we make the move

Annual financial report 2021
Fluxys

Contents

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Outlook

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New prospects and opportunities for Fluxys

Pascal De Buck
Managing Director and CEO

Daniël Termont
Chairman of the Board of Directors

We want to be the driving force behind the switch to the molecules for a carbon-neutral future. We also want to be a carbon-neutral company by 2035.

And we can count on our employees to achieve this. In 2021, they gave the best of themselves yet again. With a special resilience to continue providing society with our essential services, despite the ongoing pandemic.

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

Can we call 2021 a pivotal year when it comes to the evolution of the energy system?

Daniël Termont *Absolutely. In Europe we are largely dependent on energy from other continents. Due to the increasing importance of green energy, the traditional energy chain is being thoroughly disrupted. And that means new prospects and opportunities for Fluxys. Lots of opportunities actually. That's why, together with the Board of Directors, we have defined criteria that will help us to make decisions when new opportunities arise in the energy transition.*

What are these criteria?

Daniël Termont *Any investment decision should be in line with a low-carbon economy in the long term. We also want to deploy and further expand Fluxys' industrial expertise, both inside and outside Europe. Lastly, we invest in projects that are sufficiently mature in terms of technology and aspire to achieve a sound return in the long term.*

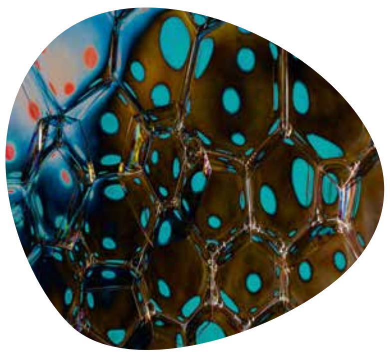
How fast are we moving towards a carbon-neutral society?

Pascal De Buck *It's important to get the market for tomorrow's molecules moving now. By 2026, we want to have the first infrastructure for hydrogen and/or CO_2 in the ground in Belgium. We're aiming for an initial investment decision in 2022.*

Milestones for 2021

Belgium: building the network of the future

To achieve a climate-neutral Belgium, hydrogen and CO_2 must be able to flow through the country. At the beginning of the year, we asked the market which volumes will be needed from which sources and going to which destinations. At the end of 2021 and in early 2022, we went back to the market with tangible proposals for hydrogen and CO_2 infrastructure in various industrial clusters. We are ready to get started.



Brazil: partner in TBG

In 2021, Fluxys became a minority partner in Transportadora Brasileira Gasoduto Bolívia-Brasil (TBG), one of the three largest transmission system operators in Brazil. We share our experience and expertise in industrial and regulatory matters with TBG and support the company's development through this exchange of knowledge.

Molecules are part of the energy future.

Pascal De Buck
Managing Director and CEO

Does natural gas still have a future?

Daniël Termont *Every transition, including the energy transition, is a process. Today we're opening the door to hydrogen and other molecules for a carbon-neutral future. And while the market for these new molecules is growing, the door to natural gas will remain open for as long as necessary.*

Pascal De Buck *Exactly. We're preparing for tomorrow without losing sight of energy security. For some time to come, society must still be able to fall back on natural gas during the transition phase. This transition is different in every country and every continent, and depends to a large extent on various factors, including the specific climate, economic and industrial characteristics of each region. With our infrastructure we deliver continuity going forward.*

Fluxys' vision extends beyond Belgium and Europe?

Daniël Termont *Today we are seeing significant momentum globally around the molecules of tomorrow, and with Fluxys we want to seize that opportunity. Green hydrogen from regions with a lot of sun and wind will have to find its way to Europe. By establishing a broader presence outside Europe, we can import this green energy and use our infrastructure to store and bring it to industry, homes and the transport sector, for example.*

You often hear that the future is electric. Is there room for green molecules like hydrogen?

Pascal De Buck *I like to describe this as taking a 'both-and' approach on all fronts. Diversity is the key to the energy future. Both green electricity and carbon-neutral molecules in their various forms – including hydrogen, biomethane, synthetic methane and other possibilities that will eventually mature. And also infrastructure enabling CO_2 captured by industry to be reused or stored. Innovation, new technologies and forward-looking creativity are critically important. We're taking early action on all fronts with a view to ensuring a carbon-neutral energy mix and decarbonising our own activities. Because by 2035 we also want to be a fully carbon-neutral company.*

In Belgium, we are ready to invest in the first pipelines for hydrogen and CO_2. The move has started.

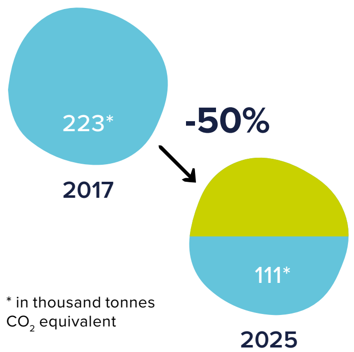
Daniël Termont
Chairman of the Board of Directors

Walking together with heart

Keep moving during COVID, for a good cause: that was the goal. In all, our employees walked 180,000 km in two and a half months in the spring. That's equal to 4.5 laps around the earth! To mark this achievement, various Fluxys group companies donated a total of €22,000 to good causes.

Germany: LNG terminal project

Fluxys became a partner in the project to construct an LNG terminal in Stade near Hamburg. The terminal would provide important support for Germany in its approach to a diversified energy mix. For Fluxys, the project is an opportunity to strengthen and diversify its presence in Germany with an eye on the future.



* in thousand tonnes CO_2 equivalent

Climate-neutral Fluxys: on track

We are committed to making our own activities climate-neutral by 2035. The first milestone is to halve the greenhouse gas emissions from our Belgian activities compared to 2017 levels by 2025. We are on track to achieve this goal. We are building three extra regasifiers with seawater to boost send-out capacity at the Zeebrugge LNG Terminal. Using the heat from seawater to regasify LNG will significantly reduce the terminal's emissions.

More traffic at LNG terminals and bio-LNG at Zeebrugge

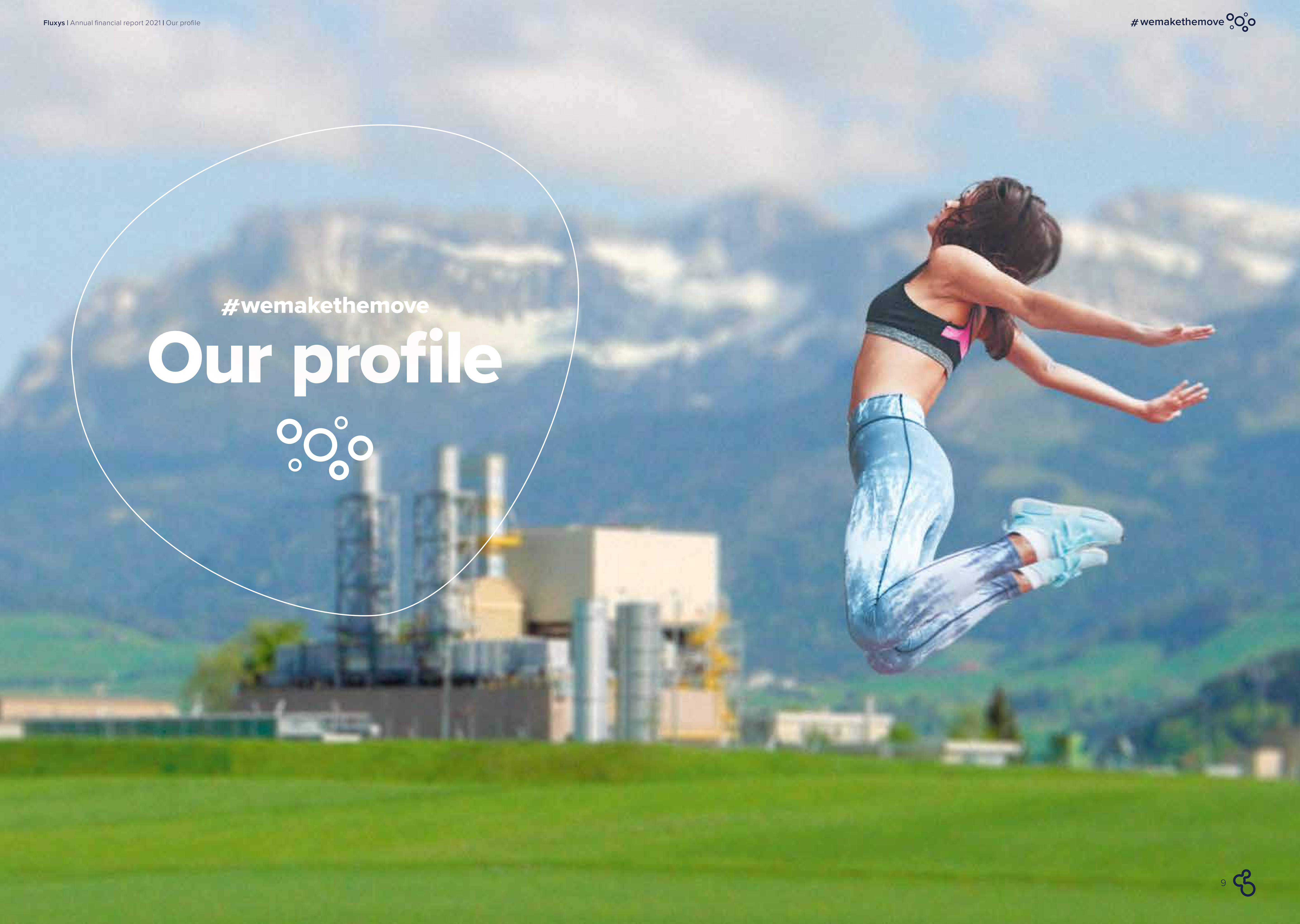
Both the Zeebrugge and Dunkirk LNG terminals experienced high levels of shipping traffic and loading operations involving LNG trailers. Four extra truck loading bays are under construction at Zeebrugge, and bio-LNG has been available at the facility as a fully decarbonised fuel for ships and trucks since 2021.

Capacity available in all directions

Shifts in import flows to Europe meant that there was high demand in both Germany and the Netherlands for flows from Belgium. Our infrastructure ensured that high transit flows to both countries ran smoothly, confirming once again our role as energy hub for North-West Europe.

How will you change the world?

Our hunt for talent continues, and we have a special project for the future: keeping up the good work and tapping into our innovative side to help build a climate-neutral society. That is our message in our multimedia campaign to attract new talent.



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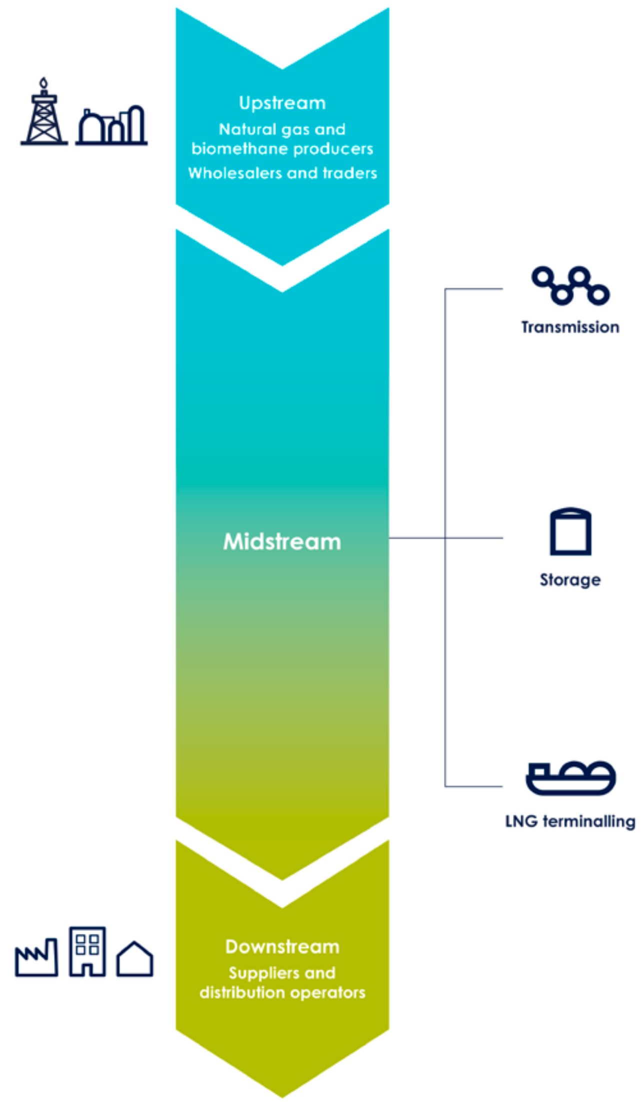
Our profile

Our business model

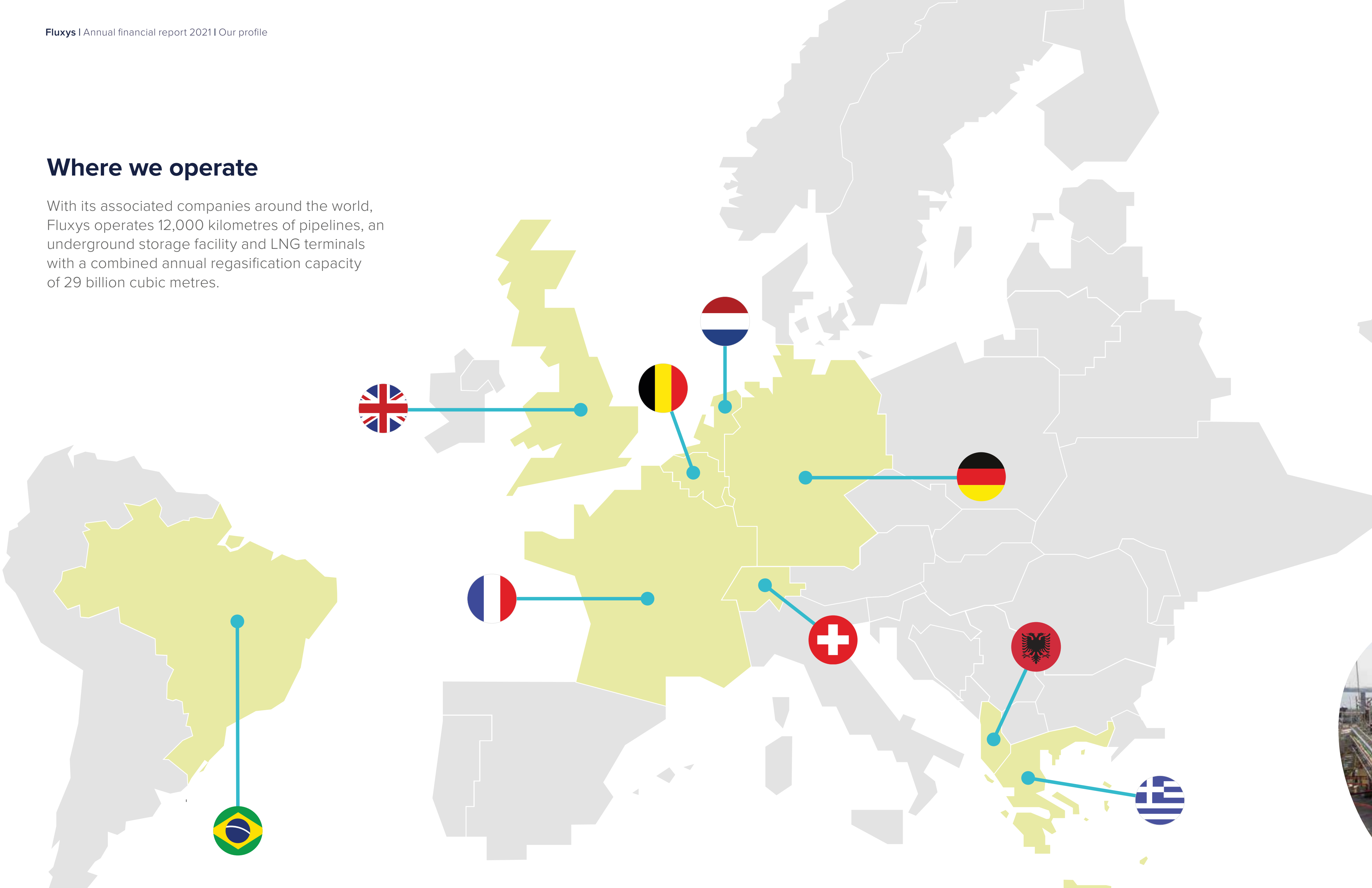
Energy infrastructure company

- Active in the **midstream** segment of the gas chain: transmission via high-pressure pipeline, storage and terminalling (liquefied natural - LNG)
- **Independent** group **with no interests** in the generation or sale of energy
- Our revenue is derived from the **sale of capacity** in our infrastructure and associated services.



Where we operate

With its associated companies around the world, Fluxys operates 12,000 kilometres of pipelines, an underground storage facility and LNG terminals with a combined annual regasification capacity of 29 billion cubic metres.



Our approach to sustainability

Our 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 around half of the group's turnover, reports its integrated approach to sustainability in line with Global Reporting Initiative Standards.

Ready to transport the molecules for a carbon-neutral future

Thanks to our infrastructure, we are building a 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 an energy 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.

Research and development

Fluxys' research and development policy focuses on applied research to obtain knowledge and technology to help the group strengthen and further develop its activities. Part of the research is aimed at optimising the operation of gas infrastructure.

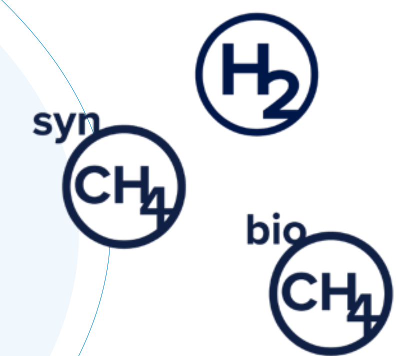
Fluxys is also active in a wide range of initiatives to broaden its expertise in transporting hydrogen and other molecules needed for a carbon-neutral future. These include both research projects and industrial projects with partners in which research forms a substantial part of the cooperation. More information about the research initiatives on the energy transition can be found in the 'Be the transporter of future energy carriers' section on page 48.

Fluxys conducts applied research either by itself, in conjunction with academia, or together with other partners and 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

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, 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 necessary or more appropriate, taking into account cost, security of supply and cutting CO_2 emissions.



The collective: our driving force

Our employees are our major asset: women and men who are more committed and motivated than ever before and who give their all every day to effect change. Ingenuity, entrepreneurship and teamwork are the keys to successfully achieving carbon neutrality. These qualities are the driving force behind our current success and give us confidence in the future.

Our purpose

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 move natural gas while paving the way for the transmission of hydrogen, biomethane or any other carbon-neutral energy carrier as well as CO_2, accommodating 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

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

future

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

Watch our purpose video

Our strategy

En route to a green energy future 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 selectively in view of the low-carbon future

Be the transporter of future energy carriers

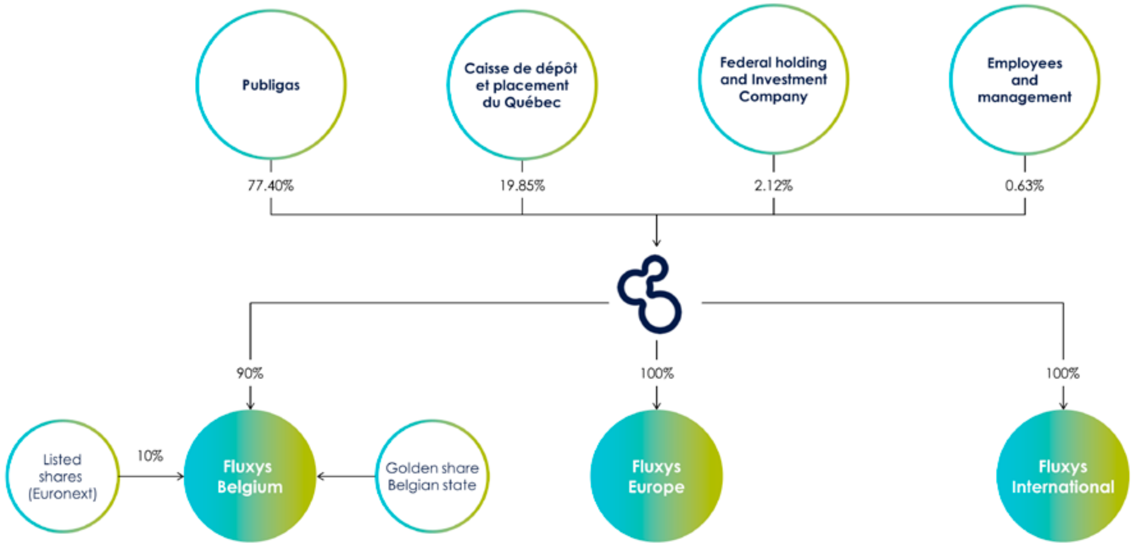
We support biomethane initiatives, explore new technologies and invest in infrastructure to accommodate hydrogen, CO_2 and other molecules for the low-carbon future

Invest outside Europe

We target infrastructure supporting the energy transition

Watch the video about our strategy

Our shareholders



Our shareholders as at 30 March 2022

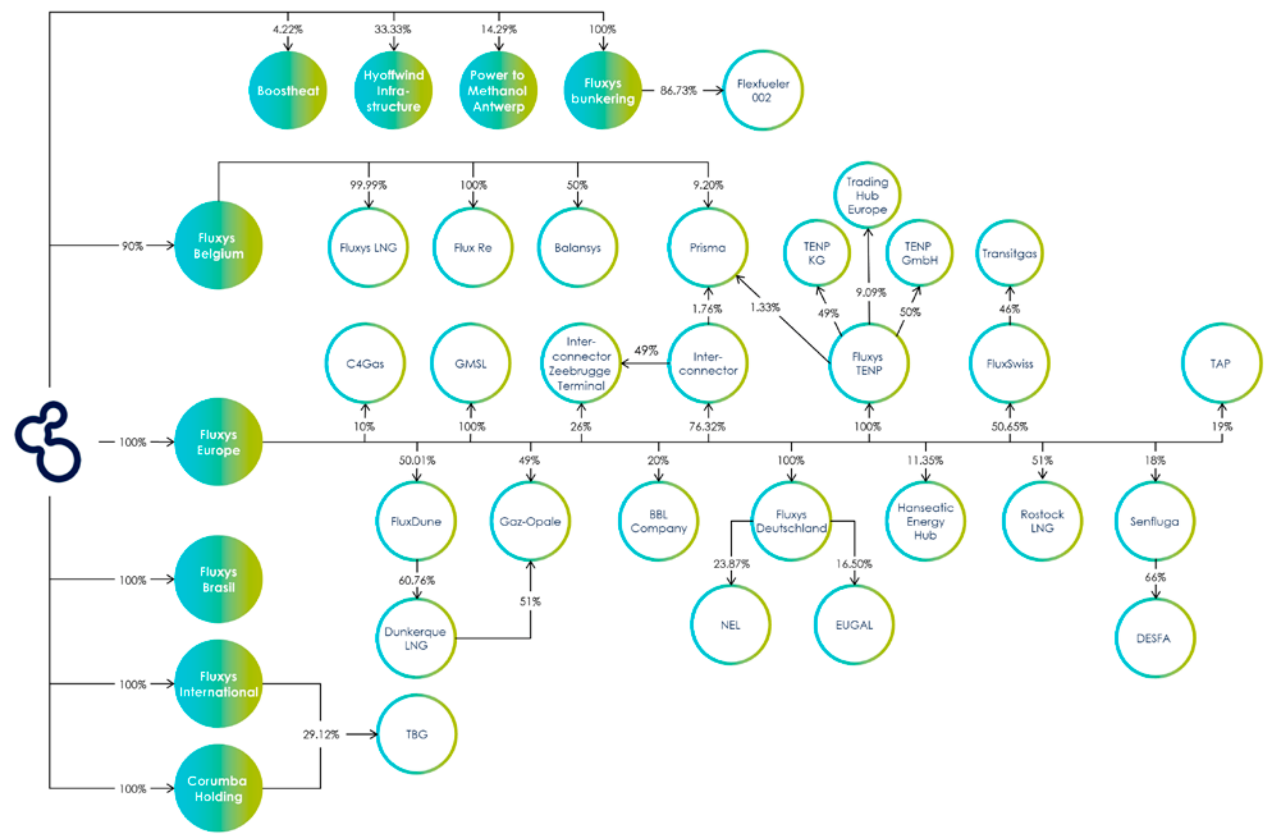
Publigas manages the interests of Belgian municipalities in Fluxys.

