and South America.

Despite the challenging situation brought about by the pandemic, we have managed to make good progress. We are looking into various projects in both regions. In South America, we have also reached a turning point with a first project in Brazil, where we concluded an agreement to become partner in the Brazilian gas transmission system operator TBG. We expect the partnership to take shape in the second quarter of 2021.

Working safely in a meaningful job

Working safely in a meaningful job took on an extra dimension during the pandemic in 2020. This is why we continued to invest in supporting the well-being and development of our employees and keeping them connected throughout the year.

At the same time, the company placed considerable emphasis on establishing transversal teams with a view to enhancing employee diversity and employability. We encourage diversity in the way we think and work in order to develop a creative approach to the energy transition and turn Fluxys into a gas infrastructure company that transports the molecules for a carbon-neutral future. Our commitment to the energy transition as well as the international development of our activities also reflect positively on our brand in the recruitment market.

Moreover, in 2020 Fluxys smoothly shifted to greater digitalisation and adapted ways of working throughout the company, also laying the foundations for projects that will provide the leverage needed to transform our future challenges into new opportunities for our employees and our organisation.

In the challenging year that was 2020, Fluxys continued to aim high and achieved strong results. We are keeping our eyes firmly fixed on our commitment to a carbon-neutral future as never before, and will continue to do everything in our power to provide our essential services to society safely and reliably.

Pascal De Buck
Managing Director
and CEO

Daniël Termont
Chairman of the
Board of Directors

Fluxys: our profile

Fluxys is an independent midstream gas infrastructure group active in gas transmission and storage and in the terminalling of liquefied gas. We operate in Europe and are developing activities in South America and Southeast Asia.

At present, we provide a reliable supply of 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, we pave the way with our infrastructure for a hybrid energy future in which carbon-neutral electrons and molecules complement one another in the energy system.

Ingenuity, entrepreneurship and teamwork are the keys to successfully achieving carbon neutrality. These qualities underpin our success today and give us confidence in the future.

Who we are and what we do

Independent gas infrastructure company

Fluxys is a gas infrastructure company with 90 years' experience in the development, financing, construction, operation and maintenance of gas infrastructure. As a company operating under the full ownership unbundling model, Fluxys has no interests in the generation or sale of energy. Our revenue is derived from the sale of capacity in our infrastructure and associated services.

Active in the midstream segment

Fluxys is active in the so-called midstream segment of the natural gas chain, i.e. the transmission of natural gas via high-pressure pipeline, the storage of natural gas and the terminalling of liquefied natural gas (LNG). We provide the link between:

- natural gas producers around the world active in the exploration and extraction of natural gas and the production of LNG, biomethane producers, wholesalers and traders of natural gas; and
- suppliers who sell natural gas to end users and distribution system operators who supply natural gas at low pressure to households and SMEs.

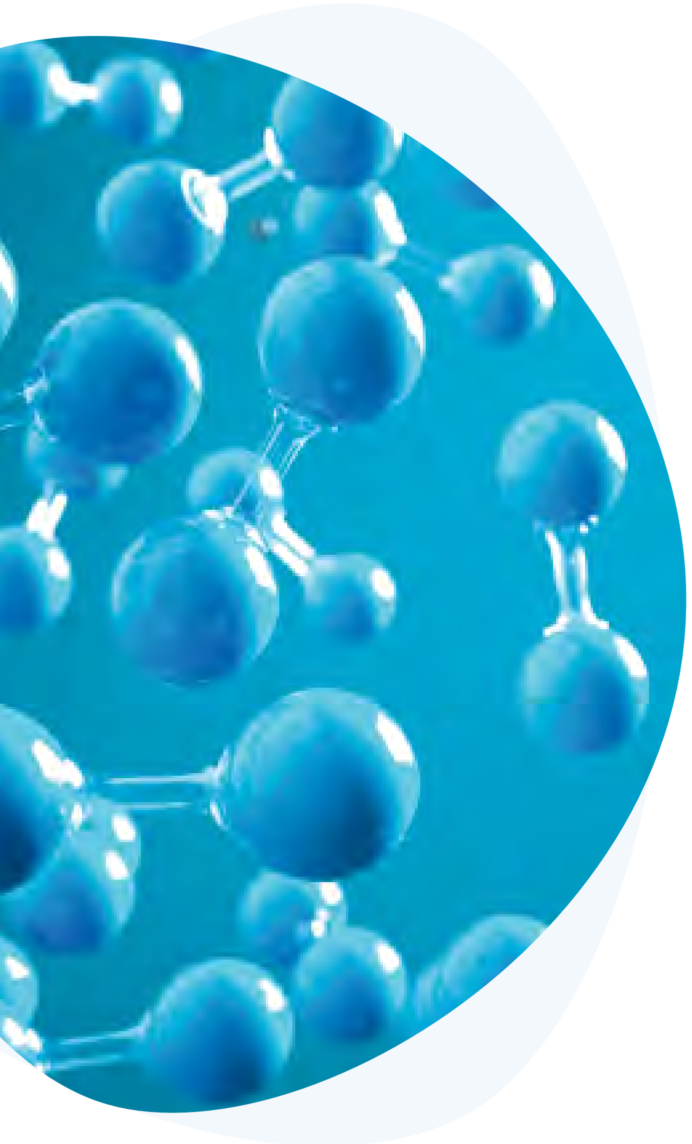
Where we operate

Through its associated companies across Europe, Fluxys operates 9,000 kilometres of natural gas pipelines and LNG terminals with a combined annual regasification capacity of 29 billion cubic metres.

From its Singapore office, Fluxys explores opportunities to become active in gas infrastructure in Southeast Asia. The group is also setting up an office in Brazil to manage and further develop gas infrastructure activities in South America.

Our approach to sustainability

Fluxys' commitment to sustainability is an integral part of our purpose: shaping together a bright energy future. We are committed to working with our stakeholders to continue to build a greener energy future for the generations to come.
Our subsidiary Fluxys Belgium, which accounts for half of the group's turnover, reports its integrated approach to sustainability in line with Global Reporting Initiative Standards (Core).



Ready to transport the molecules for a carbon-neutral future

Gas infrastructure builds the bridge to the future. We currently transport natural gas which, as a low-emission fossil energy source, offers security of supply in the transition to a carbon-neutral society. Countries and regions are each making this transition at their own pace.

Where the market is ready to move towards carbon-neutral molecules as an energy carrier, Fluxys as a gas infrastructure company is also ready for the transition to a hybrid energy future in which carbon-neutral molecules and renewable electricity complement one another in the energy system.

The power of the molecule

To decarbonise the energy system, we need all hands on deck. The European Commission's projections for 2050 show that a net-zero emissions energy system is likely to be based on a roughly 50/50 split between carbon-neutral electricity and carbon-neutral molecules such as hydrogen (H_2), biomethane, synthetic methane and biofuels, which is why gas and electricity networks must be able to work in tandem. This means electrification with green power where possible and clean molecules where this is more appropriate.

Research and development

Applied research

Fluxys' research and development policy aims to acquire knowledge and technology to consolidate and further enhance the group's activities. To this end, the group conducts applied research either by itself, sometimes in conjunction with academia, or together with other European gas companies under the umbrella of various organisations, including:

- Pipeline Operators Forum (POF);
- European Gas Research Group (GERG);
- European Committee for Standardization (CEN);
- European Pipeline Research Group (EPRG);
- International Organization for Standardization (ISO);
- EASEE-gas (European Association for the Streamlining of Energy Exchange – gas);
- MARCOGAZ, the Technical Association of the European Natural Gas Industry.

Energy transition

In 2020, Fluxys was involved in research and development projects striving to optimise the operation of gas infrastructure, among other things. Fluxys also specifically focused on research initiatives involving the transmission of the molecules needed for a carbon-neutral future.

Gas for Climate

Fluxys is a member of the Gas for Climate initiative launched to investigate and document the role of renewable and carbon-neutral gas in the future energy system and quantify its contribution to achieving our climate targets.

The initiative is made up of eleven European gas transmission companies (DESFA, Enagás, Energinet, Fluxys Belgium, Gasunie, GRTgaz, ONTRAS, OGE, Snam, Swedegas and Teréga) and two organisations representing renewable gas producers (European Biogas Association and Consorzio Italiano Biogas).

In 2020, *Gas for Climate carried out the Gas Decarbonisation Pathways 2020-2050* study, which describes ways to decarbonise gas between 2020 and 2050 and identifies the investments needed to scale up hydrogen and biomethane. Later in the year, Gas for Climate also published a report on key market trends involving renewable and low-carbon gases; this report also highlights examples of flagship projects.

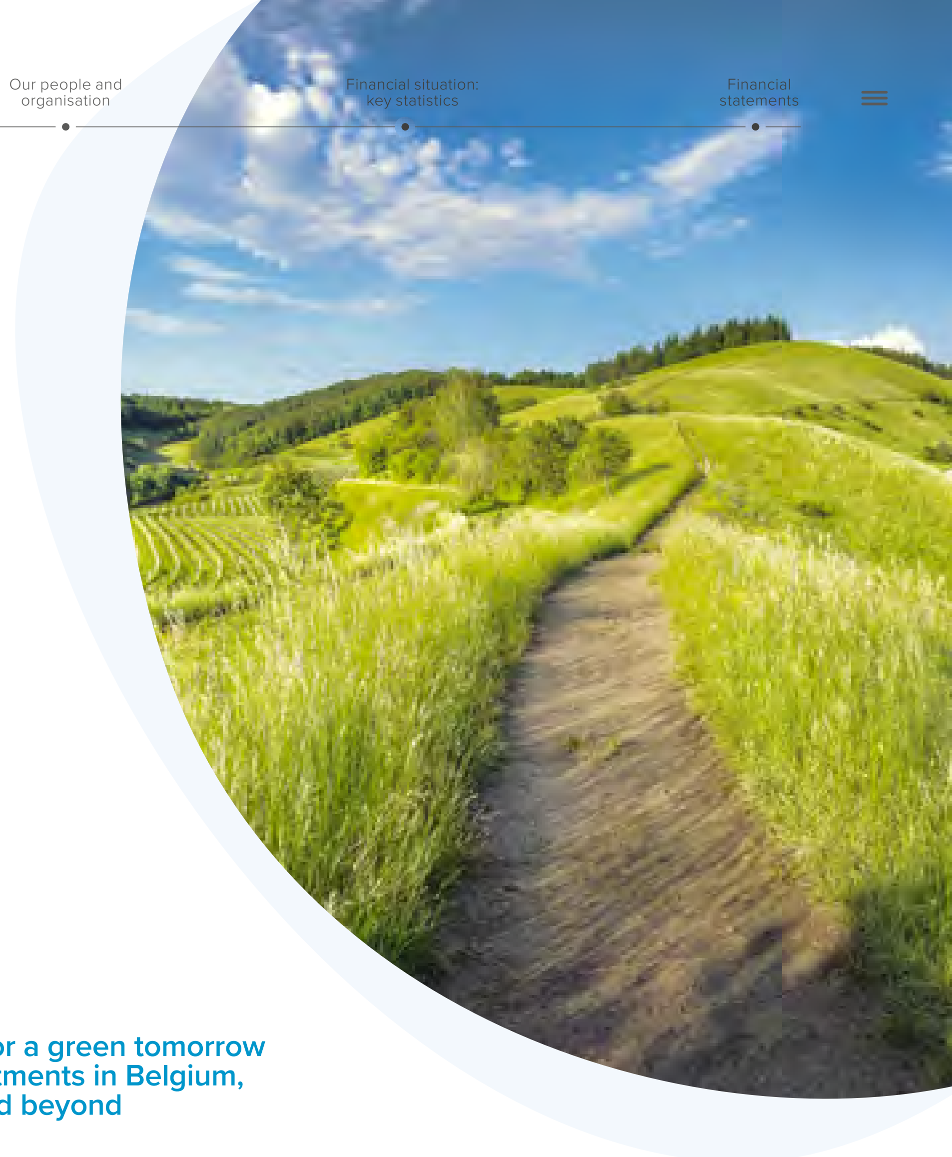
Power-to-gas

Fluxys has teamed up with Vlerick Business School on a power-to-gas research project examining the economic interactions between power-to-gas and the electricity market.

Interaction between energy networks

In 2020, Fluxys and the University of Liège launched INTEGRATION *(INTeraction Electricité, Gaz et autres Réseaux énergétiques: modélisAtion, opTimisation, Investissements et régulatiON)*, a four-year project investigating interactions between different energy networks (electricity, gas and others) and the associated modelling, optimisation, investment and regulation. A methodology to determine how best to invest in different energy carriers is being developed as part of this project.

More information about a range of other research initiatives focused on the energy transition can be found in the 'Be the transporter of the future energy carriers' section on page 39.



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 accommodates this need: we put energy in motion through our infrastructure.

We transport natural gas while paving the way for the transmission of hydrogen, biomethane or any other carbon-neutral energy carrier as well as carbon dioxide, and to accommodate the capture, usage and storage of the latter.

together

The energy eco-system is complex and the demand for more energy in service of human progress combined with a global need to make energy more sustainable is a challenge that asks for collaboration. 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, our shareholders, our industrial partners, our customers, citizens and all actors in the energy system. At Fluxys, we actively believe in this collaboration.

bright

There is a good deal of discussion around the role of natural gas and its place in the future energy landscape. 'Bright': with optimism, we dare to say that our infrastructure with its energy storage capacity and green gas such as hydrogen and biomethane, will play a substantial role in the transition to a carbon-neutral energy future for all.

future

The word 'future' encompasses a responsibility. With our unique capabilities as a European gas infrastructure company, we owe it to ourselves to contribute to a greener energy future for the generations to come.

En route for a green tomorrow with investments in Belgium, Europe and beyond

be fit and grow in Belgium and Europe

We optimise our operations in Belgium and Europe while growing our assets on a selective basis

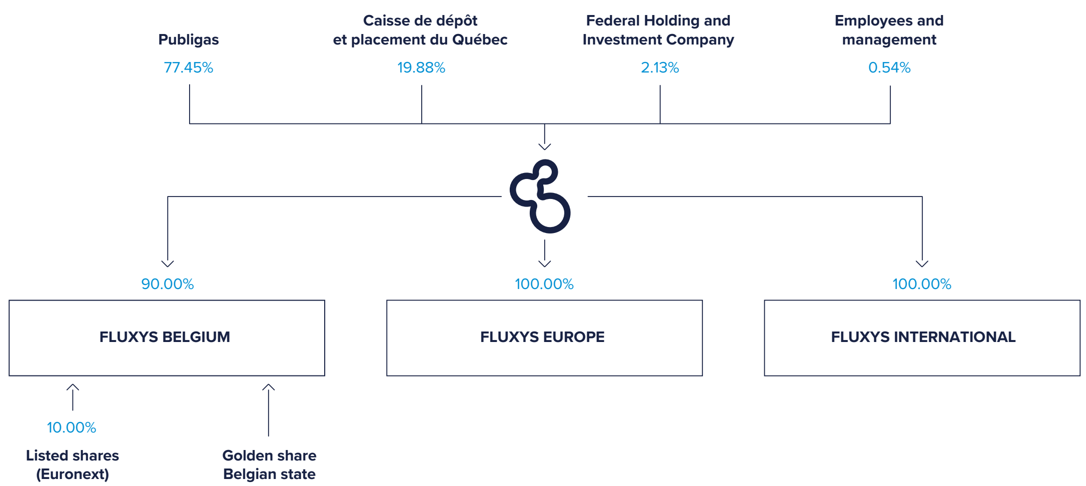
be the transporter of the future energy carriers

We support biomethane initiatives, invest in hydrogen and CO_2 transport projects and explore new technologies

invest outside Europe

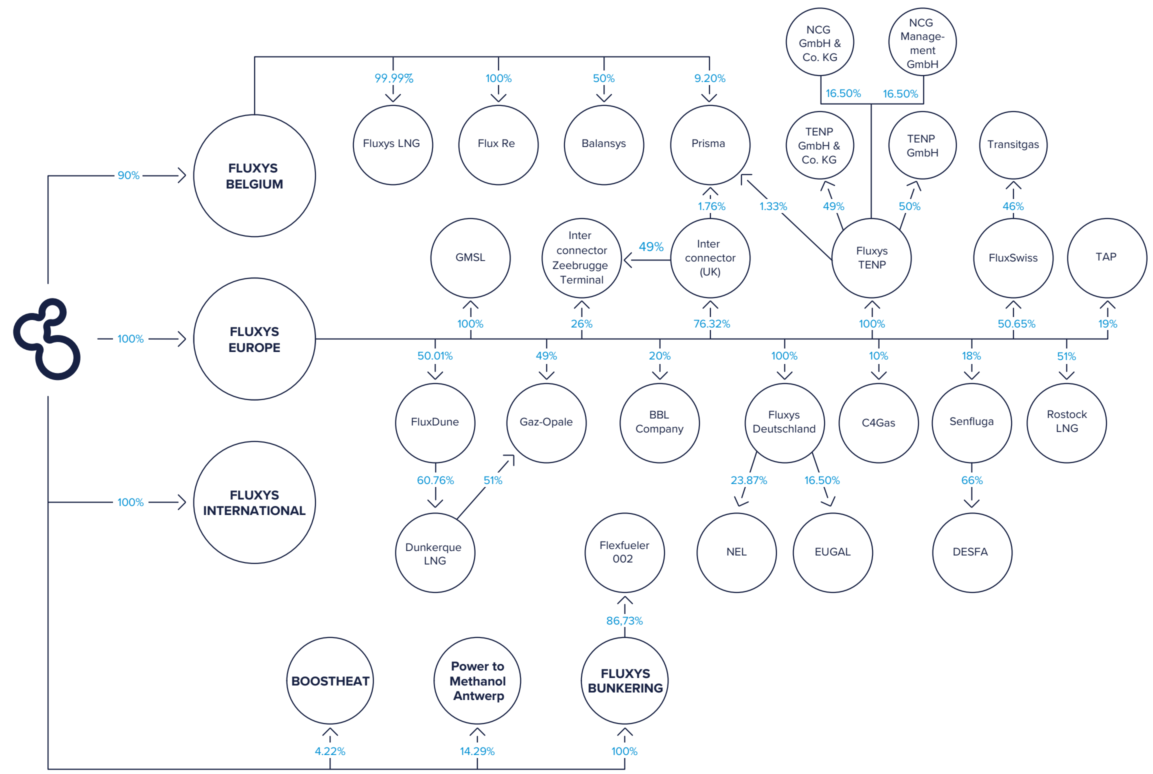
We target natural gas infrastructure, with specific focus on LNG

Our shareholders as at 31 March 2021



- **Publigas** manages the interests of Belgian municipalities in Fluxys.
- **Caisse de dépôt et placement du Québec** is a financial institution that manages funds primarily for pension schemes and public and private insurance in Canada (Quebec). It has gained considerable experience in natural gas transmission and infrastructure through its shareholdings in natural gas transmission and distribution companies in the United States, Canada and Europe.
- **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.

Simplified structure of the Fluxys group as at 31 March 2021



Risk management

Fluxys works with a risk management system based on ISO 31000 with a view to generating maximum sustainable value for the organisation's activities. To this end, we map out the possible consequences of uncertainty - both positive and negative - that have an impact on the organisation. Risk management is integrated into the company's strategy, business decisions and activities.

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 coordinates and supports the company-wide risk process through a systematic approach, which is approved by the Audit Committee.

The risk assessment process takes into account impact on finances, safety, security of supply, sustainability, climate and reputation. Risk assessments are done in the short, medium and long term. 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.

- The first line of defence: the departments themselves, which are responsible 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 Environment, and ICT Security departments. They provide guidance to those in the first line in risk management on compliance with regulations, guidelines and internal rules, budget monitoring and the security of staff, facilities, ICT systems and information.
- The independent third line of defence: Internal Audit, which is responsible for monitoring business processes. Internal Audit performs risk-based audits to monitor the effectiveness and efficiency of the internal control system and processes. The department also performs compliance audits to ensure that guidelines and processes are consistently applied.

Overview of the major risk areas

Market and regulatory risks	Measures
• Market shift from long- to short-term contracts results in more variable revenue • 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 due to the energy transition: the risk that part of Fluxys Belgium's infrastructure can no longer be used and investment is needed to make it future-proof	• Monitoring the market by continuously adapting existing services and/or developing new services needed by the market at competitive prices • Digital technology allows existing commercial models and processes to be optimised or renewed in order to process larger volumes of short-term bookings as automatically as possible • Projects and R&D to become the transporter of the molecules needed for a carbon-neutral future • Investments outside Europe in regions seeing sustained growth in natural gas demand

Geopolitical risks	Measures
Fluxys' assets are located in Europe. Geopolitical events may affect the European market.	Geopolitical developments are closely monitored

Industrial risks	Measures
Industrial and cyber incidents can damage Fluxys infrastructure, endanger people's safety, cause unavailability impacting service continuity, and result in financial loss	Fluxys subsidiaries responsible for operating infrastructure take preventive, detective and reactive measures to ensure the safe and reliable operation of the infrastructure and manage the associated risks

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

Financing 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 Code of Ethics, company work regulations and specific procedures • Suppliers are subject to the purchasing terms and conditions 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

Legal and regulatory framework

Since 3 March 2011, the European natural gas market has been regulated by the European Union'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 (ACER Regulation).

Setting tariffs

General remarks

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 structure for gas transmission in Europe and provides a range of requirements regarding publication of data and communication on tariffs. This will have an impact on the determination of tariffs in the following regulatory period.

Within the Fluxys group, there are entities that are regulated (Fluxys Belgium, Fluxys LNG, Fluxys Deutschland & Fluxys TENP, DESFA), entities that are exempted or operating under a merchant model (Interconnector UK, Fluxys BBL, Dunkerque LNG, TAP partnership) and finally, entities that are not regulated (FluxSwiss & GMSL).

Principles

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

Gas transport and storage as well as terminalling activities are activities with regulated tariffs within the EU. 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 10-year government bond return).
In this context, revenue must be fixed, taking into account the following:

- operational expenses;
- authorised depreciation;
- cost of debt; and
- fair margin for shareholders.

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 (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 the use of the regulatory account, 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).

The actual figures for a year may differ from the budgeted amounts. 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 regulatory account. 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 four aforementioned components), the surplus must be transferred from profit and loss to credit in the regulatory account (as deferred income).
A surplus may arise for several reasons, such as (non-exhaustive list):

- lower operational costs (non-manageable costs or a portion of the manageable costs);
- commodity aspects (based on amount of gas transmitted);
- 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 regulatory account (as accrued income) 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 of the difference between the budgeted amount and the actual amount of the manageable operational expenses is handled via the regulatory account.

