#herewego

The energy transition is a massive undertaking for society as a whole and we are going all out to help speed up this process. Our infrastructure is essential to making the transition happen.

2023 was a turning point. We went from plans and projections to breaking ground on new projects. With infrastructure for security of supply that we can sustainably deploy tomorrow for the benefit of the carbon-neutral society. And this is just the beginning. We have set off, powered by the vibrant strength and forward-looking commitment of all our employees.

This is who we are

100 %

- focus on speeding up the energy transition
- independent infrastructure group headquartered in Belgium
- active in Europe, Latin America and the Middle East

What we're doing to speed up the energy transition

Transmission

- Natural gas & biomethane
- Hydrogen
- CO_2

Storage

- Natural gas & biomethane
- Hydrogen

Terminalling

- Natural gas & biomethane
- Hydrogen
- CO_2

Our ambition

For the market

30x30x30

By 2030

provide capacity for annual transport: **30 TWh of hydrogen** and **30 million tonnes of CO_2**

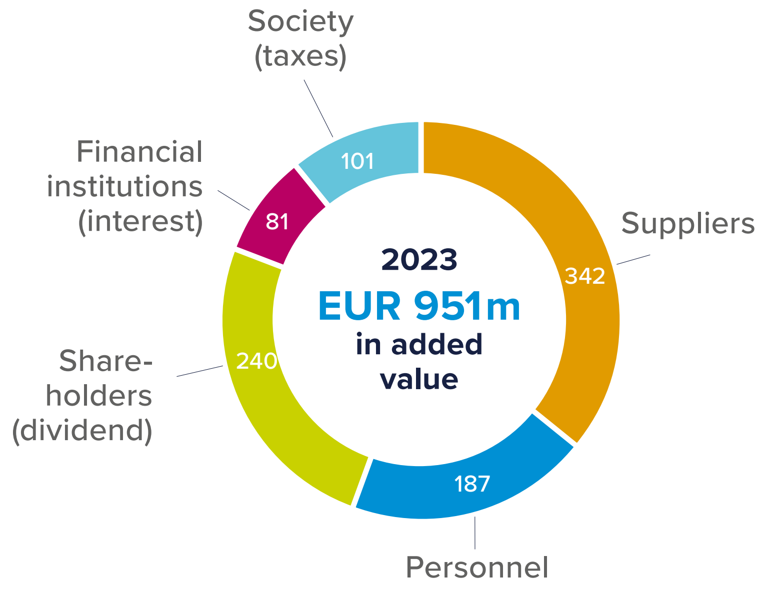
In our own activities

CO_2 Be climate-neutral in 2050 — net 0 — 2050

Our talents

1,359 Employees	**20/80** Ratio women/men
151 New employees	**47** Number of employees taking on a new role within the company

Our contribution to prosperity



Our investments in infrastructure

Contents

herewego

Looking to the future

#herewego

Breaking ground to make the transition tangible

Andries Gryffroy
Chairman of the Board of Directors

Pascal De Buck
Managing Director and CEO

Before we look ahead, what did Fluxys stand for in 2023?

Pascal De Buck *We broke ground on projects showing what Fluxys stands for in the energy transition. In Belgium, the new pipeline along the Zeebrugge-Brussels corridor was built and is now in use. And in Germany, work is well underway to upgrade the TENP pipeline. Together with other investments, these two pipelines bolster the security of supply of natural gas today and the infrastructure is ready to be used in the hydrogen networks of tomorrow. We're here to offer society security of supply while speeding up the green transition.*

Andries Gryffroy *We have set off. Industrially, we've taken the first big steps towards multi-molecule infrastructure for a carbon-neutral future. Via our stake in German transmission system operator Open Grid Europe, we've created a bridge to geographically complementary hydrogen and CO_2 networks. And our partnership in Omani transmission system operator OQGN gives us a foothold in a country with an extraordinary potential for exporting hydrogen to Europe. At the same time, we're continuing to move full steam ahead at the pace of industry. For numerous companies, switching to hydrogen or CO_2 capture is the only way forward if they want to continue anchoring their business and employment locally.*

Milestones 2023

Supporting security of supply 24/7

Throughout the year, our teams across Europe made every effort to ensure security of supply. The geopolitical situation resulting from the war in Ukraine has profoundly changed the dynamics of gas markets and the direction of flows in Europe.

The Belgian grid once again confirmed its role as an energy hub for Europe with the transit of large quantities to the Netherlands and Germany. We brought in plenty of flows from Norway, from the UK and through our LNG terminals. In Germany we imported significant quantities from Belgium and the Netherlands, from the new floating LNG terminals in the north and also from and to Switzerland. Desfa in Greece provided substantial transit to Bulgaria and TAP continued to supply large volumes to Europe.

Partner in the largest German transmission system operator

In 2023, Fluxys became a 24% partner in Open Grid Europe (OGE). The partnership aligns perfectly with our strategy. OGE is the largest German transmission system operator and, like Fluxys, is a pioneer in the field of hydrogen and CO_2 infrastructure. With highly complementary hydrogen and CO_2 infrastructure, we are speeding up the development of cross-border routes for hydrogen and CO_2 between Belgium and Germany.

We're here to offer society security of supply while speeding up the green transition.

Pascal De Buck

Managing Director and CEO

Is industry ready for this transition?

Pascal De Buck *Decarbonisation is a major economic challenge for industry. We offer an answer to this challenge because we operate internationally and because we're particularly well positioned between the North Sea and the large industrial valleys in North-West Europe. We're on the path between overseas imports of low-carbon molecules and consumers, and in the opposite direction, between captured CO_2 from industry and safe storage sites in the North Sea. This enables us to attract large volumes and factor economies of scale into the costs of our services. We're on track to become the hydrogen and CO_2 hub of choice for industry in Belgium and North-West Europe.*

What challenges lie ahead?

Pascal De Buck *We absolutely need an integrated approach to the energy system as a whole because making the transition to net-zero is a threefold challenge. We must ensure a carbon-neutral energy mix while households and businesses need to have energy at all times – all at the lowest possible cost to society. This is only possible by looking at and planning everything holistically. Energy efficiency must improve, we need more green electricity, we need more green and low-carbon molecules and we must ensure that captured CO_2 can be reused or stored. We must make all these solutions work together seamlessly like a Swiss watch for the benefit of all consumers.*

Andries Gryffroy *Efficient investing requires a long-term approach. In developing hydrogen and CO_2 infrastructure, we work closely with the market. At the same time, looking further ahead is key: to be cost-effective for society in the long run, we must build the right size infrastructure today for the volumes that will come later. So it's important to find mechanisms together with the public authorities to limit the risks of initial investments.*

Additional transmission capacity ready for hydrogen

In Belgium we reinforced the Zeebrugge-Brussels corridor with an additional pipeline to carry more natural gas inland from Zeebrugge and in Germany we started renewing part of the TENP pipeline. Moreover, the new infrastructure has been designed to carry hydrogen as soon as the market is ready for it. We are bolstering security of supply and at the same time this is our first concrete step in speeding up the energy transition.

Strong partners for large-scale decarbonisation

We aim to offer European industry large-scale solutions for decarbonisation. In Belgium we are continuing to build a multi-molecule hub to carry hydrogen and CO_2. And we are joining forces with various partners to make maximum use of Belgium's central location for the large-scale decarbonisation of industry in North-West Europe. We explore cross-border hydrogen connections with Open Grid Europe in Germany and Hynetwork Services in the Netherlands. We are also working with National Gas in the UK in the context of the energy transition. And cross-border CO_2 routes we are exploring with Open Grid Europe and Wintershall Dea in Germany.

Range of export solutions for CO_2

We are working closely with partners on infrastructure that offers industry a solution for carrying captured CO_2 to safe and permanent storage sites in the North Sea. With Equinor we are investigating a subsea pipeline between Zeebrugge and storage sites in Norwegian waters. At the ports of Dunkirk, Antwerp and Ghent we are working on facilities for CO_2 export by ship to storage sites in the North Sea.

Efficient investment requires a long-term approach.

Andries Gryffroy

Chairman of the Board of Directors

What does sustainable development look like for Fluxys?

Andries Gryffroy *With our investment plans for hydrogen and CO_2 infrastructure, we're developing solutions for the large-scale decarbonisation that society needs. The ESG approach we further deepened together with our stakeholders in 2023 gives us direction. It is our compass for developing our business activities sustainably in a long-term perspective for all of our stakeholders.*

System operator candidates in Belgium: Fluxys hydrogen and Fluxys c-grid

In Belgium, the federal Hydrogen Act, passed in July, regulates the appointment of the Belgian hydrogen transmission network operator. In line with the Hydrogen Act, Fluxys Belgium set up subsidiary Fluxys hydrogen, which is a candidate for serving as Belgian hydrogen network operator. The federal government is expected to appoint the network operator in the first months of 2024. The regions are setting up a regulatory framework for CO_2 transmission activities. In anticipation of this, together with Pipelink, Socofe and SFPIM, we have founded the subsidiary Fluxys c-grid, a separate company that is ready to take part in the planning, development, and operation of the CO_2 transmission infrastructure in Belgium.

Partner in Omani transmission system operator

A robust hydrogen market in Belgium and Europe is a value chain with a wide range of sources, both close by and overseas. In that perspective, we have partnered with OQGN, Oman's state-owned transmission system operator. The country has the ambition and the assets to become a leading export hub for renewable hydrogen and OQGN, like Fluxys, is a pioneer in decarbonisation projects. Together we are exploring strategic cooperation in the development of hydrogen and CO_2 infrastructure in Oman.

Tapping the North Sea's energy potential

The North Sea countries want to boost their combined offshore wind power generating capacity to 300 GW by 2050 with a view to making the North Sea the largest green energy plant in Europe. In order to carry maximum green hydrogen from North Sea wind ashore, we teamed up with the other major gas grid operators at the North Sea Summit in Ostend to develop, together with electricity grid operators, the best infrastructure to ensure that not a single puff of wind goes to waste in the North Sea.

herewego

Our profile

a purpose-driven company

Why, what and how: our strategic framework

Our purpose: why we matter

As a key infrastructure partner, we are building a sustainable and cleaner energy future. That is our purpose. With our terminalling, transmission and storage infrastructure for different molecules, we bring energy where it is needed – today and tomorrow.

Shaping together a bright energy future

together

The energy ecosystem is complex and the demand for energy as a driver of human progress combined with a global need to make energy more sustainable is a challenge that requires everyone's commitment. 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, shareholders, industrial partners, customers, the general public and all actors in the energy system. At Fluxys we firmly believe in this collaboration.

bright

bright – Our infrastructure, with its storage capacity and capacity to handle molecules for a low-carbon future such as hydrogen and CO_2, will play a major role in the transition to a bright energy future for all.

future

The word **future** entails responsibility. With our unique assets as an infrastructure company, we owe it to ourselves to contribute to a greener energy future for generations to come.