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 amassed 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.

Our structure



Simplified structure of the Fluxys group as at 30 March 2022

Our 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.

Changes in the composition of the Board of Directors in 2021

a. Permanent appointment as director

Luc Hujoel resigned as a director with effect from 26 January 2022.

As advised by the Appointment and Remuneration Committee, the Board of Directors provisionally co-opted Abdellah Achaoui as a director on 26 January 2022 to replace Luc Hujoel, whose term of office expires at the end of the Annual General Meeting on 10 May 2022.

A decision on his permanent appointment as director will be made at the Annual General Meeting on 10 May 2022.

b. Renewal of directorship

Abdellah Achaoui's directorship will expire at the end of the Annual General Meeting to be held on 10 May 2022.

On the proposal of the Board of Directors and following the advice of the Appointment and Remuneration Committee, the proposal will be made to the Annual General Meeting of 10 May 2022 to renew the directorship of Abdellah Achaoui for a period of six years. His directorship shall be remunerated in accordance with the principles established by the Annual General Meeting of 11 May 2021 and will expire at the end of the Annual General Meeting of May 2028.

Directors' emoluments and attendance fees

The Annual General Meeting of 11 May 2021 set the emoluments and attendance fees paid to the directors as follows:

- a fixed remuneration per director of €12,500 per year, subject to participation in at least two-thirds of the meetings
- attendance fees of €500 per meeting of the Board of Directors and the committees
- a director can never receive more than €20,000 per year

Auditor

The Annual General Meeting also decided on the annual fees of EY Bedrijfsrevisoren BV/Réviseurs d'Entreprises SRL.

In 2021, EY received remuneration totalling €481,312 for its work as the Fluxys NV/SA group's auditor.

EY also performed other tasks worth a total of €62,711.

The mandate of the auditor, EY Bedrijfsrevisoren BV, having its registered office at De Kleetlaan 2, B-1831 Diegem, listed in the Register of Legal Entities under the number 0446.334.711, represented by

- Marnix Van Dooren & Co BV, permanently represented by Mr Marnix Van Dooren and
- Wim Van Gasse BV, permanently represented by Mr Wim Van Gasse

will expire following the Annual General Meeting on 10 May 2022.

Based on the advice of the Audit Committee, the Board of Directors has recommended that the Annual General Meeting renew the mandate of EY Bedrijfsrevisoren BV as auditor for a further term of three years expiring at the end of the Annual General Meeting in 2025, for an annually indexed fee of €121,397 per year.

Composition of the corporate bodies as at 30 March 2022

Board of Directors

- **Daniël Termont**, Chairman of the Board of Directors and Vice-Chairman of the Strategic Advice Committee
- **Claude Grégoire,** Vice-Chairman of the Board of Directors and Chairman of the Strategic Advice Committee
- **Pascal De Buck**, Managing Director and CEO
- **Abdellah Achaoui**
- **Jos Ansoms**
- **André Boulanger**
- **Patrick Côté**
- **François Fontaine**
- **Andries Gryffroy**
- **Ludo Kelchtermans**
- **Renaud Moens**
- **Josly Piette**

Audit Committee

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

Appointment and Remuneration Committee

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

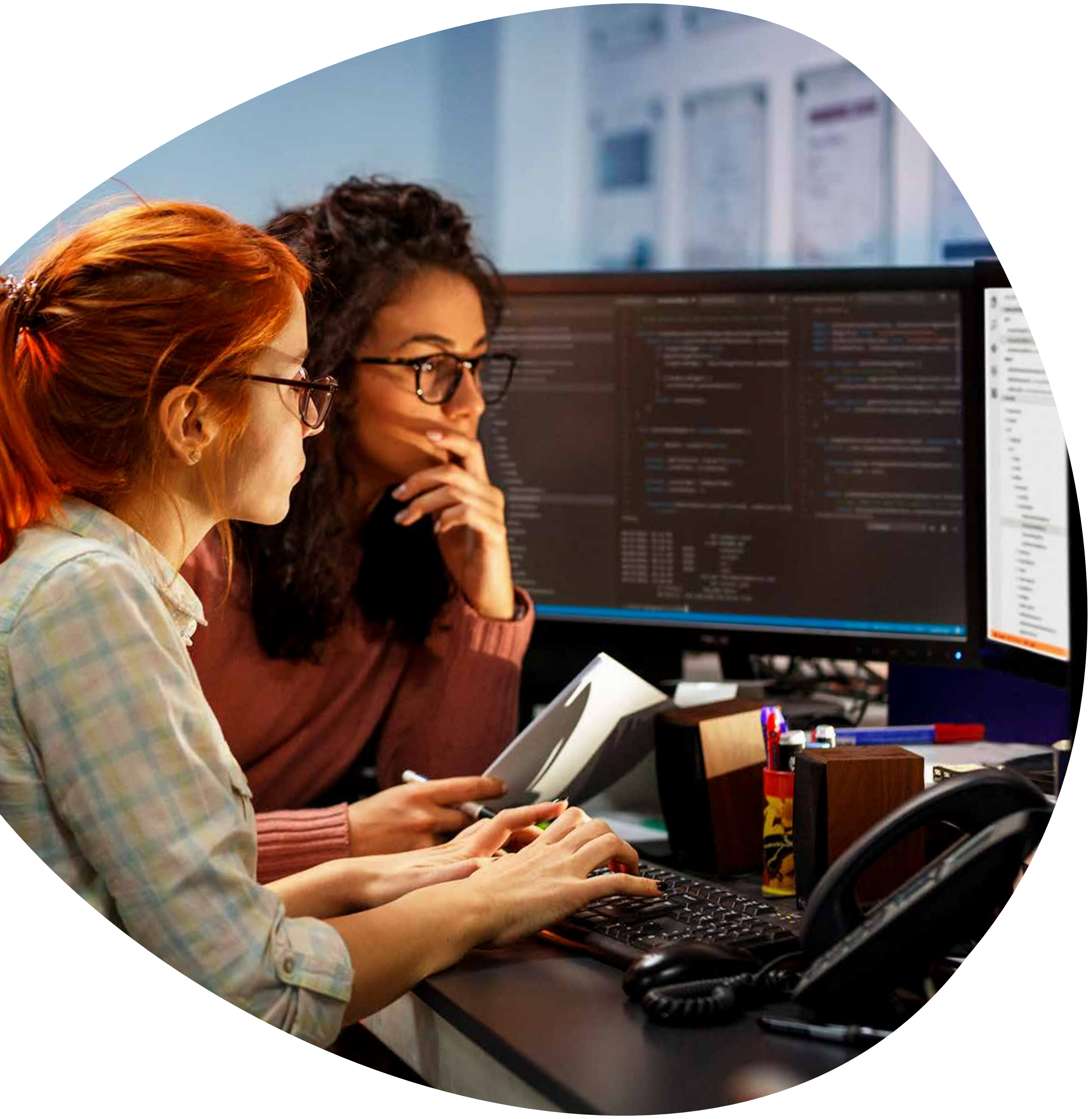
Management Team

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

Management Team: Peter Verhaeghe, Pascal De Buck, Arno Büx, Christian Leclercq

Our risk management process



Approach

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 will 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 and Risk Committee examines all key risks, controls and mitigating measures every year. The Risk Department systematically coordinates and supports the company-wide risk process. This approach is approved by the Audit and Risk 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.

First line

- The first line of defence: the departments themselves, which are responsible for their risks and ensure effective controls and measures

Second line

- 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 guide those in the first line in risk management, compliance with regulations, guidelines and internal rules, budget monitoring and the security of staff, facilities, ICT systems and information

Third line

- 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 in the long term due to the energy transition: the risk that part of Fluxys' infrastructure can no longer be used and/or investment is needed to make it future-proof	• Monitoring the market by continuously adapting existing services and/or developing new services needed by the market at competitive prices • Digital technology allows existing business models and processes to be optimised or renewed in order to process larger volumes of short-term bookings as automatically as possible • 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 energy demand and in infrastructure or projects supporting the energy transition

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

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

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 regulations, collective bargaining agreements 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

Financial situation: key statistics

Key financial data for 2021 (consolidated)

Income statement (in thousands of €)	31.12.2021	31.12.2020
Operating revenue	1,136,297	1,110,664
EBITDA*	809,533	739,528
EBIT*	394,558	320,883
Net profit	247,094	200,009

Balance sheet (in thousands of €)	31.12.2021	31.12.2020 (revised)
Investments in property, plant and equipment for the period	100,886	136,642
Total property, plant and equipment	5,213,095	5,343,691
Equity	3,607,949	3,512,017
Net financial debt*	2,320,786	3,149,841
Total consolidated balance sheet	8,042,330	7,980,403

Financial ratios	2021	2020 (revised)
Solvency Ratio of (i) net financial debt* and (ii) the sum of equity and net financial debt*	39%	47%
Interest coverage Ratio of (i) the sum of FFO* and interest expenses and (ii) interest expenses	10.2	8.7
Net financial debt/extended RAB* Ratio of (i) net financial debt and (ii) extended RAB	37%	49%
FFO*/net financial debt* Ratio of (i) FFO and (ii) net financial debt	26%	17%
RCF*/net financial debt* Ratio of (i) RCF and (ii) net financial debt	17%	11%

Indicators	2021	31,12,2020 (revised)
RAB * (in millions of €)	6,343.1	6,397.2
Transmission	2,925.9	2,935.0
Storage	228.8	235.6
LNG terminalling (in Belgium)	303.0	302.7
Property, plant and equipment outside RAB* (in millions of €)	2,885.3	2,924.0

* See glossary on page 224

Fluxys NV/SA – 2021 results (consolidated)

Consolidation scope

Some noteworthy changes in the consolidation scope and shareholdings in the 2021 financial year are summarised below.

- Acquisition of a 29.12% stake in TBG (through Fluxys International NV and Corumba Holding SARL). This entity has been consolidated using the equity method since the second quarter of 2021, with no significant impact on the consolidated accounts
- Creation of Fluxys Brasil in the second quarter of 2021 without any significant impact on the consolidated accounts
- Acquisition of a 33.33% stake in HyOffWind NV. This entity has been consolidated using the equity method since October 2021, with no significant impact on the consolidated accounts
- Acquisition of a 11.35% shareholding in HEH through Fluxys Germany Holding GmbH. This entity has been consolidated using the equity method since the third quarter of 2021, with no significant impact on the consolidated accounts
- Creation of FluxGermany NV and FluxDe Holding GmbH in the last quarter of 2021, with no significant impact on the consolidated accounts

Operating revenue

The turnover of the Fluxys group, including movements of regulatory assets and liabilities, remained stable: €1,136.3 million in 2021 compared to €1,110.7 million in 2020.

Turnover from gas transmission activities rose at Interconnector (€26.1 million), in Belgium (€15.5 million) and in Germany (€10.3 million) but fell as expected at FluxSwiss (-€21.0 million), while turnover from LNG activities also saw a decline (-€7.7 million).

Turnover consists of:

- €561.9 million from transmission, storage and terminalling and associated activities in Belgium, or 49.5% of total operating revenue, and
- €574.4 million from activities outside Belgium, or 50.5% of total operating revenue

EBIT

The Fluxys group generated EBIT of €394.6 million in 2021, up €73.7 million on 2020 (€320.9 million). This increase is mainly due to the larger contribution of the companies accounted for by the equity method (contribution of TAP for the whole year and acquisition of stake in TBG).

Net profit

The group's net profit increased to €247.1 million in 2021 compared to €200.0 million in 2020, an increase of €47.1 million.

Fluxys' share in this profit amounted to €194.3 million in 2021, compared to €146.1 million in 2020, an increase of €48.2 million.

This change reflects the evolution of EBIT.

Investments in infrastructure projects

In 2021, the Fluxys group continued to invest in infrastructure in its three core activities (transmission, storage and LNG terminalling). The investments in Belgium (€50.6 million) mainly went to the maintenance of the facilities and partly the increase of the regasification capacity, while the material investments outside Belgium (€50.2 million) were primarily spent on facilities in Germany.

Financial participations

The stake in TBG was the Fluxys group's biggest investment in 2021. Fluxys also recovered funds from TAP through capital reductions.

Fluxys NV/SA – 2021 profit (under Belgian GAAP)

Fluxys' net profit amounts to €149,724,000, compared to €127,460,000 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 Annual General Meeting, the total gross dividend for the 2021 financial year will be €139,199,000, the same as in 2020.

Outlook for 2022

Based on the information available at the time of this report and given the essential nature of the company's activities and their regulatory framework in a number of countries, we do not anticipate the current situation in Ukraine and Russia (and the resulting market developments) potentially having a significantly adverse impact on the 2022 consolidated financial statements.

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) 2017/460 of the European Commission. This aims to harmonise design methodologies for gas transmission tariffs in Europe and provides a range of requirements regarding publication of data and communication on tariffs. This code was applied for the first time for the current tariff period (2020-2023 in Belgium) and will be applied again when setting the tariffs for the next regulatory period (2024-2027 in Belgium).

Within the Fluxys group, there are entities that are regulated (Fluxys Belgium, Fluxys LNG, Fluxys Deutschland, Fluxys TENP, DEFSA), entities that are exempted from regulation for a limited period (Dunkerque LNG, TAP), entities operating under a merchant model (Interconnector, Fluxys BBL) and finally, entities that are not regulated (FluxSwiss & GMSL). TBG in Brazil operates under a regulated system inspired by the EU model.

Principles

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

Gas transmission in the EU is an activity with regulated tariffs, as are storage and terminalling activities in Belgium. Under the main principle of regulation, revenue must be sufficient to cover the eligible costs and allow shareholders to obtain a fair return (depending on the allocated regulated equity and, usually, the 10-year government bond return).
In this context, revenue must be fixed, taking into account the following:

- operating expenses (including expenditure on new investments)
- authorised depreciation (including depreciation for new investments)
- cost of debt (including costs for new investments)
- Fair margin for shareholders (including the margin for new investments)

Explanatory note on regulated revenue

Regulation provides for regulatory periods of fixed duration (e.g. four years in Belgium and Greece, and five years in Germany). Before the regulatory period begins, the transmission system operator (TSO) submits a budget for the regulatory period (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 possible transfers to or from the regulatory account and possible compensation between transmission system operators (only in Germany), 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 of a financial year may differ from the amounts budgeted for the tariff calculation.
A settlement is therefore made each year, whereby the actual figures are compared with the authorised figures and certain differences are transferred to/from the regulatory account. (The mechanism and timing for using the regulatory account differs depending on the regulatory regime in each country).

For instance, if the revenue invoiced to customers (cash revenue), which is calculated as actual volume sold x applied tariff, is higher than the authorised regulated revenue (sum of the actual costs to be covered minus the 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 operating costs (in Belgium and in Greece)
- elements based on the actual amount of gas transported
- capacity sales

Conversely, if the revenue invoiced to customers (cash revenue) is lower than the sum of the actual costs to be covered, the shortfall is booked to debit in the 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 over which the company has control, 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 can be assigned to the margin and part to the regulatory account.

In addition, the Fluxys group buys and sells a commodity (gas) for balancing purposes alone. 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. 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 for terminalling activities are considered to be non-manageable costs in Belgium.

Exempted entities and regulation for interconnectors

In some countries, the regulator has, under specific conditions, provided for 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 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's net profit is capped. If the net profit exceeds the cap, the surplus is recorded as a regulatory debt to the market. The cap is set for a specific period and may be reviewed by the regulator if the entities can prove that it does not allow them to cover operational expenses, depreciation and a fair margin for their shareholders.

Non-regulated revenue

The natural gas market is not currently 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.

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Be fit and grow in Belgium and Europe

Be fit and grow in Belgium and Europe

Our approach

With our infrastructure we deliver continuity going forward. For as long as it is required, we provide a reliable supply of natural gas which, as a low-emission energy source, serves as a necessary buffer in the transition to a carbon-neutral society.

We optimise our operations in Belgium and Europe while growing our assets selectively in view of the low-carbon future.

Our focus in 2021

- Keeping our essential services operational in complete safety during the ongoing pandemic
- Striving to sell additional capacity
- Rolling out our L/H conversion project in Belgium
- Developing our partnership in the LNG terminal project in Stade near Hamburg
- Launching initiatives to promote the use of LNG as an alternative fuel for ships and trucks
- Preparing to offer the Belgian market infrastructure to transport hydrogen and CO_2 (see 'Be the transporter of the future energy carriers', p. 46)

Pandemic: shifting swiftly

For the second year in a row, the pandemic turned society upside down. In these uncertain times, 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 continuity of the energy supply.

We carefully complied with government recommendations in the various countries in which we are active in order to limit the spread of the virus. Throughout the year, with our staff we swiftly shifted gears as public health restrictions were eased or tightened.

Special efforts to sell transmission capacity

The harmonised European rules for the use of the networks mean that customers active in border-to-border transmission are concluding fewer long-term contracts. Instead, they are increasingly booking capacity on a short-term basis - often one day in advance - depending on market conditions. In this respect, 2021 was a year of remarkable volatility in capacity demand, both in terms of volumes and direction of flows. The customer-centric approach adopted by our sales teams ensured that we were able to respond quickly to market developments and achieved significant additional capacity sales.

In Belgium, efforts also continued regarding projects for new power plants. We established sales proposals for connecting power plants to the network for various project promoters and made further preparations. Which connection projects will be implemented depends on which power plants will be built.

Capacity available in all directions

The challenge for our operational teams in each country lies in keeping our infrastructure ready for flows in all directions. This showed once again in 2021, which saw changing patterns of supply to the European market. The geopolitical developments in 2022 also clearly marked that the flexible deployment of infrastructure is key to security of supply.

Towards the end of 2021, there was high demand in Germany and the Netherlands for flows from Belgium, and we were able to meet that demand flexibly thanks to both pipeline supplies from the UK and Norwegian gas fields and supplies of LNG to the terminals in Zeebrugge and Dunkirk.

Our service offer enabling the supply to Germany with gas from Italy and France via Switzerland also proved to be an important asset for security of supply in the course of the year.

Despite Brexit, the Interconnector pipeline once again confirmed its role as an important link in the supply of both the UK and continental Europe.
In January and in the third quarter of the year, large quantities flowed via the pipeline from Belgium to the UK, and at the end of the year there were high flows from the UK to Belgium.

Higher levels of shipping traffic at LNG terminals

Shipping traffic at the Zeebrugge LNG terminal reached new heights in 2021. 181 ships docked at the terminal, breaking the previous record of 172 in 2020. May 2021 was the busiest month for marine traffic at the terminal, with 26 ships docking there. The LNG terminal in Dunkirk also saw an increase in traffic in 2021: a total of 62 ships moored at the facility, compared to 53 the year before.

Zeebrugge LNG terminal: additional regasification capacity fully sold

In early 2021, the LNG terminal successfully completed the open season for additional regasification capacity. The offered capacity of approximately 10.5 GWh/h was fully booked.

In light of the capacity booked, the final investment decision was taken to build the necessary additional infrastructure at the terminal. Three additional regasifiers with seawater are being built. The new facilities will significantly reduce the terminal's emissions.

Partner in the Stade LNG terminal project

Hanseatic Energy Hub (HEH) is preparing to build an LNG terminal in Stade (near Hamburg), and in 2021 Fluxys became a partner in the project. As an industrial partner, Fluxys plays an important role in the commercial, technical and operational development of the terminal and will also be responsible for operating the facility when the final investment decision for its construction is taken. The final investment decision depends, among other things, on market demand and is expected in 2023.