In addition, the Fluxys group sells a commodity (gas) for balancing purposes. Balancing means buying or selling flexible 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 are considered to be non-manageable costs in Belgium.

Exempted entities and regulation for interconnectors

In some countries, the regulator has provided 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 is the case for the TAP partnership, BBL Company VOF and Dunkerque LNG, and was the case for Interconnector UK until September 2018. However, after the exempted period, regulation is applicable as previously described.

Entities like Interconnector UK or 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 with regard to the revenue generated.
For instance, Interconnector UK'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

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

Alongside capacity provision services, the 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.

Corporate governance

Legal aspects

Fluxys is subject to Belgian legislation and as such has developed a Corporate Governance Charter describing how the company works. Among other items, the Corporate Governance Charter contains internal rules for the Audit Committee and the Appointment and Remuneration Committee, which are set up within the Board of Directors.

Code of conduct

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

Composition of the Board of Directors

At the Annual General Meeting held on 12 May 2020, Josly Piette was reappointed a director until 12 May 2026.

The same meeting also voted to confirm the permanent appointment of Ludo Kelchtermans, who was co-opted as a director by the Board of Directors on 18 December 2019 with effect from 1 December 2019, for a period of six years, until after the 2025 Annual General Meeting.

The procedure for reappointments to the Appointment and Remuneration Committee was complied with.

Attendance fee

Directors receive an attendance fee of €250 for each Board and committee meeting they attend.

Auditor

The Annual General Meeting also decided on the annual fees of Ernst & Young Bedrijfsrevisoren BV.

In 2020, Ernst & Young received remuneration totalling €436,095 for its work as the Fluxys NV/SA group's auditor. Ernst & Young also performed other tasks worth a total of €22,480.

Composition of the corporate bodies as at 31 March 2021

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
- **Jos Ansoms**
- **André Boulanger**
- **Patrick Côté**
- **François Fontaine**
- **Andries Gryffroy**
- **Luc Hujoel**
- **Ludo Kelchtermans**
- **Renaud Moens**
- **Josly Piette**

Audit Committee

- **Renaud Moens**, Chairman of the Audit Committee
- **Luc Hujoel**
- **Patrick Côté**
- **Ludo Kelchtermans**
- **Pascal De Buck**, Managing Director (invited in an advisory capacity)

Appointment and Remuneration Committee

- **Luc Hujoel**, Chairman of the Appointment and Remuneration Committee
- **Ludo Kelchtermans**
- **Pascal De Buck**, Managing Director (invited in an advisory capacity)

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


Pascal De Buck


Peter Verhaeghe


Arno Büx


Christian Leclercq

Be fit and grow in Belgium and Europe

We provide for a reliable flow of natural gas which, as a low-emission fossil energy source, offers security of supply in the transition to a carbon-neutral society. We optimise our gas operations while making well-considered growth choices.

In 2020, we specifically focused on:

keeping our essential services operational in complete safety during the pandemic;

continuing our commercial efforts to sell additional capacity and develop new services

projects in Belgium to offer additional regasification capacity at the Zeebrugge LNG terminal and to implement the L/H conversion

commissioning the Trans Adriatic Pipeline (TAP) and the deodorisation plant in Germany

initiatives to promote the use of natural gas as an alternative fuel for transport and shipping.

Pandemic: moving fast

The pandemic in 2020 was a difficult crisis period for everyone in society, a time during which the supply of energy to hospitals, public services, households and many industries was more crucial than ever. Despite the widespread impact of the pandemic, all of Fluxys' essential services remained operational and the group's companies focused fully on playing their vital role in society and for their customers, namely ensuring safety and the continuity of gas supply.

During the COVID-19 outbreak, we quickly took the necessary steps to ensure the continuity of our activities while carefully complying with government recommendations in the various countries in which we are active in order to limit the spread of the virus.

During lockdown and semi-lockdown periods, all employees not needed on site in order to secure business continuity switched to telework, while the remaining employees adopted different shift patterns and separate work bubbles, with additional measures implemented for teams with critical functions.

Active support to help alleviate coronavirus-related needs

In 2020, Fluxys made considerable efforts to help alleviate coronavirus-related needs in a broad social context, too. During the first lockdown, many employees throughout the company were personally involved in initiatives within and outside Fluxys to provide social and health assistance.

Alongside other initiatives by companies in the group, Fluxys with the support of its shareholders also freed up approximately €1 million for various organisations and institutions engaged with vulnerable groups, frontline workers or scientific research into COVID-19.

Special efforts to sell transmission capacity

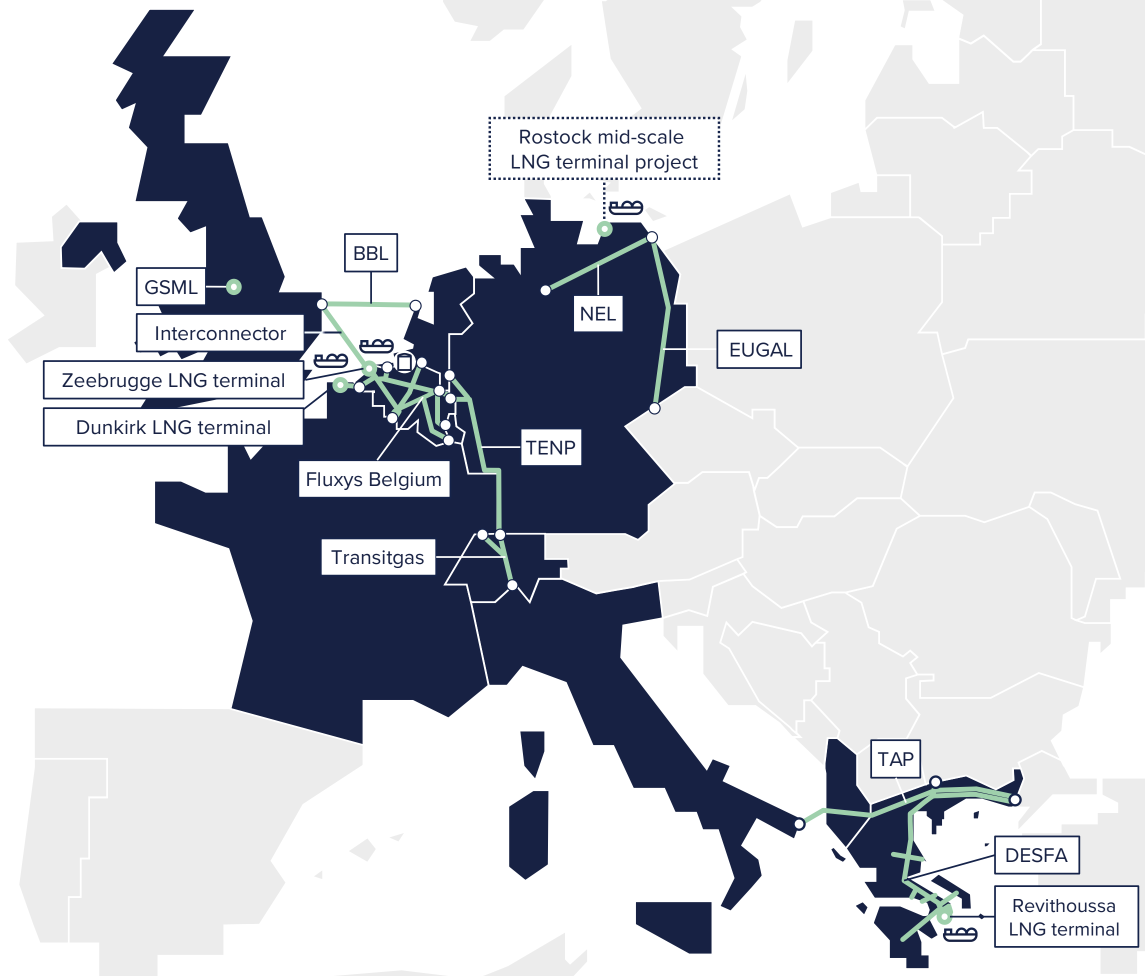
The harmonised European rules for the use of gas networks mean that customers active in border-to-border transmission are concluding fewer long-term contracts. When long-term contracts expire, for example, the available capacity must be sold at auction.

As such, the challenge for our sales teams in each country lies in providing customers with the tools allowing them to seize opportunities in a context of short-term contracts that will result in additional capacity sales for Fluxys.

Opportunities for customers depend to a large extent on their sourcing strategy and on end use, which is largely subject to temperature variations and in 2020 was also impacted by the pandemic. For example, the European market saw natural gas demand drop by approx. 4% in 2020 compared to the previous year, which of course had an impact on demand for border-to-border transmission capacity.

Thanks to the customer-centric approach adopted by our sales teams and our rapid response to market developments, we managed to sell a good level of short-term capacity in the first half of the year. As for the cross-border flows, they were lower in the second half of the year.

Our teams in Belgium also made a concerted effort on projects for new natural-gas-fired power stations intended to offset the nuclear phase-out. Fluxys devised a commercial offer for various promoters with projects to connect power stations to the network. Which connection projects will be implemented depends on which power stations are built after the allocation procedure, which the federal government has scheduled for late 2021.



Transshipments boost traffic at Zeebrugge LNG terminal

The start of the long-term transshipment contract in December 2019 pushed traffic at the Zeebrugge LNG terminal to new heights in 2020. A total of 172 vessels docked at the terminal, smashing the previous record of 130 in 2019. March 2020 was the busiest ever month for ship traffic at the terminal, with a total of 30 vessels docking, more than double the previous record in May 2019.

Successful open season for additional regasification capacity

Responding to market signals, the Zeebrugge LNG terminal held an open season for additional regasification capacity. This was a success: the offered capacity of 6 million tonnes per year (or approx. 10.5 GWh/h) was fully subscribed during the open season's binding phase.

In light of this success, the final investment decision was taken to build the necessary additional infrastructure at the LNG terminal. This infrastructure will also help reduce the terminal's emissions.

Trans Adriatic Pipeline commissioned

Fluxys has a 19% stake in the Trans Adriatic Pipeline (TAP), which forms the western branch of the Southern Gas Corridor enabling Europe to access natural gas from the Shah Deniz II field in Azerbaijan. Construction of the pipeline began in 2016 and commissioning took place at the end of 2020. As an industrial partner in TAP, Fluxys is making its knowledge and know-how widely available to ensure the operational management of gas flows and safe operation of the infrastructure.

By unlocking a new source, TAP is a vital link in that it increases both the diversification of sources and the security of the natural gas supply in Europe. TAP's initial capacity (10 billion cubic metres per year) may be increased to 20 billion cubic metres per year at a later stage. Various sources may qualify, including sources from the wider Caspian region, the Middle East and the eastern Mediterranean basin.

Shift from low-calorific to high-calorific natural gas

Source of low-calorific natural gas phases out

The reduction in production at the Groningen gas field (which produces low-calorific natural gas, otherwise known as L-gas) has prompted the Netherlands to gradually phase out the export of L-gas from this field to Germany (between 2020 and 2030) and to Belgium and France (between 2024 and 2030). Furthermore, production at this field has repeatedly been capped since 2014 for safety reasons.

As L-gas exports from the Netherlands decline, the networks in Belgium, France and Germany must be adapted to enable a gradual switch from L-gas to high-calorific natural gas (H-gas) from other sources.

L/H conversion in Belgium on schedule

Fluxys infrastructure in Germany does not transport L-gas and does not need to be converted, whereas the infrastructure in Belgium does include an L-gas network. Belgium currently imports approximately 42 TWh of Lgas per year for domestic consumption, equal to around a quarter of the gas supply. The Belgian network also serves as a corridor for conveying L-gas to France.

Following on from a series of small-scale conversion projects, in 2018 Fluxys began teaming up with the distribution system operators on large-scale conversions every year. In 2020, despite the limitations imposed by COVID-related measures, the conversion was completed in time. Thanks to our active cooperation with the distribution system operators, the conversion schedule has been shortened. The entire market for low-calorific natural gas will be converted in 2024 instead of 2029.

Towards full commissioning of EUGAL

Fluxys holds a 16.5% stake in the European Gas Pipeline Link (EUGAL) project in Germany. The project involves constructing two parallel pipelines to transport gas from the Nord Stream II pipelines in the north of Germany southwards to the Czech border and the west of Germany. EUGAL commissioned the first pipeline in late 2019, with the commissioning of the second pipeline scheduled for April 2021.

The commissioning of the Nord Stream II pipelines has been postponed beyond the date that was originally planned. In the meantime, EUGAL is receiving flows from the existing Nord Stream I pipelines.

A first for Europe: one-of-a-kind deodorisation plant

Since 2018, network users have been able to buy capacity from FluxSwiss and Fluxys TENP to transport natural gas from south to north via the Transitgas and TENP pipelines. Gas in the pipelines could previously only flow from north to south.

In the context of these northbound flows, Fluxys TENP and Open Grid Europe commissioned an industrial deodorisation plant in late 2020. Odorant is not permitted in Germany's transmission systems, unlike in Switzerland, Italy and France. The deodorisation plant automatically removes the odoriferous substance from gas coming from the south if necessary.

The plant is located in Schwörstadt near the German-Swiss border and is the first of its kind in Europe owing to its large capacity. This plant will shore up security of supply and give the relevant transmission system operators more flexibility to transport natural gas from the south to Germany. For FluxSwiss, the commissioning of the plant is a unique asset to support Italy in its exports to Germany.

Given its positive role in unlocking natural gas flows from south to north, the investment in the deodorisation plant is supported by the Connecting Europe Facility programme.

Co-financed by the Connecting Europe Facility of the European Union

Partnership in Stade LNG terminal project

Hanseatic Energy Hub (HEH) is developing an LNG terminal project in Stade (near Hamburg) and in March 2021 Fluxys signed an agreement with HEH shareholders to become a partner in the project. The final investment decision to build the terminal will be made based on market interest in booking capacity at the facility, among other aspects.

The Stade LNG terminal would support Germany in its phase-out of nuclear power as well as coal- and lignite-fired power generation by diversifying natural gas supply routes to the country in a context of increasing import demand. For Fluxys, the project is an opportunity to achieve its growth objectives in Europe and to strengthen and diversify its presence in Germany.

Fluxys infrastructure: solutions for additional flows into Germany

Germany needs additional volumes of natural gas besides renewable sources to cope with the withdrawal of nuclear power and the phasing out of coal- and lignite-fired power generation. The country also needs new inflows to replace the declining volumes of L-gas from the Netherlands. Fluxys infrastructure offers a range of solutions for supplying Germany with additional gas.

- Germany can import more natural gas, which flows through the Belgian pipeline network, via the German/Belgian Eynatten interconnection point in the west of the country. Thanks to the direct connection between the Belgian network and the Zeebrugge and Dunkirk LNG terminals, supplies from the west also give Germany the opportunity to smoothly diversify its supply portfolio with LNG. Moreover, the Zeelink pipeline in Germany, which connects into the Belgian infrastructure, was commissioned in March 2021.
- Via the Wallbach German/Swiss interconnection point in the south: thanks to the capacity that is available for getting gas to the south of Germany via Switzerland.
- The NEL and EUGAL pipelines provide additional supplies of natural gas from the north.

New pipeline sections for TENP I

The TENP infrastructure in Germany comprises two pipelines. Based on extensive inspections, the capacity available in the TENP I pipeline has been restricted since 2017 as a precautionary measure in light of the integrity of the infrastructure. As shareholders of TENP infrastructure, in 2020 Fluxys TENP and Open Grid Europe prepared the construction of new pipeline sections to provide a solution to this and also to take into account Baden-Württemberg's capacity needs given the phase-out of nuclear power and coal-fired power generation. The German regulator, the Bundesnetzagentur (BNetzA, the German Federal Network Agency for Electricity, Gas, Telecommunications, Post and Railways) confirmed that these investments were necessary and approved them as part of the 2018 Network Development Plan. Until the new pipeline sections are commissioned, the capacity available in the infrastructure will remain capped at current levels.

Fluxys TENP and Open Grid Europe also put forward a new scenario as part of the 2020 Network Development Plan to offer the involved network users enough capacity to supply natural gas to local markets in southern Germany, supply gas to Switzerland and ensure transit to Italy. The validation process of the 2020 Network Development Plan is currently ongoing.

DESFA develops its dynamics

Fluxys, along with the gas infrastructure companies Snam (Italy) and Enagás (Spain) and its partner DAMCO (Greece), holds a 66% stake in DESFA, the owner and operator of Greece's high-pressure network and the LNG terminal in Revithoussa. Greece is strategically important from a European perspective as, with the Trans Adriatic Pipeline and a number of other initiatives in the project phase, it will become a key axis for the diversification of sources and supply routes for natural gas, and may turn into a hub for natural gas in South-East Europe. In this context, in 2020 DESFA concluded an agreement to become 20% partner in the project for an LNG floating storage and regasification unit in Alexandroupolis. The plant would strengthen source diversification for the Greek market and Greece's transit role to Bulgaria.

Fluxys and its consortium partners are offering their expertise as industrial partners so that DESFA can fully develop its strategic position in the Mediterranean. DESFA has also developed a new Network Development Plan that includes two major pipeline projects to respond to the phase-out of lignite-fired power generation under the National Climate Plan. Furthermore, in 2020 DESFA won a contract for operation and maintenance services at the new Al-Zour LNG import terminal in Kuwait, with commissioning scheduled for 2021.

Supporting small-scale LNG

Fluxys is fully committed to infrastructure and services to unlock small quantities of LNG as an alternative low-emission fuel for ships, freight transport or industrial sites that have no natural gas network nearby. Small-scale LNG infrastructure and the fleet of LNG-powered ships and trucks offer the advantage that no additional investments are needed to switch to carbon-neutral bio LNG as it becomes available.

Zeebrugge

At the Zeebrugge LNG terminal, LNG truck traffic increased by more than 20% in 2020 to nearly 3,200 loading operations, and the possibility of building additional loading bays is being investigated in order to be able to respond smoothly to rising demand.

Antwerp

At the port of Antwerp, Fluxys facilitates vessel bunkering with LNG trucks and in 2020 a permanent LNG bunkering point was opened for ships to refuel. Furthermore, the group teamed up with Titan LNG to build the LNG bunkering barge Flexfueler 002. Since March 2021, the ship has been making LNG more widely available in the port of Antwerp and the wider region.

Dunkirk

The LNG terminal in Dunkirk opened its first loading bay for LNG trucks in 2020 and the jetty has been modified to accommodate small LNG bunkering vessels.

Revithoussa

DESFA made the final investment decisions in 2020 to build a loading bay for LNG trucks at the LNG terminal in Revithoussa as well as a second jetty to accommodate small LNG ships.

Rostock

In 2020, Fluxys and Novatek continued exploring a project to build and operate a mid-scale LNG storage terminal in the port of Rostock in Germany. The terminal aims to offer small-scale LNG in North and Central Europe and in the Baltic Sea region.

A number of alternatives regarding the technical implementation of the project are still being examined before a final investment decision can be made. The further cooperation modalities are also being examined.

Be the transporter of the future energy carriers

Fluxys fully supports the climate targets set out in the Paris Agreement and the European Green Deal. Where the market is ready, we pave the way with our infrastructure for a hybrid energy future in which carbon-neutral molecules and renewable electricity complement one another in the energy system.

We support biomethane initiatives, invest in hydrogen and CO_2 transport projects and explore new technologies. The European Green Deal and the European recovery plan that took shape in 2020 in the wake of the pandemic created a momentum for Fluxys to proactively accelerate its energy transition strategy in Belgium.

In 2020, we specifically focused on:

our plan to join forces with industry, distribution system operators and other stakeholders in Belgium to develop our infrastructure, in line with the market, into a transmission system for carbon-neutral energy carriers and CO_2

BIOCH4

initiatives to develop the biomethane market

our Go for Net 0 project to halve our greenhouse gas emissions in Belgium on 2017 levels by 2025

Shaping the hydrogen and CO_2 infrastructure for Belgium

Fluxys is ready to build Belgium's gas network of the future. In 2020, we dvised a plan to use our infrastructure sustainably as a tool for the energy transitiion. In line with the European Commission's strategy and taking into account the necessary legal and regulatory evolutions, we can gradually transform and develop our infrastructure, thereby contributing to achieving climate neutrality in 2050.

With our experience in natural gas, we are joining forces with industry, distribution system operators and our other stakeholders to turn our infrastructure into complementary systems through which various molecules can flow which are key to the success of the energy transition:

- A system for transporting methane (in which carbon-neutral biomethane and synthetic methane will gradually replace natural gas)
- A system for transporting hydrogen (H_2)
- A system for transporting CO_2
- Possibly also infrastructure for other molecules needed for the energy transition

In other words: we intend to make the gas network increasingly available, in line with the market, for the transmission of carbon-neutral energy carriers and the transmission of CO_2 for the circular reuse or storage thereof. This will allow us to unlock new solutions for Belgian consumers in their efforts to achieve sustainable recovery and growth.

As repurposing existing infrastructure costs less and takes less time than building from scratch, we will reuse the natural gas network as much as possible when developing hydrogen and CO_2 infrastructure. In a densely populated country like Belgium, such an approach also means saving a lot of space.

HyFit: cooperation with UGent

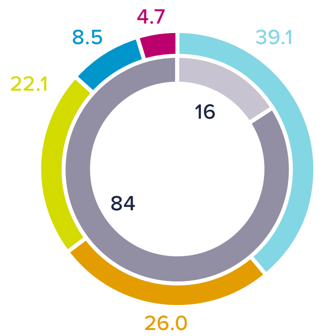
As part of the reconfiguration of part of the existing natural gas network for the transport of hydrogen, Fluxys has also launched a research programme with UGent (Ghent university) intended to devise a methodology for screening the existing network in order to determine the modalities for injecting hydrogen into the infrastructure.

Dual solution to drastically reduce CO_2 emissions

Almost 40% of Belgium's CO_2 emissions are generated by energy consumption or process emissions in industry. As large industrial companies are directly connected to the Fluxys network, reconfiguring our infrastructure offers a cost-efficient solution to cutting industrial CO_2 emissions, thereby making a major contribution to climate targets.