What we want to achieve: our ambition

As a key infrastructure partner, we want to accelerate the energy transition with infrastructure for different molecules. We aim to offer customers substantial capacity for supplying hydrogen and carrying away CO_2 by 2030.

30x30x30

by 2030, we aim to offer our customers transport capacity for 30 TWh of hydrogen and 30 million tonnes of CO_2 per year

How we do it: 3 pillars

1 our values

respect

We **value** the uniqueness of **every individual**.

We look out for each other, keeping our employees **safe and well**.

We make our **decisions consciously** for the environment, communities and future generations.

open

We foster **teamwork** and **open communication** to create a workplace where different perspectives are embraced, and employees are empowered to shape the future.

With an **open mind**, we take action, we adapt swiftly, and we seize opportunities with a **can-do attitude** to drive the energy transition.

reliable

We are committed to earning and building **trust** in all our partnerships.

We go above and beyond for our **customers and partners**.

We are in it for the long term and society can count on us for **affordable, sustainable and safe infrastructures**.

2 an inspiring vision of sustainability

Fluxtainable is our ESG compass (Environment – Social – Governance). How do we ensure we develop our activities sustainably while taking a long-term view for us and for all our stakeholders? We are moving forward in five areas on our sustainability path.

moving

we accelerate the energy transition with multi-molecule infrastructure, today and tomorrow

green

we become a net zero company and we preserve the natural capital

safe

we keep high safety standards in an evolving business

people

we encourage diversity, talent development and employee engagement

responsible

we conduct our business in a responsible

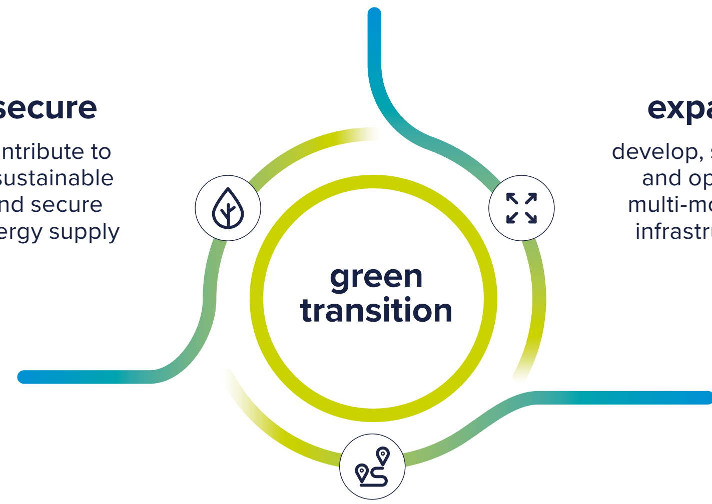
3 a clear strategy

secure

contribute to a sustainable and secure energy supply

expand

develop, scale-up and operate multi-molecule infrastructure



connect

create low-carbon energy value chains through partnerships

Our context

Further strengthening of climate and energy policies

- The European Commission continued to build on its Green Deal in 2023 with its launch of the Industrial Carbon Management Strategy package and the Net Zero Industry Act package, introducing new regulatory initiatives to support industry in the energy transition. Both packages include measures that, for the first time, create a framework for building out the infrastructure chain for the capture, transport and storage or reuse CO_2.
- Provisional agreement has been reached on the Decarbonisation of the Gas and Hydrogen Markets package, which is expected to pass and take effect in the first half of 2024. This proposal sets out a legal and regulatory framework for incorporating carbon-neutral molecules, such as hydrogen, biomethane and synthetic methane, alongside renewable electricity in the energy system of tomorrow.
- In several European countries, including Belgium, Germany, the Netherlands and France, there were major policy breakthroughs in the development of regulatory frameworks for hydrogen and CO_2.

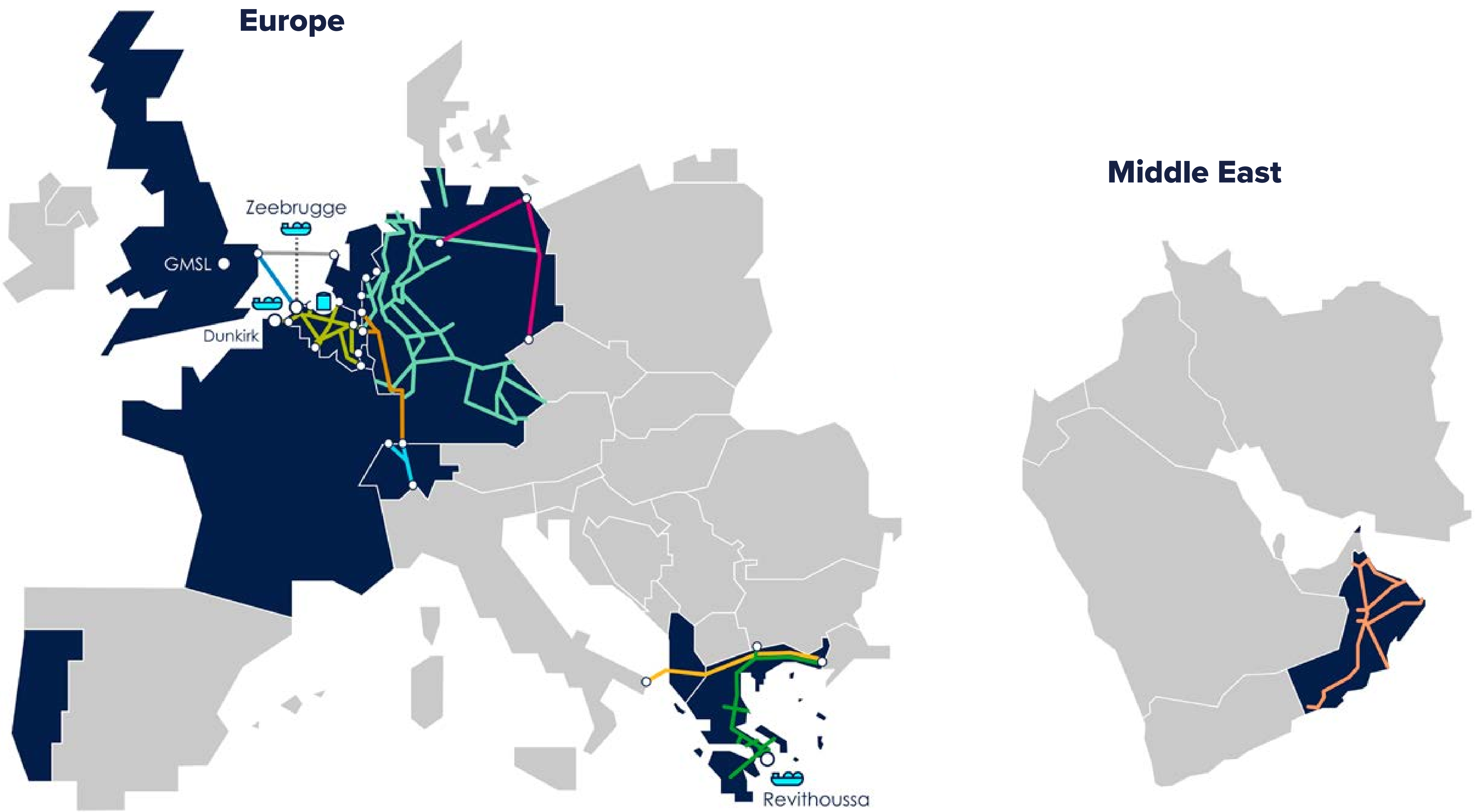
High west-east flows continue

- In 2023 the European natural gas market continued to feel the impact of geopolitical developments and the European Union's REPowerEU initiative to quickly transition away from the supply of Russian pipeline gas.
- The sharp decline in the Russian supply of gas by pipeline led to maximum deployment of LNG as an alternative source of supply.
- In response to Europe’s rising need for LNG imports, several countries, including Germany and the Netherlands, rapidly built or are in the process of building floating LNG import terminals (Floating Storage and Regasification Units – FSRUs) to bring LNG closer to their countries.
- The additional inflow of LNG and new gas transit configurations via pipeline mean that larger flows from western Europe have largely replaced earlier flows from the east. The market expects the new west-east pattern to continue in the years ahead.
- The Belgian grid is an important crossroads for the European gas market. Flows from the west heading towards Germany and the Netherlands remained high in 2023.

North Sea: an important region for hydrogen supply and CO_2 storage

- Given current climate and energy policy, demand for natural gas in Europe is expected to gradually decline after 2030 while volumes of hydrogen and CO_2 transmitted are expected to rise.
- For both hydrogen and CO_2 the North Sea is increasingly emerging as an important geographical region, both as a green energy power plant and a safe storage location.
- The North Sea has sufficient storage capacity for the expected CO_2 volumes and the ecosystem for CO_2 capture and transport in north-western Europe is being developed to a large extent around the industrial clusters in the North Sea countries.
- At the same time, the North Sea offers enormous energy potential that the North Sea countries want to fully harness. They boosted their ambition for offshore wind capacity in 2023 and are aiming for 300 GW of green electricity generating capacity by 2050, up from 30 GW today.
- This acceleration offers major prospects for large-scale production of green electricity and hydrogen from North Sea wind.
- Joint planning of network development for hydrogen, CO_2 and electricity makes it possible to maximise the complementarity of different networks and minimise system costs.

Where we operate



Transmission

28,000 km
of gas pipelines in operation

Terminalling

450 TWh/year
of LNG regasification capacity, with terminals in Belgium, France, Greece and Chile

Storage

7,610 GWh
of underground gas-storage capacity in Belgium

How we are helping to speed up the energy transition

As a key infrastructure partner, we want to contribute to an efficient, reliable and realistic energy system, with green and low-carbon molecules and with CO_2 capture as a supporting and additional solution. An energy system open to the necessary import and export flows of those molecules to and from our country. All for an energy system that ensures carbon neutrality, security of supply and affordability.

Each region at its own pace

Thanks to our infrastructure, we are building a bridge to the future. Today, we transmit natural gas which, as a low-emission fossil energy source, offers security of supply in the transition to a carbon-neutral society.

Where the market is ready to make the green transition, Fluxys is also ready. Ready for the transition to a hybrid energy future in which carbon-neutral molecules, renewable electricity and the capture and reuse or storage of CO_2 complement each other optimally.

This 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 area.