The Stade LNG terminal would provide important support for Germany in its approach towards a more diversified energy mix. For Fluxys, the project is an opportunity to strengthen and diversify its presence in Germany with an eye on the future. As it goes, the terminal in Stade is designed as a zero-emission facility that uses heat from neighbouring industry in the regasification process. At a later point in time, the terminal may also accommodate increasing volumes of carbon-neutral energy carriers.

Shift from low-calorific to high-calorific natural gas

Depletion of low-calorific natural gas sources

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 Belgium, France and Germany between 2020 and 2030.

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 and so ensure the continuity of natural gas supply.

L/H conversion in Belgium: five years ahead of 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 around 40 TWh of L-gas per year for domestic consumption, which accounts for around 20% of volumes consumed. The Belgian network also acts as a corridor for conveying L-gas to France.

Following a number of small and medium-sized projects concerning the conversion of L-gas to H-gas rolled out from 2016 to 2020, in 2021 we teamed up with distribution system operators Sibelga, Fluvius and Ores to conduct a large-scale conversion for the first time, during which over 300,000 connections were converted. Despite the limitations imposed by COVID-related measures, the conversion was completed on time. Thanks to our active cooperation with the distribution system operators, the rest of the conversion schedule has been brought forward by five years. The entire market for low-calorific natural gas will be converted by 2024 instead of 2029.

New pipeline sections for TENP I

The TENP infrastructure in Germany comprises two pipelines, TENP I and TENP II. 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 quality of the infrastructure. To provide a solution, Fluxys TENP and Open Grid Europe, as shareholders of the TENP infrastructure, took the final investment decision for new sections of pipeline in 2021 and started the permit procedures.

This also takes 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) approved the investments in the new TENP sections as part of the 2018 and 2020 Network Development Plans. Until the new pipeline sections are commissioned, the capacity available in the infrastructure will remain capped at current levels.

EUGAL fully commissioned

Fluxys holds a 16.5% stake in the Europäische Gas-Anbindungsleitung (EUGAL) in Germany. This infrastructure comprises two parallel pipelines to transport gas from the north of Germany southwards to the Czech border and to the west of Germany. In late 2019, EUGAL commissioned the first pipeline and in April 2021 the second pipeline and a compressor station became operational.

Fluxys infrastructure: various solutions for supplies to Germany

Germany requires additional supply flows for various reasons. With regard to demand, the country needs new volumes of natural gas besides renewable sources to cope with the phasing out of both nuclear power and coal- and lignite-fired generation. The country also needs new inflows to replace the declining volumes of L-gas from the Netherlands. At the same time, Germany is looking into opportunities to expand the diversity of its supply portfolio. Fluxys' infrastructure offers solutions in various ways.

Through the German/Belgian Eynatten interconnection point in the west: as the Zeebrugge and Dunkirk LNG terminals are directly connected into the Belgian network, flows from the west into Germany offer the country the opportunity to smoothly diversify its supply portfolio with LNG.

Via the German/Swiss Wallbach interconnection point in the south: the capacity offered via the Transitgas pipeline in Switzerland allows for southbound flows from Germany towards Italy as well as northbound flows to Germany from Italy.

The NEL and EUGAL pipelines bringing supplies to the south and west: FNB Gas, the association of gas transmission operators in Germany, is studying how the pipelines can play a role in the downstream transmission from the LNG terminals that may be built in northern Germany.

The **Stade LNG terminal project** near Hamburg would provide important support for Germany in its approach towards a more diversified energy mix.

DESFA fully developing

Fluxys, along with the energy infrastructure companies Snam (Italy) and Enagás (Spain) and 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 (TAP) and a number of other initiatives in the project phase, the country is to become a key axis for the diversification of sources and supply routes for natural gas, and may turn into an energy hub for natural gas in South-East Europe. Fluxys and its consortium partners are offering their expertise as industrial partners so that DESFA can fully develop its strategic position in the Mediterranean.

In this context, in late 2021 DESFA acquired a 20% stake in the project for a floating LNG storage and regasification facility near Alexandroupolis. The facility will strengthen source diversity for the Greek market and Greece's transit role to Bulgaria. The final investment decision for the project was taken in early 2022.

In 2021, Greece saw its demand for natural gas increase by almost 11% to around 70 TWh, with this increase mainly due to increased electricity generation from natural gas. During the annual update of its Network Development Plan, DESFA included in its investment programme additional projects in line with the National Energy and Climate Plan. The project for a pipeline spanning over 160 km in Western Macedonia is progressing well. The pipeline is a cornerstone in the response to the phase-out of lignite-fired electricity generation. In view of Greece's security of supply, DESFA is also investigating the possibilities of underground storage.

Furthermore, the new Al-Zour LNG import terminal in Kuwait, for which DESFA holds a contract to provide operation and maintenance services, was commissioned in 2021.

Successful first year for the Trans Adriatic Pipeline

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 Azerbaijan. By making available a new source, TAP is a vital link in that it increases both the diversification of sources and the security of natural gas supply in Europe.

Construction of the pipeline began in 2016 and commissioning took place in the last quarter of 2020. 2021 was a success as the first full year in which TAP was operational. The infrastructure has a capacity of 10 billion cubic metres per year and in 2021 the pipeline transported a total of over 8 billion cubic metres.

Supporting small-scale LNG

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

Zeebrugge

In November, the LNG terminal welcomed its 20,000th tanker truck. LNG truck loading has experienced particularly strong growth over the past three years due to the sharp increase in demand for LNG as a fuel for ships and trucks. 2021 was a record year, with the number of loading operations doubling.

Given current volumes of traffic, the existing truck loading bays are gradually approaching their maximum capacity. Moreover, there is considerable market interest in booking even more loading slots in the future. Therefore, four additional truck loading bays are being built at the terminal. They are scheduled to be commercially available in 2023.

Antwerp

At the port of Antwerp, Fluxys facilitates vessel bunkering with LNG trucks and there is also a permanent LNG bunkering point for ships to refuel. Furthermore, the group teamed up with Titan LNG to build the LNG bunkering barge Flexfueler 002. It has made LNG more widely available as an alternative marine fuel since 2021. The advantage of the bunkering barge is that ships can be bunkered with LNG wherever they load or unload.

Dunkirk

The LNG terminal in Dunkirk opened its first loading bay for LNG tanker trucks in 2020 and the jetty has been modified to accommodate small LNG bunkering vessels. The loading bay was in high demand in 2021 and the world's largest LNG bunkering vessel was loaded at the jetty to fill up the world's largest LNG-powered container ship in late April.

Revithoussa

DESFA is building a loading bay for LNG tanker trucks at the LNG terminal in Revithoussa and a second jetty to accommodate small LNG vessels.

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Be the transporter of the future energy carriers

Be the transporter of the future energy carriers

Our approach

The energy transition is different in every country and every continent. The approach and pace depend to a large extent on various factors, including the specific climate, economic and industrial characteristics of each region. Where the market is ready to move towards carbon-neutral molecules, Fluxys is ready as well.

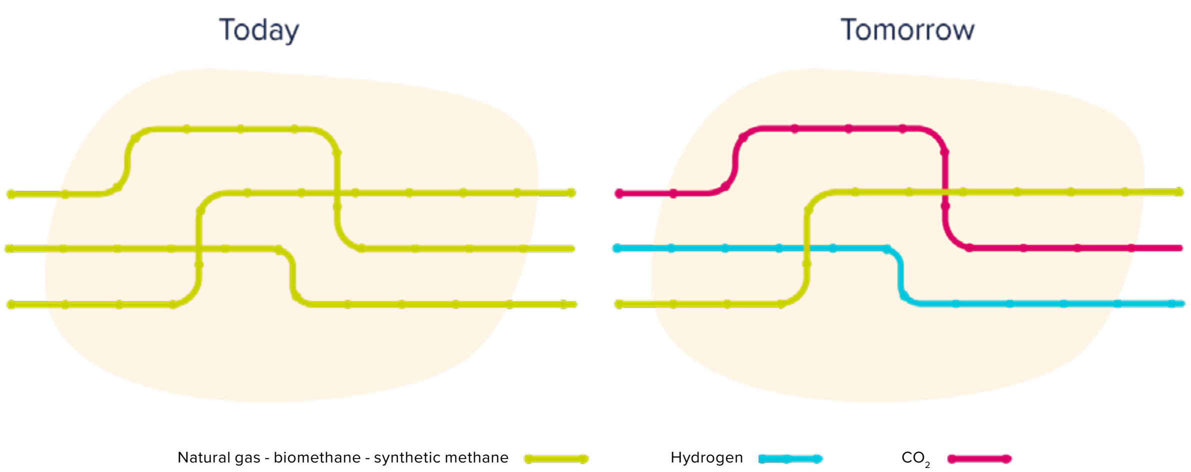
We support biomethane initiatives, explore new technologies and invest in infrastructure to accommodate hydrogen, CO_2 and other molecules for the low-carbon future.

Our focus in 2021

- Going to the market with tangible proposals for open access hydrogen and CO_2 infrastructure in Belgium's various industrial clusters and initiatives to underpin the hydrogen economy with infrastructure in Germany, Switzerland and Greece
- GNL Rolling out initiatives to help develop the biomethane market in Belgium and make bio-LNG available at the Zeebrugge LNG terminal
- Systematically reducing our own climate impact

Working towards a European hydrogen backbone

An interconnected European network for hydrogen transmission is the cornerstone of a well-functioning hydrogen economy in Europe. To this end, since 2020 Fluxys has been working with other energy infrastructure companies within the European Hydrogen Backbone initiative. The initiative has since grown into a joint plan to develop dedicated hydrogen infrastructure in 27 European countries. The plan provides for a hydrogen backbone which largely consists of repurposed infrastructure currently used to transport natural gas.



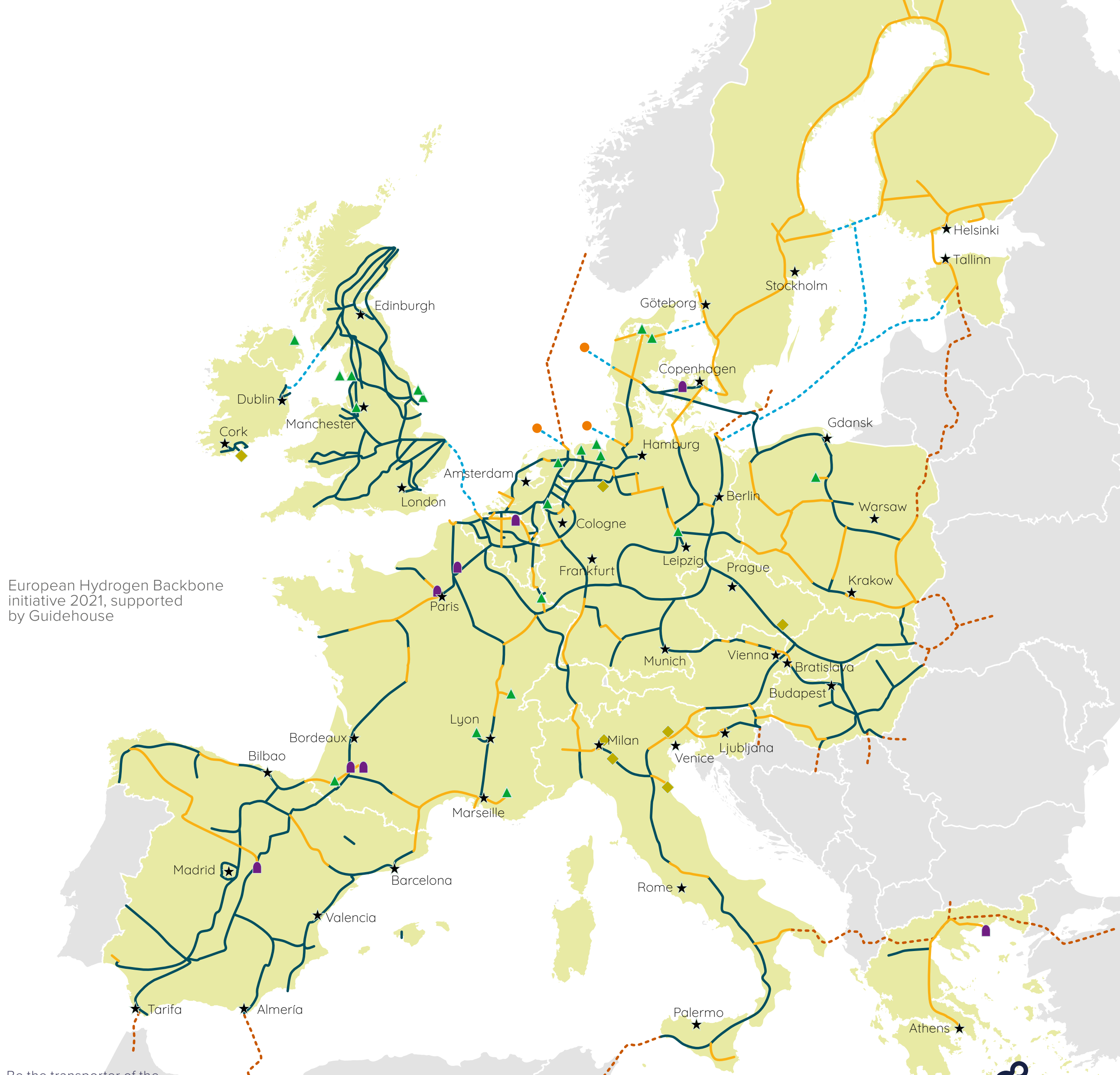
Gas infrastructure can transport various types of molecules, just as electricity infrastructure can transport electrons generated by wind, solar, natural gas, nuclear and coal power.

Belgium is the pilot country for Fluxys (see 'Building the hydrogen and CO_2 infrastructure for Belgium' on page 46).

In **Germany**, Fluxys is actively involved in developing the long-term vision for hydrogen transmission infrastructure within the association of gas transmission operators in Germany, FNB Gas.

In **Switzerland**, FluxSwiss is working hard to raise awareness of the potential of hydrogen and to position the Transitgas pipeline as key infrastructure for international transit and supply of Switzerland in the future European hydrogen backbone.

In **Greece**, DESFA and TAP are infrastructure partners in the White Dragon project, an initiative to kick-start the country's hydrogen economy.



European Hydrogen Backbone initiative 2021, supported by Guidehouse

Building the hydrogen and CO_2 infrastructure for Belgium

Using our infrastructure sustainably for the energy transition

Thanks to its energy transition strategy, Fluxys is ready to sustainably use its infrastructure in Belgium as a vital tool to help shape a carbon-neutral society. Our approach is fully in line with the hydrogen strategies of the European Commission and the Belgian federal government as well as the climate approach at regional level.

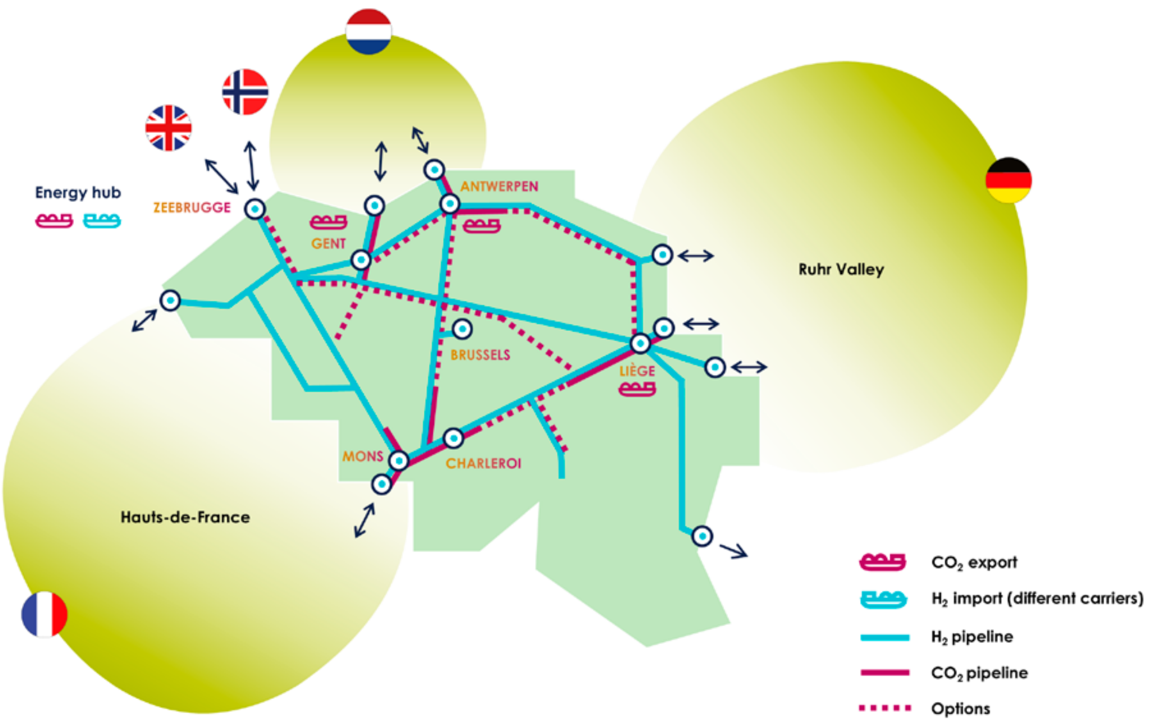
Taking into account the necessary legal and regulatory developments, we want to transform and develop our infrastructure into a multi-use system. In this system, in line with changing market needs, we will be transporting natural gas and biomethane as well as increasing quantities of hydrogen, CO_2 or other molecules that are needed to make the energy transition a success.

First infrastructure in 2026

Our approach to providing Belgium with the necessary hydrogen and CO_2 infrastructure takes shape in cooperation with our customers, the authorities, neighbouring operators, distribution system operators and other stakeholders.

The plan is to develop, in line with market needs, infrastructure in industrial clusters, establish connections between them and with neighbouring countries. This will allow us to lay the foundations for Belgium's lasting role as an energy hub in North-West Europe for the molecules of the future.

We aim to have the first hydrogen and/or CO_2 infrastructure in place for use in 2026. In early 2021, we asked the market which volumes would be needed from which sources and going to which destinations. At the end of that year and in early 2022, we went back to the market with tangible proposals for hydrogen and CO_2 infrastructure in various industrial clusters. We are ready to get started.



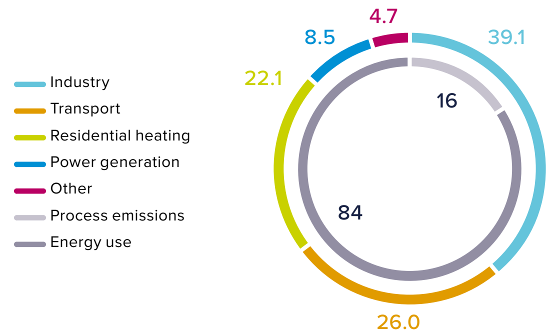
Infrastructure to transport hydrogen and CO_2: a dual solution

Approximately 40% of Belgium's CO_2 emissions are generated by energy consumption or process emissions in industry. Reconfiguring our infrastructure is a cost-efficient solution to cutting industrial CO_2 emissions, consequently making a major contribution to achieving climate targets.

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

Industrial processes that produce CO_2 – the capture and use or storage of CO_2 is considered a key technology for reducing CO_2 emissions and creating clusters for the circular reuse of CO_2 in the production of, for example, carbon-neutral biofuels. This technology is particularly important for hard-to-abate sectors with processes inherently generating CO_2 emissions. The availability of infrastructure to transport captured CO_2 to destinations for reuse or storage is a cornerstone of this solution.

Belgium: breakdown of CO_2 emissions
(in million tonnes, source: klimaat.be)



Various projects to develop the hydrogen market and CO_2 chains

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

HyOffWind

HyOffWind is a project developed by Virya Energy and Fluxys to construct a power-to-gas facility in Zeebrugge that converts renewable electricity into green hydrogen. Fluxys' role in the project focuses on the infrastructure and is separate from the commercial aspects related to the production and sale of green hydrogen.

HyOffWind is designed as an industrial-scale facility with the capacity to electrolyse 25 MW of electricity (with the potential to scale capacity up to 100 MW). In early 2022, HyOffWind has signed an agreement with John Cockerill and BESIX to design and build the facility. The final investment decision for the project is expected in the course of 2022.

Hydrogen imports

Any viable hydrogen economy 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. 'Blue hydrogen' is one alternative. This is hydrogen produced from natural gas, where the released CO_2 is captured and reused or stored. Using available technologies, more than 95% of the CO_2 released can be captured and other technologies such as pyrolysis are also under development to produce low-carbon hydrogen.

The import of carbon-neutral hydrogen is another important option if the hydrogen sector continues to grow. DEME, ENGIE, EXMAR, Fluxys, the ports of Antwerp and Zeebrugge and WaterstofNet therefore have joined forces in the Hydrogen Import Coalition. The partners completed a large-scale industrial study mapping out the financial, technical and regulatory aspects of the entire hydrogen import chain, from production abroad to supply via ships and pipelines to Belgium and onward distribution.

The study concluded that hydrogen imports are both technically and economically feasible. This forms the basis of subsequent action, including pilot projects to supply green molecules 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.

FLANDERS INNOVATION & ENTREPRENEURSHIP flux50
Clusters for Innovation

Hydrogen panels

Researchers from KU Leuven have developed game-changing hydrogen panels that are a highly efficient means of producing green hydrogen from sunlight and water vapour in the air. Fluxys installed several of these panels on the green roof of its Anderlecht lab 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.

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 amass knowledge of green hydrogen, local storage thereof, injection into networks and its role in the decarbonisation of public distribution. H2GridLab is supported by Belgium's federal Energy Transition Fund.

Semi-industrial installations such as gas turbines and fuel cells will be set up and tested in a second phase starting in late 2022.

Antwerp@C

Antwerp@C is a project to halve CO_2 emissions in the port of Antwerp by 2030 by building open access CO_2 infrastructure. In this initiative, Fluxys joins forces with Air Liquide, BASF, Borealis, ExxonMobil, INEOS, Port of Antwerp and TotalEnergies. Once the technical studies are complete, a final investment decision is expected by the end of 2022.