Belgium: breakdown of CO_2 emissions in 2018

(in million tonnes, source: klimaat.be)



- Industry
- Transport
- Residential heating
- Power generation
- Other
- Process emissions
- Energy use

Industrial processes for which electricity is not an option

A range of industrial processes require high temperatures where (carbon-neutral) electricity is not an option. Connecting these industries to hydrogen supply gives them an opportunity to switch to a carbon-neutral alternative. The same goes for industries that use carbon-intensive feedstock.

Industrial processes that produce CO_2

Capture and use or storage of CO_2 is considered an essential 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 particularly important for sectors that are difficult to decarbonise and involve industrial processes that intrinsically produce CO_2. Making infrastructure available for captured CO_2 transmission to destinations for reuse or storage is a cornerstone of this solution.

Step-wise approach keeping pace with the market

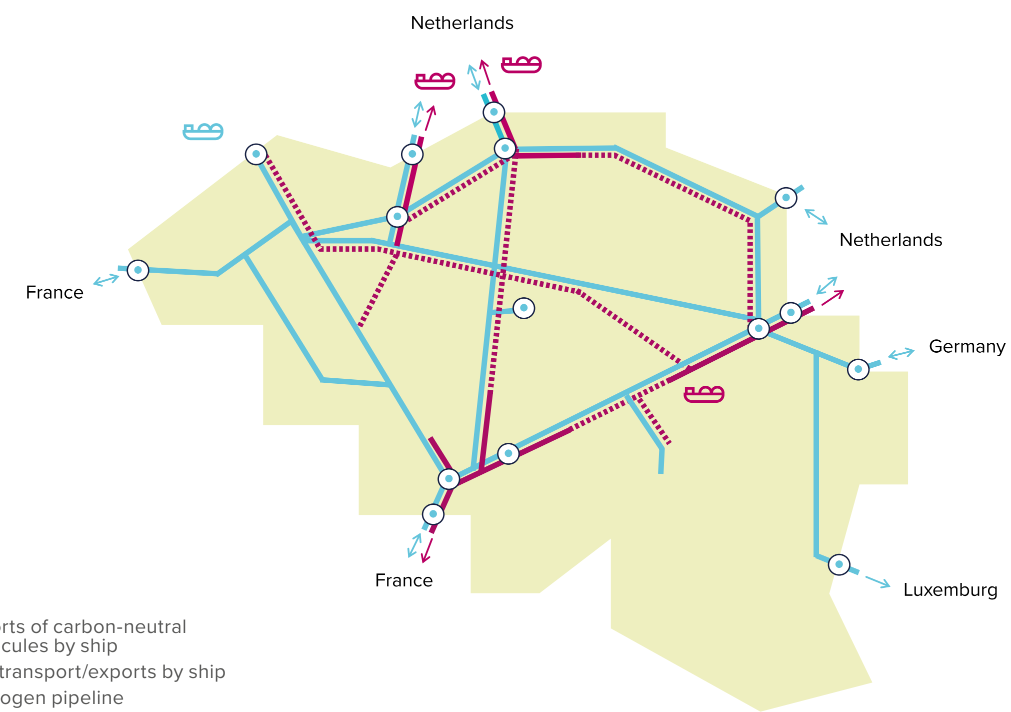
During a webinar held in early 2021, Fluxys presented its plan to the market: a step-by-step approach, in line with the market, to ensure that the required capacities are made available as and when needed and with sufficient economies of scale.

We will subsequently collect data from the first potential users of the hydrogen and CO_2 infrastructure to develop a clear overview of how market needs evolve geographically and over time.

We will use this as a basis for presenting to the market a design proposal for specific infrastructure needed initially and that may evolve at a later stage in line with changes in demand.

As per the approach set out in the European Commission's Hydrogen Strategy, we intend to work based on clusters and to establish connections with neighbouring countries from 2030 onwards in order to create a fully interconnected European infrastructure.

Hydrogen and CO_2 infrastructure for Belgium: vision 2050



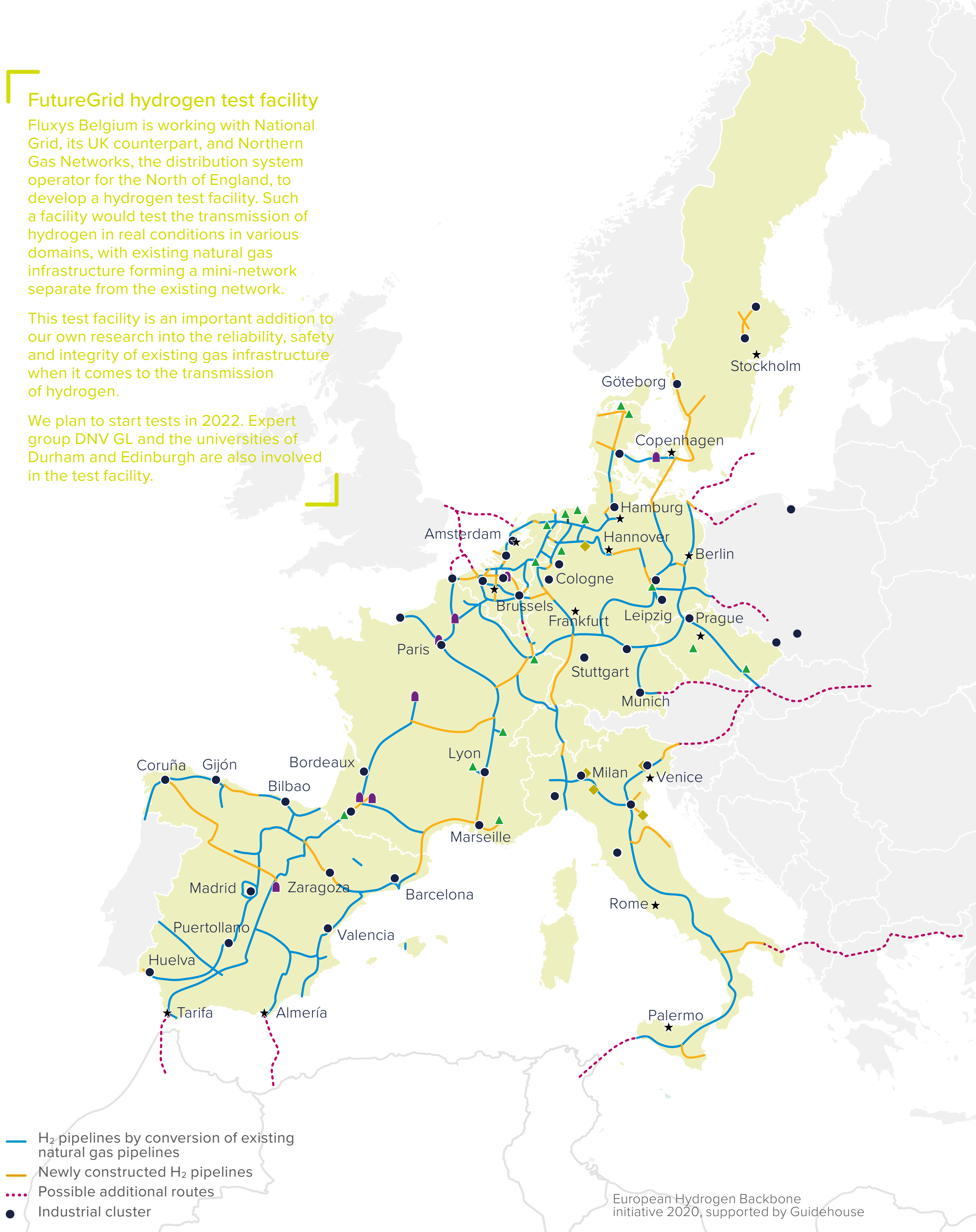
- Imports of carbon-neutral molecules by ship
- CO_2 transport/exports by ship
- Hydrogen pipeline
- CO_2 pipeline

FutureGrid hydrogen test facility

Fluxys Belgium is working with National Grid, its UK counterpart, and Northern Gas Networks, the distribution system operator for the North of England, to develop a hydrogen test facility. Such a facility would test the transmission of hydrogen in real conditions in various domains, with existing natural gas infrastructure forming a mini-network separate from the existing network.

This test facility is an important addition to our own research into the reliability, safety and integrity of existing gas infrastructure when it comes to the transmission of hydrogen.

We plan to start tests in 2022. Expert group DNV GL and the universities of Durham and Edinburgh are also involved in the test facility.



European Hydrogen Backbone initiative 2020, supported by Guidehouse

Embedded in Europe's hydrogen backbone

Other gas transmission system operators in Europe are also in the process of developing hydrogen infrastructure. In light of this, we see Belgium's hydrogen infrastructure becoming part of a European system and laying the foundations for consolidating and shoring up our role as the energy hub at the heart of North-West Europe for many years to come.

With this in mind, in 2020 Fluxys Belgium and 10 other gas transmission system operators drafted a plan for a Europe-wide hydrogen transmission network. This plan aligns with the Hydrogen Strategy launched by the European Commission last year as part of the Green Deal.

In Germany, Fluxys TENP as member of FNB Gas (the Association of Transmission System Operators for Gas) is actively involved in the market process to devise a plan for the development of hydrogen transmission infrastructure. Given the importance of the Transitgas pipeline as an axis for international transit and supply to Switzerland, FluxSwiss champions a national hydrogen strategy in line with the approach adopted within the European Union.

Other projects to develop the hydrogen market and chains for the capture and reuse/storage of CO_2

Fluxys is working with a range of partners on various projects to carve out a place for hydrogen as a carbon-neutral energy carrier and CO_2 capture and reuse/storage chains within the energy system and the wider economy.

Power-to-gas project with Eoly and Parkwind

The Hyoffwind green energy project aims to build a power-to-gas facility in Zeebrugge with Eoly (part of Colruyt Group) and Parkwind to use electrolysis to convert renewable electricity into green hydrogen. Fluxys' role in the project is separate from the commercial aspects related to the production and sale of green hydrogen.

Hyoffwind is envisaged as an industrial-scale facility with the capacity to electrolyse 25 MW of electricity (with the potential to scale capacity up to 100 MW) and would become the first of its kind in Belgium to provide such capacity. The final investment decision is expected in summer 2021.

Hydrogen imports

Any viable hydrogen sector requires enough renewable electricity to be generated to produce green hydrogen. However, at present Belgium only has limited potential to generate renewable electricity as a source of green hydrogen. As such, further technological developments will be needed in other ways to produce carbon-neutral hydrogen, and the import of carbon-neutral hydrogen is an important option to keep in mind if the hydrogen sector continues to grow.

In 2020, the Hydrogen Import Coalition (a collaboration between DEME, ENGIE, EXMAR, Fluxys, Port of Antwerp, Port of Zeebrugge and WaterstofNet) completed a large-scale industrial study mapping out the financial, technical and regulatory aspects of the entire hydrogen import chain, from production abroad to delivery via ships and pipelines to Belgium and inland distribution. The study concluded that the solution is both technically and economically feasible. This forms the basis of subsequent action, including pilot projects to supply green gases from countries where wind and sun are available in abundance.

The Hydrogen Import Coalition is supported by Flux50 and receives financial support from Flanders Innovation & Entrepreneurship.

H2GridLab

H2GridLab is an initiative to establish a participatory lab on the Anderlecht site of distribution system operator Sibelga to carry out tests, roll out pilot projects and broaden knowledge of green hydrogen, local storage thereof and injection into networks. Sibelga, technology experts John Cockerill and Fluxys are partners in this project. H2GridLab is supported by Belgium's federal Energy Transition Fund.

Hydrogen panels

Researchers from KU Leuven (Leuven university) have developed game-changing hydrogen panels that are a highly efficient means of producing green hydrogen from sunlight and water vapour present in the air. Fluxys installed several of these panels on the green roof of its Anderlecht lab in early 2021 with a view to joining forces with the university and conducting extensive tests for a year.

The measurements and analyses conducted at the Fluxys lab will highlight variations in the production profile and hydrogen composition depending on the direction of the panels, the weather conditions, the time of day and the season. Researchers from KU Leuven can then use these data to further hone the technology.

Antwerp@C

The Antwerp@C project is an initiative intended to halve CO_2 emissions in the port of Antwerp by 2030 by capturing and reusing/storing CO_2. Partners in the initiative are Air Liquide, BASF, Borealis, ExxonMobil, INEOS, Fluxys, Port of Antwerp and Total. In 2020, Antwerp@C was awarded a European subsidy from the Connecting Europe Facility. This will be used to conduct studies for an export terminal for liquid CO_2, a CO_2 pipeline in the port of Antwerp and a CO_2 pipeline to the Netherlands.

Co-financed by the Connecting Europe Facility of the European Union

Carbon Connect Delta

Capturing and reusing or storing CO_2 may make it possible to cut CO_2 emissions at North Sea Port (comprising the ports of Ghent in Belgium and Terneuzen and Vlissingen in the Netherlands) by 30%. With this in mind, Fluxys and the other members of a Belgian-Dutch consortium have launched the Carbon Connect Delta project, which will initially set out to examine the feasibility of carbon capture, use and storage. The results of the feasibility study are expected in mid-2021.

Power-to-methanol projects

Fluxys is also an infrastructure partner in two projects intended to set up chains for the sustainable production of methanol. Methanol is an essential multi-purpose raw material for the chemical industry and has many other applications as well. These projects are intended to produce sustainable methanol by reusing captured CO_2 in combination with sustainably produced hydrogen.

Power-to-Methanol Antwerp

The initiative plans to start building a demonstration plant by 2022 to produce 8,000 tonnes of sustainable methanol every year, avoiding at least an equivalent volume of CO_2 emissions. The partners in this project are ENGIE, Fluxys, Indaver, INOVYN, Oiltanking, Port of Antwerp and the Flemish Environmental Holding Company.

North-C-Methanol

Project in the Ghent part of North Sea Port aiming to produce 44,000 tonnes of green methanol and thus reduce CO_2 emissions by at least 140,000 tonnes. The partners in the project are North Sea Port, Alcobiofuel, ArcelorMittal, ENGIE, Fluxys, Mitsubishi Power, Oiltanking, PMV, POM Oost-Vlaanderen and Proman.

Helping to develop the biomethane market

Nascent market

Compared with neighbouring countries, biomethane production in Belgium is still at an early stage. Two biomethane facilities are currently operational (one in the Kempen region and one in Fleurus, which was commissioned in 2020).

Zeebrugge LNG Terminal: bio LNG

The Zeebrugge LNG terminal has become even more versatile. In 2020, the terminal obtained official certification as an EU-approved process plant for bio LNG.

Significant potential

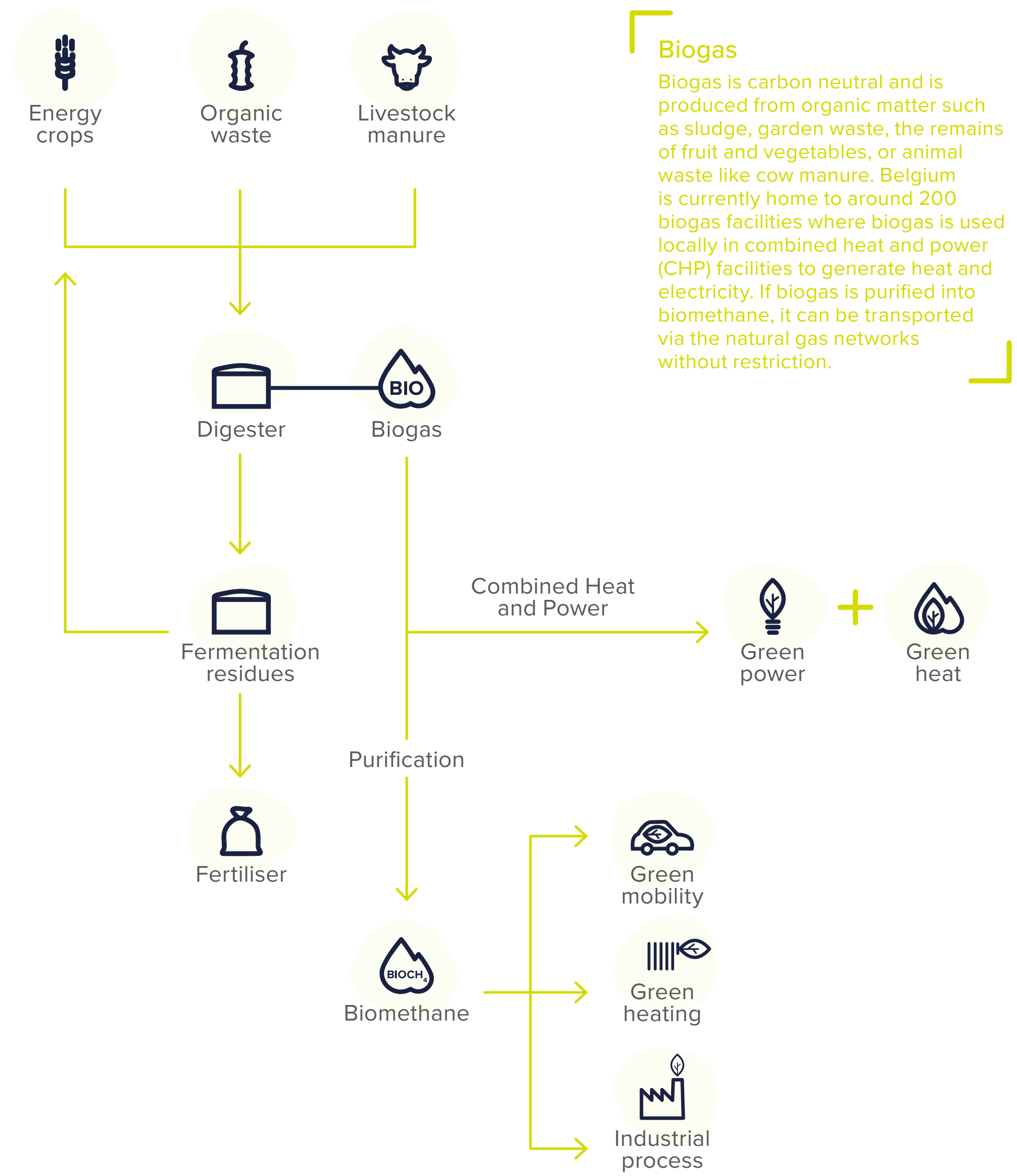
At the request of the Belgian gas federation gas.be, ValBiom carried out a study into the potential contribution of locally produced biogas in Belgium, concluding that biogas could make a contribution equal to 6% to 8% of current natural gas consumption. Biomethane can also be imported on a large scale, as the Fluxys Belgium gas network is optimally interconnected with all neighbouring countries. Cross-border exchanges of biomethane should be encouraged by developing an international system of guarantees of origin.

Producers: connecting to the network

To support the development of the biomethane market in Belgium, in 2020 we developed, in consultation with various stakeholders, an adapted standard contract for connecting biomethane producers to our network.

Working on certification systems

We are supporting the development of the biomethane chain in Belgium by actively contributing to the appropriate certification systems. These are key to enabling consumers to purchase green gas such as biomethane. Developing the demand market will in turn stimulate production-based initiatives.



Biogas

Biogas is carbon neutral and is produced from organic matter such as sludge, garden waste, the remains of fruit and vegetables, or animal waste like cow manure. Belgium is currently home to around 200 biogas facilities where biogas is used locally in combined heat and power (CHP) facilities to generate heat and electricity. If biogas is purified into biomethane, it can be transported via the natural gas networks without restriction.

Reducing our own climate impact

Ambitious project in Belgium

In Belgium, Fluxys is aiming for net zero greenhouse gas emissions and the first objective of our Go for Net 0 project is to halve these emissions on 2017 levels by 2025. To this end, it is rolling out various programmes designed to further reduce emissions from the operation of its infrastructure. The project's emission reduction targets were submitted to the Science Based Target initiative in 2020 for validation so as to open up this approach to greater external verification.[1]

The goal to halve our greenhouse gas emissions on 2017 levels by 2025 is particularly ambitious. It means that we are committed to reducing our greenhouse gas emissions in nominal terms from 223,000 tonnes to 111,000 tonnes. Moreover, we are doing this at a time when regasification activities at the Zeebrugge LNG terminal are increasing in line with the dynamics of the global LNG market.

Additional open rack vaporisers

In 2020, Fluxys Belgium looked into the possibility of constructing three additional open rack vaporisers (ORVs) at the LNG terminal in Zeebrugge. The investment decision was taken in early 2021 and commissioning is currently scheduled for 2024 and 2026. Based on the expected use of the terminal, the additional facilities will reduce energy consumption by 70-80% and thus substantially cut emissions.

1. The Science Based Targets initiative (SBTi) promotes ambitious climate initiatives among private companies by enabling them to set science-based emission reduction targets. The SBTi is a joint venture between the Carbon Disclosure Project, the United Nations Global Compact (UNGC), World Resources Institute (WRI) and the World Wide Fund for Nature (WWF).

Invest outside Europe

Over the past decade, Fluxys has become a leading partner for gas infrastructure projects in Europe. We want to continue evolving and seizing opportunities to become a preferred partner outside Europe as well. Despite the challenging situation brought about by the pandemic and the associated constraints, we managed to make good progress.

In 2020, we specifically focused on:

exploring markets and projects in Southeast Asia, with several projects under investigation

exploring markets and projects in South America, with several projects under investigation and an initial tangible project in Brazil in the closing stage

Sustainable growth on a broader geographical basis

Many regions outside Europe are expecting a sharp increase in gas demand to reconcile the need for additional energy with the challenges posed by climate change and air quality. For Fluxys this represents a dual opportunity, being an additional driver both for sustainable growth and for capitalising on the knowledge and expertise within the company on a broader geographical basis.

Outside Europe, Fluxys wants to be active in regions where good prospects for energy demand go hand in hand with a favourable investment climate and where the group's experience and expertise hold value for potential partners.
With this in mind, we focus on Southeast Asia and South America.

Offices in Singapore and Rio de Janeiro

Outside Europe, it is particularly important to have a local presence to acquire a broad knowledge of the market and carve out a reputation as an industrial partner. Fluxys therefore set up an office in Singapore in 2020 for its activities in Southeast Asia; most of our potential partners have an office in Singapore. For the South American market, an office is being set up in Rio de Janeiro, the energy centre par excellence in Brazil.

First project in South America

Fluxys is looking into several projects in South America and at the end of 2020 we concluded an agreement to become a minority partner in the Brazilian gas network operator Transportadora Brasileira Gasoduto Bolívia-Brasil (TBG). The transfer is expected to be completed in the second quarter of 2021.