"With all the projects we've seen, we can really feel a tailwind"

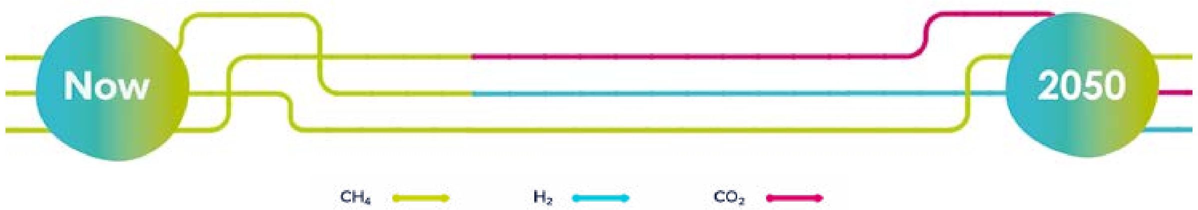
Two full days of discussions about the next steps we need to take towards large-scale decarbonisation. We met up with partners and potential customers in the inspiring setting of the Atomium in Brussels. Not only was this event an opportunity for us to update everyone on the development of the hydrogen and CO_2 infrastructure, but it was also a great platform for industry to present a range of projects that help shape the hydrogen and CO_2 value chains. Together we're moving forward, step by step, in the transition to a low-carbon economy.

We deliver key solutions for large-scale decarbonisation

The common thread in European energy and climate policy is the need for a combination of solutions to achieve climate neutrality. Energy efficiency must be greatly increased, significantly more electricity is required, which must also be completely green or low-carbon, large quantities of green and low-carbon molecules such as hydrogen and biomethane are also required and it must be possible to capture large quantities of CO_2 for reuse or storage.

With its infrastructure, Fluxys plays a key role in this combination of solutions for the energy transition. We are doing everything we can to further develop our infrastructure and convert it into a multi-molecule system. In doing so, we are preparing the energy system to not only carry natural gas, biomethane and synthetic methane to consumers, but also to ensure the increasing inflow of hydrogen and other green and low-carbon molecules and CO_2. This will enable us to offer consumers powerful tools for large-scale decarbonisation and thus also sustainably safeguard economic activity and employment, among other things.

> **With infrastructure for green and low-carbon molecules as well as CO_2, we are helping to build an energy vision that makes sense.**



Crucial role for green and low-carbon molecules

→ raw material for industry

The chemical industry needs green and low-carbon molecules as raw materials for its processes. Products such as fertilisers, which are crucial for the food and agricultural industry, or plastics, for the manufacturing industry, among others, require molecules in the production process.

→ fuel for industry

There are industrial processes that require very high temperatures. With electrification you cannot usually make these processes efficiently sustainable, but this is possible with green and low-carbon molecules.

→ fuel for long-distance transport

Heavy freight traffic, commercial shipping and aviation are difficult to electrify. Green and low-carbon molecules can also play a role here, directly or as raw materials for synthetic fuels (such as e-fuels).

→ fuel for power stations

Green and low-carbon molecules can be used to generate electricity at any time, which is doubly important. After all, increasing electrification will sharply increase both base and peak consumption while there are times and periods when, due to little or no wind or sun in Belgium, it is not possible to generate the necessary green energy. And usually, importing electricity from neighbouring countries is not a solution because their weather conditions are similar. Power plants with green and low-carbon molecules can be controlled flexibly and keep the lights on.

→ heating source for buildings

Green and low-carbon molecules can be used as a source of heating for office buildings, schools, shopping centres and apartment blocks.

Sectors that are difficult to decarbonise rely on CO_2 capture

In some sectors, such as the cement and lime industries, significant amounts of CO_2 are inevitably released via chemical reactions during the production process itself. CO_2 capture is the only option if those sectors are to sustainably maintain their activity and employment. CO_2 capture is an alternative for industrial processes that require high temperatures in those cases where, for example, electricity does not currently offer an alternative. With infrastructure to transport captured CO_2 industry has a way to direct CO_2 to safe storage locations or to companies that reuse CO_2 as a raw material.

Our services to help speed up the energy transition

Natural gas & biomethane services

- We will transport natural gas for as long as necessary.
- We provide infrastructure that offers access to as many sources as possible to support security of supply
- In this way we help society make the transition to carbon-neutral energy and raw materials. We are already able to transport plenty of carbon-neutral biomethane

Transmission

Terminalling

Storage

Hydrogen services

- We get low-carbon hydrogen to customers in the form of energy and raw material
- We provide infrastructure that offers access to as many sources as possible to support security of supply
- In this way we help decarbonise industry, power generation and the transport sector

Transmission

Terminalling

Storage

CO_2 services

- We transport CO_2 to sites where it can be reused or exported to permanent storage
- We provide infrastructure that offers as many takeaway options as possible
- In this way we help decarbonise industry that engages in carbon capture

Transmission

Terminalling

A low-carbon, reliable and affordable energy system: how?

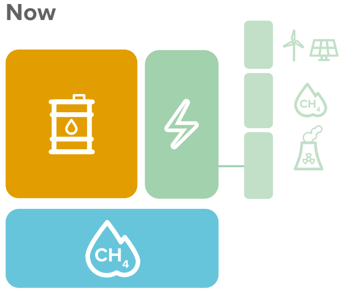
The energy system of tomorrow must take care of three things at one: provide the energy needed at any time in a low-carbon mix that as a whole remains affordable for households and businesses. This is only possible if we take into account the costs and benefits along the whole chain from production through transport and storage to consumption in developing the necessary infrastructure.

A low-carbon energy mix is possible

Oil, natural gas and electricity currently account for a large proportion of the energy mix in Europe. Greater energy efficiency is expected to reduce the consumption of homes and businesses by 40 to 45% by 2050[1]. At the same time, the energy mix must evolve towards a low-carbon combination of electricity, molecules and biofuels.

A low-carbon mix of electricity, molecules and biofuels is possible. Belgium and the other North Sea countries plan to turn the North Sea into the largest green energy plant in Europe with plenty of additional green electricity and hydrogen from wind. New technologies leveraging green and low-carbon molecules and carbon capture, use and storage will also play an essential role in the sustainable transition. Also, developments in nuclear technology could potentially contribute to the energy mix in the long term.

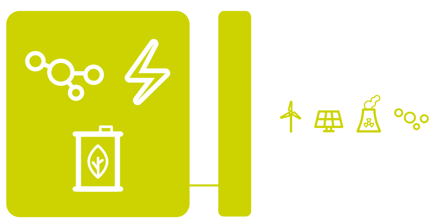
Now



16,000 terawatt-hours (TWh)
energy mix in silos

Terawatt-hour/gigawatt-hour is the quantity of energy consumed Watt is the unit of power of an energy source
1 terawatt-hour is 1,000 gigawatt-hours
1 gigawatt = 1 nuclear power plant

2050



9,000 – 10,000 terawatt-hours (TWh)
a low carbon energy system

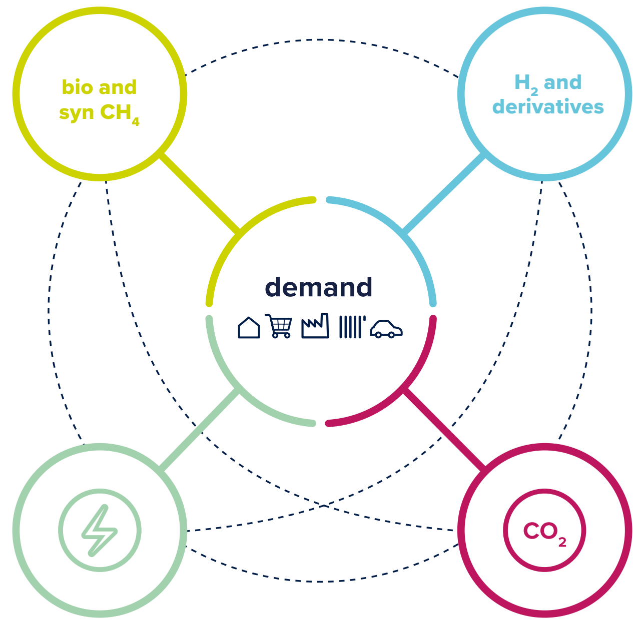
- molecules
- electricity
- biofuels

Integrated system-based approach for the best possible mix

A low-carbon energy mix in itself is not enough. How do we ensure that the most appropriate technology for climate neutrality is always used for the various types of energy consumption? How do we best enable the various solutions in the mix to work together to ensure that there is enough energy at all times at the lowest possible social cost? To that end, we must look at the energy system as a whole and all the interactions between the different parts. By taking this kind of integrated long-term system-based approach, we gain insight into how the entire chain from production to transport to consumption can be optimised in terms of costs, implementation times and maintenance of security of supply.

Innovative energy system model: Integration

An integrated system-based approach requires the use of innovative energy system models. Together with, among others, the University of Liège and with the support of the federal Energy Transition Fund, Fluxys Belgium has developed one such system model: Integration. This enables us to map out how, by 2050, flows of electricity, hydrogen and derivatives, methane and CO_2 will optimally complement each other at the lowest price in a carbon-neutral ecosystem.



> **Boundaries between our current energy systems are detrimental to our security of supply and energy affordability.**

1. Calculation based on Eurostat (energy consumption: reference year 2019 I https://ec.europa.eu/eurostat/databrowser/view/nrg_bal_c__custom_10416385/default/table?lang=en) and ENTSOG/ENTSO-E (energy consumption 2050 in the Distributed Energy & Global Ambition scenarios I https://2022.entsos-tyndp-scenarios.eu/wp-content/uploads/2022/04/Updated-TYNDP-2022-Scenario-Report-Data_Figures.xlsx and https://2022.entsos-tyndp-scenarios.eu/wp-content/uploads/2022/04/220228_Updated_Energy_Demand.xlsx)

Our sustainability path: fluxtainable

How do we move forward sustainably? We worked with our stakeholders to define our ESG compass.

Fluxtainable is our ESG compass. How do we ensure that we develop our activities sustainably in a long-term perspective for us and for all our stakeholders? Fluxtainable is also our dashboard for communicating transparently about the progress we are making in our sustainability performance.

What is our impact on the environment and society? And what financial impact do external factors have on our company? On this basis, together with our stakeholders, we identified the ten material ESG topics that form the core of our path towards sustainability. We group the ten material ESG topics into five key domains.

moving
we accelerate the energy transition with multi-molecule infrastructure, today and tomorrow

- both today and tomorrow, our core business is building and operating infrastructure for a reliable and uninterrupted flow of molecules
- our focus is on innovative projects and substantial investments in infrastructure for hydrogen and derivatives, CO_2 and other molecules to make the transition to a low-carbon economy

green
we become a net zero company and we preserve the natural capital

- we reduce our greenhouse gas emissions and achieve carbon neutrality in 2050
- when building new infrastructure and in our daily activities we are committed to preserving and promoting the biodiversity of our sites

safe
we keep high safety standards in an evolving business

- our top priority is the safety of our employees and local residents in the areas in which we operate
- transporting, terminalling and storing molecules safely is our core business, today and tomorrow

people
we encourage diversity, talent development and employee engagement

- well-being is our priority
- we ensure an inclusive working environment where everyone feels respected and valued
- we encourage continuous learning and personal growth
- our values, feedback culture, the safety of our employees, learning and engagement are all crucial drivers for a successful energy transition

responsible
we conduct our business in a responsible way

- our ethical code, which we share with our stakeholders, is the basis for our daily actions
- our commitment to meeting the needs of our customers and ensuring their satisfaction drives us to improve continuously

In 2023, we refined our ESG approach in line with the new Corporate Sustainability Reporting Directive (CSRD). The Directive takes effect for reporting purpose in 2026 (for financial year 2025). We are taking things one step at a time. This year we are reporting on the double materiality analysis we carried out and the 10 material ESG domains we identified in the process (see the section entitled Our ESG compass, p. 72).