Antwerp@C was awarded a European grant from the Connecting Europe Facility. The funds are used to conduct studies into a CO_2 pipeline at the port of Antwerp, a CO_2 pipeline to the Netherlands and a terminal to liquefy captured CO_2 for export by ship.

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

Ghent Carbon Hub

Fluxys, ArcelorMittal and North Sea Port join forces to develop an open access CO_2 terminal in the port of Ghent. The idea is to liquefy CO_2 captured in the wider port area at the terminal for export.

Power-to-Methanol Antwerp

Methanol is an essential multi-purpose raw material for the chemical industry and has many other applications as well. Fluxys is an infrastructure partner in the Power-to-Methanol Antwerp project, an initiative to build a demonstration plant to produce 8,000 tonnes of sustainable methanol a year, avoiding at least an equivalent volume of CO_2 emissions. In 2021, the project received €1 million in financial support from the Flemish government. The partners in this project are ENGIE, Fluxys, Indaver, INOVYN, Oiltanking, Port of Antwerp and the Flemish Environmental Holding Company.

Optimum reuse of our infrastructure: knowledge is power

Together with various academic institutions and partners, Fluxys is looking extensively into the modalities for transporting hydrogen and CO_2 in its infrastructure.

HyFit and Hysource

Two projects with universities to study the influence of hydrogen on pipeline steels and welding.

PIPELHYNE

Programme with GRTgaz, National Grid and ENGIE to test different types of steel for their sensitivity to hydrogen.

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. The facility is intended to 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.

The tests will start in 2022 and are an important addition to our own research into the reuse of existing natural gas infrastructure. Expert group DNV and the universities of Durham and Edinburgh are also involved in the test facility.

Underground storage

We are investigating the modalities for hydrogen storage at our Loenhout underground storage facility. In 2021, preparations were made to inject hydrogen for underground storage and we expect to be able to carry out the first tests in 2022.

Other research avenues

Fluxys is working with universities to map additional research to support the development of hydrogen and CO_2 infrastructure. Other possible research includes additional solutions to help Fluxys make its own activities climate-neutral.

Also research into optimal cooperation between gas and electricity networks

The role of gas in a low-carbon context

A project with universities investigating the role of renewable molecules in the energy transition. The research is intended to produce an energy system model to support a renewable energy policy that combines support for renewable electricity and for renewable gas.

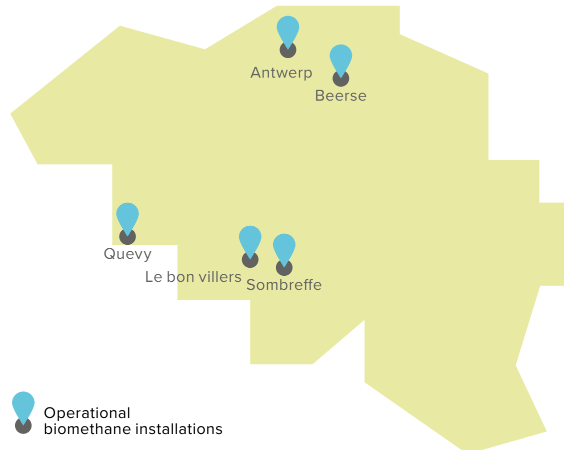
Interaction between energy networks

Together with a university, research is being conducted into the interactions between different energy networks with a view to creating a simulation model for the Belgian energy system that integrates electricity, hydrogen and natural gas.

Helping to develop the biomethane market

Out of the starting blocks

The production of biomethane in Belgium is getting off the ground, but is still lagging behind neighbouring countries. At present, five biomethane units are operational: two in Flanders and three in Wallonia. An additional five are expected by 2024, increasing annual generation to around 1 TWh.



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 cover about one fifth of household gas consumption by 2030. In addition, biomethane can also be imported from neighbouring countries. Cross-border exchanges of biomethane should be encouraged by developing an international system of guarantees of origin and sustainability certificates.

Producers: connecting to the network

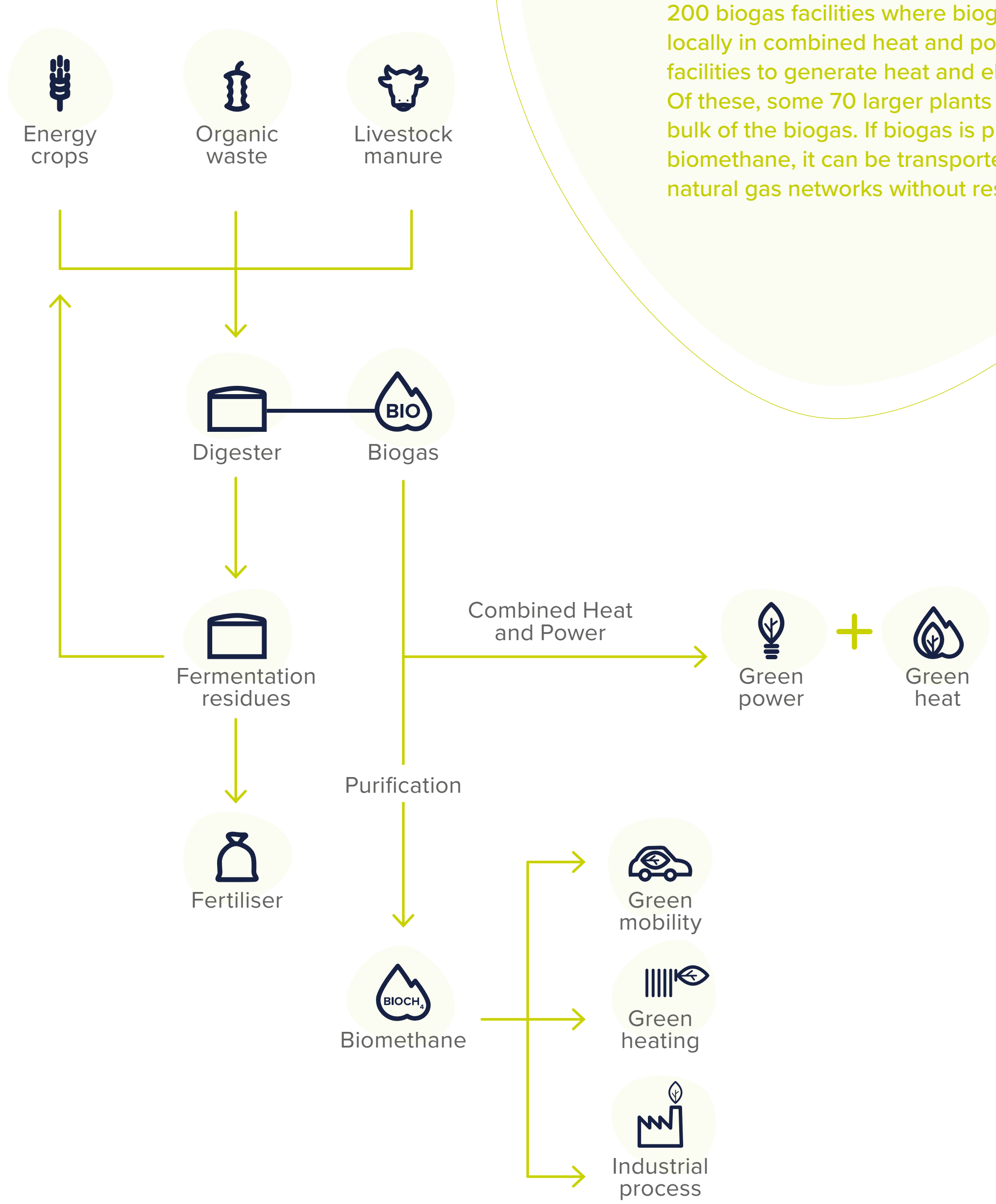
In addition to being able to inject into the networks of distribution system operators, large biomethane plants in Belgium can also connect to Fluxys Belgium's high-pressure network. Based on the applications we received in 2021, we expect to establish the first direct connections to our network from 2024 onwards.

Zeebrugge LNG terminal makes available bio-LNG

Since 2020, the LNG terminal in Zeebrugge has been certified as a European approved process plant to make bio-LNG available as a fuel for transport. In 2021, around one hundred trailers and two bunker vessels were loaded with bio-LNG. As bio-LNG enables shipping and heavy goods transport to fully decarbonise, we expect demand for bio-LNG at the terminal to rise sharply in the coming years.

Biogas, carbon neutral

Biogas is carbon neutral and is extracted 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. Of these, some 70 larger plants supply the bulk of the biogas. If biogas is purified into biomethane, it can be transported via the natural gas networks without restriction.



Systematically reducing our own climate impact

Fluxys aims to achieve net-zero greenhouse gas emissions for its own operations by 2035. This target was set in 2021. In Belgium, since 2019 we have been working with a comprehensive programme to achieve our first milestone: halving our own greenhouse gas emissions by 2025 compared to 2017 levels. The programme is on track to meet that objective.

3 additional regasifiers with seawater

Three additional regasifiers with seawater are being built to boost send-out capacity at the LNG terminal in Zeebrugge. Using the heat from seawater to regasify LNG will significantly reduce the terminal's energy consumption and emissions.

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Invest outside Europe

Invest outside Europe

Our approach

Over the past decade, Fluxys has become a reference partner for energy infrastructure projects in Europe. Our ambition is to keep stepping it up and grasp the opportunities to become a preferred partner outside Europe as well.

We target infrastructure supporting the energy transition. By establishing a broader presence outside Europe, we can help build the infrastructure for new energy chains to import green hydrogen to Europe, allowing us to strengthen our position in Europe as transporter of the energy of tomorrow.

Our focus in 2021

Harnessing our stake in TBG, one of Brazil's transmission system operators

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 is an additional opportunity to achieve sustainable growth. It offers the chance to deploy our knowledge and experience over a broader geographical base and, through gas infrastructure, pave the way to a climate-neutral future outside Europe as well.

When we explore projects, we look ahead to the future market for green molecules. Green hydrogen from regions with a lot of sun and wind will have to find its way to Europe. By establishing a broader presence outside Europe, we can help build the infrastructure for new energy chains to import green hydrogen to Europe, allowing us to strengthen our position in Europe as transporter of the energy of tomorrow.

Outside Europe, Fluxys wants to be active in regions where good prospects for energy demand go hand in hand with a sustainable investment climate and where the group's experience and expertise create value for potential partners.

First partnership in South America

Fluxys is looking into several projects in South America and in April 2021 became a minority partner in Brazilian transmission system operator TBG (Transportadora Brasileira Gasoduto Bolívia-Brasil). Fluxys set up a subsidiary in Rio de Janeiro to manage its stake in TBG and to explore projects in Latin America.

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 provides TBG with its industrial experience and expertise in gas infrastructure and supports the company's development through this exchange of knowledge. 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 amassing valuable expertise it can apply to future developments in Brazil and Latin America. Conversely, being active in new regions creates insights that we can apply to our approach in Europe.

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Our people and organisation

Our people and organisation

Our approach

Our 1,300 employees are our most important asset. Our results and success are down to their commitment and talents. That is why we invest in their well-being, their development, the strengthening of their ties with the company and with each other.

Our focus in 2021

- Staying safe at work together to ensure our essential services, both at home and in the field, throughout the ongoing pandemic
- Promoting well-being and health through targeted initiatives, including a framework for new hybrid working
- Enabling our organisation to move with our growth strategy and taking steps towards digitisation and the future of work
- Launching a new Employer Branding campaign focusing on our commitment to the climate-neutral energy landscape of tomorrow

Preparing for the future

We further honed our People & Organisation strategy in 2021 with a view to supporting the business strategy. Our People & Organisation 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

Transforming

We need to future-proof our organisation and employees in an evolving landscape. To meet this challenge, we are committed to strategies that allow employees to adapt to the new way of working and make our transformation a success.

We are striving to evolve into an open, self-learning community of interconnected teams with a common, shared goal: to successfully implement our strategy of leading the energy transition. All teams work together to transform future challenges into new opportunities.

To succeed here, we are enhancing our processes and practices based on a proactive, data-driven approach. We are attentive to changes and digitalisation to be ready for the future, meaning that HR is continuously revamping its working models and tailoring them to the new normal with a view to providing for an organisation that develops new business models while continuing to grow its existing activities.

Developing future-proof employees

Our development and training policy ensures that members of staff have the relevant knowledge and skills. We offer a varied mix of learning tools: educational tasks falling within or outside the employees' job description, internal or external coaching, internal and external training, and an online learning platform.

There are also various digital learning portals with e-learning modules and a team of Digital Coaches to further develop our employees' digital skills.

The accelerated digitalisation triggered by the pandemic has also had an impact on the learning process: where possible, conventional training has been converted into digital or hybrid courses. The training on offer is constantly evolving to keep pace with the company's needs.

New way of working

For the second year in a row, the pandemic had an impact on work. Employees whose jobs allowed it continued to work from home during certain periods. For operational staff, the work organisation was adapted to ensure service continuity. This led to new ways of working and cooperating in a new work environment and structure. We are also focused on hybrid working, i.e. how do you stay in contact with your colleagues, how do you work together, how do you exchange information, and so on, if you are no longer in the office together every day.

In the wake of the pandemic and new ways of working, the function of the office environment is increasingly shifting from a pure workplace to a meeting place. As such, we are investigating how the layout of our headquarters in Brussels can best be adapted to the new way of working.

walking together with heart

In all, our employees walked 180,000 km in two and a half months in the spring of 2021. That's equal to 4.5 laps around the earth! In view of this amazing achievement, Fluxys group companies in the UK, Belgium, France and Germany donated a total of €22,000 to various charities. The initiative encouraged many employees to keep moving during COVID, sharing photos and organising special 'Fluxys walks'.

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.

How will you change the world?

Our hunt for talent continues. Our new multimedia campaign helps us stand out in the highly competitive labour market in order to persuade talent to help build the carbon-neutral world of tomorrow.

Encouraging diversity

Fluxys encourages diversity without using positive discrimination quotas. Fluxys' human resources 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 target diverse, complementary profiles so that candidates from different backgrounds, views or preferences feel welcome.

Constructive social dialogue

Good social 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.

792 employee shareholders

At the end of 2021 and early 2022, staff were given another opportunity to buy unlisted shares in the Fluxys group. Another success and sign of commitment and confidence: 792 employees have now become group shareholders.

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Financial situation

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	31-12-2021	31-12-2020 revised
I. Non-current assets		**7,337,910**	**7,422,543**
Property, plant and equipment	5.1	5,213,095	5,343,691
Intangible assets	5.2	1,268,634	1,343,083
Goodwill	5.3	131,149	128,613
Right-of-use assets	5.4	122,429	131,665
Investments in associates and joint ventures	5.5	395,891	264,334
Other financial assets	5.6/6	90,932	115,718
Finance lease receivables		8,801	9,234
Other receivables	5.7/6	69,931	77,470
Regulatory assets	5.8	21,803	4,754
Deferred tax assets		0	63
Other non-current assets	5.7	15,245	3,918
II. Current assets		**704,420**	**557,860**
Inventories	5.9	54,607	39,117
Other current financial assets	6	739	1,566
Finance lease receivables		624	422
Current tax receivables		12,297	13,101
Trade and other receivables	5.10/6	205,330	147,854
Regulatory assets	5.8	2,272	4,447
Cash investments	5.11/6	71,909	96,307
Cash and cash equivalents	5.11/6	315,478	220,585
Other current assets	5.12	41,164	34,461
Total assets		**8,042,330**	**7,980,403**

Consolidated Balance Sheet			In thousands of €
	Notes	31-12-2021	31-12-2020 revised
I. Equity	**5.13**	**3,607,949**	**3,512,017**
Equity attributable to the parent company's shareholders		2,262,625	2,124,459
Share capital and share premiums		1,788,830	1,788,468
Retained earnings and other reserves		464,963	365,517
Translation adjustments		8,832	-29,526
Non-controlling interests		1,345,324	1,387,558
II. Non-current liabilities		**3,161,634**	**3,895,226**
Interest-bearing liabilities	5.14/6	1,794,780	2,573,920
Regulatory liabilities	5.15	400,093	403,486
Provisions	5.16.2	84,299	68,487
Provisions for employee benefits	5.17	69,775	81,614
Other non-current financial liabilities	6	21,097	11,260
Deferred tax liabilities	5.18	791,590	756,459
III. Current liabilities		**1,272,747**	**573,160**
Interest-bearing liabilities	5.14/6	950,452	269,308
Regulatory liabilities	5.15	87,347	135,032
Provisions	5.16.2	158	875
Provisions for employee benefits	5.17	5,209	5,633
Other current financial liabilities	6	975	124
Current tax payables		15,271	16,068
Trade and other payables	5.19/6	184,385	118,983
Other current liabilities		28,950	27,137
Total liabilities and equity		**8,042,330**	**7,980,403**

Consolidated income statement

Consolidated income statement			In thousands of €
	Notes	31-12-2021	31-12-2020
Operating revenue	4.1	1,136,297	1,110,664
Sales of gas related to balancing operations and operational needs		54,108	39,973
Other operating income	4.2	16,450	9,109
Consumables, merchandise and supplies used	4.3.1	-5,353	-4,073
Purchase of gas related to balancing of operations and operational needs		-57,190	-39,643
Miscellaneous goods and services	4.3.2	-234,976	-221,694
Employee expenses	4.3.3	-155,587	-150,520
Other operating expenses	4.3.4	-18,494	-25,412
Depreciations	4.3.5	-409,392	-402,659
Provisions	4.3.5	-4,938	-16,382
Impairment losses	4.3.5	-645	396
Operating profit/loss from continuing operations		**320,280**	**299,759**
Earnings from associates and joint ventures	4.6	74,278	21,124
Profit/loss before financial result and tax		**394,558**	**320,883**
Change in the fair value of financial instruments	4.5.4	-1,294	2,315
Financial income	4.4	14,607	12,828
Finance costs	4.5	-76,522	-79,622
Profit/loss before tax		**331,349**	**256,404**
Income tax expenses	4.7	-84,255	-56,395
Net profit/loss for the period	**4.8**	**247,094**	**200,009**
Fluxys share		194,345	146,133
Non-controlling interests		52,749	53,876

Consolidated statement of comprehensive income

Consolidated statement of comprehensive income			In thousands of €
	Notes	31-12-2021	31-12-2020
Net profit/loss for the period	**4.8**	**247,094**	**200,009**
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of employee benefits	5.16.1	30,720	-7,488
Income tax expense on these variances		-7,622	1,870
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		57,622	-18,937
Net investments in foreign operations – Hedging instruments	6	-2,892	-86
Tax expenses on these foreign exchange hedging instruments		722	105
Cash flow hedges	6	2,689	-2,184
Tax expenses on these cash flow hedging instruments		-700	642
Other comprehensive income from investments in associates and joint ventures – Cash flow hedges		27,126	-16,911
Other comprehensive income		**107,665**	**-42,989**
Comprehensive income for the period		**354,759**	**157,020**
Fluxys share		276,912	109,688
Non-controlling interests		77,847	47,332

Consolidated statement of changes in equity

In thousands of €

Consolidated statement of changes in equity	Share capital	Share premium	Retained earnings	Cash flow hedges	Net investments in foreign operations	Reserves for employee benefits	Translation adjust-ments	Other compre-hensive income	Equity attributable to the parent company's sharehol-ders	Non-controlling interests	Total equity
I. CLOSING BALANCE AS AT 01-01-2020	**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
II. 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**
1. Net profit/loss for the period			194,345						194,345	52,749	247,094
2. Other comprehensive income				22,088	-193	20,330	38,358	1,985	82,568	25,097	107,665
3. Dividends paid			-139,109						-139,109	-56,473	-195,582
4. Changes in the consolidation scope									0	0	0
5. Capital increases/decreases	276	86							362	-63,607	-63,245
6. Other changes									0	0	0
III. CLOSING BALANCE AS AT 31-12-2021	**1,706,811**	**82,019**	**477,268**	**-14,436**	**-5,017**	**6,213**	**8,832**	**935**	**2,262,625**	**1,345,324**	**3,607,949**

Consolidated statement of cash flows (indirect method)

Consolidated statement of cash flows (indirect method)	In thousands of €	
	31-12-2021	31-12-2020 revised
I. Cash and cash equivalents, opening balance	**220,585**	**163,777**
II. Net cash flows from operating activities	**643,592**	**597,696**
1. Cash flows from operating activities	**647,228**	**662,241**
1.1. Operating profit/loss from continuing operations	**320,280**	**299,759**
1.2. Non cash adjustments	**346,684**	**355,061**
1.2.1. Depreciations	409,392	402,659
1.2.2. Provisions	4,938	16,382
1.2.3. Impairment losses	645	-396
1.2.4. Translation adjustments	-1,438	2,181
1.2.5. Other non-cash adjustments	489	3,172
1.2.6. Increase (decrease) of regulatory liabilities	-67,342	-68,937
1.3. Changes in working capital	**-19,735**	**7,421**
1.3.1. Decrease (increase) of inventories	-15,377	-409
1.3.2. Decrease (increase) of tax receivables	804	2,670
1.3.3. Decrease (increase) of trade and other receivables	-57,476	50,601
1.3.4. Decrease (increase) of other current assets	-5,445	-1,260
1.3.5. Increase (decrease) of tax payables	-804	-2,671
1.3.6. Increase (decrease) of trade and other payables	56,750	-39,122
1.3.7. Increase (decrease) of other current liabilities	1,813	-3,237
1.3.8. Other changes in working capital	0	849
2. Cash flows relating to other operating activities	**-3,636**	**-64,545**
2.1. Current tax paid	-67,766	-73,925
2.2. Interests from investments, cash and cash equivalents	6,394	6,262
2.3. Inflows related to associates and joint ventures (dividends received)	55,529	3,650
2.4. Other inflows (outflows) relating to other operating activities	2,207	-532
III. Net cash flows relating to investment activities	**-138,183**	**-73,821**
1. Acquisitions	**-288,902**	**-186,906**
1.1. Payments to acquire property, plant and equipment, and intangible assets	-109,944	-147,051
1.2. Payments to acquire subsidiaries, joint arrangements or associates	-170,953	-13,936
1.3. Payments to acquire other financial assets	-8,005	-25,919
2. Disposals	**125,913**	**26,324**
2.1. Proceeds from disposal of property, plant and equipment, and intangible assets	5,479	3,330
2.2. Proceeds from disposal of subsidiaries, joint arrangements or associates	82,836	5,626
2.3. Proceeds from disposal of other financial assets	37,598	17,368
3. Dividends received classified as investment activities	**0**	**0**
4. Subsidies received	**513**	**0**
5. Increase (-)/ Decrease (+) of cash investments	**24,293**	**86,761**
IV. Net cash flows relating to financing activities	**-414,011**	**-465,887**
1. Proceeds from cash flows from financing	**280,835**	**31,670**
1.1. Proceeds from issuance of equity instruments	362	2,650
1.2. Proceeds from issuance of treasury shares	0	0
1.3. Proceeds from finance leases	231	0
1.4. Proceeds from other non-current assets	0	0
1.5. Proceeds from issuance of compound financial instruments	0	0
1.6. Proceeds from issuance of other financial liabilities	280,242	29,020

Consolidated statement of cash flows (indirect method)		In thousands of €
	31-12-2021	31-12-2020 revised
2. Repayments relating to cash flows from financing	**-440,544**	**-261,276**
2.1. Repurchase of equity instruments subsequently cancelled	0	0
2.2. Repayment of capital to non-controlling shareholders	-55,585	-118,100
2.3. Repayment of lease liabilities	-20,901	-19,949
2.4. Redemption of compound financial instruments	0	0
2.5. Repayment of other financial liabilities	-364,059	-123,227
3. Interests	**-58,720**	**-65,605**
3.1. Interest paid classified as financing	-59,832	-65,787
3.2. Interest received classified as financing	1,112	182
4. Dividends paid	**-195,582**	**-170,677**
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	**91,398**	**57,988**
Translation adjustments in cash and cash equivalents	3,494	-1,179
VI. Cash and cash equivalents, closing balance	**315,478**	**220,585**

Notes

Note 1a. Shareholder structure and capital increases

As at 31 December 2021, Fluxys' shareholder structure was as follows:

- 77.49%: Publigas
- 19.87%: Caisse de dépôt et placement du Québec
- 2.13%: SFPI (Federal Holding and Investment Company)
- 0.51%: employees and management

In 2021, Fluxys proceeded to a capital increase for the group's employees and management of a total of €0.4m.