Energy demand in Brazil looks to grow significantly, and natural gas, together with renewable energy sources, can satisfy such demand. TBG owns and operates the 2,600-km-long pipeline system that transports natural gas in southern Brazil.

The company is one of the three major gas pipeline operators in Brazil and its system covers more than a quarter of the country's main pipeline network.

Fluxys' aim is to provide TBG with its industrial experience and expertise in gas infrastructure and to support the company's development through this knowledge sharing. In addition to its expertise in operations, Fluxys has two decades of experience in regulatory gas market reforms like those being introduced in Brazil. Moreover, the pioneering work being carried out in Belgium to transport carbon-neutral molecules and CO_2 means that the company is gaining valuable expertise it can apply to future developments in Brazil's energy transition.

Exploring projects in Southeast Asia

In Southeast Asia Fluxys has managed to forge a network of contacts, build up brand awareness and get a good idea of what the most promising projects in the region are. A number of projects are being studied.

Our people and organisation

Our 1,300 employees remain our most important asset. Our results and success are down to their commitment and talents. Throughout the pandemic in 2020, we continued to invest in supporting the safety and well-being of our employees and keeping them connected.

In 2020, we specifically focused on:

staying safe at work together to guarantee our essential services, both at home and in the field

investing in our staff, transversal cooperation between teams and in our Employee Value Proposition (i.e. what we offer as an employer) to attract, secure and retain the right talents

enabling our organisation to move with our growth strategy and prepare for the 'future of work'

Special measures and initiatives regarding COVID-19

In 2020, we rolled out campaigns to support different ways of working during the pandemic: high numbers of staff worked from home, if their jobs allowed them to do so, while operational staff adopted an adapted working structure to ensure the continuity of service.

Keeping Fluxys, colleagues, teams and managers connected was a top priority. In addition to the support provided by the Digital Coaches on how to stay in touch safely and virtually via digital tools and applications, various campaigns and initiatives encouraged individuals and teams to share their experiences.

- Stronger Together: a campaign rolled out during the first lockdown to get individuals and operational teams to talk about their experiences in their specific work organisation.
- Let's shape our playlist: a campaign launched during the semi-lockdown, calling on employees to submit and share a song that reminds them of our purpose (shaping together a bright energy future).
- Local initiatives in the form of virtual activities were also organised to maintain the connection between the employees working at home.

Preparing for the future

We further honed our People & Organisation strategy in 2020 with a view to supporting the business strategy. The strategy is built on three clusters, each of which is intended to prepare our company for the future through annual initiatives and programmes.

- Transforming
- Developing future-proof employees
- Offering meaningful work as an attractive employer

Transforming

Guided by our purpose, we managed to respond quickly as an organisation to the pandemic in 2020. For example, our internal campaign Stronger Together continuously kept our employees up to date and connected.

Fluxys quickly shifted to greater digitalisation and adapted ways of working. Encouraged by this dynamic, we laid the foundations for major structural and organisational projects that will provide the leverage needed to transform our future challenges into new opportunities for our employees and our organisation.

Developing future-proof employees

Fluxys' competency management and professional development and training programmes are geared towards providing employees with the support they need to achieve both the company's objectives and their own goals.

In a bid to improve their employability, employees have at their disposal digital learning portals with e-learning modules, with each focusing on a specific skill. Digital skills were also given a considerable boost in 2020 with the help of Digital Coaches and by all employees working on these skills themselves.

Offering meaningful work as an attractive employer

As an attractive employer, Fluxys attaches great importance to 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 makes special efforts, using a variety of means, to systematically inform employees about the changes that 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.

Based on its company objectives, Fluxys assesses its future staffing needs to gain a clear overview of which competencies are required now and in the future. This includes a sustainable, future-oriented approach to recruitment: we want what we offer as an employer to give employees proper meaning to their work 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.

We are no stranger to the 'war for talent'. In a bid to win, in 2020 we further developed our Employee Value Proposition and started rolling out a new Employer Branding campaign.

Our employees are our ambassadors

Our purpose and our employees are central to our Employer Branding campaign. They are the ones who, as true ambassadors, tell us how exciting it is to work on the energy transition and what other benefits we offer as a growth company.

Encouraging diversity

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

Fluxys wants to use its Employer Branding communications to boost profile diversity and complementary so that candidates from different backgrounds, views or preferences feel welcome.

Constructive social dialogue

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

Financial situation: key statistics

Key financial data for 2020 (consolidated)

Income statement (in thousands of €)	31.12.2020	31.12.2019
Operating revenue	1,110,664	1,111,885
EBITDA*	739,528	744,274
EBIT*	320,883	350,168
Net profit	200,009	214,163
Balance sheet (in thousands of €)	**31.12.2020**	**31.12.2019**
Investments in property, plant and equipment for the period	136,642	281,002
Total property, plant and equipment	5,343,691	5,534,337
Equity	3,512,017	3,642,174
Net financial debt*	3,149,841	3,086,947
Total consolidated balance sheet	7,980,403	8,321,955
Financial ratios	**2020**	**2019**
Solvency Ratio of (i) net financial debt* and (ii) the sum of equity and net financial debt*	47%	46%
Interest coverage Ratio of (i) the sum of FFO* and interest expenses and (ii) interest expenses	8.7	9.7
Net financial debt*/extended RAB* Ratio of (i) net financial debt and (ii) extended RAB	49%	47%
FFO*/net financial debt* Ratio of (i) FFO and (ii) net financial debt	17%	19%
RCF*/net financial debt* Ratio of (i) RCF and (ii) net financial debt	11%	13%
Indicators	**31.12.2020**	**31.12.2019**
RAB* (in millions of €)	6,397.2	6,523.7
Transmission	2,935.0	2,939.7
Storage	235.6	239.7
LNG terminalling (in Belgium)	302.7	314.4
Property, plant and equipment outside RAB* (in millions of €)	2,924.0	3,029.9

* See glossary, p. 234

Fluxys NV/SA – 2020 results (consolidated)

Consolidation scope

There were no significant changes in the Fluxys NV/SA group's consolidation scope in 2020. Some noteworthy changes in the consolidation scope and shareholdings in the 2020 financial year are summarised below.

- The shareholding in Senfluga Energy Infrastructure Holding SA (Greece), which is accounted for using the equity method, was reduced from 20% to 18% in the first half of 2020.
- The 25% shareholding in LNG Link Investment AS (Norway) and the 25% shareholding in Mahon Shipping NV (Zeebrugge), both of which were accounted for using the equity method, were sold in the second half of the year, with no significant impact on the consolidated financial statements.
- The 51% shareholding in the joint venture e-loops GmbH (Germany) was also sold in the second half of the year, with no significant impact on the consolidated financial statements.
- The wholly-owned subsidiary Fluxys Interconnector Ltd (UK) was liquidated in November.

Operating revenue

The turnover of the Fluxys group, including movements of regulatory assets and liabilities, remained stable: €1,110.7 million in 2020 compared to €1,111.9 million in 2019.

Turnover from gas transmission activities rose slightly in Belgium (€8.5 million) and Germany (€5.0 million) but fell as expected at IUK (-€37.8 million) and FluxSwiss (-€13.1 million) after very strong sales in 2019, while turnover from LNG activities increased by €28.6 million in 2020.

Turnover consists of:

- €550.0 million from transmission, storage and terminalling and associated activities in Belgium, or 49.5% of total operating revenue, and;
- €560.1 million from activities outside Belgium, or 50.4% of total operating revenue.

EBIT

The Fluxys group generated an EBIT of €320.9 million in 2020, down €29.3 million on 2019 (€350.2 million). This drop mainly reflects a €24 million increase in provisions.

Net profit

The Fluxys group's net profit totalled €200.0 million in 2020, compared to €214.2 million in 2019 (a drop of €14.2 million).

Fluxys' share of this profit amounted to €146.1 million in 2020, compared to €152.0 million in 2019 (a drop of €5.9 million).

This development was expected, given the exceptionally strong levels of turnover achieved by IUK and FluxSwiss in 2019.

Investments in infrastructure projects

In 2020, the Fluxys group continued to invest in infrastructure in its three core activities (transmission, storage and LNG terminalling). Investments in Belgium (€42 million) were mainly dedicated to the Zeebrugge LNG terminal's transshipment facilities, while investments in physical infrastructure outside Belgium (€94 million) primarily went to the EUGAL project in Germany.

Financial participations

The Fluxys group invested €14 million in its financial participations, almost entirely in the TAP pipeline (€14 million).

Fluxys NV/SA – 2020 results (under Belgian GAAP)

Fluxys' net profit amounts to €127.5 million, compared to €135.9 million the previous year. The company's profit primarily consists of dividends paid out by Fluxys Belgium and Fluxys Europe.

If the proposed allocation of profit is approved at the General Meeting, the total gross dividend for the 2020 financial year will be €139.1 million, in line with 2019.

Outlook for 2021

Based on the information available at the time of this report, we do not anticipate the COVID-19 pandemic and the resulting market developments to have any significant impact on the consolidated result (see Note 1g in the Consolidated financial statements section).

Financial statements

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	31-12-2020	31-12-2019
I. Non-current assets		**7,422,543**	**7,688,165**
Property, plant and equipment	5.1	5,343,691	5,534,337
Intangible assets	5.2	1,343,083	1,422,230
Goodwill	5.3	128,613	128,613
Right-of-use assets	5.4	131,665	142,611
Investments in associates and joint ventures	5.5	264,334	255,357
Other financial assets	5.5/6	115,718	98,308
Finance lease receivables		9,234	0
Other receivables	5.7/6	82,224	97,596
Deferred tax assets		63	0
Other non-current assets	5.7	3,918	9,113
II. Current assets		**557,860**	**633,790**
Inventories	5.8	39,117	38,312
Other current financial assets	6	1,566	827
Finance lease receivables		422	0
Current tax receivables		13,101	15,771
Trade and other receivables	5.9/6	152,301	198,455
Cash investments	5.10/6	96,307	182,964
Cash and cash equivalents	5.10/6	220,585	163,777
Other current assets	5.11	34,461	33,684
Total assets		**7,980,403**	**8,321,955**

Consolidated Balance Sheet		In thousands of €	
	Notes	31-12-2020	31-12-2019
I. Equity	**5.12**	**3,512,017**	**3,642,174**
Equity attributable to the parent company's shareholders		2,124,459	2,152,189
Share capital and share premiums		*1,788,468*	*1,785,818*
Retained earnings and other reserves		*365,517*	*381,226*
Translation adjustments		*-29,526*	*-14,855*
Non-controlling interests		1,387,558	1,489,985
II. Non-current liabilities		**3,895,226**	**4,223,220**
Interest-bearing liabilities	5.13/6	2,977,406	3,318,201
Provisions	5.14.2	68,487	52,774
Provisions for employee benefits	5.15	81,614	71,608
Other non-current financial liabilities	6	11,260	6,616
Deferred tax liabilities	5.16	756,459	774,021
III. Current liabilities		**573,160**	**456,561**
Interest-bearing liabilities	5.13/6	404,340	238,738
Provisions	5.14.2	875	0
Provisions for employee benefits	5.15	5,633	4,876
Other current financial liabilities	6	124	1,541
Current tax payables		16,068	22,927
Trade and other payables	5.17/6	118,983	158,105
Other current liabilities		27,137	30,374
Total liabilities and equity		**7,980,403**	**8,321,955**

Consolidated income statement

Consolidated income statement			In thousands of €
	Notes	31-12-2020	31-12-2019
Operating revenue	4.1	1,110,664	1,111,885
Sales of gas related to balancing operations and operational needs		39,973	99,274
Other operating income	4.2	9,109	25,671
Consumables, merchandise and supplies used	4.3.1	-4,073	-7,990
Purchase of gas related to balancing of operations and operational needs		-39,643	-106,466
Miscellaneous goods and services	4.3.2	-221,694	-212,147
Employee expenses	4.3.3	-150,520	-143,499
Other operating expenses	4.3.4	-25,412	-26,221
Depreciations	4.3.5	-402,659	-401,163
Provisions	4.3.5	-16,382	7,625
Impairment losses	4.3.5	396	-568
Operating profit/loss from continuing operations		**299,759**	**346,401**
Earnings from associates and joint ventures	4.6	21,124	3,767
Profit/loss before financial result and tax		**320,883**	**350,168**
Change in the fair value of financial instruments	4.5.4	2,315	-5,288
Net profit on changes in the consolidation scope	4.4.1	0	0
Financial income	4.4.2	12,828	16,031
Finance costs	4.5	-79,622	-75,959
Profit/loss before tax		**256,404**	**284,952**
Income tax expenses	4.7	-56,395	-70,789
Net profit/loss for the period	4.8	**200,009**	**214,163**
Fluxys share		146,133	151,962
Non-controlling interests		53,876	62,201

Consolidated statement of comprehensive income

Consolidated statement of comprehensive income			In thousands of €
	Notes	31-12-2020	31-12-2019
Net profit/loss for the period	4.8	**200,009**	**214,163**
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of employee benefits	5.14.1	-7,488	-4,591
Income tax expense on these variances		1,870	1,446
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		-18,937	33,010
Net investments in foreign operations – Hedging instruments	6	-86	-2,150
Tax expenses on these foreign exchange hedging instruments		105	452
Cash flow hedges	6	-2,184	6,035
Tax expenses on these cash flow hedging instruments		642	-996
Other comprehensive income from investments in associates and joint ventures – Cash flow hedges		-16,911	-19,192
Other comprehensive income		**-42,989**	**14,014**
Comprehensive income for the period		**157,020**	**228,177**
Fluxys share		109,688	149,036
Non-controlling interests		47,332	79,141

Consolidated statement of changes in equity

Consolidated statement of changes in equity — In thousands of €

	Share capital	Share premium	Retained earnings	Cash flow hedges	Net investments in foreign operations	Reserves for employee benefits	Translation adjustments	Other comprehensive income	Equity attributable to the parent company's shareholders	Non-controlling interests	Total equity
I. CLOSING BALANCE AS AT 01-01-2019 restated	**1,704,019**	**81,452**	**367,635**	**-4,087**	**-2,242**	**-4,854**	**-34,479**	**34,250**	**2,141,694**	**1,480,999**	**3,622,693**
1. Net profit/loss for the period			151,962						151,962	62,201	214,163
2. Other comprehensive income				-16,134	-2,158	-4,217	19,624		-2,885	16,899	14,014
3. Dividends paid			-138,929						-138,929	-33,925	-172,854
4. Changes in the consolidation scope									0	0	0
5. Capital increases/decreases	291	56							347	-36,189	-35,842
6. Other changes			34,250					-34,250	0	0	0
II. CLOSING BALANCE AS AT 31-12-2019	**1,704,310**	**81,508**	**414,918**	**-20,221**	**-4,400**	**-9,071**	**-14,855**	**0**	**2,152,189**	**1,489,985**	**3,642,174**
1. Net profit/loss for the period			146,133						146,133	53,876	200,009
2. Other comprehensive income				-16,303	-424	-5,046	-14,671		-36,444	-6,545	-42,989
3. Dividends paid			-139,019						-139,019	-31,658	-170,677
4. Changes in the consolidation scope									0	0	0
5. Capital increases/decreases	2,225	425							2,650	-118,100	-115,450
6. Other changes								-1,050	-1,050	0	-1,050
III. CLOSING BALANCE AS AT 31-12-2020	**1,706,535**	**81,933**	**422,032**	**-36,524**	**-4,824**	**-14,117**	**-29,526**	**-1,050**	**2,124,459**	**1,387,558**	**3,512,017**

Consolidated statement of cash flows (indirect method)

Consolidated statement of cash flows (indirect method)	In thousands of €	
	31-12-2020	31-12-2019
I. Cash and cash equivalents, opening balance	**163,777**	**296,558**
II. Net cash flows from operating activities	**662,185**	**631,308**
1. Cash flows from operating activities	**726,731**	**727,120**
1.1. Operating profit/loss from continuing operations	**299,759**	**346,401**
1.2. Non cash adjustments	**423,998**	**383,076**
1.2.1. Depreciations	402,659	401,163
1.2.2. Provisions	16,382	-7,625
1.2.3. Impairment losses	-396	568
1.2.4. Translation adjustments	2,181	-18,690
1.2.5. Other non cash adjustments	3,172	7,660
1.3. Changes in working capital	**2,974**	**-2,357**
1.3.1. Decrease (increase) of inventories	-409	1,189
1.3.2. Decrease (increase) of tax receivables	2,670	-6,386
1.3.3. Decrease (increase) of trade and other receivables	46,154	-1,218
1.3.4. Decrease (increase) of other current assets	-1,260	-14,114
1.3.5. Increase (decrease) of tax payables	-2,671	6,387
1.3.6. Increase (decrease) of trade and other payables	-39,122	-3,908
1.3.7. Increase (decrease) of other current liabilities	-3,237	14,004
1.3.8. Other changes in working capital	849	1,689
2. Cash flows relating to other operating activities	**-64,545**	**-95,812**
2.1. Current tax paid	-73,925	-108,434
2.2. Interests from investments, cash and cash equivalents	6,262	8,321

Consolidated statement of cash flows (indirect method)	In thousands of €	
	31-12-2020	31-12-2019
2.3. Inflows related to associates and joint ventures (dividends received)	3,650	0
2.4. Other inflows (outflows) relating to other operating activities	-532	4,301
III. Net cash flows relating to investment activities	**-73,821**	**-233,592**
1. Acquisitions	**-186,906**	**-350,671**
1.1. Payments to acquire property, plant and equipment, and intangible assets	-147,051	-304,392
1.2. Payments to acquire subsidiaries, joint arrangements or associates	-13,936	-34,395
1.3. Payments to acquire other financial assets	-25,919	-11,884
2. Disposals	**26,324**	**29,626**
2.1. Proceeds from disposal of property, plant and equipment, and intangible assets	3,330	368
2.2. Proceeds from disposal of subsidiaries, joint arrangements or associates	5,626	7,329
2.3. Proceeds from disposal of other financial assets	17,368	21,929
3. Dividends received classified as investment activities	**0**	**0**
4. Subsidies received	**0**	**0**
5. Increase (-)/ Decrease (+) of cash investments	**86,761**	**87,453**
IV. Net cash flows relating to financing activities	**-530,378**	**-533,362**
1. Proceeds from cash flows from financing	**70,314**	**155,087**
1.1. Proceeds from issuance of equity instruments	2,650	347
1.2. Proceeds from issuance of treasury shares	0	0
1.3. Proceeds from finance leases	0	0
1.4. Proceeds from other non-current assets	5,463	-10,217
1.5. Proceeds from issuance of compound financial instruments	0	0
1.6. Proceeds from issuance of other financial liabilities	62,201	164,957

Consolidated statement of cash flows (indirect method)	In thousands of €	
	31-12-2020	31-12-2019
2. Repayments relating to cash flows from financing	**-362,216**	**-449,362**
2.1. Repurchase of equity instruments subsequently cancelled	0	0
2.2. Repayment of capital to non-controlling shareholders	-118,100	-32,676
2.3. Repayment of lease liabilities	-19,949	-17,645
2.4. Redemption of compound financial instruments	0	0
2.5. Repayment of other financial liabilities	-224,167	-399,041
3. Interests	**-67,799**	**-66,232**
3.1. Interest paid classified as financing	-67,981	-66,232
3.2. Interest received classified as financing	182	0
4. Dividends paid	**-170,677**	**-172,854**
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	**57,986**	**-135,646**
Translation adjustments in cash and cash equivalents	-1,179	2,865
VI. Cash and cash equivalents, closing balance	**220,585**	**163,777**

Notes

Note 1a. Shareholder structure and capital increases

As at 31 December 2020, Fluxys' shareholder structure was as follows:

- 77.45%: Publigas
- 19.88%: Caisse de dépôt et placement du Québec
- 2.13%: SFPI (Federal Holding and Investment Company)
- 0.54%: employees and management

In 2020, Fluxys proceeded to a capital increase for the group's employees and management of a total of €2.7m.

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 approved 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 5.14 and 7) and for pension and related liabilities (see Note 5.15).

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 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 via the operating revenue to the balance sheet in the interest-bearing liabilities (non-current and current - See Notes 5.13.4 and 5.13.5).

The regulatory assets are accounted for (in other non-current receivables or in the current trade and other receivables in the balance sheet) when the regulated revenue received is lower than the real costs to be covered by the authorised regulated tariffs. These latter are recognised inasmuch as the group considers their recovery highly likely.

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 31 March 2021.

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 2020:

- Amendments to IAS 1 and IAS 8 Definition of 'Material'
- Amendments to IFRS 3 Business Combinations: Definition of a Business
- Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform – Phase 1
- Amendments to references to the Conceptual Framework in IFRS standards

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 2021 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:

- IFRS 17 Insurance contracts (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts — Cost of Fulfilling a Contract (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)
- Amendment to IFRS 4 Insurance Contracts – deferral of IFRS 9 (applicable for annual periods beginning on or after 1 January 2021)
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (applicable for annual periods beginning on or after 1 January 2021)
- Amendment to IFRS 16 Leases: COVID-19-Related Rent Concessions (applicable for annual periods beginning on or after 1 June 2020)
- Annual Improvements to IFRS Standards 2018–2020 (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)

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.

The IASB has issued a reform of interest rate benchmarks. Phase 2 of the reform will only apply and be endorsed by the EU from 1 January 2021.

The amendments allow entities to reflect the effects of transition from the interest rate benchmarks, such as Interbank Offered Rates (IBORs), to alternative benchmarks, without generating accounting effects that would not contribute any useful information to users of financial statements.

The Fluxys group has identified the financial instruments that would be affected by phase 2 of the reform next year, which are for the time being limited to two bank loans and some finance leases. The estimated impact of the reform on the group is immaterial.

Note 1g. Impact of COVID-19

The COVID-19 pandemic has had a great impact on society since the beginning of 2020. Saving human lives and maintaining the health sector has required lockdowns and several other measures, with the sole aim of tackling this crisis. These measures do, however, have considerable economic consequences.

It is clear that the pandemic also has consequences for our sector. This is why, since the virus first emerged, Fluxys group has taken all the necessary measures to combat its spread, to continue to guarantee the supply of gas to customers, adopt a social role in society and pursue the Fluxys group’s business whilst ensuring sound financial management.

Bearing in mind the nature of our activities, the effect of the pandemic on our results is, nonetheless, very limited. We have not observed a significant impact in 2020, and we do not expect considerable effects for 2021.