Our people are the driving force

Rapidly advancing technological progress, climate change, the energy transition, demographic shifts and social developments, including in the workplace – these changes and other social trends helped determine our focus in 2023. In such a dynamic environment, talent is both a valuable asset and a crucial factor for ensuring business continuity and encouraging innovation.

Focus on managing change

Companies worldwide are faced with a growing demand for specially trained employees, not just those with technical and operational skills, but also in digital technologies, data analysis, artificial intelligence and sustainability. At the same time, the importance of soft skills, such as creativity, analytical and problem-solving skills, collaboration and interpersonal communication, is on the rise. These are essential for tackling complex challenges, promoting growth in a global context and dealing with uncertainty.

We will continue to address these challenges confidently in 2023. After all, at Fluxys we believe that true growth starts with investing in the growth of our human capital. Accordingly, the past year was all about nurturing, developing and deploying the unique skills and capabilities of our experienced and new employees. From inspiring leaders to dedicated team members: every individual contributes to our organisation's resilience and innovative capacity.

Focusing on managing change is a common thread throughout our approach. Why do we do what we do and how do we do it? The answer to these and other questions is, of course, our purpose: Shaping together a bright energy future. We believe that being part of the solution for climate neutrality is our way forward, including in our strategy for our people and our organisation. In this strategy we focus on three key areas:

- Our transformation journey as a company
- Developing future-proof employees
- Offering meaningful work as an attractive employer

> **The key constant in 2023 was the high speed of change.**

Our transformation journey as a company

In 2023 we deployed, through various initiatives, resources in line with our ambitions.

We started the project to renovate our head office in the heart of Brussels, Belgium and Europe. Under our work@fluxys initiative, connectivity, collaboration and workstation choice have become key concepts in our transformation project that we are gradually rolling out within the Group.

In mid-2023 more than 50 Fluxys Group employees were involved in talks to review the company's values. Initially formulated back in 2003, the time had come to evaluate which values were still relevant and which needed to be cultivated in order to achieve Fluxys' ambition in the energy transition. After a generational change with new expressed preferences, the following three values emerged: respectful, open, reliable.

We started by setting up organisational structures to strongly support our ambition for powerfully supporting the energy transition. It goes without saying that developing our activities for molecules other than natural gas requires talent in addition to financial, operational and other resources.

Keeping everyone on board is a principle that is crucial to Fluxys, and that was very much the case in 2023. We have a long tradition of constructive social dialogue, which we continued to focus on. All partners were involved in the decision-making process.

Developing future-proof employees

The skills of the future do not come naturally

By offering various learning and development opportunities, encouraging internal mobility and setting up projects with employees from different teams, we enable colleagues to broaden their expertise and give them a chance to become more familiar with different aspects of our organisation. This not only enhances their skills, but also promotes a culture of collaboration and knowledge sharing, which benefits our collective growth. By combining these approaches, we not only increase employee engagement and satisfaction, but also strengthen our flexibility and competitiveness.

Cultivating a culture of lifelong learning

A culture of lifelong learning goes beyond traditional training programmes and professional development initiatives. It involves a mindset and a commitment to growth that lasts throughout the employee's career. By embracing that culture, we enable our employees to gain new knowledge, develop new skills and expand their capabilities.

In 2023 we focused on:

- encouraging employees to take control of their own personal development: every employee is in charge of his or her own growth and development path
- supporting continuous improvement: based on feedback, both formal and informal, we focused almost constantly on improvement processes
- promoting collaboration and knowledge sharing: by working together in teams and on a company-wide basis, by sharing best practices and deploying digital tools that facilitate collaboration.

A new competency model for stimulating growth

In 2023, we introduced a new competency model we custom developed in line with our needs and which reflects the Group's strategic orientations. Our new competency model not only promotes the growth-oriented mindset needed to compete in today's environment, but also sets out the framework for desired leadership behaviours within the organisation. The model is based on optimism, drive and a strong belief that one can develop by challenging oneself and embracing feedback.

Leadership: working on ourselves for a successful transformation

Leadership at all levels is essential for fostering a positive and productive work environment. Leaders face an increasingly complex set of challenges. The intangible aspects of change have become more prominent, making support and guidance necessary for leaders to navigate these transformations.

To meet these needs, in 2023 Fluxys introduced a new leadership programme at all relevant levels. By investing in leadership development, we ensure that our leaders are equipped to effectively lead business and cultural transformations.

Warm welcome

A warm welcome really makes a difference, which is why we make sure new employees immediately feel right at home, get to know their colleagues and immediately feel an affinity with the company. The Meet & Greet is a day-long event where new employees can learn more about the company and get to know each other in a laid-back atmosphere. More than 100 new employees experienced their first Fluxys day in this way in 2023.

Developing future-proof employees

Fully involving employees

Working together, being together and celebrating together are all crucial elements for keeping colleagues involved. Connectivity is not just the foundation underlying the rules on working from home, but is also the basis for events like Brighter Together, where we bring together senior managers from across the Group.

An attractive employer in a challenging labour market

Attracting new talent is a constant challenge. We are continuing our efforts, because catching the attention of a potential candidate is just the first step. To that end we took the following initiatives:

- a more optimal recruitment process with a significantly shorter lead time from application to recruitment
- a new onboarding tool to improve the experience of both new employees and managers
- promotion of internal mobility with an important role for appreciating soft skills
- a more attractive salary, in particular by making our mobility options greener

Lunch & Learn

Our employees in Belgium broadened their horizons last year with a Lunch & Learn session that focused on the ins and outs of the Group's foreign sister companies. This is a way to keep them up to date on what is happening in other parts of Europe and the world and what our big projects and challenges are.

Our digital transformation path

Fluxys is strengthening its position with its mix of extensive digitalisation and enthusiasm for new ideas, as part of a cross-cutting approach. With this approach, we are making our organisation more agile, consolidating the foundations of our drive to speed up the energy transition, improving services for our customers and developing new opportunities.

Digital transformation: acceleration and expansion

We are pursuing our work on rolling out large-scale digitalisation through the Digital Transformation programme, which aims to both accelerate and expand this process.

Accelerator

Accelerator is our innovation lab approach to quickly and flexibly developing digital solutions for our customers, employees and other stakeholders. We always work with ad hoc cross-cutting Accelerator teams to tackle a very specific challenge of our business. We first look for the right problem from the end-user's perspective and then collect the different possible solutions and test the most suitable of them and align them optimally with the end-user's needs.

In 2023, the Accelerator teams developed solutions for gas flow and capacity planning in a multi-molecule system. Other teams worked on innovative ways to cut energy costs and our own emissions, and on solutions to best facilitate the new way of activity-based working within the company. Another team worked on a Digital Twin, a digital double of our grid in Belgium that, among other things, can be used to simulate the flow of gases other than natural gas in the grid.

Digital Workplace

Digital Workplace is our approach to creating a working environment that supports digital transformation, hybrid collaboration and connectivity between employees wherever possible. At the same time, our employees are consolidating their digital skills under the guidance of the Digital Coaches. In 2023, we focused on improving the digital dexterity of our employees so that they can make even better use of existing and emerging technological solutions.

Innovation and consolidation of our ICT foundations

The Digital Transformation programme focuses on both innovation and consolidating the ICT foundations of Fluxys.

Cloud

Deploying the Cloud architecture for business applications and exploring the possibility of gradually moving gas flow applications to the Cloud.

Smart Data Factory

Bringing together, for internal use, data from various systems along with the associated visualisation tools to provide a quicker and clearer insight into all the available data.

Internet of Things (IoT)

Using IoT capabilities to optimise the operational management and maintenance of the pipeline network in Belgium and make it possible to carry out interventions remotely.

GSmart

Continuing to focus on technological innovation for our in-house applications for gas transport, used by various infrastructure companies.

SAP

Migrating to a new SAP environment for all Enterprise Resource Planning, including the innovation to provide our technicians in the field in Belgium with up to date tools to best guide their work.

Cybersecurity

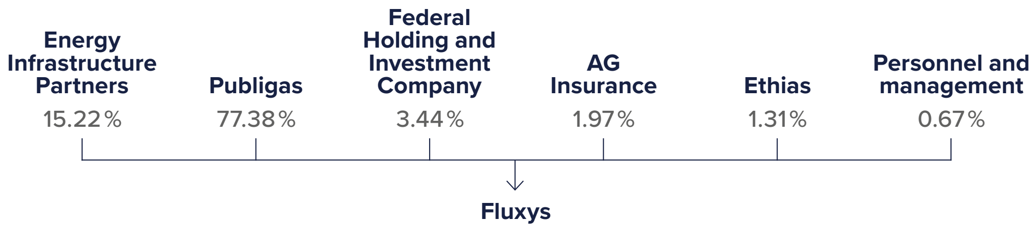
Fully committing to securing our data, focusing on our technical sites.

Focus on cyber vigilance

Stay alert and don't get hooked: this message is more important than ever at a time of rampant fake emails and phone calls targeting our passwords and sensitive information. To ensure that cybercriminals have no chance, we organise company-wide unannounced drills to teach us to be alert to phishing and spoofing at all times.