Note 1b. Statement of compliance with IFRS

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

Note 1c. Judgement and use of estimates

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

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

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

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

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

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

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

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

Note 1d. Date of authorisation for issue

The Board of Directors of Fluxys SA authorised these IFRS financial statements of the Fluxys Group on 30 March 2022.

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 2021:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2
- Amendments IFRS 16 Leases: COVID-19-Related Rent Concessions (effective for annual periods beginning on or after 1 June 2020)
- Amendments to IFRS 4 Insurance contracts – Extension of the Temporary Exemption from Applying IFRS 9 to 1 January 2023 (effective for annual periods beginning on or after 1 January 2021)

Phase 2 of the interest rate reform allows entities to reflect the effects of transition from the interest rate benchmarks, such as Interbank Offered Rates (IBORs), to alternative benchmarks, without generating accounting impacts that would not contribute any useful information to users of financial statements.

The Fluxys group has identified the financial instruments affected by the reform and has amended the interest rate in the new reference, as well as in the associated derivative instruments. The impact is therefore neutral for the group.

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 2022 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:

- Amendment to IFRS 16 Leases: COVID-19-Related Rent Concessions beyond 30 June 2021 (effective for annual periods beginning on or after 1 April 2021)
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022)
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts — Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022)
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (effective for annual periods beginning on or after 1 January 2022)
- Annual Improvements to IFRS Standards 2018–2020 (effective for annual periods beginning on or after 1 January 2022)
- IFRS 17 Insurance Contracts (effective for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023, but not yet adopted at European level)
- Amendments to IAS 1 Presentation of Financial Statements and the IFRS 2 Practice Statement: Disclosure of Accounting policies (effective for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 12 Income taxes: Deferred tax related to assets and liabilities arising from a single transaction (effective for annual periods beginning on or after 1 January 2023, but not yet adopted at European level)

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

Note 1g. Adaptations to the presentation of regulatory assets and liabilities

The group actively monitors the latest changes in the IASB's work on the accounting treatment and presentation of regulatory assets and liabilities (ED 2021/1). Even though this new standard is still in the draft stage, the group considers it useful to anticipate the application of certain principles to improve transparency in terms of the effects of regulation.

The Exposure Draft on this new standard (ED2021/1, BC52), highlighted that regulatory assets and liabilities are not financial assets or liabilities and that they should from now on be accounted for separately on the balance sheet. For this reason, the Group has decided to present the regulatory liabilities in the balance sheet in the dedicated items, whereas previously they were considered to form part of the interest-bearing liabilities (as explained in Note 5.13 of the 2020 annual financial report). The regulatory assets are from now on also presented in the dedicated items of the balance sheet, whereas they were previously included in 'other receivables and other non-current assets' and 'trade and other receivables' (Notes 5.7 and 5.9 respectively of the 2020 annual financial report).

In view of the foregoing and after a more in-depth analysis, we have concluded that presenting the initial recognition and the changes in regulatory assets and liabilities as cash flows relating to financing activities was not in line with IAS 7 Statement of Cash Flows, and we have applied IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Consequently, changes in regulatory liabilities are no longer shown as cash flows relating to financing activities but rather as cash flows relating to operating activities.

The effects of this adaptation can be summarised as follows:

In the **balance sheet**, interest-bearing liabilities have been split: regulatory liabilities are isolated and shown separately. Similarly, separate items have been created for the regulatory assets. Given that this is simply a classification effect, it does not affect the net financial debt, the total debt, solvency or equity.

Consolidated Balance Sheet			In thousands of €
	31.12.2020 revised	31.12.2020 published	difference
I. Non-current assets	**7,422,543**	**7,422,543**	**0**
Other receivables	77,470	82,224	-4,754
Regulatory assets	4,754	0	4,754
(….)			
II. Current assets	**557,860**	**557,860**	**0**
Trade and other receivables	147,854	152,301	-4,447
Regulatory assets	4,447	0	4,447
(….)			
II. Non-current liabilities	**3,895,226**	**3,895,226**	**0**
Interest-bearing liabilities	2,573,920	2,977,406	-403,486
Regulatory liabilities	403,486	0	403,486
(…)			
III. Current liabilities	**573,160**	**573,160**	**0**
Interest-bearing liabilities	269,308	404,340	-135,032
Regulatory liabilities	135,032	0	135,032
(….)			

Consolidated Balance Sheet			In thousands of €
	01.01.2020 revised	31.12.2019 published	difference
I. Non-current assets	**7,688,165**	**7,688,165**	**0**
Other receivables	87,379	97,596	-10,217
Regulatory assets	10,217	0	10,217
(….)			
II. Current assets	**633,790**	**633,790**	**0**
Trade and other receivables	198,455	198,455	0
Regulatory assets	0	0	0
(….)			
II. Non-current liabilities	**4,223,220**	**4,223,220**	**0**
Interest-bearing liabilities	2,825,163	3,318,201	-493,038
Regulatory liabilities	493,038	0	493,038
(…)			
III. Current liabilities	**456,561**	**456,561**	**0**
Interest-bearing liabilities	125,483	238,738	-113,255
Regulatory liabilities	113,255	0	113,255
(….)			

In the **statement of cash flows**, there is shift of €64,491 thousand between the cash flows relating to financing activities and cash flows relating to operating activities (decrease of cash flows relating to operating activities). This effect is detailed as follows:

Consolidated statement of cash flows (indirect method)				In thousands of €
	31.12.2020 revised	31.12.2020 published	difference	note
I. Cash and cash equivalents, opening balance	**163,777**	**163,777**	**0**	
II. Net cash flows from operating activities	**597,696**	**662,185**	**-64,491**	**Subtotal**
1. Cash flows from operating activities	662,241	726,731	-64,491	Subtotal
1.1. Operating profit/loss from continuing operations	299,759	299,759		
1.2. Non cash adjustments	355,061	423,998	-68,937	Subtotal
1.2.1. Depreciations	402,659	402,659		
1.2.2. Provisions	16,382	16,382	0	
1.2.3. Impairment losses	-396	-396	0	
1.2.4. Translation adjustments	2,181	2,181	0	
1.2.5. Other non cash adjustments	3,172	3,172	0	
1.2.6. Increase (decrease) of regulatory liabilities	-68,937	0	-68,937	A)
1.3. Changes in working capital	7,421	2,974	4,447	Subtotal
1.3.1. Decrease (increase) of inventories	-409	-409	0	
1.3.2. Decrease (increase) of tax receivables	2,670	2,670	0	
1.3.3. Decrease (increase) of trade and other receivables	50,601	46,154	4,447	B)
1.3.4. Decrease (increase) of other current assets	-1,260	-1,260	0	
1.3.5. Increase (decrease) of tax payables	-2,671	-2,671	0	
1.3.6. Increase (decrease) of trade and other payables	-39,122	-39,122	0	
1.3.7. Increase (decrease) of other current liabilities	-3,237	-3,237	0	
1.3.8. Other changes in working capital	849	849	0	
2. Cash flows relating to other operating activities	-64,545	-64,545	0	
III. Net cash flows relating to investment activities	**-73,821**	**-73,821**	**0**	

Consolidated statement of cash flows (indirect method)				In thousands of €
	31.12.2020 revised	31.12.2020 published	difference	note
IV. Net cash flows relating to financing activities	**-465.887**	**-530.378**	**64.491**	**Subtotal**
1. Proceeds from cash flows from financing	31.670	70.314	-38.644	Subtotal
1.1. Proceeds from issuance of equity instruments	2.650	2.650		
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	0	5.463	-5.463	C)
1.5. Proceeds from issuance of compound financial instruments	0	0		
1.6. Proceeds from issuance of other financial liabilities	29.020	62.201	-33.181	D)
2. Repayments relating to cash flows from financing	-261.276	-362.216	100.940	Subtotal
2.1. Repurchase of equity instruments subsequently cancelled	0	0	0	
2.2. Repayment of capital to non-controlling shareholders	-118.100	-118.100	0	
2.3. Repayment of lease liabilities	-19.949	-19.949	0	
2.4. Redemption of compound financial instruments	0	0	0	
2.5. Repayment of other financial liabilities	-123.227	-224.167	100.940	D)
3. Interests	-65.605	-67.799	2.194	Subtotal
3.1. Interest paid classified as financing	-65.787	-67.781	2.194	E)
3.2. Interest received classified as financing	182	182	0	
4. Dividends paid	-170.677	-170.677	0	
V. Net change in cash and cash equivalents	**57.986**	**57.986**	**0**	
VI. Cash and cash equivalents, closing balance	**220.585**	**220.585**	**0**	

Explanations relating to the table above:

A) The €68,937 thousand difference concerns the decrease in net regulatory liabilities (regulated liabilities - regulatory assets), excluding the interest allocated (see E). This amount corresponds to the change in regulatory liabilities under operating income in the segment income statement (see note 4: €75,320 thousand - €6,383 thousand = €68,937 thousand). This amount is the consideration for the following restatements (B to E).

B) The increase in current regulatory assets of €4,447 thousand, previously included in the balance sheet under trade and other receivables, has been removed from the changes in working capital.

C) The decrease in non-current regulatory assets of €5,463 thousand, previously included in the balance sheet under receivables, has been removed from the cash flows from financing.

D) Movements on regulatory liabilities have been removed from these sections and transferred to operating cash flows.

E) The reclassified amount of €2,194 thousand concerns the interest allocated to regulatory liabilities according to the regulatory framework.

As the table shows, there is no impact on the total cash flows or on the cash balance. Equally, there is no impact on the consolidated profit/loss and consequently, none on the Group's key financial indicators such as EBITDA, EBIT, net profit/loss, and ratios derived therefrom such as the FFO and RCF (see the ratios at the end of this annual report).
The comparative figures in the financial statements and notes have been adapted where applicable.
Despite this adaptation to the presentation, the interests allocated to the regulatory liabilities under the regulation continue to be presented in the financial result.

Note 2. Accounting principles and policies

The accounting principles and policies were approved at the Fluxys Board of Directors meeting of 30 March 2022.
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. This amendment has a limited impact on the financial statements and is neutral for the financial year's profit/loss. This period of depreciation has been agreed with the regulator and forms part of the energy transition (including the EU Green Deal), which the Group is fully engaged and cooperating with. In this context, the Group is also studying how its pipeline network can contribute in future to the transport of other molecules (CO2, hydrogen, biogas etc.);
- 50 years for administrative buildings, staff housing and facilities;
- 40 years for storage facilities;
- 33 years for industrial buildings;
- 20 years for investments related to the extensions of the Zeebrugge LNG terminal;
- 10 years for equipment and furniture;
- 5 years for vehicles and site machinery;
- 4 years for computer hardware;
- 3 years for prototypes;

Declining-balance method:

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

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

2.9. Leases

Definition of 'lease'

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

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

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

1- The group as a lessee

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

Right-of-use assets

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

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

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

Lease obligations

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

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

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

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

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

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

Short-term leases and low-value leases

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

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

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

Presentation

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

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

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

2- The group as a lessor

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

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

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

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

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

2.10. Financial instruments

a. Recognition and derecognition of financial assets and liabilities

Recognition

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

Derecognition of financial assets

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

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

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

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

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

Derecognition of financial liabilities

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

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

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

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

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

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

c. Short-term investments, cash and cash equivalents

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

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

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

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

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

d. Trade and other receivables

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

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

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

e. Expected credit losses and write-downs

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

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

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

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

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

f. Interest-bearing liabilities

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

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

g. Trade payables

Trade payables are stated at face value.

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

h. Derivative instruments

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

Derivative instruments designated as hedging instruments

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

Designation and effectiveness of hedging

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

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

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

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

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

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

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

Derivative instruments not designated as hedging instruments

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

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

2.11. Inventories

Valuation

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

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

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

Gas inventory

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

Supplies and consumables

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

Work in progress

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

2.12. Borrowing costs

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

2.13. Provisions

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

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

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

Employee benefits

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

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

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

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

Other employee benefits

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

Valuation

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

'Defined benefit' pension plans

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

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

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

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

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

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

'Defined contribution' pension plans

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

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

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

2.14. Revenue recognition

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

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

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

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

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

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

Gains are deferred and recognised as regulatory liabilities, whereas losses are included in operating revenue to offset the accounting of regulatory assets.

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

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

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

2.15. Income taxes

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

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

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

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

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

2.16. Foreign currency assets, rights, borrowings and liabilities

Recognition at the date of the transaction

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

Measurement at balance sheet date

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

Note 3. Investments

3.1. Consolidation scope

The consolidation scope changed as follows in 2021: stake acquired in Hanseatic Energy Hub (HEH) and Transportadora Brasileira Gasoducto Bolivia-Brasil (TBG), liquidation of Senfluga 2, creation of the companies Fluxys Brasil and Hyoffwind Infrastructure, as well as the company FluxGermany which holds 100% of FluxDe Holding (entities created at the end of 2021 as part of a potential acquisition). Equally, Trading Hub Europe was created in Germany from the merger of Netconnect Germany and Gaspool, the sole operator of the balancing system for the German market.

3.1.1 Most significant evolution of participations

Hanseatic Energy Hub (HEH)

Stake in the capital of HEH (11.353%), the developer of the LNG terminal project in Stade, Germany.

Gasoducto Bolivia-Brasil (TBG)

Acquisition of a minority stake (29.12%) in the Brazilian gas transmission system operator, TBG, via Fluxys International and Corumba Holding. TBG is consolidated using the equity method, with an impact on the group profit/loss from the 2nd quarter of 2021. The exercise of fair value adjustment of assets and liabilities of TBG allowing the price allocation has been completed and the book value of the stake on the balance sheet date takes that into account.

Fluxys Brasil

Creation of Fluxys Brasil (100%), which is exploring further business development possibilities in Brazil and in the entire Latin American region.

Hyoffwind infrastructure

Creation of Hyoffwind infrastructure (33.33%), a company with the ambition to build an industrial scale facility at Zeebrugge to convert renewable electricity to green hydrogen.

Trading Hub Europe

In Germany, the 2 balancing operators, NCG (Netconnect Germany) and Gaspool, merged to create Trading Hub Europe (THE). As a consequence, Fluxys TENP no longer has a stake in NCG but holds 1/11 of shares in THE.

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 €172.3 million as at 31-12-2021 compared to €171.7 million as at 31-12-2020.

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 SA	Rue Guimard 4 B - 1040 Brussels	0712 615 547	100.00 %	International activity	€	31 December
FLUXYS BBL B.V.	Willem de Zwijgerlaan 32 NL – 5263 DG Vught	-	100.00 %	Gas transmission	€	31 December
Fluxys Germany Holding GmbH	Elisabethstr. 5 D - 40217 Düsseldorf	-	100.00 %	Holding	€	31 December
FLUXYS DEUTSCHLAND GmbH	Elisabethstr. 5 D - 40217 Düsseldorf	-	100.00 %	Gas transmission	€	31 December
FLUXYS TENP GmbH	Elisabethstr. 5 D - 40217 Düsseldorf	-	100.00 %	Gas transmission	€	31 December
FLUXSWISS SAGL	Via della Scuole 8 CH - 6900 Paradiso	-	50.65%	Gas transmission	CHF	31 December
FLUXYS UK Ltd (*)	Clarendon 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
INTERCONNECTOR 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**	10 rue AuberF-75009 Paris	-	30.39%	Holding	€	31 December
FLUXDUNE SA	Rue Guimard 4 B - 1040 Brussels	0697 786 623	50.01%	Holding	€	31 December
GAZ-OPALE SAS	Rue l'Hermitte 30 Immeuble Les 3 Ponts F - 59140 Dunkerque	-	64.50%	Services	€	31 December
FLUXYS BRASIL S.A.	Rua Visconde de Pirajá, No. 495, 7th floor, room 702 Ipanema, Zip Code 22410-002 Rio de Janeiro, State of Rio de Janeiro, Brazil		100%	Services	BRL	31 December
FLUXYS INTERNATIONAL NV	Guimardstraat 4 B – 1040 Brussel		100%	Holding	€	31 December
CORUMBA Holding srl	Rue de Merl 74 L - 2146 Luxembourg		100%	Holding	€	31 December
BBPP Holdings Ltda.	Rua da Passagem, No. 83 - suite 214 (Part), Botafogo, zipcode 22290-030, Rio de Janeiro, State of Rio de Janeiro, Brazil		100%	Holding	BRL	31 December
FLUXGERMANY SA	Guimardstraat 4 B – 1040 Brussel		100%	Holding	€	31 December
FLUXDE HOLDING GmbH	Elisabethstr. 5 D - 40217 Düsseldorf		100%	Holding	€	31 December

(*) Fluxys 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 2021 correspond exclusively to intragroup debts.

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

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

Name of the company	Registered office	Entity number	% ownership	Core business	Currency	Balance sheet date
TENP GmbH & Co KG	Gladbecker Strasse 425 D - 45329 Essen	-	49.00%	Leasing of facilities and services	€	31 December
Transitgas AG	Franklinstrasse 27 CH - 8050 Zurich	-	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) Gastransport GmbH	Kölnische Strasse 108-112 D - 34119 Kassel	-	23.87%	Gas transmission	€	31 December
EUGAL (European Gas Pipeline Link)	Kölnische Strasse 108-112 D - 34119 Kassel	-	16.50%	Gas transmission	€	31 December

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

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

* Figures on an annual basis are 100% 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 €
	31-12-2020 *	31-12-2020 *	31-12-2020 *	31-12-2020 *	31-12-2020 *	31-12-2020 *
100 %	Fluxys Belgium Group	Swiss Group**	Inter-connector	Dunkerque LNG Holding	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%

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

Equity accounted investees – Joint ventures

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

Equity accounted investees - Associates

Name of the company	Registered office	Entity number	% ownership	Core business	Curren-cy	Balance sheet date
TRANS ADRIATIC PIPELINE AG	Lindenstrasse 2 CH - 6340 Baar	-	19.00 %	Gas transmission	€	31 December
SENFLUGA ENERGY INFRASTRUCTURE HOLDING SA	D, Soutsou street 28 GR - 11521 Athens	-	18.00%	Holding	€	31 December
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
Transportadora Brasileira Gasoduto Bolívia-Brasil S.A. – TBG	Praia do Flamengo, 200 25º andar - Rio de Janeiro – RJ CEP: 22.210-901		29,12%	Gas transmission	BRL	31 December
Hanseatic Energy Hub GmbH	Am Sandtorkai 48, 20457 Hamburg		11,353%	LNG terminalling	€	31 December

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

* Figures before eliminations of intra-group operations on an annual basis at 100% 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 €
	31-12-2020*	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%.
** 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
Trading Hub Europe Gmbh	Kaiserswerther Strasse 115 D-40880 Ratingen	9,09%	Conduct market area corporation
PRISMA EUROPEAN CAPACITY PLATFORM GmbH	Reichsstrasse 1-9 D - 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, 19.08% of the company FL Zeebrugge NV, a company which provides tangible assets under finance lease to the company Interconnector Zeebrugge Terminal SRL. The Interconnector group has subscribed to the bonds issued by FL Zeebrugge NV with a view to partially financing the assets provided under finance lease.

Note 4. Income statement and operating segments

Operating segments

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

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

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

Basis of accounting relating to transactions between operating segments

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

Information relating to the main customers

The group's main customers are users of natural gas transmission and storage services and LNG terminalling services. Among them, three generate revenue exceeding 10% each of total revenue (€214 million, €183 million and €114 million respectively), which is spread over the segments Fluxys Belgium and Fluxys International.