The impact on our results for the year 2020 was, in fact, very limited:

- The Fluxys SA group, with the help of its shareholders, has made donations of a total of almost €1 million to non-profits such as 'Médecins sans Frontières' and 'fnrs', as well as conducting other social initiatives such as our own production of 3D-printed masks. There has also been volunteer work and in-kind donations.
- The Fluxys SA group's sales have not suffered any material effects of the COVID-19 pandemic, although vigilance is still required. The global nature of the pandemic and the increased volatility of energy markets influence flows of natural gas and other molecules, and consequently also our transmission, storage and terminalling business.
- Certain investments (CAPEX) have seen slight delays due to the sanitary measures required, essentially during the lockdown in the first half of the year, which led to a slowdown in supply and in the progress of major works. Part of this delay was caught up with in the second half of 2020. As a consequence, the RAB is almost unaffected, and given that the profit permitted under the current regulations is not influenced by COVID-19, no impairment is required under IAS 36 as at year-end 2020.
- Given the material impact on the markets and on a number of companies, we have been particularly vigilant to monitor our receivables and the associated credit risk. Here too, we have not observed a material impact, which is explained by the fact that our customers are generally major companies with solid financial reserves. There is therefore no significant change in impairments for expected credit losses under IFRS 9 as compared with the financial situation at year-end 2019.
- Finally, an impact we have monitored and managed concerns the effect on our pension obligations and their coverage by plan assets. Stock market fluctuations in the first half of the year caused a decline in these assets, but this negative evolution was already caught up with in the second half of the year (see Note 5.15 on provisions for employee benefits (IAS 19)).

We can therefore conclude that the impact of the COVID-19 pandemic on our annual results is very limited, and we do not anticipate any significant impact on our financial situation for 2021.

Note 2. Accounting principles and policies

The accounting principles and policies were approved at the Fluxys Board of Directors meeting of 31 March 2021.

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 5.13).

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 reported and recognised as regulatory liabilities (under interest-bearing liabilities, current or non-current), whereas losses are included in operating revenue to offset the accounting of regulatory assets (under other non-current assets or in current trade and other receivables).

The regulatory framework is explained in further detail in chapter 10 of 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.

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 changed as follows in 2020: disposals of stakes in LNG Link Investment, Mahon Shipping and E-loops, liquidation of Fluxys Interconnector, stake in the Power to Methanol Antwerp consortium.

The ownership of Senfluga and Senfluga 2 has also varied, albeit not significantly.

3.1.1 Most significant evolution of participations

LNG Link Investment

The stake in LNG Link Investment (25%) was disposed of on 8 September 2020, for €2,275 thousand, generating a disposal result of €1,972 thousand in the consolidated financial statements.

Mahon Shipping

The stake in Mahon Shipping (25%) was also disposed of during the second half of the year, for an amount of €225 thousand (ensuing in a consolidated loss of €322 thousand).

Power to Methanol Antwerp

A consortium for the sustainable production of methanol has been established this year, in conjunction with six other partners.

Fluxys SA’s stake in this joint control is 1/7 (€100 thousand).

Senfluga

The Group has realised a loss of €1,291 thousand on the 2% reduction in its stake in Senfluga.

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 and the Strategic Committee 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 or any advice of the strategic Committee 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 €171.7 million as at 31-12-2020 compared to €169.9 million as at 31-12-2019.

3.4. Information on investments

Fully consolidated entities						
Name of the company	Registered office	Entity number	% ownership	Core business	Currency	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 SRL	Rue Guimard 4 B - 1040 Brussels	0712 615 547	100.00%	International activity	€	31 December
FLUXYS BBL BV	Lage Ham 45 NL – 5102 AA Dongen	-	100.00%	Gas transmission	€	31 December
Fluxys Germany Holding GmbH	Elisabethstr. 11 D - 40217 Düsseldorf	-	100.00%	Holding	€	31 December
FLUXYS DEUTSCHLAND GmbH	Elisabethstr. 11 D - 40217 Düsseldorf	-	100.00%	Gas transmission	€	31 December
FLUXYS TENP GmbH	Elisabethstr. 11 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 Road GB - Cambridge CB2 8FH	-	100.00%	International activity	GBP	31 December
GMSL Ltd	Clarendon Road GB - Cambridge CB2 8FH	-	100.00%	Services	GBP	31 December
FLUXYS INTERCONNECTOR Ltd (*)	Clarendon Road GB - Cambridge CB2 8FH	-	100.00%	International activity	GBP	31 December
INTERCONNECTOR (UK) Ltd	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	Bld de Sébastopol F - 75001 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 UK Ltd (company registration number 09829068) is exempted from the obligation of an external audit following a request for exemption in accordance with section 479a of the 'Companies Act 2016' and for which Fluxys Europe is guarantor for the debts outstanding on the balance sheet date. The outstanding financial debts on 31 December 2020 correspond exclusively to intragroup debts.

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

Name of the company	Registered office	Entity number	% ownership	Core business	Cur-rency	Balance sheet date
TENP KG	Gladbecker Strasse 425 D - 45329 Essen	-	49.00%	Leasing of facilities and services	€	31 December
Transitgas AG	Franklinstrasse 27 CH - 8050 Zurich	-	46.00%	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)	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 €

	31-12-2020*	31-12-2020*	31-12-2020*	31-12-2020*	31-12-2020*	31-12-2020*
100 %	Fluxys Belgium Group	Swiss Group**	Intercon-nector (UK)	Dunkerque LNG	Other subsidiaries	TOTAL
Non-current assets	2,351,194	937,997	443,901	2,656,510		
Current assets	533,865	50,186	47,700	130,930		
Equity	755,303	576,481	336,224	1,564,639		
Non-current liabilities	1,858,004	324,099	128,555	1,195,558		
Current liabilities	271,752	87,603	26,822	27,243		
Operating revenue	599,667	180,247	50,707	202,029		
Operating expenses	-474,951	-80,402	-45,645	-170,083		
Net financial result	-39,811	-14,098	239	-9,300		
Income tax expenses	-18,243	-15,115	-2,152	-5,990		
Net profit/loss for the period	66,662	70,632	3,149	16,656		
Balance sheet - Non-controlling interests	75,525	284,493	79,907	1,077,888	-130,255	**1,387,558**
Profit/loss – Non-controlling interests	6,666	34,856	791	11,594	-31	**53,876**

* 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 €
	31-12-2019*	31-12-2019*	31-12-2019*	31-12-2019*	31-12-2019*	31-12-2019*
100 %	Fluxys Belgium Group	Swiss Group**	Inter-connector (UK)	Dunkerque LNG Holding	Other Subsidiaries	TOTAL
Non-current assets	2,469,302	982,207	493,779	2,548,687		
Current assets	562,056	65,576	44,163	230,146		
Equity	785,516	547,566	361,080	1,559,202		
Non-current liabilities	1,998,428	413,945	148,054	1,173,580		
Current liabilities	247,414	86,272	28,808	46,051		
Operating revenue	627,215	196,064	87,338	202,330		
Operating expenses	-501,139	-86,980	-60,417	-162,877		
Net financial result	-36,685	-17,015	-228	-11,451		
Income tax expenses	-26,065	-17,895	-3,937	-6,449		
Net profit/loss for the period	63,326	74,174	22,756	21,553		
Balance sheet - Non-controlling interests	78,550	270,224	85,795	1,085,278	-29,862	**1,489,985**
Profit/loss – Non-controlling interests	6,333	36,605	5,379	13,927	-43	**62,201**

* 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 GmbH	Gladbecker Strasse 425 D - 45329 Essen	-	50.00%	Services	€	31 December
BALANSYS SA	rue de Bouillon 59-61 L-1248 Luxembourg	-	50.00%	Balancing operator	€	31 December
POWER TO METHANOL ANTWERP BV	Scheldelaan 480 B - 2040 Antwerpen	0746.607.812	14.39%	Energy Transition	€	31 December
ROSTOCK LNG GmbH	Elisabethstr, 11 D - 40217 Düsseldorf	-	51.00%	LNG terminalling	€	31 December

Equity accounted investees - Associates						
Name of the company	**Registered office**	**Entity number**	**% ownership**	**Core business**	**Currency**	**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
SENFLUGA 2 SRL	Rue Guimard 4 B – 1040 Bruxelles	0743.842.421	20.00%	Holding	€	31 December
DESFA	Mesogion Av, 357-359 GR - 15231 Chalandri, Athens	-	11,88%	Gas transmission	€	31 December

Financial statements of equity accounted investees				In thousands of €
	31-12-2020*	31-12-2020*	31-12-2020*	31-12-2020*
100 %	Senfluga Energy Infrastructure Holdings**	Trans Adriatic Pipeline AG	Other companies	TOTAL
Non-current assets	821,065	4,763,297		
Current assets	240,174	320,502		
Equity	523,909	1,131,195		
Non-current liabilities	427,105	3,798,752		
Current liabilities	110,225	153,852		
Operating revenue	246,841	166,341		
Operating expenses	-116,462	-66,700		
Net financial result	-18,944	-12,444		
Investments in associates	-8	0		
Income tax expenses	-30,400	-12,032		
Net profit/loss for the period	81,027	75,165		
Investments in associates & JV	45,916	214,927	3,491	**264,334**
Result from investments in associates & JV	9,074	14,281	-2,231	**21,124**

* 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 €
	31-12-2019*	31-12-2019*	31-12-2019*	31-12-2019*
100 %	Senfluga Energy Infrastructure Holdings**	Trans Adriatic Pipeline AG	Other companies	TOTAL
Non-current assets	838,493	4,229,413		
Current assets	220,254	155,159		
Equity	487,702	1,063,176		
Non-current liabilities	466,407	3,110,168		
Current liabilities	104,638	211,228		
Operating revenue	257,124	2,892		
Operating expenses	-116,764	-42,537		
Net financial result	-19,583	1,712		
Investments in associates	0	0		
Income tax expenses	-33,640	-45		
Net profit/loss for the period	87,137	-37,978		
Investments in associates & JV	46,253	202,003	7,101	**255,357**
Result from investments in associates & JV	10,921	-7,216	62	**3,767**

* 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**
BOOSTHEAT SA	Bld Marcel Sembat 41-47 F-69200 Venissieux	4,22%	Innovation in natural gas usage
NETCONNECT GERMANY GmbH & Co KG	Kaiserswerther Strasse 115 D-40880 Ratingen	16,50%	Conduct market area corporation
NETCONNECT GERMANY MANAGEMENT GmbH	Kaiserswerther Strasse 115 D-40880 Ratingen	16,50%	Conduct market area corporation
PRISMA EUROPEAN CAPACITY PLATFORM GmbH	Reichsstrasse 1-9 D - 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	9,70%	Purchasing portal

The Fluxys group holds, through the Interconnector (UK) group, 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 (UK) group has subscribed to the bonds issued by FL Zeebrugge NV with a view to partially financing the assets provided under finance lease. The Interconnector (UK) group has a purchase option on these assets provided under finance lease which can be exercised until 2025. Although this entity is not consolidated, the assets held under finance lease are recognised in the balance sheet of the group as right-of-use assets with a lease debt as counterparty.

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[1], making facilities or persons available as well as work for third parties.
- The Europe segment comprises the revenue generated by the transmission facilities in Germany, Switzerland, between Zeebrugge in Belgium and Bacton in the UK (IUK) 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 and Desfa.
- 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.

[1] 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 31-12-2020					In thousands of €
	Fluxys Belgium	Fluxys Europe	Unallocated	Elimination between segments	Total
Operating revenue	**560,590**	**560,068**	**7,552**	**-17,546**	**1,110,664**
Sales and services to external customers	476,566	558,133	645	0	1,035,344
Transactions with other segments	10,638	1	6,907	-17,546	0
Changes in regulatory assets and liabilities	73,386	1,934	0	0	75,320
Sales of gas related to balancing operations and operational needs	26,887	13,086	0	0	39,973
Sales of gas related to balancing of operations and operational needs	33,270	13,086	0	0	46,356
Sales of gas related to balancing of operations and operational needs – Regulatory changes	-6,383	0	0	0	-6,383
Other operating income	12,191	3,413	1,008	-7,503	9,109
Consumables, merchandise and supplies used	-2,970	-1,103	0	0	-4,073
Purchase of gas related to balancing of operations and operational needs	-26,886	-12,787	0	30	-39,643
Miscellaneous goods and services	-140,410	-93,881	-12,422	25,019	-221,694
Employee expenses	-110,544	-29,248	-10,728	0	-150,520
Other operating expenses	-5,235	-20,173	-4	0	-25,412
Depreciation and amortisation	-183,300	-218,896	-463	0	-402,659
Provisions for risks and charges	-6,155	-10,194	-33	0	-16,382
Impairment losses	548	-131	-21	0	396
Operating profit/loss from continuing operations	**124,716**	**190,154**	**-15,111**	**0**	**299,759**
Earnings from associates and joint ventures	0	21,124	0	0	21,124
Profit/loss before financial result and tax	**124,716**	**211,278**	**-15,111**	**0**	**320,883**
Change in the fair value of financial instruments					2,315
Net profit on changes in the consolidation scope					0
Financial income					12,828
Finance costs					-79,622
Profit/loss before taxes					**256,404**
Income tax expenses					-56,395
Net profit/loss for the period					**200,009**

Segment income statement at 31-12-2019					In thousands of €
	Fluxys Belgium	Fluxys Europe	Unallocated	Elimination between segments	Total
Operating revenue	**530,995**	**589,595**	**7,403**	**-16,108**	**1,111,885**
Sales and services to external customers	*489,041*	*602,418*	*-47*	*0*	*1,091,412*
Transactions with other segments	*8,658*	*0*	*7,450*	*-16,108*	*0*
Changes in regulatory assets and liabilities	*33,296*	*-12,823*	*0*	*0*	*20,473*
Sales of gas related to balancing operations and operational needs	**80,182**	**19,092**	**0**	**0**	**99,274**
Sales of gas related to balancing of operations and operational needs	*96,154*	*19,092*	*0*	*0*	*115,246*
Sales of gas related to balancing of operations and operational needs – Regulatory changes	*-15,972*	*0*	*0*	*0*	*-15,972*
Other operating income	16,038	16,105	2,027	-8,499	25,671
Consumables, merchandise and supplies used	-7,898	-92	0	0	-7,990
Purchase of gas related to balancing of operations and operational needs	-80,188	-26,278	0	0	-106,466
Miscellaneous goods and services	-129,584	-97,076	-10,094	24,607	-212,147
Employee expenses	-107,508	-26,021	-9,970	0	-143,499
Other operating expenses	-4,700	-21,509	-12	0	-26,221
Depreciation and amortisation	-166,721	-234,205	-237	0	-401,163
Provisions for risks and charges	-3,995	11,643	-23	0	7,625
Impairment losses	-546	-22	0	0	-568
Operating profit/loss from continuing operations	**126,075**	**231,232**	**-10,906**	**0**	**346,401**
Earnings from associates and joint ventures	0	3,767	0	0	3,767
Profit/loss before financial result and tax	**126,075**	**234,999**	**-10,906**	**0**	**350,168**
Change in the fair value of financial instruments					-5,288
Net profit on changes in the consolidation scope					0
Financial income					16,031
Finance costs					-75,959
Profit/loss before taxes					**284,952**
Income tax expenses					-70,789
Net profit/loss for the period					**214,163**

Note 4.1. Operating revenue

Analysis of operating revenue by business segment:

Operating revenue				In thousands of €
	Notes	31-12-2020	31-12-2019	Change
Fluxys Belgium	4.1.1	549,952	522,337	27,615
Fluxys Europe and corporate	4.1.2	560,712	589,548	-28,836
Total		**1,110,664**	**1,111,885**	**-1,221**

Operating revenue for 2020 was €1,110,664 thousand compared with €1,111,885 thousand in 2019. The split per country is as follows:

Operating revenue by country under IFRS as at 31-12-2020							In thousands of €
	Belgium	Germany	England	Netherlands	Switzerland	France	TOTAL
Regulated	549,952	108,798	0	0	0	0	**658,750**
Non-regulated	0	0	13,631	0	168,613	0	**182,244**
Exempted & interconnections	0	0	48,645	18,191	0	201,857	**268,693**
Others	645	0	0	332	0	0	**977**
Total	**550,597**	**108,798**	**62,276**	**18,523**	**168,613**	**201,857**	**1,110,664**

Operating revenue by country under IFRS as at 31-12-2019							In thousands of €
	Belgium	Germany	England	Netherlands	Switzerland	France	TOTAL
Regulated	522,337	105,189	0	0	0	0	**627,526**
Non-regulated	0	0	13,716	0	181,747	0	**195,463**
Exempted & interconnections	0	0	83,329	15,909	0	189,356	**288,594**
Others	-47	0	0	349	0	0	**302**
Total	**522,290**	**105,189**	**97,045**	**16,258**	**181,747**	**189,356**	**1,111,885**

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 authorised return on capital invested and to cover the operating expenses related to these services, while integrating the productivity, operational and environmental incentives to be accomplished by the network operator, as well as permitted depreciation.

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

The bulk of the increase in sales and regulated services relates to terminalling activities, which can primarily be explained by the commissioning at the end of 2019 of the fifth tank at the Zeebrugge LNG Terminal, followed by the launch of ship-to-ship transshipment services. The revenue from these activities is in line with the tariff proposal of July 2020.

The remainder of the increase can be explained by the transmission and storage activities.

4.1.2. The ‘Fluxys Europe’ segment comprises mainly revenues generated by transmission facilities in Switzerland, Germany, between Bacton in the United Kingdom and Zeebrugge in Belgium (Interconnector UK) 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 increase in operating revenue in Belgium is compensated by the decrease in revenue in the ‘Fluxys Europe’ segment, and more specifically by the decrease in Interconnector (UK) (-€34,769 thousand) and in Switzerland (-€13,134 thousand), the group having realised exceptional results for these two subsidiaries the previous year.

Sales of gas related to balancing operations and operational needs

The figures for sales as well as purchases of gas for balancing operations and operational needs have decreased significantly in 2020 compared to the previous year, partly because these activities fluctuate strongly by their nature, and also because these activities have been taken over by Balansys since June 1st 2020. Balansys is a joint venture and is accounted for by the equity method in the consolidated accounts. As a consequence, the sales and purchases of gas for balancing operations that have been realised since June 2020 are no longer reflected in these line items. It should be noted that the balancing services may not generate profits; they are neutral in the results.

Note 4.2. Other operating income

Other operating income			In thousands of €
	31-12-2020	31-12-2019	Change
Other operating income	9,109	25,671	-16,562

Other operating income mainly comprises various recoveries from insurance companies and other debtors and income earned from energy certificates and supplying property or people.

Note 4.3. Operating expenses

Operating expenses excluding depreciations, impairment losses and provisions			In thousands of €
	Notes	31-12-2020	31-12-2019
Consumables, merchandise and supplies used	4.3.1	-4,073	-7,990
Miscellaneous goods and services	4.3.2	-221,694	-212,147
Employee expenses	4.3.3	-150,520	-143,499
Other operating expenses	4.3.4	-25,412	-26,221
Total operating expenses		**-401,699**	**-389,857**

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 €	31-12-2020	31-12-2019
Purchase of equipment	-15,752	-26,589
Rent and rental charges (1)	-14,264	-15,623
Maintenance and repair expenses	-50,650	-42,909
Goods and services supplied to the group	-10,733	-9,510
Third-party remuneration	-63,003	-49,382
Royalties and contributions	-41,290	-43,704
Non-personnel related insurance costs	-15,148	-12,065
Other miscellaneous goods and services	-10,854	-12,365
Total	**-221,694**	**-212,147**

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

Goods and services went up in 2020. This increase is mainly due to increased IT, insurance and maintenance costs, as well as costs for consultancy and studies for both growth and energy transition projects. This is compensated in part by a reduction in purchase of equipment.

4.3.3. Employee expenses

Employee expenses are up €7,021 thousand.

This change can be explained in particular by the increase in the average headcount, indexations and additional contributions to pension funds.

The group's average headcount was 1,276 in 2020 compared with 1,245 in 2019. Expressed in FTE (full-time equivalents), these figures convert to 1,228.7 in 2020 compared to 1,207.6 in 2019.

Workforce				
	Financial year		Preceding financial year	
	Total number of staff	Total in FTE	Total number of staff	Total in FTE
Average number of employees	**1,276**	**1,228.7**	**1,245**	**1,207.6**
Fluxys	**69**	**62.2**	**54**	**55.3**
Executives	*56*	*49.9*	43	45.1
Employees	*13*	*12.3*	11	10.2
Fluxys Belgium	**852**	**820.8**	**855**	**824.2**
Executives	281	273.0	268	261.3
Employees	571	547.8	587	562.9
Fluxys LNG	**46**	**44.9**	**41**	**40.3**
Executives	4	3.8	4	4.0
Employees	42	41.1	37	36.3
Flux Re	**1**	**0.5**	**1**	**0.5**
Fluxys Europe	**3**	**2.0**	**0**	**0.0**
FluxSwiss	**7**	**7.0**	**7**	**7.3**
Fluxys TENP	**13**	**13.1**	**12**	**11.6**
Fluxys Deutschland	**6**	**5.2**	**5**	**4.2**
GMSL	**100**	**99.4**	**97**	**96.1**
Fluxys BBL	**1**	**0.1**	**1**	**0.1**
Transitgas	**53**	**49.1**	**53**	**49.7**
Tenp KG	**2**	**1.6**	**2**	**1.6**
Interconnector (UK)	**50**	**50.0**	**45**	**44.9**
Gaz-Opale	**59**	**58.5**	**56**	**56.3**
Dunkerque LNG	**14**	**14.3**	**16**	**15.5**

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	**1,301**	**1,250.5**	**1,249**	**1,213.5**
Fluxys	**62**	**54.2**	**57**	**57.2**
Executives	*50*	*42.6*	45	46.1
Employees	*12*	*11.6*	12	11.1
Fluxys Belgium	**861**	**832.4**	**852**	**822.3**
Executives	292	284.5	269	262.6
Employees	569	547.9	583	559.7
Fluxys LNG	**48**	**47.0**	**45**	**44.2**
Executives	4	3.8	4	3.8
Employees	44	43.2	41	40.4
Flux Re	**1**	**0.5**	**1**	**0.5**
Fluxys Europe	**13**	**8.0**	**0**	**0.0**
FluxSwiss	**7**	**7.0**	**7**	**7.0**
Fluxys TENP	**14**	**14.0**	**13**	**13.0**
Fluxys Deutschland	**6**	**5.1**	**5**	**4.8**
GMSL	**104**	**103.4**	**96**	**95.5**
Fluxys BBL	**1**	**0.1**	**1**	**0.1**
Transitgas	**52**	**48.4**	**52**	**49.4**
Tenp KG	**2**	**1.6**	**2**	**1.6**
Interconnector (UK)	**54**	**54.0**	**48**	**47.9**
Gaz-Opale	**60**	**59.0**	**58**	**58.0**
Dunkerque LNG	**16**	**15.8**	**12**	**12.0**

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	31-12-2020	31-12-2019
Depreciations	**4.3.5.1**	**-402,659**	**-401,163**
Intangible assets		-94,764	-101,810
Property, plant and equipment		-293,376	-285,557
Right-of-use assets		-14,519	-13,796
Impairment losses		**396**	**-568**
Inventories		460	-548
Trade receivables		-64	-20
Provisions for risks and charges	**4.3.5.2**	**-16,382**	**7,625**
Total depreciations, impairment losses and provisions		**-418,645**	**-394,106**

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 decrease in amortisation of intangible assets is linked to the decreasing amortisation of the client portfolio in Switzerland and to the full amortisation of certain software solutions at the end of 2019.