Our structure and governance

Our shareholders

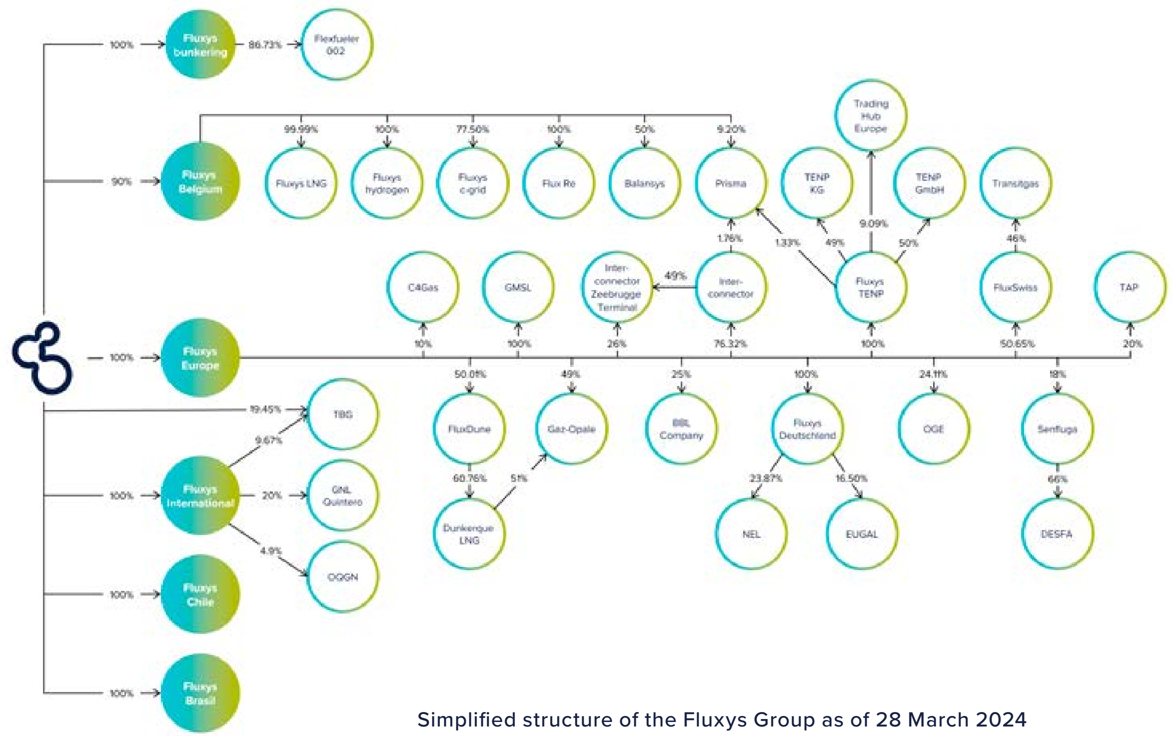


Shareholding as at 28 March 2024

On 21 February 2023, CDPQ relinquished its entire stake in **Fluxys**, meaning that its shareholder structure at the time of writing is as follows:

- **Publigaz** manages the interests of Belgian municipalities in Fluxys.
- **Energy Infrastructure Partners (EIP)**, through its Luxembourg subsidiary Neon Holding I Sarl, is a Switzerland-based asset manager focusing on long-term investments in high-quality large-scale renewable energy projects and in system-critical energy infrastructure.
- **AG Insurance** is a Belgian insurance company that is part of the international insurance group Ageas.
- **Ethias** is a Belgian insurance group whose shareholders are the Belgian Federal State, the Walloon Region, the Flemish Region and the cooperative society EthiasCo.
- 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 of 28 March 2024

Our governance

Commitment to sustainability

Integral part of our strategic framework

Fluxys' commitment to sustainability is an integral part of our integrated strategic framework to accelerate the energy transition as an essential infrastructure company.

In 2023, Fluxys deepened and formalised its ESG sustainability approach with its stakeholders on the basis of a double materiality analysis in line with the EU Corporate Social Responsibility Directive.

Creating value in a long-term perspective

In our sustainability approach, we take a long-term view, setting out the path to value creation in its various forms within the ecosystem in which we operate. Specifically with regard to the energy transition, we build on our solid experience to develop new business activities driven by the opportunities the transition offers.

Company-wide project

The development of our sustainability approach took shape as a company-wide project in intensive interaction between the management, the departments involved, our stakeholders, the business owners of the material ESG domains, the Audit and Risk Committee and the Board of Directors. The Board of Directors, as the company's most senior management body, is responsible for the sustainability approach as an integral component of the company's strategic framework.

Legal aspects

Fluxys is subject to Belgian legislation and as such applies the Corporate Governance Principles in terms of how the company works, including the appropriate handling of potential conflicts of interest, and the establishment and functioning of the Audit Committee and the Appointment and Remuneration Committee.

Ethical Code

Furthermore, Fluxys has established an Ethical Code, 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 2023

Roland Dörig and Tim Marahrens, who were co-opted by the Board of Directors on 21 February 2023 to replace Patrick Côté and André Boulanger respectively, following their resignation on that same day, were definitively appointed by the Annual General Meeting on 9 May 2023 as directors for a term expiring at the end of the 2028 Annual General Meeting.

The Annual General Meeting' appointed Jean-Claude Marcourt as director, replacing Claude Grégoire, for a term of 6 years, which will expire at the end of the 2029 Annual General Meeting.

Auditor

In 2023, EY received remuneration totalling €572,926 for its work as the Fluxys NV/SA Group's auditor.

EY also performed other tasks worth a total of €63,906.

Composition of the corporate bodies as at 28 March 2024

Board of Directors

- **Andries Gryffroy**, Chairman of the Board of Directors
- **Jean-Claude Marcourt**, Vice-Chairman of the Board of Directors
- **Pascal De Buck**, Managing Director and CEO
- **Abdellah Achaoui**
- **Roland Dörig**
- **François Fontaine**
- **Gianni Infanti**
- **Ludo Kelchtermans**
- **Tim Marahrens**
- **Josly Piette**
- **Daniël Termont**
- **Koen Van den Heuvel**

Nicolas Daubies, Dpt. Director Group General Counsel & Company Secretary, acts as secretary to the Board of Directors.

Audit Committee

- **Gianni Infanti**, Chairman of the Audit Committee
- **Tim Marahrens**
- **Daniël Termont**
- **Pascal De Buck**, Managing Director and CEO
- (invited in an advisory capacity)

Nicolas Daubies, Dpt. Director Group General Counsel & Company Secretary, acts as secretary to the Audit Committee.

Appointment and Remuneration Committee

- **Daniël Termont**, Chairman of the Appointment and Remuneration Committee
- **Roland Dörig**
- **Gianni Infanti**
- **Koen Van den Heuvel**
- **Pascal De Buck,** Managing Director and CEO (invited in an advisory capacity)

Anne Vander Schueren, HR Director, acts as secretary to the Appointment and Remuneration Committee.

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

Nicolas Daubies, Dpt. Director Group General Counsel & Company Secretary, acts as secretary to the Management Team.

The Management Team is assisted by an Extended Management Team composed as follows:

- **Nicolas Daubies**, Dpt. Director Group General Counsel & Company Secretary
- **Ben De Waele**, Director Affiliates
- **Raphaël De Winter**, Director New Energy Solutions
- **Anne Vander Schueren**, Director Human Resources
- **Leen Vanhamme**, Director Transformation & Sustainability
- **Erik Vennekens**, Director Digital

Our risk management

Enterprise Risk Management

Fluxys' Enterprise Risk Management (ERM) system is based on ISO 31000 and is integrated into the company's strategy, business decisions and activities. The risk management system covers all business risks, including risks related to the material ESG domains for the company. The system maps the impact that risks can have from different perspectives in the short, medium and long term: the impact on people and the environment and the impact on Fluxys' value creation, operational performance and reputation.

The risk management system assesses the risks and opportunities arising from climate change by extrapolating the 2030, 2050 and 2100 deadlines to three time timeframes: the short term (0-1 years), the medium term (2-5 years) and the long term (5 -10 years). In this way, risks in Fluxys' own activities and in the value chain, risks related to natural disasters or adverse weather conditions and related to CO_2 emission volumes and prices, as well as reputational risks are identified and quantified.

In addition, opportunities linked to new market developments for hydrogen and CO_2 capture and storage are analysed for the impact they can have on the company's financial performance. Risks and opportunities are assessed based on a combination of the magnitude of the impact and the likelihood that the impact will materialise.

Process actors

Risk Management organises the risk management system and reports annually to the Audit Committee. The Audit Committee examines the risk management system and all key risks, controls and mitigating measures every year.

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.

Internal control process

The three lines of defence model is the internal control model used to manage our risks and carry out controls.

First line	Second line	Third line
→ The first line of defence: the departments themselves. → The departments are responsible for their risks and ensure effective controls and measures.	→ The second line of defence: the Risk and Compliance teams as well as, in certain cases, the Finance, Health, Safety and Environment, and ICT Security departments. → They 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.	→ 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

Risks	Measures
Market and regulatory risks	
• 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 • Time gap between the capital investments needed in infrastructure for hydrogen and CO_2 vs a market that is not yet generating revenues (long-term effect)	• Investment programme with projects to achieve decarbonisation goals while gradually reconfiguring the existing network as part of a carbon-neutral energy system • 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 • Investments outside Europe in regions seeing sustained growth in natural gas demand and in infrastructure or projects supporting the energy transition
Geopolitical risks	
• Geopolitical events may affect the European gas market and therefore our business activities.	• 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	
• Industrial incidents and some cyber incidents can damage Fluxys infrastructure, endanger people's safety, cause unavailability impacting service continuity, and result in financial loss	• 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.
• Our own emissions not falling as set out in our ESG objectives	• Investment programme with projects to help reduce our own emissions
Project risks	
• Project delays, budget overruns and all other risks related to acquisition and implementation projects	• ARisk assessment and monitoring • Strict monitoring of project budgets and progress
Financial risks	
• 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

Risks	Measures
Corruption risks	
• Corruption or violation of human rights having a negative impact on the company's business reputation and/or financial results	• Fluxys staff are subject to the group's Ethical Code, company regulations, collective bargaining agreements and specific procedures • Suppliers are subject to the terms and conditions of purchase 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
Human capital risks	
• The inability to attract, retain and future-proof talent in a changing landscape	• Continuous advancement of development and training policy • Alignment of competency development with business strategy • Workforce planning to map out future needs • A future-oriented approach to recruitment
Risks due to lack of diversity	
• A lack of diversity in the workforce can lead to a business organisation that lacks the necessary skills, talents and experience	• Encouraging diversity in intake • Diversity in experience • Equal opportunities in our processes • Confidential counsellors • Respect, Open and Reliable, our corporate values
Risk of non-compliance with regulation	
• Risk of non-compliance with the increasing number of laws, regulations and standards, and the financial and reputational effect thereof	• Continuous monitoring of legislation and adjustment of procedures, internal controls, applications, etc. • Specific internal checks monitored by internal audit
Risk of damage to ecosystems and biodiversity	
• Work and the execution of our operations can cause damage to the ecosystems and biodiversity in and around our facilities	• Environmental management system • Environmental studies and monitoring • Internal and external audits • Reducing noise pollution • Handling environmental complaints

Global geopolitical developments

Since the outbreak of war in Ukraine, various sanctions have been imposed against Russia and Belarus, as well as against Russian and Belarussian companies. In this context, Fluxys Group is not active on the Russian market and has no investments in Russian companies. Fluxys Group therefore sees no indications of impairment losses.

In its activities, Fluxys Group conducts business with Russian companies in accordance with European and national gas regulations and operates in full compliance with the sanctions regime.

Fluxys LNG is the company with the largest exposure to a Russian-controlled counterparty through long-term contracts. However, to date there have been no changes in regular flows or in payments.

A possible change in the sanctions regime and the possible termination of long-term contracts could lead to a temporary reduction in Fluxys LNG's economic contribution to Fluxys Belgium group. Any impacted capacity could be offered again to the market, but there remains a risk that such capacity could only be partially resold. In this case, the regulatory framework for the terminalling activity is such that the regularisation account provides a certain buffer for less revenue and there is a limited risk for Fluxys LNG of not achieving the predetermined return.