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

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

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

Segment income statement at 31-12-2020	Fluxys Belgium	Fluxys International	Unallocated	Elimination between segments	Total
In thousands of €					
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
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**

Note 4.1. Operating revenue

Analysis of operating revenue by business segment:

Operating revenue				**In thousands of €**
	Notes	**31-12-2021**	**31-12-2020**	**Change**
Fluxys Belgium	4.1.1	561,940	549,952	11,988
Fluxys International and corporate	4.1.2	574,357	560,712	13,645
Total		**1,136,297**	**1,110,664**	**25,633**

Operating revenue for 2021 was €1,136,297 thousand compared with €1,110,664 thousand in 2020. The split per country is as follows:

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

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**

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 incentives to be accomplished by the network operator, as well as allowed 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 transmission services (€ 15,327 thousand). The decrease in revenue from transmission activity is essentially linked to the maturing of some long-term contracts, and is offset by an increased use of regulatory liabilities in order to cover the components that are covered by the regulatory framework.

Revenue from storage services is stable compared to 2020 and is in line with the tariff proposal of July 2021. Invoiced revenues are down in 2021 which can be explained by the entry into effect of a new tariff proposal in July 2021 foreseeing a considerable tariff reduction, but this decrease is offset by a reduced addition to the regulatory liabilities.

With regard to terminalling revenue, there were fewer additional sales of 'spot' slots than in 2020, but this was offset by the other services. In particular, the number of LNG truck loadings increased as well as the number of standalone berthing rights. The fall observed in 2021 compared to 2020 is ultimately due to a lesser use of regulatory liabilities in accordance with the new tariff proposal of December 2021.

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

The 'Fluxys International' segment has also seen an increase, especially revenue in Interconnector (+€23,116 thousand) and Germany (+€12,332 thousand), in view of the increase in demand and the commissioning of the Eugal pipeline respectively. This increase was partly compensated by a decrease in Switzerland (-€20,994 thousand) due to the expiry of part of the long-term contracts.

Sales of gas related to balancing operations and operational needs

Balancing operations in Belgium and Luxembourg are managed by Balansys since 1 June 2020. Balansys is a joint venture and is consolidated using the equity method.

It should be noted, however, that both the figures for sales and gas purchases for balancing operations and operational needs are up in 2021 compared to 2020, partly because these activities fluctuate strongly, given their nature, and also because the price of gas increased in 2021.

Note 4.2. Other operating income

Other operating income			In thousands of €
	31-12-2021	31-12-2020	Change
Other operating income	16,450	9,109	7,341

Other operating income mainly comprises various recoveries from insurance companies and other debtors and income earned from CO2 certificates, supplying property or people and reinvoicing of costs. The income from CO2 certificates was mainly generated at Interconnector. Interconnector held CO2 certificates obtained from the authorities of the European Union, the book value of which had been booked in a deferred income account. Following the UK's departure from the EU, these certificates can no longer be used in England. Therefore, the corresponding income has been recognised in the income statement at book value.

Note 4.3. Operating expenses

Operating expenses excluding depreciations, impairment losses and provisions			In thousands of €
	Notes	31-12-2021	31-12-2020
Consumables, merchandise and supplies used	4.3.1	-5,353	-4,073
Miscellaneous goods and services	4.3.2	-234,976	-221,694
Employee expenses	4.3.3	-155,587	-150,520
Other operating expenses	4.3.4	-18,494	-25,412
Total operating expenses		**-414,410**	**-401,699**

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 €	31-12-2021	31-12-2020
Purchase of equipment	-16,832	-15,752
Rent and rental charges (1)	-15,553	-14,264
Maintenance and repair expenses	-48,337	-50,650
Goods and services supplied to the group	-8,943	-10,733
Third-party remuneration	-69,445	-63,003
Royalties and contributions	-49,226	-41,290
Non-personnel related insurance costs	-16,757	-15,148
Other miscellaneous goods and services	-9,883	-10,854
Total	**-234,976**	**-221,694**

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

Goods and services increased in 2021 (+€13,282 thousand). This development is mainly due to higher fees in the context of the conversion of the low to high calorific network. A second element is explained by the increased IT consultancy costs in the context of various IT projects of which projects for third parties where the costs are covered by revenues. The maintenance and development of IT solutions, especially in the light of digitalisation, to guarantee their operation and to keep them as technologically up-to-date as possible, also led to additional costs.

In addition, the cost of insurance for international projects also increased.

Finally, we also note an increase in payments to third parties for market research and analysis in support of the activities, as well as for studies related to the connection of new gas power plants to the grid.

4.3.3. Employee expenses

Employee expenses are up €5,067 thousand. This change can be explained in particular by the increase in the average headcount and indexations.

The group's average headcount was 1,292 in 2021 compared with 1,265 in 2020. Expressed in FTE (full-time equivalents), these figures convert to 1,257.1 in 2021 compared to 1,228.6 in 2020.

Workforce	Financial year		Preceding financial year	
	Total number of staff	Total in FTE	Total number of staff	Total in FTE
Average number of employees	**1,292**	**1,257.1**	**1,265**	**1,228.6**
Belgium (multi-employers adjusted)	**969**	**942.8**	**959**	**929.8**
Fluxys	**63**	**54.4**	**69**	**62.2**
Executives	52	43.5	56	49.9
Employees	11	10.9	13	12.3
Fluxys Belgium	**864**	**835.3**	**852**	**820.8**
Executives	295	286.7	281	273.0
Employees	569	548.6	571	547.8
Fluxys LNG	**46**	**45.5**	**46**	**44.9**
Executives	3	3.1	4	3.8
Employees	43	42.4	42	41.1
Flux Re	**1**	**0.5**	**1**	**0.5**
Fluxys Europe	**13**	**7.6**	**3**	**2.0**
FluxSwiss	**6**	**6.1**	**7**	**7.0**
Fluxys TENP	**15**	**14.9**	**13**	**13.1**
Fluxys Deutschland	**6**	**5.4**	**6**	**5.2**
GMSL	**103**	**102.0**	**100**	**99.4**
Fluxys BBL	**1**	**0.1**	**1**	**0.1**
Transitgas	**53**	**48.9**	**53**	**49.1**
Tenp KG	**2**	**1.6**	**2**	**1.6**
Interconnector	**55**	**55.0**	**50**	**50.0**
Gaz-Opale	**61**	**61.0**	**59**	**58.5**
Dunkerque LNG	**19**	**18.6**	**14**	**14.3**
Fluxys Brasil	**1**	**0.2**		

Workforce	Financial year		Preceding financial year	
	Total number of staff	Total in FTE	Total number of staff	Total in FTE
Headcount at balance sheet date	**1,293**	**1,260.6**	**1,285**	**1,250.5**
Belgium (multi-employers adjusted)	**972**	**943.7**	**968**	**941.6**
Fluxys	**60**	**51.0**	**62**	**54.2**
Executives	51	42.4	50	42.6
Employees	9	8.6	12	11.6
Fluxys Belgium	**869**	**839.2**	**861**	**832.4**
Executives	300	291.3	292	284.5
Employees	569	547.9	569	547.9
Fluxys LNG	**48**	**46.5**	**48**	**47.0**
Executives	3	2.9	4	3.8
Employees	45	43.6	44	43.2
Flux Re	**1**	**0.5**	**1**	**0.5**
Fluxys Europe	**12**	**7.0**	**13**	**8.0**
FluxSwiss	**6**	**6.0**	**7**	**7.0**
Fluxys TENP	**15**	**15.0**	**14**	**14.0**
Fluxys Deutschland	**6**	**6.0**	**6**	**5.1**
GMSL	**102**	**103.5**	**104**	**103.4**
Fluxys BBL	**1**	**0.1**	**1**	**0.1**
Transitgas	**51**	**47.6**	**52**	**48.4**
Tenp KG	**2**	**1.6**	**2**	**1.6**
Interconnector	**54**	**54.0**	**54**	**54.0**
Gaz-Opale	**62**	**61.6**	**60**	**59.0**
Dunkerque LNG	**19**	**19.0**	**16**	**15.8**
Fluxys Brasil	**2**	**2.0**		

4.3.4. Other operating expenses

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

4.3.5. Depreciation, impairment losses and provisions

Depreciations, impairment losses and provisions			In thousands of €
	Notes	31-12-2021	31-12-2020
Depreciations	**4.3.5.1**	**-409,392**	**-402,659**
Intangible assets		-94,881	-94,764
Property, plant and equipment		-299,799	-293,376
Right-of-use assets		-14,712	-14,519
Impairment losses		**-645**	**396**
Shares		-476	0
Inventories		-113	460
Trade receivables		-56	-64
Provisions for risks and charges	**4.3.5.2**	**-4,938**	**-16,382**
Total depreciations, impairment losses and provisions		**-414.975**	**-418.645**

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.

Amortisation of intangible assets is stable. The increase in depreciation of property, plant and equipment can be explained by the commissioning of facilities in Germany and higher depreciation for Interconnector.

Discounting of the estimated future dividends, based on the 'Dividend Discount Model', supports the book value of the property, plant and equipment which, at the end of 2021 comes to €334.4 million for 'Interconnector' and €1,364.8 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 liabilities and charge come to €4,938 thousand in 2021, mainly for pensions (See Note 5.17) and litigation (See Note 5.16). The decrease comes mainly from a provision for litigation recorded for Dunkerque LNG in 2020. Equally, in 2021, there is a use of a provision in Flux Re compared to an addition in the previous year.

Note 4.4. Financial income

Financial income			In thousands of €
	Notes	31-12-2021	31-12-2020
Dividends from unconsolidated entities		0	0
Financial income from leasing contracts	4.4.1	1,112	182
Interest income on investments and cash equivalents	4.4.2	5,748	5,856
Other interest income		646	406
Unwinding of discounts on provisions		0	0
Other financial income	4.4.2	7,101	6,384
Total		**14,607**	**12,828**

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

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

4.4.3. 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 gains on the sale of LNG Link in 2020 are 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	31-12-2021	31-12-2020
Borrowing interest costs	4.5.1	-58,736	-62,100
Unwinding of discounts on provisions	4.5.2	-2,341	-2,805
Interest on lease liabilities		-7,253	-7,880
Other finance costs	4.5.3	-8,192	-6,837
Total		**-76,522**	**-79,622**

4.5.1. Borrowing interest costs mainly include interest on loans from the EIB (European Investment Bank), on bonds, bank loans, on subsidiary loans in foreign currencies, on regulatory liabilities, and short and medium term financing in place to cover the group's financial needs. These charges have decreased in 2021 because of the repayment of loans in Belgium, Germany and Switzerland.

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

4.5.3. Other finance costs includes exchange rate differences realised, losses in 2020 on the sale of the stake in Mahon Shipping, and of 2% of shares in Senfluga and other miscellaneous banking fees. In 2021, this item includes the loss for the anticipated disposal of Rostock LNG.

4.5.4. Change in the fair value of financial instruments

Change in the fair value of financial instruments	Note	31-12-2021	31-12-2020
			In thousands of €
Use and change in the fair value of financial instruments		-1,294	2,315
Total		**-1,294**	**2,315**

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 €74,278 thousand in 2021 compared to €21,124 thousand in 2020. This increase is chiefly down to the contribution of TAP and, to a lesser extent, of TBG. TAP's commercial activity commenced at the end of 2020 and contributed for a full year in 2021, which translates into a net contribution for the year of €54.5 million, compared to €14.3 million in 2020. The stake in TBG contributes to the profit/loss since its acquisition, i.e. from April 2021.

For companies accounted for using the equity method disposed of during the year 2020 (notably E-Loops, LNG Link Investment and Mahon Shipping), the contributions are included in the results up until the time of the sale.

Note 4.7. Income tax expenses

Income tax expense is analysed as follows:

Income tax expenses	Note	31-12-2021	31-12-2020	Ecarts
				In thousands of €
Current tax	4.7.1	-67,773	-69,737	1,964
Deferred tax	4.7.2	-16,482	13,342	-29,824
Total	4.7.3	**-84,255**	**-56,395**	**-27,860**

The income tax expense came to €84,255 thousand in 2021 compared with €56,395 thousand in 2020.

Income tax expenses are up €27,860 thousand as compared with the preceding financial year. This change can essentially be explained by the following factors:

- the lower paid taxes on the result.
- The effect of tax deductibility for innovation relating to the years 2019 and 2020 in Belgium (included in the 2020 taxes).
- The impact of a one-off effect in 2021 following the announced increase of the tax rate in England (of 19% to 25% in 2024) leading to an adjustment of deferred taxes of €20,928 thousand.

Income tax expenses are broken down as follows:

4.7.1. Current tax			In thousands of €
	31-12-2021	31-12-2020	Change
Income taxes on the result of the current period	**-68,012**	**-72,490**	**4,478**
Taxes and withholding taxes due or paid	-54,350	-73,440	19,990
Excess of payment of taxes and withholding taxes included in assets	42	9,261	-9,219
Additional taxes included in liabilities	-13,704	-8,311	-5,393
Adjustments to previous years' current taxes	239	2,753	-2,514
Total	**-67,773**	**-69,737**	**1,964**

4.7.2. Deferred tax			In thousands of €
	31-12-2021	31-12-2020	Change
Relating to origination or reversal of temporary differences	**4,895**	**13,342**	**-8,447**
Differences arising from the valuation of property, plant and equipment	28,184	24,096	4,088
Changes in provisions	-10,300	-10,368	68
Other differences	-12,989	-386	-12,603
Relating to tax rate changes or to new taxes	**-21,377**	**0**	**-21,377**
Relating to changes in accounting policies and errors	**0**	**0**	**0**
Relating to changes in fiscal status of entity or shareholders	**0**	**0**	**0**
Total	**-16,482**	**13,342**	**-29,824**

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

The increase in deferred taxes is largely due to the announced increased of the tax rate in England as mentioned above.

4.7.3. Reconciliation of expected income tax rate and effective average income tax rate			In thousands of €
	31-12-2021	31-12-2020	Change
Income tax as per effective average tax rate – Financial year	**-64,268**	**-58,820**	**-5,488**
Profit/loss before taxes	331,349	256,404	74,945
Earnings from associates and joint ventures (-)	-74,278	-21,124	-53,154
Earnings before tax	**257,071**	**235,280**	**21,791**
Applicable tax rate	25.00%	25.00%	
Impacts to justify transition to the effective average tax rate	**-17,990**	**-328**	**-17,662**
Income tax rate differences between jurisdictions	1,639	-33	1,672
Changes in tax rates	-20,909	0	-20,909
Tax-exempt income	822	1,950	-1,128
Non-deductible expenses	-1,538	-1,539	1
Other	1,996	-706	2,702
Income tax as per effective average tax rate – Financial year	**-82,258**	**-59,148**	**-23,110**
Earnings before tax	257,071	235,280	21,791
Average effective tax rate	32,00%	25.14%	6,86%
Adjustments to previous years' current taxes	**-1,997**	**2,753**	**-4,750**
Total income tax expense	**-84,255**	**-56,395**	**-27,860**

Note 4.8. Net profit/loss for the period

Net profit/loss for the period			In thousands of €
	31-12-2021	31-12-2020	Change
Non-controlling interests	52,749	53,876	-1,127
Group share	194,345	146,133	48,212
Total profit/loss for the period	**247,094**	**200,009**	**47,085**

Fluxys group's net profit/loss in 2021 comes to €247,094 thousand compared to €200,009 thousand in 2020, an increase of €47,085 thousand.

Note 5. Segment balance sheet

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

Segment balance sheet at 31-12-2020 revised				In thousands of €
	Fluxys Belgium	Fluxys International	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	1,002,911	1,840,317		2,843,228
Other financial liabilities	2,054	9,330		11,384
Other liabilities			1,613,774	1,613,774
				4,468,386
Equity			3,512,017	3,512,017
				7,980,403

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 31-12-2019	**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
Subsidies	0	0	0	0	0	0	0	0	0
Disposals and retirements	-87	-65	-11,143	0	-59	0	-2,949	0	-14,303
Internal transfers	0	-61	16,926	0	5,515	0	0	-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	0	-48,571	0	0	-31	-108	-343	-49,406
Reclassification	0	0	-9,656	0	0	0	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**
Investments	1,060	3,818	53,434	22	3,621	0	7,806	31,125	100,886
Subsidies	0	0	0	0	-513	0	0	0	-513
Disposals and retirements	-153	-189	-12,297	0	-18	-659	-11,857	-3,225	-28,398
Internal transfers	0	0	128,330	0	0	0	0	-128,330	0
Changes in the consolidation scope and assets held for sale	0	0	0	0	0	0	0	0	0
Translation adjustments	217	0	130,636	0	0	193	115	759	131,920
Reclassification	0	0	0	0	20,533	0	0	0	20,533
As at 31-12-2021	**56,876**	**414,067**	**6,714,583**	**386,692**	**2,758,091**	**45,725**	**65,891**	**57,927**	**10,499,852**

Movements in property, plant and equipment	Land	Buildings	Gas transmission networks	Gas storage	LNG Terminal	Other installations and machinery	Furniture, equipment & vehicles	Assets under construction & instalments paid	Total
									In thousands of €
Depreciation and impairment losses									
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	0	-293,376
Disposals and retirements	0	47	8,155	0	18	0	2,692	0	10,912
Internal transfers	0	3	0	0	-3	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	32,722	0	0	22	86	0	32,830
Reclassification	0	0	0	0	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**
Depreciation	0	-43,056	-188,427	-9,357	-52,937	-32	-5,990	0	-299,799
Disposals and retirements	0	175	11,560	0	2	0	11,377	0	23,114
Internal transfers	0	0	0	0	0	0	0	0	0
Changes in the consolidation scope and assets held for sale	0	0	0	0	0	0	0	0	0
Translation adjustments	0	0	-78,232	0	0	-31	-76	0	-78,339
Reclassification	0	0	0	0	0	0	0	0	0
As at 31-12-2021	**0**	**-292,584**	**-3,726,419**	**-260,747**	**-919,093**	**-43,869**	**-44,045**	**0**	**-5,286,757**
Net book values as at 31-12-2021	**56,876**	**121,483**	**2,988,164**	**125,945**	**1,838,998**	**1,856**	**21,846**	**57,927**	**5,213,095**
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**

Movements in property, plant and equipment	Land	Buildings	Gas transmission networks	Gas storage	LNG Terminal	Other installations and machinery	Furniture, equipment & vehicles	Assets under construction & instalments paid	Total
									In thousands of €
Net book values as at 31-12-2021 of which:	**56,876**	**121,483**	**2,988,164**	**125,945**	**1,838,998**	**1,856**	**21,846**	**57,927**	**5,213,095**
At cost	56,876	121,483	2,988,164	125,945	1,838,998	1,856	21,846	57,927	5,213,095
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 2021, the Fluxys group made investments for an amount of €100.9 million. The primary investments made concern the EUGAL transmission facilities in Germany (€21.4 million) and €50.6 million for different projects in Belgium. In addition, following the commissioning of EUGAL and compressors in Germany, a €128.3 million transfer took place from the 'assets under construction' to 'gas transmission networks'.
The movement in 'translation adjustments' can be explained by the rise in 2021 of the GBP and CHF compared to EUR.

The borrowing costs capitalised on investments under construction amounted to €0.1 million in 2021 compared with €0.5 million in 2020. The interest rates used are based on the cost of the loans concerned.

The depreciation charge for the period amounts to €299.8 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 31-12-2019	**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**
Investments	8,307	0	1,381	9,688
Disposals and retirements	-6,176	0	0	-6,176
Translation adjustments	164	0	23,597	23,761
Changes in the consolidation scope	0	0	0	0
Other	0	0	0	0
As at 31-12-2021	**34,646**	**244,600**	**1,800,164**	**2,079,410**

(*) 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 31-12-2019	**-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**
Depreciation and impairment losses	-4,761	-8,766	-81,353	-94,881
Disposals and retirements	6,176	0	-36	6,141
Translation adjustments	0	0	-12,982	-12,982
Changes in the consolidation scope	0	0	0	0
Other	0	0	0	0
As at 31-12-2021	**-14,158**	**-98,343**	**-698,275**	**-810,776**

(*) 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 31-12-2021	20,488	146,257	1.101.889	1,268,634
Net book value as at 31-12-2020	16,778	155,023	1,171,282	1,343,083

(*) The other intangible assets are not material.

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

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

Business combinations in Fluxys have been realised using the acquisition method. As part of the fair value accounting of the assets acquired and liabilities assumed, the group has accounted for intangible assets which represent the value for the group of the nomination of Fluxys Belgium as the sole operator of the natural gas transmission network and storage facilities and that of Fluxys LNG as sole operator of the LNG facilities. Fluxys has also accounted for the value of client portfolios of FluxSwiss, Fluxys TENP, Interconnector, GMSL, Dunkerque LNG and Hub activities. The principal depreciation periods used for these assets are described in the accounting methods (see Note 2.7). It should be noted that the intangible asset 'HUB in Belgium' will be fully depreciated in 2023, the FluxSwiss asset in 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 2021.

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 €
	31-12-2021	31-12-2020 revised
Fluxys Belgium SA	1,924	1,924
Dunkerque	129,225	126,689
Total	**131,149**	**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 €129,225 thousand. This goodwill is the acquisition cost surplus on the net fair value of the identifiable assets and liabilities of Dunkerque LNG on 31 October 2018 established by virtue of IFRS.

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

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

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

As at 31 December 2021, 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 31/12/2021. 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 31/12/2021.

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 31-12-2020	**89,637**	**38,229**	**3,800**	**131,665**
Additional rights	37	0	2,220	2,257
Depreciation	-4,739	-8,156	-1,881	-14,776
Disposals	0	0	0	0
Other changes	278	2,958	45	3,281
As at 31-12-2021	**85,214**	**33,031**	**4,183**	**122,429**

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.

Other changes mainly concern the difference in exchange rates.