The increase in depreciation of property, plant and equipment is linked to the commissioning of the 5th tank at the Zeebrugge LNG terminal.

This increase is partially compensated by a reduction in amortisations in Interconnector (UK).

Discounts on 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 2020 comes to €324.9 million for 'Interconnector (UK)' and €1,390.3 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. 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. Provisions for risks and charges

The additions to provisions for risks and charges come to €16,382 thousand in 2020, mainly for pensions (See Note 5.15) and litigation (See Note 5.14).

Note 4.4. Financial income

Financial income			In thousands of €
	Notes	31-12-2020	31-12-2019
Dividends from unconsolidated entities		0	0
Financial income from leasing contracts		182	0
Interest income on investments and cash equivalents	4.4.1	5,856	7,206
Other interest income		406	1,115
Unwinding of discounts on provisions		0	0
Other financial income	4.4.2	6,384	7,710
Total		**12,828**	**16,031**

4.4.1. Interest on investments and cash equivalents mainly come from investments recognised at amortised cost in accordance with IFRS 9.

4.4.2. Other financial income mainly reflects the exchange rate differences realised as part of our GBP and CHF transactions, an amount partly compensated by the fluctuation in the value of financial instruments (see Note 4.5.4). The gain on the sale of LNG Link Investment is also included in this section.

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

Finance costs		In thousands of €	
	Notes	31-12-2020	31-12-2019
Borrowing interest costs	4.5.1	-62,100	-59,906
Unwinding of discounts on provisions	4.5.2	-2,805	-2,510
Interest on lease liabilities		-7,880	-8,372
Other finance costs	4.5.3	-6,837	-5,171
Total		**-79,622**	**-75,959**

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 costs increased in 2020 following the end of the capitalisation of interest on assets under construction of the LNG terminal and an increase in regulatory interest.

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 5.14 and 5.15).

4.5.3. Other finance costs includes exchange rate differences realised, losses on disposals of 2% in Senfluga shares and the stake in Mahon Shipping, and other miscellaneous banking fees.

4.5.4. Change in the fair value of financial instruments

Change in the fair value of financial instruments		In thousands of €	
	Note	31-12-2020	31-12-2019
Use and change in the fair value of financial instruments		2,315	-5,288
Total		**2,315**	**-5,288**

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 €21,124 thousand in 2020 compared to €3,767 thousand in 2019.

The operations of TAP started in 2020, which led to a net contribution for the year of €14.3 million, compared to -€7.2 million in 2019, when TAP was not yet generating revenue.

It should be noted that the results for companies accounted for using the equity method disposed of during the year (notably E-Loops, LNG Link Investment and Mahon Shipping) are included in these results until the time of the disposal.

Note 4.7. Income tax expenses

Income tax expense is analysed as follows:

Income tax expenses				In thousands of €
	Note	31-12-2020	31-12-2019	Change
Current tax	4.7.1	-69,737	-92,253	22,516
Deferred tax	4.7.2	13,342	21,464	-8,122
Total	4.7.3	**-56,395**	**-70,789**	**14,394**

The income tax expense came to €56,395 thousand in 2020 compared with €70,789 thousand in 2019. Income tax expenses are down €14,394 thousand as compared with the preceding financial year.

This evolution can essentially be explained by the following factors:

- the reduction in corporate tax rates in Belgium from 29.58% in 2019 to 25% in 2020;
- the reduction in earnings before tax (without taking into account companies accounted for using the equity method);
- the effect of tax deductibility for revenues from innovation relating to the years 2019 and 2020 in Belgium.

This positive evolution in 2020 has been to some extent compensated by a one-off item in 2019 relating to the reduction in the nominal tax rate in Luxembourg, which led to a modification of deferred taxes of €1,595 thousand.

Income tax expenses are broken down as follows:

4.7.1. Current tax			In thousands of €
	31-12-2020	31-12-2019	Change
Income taxes on the result of the current period	**-72,490**	**-92,093**	**19,603**
Taxes and withholding taxes due or paid	-73,440	-103,376	29,936
Excess of payment of taxes and withholding taxes included in assets	9,261	5,614	3,647
Additional taxes	-8,311	5,669	-13,980
Adjustments to previous years' current taxes	2,753	-160	2,913
Total	**-69,737**	**-92,253**	**22,516**

4.7.2. Deferred tax			In thousands of €
	31-12-2020	31-12-2019	Change
Relating to origination or reversal of temporary differences	**13,342**	**21,464**	**-8,122**
Differences arising from the valuation of property, plant and equipment	24,096	29,068	-4,972
Changes in provisions	-10,368	3,014	-13,382
Other changes	-386	-10,618	10,232
Relating to tax rate changes or to new taxes	**0**	**0**	**0**
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	**13,342**	**21,464**	**-8,122**

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 decrease too can primarily be explained by the reduction in rates in Belgium in combination with a reduction in the deferred tax bases, and by the one-off item of €1,595 thousand in 2019 in Luxembourg. The reduction in the deferred tax bases is linked to lower depreciations on asset valuation differences.

4.7.3. Reconciliation of expected income tax rate and effective average income tax rate			In thousands of €
	31-12-2020	31-12-2019	Change
Income tax as per effective average tax rate – Financial year	**-58,820**	**-83,175**	**24,355**
Profit/loss before taxes	256,404	284,953	-28,549
Earnings from associates and joint ventures (-)	-21,124	-3,767	-17,357
Earnings before tax	**235,280**	**281,186**	**-45,906**
Applicable tax rate	25.00%	29.58%	
Impacts to justify transition to the effective average tax rate	**-328**	**12,477**	**-12,805**
Income tax rate differences between jurisdictions	-33	7,743	-7,776
Changes in tax rates	0	1,595	-1,595
Tax-exempt income	1,950	19,142	-17,192
Non-deductible expenses	-1,539	-16,003	14,464
Other	-706	0	-706
Income tax as per effective average tax rate – Financial year	**-59,148**	**-70,698**	**11,550**
Earnings before tax	235,280	281,186	-45,906
Average effective tax rate	25.14%	25.14%	0.00%
Adjustments to previous years' current taxes	**2,753**	**-91**	**2,844**
Total income tax expense	**-56,395**	**-70,789**	**14,394**

Note 4.8. Net profit/loss for the period

Net profit/loss for the period			In thousands of €
	31-12-2020	31-12-2019	Change
Non-controlling interests	53,876	62,201	-8,325
Group share	146,133	151,962	-5,829
Total profit/loss for the period	**200,009**	**214,163**	**-14,154**

Fluxys group's net profit/loss in 2020 comes to €200,009 thousand compared to €214,163 thousand in 2019, a decrease of €14,154 thousand.

Note 5. Segment balance sheet

Segment balance sheet at 31-12-2020				In thousands of €
	Fluxys Belgium	Fluxys Europe	Unallocated	Total
Property, plant and equipment	2,011,209	3,332,482	0	5,343,691
Intangible assets	183,227	1,159,856	0	1,343,083
Goodwill	1,924	126,689	0	128,613
Right-of-use assets	36,467	95,198	0	131,665
Investments in associates and joint ventures	45	264,289	0	264,334
Other financial assets	109,506	7,778	0	117,284
Inventories	26,378	12,739	0	39,117
Finance lease receivables	0	9,656	0	9,656
Net trade receivables	67,224	53,120	0	120,344
Other assets			482,616	482,616
				7,980,403
Interest-bearing liabilities	1,511,067	1,870,679		3,381,746
Other financial liabilities	2,054	9,330		11,384
Other liabilities			1,075,256	1,075,256
				4,468,386
Equity			3,512,017	3,512,017
				7,980,403

Segment balance sheet at 31-12-2019				In thousands of €
	Fluxys Belgium	Fluxys Europe	Unallocated	Total
Property, plant and equipment	2,129,400	3,404,937	0	5,534,337
Intangible assets	197,210	1,225,020	0	1,422,230
Goodwill	1,924	126,689	0	128,613
Right-of-use assets	39,970	102,641	0	142,611
Investments in associates and joint ventures	14	255,343	0	255,357
Other financial assets	90,200	8,935	0	99,135
Inventories	26,488	11,824	0	38,312
Finance lease receivables	0	0	0	0
Net trade receivables	85,613	78,911	0	164,524
Other assets			536,836	536,836
				8,321,955
Interest-bearing liabilities	1,599,265	1,957,674	0	3,556,939
Other financial liabilities	2,669	5,488	0	8,157
Other liabilities			1,114,685	1,114,685
				4,679,781
Equity			3,642,174	3,642,174
				8,321,955

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 31-12-2018 restated	**54,377**	**394,307**	**6,210,030**	**381,665**	**2,281,924**	**46,010**	**169,077**	**457,829**	**9,995,219**
Investments	1,060	11,467	161,739	4,350	65,777	3	7,027	29,579	281,002
Disposals and retirements	-319	-211	-1,741	0	0	-31	-5,465	0	-7,767
Internal transfers	0	77	81,809	156	369,379	0	-104,943	-346,478	0
Changes in the consolidation scope and assets held for sale	447	0	0	0					447
Translation adjustments	0	0	103,288	0		230	220	290	104,028
Reclassification			-156,493						-156,493
As at 31-12-2019	**55,565**	**405,640**	**6,398,632**	**386,171**	**2,717,080**	**46,212**	**65,916**	**141,220**	**10,216,436**
Investments	627	4,924	68,292	499	11,932	10	6,968	43,390	136,642
Disposals and retirements	-87	-65	-11,143	0	-59		-2,949		-14,303
Internal transfers	0	-61	16,926	0	5,515			-22,380	0
Changes in the consolidation scope and assets held for sale	0	0	0	0	0	0	0	0	0
Translation adjustments	-353		-48,571			-31	-108	-343	-49,406
Reclassification			-9,656		0			-4,289	-13,945
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**

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 31-12-2018 Restated	**0**	**-101,137**	**-3,199,656**	**-230,536**	**-835,114**	**-43,712**	**-47,098**	**0**	**-4,457,253**
Depreciation	0	-4,362	-188,230	-10,396	-78,591	-54	-3,924	0	-285,557
Disposals and retirements	0	16	3,680	0	0	0	4,045	0	7,741
Internal transfers	0	-101,352	0	0	101,352	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	-56,428	0	0	0	-114	0	-56,542
Reclassification	0	0	109,512	0	0	0	0	0	109,512
As at 31-12-2019	**0**	**-206,835**	**-3,331,122**	**-240,932**	**-812,353**	**-43,766**	**-47,091**	**0**	**-4,682,099**
Depreciation	0	-42,918	-181,075	-10,458	-53,820	-62	-5,043		-293,376
Disposals and retirements	0	47	8,155	0	18		2,692		10,912
Internal transfers	0	3	0	0	-3				0
Changes in the consolidation scope and assets held for sale	0	0	0	0	0	0	0	0	0
Translation adjustments	0	0	32,722	0		22	86		32,830
Reclassification	0	0	0	0					0
As at 31-12-2020	**0**	**-249,703**	**-3,471,320**	**-251,390**	**-866,158**	**-43,806**	**-49,356**	**0**	**-4,931,733**
Net book values as at 31-12-2020	**55,752**	**160,735**	**2,943,160**	**135,280**	**1,868,310**	**2,385**	**20,471**	**157,598**	**5,343,691**
Net book values as at 31-12-2019	**55,565**	**198,805**	**3,067,510**	**145,239**	**1,904,727**	**2,446**	**18,825**	**141,220**	**5,534,337**

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 31-12-2020 of which:	**55,752**	**160,735**	**2,943,160**	**135,280**	**1,868,310**	**2,385**	**20,471**	**157,598**	**5,343,691**
At cost	55,752	160,735	2,943,160	135,280	1,868,310	2,385	20,471	157,598	5,343,691
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 2020, the Fluxys group made investments for an amount of €136.6 million. The primary investments made concern the EUGAL and TENP transmission facilities in Germany (€69.5 million) and €42.3 million for different projects in Belgium.

The borrowing costs capitalised on investments under construction amounted to €0.5 million in 2020 compared with €5.1 million in 2019. The interest rates used are based on the cost of the loans concerned.

The reduction in capitalised costs can primarily be explained by the commissioning of the LNG terminalling assets at the end of 2019.

The depreciation charge for the period amounts to €293.4 million and reflects the rate at which the group expects to consume the economic benefits of the property, plant and equipment.

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				In thousands of €
	Software	'Sole operator of the network' assets	'Client portfolios' assets and other intangible assets (*)	Total
Gross book value				
As at 31-12-2018 restated	**30,756**	**244,600**	**1,744,048**	**2,019,404**
Investments	3,763	0	4,397	8,160
Disposals and retirements	-8,088	0	-354	-8,442
Translation adjustments	0	0	18,324	18,324
Changes in the consolidation scope	0	0	0	0
Other	0	0	0	0
As at 31-12-2019	**26,431**	**244,600**	**1,766,415**	**2,037,446**
Investments	8,296	0	6,402	14,698
Disposals and retirements	-2,209	0	0	-2,209
Translation adjustments	-167	0	2,369	2,202
Changes in the consolidation scope	0	0	0	0
Other	0	0	0	0
As at 31-12-2020	**32,351**	**244,600**	**1,775,186**	**2,052,137**

(*) The other intangible assets are not material.

Movements in the book value of intangible assets				In thousands of €
	Software	'Sole operator of the network' assets	'Client portfolios' assets and other intangible assets (*)	Total
Depreciation and impairment losses				
As at 31-12-2018 restated	**-16,957**	**-72,045**	**-423,688**	**-512,690**
Depreciation and impairment losses	-4,681	-8,766	-88,363	-101,810
Disposals and retirements	8,075	0	0	8,075
Translation adjustments	0	0	-8,791	-8,791
Changes in the consolidation scope	0	0	0	0
Other	0	0	0	0
As at 31-12-2019	**-13,563**	**-80,811**	**-520,842**	**-615,216**
Depreciation and impairment losses	-3,946	-8,766	-82,052	-94,764
Disposals and retirements	1,936	0	0	1,936
Translation adjustments	0	0	-1,010	-1,010
Changes in the consolidation scope	0	0	0	0
Other	0	0	0	0
As at 31-12-2020	**-15,573**	**-89,577**	**-603,904**	**-709,054**

(*) The other intangible assets are not material.

Movements in the book value of intangible assets				In thousands of €
	Software	'Sole operator of the network' assets	'Client portfolios' assets and other intangible assets (*)	Total
Net book value as at 31-12-2020	16,778	155,023	1,171,282	1,343,083
Net book value as at 31-12-2019	12,868	163,789	1,245,573	1,422,230

(*) 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 (UK), GMSL, Dunkerque LNG and Hub business. 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 2034 and the Dunkerque asset for the most part in 2037 and the balance in 2061.

There were no new changes in the consolidation scope with impact on intangible assets in 2020.

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 €	
	31-12-2020	31-12-2019
Fluxys Belgium SA	1,924	1,924
Dunkerque	126,689	126,689
Total	**128,613**	**128,613**

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 €126,689 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 Europe) 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 2020, the fundamental assumptions in the multi-year plan with time horizon 2061 have not changed significantly 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 31/12/2020. 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 31/12/2020.

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 31-12-2019	**91,022**	**46,600**	**4,989**	**142,611**
Additional rights	3,868	1,053	376	5,297
Depreciation	-5,007	-7,269	-1,948	-14,224
Disposals	0	0	0	0
Other	-246	-2,156	383	-2,019
As at 31-12-2020	**89,637**	**38,228**	**3,800**	**131,665**

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.

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.

Note 5.5. Investments accounted for using the equity method

At the end of 2020, 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 (reduced to 18% in 2020 from the 20% in 2019), and its 66% stake in Desfa,
- Power to Methanol Antwerp (14.4%), since 2020.

Movements in equity accounted investees		In thousands of €
	31-12-2020	31-12-2019
Equity accounted investees – opening balance	**255,357**	**243,648**
Investments	0	0
Share in the total comprehensive result	4,213	-15,425
Earnings from associates and joint ventures	*21,124*	*3,767*
Other comprehensive income items that may be reclassified subsequently to profit or loss	*-16,911*	*-19,192*
Dividends paid	-3,650	0
Changes in the consolidation scope	-5,447	0
Translation adjustments	25	68
Capital increases	13,836	34,395
Capital reductions	0	-7,329
Equity accounted investees – closing balance	**264,334**	**255,357**

The result of these stakes accounted for using the equity method, which comes to €21.1 million, is commented in Note 4.6.

Other comprehensive income items that may be reclassified subsequently to profit or loss come to -€16.9 million, mainly linked to the valuation of interest rate swaps on TAP's financing.

Capital increases, which come to €13.8 million correspond to the capital injections in TAP. Changes in the consolidation scope come mainly from Senfluga (-€4.6 million corresponding to 2% of shares).

Dividends paid also come from Senfluga.

Note 5.6. Other financial assets

Other financial assets		In thousands of €	
	Notes	31-12-2020	31-12-2019
Shares at cost	5.6.1	1,637	2,720
Investment securities at amortised cost	5.6.2/6	45,363	23,444
Other investments at amortised cost	5.6.2/6	61,993	63,990
Financial instruments at fair value through profit or loss	5.6.3/6	3,454	4,827
Financial instruments at fair value through other comprehensive income	5.6.4/6	2,947	2,960
Other financial assets at cost		324	367
Total		**115,718**	**98,308**

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 to stock-market price (accounted for in other comprehensive income in line with the accounting principles (see Note 2.10.b.).

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 2021 and 2030.

5.6.3. As at 31-12-2020, the fair value financial instruments with changes to other comprehensive income mainly concern the derivative instruments entered into with a view to hedging the risk incurred by the group with respect to CHF and interest rates (see Note 6).

Note 5.7. Other receivables and other non-current assets

Other receivables and other non-current assets		In thousands of €	
	Notes	31-12-2020	31-12-2019
Regulatory assets	5.7.1	4,754	10,217
Non-current loans	5.7.2	77,470	87,379
Calls for funds and others		0	0
Total		**82,224**	**97,596**

5.7.1. The regulatory asset concerns EUGAL in Germany and will be recovered in the future tariffs.

5.7.2. Interconnector (UK) 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.

Maturity of non-current receivables at au 31-12-2020		In thousands of €	
	Between one and five years	More than five years	Total
Regulatory assets	4,754	0	4,754
Non-current loans	77,470	0	77,470
Calls for funds and others	0	0	0
Total	**82,224**	**0**	**82,224**

Maturity of non-current receivables at 31-12-2019		In thousands of €	
	Between one and five years	More than five years	Total
Regulated assets	10,217	0	10,217
Non-current loans	71,377	16,002	87,379
Calls for funds and others	0	0	0
Total	**81,594**	**16,002**	**97,596**

Other non-current assets			In thousands of €
	Notes	31-12-2020	31-12-2019
Plan asset surpluses 'IAS 19 Employee benefits'	5.15	3,918	8,264
Prepaid insurance expenses		0	849
Total		**3,918**	**9,113**

Note 5.8. Inventories

Book value of inventories		In thousands of €
	31-12-2020	31-12-2019
Supplies	**29,813**	**26,777**
Gross book value	36,669	33,546
Impairment losses	-6,856	-6,769
Goods held for resale (gas)	**8,727**	**9,928**
Gross book value	8,728	10,476
Impairment losses	-1	-548
Work in progress	**577**	**1,607**
Gross book value	577	1,607
Impairment losses	0	0
Total	**39,117**	**38,312**

Impact of movements on net profit/loss		In thousands of €
	31-12-2020	31-12-2019
Inventories – purchased or used	345	-1,209
Impairment losses	460	-548
Total	**805**	**-1,757**

Note 5.9. Trade and other receivables

Trade and other receivables			In thousands of €
	Notes	31-12-2020	31-12-2019
Gross trade receivables		121,960	166,096
Impairment losses		-1,616	-1,572
Net trade receivables	**5.9.1**	**120,344**	**164,524**
Other receivables		31,957	33,931
Total		**152,301**	**198,455**

5.9.1. 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 reduction in receivables can primarily be explained by the decrease in invoicing (increased use of the regulatory debt and fewer short-term sales than in 2019) and by some customers' early payment in 2020.

The credit losses expected and accounted for in trade and other receivables are not very material for the Fluxys group.

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

Net trade receivables according to ageing		In thousands of €
	31-12-2020	31-12-2019
Receivables not past due	119,794	163,401
Receivables < 3 months	502	655
Receivables 3 - 6 months	3	8
Receivables > 6 months	0	0
Receivables in litigation or doubtful	45	460
Total	**120,344**	**164,524**

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

Note 5.10. 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 €	
	31-12-2020	31-12-2019
Short-term investments	**96,307**	**182,964**
Cash and cash equivalents	**220,585**	**163,777**
Cash equivalents	0	1,046
Short-term deposits	9,487	21,032
Bank balances	211,068	141,668
Cash in hand	30	31
Total	**316,892**	**346,741**

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

Note 5.11. Other current assets

Other current assets			In thousands of €
	Notes	31-12-2020	31-12-2019
Accrued income		3,089	2,754
Prepaid expenses		30,937	30,012
Other current assets	5.11.1	435	918
Total		**34,461**	**33,684**

Other current assets mainly comprise prepaid expenses amounting to €30,937 thousand (insurance, rent, etc.) as well as various items of accrued income to be cashed.