Based on the current situation, Fluxys' net result is generally very limited in its exposure to declines in volumes, given the vast majority of the Group's business activities are regulated. Depending on how the war develops and on the duration and scope of the sanctions, Fluxys Group may temporarily face an adverse impact on cash income if, for example, customers default on payments for booked capacity.

Our financials in a nutshell

Key financial data 2023 (consolidated)

Income statement (in thousands of EUR)	31.12.2023	31.12.2022
Operating revenue	1,279,554	1,739,777
EBITDA*	960,196	989,145
EBIT*	484,638	497,009
Net profit	327,105	349,358
Balance sheet (in thousands of EUR)	**31.12.2023**	**31.12.2022**
Investments for the period in property, plant and equipment	299,901	158,456
Total property, plant and equipment	5,061,694	5,036,033
Equity	3,801,355	3,881,970
Net financial debt*	2,128,898	1,597,819
Total consolidated balance sheet	9,545,045	9,367,942

Financial ratios	2023	2022
Solvency Ratio of (i) net financial debt* and (ii) the sum of equity and net financial debt*	36 %	29 %
Interest coverage Ratio of (i) the sum of FFO* and interest expenses and (ii) interest expenses	13.4	21.0
Net financial debt*/extended RAB* Ratio of (i) net financial debt and (ii) extended RAB	34 %	26 %
FFO*/net financial debt* Ratio of (i) FFO and (ii) net financial debt	57 %	85 %
RCF*/net financial debt* Ratio of (i) RCF and (ii) net financial debt	45 %	73 %

Indicators	31.12.2023	31.12.2022
Extended RAB (in millions of EUR)	6,262.1	6,230.6
Transmission	2,937.6	2,941.1
Storage	228.0	228.0
LNG terminalling (in Belgium)	311.0	305.7
Other property, plant and equipment investments apart from RAB* (in millions of EUR)	2,785.5	2,755.7

* See glossary on page 227

Fluxys NV/SA – 2023 results (consolidated)

Consolidation scope

The main changes during financial year 2023 can be summarised as follows:

- Acquisition of a minority shareholding (24.11%) in Open Grid Europe (via Vier Gas Holdings) the largest transmission system operator in Germany. Open Grid Europe is consolidated using the equity method, with an impact on the Group's results from March 2023.
- Acquisition of a minority shareholding (4.9%) in OQGN as a leading investor. OQGN holds a natural monopoly on essential gas transmission in Oman as the exclusive owner and operator of the Natural Gas Transportation Network. OQGN contributes to the results as a financial shareholding.
- Fluxys and Gasunie have agreed to take over co-owner Uniper's 20% stake in the BBL pipeline. Fluxys will acquire a 25% minority shareholding in the GUFU BBL entity. GUFU BBL contributes to the results as a financial shareholding.
- The TAP Fluxys and Enagás shareholders bought back the 5% shareholding of their co-shareholder Axpo. Fluxys acquired 1% of Axpo's shareholding, thus becoming a 20% partner in TAP from July 2023.
- The shareholding in Rostock LNG was sold at its investment value
- The shareholding in HEH and the shareholder loan were sold at their investment value.
- Fluxys carried out the divestment of Hyoffwind, which was sold to the other shareholder and Power to Methanol Antwerp was liquidated.
- Fluxys hydrogen (a consolidated subsidiary wholly owned by Fluxys Belgium) was founded as a subsidiary in 2023 with a view to becoming the operator of the hydrogen transmission network in Belgium, thereby supporting industry in its efforts to transition towards a low-carbon economy.
- Fluxys c-grid (a consolidated subsidiary in which Fluxys Belgium holds a 77.5% stake) was founded as a subsidiary in 2023 with a view to becoming the operator of the CO_2 transmission infrastructure on Belgium territory, thereby supporting industry in its efforts to transition to a low-carbon economy.

Operating revenue

Fluxys Group's operating revenue, including the change in regulatory assets and liabilities, decreased: EUR 1,279.5m in 2023 compared to EUR 1,739.8m in 2022.

This decrease is mainly linked to the change in gas transmission activities: Belgium (down EUR 322.4m), Germany (down EUR 56.2m), Switzerland (down EUR 53.5m) and The Netherlands (down EUR 35.4m).

The majority of the decrease in regulated sales and services relates to transmission activities. This decrease is mainly the result of the booking of the extraordinary solidarity contribution of EUR 300m in 2022.

Turnover breaks down as follows:

- EUR 580.3m generated by transmission, storage, terminalling activities and other complementary activities in Belgium, i.e. 45.3% of total revenue, and
- EUR 699.2m generated by activities outside Belgium, or 53.7% of total revenue.

EBIT

Fluxys Group generated EBIT of EUR 476.1m in 2023, down EUR 20.9m compared to 2022 (EUR 497.0m).

Net profit

Fluxys Group's net profit was EUR 327.1m in 2023 compared to EUR 349.4m in 2022, a decrease of EUR 22.3m.

Fluxys' share of net profit was EUR 256.4m in 2023 compared to EUR 263.3m in 2022, a decrease of EUR 6.9m.

Investments in infrastructure projects

In 2023, Fluxys Group continued to invest in infrastructure in its three core businesses (transmission, storage and LNG terminalling). Investments in Belgium (EUR 167.7m) pertained mainly to the Desteldonk-Opwijk pipeline, which is ready to be used to carry hydrogen as soon as the market is ready, the increase in regasification capacity and, in part, maintenance of installations. Investments in property, plant and equipment outside Belgium (EUR 132.2m) pertained mainly to facilities in Germany as well as Interconnector.

Financial investments

Fluxys Group's main investment in 2023 involved the acquisition of a stake in Open Grid Europe (OGE) and OQGN.

Fluxys NV/SA – 2023 results (under Belgian accounting standards)

Fluxys' net profit was EUR 183,270k compared to EUR 151,270k the previous year. The company's profit mainly consist of dividends paid by Fluxys Belgium and Fluxys Europe.

If the proposal for the allocation of the profit is accepted by the General Meeting, the gross total dividend for financial year 2023 will be EUR 150,915k which represents a 5% increase compared to 2022.

Outlook for 2024

Based on the information available at the time of this report, it is extremely difficult to anticipate the economic impact of the war in Ukraine. In light of the current understanding of the situation, the essential nature of the company's business activities and its regulatory framework in certain countries, the impact on Fluxys Group's consolidated result in 2024 due to the war, the measures and the ensuing market developments remain difficult to forecast .

Based on the current situation, Fluxys' net result is generally very limited in its exposure to declines in volumes, given the vast majority of the Group's business activities are regulated. Depending on how the war develops and on the duration and scope of the sanctions, Fluxys Group may temporarily face an adverse impact on cash income if, for example, customers default on payments for booked capacity (see 'Our risk management' - Global geopolitical developments', p. 41).

Legal and regulatory framework

Europe

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

In late 2021, the European Commission published its Proposal for a Directive of the European Parliament and of the Council on common rules for the internal markets in renewable and natural gases and in hydrogen, as well as its Proposal for a Regulation of the European Parliament and of the Council on the internal markets for renewable and natural gases and for hydrogen. These texts are intended to replace respectively the 3rd Gas Directive and 2nd Gas Regulation by introducing a regulated framework for the European renewable gas and hydrogen market, similar to the existing framework for natural gas. An agreement between the Council and Parliament was reached on these texts in December 2023 and January 2024. These texts are expected to be finalised and adopted in the first half of 2024.

New EU regulations adopted against the backdrop of the European energy crisis in 2022

Against the backdrop of the gas market in 2022, a number of legislative texts were adopted at European Union level to ensure security of supply for the EU and its Member States:

- Regulation (EU) 2022/1032 of the European Parliament and of the Council of 29 June 2022 amending Regulations (EU) 2017/1938 and (EC) No 715/2009 with regard to gas storage; in this connection, it is worth pointing that in late 2022, Fluxys Belgium was certified as a storage facility operator in accordance with Article 2 of that Regulation;
- Council Regulation (EU) 2022/2576 of 19 December 2022 enhancing solidarity through better coordination of gas purchases, reliable price benchmarks and exchanges of gas across borders.
- Council Regulation (EU) 2022/2578 of 22 December 2022 establishing a market correction mechanism to protect Union citizens and the economy against excessively high prices.

All of these regulations are still applicable in 2024.

One of the aims of these various EU regulations is to optimise the use of natural gas infrastructure with a view to contributing to the security of the natural gas supply. Fluxys Group supports this objective and has made the appropriate adjustments to the regulated contracts in order to transpose the various measures provided for by these regulations.

Setting tariffs

General information

On 16 March 2017, a network code for tariffs (TAR-NC) was adopted by Regulation (EU) No. 2017/460 of the European Commission. This aims to achieve a harmonised transmission tariff design structure for gas transmission in Europe and provides a range of requirements regarding publication of data and communication on tariffs.

Within Fluxys Group, there are entities that are regulated (Fluxys Belgium, Fluxys LNG, Fluxys Deutschland & Fluxys TENP, OGE, DESFA), entities that are exempted from regulation for a certain period (Dunkerque LNG, TAP), entities operating under a merchant model (Interconnector, BBL Company) and, lastly, entities that are not regulated (FluxSwiss, GMSL and GNL Quintero). TBG in Brazil operates under a regulated system inspired by the EU model.

Principles

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

Transport is a regulated tariff activity in the EU. Gas storage and terminalling activities are also regulated 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 government bond return). In this context, revenue must be fixed, taking into account the following:

- Operating charges (including charges for new investments);
- Authorised depreciation (including depreciation for new investments);
- Cost of debt (including costs for new investments); and
- Fair margin for shareholders (including 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 or a reference year is taken into account (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 any use or appropriation of the adjustment account and any 'inter-TSO compensation' (in Germany only), 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). When the demand for capacity exceeds the capacity offered to the market (congestion), auction premiums are generated. These premiums are allocated, in accordance with the grid code, in a specific adjustment account which is intended to support future investments and rates.

The actual figures for a financial year will 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 adjustment account (the mechanism and timing for using the adjustment account is different in the applicable regulations 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 aforementioned components), the surplus must be transferred from profit and loss and credited to the adjustment account (as regulatory debt). A surplus may arise for several other reasons, such as (non-exhaustive list):

- Lower operational costs (in Belgium and Greece);
- Items based on the quantity of gas actually transported.

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 adjustment account (as regulatory receivables) in IFRS.

As a result, the profit and loss will only show the regulated authorised revenue (invoice (cash) revenue plus/minus adjustment account movements).

Some regulators draw a distinction between manageable operational expenses and non-manageable operational expenses. Manageable operational expenses are those expenses that may be managed by the company, whereas non-manageable expenses are beyond the company's control.

As an incentive, part or all of the difference between the budgeted amount and the actual amount of the manageable operational expenses can be allocated to the margin and the other part appropriated to the adjustment account.

In addition, Fluxys Group buys and sells gas for balancing purposes. Balancing means buying or selling gas to ensure that the system remains within safe operating limits. This activity is fully regulated.