Note 5.5. Investments accounted for using the equity method

At the end of 2021, the Fluxys group has the following investments in associates and joint ventures:

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

Movements in equity accounted investees	31-12-2021	31-12-2020 revised
In thousands of €		
Equity accounted investees – opening balance	**264,334**	**255,357**
Investments	126,109	0
Depreciation	-3,298	0
Share in the total comprehensive result	96,893	4,213
Earnings from associates and joint ventures	74,278	21,124
Other comprehensive income items that may be reclassified subsequently to profit or loss	22,615	-16,911
Dividends paid	-48,875	-3,650
Changes in the consolidation scope	0	-5,447
Translation adjustments	5,886	25
Capital increases	100	13,836
Capital reductions	-45,258	0
Equity accounted investees – closing balance	**395,891**	**264,334**

The result of these stakes accounted for using the equity method, which comes to €74,278 thousand, is commented in Note 4.6.

Other comprehensive income items that may be reclassified subsequently to profit or loss come to €22,615 thousand, mainly linked to the valuation of interest rate swaps on TAP's financing.

The dividends paid come from Senfluga and in particular from the new stake in TBG. Capital reductions concern repayments from TAP.

Note 5.6. Other financial assets

Other financial assets	Notes	31-12-2021	31-12-2020 revised
In thousands of €			
Shares at cost	5.6.1	963	1,637
Investment securities at amortised cost	5.6.2/6	26,289	45,363
Other investments at amortised cost	5.6.2/6	59,009	61,993
Financial instruments at fair value through profit or loss	6	4,157	3,454
Financial instruments at fair value through other comprehensive income	5.6.4/6	186	2,947
Other financial assets at cost		328	324
Total		**90,932**	**115,718**

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 2022 and 2032. The assets held by Flux Re are significantly higher than the minimum solvency ratio requirements under Solvency II (€22.5 million).

5.6.3. As at 31-12-2021, 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	31-12-2021	31-12-2020 revised
Non-current assets	5.7.1	57.782	73.326
Calls for funds and others	5.7.2	12.149	4.144
Total		**69.931**	**77.470**

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

5.7.2. This item mainly includes a €9,000 thousand loan to the Balansys joint venture.

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

Maturity of non-current receivables at 31-12-2020 revised			In thousands of €
	Between one and five years	**More than five years**	**Total**
Non-current assets	73.326	0	73.326
Calls for funds and others	4.144	0	4.144
Total	**77.470**	**0**	**77.470**

Other non-current assets			In thousands of €
	Notes	31-12-2021	31-12-2020 revised
Plan asset surpluses 'IAS 19 Employee benefits'	5.17	15.245	3.918
Total		**15.245**	**3.918**

Note 5.8. Regulatory assets

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

Regulatory assets				In thousands of €
	31.12.2021	31.12.2020 Revised	difference	01.01.2020 revised
Presented in the balance sheet as:				
Non-current regulatory assets	21,803	4,754	17,049	10,217
Current regulatory assets	2,272	4,447	-2,175	0
Total regulatory assets	**24,075**	**9,201**	**14,874**	**10,217**

The regulatory assets correspond to the items to recover via future tariffs (2022-2025) and concern the German entities. The increase is mainly due to the combination of the lower capacities transmitted and the higher commodity charges.

Movements on the regulatory assets	In thousands of €
Long term & short term	**Total**
Balance as at 01.01.2021	**9,201**
Use	-4,470
Additions	19,344
Interest	0
Balance as at 31.12.2021	**24,075**

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

Note 5.9. Inventories

Book value of inventories	In thousands of €	
	31-12-2021	31-12-2020 revised
Supplies	**32,476**	**29,813**
Gross book value	39,446	36,669
Impairment losses	-6,970	-6,856
Goods held for resale (gas)	**21,856**	**8,727**
Gross book value	21,856	8,728
Impairment losses	0	-1
Work in progress	**275**	**577**
Gross book value	275	577
Impairment losses	0	0
Total	**54,607**	**39,117**

Impact of movements on net profit/loss	In thousands of €	
	31-12-2021	31-12-2020 revised
Inventories – purchased or used	15,603	345
Impairment losses	-113	460
Total	**15,490**	**805**

Note 5.10. Trade and other receivables

Trade and other receivables		In thousands of €	
	Notes	31-12-2021	31-12-2020 revised
Gross trade receivables		160,280	121,960
Impairment losses		-1,641	-1,616
Net trade receivables	**5.10.1**	**158,639**	**120,344**
Other receivables		48,963	31,957
Total		**207,602**	**152,301**

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

The increase in receivables is largely due to an increase in invoicing of the commodity component of the tariffs as well as the fund provided for the balancing of the network in Germany.

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

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

Net trade receivables according to ageing	In thousands of €	
	31-12-2021	31-12-2020 revised
Receivables not past due	158,143	119,794
Receivables < 3 months	405	502
Receivables 3 - 6 months	0	3
Receivables > 6 months	0	0
Receivables in litigation or doubtful	91	45
Total	**158,639**	**120,344**

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

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

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

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

Short-term investments, cash and cash equivalents	In thousands of €	
	31-12-2021	31-12-2020 revised
Short-term investments	**71,909**	**96,307**
Cash and cash equivalents	**315,478**	**220,585**
Cash equivalents	0	0
Short-term deposits	10,130	9,487
Bank balances	305,320	211,068
Cash in hand	28	30
Total	**387,387**	**316,892**

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

Note 5.12. Other current assets

Other current assets		In thousands of €	
	Notes	31-12-2021	31-12-2020 revised
Accrued income		3,934	3,089
Prepaid expenses		35,537	30,937
Other current assets	5.12.1	1,693	435
Total		**41,164**	**34,461**

Other current assets mainly comprise prepaid expenses amounting to €35,537 thousand (insurance, rent, etc.) as well as various items of accrued income to be cashed.

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

Note 5.13. Equity

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

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

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

Other capital increases have allowed the Société Fédérale de Participations et d'Investissement (SFPI) to enter the capital of Fluxys as well as the employees and management of the group. In 2020 and 2021, there were capital increases of €2.7 million and €0.4 million respectively from staff and management.

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

As at 31 December 2021, Fluxys' shareholder structure was as follows:

- 77.49%: Publigas
- 19.87%: Caisse de dépôt et placement du Québec
- 2.13%: SFPI
- 0.51%: Employees and management

Non-controlling interests amount to €1,345,324 thousand, representing mainly the 10.00% stake held by minority shareholders in Fluxys Belgium SA and its subsidiaries (€74.9 million); 49.35% in FluxSwiss (€312.5 million); 23.68% in Interconnector (€79.7 million) and the 69.61% in Dunkerque LNG (€877.9 million), with the balance represented by those in Flexfueler (€0.3 million).

Note on parent entity shareholding	Ordinary shares	Preferential shares	Total
I. Movements in number of shares			
1. Number of shares, opening balance	87,062,869	0	**87,062,869**
2. Number of shares issued	13,800	0	**13,800**
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	87,076,669	0	**87,076,669**
II. Other information			
1. Face value of shares	No face value mentioned		
2. Number of shares owned by the company	0	0	**0**
3. Interim dividends during the financial year	0	0	**0**

Note 5.14. Interest-bearing liabilities

Non-current interest-bearing liabilities	Notes	31-12-2021	31-12-2020 revised
			In thousands of €
Leases	5.14.1	146,033	166,403
Bonds	5.14.2	944,793	944,252
Other borrowings	5.14.3	647,259	1,405,085
Joint arrangements	5.14.4	56,695	58,180
Total		**1,794,780**	**2,573,920**
Of which debts guaranteed by the public authorities or by actual sureties		0	0

Current interest-bearing liabilities	Notes	31-12-2021	31-12-2020 revised
			In thousands of €
Leases	5.14.1	20.685	18.959
Bonds	5.14.2	3.456	3.753
Other borrowings	5.14.3	926.311	246.596
Total		**950.452**	**269.308**
Of which debts guaranteed by the public authorities or by actual sureties		0	0

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

The repayment of part of the capital under this contract in 2021, as anticipated in the repayment plan, explains the decrease in the lease liabilities.

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

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

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

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

5.14.3. Other borrowings included as at 31-12-2021 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. This was transferred from a long-term interest-bearing liability to a short-term interest-bearing liability.
- 25-year loans (the balance of which is €246.0 million as at the end of December 2021 after partial repayment of €20 million in 2021) at a fixed rate contracted with the European Investment Bank in 2008 and 2009 to finance investments in development the gas transmission network.
- Bank loans obtained by Fluxys between 2018 and 2021 for a total of €300 million maturing between 2022 and 2025 as well as €30 million obtained in 2018 with a final maturity in 2028.
- Loans taken out in CHF by FluxSwiss and Transitgas the balance of which was €111.0 million as at 31-12-2021. 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 31-12-2021.
- 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.

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

	31-12-2020 revised	Cash flow	Other movements	
			New leases	Reclass non-current/ current
Non-current interest-bearing liabilities	**2,573,920**	**98,515**	**2,257**	**-884,489**
Leases	166,403	0	2,257	-22,627
Bonds	944,252	0	0	0
Other liabilities	1,405,085	100,000	0	-861,862
Joint arrangements	58,180	-1,485	0	0
Current interest-bearing liabilities	**269,308**	**-203,233**	**0**	**884,489**
Leases	18,959	-20,901	0	22,627
Bonds	3,753	0	0	0
Other borrowings	246,596	-182,332	0	861,862
Total	**2,843,228**	**-104,718**	**2,257**	**0**

Other movements (continued)		Balance at 31.12.2021
Variation in accrued interests payable	Amortisation of issuance costs	
0	**4,577**	**1,794,780**
0	0	146,033
0	541	944,793
0	4,036	647,259
0	0	56,695
-112	**0**	**950,452**
0	0	20,685
-297	0	3,456
185	0	926,311
-112	**4,577**	**2,745,232**

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

The variation in interest to be paid and the amortisation of issuance costs (€4,465 thousand in total) corresponds to the difference between:

- the interests paid, including leases (see note IV.3.1 of the statement of cash flows: -€59,832 thousand) and
- the sum of borrowing interest costs and interests on lease liabilities (included in Note 4.5: €65,989 thousand) minus the interest on regulatory liabilities of €1,692 thousand = €64,297 thousand.

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

Maturity of interest-bearing liabilities at 31-12-2020 undiscounted (revised)				In thousands of €
	Up to one year	One to 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
Joint arrangements	0	58,180	0	58,180
Total	**324,946**	**1,513,237**	**1,531,448**	**3,369,631**

Note 5.15. Regulatory liabilities

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

Regulatory liabilities					In thousands of €
	Note	31.12.2021	31.12.2020 revised	difference	01.01.2020 revised
Other financing – non-current		83,033	65,557	17,476	82,789
Other financing – current		15,896	25,775	-9,879	12,554
Total of other financing (A)	**5.15.1**	**98,929**	**91,332**	**7,597**	**95,343**
Other liabilities – non-current		317,060	337,929	-20,869	410,249
Other liabilities – current		71,451	109,257	-37,806	100,701
Total of other liabilities (B)	**5.15.2**	**388,511**	**447,186**	**-58,675**	**510,950**
Total of regulatory liabilities (A+B = C)		**487,440**	**538,518**	**-51,078**	**606,293**
Presented in the balance sheet as:					
Regulatory liabilities – non-current		400,093	403,486	-3,393	493,038
Regulatory liabilities – current		87,347	135,032	-47,685	113,255
Total of regulatory liabilities (C)		**487,440**	**538,518**	**-51,078**	**606,293**

5.15.1 **Other financing** corresponds to the specific allocations of regulatory liabilities at the group's disposal firstly to finance specific investments, notably in the second jetty at Zeebrugge, and the cost associated with the conversion of part of the gas transmission network. Part of these amounts bears interest at a 10-year OLO rate and the remainder at the average 1-year Euribor rate.
5.15.2 The other regulatory liabilities included in '**other liabilities**' include the positive differences between the invoiced and the allowed regulated tariffs. These amounts bear interest.
The regulatory assets and liabilities are reconciled with the segment reporting and the statement of cash flows as follows:

Regulatory liabilities			In thousands of €
Non-current + current	Other financing (A)	Other liabilities (B)	Total
Opening balance at 01.01.2021	**91,332**	**447,186**	**538,518**
Use	-4,011	-104,073	-108,084
Additions	0	55,617	55,617
Interests	1,609	77	1,685
Transfers	10,000	-10,000	0
Others		-296	-296
Closing balance at 31.12.2021	**98,930**	**388,511**	**487,440**

The sum of use and additions of regulatory assets and liabilities amounts to -€52,467 thousand (above) and €14,875 thousand (Note 5.8), and corresponds with the sum of the changes in regulatory assets and liabilities in note 4 (segment information - net change in revenue), i.e. €67,342 thousand (€126,716 thousand - €59,374 thousand).
This net decrease in regulatory assets and liabilities also corresponds with the change in net regulatory liabilities included in item 1.2.6 of the statement of cash flows.
The €1,685 thousand interest charge on regulatory liabilities was accounted for in the finance costs.
The €10 million transfer was made for the specific future investments in Zeebrugge.

Note 5.16. Provisions

5.16.1. Provisions for employee benefits

Provisions for employee benefits	In thousands of €
Provisions at 31-12-2020	**87,248**
Additions	15,995
Use	-10,300
Release	0
Unwinding of the discount	783
Actuarial gains/losses recognised in the profit/loss (seniority bonuses)	-189
Expected return on plan assets	-501
Actuarial gains/losses recognised in equity	-30,720
Reclassification to the assets	12,584
Foreign exchange effect	85
Provisions at 31-12-2021, of which:	**74,984**
Non-current provisions	69,775
Current provisions	5,209

The provisions for employee benefits have decreased by €12,264 thousand. This decrease can primarily be explained by a combination of an increase in the discount rates and a good return on plan assets in 2021. In addition to the reduction in provisions, there is also an increase in the surplus from plan assets (see Note 5.17).

5.16.2. Other provisions

Provisions for:			In thousands of €
	Litigation and claims	Environment and site restoration	Total other provisions
Provisions at 31-12-2020	**11,291**	**58,071**	**69,362**
Additions	233	0	233
Use	-964	-27	-991
Release	0	0	0
Unwinding of the discount	0	2,248	2,248
Foreign exchange effect	5	860	865
Other changes	-7,793	20,533	12,740
Provisions at 31-12-2021, of which:	**2,772**	**81,685**	**84,457**
Non-current provisions	2,614	81,685	84,299
Current provisions	158	0	158

Provisions for litigation and claims decreased in 2021, notably following the reclassification of a provision relating to a disagreement with clients to other financial liabilities.

The main change can be found in provisions for the environment and for site restoration, concerning a provision for dismantling linked to the LNG terminal of Dunkerque LNG, which increased following the change in the assumptions for discount rates.

5.16.3. Movements in the income statement and maturity of provisions

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

Impact			In thousands of €
	Additions	Use and reversals	Total
Operating results	16,228	-11,291	4,937
Financial profit (loss)	3,031	-690	2,341
Total	**19,259**	**-11,981**	**7,278**

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

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**

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. In 2021, the provision was reclassified to other financial liabilities.

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

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

Provisions for the environment and site restoration

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

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

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

Note 5.17. Provisions for employee benefits

Description of the principal retirement schemes and related benefits

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

Defined benefit pension plans

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

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

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

Description of the main actuarial risks

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

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

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

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

At 2021 year-end, the defined benefit pension plans have surplus plan assets of €16,938 thousand (2020: €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 5.12.1).

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

Defined contribution pension plans with guaranteed minimum return

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

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

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

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

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

Specifications relating to minimum returns guaranteed by the employer:

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

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

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

Description of the main risks

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

Other long-term employee benefits

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

Financial status of the employee benefits

In thousands of €	Pensions *		Other **	
	2021	2020	2021	2020
Present value of funded obligations	-247,170	-262,116	-48,328	-51,708
Fair value of plan assets	237,452	230,930	0	0
Funded status of plans	**-9,718**	**-31,186**	**-48,328**	**-51,708**
Effect of the asset ceiling	0	0	0	0
Other	0	0	0	0
Net employee benefit liability	**-9,718**	**-31,186**	**-48,328**	**-51,708**
Of which assets	16,938	4,353	0	0
Of which liabilities	-26,656	-35,539	-48,328	-51,708

* 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	
	2021	2020	2021	2020
At the start of the period	**-262,116**	**-245,305**	**-51,708**	**-47,335**
Service costs	-10,958	-12,162	-1,405	-1,731
Early retirement costs	-365	58	0	0
Financial loss (-) / profit (+)	-559	-2,764	-224	-395
Participant's contributions	-1,564	-1,421	0	0
Change in demographic assumptions	-1,662	-758	-587	-233
Change in financial assumptions	14,048	-8,400	4,961	-3,478
Change from experience adjustments	203	4,098	-1,243	-1,064
Past service costs	-1,684	-1,899	0	0
Benefits paid	16,747	7,102	1,878	2,070
Change in the consolidation scope	0	-458	0	458
Reclassifications	0	0	0	0
Other	740	-207	0	0
At the end of the period	**-247,170**	**-262,116**	**-48,328**	**-51,708**

Past service costs are linked to a plan amendment.

Movements in the fair value of plan assets

In thousands of €	Pensions		Other	
	2021	2020	2021	2020
At the start of the period	**230,930**	**225,338**	**0**	**0**
Interest income	501	1,026	0	0
Return on plan assets (excluding net interest income)	13,055	2,873	0	0
Employer's contributions	6,839	5,680	1,878	2,444
Participants' contributions	1,564	1,421	0	0
Benefits paid by participants	-16,747	-7,102	-1,878	-2,070
Change in financial assumptions	2,134	1,126	0	0
Other	-824	568	0	-374
At the end of the period	**237,452**	**230,930**	**0**	**0**
Actual return on plan assets	**13,556**	**3,899**	**0**	**0**

Thanks to good returns on financial markets, the return on plan assets is considerably higher than in 2020.

Costs recognised in profit or loss

In thousands of €	Pensions		Other	
	2021	2020	2021	2020
Cost				
Service costs	-10,958	-12,162	-1,405	-1,731
Early retirement costs	-365	58	0	0
Past service costs	-1,684	-1,899	0	0
Actuarial gains/(losses) on other long-term benefits	189	1,688	0	-36
Net interest on net liabilities/(assets)				
Interest expense on obligations	-559	-2,764	-224	-395
Interest income on plan assets	501	1,026	0	0
Costs recognised in profit or loss	**-12,876**	**-14,053**	**-1,629**	**-2,162**

Actuarial losses (gains) recognised in other comprehensive income

In thousands of €	Pensions		Other	
	2021	2020	2021	2020
Change in demographic assumptions	-1,662	-758	-587	-233
Change in financial assumptions	15,993	-8,962	4,961	-3,442
Change from experience adjustments	203	4,098	-1,243	-1,064
Effect of the asset ceiling	0	0	0	0
Return on plan assets (excluding net interest income)	13,055	2,873	0	0
Actuarial gains (losses) recognised in other comprehensive income	**27,589**	**-2,749**	**3,131**	**-4,739**

Allocation of obligation by type of participant to the plan

In thousands of €	2021	2020
Active plan participants	-246,178	-259,221
Non-active participants with deferred benefits	-20,786	-22,471
Retirees and beneficiaries	-28,534	-32,132
Total	**-295,498**	**-313,824**

Allocation of obligation by type of benefit

In thousands of €	2021	2020
Retirement and death benefits	-247,170	-262,116
Other post-employment benefits (medical expenses and tariff reductions)	-38,120	-40,595
Seniority bonuses	-10,208	-11,113
Total	**-295,498**	**-313,824**

Main actuarial assumptions used

	2021	2020
Discount rate between 10 to 12 years	0,61%	0,09%
Discount rate between 13 to 19 years	1,07%	0,50%
Discount rate over 19 years	1,07%	0,54%
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

	2021	2020
Listed investments	**79,76%**	**80,05%**
Shares – eurozone	15,56%	14,75%
Shares - outside eurozone	19,85%	20,51%
Government bonds - eurozone	2,38%	2,58%
Other bonds - eurozone	27,71%	28,27%
Other bonds - outside eurozone	14,25%	13,95%
Non-listed investments	**20,24%**	**19,95%**
Insurance contracts	0,00%	0,00%
Real estate	2,80%	2,56%
Cash and cash equivalents	3,18%	3,40%
Other	14,27%	13,99%
Total (in %)	**100,00%**	**100,00%**
Total (in thousands of €)	**237.452**	**230.930**

Sensitivity analysis

Impact on obligation	In thousands of €
	Increase (-) / Decrease (+)
Increase in discount rate (0.50%)	12,868
Average salary increase - Excluding inflation (0.1%)	-2,198
Increase in inflation rate (0.25%)	-5,294
Increase in healthcare benefits (0.1%)	-48
Increase in tariff benefits (0.5%)	-1,651
Increase in life expectancy of retirees (1 year)	-1,358

Average weighted duration of obligations

	2021	2020
Average weighted duration of defined benefit obligations	9	10
Average weighted duration of other obligations	20	19

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)	7,984

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

Note 5.18. Deferred tax assets and liabilities

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

Following this compensation, there are 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 €
	31-12-2021	**31-12-2020 revised**
Recoverable tax losses	0	63
Other recoverable amounts	0	0
Total	**0**	**63**

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

Deferred tax liabilities accounted for on the balance sheet	In thousands of €	
	31-12-2021	31-12-2020 revised
Valuation of assets	694,850	662,553
Accrued income	-5	270
Fair value of financial instruments	-1,816	-1,122
Provisions for employee benefits or provisions not accepted under IFRS	108,462	89,771
Other normative differences	-9,901	4,987
Total	**791,590**	**756,459**

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 31-12-2020		**756,396**
Of which deferred tax assets		*63*
Of which deferred tax liabilities		*756,459*
Evolution of deferred taxes during the year:		
Deferred taxes – Income statement	4.7.2	16,482
Deferred taxes – other comprehensive income		7,632
Translation adjustments		11,080
Other		0
Changes in consolidation scope		0
Total deferred taxes at 31-12-2021		**791,590**
Of which deferred tax assets		*0*
Of which deferred tax liabilities		*791,590*

Note 5.19. Current trade and other payables

Trade and other payables	In thousands of €	
	31-12-2021	31-12-2020 revised
Trade payables	78.964	52.403
Payroll and related items	53.597	46.108
Other payables	51.824	20.472
Total	**184.385**	**118.983**

Note 6. Financial instruments

Principles for managing financial risks

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

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

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

Cash management policy

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

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

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

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

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

At 31-12-2021, current and non-current investments, cash and cash equivalents amounted to €472,685 thousand, compared with €424,248 thousand at 31-12-2020.