5.11.1. 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 5.15).

Note 5.12. 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.

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 2020, Fluxys' shareholder structure was as follows:

- 77.45%: Publigas
- 19.88%: Caisse de dépôt et placement du Québec
- 2.13%: SFPI
- 0.54%: Employees and management

Non-controlling interests amount to €1,387,558 thousand, representing mainly the 10.00% stake held by minority shareholders in Fluxys Belgium SA and its subsidiaries (€75.5 million); 49.35% % in FluxSwiss (€284.5 million); 23.68% in Interconnector (UK) (€79.9 million) and the 69.61% in Dunkerque LNG (€947.6 million).

Note on parent entity shareholding	Ordinary shares	Preferential shares	Total
I. Movements in number of shares			
1. Number of shares, opening balance	86,951,613	0	**86,951,613**
2. Number of shares issued	111,256	0	**111,256**
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	87,062,869	0	**87,062,869**
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 5.13. Interest-bearing liabilities

Non-current interest-bearing liabilities	Notes	31-12-2020	31-12-2019 (In thousands of €)
Leases	5.13.1	166,403	182,784
Bonds	5.13.2	944,252	943,709
Other borrowings	5.13.3	1,405,085	1,638,087
Other financing	5.13.4	65,557	82,789
Other liabilities	5.13.5	337,929	410,249
Joint arrangements	5.13.6	58,180	60,583
Total		**2,977,406**	**3,318,201**
Of which debts guaranteed by the public authorities or by actual sureties		0	0

Current interest-bearing liabilities	Notes	31-12-2020	31-12-2019 (In thousands of €)
Leases	5.13.1	18,959	17,804
Bonds	5.13.2	3,753	3,448
Other borrowings	5.13.3	246,596	104,231
Other financing	5.13.4	25,775	12,554
Other liabilities	5.13.5	109,257	100,701
Total		**404,340**	**238,738**
Of which debts guaranteed by the public authorities or by actual sureties		0	0

5.13.1. Interconnector (UK) 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 2020, 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.

5.13.2. 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.

5.13.3. Other borrowings included as at 31-12-2020 include:

- A loan taken out by Dunkerque LNG for €800 million, repayable on 31-12-2022. The loan, initially at a variable rate, was covered with a swap paying a fixed rate for the total of the amount and the period.
- 25-year loans (the balance of which is €266.0 million as at the end of December 2020 after partial repayment of €20 million in 2020) at a fixed rate contracted with the European Investment Bank in 2008 and 2009 to finance investments in development the gas transmission network.
- Fluxys SA's bilateral loans with banks contracted in 2016 and 2018 for €200.0 million maturing in 2021 and 2023, and €100 million contracted in 2018 maturing in 2022.
- Loans taken out in CHF by FluxSwiss and Transitgas the balance of which was €144.5 million as at 31-12-2020. 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 31-12-2020.
- Fixed-rate loans granted by the shareholders Publigas and SFPI for €45.0 million with a maturity between 2022 and 2032.
- Short term and medium term loans and pro rata interest for the balance.

5.13.4 Other financing corresponds to the specific allocations of regulatory liabilities at the group's disposal firstly to finance investments, notably in the second jetty at Zeebrugge and the cost associated with the conversion of part of the gas transmission network in Belgium. Part of these amounts bears interest at a 10-year rate and the remainder at the average 1-year Euribor rate.

5.13.5 The other regulatory liabilities included in 'other liabilities' represent the positive difference between the invoiced regulated tariffs and the authorised regulated tariffs. The share of tariffs listed as non-current liabilities corresponds to the regulatory liabilities to be used in more than one year's time, while the share to be used within the year is listed as current liabilities. These amounts bear interest.

5.13.6. 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).

	31-12-2019	Cash flow	Other movements		Other movements (continued)			Balance at 31-12-2020
			New leases	Reclass non-current/ current	Variation in accrued interests payable	Amortisation of issuance costs	Translation adjustments	
Non-current interest-bearing liabilities	**3,318,201**	**29,524**	**5,296**	**-378,288**	**0**	**3,195**	**-522**	**2,977,406**
Leases	182,784	0	5,296	-21,155	0	0	-522	166,403
Bonds	943,709	0	0	0	0	543	0	944,252
Other borrowings	1,638,087	0	0	-235,654	0	2,652	0	1,405,085
Other financing	82,789	0	0	-17,232	0	0	0	65,557
Other liabilities	410,249	31,927	0	-104,247	0	0	0	337,929
Joint arrangements	60,583	-2,403	0	0	0	0	0	58,180
Current interest-bearing liabilities	**238,738**	**-211,439**	**0**	**378,288**	**-1,196**	**0**	**-51**	**404,340**
Leases	17,804	-19,949	0	21,155	0	0	-51	18,959
Bonds	3,448	0	0	0	305	0	0	3,753
Other borrowings	104,231	-91,788	0	235,654	-1,501	0	0	246,596
Other financing	12,554	-4,011	0	17,232	0	0	0	25,775
Other liabilities	100,701	-95,691	0	104,247	0	0	0	109,257
Total	**3,556,939**	**-181,915**	**5,296**	**0**	**-1,196**	**3,195**	**-573**	**3,381,746**

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

The variation in interest to be paid and the amortisation of issuance costs (€1,999 thousand) corresponds to the difference between:

- the interests paid, including leases (see note IV.3.1 of the statement of cash flows: €67,981 thousand) and
- the sum of borrowing interest costs and interests on lease liabilities (see note 4.5: €69,980 thousand).

Maturity of interest-bearing liabilities at 31-12-2020 undiscounted				In thousands of €
	Up to one year	Between one and five years	More than five years	Total
Leases	26,482	115,680	108,990	251,152
Bonds	28,136	97,598	1,140,968	1,266,702
Other borrowings	270,328	1,241,779	281,490	1,793,597
Other financing	26,324	56,348	13,946	96,618
Other liabilities	109,257	331,487	6,442	447,186
Joint arrangements	0	58,180	0	58,180
Total	**460,527**	**1,901,072**	**1,551,833**	**3,913,435**

Maturity of interest-bearing liabilities at 31-12-2019 undiscounted				In thousands of €
	Up to one year	One to five years	More than five years	Total
Leases	25,149	115,248	129,514	269,911
Bonds	27,898	97,598	1,164,808	1,290,304
Other borrowings	134,895	1,459,041	309,949	1,903,885
Other financing	13,135	47,701	40,375	101,211
Other liabilities	100,701	410,249	0	510,950
Joint arrangements	0	60,583	0	60,583
Total	**301,778**	**2,190,420**	**1,644,646**	**4,136,844**

Note 5.14. Provisions

5.14.1. Provisions for employee benefits

Provisions for employee benefits	In thousands of €
Provisions at 31-12-2019	**76,484**
Additions	14,611
Use	-7,001
Release	0
Unwinding of the discount	3,159
Actuarial gains/losses recognised in the profit/loss (seniority bonuses)	-1,652
Expected return on plan assets	-1,026
Actuarial gains/losses recognised in equity	7,488
Reclassification to the assets	-4,829
Foreign exchange effect	13
Provisions at 31-12-2020, of which:	**87,247**
Non-current provisions	81,614
Current provisions	5,633

The provisions for employee benefits (see Note 5.15) are up (+€10,763 thousand).

This increase can primarily be explained by a combination of a further decrease in the discount rates and the very limited return on plan assets.

5.14.2. Other provisions

Provisions for:			In thousands of €
	Litigation and claims	Environment and site restoration	Total other provisions
Provisions at 31-12-2019	**2,520**	**50,254**	**52,774**
Additions	8,771	0	**8,771**
Use	0	0	**0**
Release	0	0	**0**
Unwinding of the discount	0	2,325	**2,325**
Foreign exchange effect	0	75	**75**
Other changes	0	5,417	**5,417**
Provisions at 31-12-2020, of which:	**11,291**	**58,071**	**69,362**
Non-current provisions	10,416	58,071	**68,487**
Current provisions	875	0	**875**

Provisions for litigation and claims increased in 2020, notably following the recognition of a provision relating to a disagreement with clients and a provision for covering the estimated amount left to pay for a litigation with third-parties (see also notes 4.3.5 and 7.1).

Provisions for the environment and for site restoration also increased following the change in the assumptions for inflation rates concerning a provision for decommissioning linked to the LNG tanker terminal at Dunkerque.

5.14.3. 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	23,383	-7,001	16,382
Financial profit (loss)	5,483	-2,678	2,805
Total	**28,866**	**-9,679**	**19,187**

Maturity of provisions at 31-12-2020				In thousands of €
	Up to one year	Between one and five years	More than five years	Total
Litigation and claims	875	7,878	2,538	11,291
Environment and site restoration	0	18,154	39,917	58,071
Subtotal	**875**	**26,032**	**42,455**	**69,362**
Employee benefits	5,633	25,879	55,735	87,247
Total	**6,508**	**51,911**	**98,190**	**156,609**

Maturity of provisions at 31-12-2019				In thousands of €
	Up to one year	Between one and five years	More than five years	Total
Litigation and claims	0	5	2,515	2,520
Environment and site restoration	0	18,534	31,720	50,254
Subtotal	**0**	**18,539**	**34,235**	**52,774**
Employee benefits	4,876	19,504	52,104	76,484
Total	**4,876**	**38,043**	**86,339**	**129,258**

Provisions for litigation and claims

In 2020, a provision has been established to cover the estimated amount that remains to be paid as part of litigation with third-parties (see also note 7.1).

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

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).

Note 5.15. 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 2020 year-end, the defined benefit pension plans have surplus plan assets of €4,353 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 5.11.1).

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).

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 **	
	2020	2019	2020	2019
Present value of funded obligations	-262,116	-245,305	-51,708	-47,335
Fair value of plan assets	230,930	225,338	0	0
Funded status of plans	**-31,186**	**-19,967**	**-51,708**	**-47,335**
Effect of the asset ceiling	0	0	0	0
Other	0	0	0	0
Net employee benefit liability	**-31,186**	**-19,967**	**-51,708**	**-47,335**
Of which assets	4,353	9,182	0	0
Of which liabilities	-35,539	-29,149	-51,708	-47,335

* 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	
	2020	2019	2020	2019
At the start of the period	**-245,305**	**-217,988**	**-47,335**	**-43,605**
Service costs	-12,162	-9,080	-1,731	-1,097
Early retirement costs	58	-889	0	0
Financial loss (-) / profit (+)	-2,764	-2,939	-395	-669
Participant's contributions	-1,421	-1,520	0	0
Change in demographic assumptions	-758	2,302	-233	478
Change in financial assumptions	-8,400	-17,689	-3,478	-5,372
Change from experience adjustments	4,098	-4,151	-1,064	1,225
Past service costs	-1,899	0	0	0
Benefits paid	7,102	7,257	2,070	1,705
Change in the consolidation scope	-458	0	458	0
Reclassifications	0	0	0	0
Other	-207	-608	0	0
At the end of the period	**-262,116**	**-245,305**	**-51,708**	**-47,335**

The past service costs relate to the plan amendment following the agreement entered into in the second half of 2020 between employer/employee representatives as part of the sectoral exercise aimed at aligning certain pension plans and the collective agreement with the new legislation on supplementary pension plans.

Movements in the fair value of plan assets

In thousands of €	Pensions		Other	
	2020	2019	2020	2019
At the start of the period	**225,338**	**206,393**	**0**	**0**
Interest income	1,026	2,738	0	0
Return on plan assets (excluding net interest income)	2,873	19,578	0	0
Employer's contributions	5,680	3,936	2,444	1,705
Participants' contributions	1,421	1,520	0	0
Benefits paid by participants	-7,102	-7,257	-2,070	-1,705
Change in financial assumptions	1,126	-2,067	0	0
Other	568	497	-374	
At the end of the period	**230,930**	**225,338**	**0**	**0**
Actual return on plan assets	**3,899**	**22,316**	**0**	**0**

Despite the COVID-19 stock market crash in spring 2020, the actual return from plan assets over the whole year 2020 was slightly positive.

Costs recognised in profit or loss

In thousands of €	Pensions		Other	
	2020	2019	2020	2019
Cost				
Service costs	-12,162	-9,080	-1,731	-1,097
Early retirement costs	58	-889	0	0
Past service costs	-1,899	0	0	0
Actuarial gains/(losses) on other long-term benefits	1,688	-889	-36	33
Net interest on net liabilities/(assets)				
Interest expense on obligations	-2,764	-2,939	-395	-669
Interest income on plan assets	1,026	2,738	0	0
Costs recognised in profit or loss	**-14,053**	**-11,059**	**-2,162**	**-1,733**

Actuarial losses (gains) recognised in other comprehensive income

In thousands of €	Pensions		Other	
	2020	2019	2020	2019
Change in demographic assumptions	-758	2,302	-233	478
Change in financial assumptions	-8,962	-18,618	-3,442	-5,405
Change from experience adjustments	4,098	-4,151	-1,064	1,225
Effect of the asset ceiling			0	0
Return on plan assets (excluding net interest income)	2,873	19,578	0	0
Actuarial losses (gains) recognised in other comprehensive income	**-2,749**	**-889**	**-4,739**	**-3,702**

Allocation of obligation by type of participant to the plan

In thousands of €	2020	2019
Active plan participants	-259,221	-242,530
Non-active participants with deferred benefits	-22,471	-17,854
Retirees and beneficiaries	-32,132	-32,256
Total	**-313,824**	**-292,640**

Allocation of obligation by type of benefit

In thousands of €	2020	2019
Retirement and death benefits	-262,116	-245,305
Other post-employment benefits (medical expenses and tariff reductions)	-40,595	-35,739
Seniority bonuses	-11,113	-11,596
Total	**-313,824**	**-292,640**

Main actuarial assumptions used

	2020	2019
Discount rate between 10 to 12 years	0.09%	0.41%
Discount rate between 13 to 19 years	0.50%	0.93%
Discount rate over 19 years	0.54%	0.98%
Expected average salary increase	2.05%	2.05%
Expected inflation	1.75%	1.75%
Expected increase in health expenses	2.75%	2.75%
Expected increase of tariff advantages	1.75%	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

	2020	2019
Listed investments	**80.05%**	**79.70%**
Shares – eurozone	14.75%	15.45%
Shares - outside eurozone	20.51%	21.10%
Government bonds - eurozone	2.58%	1.82%
Other bonds - eurozone	28.27%	27.19%
Other bonds - outside eurozone	13.95%	14.14%
Non-listed investments	**19.95%**	**20.30%**
Insurance contracts	0.00%	0.00%
Real estate	2.56%	2.50%
Cash and cash equivalents	3.40%	3.79%
Other	13.99%	14.01%
Total (in %)	**100.00%**	**100.00%**
Total (in thousands of €)	**230,930**	**225,338**

Sensitivity analysis

Impact on obligation	In thousands of €
	Increase (-) / Decrease (+)
Increase in discount rate (0,25%)	8,484
Average salary increase - Excluding inflation (0,1%)	-2,460
Increase in inflation rate (0,25%)	-5,392
Increase in healthcare benefits (0,1%)	-422
Increase in tariff benefits (0,5%)	-1,476
Increase in life expectancy of retirees (1 year)	-1,001

Average weighted duration of obligations

	2020	2019
Average weighted duration of defined benefit obligations	10	10
Average weighted duration of other obligations	19	18

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)	4,734

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

Note 5.16. Deferred tax assets and liabilities

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

Following this compensation, there are very little deferred tax assets on the balance sheet.

The deferred tax assets, after compensation, relate to recoverable tax losses :

Deferred tax assets accounted for on balance sheet	In thousands of €	
	31-12-2020	**31-12-2019**
Recoverable tax losses	63	0
Other recoverable amounts	0	0
Total	**63**	**0**

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

Deferred tax liabilities accounted for on the balance sheet	In thousands of €	
	31-12-2020	31-12-2019
Valuation of assets	662,553	686,649
Accrued income	270	618
Fair value of financial instruments	-1,122	-706
Provisions for employee benefits or provisions not accepted under IFRS	89,771	80,022
Other normative differences	4,987	7,438
Total	**756,459**	**774,021**

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 31-12-2019		**774,021**
Of which deferred tax assets		*0*
Of which deferred tax liabilities		774,021
Evolution of deferred taxes during the year:		
Deferred taxes – Income statement	4.7.2	-13,342
Deferred taxes – other comprehensive income		-2,617
Translation adjustments		-1,666
Other		0
Changes in consolidation scope		0
Total deferred taxes at 31-12-2020		**756,396**
Of which deferred tax assets		*63*
Of which deferred tax liabilities		*756,459*

Note 5.17. Current trade and other payables

Trade and other liabilities	In thousands of €	
	31-12-2020	31-12-2019
Trade payables	52,403	81,007
Payroll and related items	46,108	46,184
Other payables	20,472	30,914
Total	118,983	158,105

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 a 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 31-12-2020, current and non-current investments, cash and cash equivalents amounted to €424,248 thousand, compared with €434,175 thousand at 31-12-2019.

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 three clients contribute respectively 17.4%, 15.4% and 9.4% 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 €292.9 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.

At the end of December 2020, the group subscribed to a new financial instrument to hedge the acquisition in Brazil of TBG (see Note 10). As the closing of the transfer is expected for April 2021, at this stage, this is only a contingent hedging. It is treated as a natural hedge.

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 2021 and 2026.

In 2020, 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 in 2020 of €25.7 million on equity whilst a 10% variation in the GBP exchange rate would have an impact of €25.3 million on equity attributable to the shareholders of the parent company. 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.

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 €3,381,746 thousand as at 31-12-2020 compared with €3,556,939 thousand as at 31-12-2019. It mainly consists of loans which mature between 2021 and 2045 (see Note 5.13).

Part of the loans taken out by FluxSwiss and Transitgas (for €115.8 million) as well as part of the TENP KG loans (for €12.5 million) and the €800 million loan of Dunkerque LNG are financed with variable rates over the short term.

In order to manage this risk exposure, these companies have put in place, 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 2021 and 2024.

In 2020, the Fluxys group has not identified any inefficiency in this hedging.

In 2017, FluxSwiss and Transitgas proceeded to renegotiate their loans. These companies on the same occasion, 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 €2,205 thousand as at the end of December 2020.

In addition, the group's interest-bearing 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 2021 of:

- €0.8 million for FluxSwiss compared to €1.5 million the previous year,
- €0.2 million for Transitgas compared to €0.8 million the previous year,
- €0.1 million for TENP KG, identical figure to the previous year, and
- €8.0 million for Dunkerque LNG, also identical figure to 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 31-12-2020. 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 5.13.

Cash facilities

The group has cash facilities for an amount of €507.5 million as at 31-12-2020, the same as 31-12-2019.

6.1 Summary of financial instruments at 31-12-2020				In thousands of €
	Category	Book value	Fair value	Level
I. Non-current assets				
Other financial assets at amortised cost	A	109,317	110,339	1&2
Other financial assets at fair value through profit or loss	B*	3,454	3,454	2
Other financial assets at fair value through other comprehensive income	C*	2,947	2,947	2
Finance lease receivables	A	9,234	9,234	2
Other receivables	A	82,224	93,729	2
II. Current assets				
Other financial assets at fair value through profit or loss	B*	1,398	1,398	2
Other financial assets at fair value through other comprehensive income	C*	168	168	2
Finance lease receivables	A	422	422	2
Trade and other receivables	A	152,301	152,301	2
Cash investments	A	96,307	96,307	1 & 2
Cash and cash equivalents	A	220,585	220,585	1 & 2
Total financial instruments – assets		**678,357**	**690,884**	
I. Non-current liabilities				
Interest-bearing liabilities	A	2,977,406	3,042,666	2
Other financial liabilities at fair value through profit or loss	B*	6,879	6,879	2
Other financial liabilities at fair value through other comprehensive income	C*	4,381	4,381	2
II. Current liabilities				
Interest-bearing liabilities	A	404,340	404,340	2
Other financial liabilities at fair value through profit or loss	B*	0	0	2
Other financial liabilities at fair value through other comprehensive income	C*	124	124	2
Trade and other payables	A	118,983	118,983	2
Total financial instruments - liabilities		**3,512,113**	**3,577,373**	

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

The categories correspond to the following financial instruments:

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

6.2 Summary of financial instruments at 31-12-2019				In thousands of €
	Category	Book value	Fair value	Level
I. Non-current assets				
Other financial assets at amortised cost	A	90,521	91,184	1&2
Other financial assets at fair value through profit or loss	B*	4,827	4,827	2
Other financial assets at fair value through other comprehensive income	C*	2,960	2,960	2
Finance lease receivables	A	0	0	2
Other receivables	A	97,596	109,632	2
II. Current assets				
Other financial assets at fair value through profit or loss	B*	784	784	2
Other financial assets at fair value through other comprehensive income	C*	43	43	2
Finance lease receivables	A	0	0	2
Trade and other receivables	A	198,455	198,455	2
Cash investments	A	182,964	182,964	1 & 2
Cash and cash equivalents	A	163,777	163,777	1 & 2
Total financial instruments – assets		**741,927**	**754,626**	
I. Non-current liabilities				
Interest-bearing liabilities	A	3,318,201	3,387,716	2
Other financial liabilities at fair value through profit or loss	B*	7,227	7,227	2
Other financial liabilities at fair value through other comprehensive income	C*	1,516	1,516	2
II. Current liabilities				
Interest-bearing liabilities	A	238,738	238,738	2
Other financial liabilities at fair value through profit or loss	B*	1,307	1,307	2
Other financial liabilities at fair value through other comprehensive income	C*	234	234	2
Trade and other payables	A	158,105	158,105	2
Total financial instruments - liabilities		**3,725,328**	**3,794,843**	