Revenue principle for terminalling activities in regulated entities within the EU

Regulation is applied to terminalling activities in the same way as to transmission/storage activities. However, some investments may be remunerated via an IRR (Internal Rate of Return) model, as is the case in Belgium.

Differences between authorised and actual figures are handled using a similar approach to the approach outlined for transmission/storage activities. All operational expenses of the terminalling activity are considered to be non-manageable costs in Belgium.

Exempted entities and regulation for interconnectors

In some countries, the regulator provides, under certain conditions, an 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 TAP and Dunkerque LNG, and was the case for BBL Company VOF until November 2022, and was also the case for Interconnector until September 2018. After the exempted period, regulation is applicable as previously described.

However, entities like Interconnector and 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, including 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 in Switzerland is not currently regulated. Consequently, FluxSwiss's revenue from capacity provision for gas transmission is not subject to EU regulation.

Alongside capacity provision services, 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.

herewego

Secure

Supporting security of supply 24/7

The geopolitical situation has profoundly changed the dynamics of gas markets and the direction of flows in Europe. Our teams across Europe made every effort to ensure security of supply. Together with neighbouring transmission system operators, they ensured maximum physically available capacity in accordance with the new power configurations.

1 Interconnector

Ample flows to Belgium

- Until 2021, gas in the Interconnector pipeline flowed to the United Kingdom in winter and to Belgium in summer, averaging around 44 TWh.
- Since 2022, the flow direction has been almost exclusively towards Belgium, totalling 107 TWh in 2023 (169 TWh in 2022).

2 BBL

Large flows to the European mainland too

- Just like with the Interconnector pipeline, the BBL pipeline also carried large quantities from the United Kingdom to the European mainland: almost 20 TWh (40 TWh in 2022).

Additional transmission capacity now on-stream in Belgium

Given the context of changing flows, in 2023 Fluxys Belgium upgraded the Zeebrugge-Brussels route between Desteldonk and Opwijk by building an additional pipeline. This boosts capacity to carry natural gas inland from Zeebrugge and at the same time allows us to maintain high flows to neighbouring countries. The new pipeline has been designed as a multi-molecule line and can carry hydrogen as soon as the market is ready.

3 Fluxys Belgium

Essential volumes to Germany and the Netherlands

- The Belgian grid once again confirmed its role as an energy hub, with Zeebrugge as the central gateway. Suppliers used the grid to bring back essential volumes to the Netherlands and Germany in addition to supplies to Belgium. Flows to the Netherlands totalled 102 TWh (145 TWh in 2022) and to Germany 212 TWh (256 TWh).
- Thanks in part to the special flexibility built into in Fluxys Belgium's storage services, customers had already filled 100% of their storage by 1 September.

> **Belgium's decision to maximally exploit Zeebrugge's capacity has been essential for the security of Germany's energy supply since the beginning of the geopolitical crisis.**
>
> **German Chancellor Olaf Scholz said during the Belgian-German energy summit in Zeebrugge**

4 Dunkirk LNG terminal

Large quantities to France and Belgium

- Flows from the terminal to France totalled 62 TWh (75 TWh in 2022) and to Belgium 61 TWh (69 TWh in 2022).
- During the strikes in France, the terminal had the highest level of availability among LNG terminals in the country.

1 Fluxys TENP

Powerhouse for security of supply in Germany

- In 2023 the TENP infrastructure continued providing fundamental support for security of supply in Germany.
- From the west, the TENP infrastructure brought in particularly high volumes for the second year in a row: 212 TWh from Belgium (256 TWh in 2022) and 128 TWh from the Netherlands (149 TWh in 2022).
- From the south via the Transitgas pipeline in Switzerland, the TENP infrastructure brought 6 TWh to Germany (17 TWh in 2022). In the opposite direction, TENP supported Switzerland's security of supply with flows totalling 21 TWh (33 TWh in 2022).

2 Fluxys Deutschland

NEL and EUGAL pipelines carry flows from new floating LNG terminals in Lubmin and Brunsbüttel

- The NEL pipeline transported approximately 70 TWh inland, partly from the floating LNG terminal in Brunsbüttel and partly from Norwegian gas supplied by pipeline to Germany.
- The EUGAL pipeline brought approximately 11 TWh inland from the floating LNG terminal in Lubmin. In 2024, EUGAL will also transport flows from the floating LNG terminal set to come online in Mukran. The floating LNG terminal in Lubmin will move to Mukran in 2024,

3 OGE

Additional flows from the floating LNG terminal in Wilhelmshaven

- In 2023 the TENP infrastructure continued providing fundamental support for security of supply in Germany (see Fluxys TENP – Fluxys and OGE are the two partners in the TENP infrastructure).
- The OGE network carried 315 TWh to Germany via gas supplied from Norway and 45 TWh from the floating LNG terminal in Wilhelmshaven.

4 FluxSwiss

Transitgas pipeline plays key role between north and south

- Depending on the supply and demand situation in Germany and Italy, the Transitgas pipeline carried the appropriate transit flows north or south, in addition to supplying Switzerland. To that end, large volumes were supplied almost continuously from France.

Renewal of TENF infrastructure at cruising speed

Work to replace part of the TENP infrastructure began in 2023 with a view to strengthening security of supply. The new pipeline section will gradually come online in 2024-2025. The new line has been designed as a multi-molecule line capable of carrying hydrogen as soon as the market is ready.

1 DESFA

Floating LNG terminal in Alexandroupolis ready

- In addition to supplying the Greek market, DESFA provided approximately 17 TWh of transit to Bulgaria. Two new compressor stations and a connection to North Macedonia are under construction to provide sufficient capacity for new power stations and additional exports.
- DESFA is a partner in the floating LNG terminal in Alexandroupolis, which is already connected to the grid and will enter commercial use in 2024.

2 TAP

High flows to Europe continue

- The Trans Adriatic Pipeline (TAP) once again brought large flows to Europe, i.e. 128 TWh in 2023 (compared to 126 TWh in 2022).
- An initial expansion of the TAP infrastructure has been confirmed with the market and by 2026 the capacity in the pipeline will increase by approximately 14 TWh per year.
- Pursuant to the agreement between the EU and Azerbaijan in 2022 to double supplies from the Caspian Sea, TAP has started a new market consultation to gauge interest in additional capacity.

3 TBG

Focus on new gas flow patterns

- The TBG pipeline provides access to natural gas production in Bolivia and Brazil to the main consumption centres in Brazil.
- TBG is fully preparing for the new gas flow patterns in its infrastructure. Via TBG's infrastructure connection to the NTS network, larger volumes of Brazilian natural gas production will flow to the north, while declining Bolivian gas production will reduce flows from the north.
- Since 2022, TBG is also connected to future LNG supplies via the floating LNG terminal that New Fortress Energy is developing in Santa Catarina.

4 GNL Quintero

Key infrastructure for security of supply in central Chile

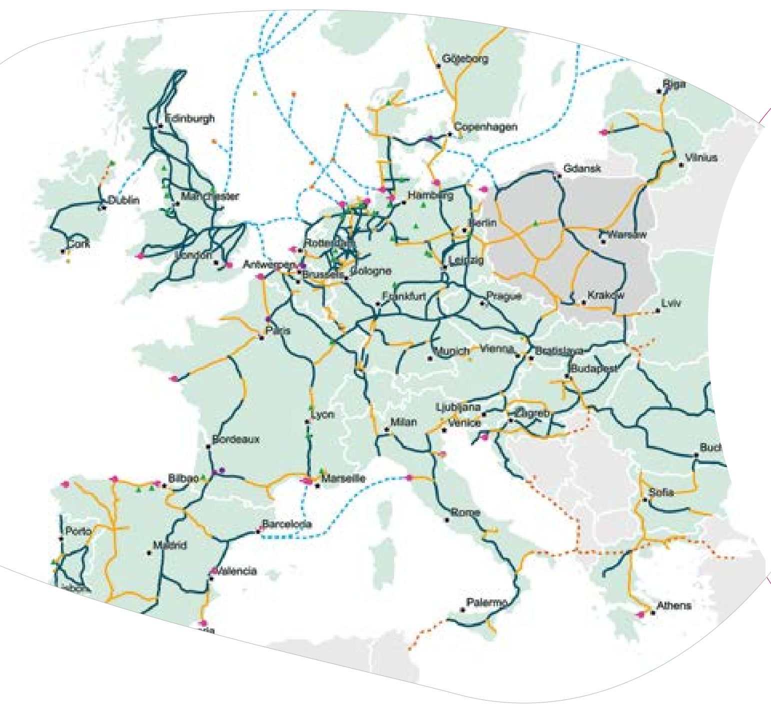
- The Quintero LNG terminal is a key factor in security of supply in Central Chile: it is the region's only gateway for natural gas in addition to pipeline supplies from Argentina.
- The terminal supports Chile's decarbonisation strategy as a necessary complement to increasing renewable electricity capacity and the phase-out of coal. This infrastructure plays a particularly important role in winter, with days when the facility is operated close to its maximum capacity.

herewego

Expand

All-in for multi-molecule infrastructure to help decarbonise Europe

The North Sea is key to the decarbonisation of North-West Europe. It is simultaneously a supply route for overseas imports of green hydrogen, a source of green hydrogen from North Sea wind and a geographical region par excellence for safe and permanent storage of CO_2. Fluxys uses the unique location of its infrastructure between the North Sea and the major industrial zones in North-West Europe to offer cross-border solutions for large-scale decarbonisation with hydrogen and the storage or reuse of CO_2. We are also working hard in South-East Europe on ways to develop the necessary multi-molecule systems.



Embedded in the European hydrogen backbone

Since 2020, Fluxys Group companies have been working together with other infrastructure companies within the European Hydrogen Backbone initiative. The initiative has now grown into a joint approach for developing hydrogen infrastructure in 28 European countries that largely consists of repurposed infrastructure that currently carries natural gas.

Major steps forward in Belgium, Germany and France

→ In Belgium, Germany and France, preparations and planning for hydrogen and CO_2 infrastructure in 2023 saw major developments (see overview starting on p. 62)

Exploration in the United Kingdom

→ Fluxys Belgium and British transmission system operator National Gas signed an agreement in late 2023 to enhance their cooperation on the energy transition. In line with this, a project for a hydrogen connection between the United Kingdom and Belgium was submitted within the framework of the current 10-year network development plan (TYNDP) drawn up by the European Network of Gas Transport System Operators (ENSTOG).

→ Interconnector is investigating the possibilities of playing an active role in hydrogen and/or CO_2 transmission.

Forward steps in Greece

→ DESFA developed a proposal for hydrogen transmission infrastructure as part of the South-East corridor, one of five supply corridors identified within the European Hydrogen Backbone initiative (see illustration). The next steps include initiatives to confirm market demand and further consultation with neighbouring transmission system operators.