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 18.8%, 16.1% et 10.0% 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 €321 million). This net investment in an activity in Switzerland has been hedged through currency forward contracts. These financial instruments are qualified as hedging instruments. The variation in value of these latter has a direct impact on equity.

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

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

In 2021, the group acquired a new participation in Brazil, the dividends of which are in BRL. Exposure to EUR/BRL foreign exchange risk is covered through a non-deliverable forward contract (NDF) when dividend projections are assessed as certain and in line with the group's policies. Given the limited materiality with respect to the amount as at 31 December 2021, the currency hedge has not been the subject of a derogation to the accounting treatment for hedging.

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

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

In 2021, the Fluxys group has not identified any inefficiency in its hedging.

Sensitivity analysis:

Outside hedging instruments, a 10% variation in the CHF exchange rate would have an impact of €29.0 million on equity whilst a 10% variation in the GBP exchange rate would have an impact of €27.0 million on equity, and a variation of 10% in the BRL exchange rate would have an impact of €9 million attributable to the shareholders of the parent company in 2021. 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 €3,232,672 thousand as at 31-12-2021 compared with €3,381,746 thousand as at 31-12-2020. It mainly consists of loans which mature between 2022 and 2045 (see Note 5.14) and the regulatory liabilities (see Note 5.15).

Part of the loans taken out by FluxSwiss (for CHF 69.0 million) as well as part of the TENP KG loans (for €12.5 million), part of the Fluxys SA loans (€150.0 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 2022 and 2024.

In 2021, the Fluxys group has not identified any inefficiency in this hedging.

In 2017, FluxSwiss proceeded to renegotiate its loans. On the same occasion, it proceeded to unwind the cash-flow hedging instruments, these interest-rate swaps on longer being entirely effective in a negative interest rate environment. The cost of the unwinding of the interest rate swaps is progressively transferred into the financial results. The balance to be transferred into the results comes to €1,078 thousand as at the end of December 2021.

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

Sensitivity analysis:

Outside hedging instruments, a variation of 100 base points in interest rates on financing would have an impact on financial results in 2021 of:

- €0.7 million for FluxSwiss compared to €0.8 million the previous year,
- €0.0 million for Transitgas compared to €0.2 million the previous year,
- €1.5 million for Fluxys SA compared to €0.0 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 31-12-2021. These contractual clauses provided for ratios to be adhered to of the type 'Net Finance Charges to EBITDA ratio', 'Net Debt to EBITDA ratio' and 'Bond and other loan to EBITDA ratio' (see Note 7.7).

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

Cash facilities

The group has cash facilities for an amount of €512.5 million as at 31-12-2021, in line with last year.

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

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

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 31-12-2020 revised				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	77,470	88,975	2
II. Current assets				
Other financial assets at fair value through profit or loss	B*	1,566	1,566	2
Other financial assets at fair value through other comprehensive income	C*	0	0	2
Finance lease receivables	A	422	422	2
Trade and other receivables	A	147,854	147,854	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		**669,156**	**681,683**	
I. Non-current liabilities				
Interest-bearing liabilities	A	2,573,920	2,639,180	2
Other financial liabilities at fair value through profit or loss	B*	6,878	6,878	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		**3.108.626**	**3.173.886**	

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

6.3 Summary of derivate instruments at 31-12-2021					In thousands of €
	Qualification	Notional amounts covered	Carrying amount of the hedging instruments		Notes
		(in thousands)	Assets in thousands	Liabilities In thousands	
I. Non-current assets and liabilities			4,343	11,225	5.6 & 6
A. Net investment hedge			0	219	5.6 & 6
CHF	hedging instruments	CHF 58,370	0	219	5.6 & 6
One to five years		CHF 58,370	0	219	
More than five years		CHF 0	0	0	
B. Cash Flow Hedge			186	2,047	5.6 & 6
IRS	hedging instruments	€ 8,031	0	170	6
One to five years		€ 8,031	0	170	
More than five years			0	0	
IRS	hedging instruments	€ 800,000	0	1,426	6
One to five years		€ 800,000	0	1,426	
More than five years			0	0	
CAP	hedging instruments	CHF 59,540	186	451	5.6 & 6
One to five years		CHF 59,540	0	451	
More than five years		CHF 0	186	0	
C. Natural Hedge			549	5,351	5.6 & 6
CCIRS	Not designated as hedging instruments	CHF 43,980	0	5,351	6
One to five years		CHF 43,980	0	5,351	
More than five years			0	0	
SEK	Not designated as hedging instruments	SEK 84,731	140	0	5.6 & 6
One to five years		SEK 84,731	140	0	
One to five years			0	0	
SEK	Not designated as hedging instruments	-SEK 84,731	409	0	5.6 & 6
More than five years		-SEK 84,731	409	0	
More than five years			0	0	
JPY	Not designated as hedging instruments	JPY 491,720	0	5	5.6 & 6
D. Other financial instruments	Not designated as hedging instruments		3,608	3,608	5.6 & 6
One to five years			3,608	3,608	
More than five years			0	0	
II. Current assets and liabilities			739	975	5.6 & 6
A. Net Investment Hedge			0	507	5.6 & 6
CHF	Hedging instrument	CHF 14,647	0	507	5.6 & 6
B. Cash Flow Hedge			0	0	6
C. Natural Hedge			739	468	5.6 & 6
GBP	Not designated as hedging instruments	GBP 4,838	122	382	5.6 & 6
SEK	Not designated as hedging instruments	-SEK 20,485	536	0	5.6 & 6
SEK	Not designated as hedging instruments	SEK 20,485	81	0	5.6 & 6
BRL	Not designated as hedging instruments	BRL 21,258	0	66	
JPY	Not designated as hedging instruments	JPY 491,720	0	20	6

6.4 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 in thousands	Liabilities In thousands	
I. Non-current assets and liabilities			**6,401**	**11,259**	**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**	**4,601**	**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	
More than five years			0	0	
SEK	**Not designated as hedging instruments**	**-SEK 64,246**	**409**	**0**	**5.6 & 6**
One to 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			**0**	**124**	**5.6 & 6**
USD	hedging instruments		0	0	6
CHF	hedging instruments	CHF 16,085	0	124	5.6 & 6
B. Cash flow hedge			**0**	**0**	**6**
C. Natural Hedge			**1,566**	**124**	**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 instruments	USD 148,750	168	0	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 2021 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 31-12-2021.

Other procedures

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

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

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

7.3. Guarantees received

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

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

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

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

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

Interconnector has committed, as part of a lease entered into with FL Zeebrugge, to pay the royalties due for the provision of the facilities. This lease requires maintenance of a minimum cash level in Interconnector, a clause which was adhered to as at 31-12-2021. 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 2021. 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 31-12-2021.

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

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

7.8. Commitments with regard to projects under construction

The Fluxys group also finances the investments provided for in the EUGAL project. Our total stake is estimated at €399 million, almost €382 million of which has already been invested on 31-12-2021.

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 2021, the Fluxys group executed transactions with the joint operations, Tenp KG and Transitgas, and with associates, i.e. TAP and Balansys (mainly financing).

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

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

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

Related parties					In thousands of €
	31-12-2020 revised				
	Parent company shareholders	Joint arrange-ments	Associates and joint ventures	Other Related parties	Total
I. Assets with related parties	**101**	**0**	**4,126**	**0**	**4,227**
1. Other financial assets	**0**	**0**	**4,000**	**0**	**4,000**
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	0	101
4. Cash and cash equivalents	0	0	0	0	0
5. Other current assets	0	0	126	0	126
II. Liabilities with related parties	**45,000**	**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 €
	31-12-2021				
	Parent company shareholders	Joint arrangements	Associates and joint ventures	Other Related parties	Total
III. Transactions with related parties					
1. Sale of non-current assets	**0**	**0**	**0**	**0**	**0**
2. Purchase of non-current assets (-)	**0**	**0**	**0**	**0**	**0**
3. Services rendered and goods delivered	**0**	**0**	**1,220**	**0**	**1,220**
4. Services received (-)	**0**	**0**	**0**	**0**	**0**
5. Net financial result	**-771**	**-1,280**		**-1,864**	**-3,915**
6. Directors' and senior executives' remuneration				**3,706**	**3,706**
of which short-term employee benefits				3,097	3,097
of which post-employment benefits				609	609

Related parties					In thousands of €
		31-12-2020 revised			
	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

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 2021 financial statements of the group.

The significant events after the balance sheet date (but with no material impact on the 2021 financial statements of the group are:

- Based on the information available to date, it is extremely difficult to estimate the impact of the war in Ukraine on the economy. Based on the situation publicly known, the essential nature of the company's activity and its regulatory nature in certain countries, we do not anticipate a significant negative impact on the consolidated profit/loss of the Fluxys group in 2022 because of the war, measures and market evolution that have ensued.
- At the end of March, Dunkerque LNG closed an agreement to refinance the €800 million debt maturing at the end of 2022. The transaction should be finalised in the first half of 2022.
- At the end of March it was announced that Fluxys, along with EIG, would jointly acquire a stake of 80% in GNL Quintero SA, the largest regasification of liquefied natural gas (LNG) terminal in Chile. The transaction should be closed in the second half of 2022, subject to habitual closing conditions, including required merger control and associated regulatory approval. Fluxys will have a minority share in the regasification terminal.

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 2021.

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 €
	31-12-2021	31-12-2020
Formation expenses	**665**	**777**
Fixed assets	**2,305,030**	**2,135,536**
Intangible assets	0	0
Property, plant and equipment	713	965
Financial fixed assets	2,304,317	2,134,571
Current assets	**1,257,151**	**1,272,879**
Amounts receivable after more than one year	1,040,104	1,070,424
Stock and contracts in progress	0	0
Amounts receivable within one year	53,931	52,339
Cash investments	24,498	55,401
Cash at bank and in hand	123,895	83,386
Deferred charges and accrued income	14,723	11,329
Total	**3,562,846**	**3,409,192**

Liabilities		In thousands of €
	31-12-2021	31-12-2020
Equity	**1,874,744**	**1,863,874**
Capital	1,706,811	1,706,535
Share premium account	82,018	81,933
Revaluation surpluses	0	0
Reserves	82,073	74,587
Accumulated profits (losses)	3,827	787
Capital subsidies	15	32
Provisions and deferred taxes	5	11
Provisions for liabilities and charges	**0**	**0**
Deferred tax	5	11
Amounts payable	1,688,097	1,545,307
Amounts payable after more than one year	558,781	473,694
Amounts payable within one year	1,117,273	1,063,046
Accrued charges and deferred income	12,043	8,567
Total	**3,562,846**	**3,409,192**

2. Income statement

Income statement		In thousands of €
	31-12-2021	31-12-2020
Operating income	11,024	12,339
Operating charges	27,189	27,385
Operating profit	-16,165	-15,046
Financial income	178,747	156,614
Finance costs	12,767	14,203
Net financial income	165,980	142,411
Earnings before taxes	149,815	127,365
Transfer from deferred taxes	6	6
Income tax expenses	97	-89
Net profit/loss for the period	149,724	127,460
Transfer to untaxed reserves	0	0
Profit for the period available for appropriation	149,724	127,460

Fluxys' net profit was €149,724 thousand compared with €127,460 thousand the previous year. The profit for the financial year mainly consists of the dividends paid by Fluxys Belgium and Fluxys Europe.

3. Appropriation account

Appropriation account		In thousands of €
	31-12-2021	31-12-2020
Profit to be appropriated	**150,511**	**146,269**
Profit for the period available for appropriation	149,724	127,460
Profit carried forward from the previous period	787	18,809
Transfer from equity	**0**	**0**
From reserves	0	0
Transfer to equity	**7,486**	**6,373**
To the legal reserve	7,486	6,373
To the other reserves	0	0
Result to be carried forward	**3,827**	**787**
Profit to be carried forward	3,827	787
Profit to be distributed	**139,198**	**139,109**
Dividends	139,198	139,109

4. Capital at the end of the period

Capital at the end of the period			In thousands of €
			31-12-2021
Subscribed capital			
At the end of the previous period			1,741,257
At the end of the period			1,741,533
Capital represented by			
Registered shares			
Dematerialised shares			87,076,669
Bearer shares			0
Shareholders' structure :			0
Shareholders	***Type***	***Number of voting rights declared***	***%***
Publigas	Shares without nominal value	67,471,773	77.49 %
Caisse de dépôt et placement du Québec	Shares without nominal value	17,305,412	19.87 %
Federal Holding and Investment Company	Shares without nominal value	1,851,852	2.13 %
Members of staff and management	Shares without nominal value	447,632	0.51 %

5. Income taxes

Income taxes	In thousands of €
	31-12-2021
Breakdown of heading 670/3	
Income taxes on the result of the current period	**0**
Taxes and withholding taxes due or paid	0
Excess of income tax prepayments	0
Estimated additional taxes	0
Income taxes on previous periods	**96,789**
Additional taxes due or paid	8,351
Additional taxes (estimated or provided for)	88,438
Reconciliation between profit before taxes and estimated taxable profit	
Profit before taxes	**149,815**
Permanent differences:	**-155,536**
Definitively taxed income	-156,635
Non-deductible expenses	450
Notional interest	637
Hidden reserves	6
Transfer from deferred taxes	6
Estimated profit before tax	-5,721

6. Workforce

Headcount

A. Employees recorded in the personnel register

1a During the current period	Total	Men	Women
Average number of employees			
Full time	47.8	32.3	15.5
Part-time	15.0	11.0	.,0
Total in full-time equivalents (FTE)	54.3	36.6	17.7
Number of hours actually worked			
Full time	75,164	51,258	23,906
Part-time	10,193	6,955	3,238
Total	85,357	58,213	27,144
Employee expenses			
Full time	7,913,076 €	5,638,650 €	2,274,426 €
Part-time	2,506,709 €	1,919,862 €	586,847 €
Total	10,419,785 €	7,558,512 €	2,861,273 €
Advantages in addition to wages	**80,880 €**	**58,670 €**	**22,210 €**

1b. During the previous period	Total	Men	Women
Average number of employees (FTE)	62.1	43.0	19.1
Number of hours actually worked	100,072	68,605	31,467
Employee expenses	10,686,036 €	7,968,577 €	2,717,459€
Advantages in addition to wages	54,566 €	40,690 €	13,876 €

2. At the closing of the period	Full time	Part-time	Total FTE*
a. Employees recorded in the personnel register	**44**	**16**	**51.0**
b. By nature of the employment contract			
Contract for an indefinite period	43	16	50.0
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	30	12	34.8
Primary education	0	0	0.0
Secondary education	1	0	1.0
Higher non-university education	4	0	4.0
University education	25	12	29.8
Women	14	4	16.2
Primary education	0	0	0.0
Secondary education	0	0	0.0
Higher non-university education	4	3	5.9
University education	10	1	10.3
d. By professional category			
Management	37	14	42.4
Employees	7	2	8.6
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	0.2	0.0
Number of hours actually worked	457	0.0
Costs for the enterprise	35,494 €	0,0 €

Table of movements in personnel during the period

	Full time	Part-time	Total FTE*
Entries			
a. Employees recorded in the personnel register	**8**	**1**	**8.5**
b. By nature of the employment contract			
Contract for an indefinite period	6	1	6.5
Contract for a definite period	2	0	2.0
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	**10**	**1**	**10.6**
b. By nature of the employment contract			
Contract for an indefinite period	8	1	8.6
Contract for a definite period	2	0	2.0
Contract for execution of specifically assigned work	0	0	0.0
Replacement contract	0	0	0.0
c. By reason of termination of contract			
Retirement	0	0	0.0
Early retirement	0	0	0.0
Dismissal	0	0	0.0
Other reason	10	1	10.6
Of which: the number of persons who continue to render services to the company at least part-time on a self-employed basis	0	0	0.0

* full-time equivalent

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	17
Number of actual training hours	658	351
Net costs for the enterprise	93,092 €	46,428 €
Of which gross costs directly linked to training	93,092 €	46,428 €
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	25	11
Number of actual training hours	441	214
Net costs for the enterprise	40,449 €	22,415 €
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 2021

As required by law and the Company's articles of association, we report to you as statutory auditor of Fluxys SA (the "Company") and its subsidiaries (together the "Group"). This report includes our opinion on the consolidated balance sheet as at 31 December 2021, 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 2021 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 3 consecutive years.

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have audited the Consolidated Financial Statements of Fluxys SA, that comprise of the consolidated balance sheet on 31 December 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 € 8.042,3 million and of which the consolidated income statement shows a profit for the year of € 247,1 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 2021, 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 scepticism 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:

- Financial situation: consolidated key financial
- 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, 1 April 2022

EY Bedrijfsrevisoren BV

Statutory auditor

Represented by

Marnix Van Dooren *	Wim Van Gasse *
Partner	Partner

*Acting on behalf of a BV/SRL

22WVG0080

Declaration by responsible persons

Declaration regarding the financial year ended 31 December 2021

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, 30 March 2022

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

Glossary

Pertinence of published financial ratios (see 'Financial situation: key statistics', p. 26)

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.

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

FFO

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

RAB

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

Extended RAB

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

RCF

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

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

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

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

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

Fluxys SA consolidated income statement (in thousands of €)	31,12,2021	31,12,2020	Notes
Operating profit/loss from continuing operations	320,280	299,759	4
Operating revenue - Movements in regulatory assets and liabilities	-67,342	-68,937	4
Depreciation	409,392	402,659	4.3.5
Provisions	4,938	16,382	4.3.5
Impairment losses	645	-396	4.3.5
Inflows related to associates and joint ventures	55,529	3,650	E – consolidated statement of cash flows
Dividends from unconsolidated entities	0	0	4.4.2
Net financial expenses	-56,791	-61,342	
Current tax	-67,773	-69,738	4.7
FFO (in thousands of €)	**598,878**	**522,037**	

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

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

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

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

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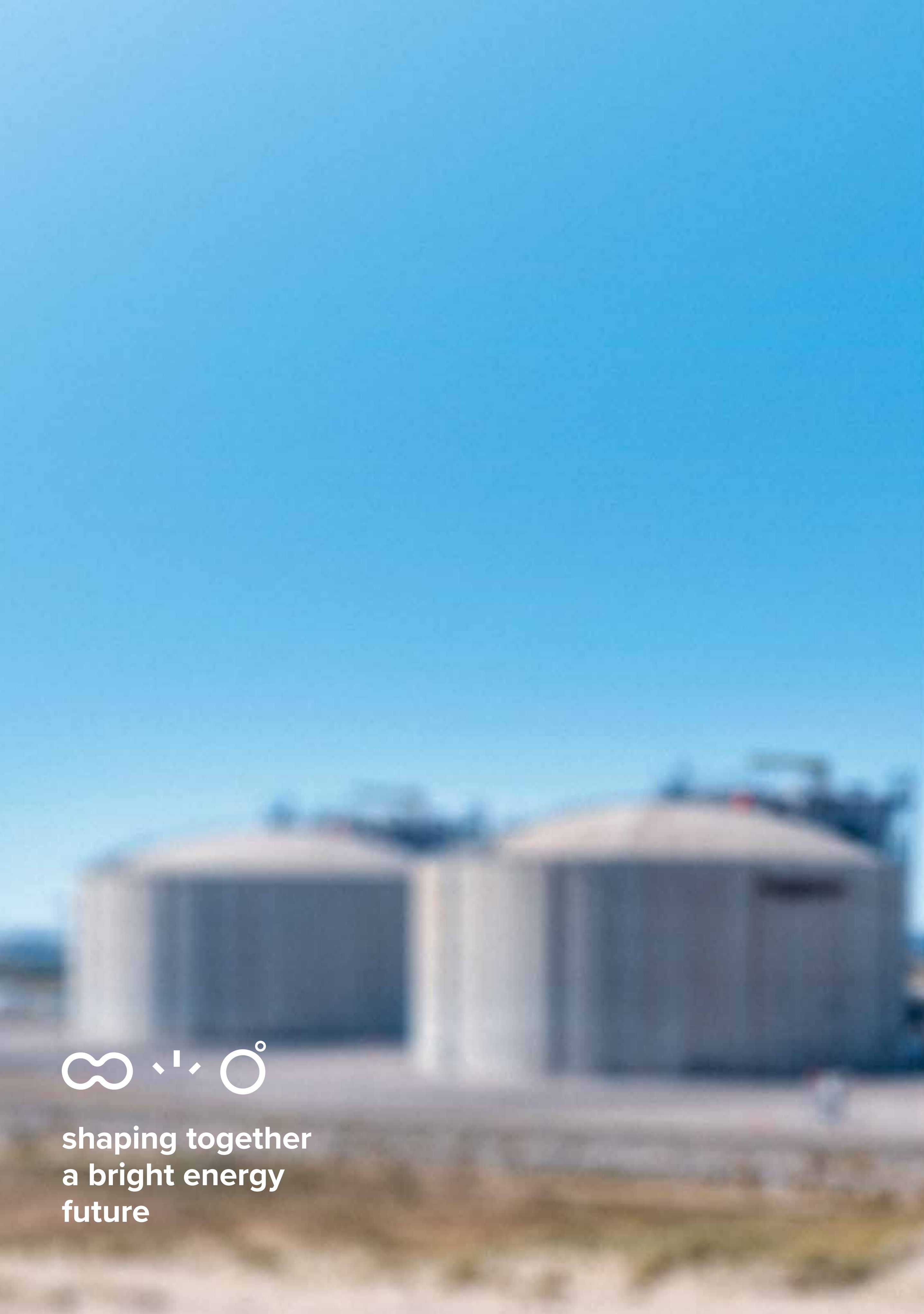
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