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

6.3 Summary of derivate instruments at 31-12-2020					In thousands of €
	Qualification	Notional amounts covered	Carrying amount of the hedging instruments		Notes
		(in thousands)	Assets K€	Liabilities K€	
I. Non-current assets and liabilities			**6,401**	**11,260**	**5.6 & 6**
A. Net investment hedge			**2,432**	**0**	**5.6 & 6**
CHF	hedging instruments	CHF 73,017	2,432	0	5.6 & 6
One to five years		CHF 63,340	1,785	0	
More than five years		CHF 9,677	647	0	
B. Cash Flow Hedge			**515**	**4,381**	**5.6 & 6**
IRS	hedging instruments	€ 8,031	0	336	6
One to five years		€ 8,031	0	336	
More than five years			0	0	
IRS	hedging instruments	€ 800,000	0	3,184	6
One to five years		€ 800,000	0	3,184	
More than five years			0	0	
CAP	hedging instruments	CHF 120,894	515	861	5.6 & 6
One to five years		CHF 120,894	515	861	
More than five years			0	0	
C. Natural Hedge			**1,177**	**4,602**	**5.6 & 6**
CCIRS	Not designated as hedging instruments	CHF 46,835	0	4,601	6
One to five years		CHF 46,835	0	4,601	
More than five years			0	0	
SEK	Not designated as hedging instruments	SEK 64,246	768	0	5.6 & 6
One to five years		SEK 64,246	768	0	
One to five years			0	0	
SEK	Not designated as hedging instruments	-SEK 64,246	409	0	5.6 & 6
More than five years		-SEK 64,246	409	0	
More than five years			0	0	
D. Other financial instruments	Not designated as hedging instruments		**2,277**	**2,277**	**5.6 & 6**
One to five years			2,277	2,277	
More than five years			0	0	
II. Current assets and liabilities			**1,566**	**124**	**5.6 & 6**
A. Net Investment Hedge			**168**	**124**	**5.6 & 6**
CHF	Hedging instrument	CHF 16,085	0	124	5.6 & 6
B. Cash Flow Hedge			**0**	**0**	**6**
C. Natural Hedge			**1,566**	**0**	**5.6 & 6**
GBP	Not designated as hedging instruments	GBP 17,517	701	0	5.6 & 6
SEK	Not designated as hedging instruments	-SEK 20,303	616	0	5.6 & 6
SEK	Not designated as hedging instruments	SEK 20,303	81	0	5.6 & 6
USD	Not designated as hedging instrument	USD 148,750	168	0	6

6.4 Summary of derivate instruments at 31-12-2019 — In thousands of €

	Qualification	Notional amounts covered	Carrying amount of the hedging instruments		Notes
		(in thousands)	Assets K€	Liabilities K€	
I. Non-current assets and liabilities			**9,914**	**8,743**	**5.6 & 6**
A. Net investment hedge			**2,016**	**0**	**5.6 & 6**
CHF	hedging instruments	CHF 89,102	2,016	0	5.6 & 6
One to five years		CHF 63,926	799	0	
More than five years		CHF 25,176	1,217	0	
B. Cash Flow Hedge			**3,070**	**1,516**	**5.6 & 6**
IRS	hedging instruments	€ 8,031	0	268	6
One to five years			0	0	
More than five years		€ 8,031	0	268	
IRS	hedging instruments	€ 800,000	2,127	0	6
One to five years			0	0	
More than five years		€ 800,000	2,127	0	
CAP	hedging instruments	CHF 207,486	943	1,248	5.6 & 6
One to five years			0	0	
More than five years		CHF 207,486	943	1,248	
C. Natural Hedge			**1,869**	**4,268**	**5.6 & 6**
CCIRS	Not designated as hedging instruments	CHF 46,835	0	4,268	6
One to five years			0	0	
More than five years		CHF 46,835	0	4,268	
SEK	Not designated as hedging instruments		1,551	0	5.6 & 6
One to five years		SEK 20,279	342	0	
More than five years		-SEK 20,279	1,209	0	
SEK	Not designated as hedging instruments		318	0	=m
More than five years		-SEK 64,222	-26	0	
More than five years		SEK 64,222	344	0	
D. Other financial instruments	Not designated as hedging instruments		**2,959**	**2,959**	**5.6 & 6**
One to five years			2,959	2,959	
More than five years			0	0	
II. Current assets and liabilities			**827**	**1,541**	**5.6 & 6**
A. Net Investment Hedge			**43**	**234**	**5.6 & 6**
USD	hedging instruments	USD 2,946	43	0	6
CHF	hedging instruments	CHF 13,328	0	234	5.6 & 6
B. Cash flow hedge			**0**	**0**	**6**
C. Natural Hedge			**784**	**1,307**	**5.6 & 6**
GBP	Not designated as hedging instruments	GBP 22,104	0	1,307	5.6 & 6
SEK	Not designated as hedging instruments	-SEK 19,532	605	0	5.6 & 6
SEK	Not designated as hedging instruments	SEK 19,532	179	0	5.6 & 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. Although most of the victims were compensated in 2012, some cases are still open. In 2020 the Fluxys group has set up a provision that covers the estimated remaining payments.

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 31-12-2020.

Other claims

Other claims arising from the operation of our facilities are in progress but their potential impact is immaterial.

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 have been issued in favour of owners of assets leased by the group and come to €10 thousand as at 31-12-2020.
Other guarantees have been issued in Belgium for an amount of €183 thousand as at 31-12-2020.

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

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 (UK) 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 (UK), a clause which was adhered to as at 31-12-2020. 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 611 slots to be available from 2021 to 2027.

During the binding window of the Open Season for additional regasification capacity at the Zeebrugge LNG terminal, the full 6 million tonnes per year (or c. 10.5 GWh/h) capacity on offer had been subscribed. On this basis, Fluxys LNG has taken the final investment decision to build the additional infrastructure at the Zeebrugge LNG terminal. The additional regasification capacity will be provided in two steps:

- as from early 2024, a total additional capacity of 4.7 million tonnes per year will already be offered,
- as from early 2026, the full additional capacity of 6 million tonnes per year will be offered.

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 2044, after the expiry of the current long-term slots (partly in 2023, the majority in 2027).

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 2020. Like bonds, these loans also contain a pari passu clause.

Dunkerque LNG obtained a variable-rate bank loan for €800 million (hedged by a swap to convert the interest rate into a fixed rate), repayable in 2022. This loan provides for a contractual clause (financial covenant) of 'Net Debt to EBITDA ratio', a clause fulfilled by the group as at 31-12-2020.

External financing was granted to TAP from December 2018. The shareholders provide a full guarantee during the period of construction and a limited guarantee once the works have completed in the case of non-payment by shippers and in case of 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 €425 million, almost €390 million of which has already been invested on 31-12-2020.

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 2020, the Fluxys group executed joint operation transactions with Tenp KG and Transitgas and with associates, i.e. TAP and Balansys.

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 tasked with the management of the company and decisions on investments.

Related parties					In thousands of €
	31-12-2020				
	Parent company shareholders	Joint arrange ments	Associates and joint ventures	Other Related parties	Total
I. Assets with related parties	**227**	**0**	**4,000**	**0**	**4,227**
1. Other financial assets	**0**	**0**	**0**	**0**	**0**
1.1. Securities other than shares	0	0	0	0	0
1.2. Other receivables	0	0	4,000	0	4,000
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	**101**	**0**	**0**	**0**	**101**
3.1. Clients	0	0	0	0	0
3.2. Finance leases	0	0	0	0	0
3.3. Other receivables	101	0	0		101
4. Cash and cash equivalents	**0**	**0**	**0**	**0**	**0**
5. Other current assets	**126**	**0**	**0**	**0**	**126**
II. Liabilities with related parties	**45,000**	**58,180**	**10**	**28,618**	**131,808**
1. Interest-bearing liabilities (current and non-current)	**45,000**	**58,180**	**0**	**28,618**	**131,798**
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	58,180	0	28,618	131,798
2. Trade and other payables	**0**	**0**	**10**	**0**	**10**
2.1. Trade payables	0	0	10	0	10
2.2. Other payables	0	0	0	0	0
3. Other current liabilities	**0**	**0**	**0**	**0**	**0**

Related parties					In thousands of €
	31-12-2019				
	Parent company shareholders	Joint arrange ments	Associates and joint ventures	Other Related parties	Total
I. Assets with related parties	**55**	**0**	**420**	**0**	**475**
1. Other financial assets	**0**	**0**	**0**	**0**	**0**
1.1. Securities other than shares	0	0	0	0	0
1.2. Other receivables	0	0	0	0	0
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	**55**	**0**	**420**	**0**	**475**
3.1. Clients	0	0	420	0	420
3.2. Finance leases	0	0	0	0	0
3.3. Other receivables	55	0	0	0	55
4. Cash and cash equivalents	**0**	**0**	**0**	**0**	**0**
5. Other current assets	**0**	**0**	**0**	**0**	**0**
II. Liabilities with related parties	**45,000**	**60,583**	**0**	**34,810**	**140,393**
1. Interest-bearing liabilities (current and non-current)	**45,000**	**60,583**	**0**	**34,810**	**140,393**
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	60,583	0	34,810	140,393
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 €
			31-12-2020		
	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**	**2,274**	**0**	**2,274**
4. Services received (-)	**0**	**0**	**-454**	**0**	**-454**
5. Net financial result	**-771**	**-2,168**	**0**	**-1,975**	**-4,914**
6. Directors' and senior executives' remuneration				**3,270**	**3,270**
of which short-term employee benefits				2,719	2,719
of which post-employment benefits				551	551

Related parties					In thousands of €
			31-12-2019		
	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**	**657**	**0**	**657**
4. Services received (-)	**0**	**0**	**0**	**0**	**0**
5. Net financial result	**-800**	**-1,408**	**0**	**-1,895**	**-4,103**
6. Directors' and senior executives' remuneration				**2,933**	**2,933**
of which short-term employee benefits				2,474	2,474
of which post-employment benefits				459	459

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 2020 financial statements of the group.

The significant events after the balance sheet date (but with no material impact on the 2020 financial statements of the group are:

- The final investment decision taken by Fluxys LNG in view of expanding the infrastructure of the Zeebrugge LNG terminal. This way, Fluxys LNG wants to reach the necessary additional regasification capacity of 6 millions of tonnes per year, and this on a progressive basis (step 1: 4.7 million tonnes per year as from early 2024; step 2: the full additional capacity of 6 million tonnes per year as from early 2026).
- At the beginning of January 2021, Fluxys and institutional investor EIG Global Energy Partners (EIG) entered into an agreement on the transfer of EIG's minority stake in Brazilian gas transmission operator TBG. The transfer is expected to conclude in April 2021. The investment for Fluxys is approximately €100-150 million.
- At the beginning of March, Fluxys and the shareholders of Hanseatic Energy Hub, developer of the LNG terminal project in Stade near Hamburg, agreed on Fluxys joining the project as industrial partner. Closing of the agreement is expected upon completion of the default merger clearance procedure with the competent authorities. The final investment decision for this project is expected around mid-2022.

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 2020.

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 €	
	31-12-2020	31-12-2019
Formation expenses	**777**	**942**
Fixed assets	**2,135,536**	**1,694,488**
Intangible assets	0	0
Property, plant and equipment	965	905
Financial fixed assets	2,134,571	1,693,583
Current assets	**1,272,879**	**1,778,296**
Amounts receivable after more than one year	1,070,424	1,513,698
Stock and contracts in progress	0	0
Amounts receivable within one year	52,339	109,562
Cash investments	55,401	120,395
Cash at bank and in hand	83,386	23,019
Deferred charges and accrued income	11,329	11,622
Total	**3,409,192**	**3,473,726**

Liabilities	In thousands of €	
	31-12-2020	31-12-2019
Equity	**1,863,874**	**1,872,889**
Capital	1,706,535	1,704,310
Share premium account	81,933	81,508
Revaluation surpluses	0	0
Reserves	74,587	68,214
Accumulated profits (losses)	787	18,809
Capital subsidies	32	48
Provisions and deferred taxes	**11**	**25**
Provisions for liabilities and charges	0	8
Deferred tax	11	17
Amounts payable	**1,545,307**	**1,600,812**
Amounts payable after more than one year	473,694	608,606
Amounts payable within one year	1,063,046	983,802
Accrued charges and deferred income	8,567	8,404
Total	**3,409,192**	**3,473,726**

2. Income statement

Income statement	In thousands of €	
	31-12-2020	31-12-2019
Operating income	12,339	9,457
Operating charges	27,385	20,254
Operating profit	**-15,046**	**-10,797**
Financial income	156,614	174,738
Finance costs	14,203	25,152
Net financial income	**142,411**	**149,586**
Earnings before taxes	**127,365**	**138,789**
Transfer from deferred taxes	**6**	**16**
Income tax expenses	**-89**	**2,937**
Net profit/loss for the period	**127,460**	**135,868**
Transfer to untaxed reserves	**0**	**0**
Profit for the period available for appropriation	**127,460**	**135,868**

Fluxys' consolidated net profit/loss was €127,460 thousand compared with €135,868 thousand the previous year. The profit/loss for the financial year mainly consists of the dividends paid by Fluxys Belgium and Fluxys Europe.

3. Appropriation account

Appropriation account		In thousands of €
	31-12-2020	31-12-2019
Profit to be appropriated	**146,269**	**164,622**
Profit for the period available for appropriation	127,460	135,868
Profit carried forward from the previous period	18,809	28,754
Transfer from equity	**0**	**0**
From reserves	0	0
Transfer to equity	**6,373**	**6,794**
To the legal reserve	6,373	6,794
To the other reserves	0	0
Result to be carried forward	**787**	**18,809**
Profit to be carried forward	787	18,809
Profit to be distributed	**139,109**	**139,019**
Dividends	139,109	139,019

4. Capital at the end of the period

Capital at the end of the period			In thousands of €
			31-12-2020
Subscribed capital			
At the end of the previous period			1,739,032
At the end of the period			1,741,257
Capital represented by			
Registered shares			
Dematerialised shares			87,062,869
Bearer shares			0
Shareholders' structure :			
Shareholders	***Type***	***Number of voting rights declared***	***%***
Publigas	Shares without nominal value	67,427,583	77.44 %
Caisse de dépôt et placement du Québec	Shares without nominal value	17,305,412	19.88 %
Federal Holding and Investment Company	Shares without nominal value	1,851,852	2.13 %
Members of staff and management	Shares without nominal value	478,022	0.55 %

5. Income taxes

Income taxes	In thousands of €
	31-12-2020
Breakdown of heading 670/3	
Income taxes on the result of the current period	1,412
Taxes and withholding taxes due or paid	1,412
Excess of income tax prepayments	0
Estimated additional taxes	0
Income taxes on previous periods	0
Additional taxes due or paid	0
Additional taxes (estimated or provided for)	0
Reconciliation between profit before taxes and estimated taxable profit	
Profit before taxes	127,365
Permanent differences:	-131,852
Definitively taxed income	-132,208
Non-deductible expenses	350
Notional interest	0
Transfer from deferred taxes	6
Total	-4,487

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	57.1	40.2	16.9
Part-time	11.9	7.7	4.2
Total in full-time equivalents (FTE)	62.1	43.0	19.1
Number of hours actually worked			
Full time	91,412	63,483	27,929
Part-time	8,660	5,122	3,538
Total	100,072	68,605	31,467
Employee expenses			
Full time	8,863,643 €	6,687,230 €	2,176,413 €
Part-time	1,822,393 €	1,281,347 €	541,046 €
Total	10,686,036 €	7,968,577 €	2,717,459 €
Advantages in addition to wages	54,566 €	40,690 €	13,876 €

1b. During the previous period	Total	Men	Women
Average number of employees (FTE)	56.6	40.1	16.5
Number of hours actually worked	88,564	25,591	22,798
Employee expenses	9,935,752 €	7,632,645 €	2,303,107 €
Advantages in addition to wages	45,434 €	34,903 €	10,531 €

2. At the closing of the period	Full time	Part-time	Total FTE*
a. Employees recorded in the personnel register	49	13	54.2
b. By nature of the employment contract			
Contract for an indefinite period	48	13	53.2
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
c. According to gender and study level			
Men	33	9	36.2
Primary education	0	0	0.0
Secondary education	1	0	1.0
Higher non-university education	3	1	3.4
University education	29	8	31.8
Women	16	4	18.0
Primary education	0	0	0.0
Secondary education	0	0	0.0
Higher non-university education	3	3	4.7
University education	13	1	13.3
d. By professional category			
Management	39	11	42.6
Employees	10	2	11.6
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	0.4	0.0
Number of hours actually worked	707	0.0
Costs for the enterprise	32,006 €	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	13	1	13.3
b. By nature of the employment contract			
Contract for an indefinite period	13	1	13.3
Contract for a definite period	0	0	0.0
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	16	2	16.6
b. By nature of the employment contract			
Contract for an indefinite period	16	2	16.6
Contract for a definite period	0	0	0.0
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	1	0.5
Early retirement	0	0	0.0
Dismissal	0	0	0.0
Other reason	16	1	16.1
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	30	15
Number of actual training hours	370	273
Net costs for the enterprise	74,205 €	61,392 €
Of which gross costs directly linked to training	74,205 €	61,392 €
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	33	13
Number of actual training hours	697	76
Net costs for the enterprise	69,531 €	8,335 €
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 €

Statutory auditor's report and declaration by responsible persons

Statutory auditor's report to the General Meeting of Fluxys NV/SA for the financial year ended 31 December 2020

As required by law and the Company's articles of association, we report to you as statutory auditor of Fluxys NV (the "Company") and its subsidiaries (together the "Group"). This report includes our opinion on the consolidated balance sheet as at 31 December 2020, 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 2020 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 14 May 2019, in accordance with the proposition by the Board of Directors. Our mandate expires at the shareholders' meeting that will deliberate on the Consolidated Financial Statements for the year ending 31 December 2021. We performed the audit of the Consolidated Financial Statements of the Group during 2 consecutive years.

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have audited the Consolidated Financial Statements of Fluxys NV, that comprise of the consolidated balance sheet on 31 December 2020, 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 € 7.980,4 million and of which the consolidated income statement shows a profit for the year of € 200,0 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 2020, 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 ("ISAs"). 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 ISAs 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 ISAs, 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 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 ISAs 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 2020
- Chapter 'Legal and regulatory framework'

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, 12 April 2021

EY Bedrijfsrevisoren BV
Statutory auditor
Represented by

Marnix Van Dooren *	Wim Van Gasse *
Partner	Partner

*Acting on behalf of a BV/SRL

Declaration by responsible persons

Declaration regarding the financial year ended 31 December 2020

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, 31 March 2021

Christian Leclercq	Pascal De Buck
Member of the Executive Board	Managing Director
Chief Financial Officer	Chief Executive Officer

Glossary

Pertinence of published financial ratios (see 'Financial situation: key statistics', p.65)

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.

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 €	31.12.2020	31.12.2019	Notes
Operating profit/loss from continuing operations	299.759	346.401	4
Depreciations	402.659	401.163	4.3.5
Provisions	16.382	-7.625	4.3.5
Impairment losses	-396	568	4.3.5
Earnings from associates and joint ventures	21.124	3.767	4.6
Dividends from unconsolidated entities	0	0	4.4.2
EBITDA In thousands of €	**739.528**	**744.274**	

Fluxys SA consolidated income statement in thousands of €	31.12.2020	31.12.2019	Notes
Operating profit/loss from continuing operations	299.759	346.401	4
Earnings from associates and joint ventures	21.124	3.767	4.6
Dividends from unconsolidated entities	0	0	4.4.2
EBIT in thousands of €	**320.883**	**350.168**	

Fluxys SA consolidated income statement in thousands of €	31.12.2020	31.12.2019	Notes
Financial income from lease contracts	182	0	4.4.2
Interest income on investments, cash and cash equivalents at fair value through profit and loss	5.856	7.206	4.4.2
Other interest income	406	1.115	4.4.2
Borrowing interest costs	-62.100	-59.906	4.5
Borrowing interest cost on leasing	-7.880	-8.372	4.5
Interest on regulatory assets and liabilities	2.194	529	
Net financial expenses in thousands of €	**-61.342**	**-59.428**	

Fluxys SA consolidated income statement in thousands of €	31.12.2020	31.12.2019	Notes
Borrowing interest costs	-62.100	-59.906	4.5
Borrowing interest costs on leasing	-7.880	-8.372	4.5
Interest on regulatory liabilities	2.257	529	
Interest expenses in thousands of €	**-67.723**	**-67.132**	

Fluxys SA consolidated income statement in thousands of €	31.12.2020	31.12.2019	Notes
Operating profit/loss from continuing operations	299.759	346.401	4
Operating revenue - Movements in regulatory assets and liabilities	-68.937	-4.377	4
Depreciation	402.659	401.163	4.3.5
Provisions	16.382	-7.625	4.3.5
Impairment losses	-396	568	4.3.5
Inflows related to associates and joint ventures	3.650	0	5.5
Dividends from unconsolidated entities	0	0	4.4.2
Net financial expenses	-61.342	-59.428	
Current tax	-69.737	-92.253	4.7
FFO In thousands of €	**522.038**	**584.449**	

Fluxys SA consolidated income statement in thousands of €	31.12.2020	31.12.2019	Notes
FFO	522.038	584.449	
Dividends paid	-170.677	-172.854	E – consolidated statement of cash flows
RCF	**351.361**	**411.595**	

Fluxys SA consolidated balance sheet In thousands of €	31.12.2020	31.12.2019	Notes
Non-current interest-bearing liabilities	2.977.406	3.318.201	5.13
Current interest-bearing liabilities	404.340	238.738	5.13
Granted guarantees	702.269	549.312	7.7
Other financial assets	-25.775	-12.554	6
Other financing (non-current)	-65.557	-82.789	6
Other liabilities (current)	-109.257	-100.701	6
Other liabilities (current)	-337.929	-410.249	6
Non-current loan	-77.470	-87.379	5.7
Cash investments (75%)	-72.230	-137.223	5.10
Cash and cash equivalents (75%)	-165.439	-122.833	5.10
Other financial assets (75%)	-80.517	-65.576	5.6.2
Net financial debt in thousands of €	**3.149.841**	**3.086.947**	

Fluxys SA consolidated balance sheet in millions of €	31.12.2020	31.12.2019	Toelichting
Transmission	2.935,0	2.939,7	
Transmission - Fluxys Belgium	*2.086,9*	*2.125,3*	
Transmission - Fluxys TENP	*3,0*	*7,1*	
Transmission – TENP	*282,0*	*260,5*	
Transmission - Fluxys Deutschland	*563,1*	*546,8*	
Storage	235,6	239,7	
LNG terminalling	302,7	314,4	
RAB (in millions of €)	**3.473,2**	**3.493,8**	
Other tangible investments outside RAB	2.924,0	3.029,9	
Extended RAB in millions of €	**6.397,2**	**6.523,7**	

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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This report is also available in Dutch and French. For a copy in these languages, please contact the Communication Department: communication@fluxys.com

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