→ For CO_2 infrastructure, DESFA is on track to receive financing support for a pipeline in connection with the Prinos project via the REPowerEU programme. The pipeline will carry away captured CO_2 from cement producers Heracles and Titan in northwest Athens.

Development paths in Switzerland

→ FluxSwiss and Transitgas are supporting the key role that the Transitgas pipeline can play in transmitting green hydrogen from southern to northern Europe and supplying Switzerland. Two routes can be used: from North Africa via Italy and from Portugal and the Iberian Peninsula via France.

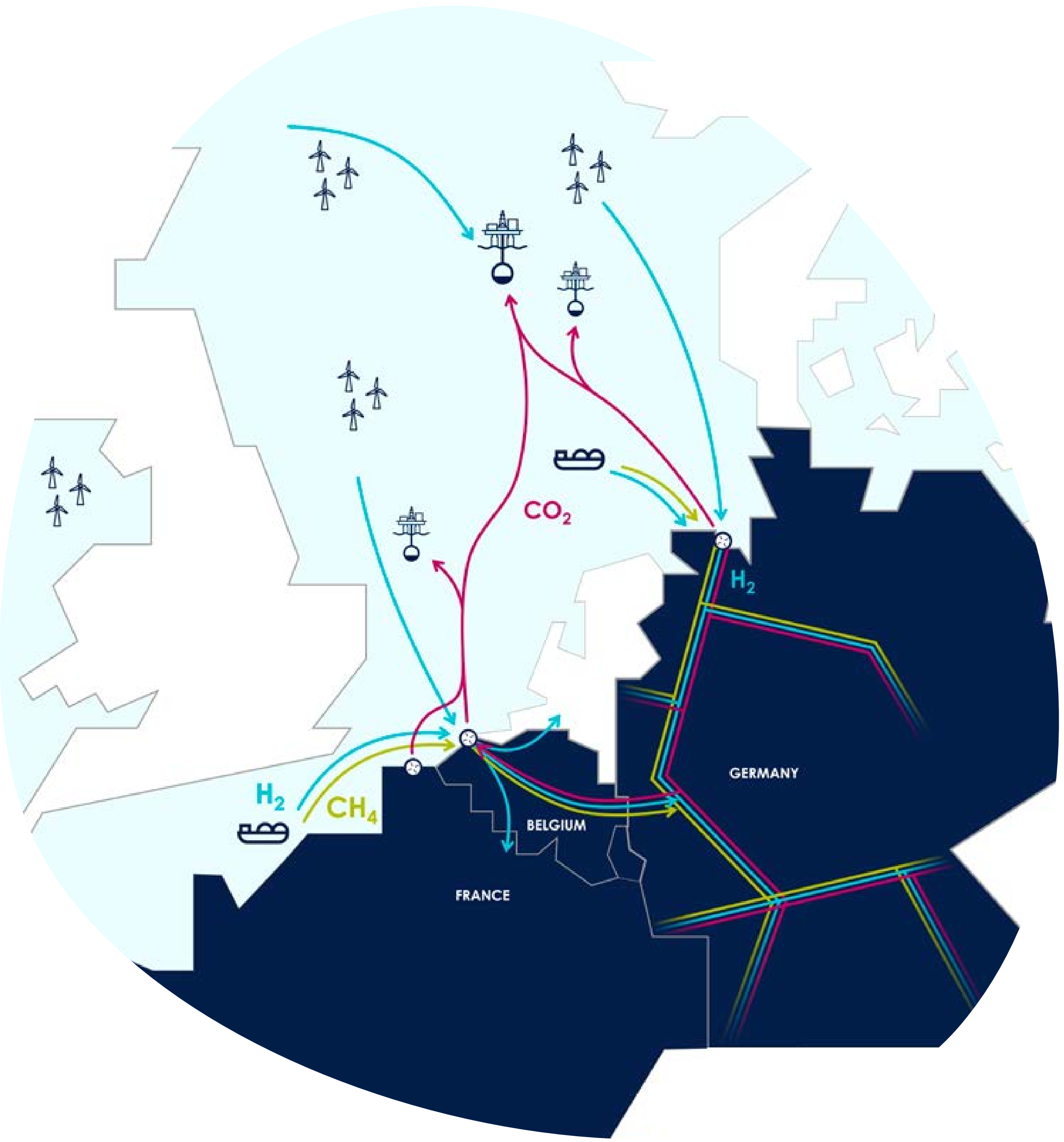
→ Accordingly, a preliminary Swiss hydrogen infrastructure project was submitted within the framework of the current 10-year network development plan (TYNDP) drawn up by the European Network of Gas Transport System Operators (ENSTOG). The project includes both a new hydrogen pipeline and the reuse of existing infrastructure. The timeframe for commissioning the proposed infrastructure is 2040 or earlier if the market is ready earlier.

→ FluxSwiss and Transitgas are also investigating how to facilitate CO_2 exports: the main emitters of CO_2 are geographically concentrated in the north of the country.

TAP investigates options

→ TAP is investigating options for transporting hydrogen and is initially looking at mixing hydrogen with natural gas in its infrastructure.

Major steps forward in North-West Europe



Hydrogen network in Belgium takes shape

In the summer, we welcomed Prime Minister Alexander De Croo and Federal Energy Minister Tinne Van der Straeten to the project site where the additional pipeline is being built between Desteldonk and Opwijk. EU Energy Commissioner Kadri Simson also visited the pipeline project site. Prime Minister De Croo said: “We are fully committed to the transition and we are ensuring that our pipelines are hydrogen-proof.”

The pipeline is the first part of the additional infrastructure running from Zeebrugge inland to Brussels that we can immediately deploy for the transmission of hydrogen as soon as the market is ready. The infrastructure is a first part of the hydrogen backbone in Belgium for supplying Belgium and the cross-border transport with Germany and the other surrounding countries.

> **This project is a climate project. These are the first kilometres of pipeline in the hydrogen highway that will help make our industry greener.**
>
> **Belgian federal Energy Minister Tinne Van der Straeten**

TENP ready as a hydrogen connection to Switzerland

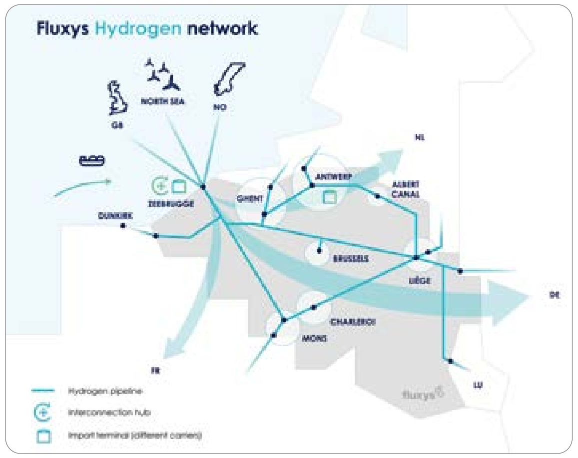
The new section of the TENP pipeline will gradually come online in 2024-2025. The new line has been designed as a multi-molecule line capable of carrying hydrogen as soon as the market is ready. According to current forecasts, the infrastructure can be repurposed between 2035 and 2040 as part of the hydrogen connection with Switzerland.

Testing hydrogen underground

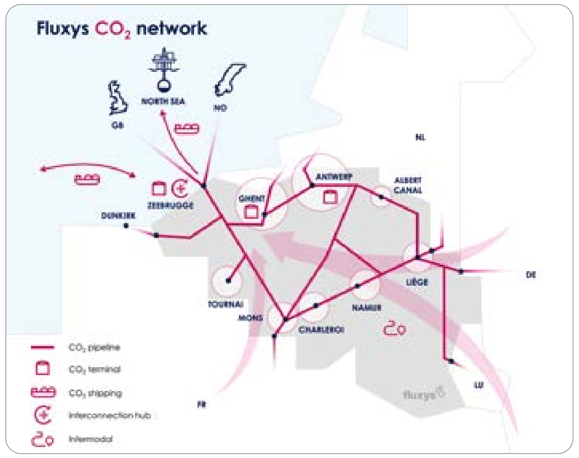
Can our underground storage site in Loenhout store hydrogen in the future? Just as we explored the storage of natural gas, we are now using our expertise and innovative power to investigate the injection and storage of hydrogen underground. We are implementing the BE-HyStore pilot project together with Ghent University and Geostock, with the support of the Belgian federal Energy Transition Fund. After the preparatory research, we carried out a test in 2023 that involved injecting hydrogen more than one kilometre underground.

Hydrogen and CO_2 networks in Belgium connect industrial areas and neighbouring countries to each other: step-by-step development

Long-term vision hydrogen network: Belgium hub for hydrogen import and transit



Long-term vision CO_2 network: Belgium hub for CO_2 transit and export



→ Joint development

Since early 2021 we have been preparing in Belgium the necessary hydrogen and CO_2 infrastructure in cooperation with industry, partners, government authorities, operators in neighbouring countries, distribution system operators and other stakeholders. We are doing everything we can to offer our customers the first transmission capacity for hydrogen and/or CO_2 by 2026.

→ In line with needs

We are developing transmission infrastructure for hydrogen and CO_2 in line with the needs of industrial areas.

→ Connected to neighbouring countries

We are planning connections between industrial areas and with neighbouring countries in order to build the hydrogen and CO_2 networks into integrated systems.

→ Focus on competitive tariffs

Thanks to connections with neighbouring countries, we offer high-capacity infrastructure that is available at competitive rates thanks to the scale effect.

→ Crossroads for sustainability

In other words, we are laying the foundation for sustainably cementing Belgium's role as an energy crossroads by making the country a hydrogen and CO_2 hub for the economy in Belgium and North-West Europe.

Germany takes big step towards a hydrogen core network

In late 2023, Germany took the step of building a hydrogen core network by 2032. The plans for the core network were developed within the association of gas transmission system operators FNBGas, in which Fluxys TENP, Fluxys Deutschland and OGE play an active role. The plans for the core network include 9,700 km of pipelines, of which approximately 60% are natural gas pipelines that will be repurposed. Completion of the final framework for the core network is expected in July 2024.

→ Fluxys TENP and Fluxys Deutschland ready for long-term development

- Work to replace part of the TENP infrastructure began in 2023 with a view to strengthening security of supply. The new pipeline section will gradually come online in 2024-2025. The new line has been designed as a multi-molecule line capable of carrying hydrogen as soon as the market is ready.
- On the Fluxys Deutschland side, the last 22 km of the EUGAL infrastructure would be repurposed as part of the hydrogen core network.

→ Open Grid Europe ready for key role in hydrogen core network

- With the rollout of its H2ercules network, Open Grid Europe aims to become the largest hydrogen transmission network operator in Germany. The network comprises some 2,400 km of pipelines, accounting for approximately 25% of the hydrogen core network.
- In late 2023, Fluxys Belgium and Open Grid Europe concluded an updated version of their cooperation agreement for the construction of a cross-border hydrogen connection between Belgium and Germany at Eynatten, with a target date of 2028.

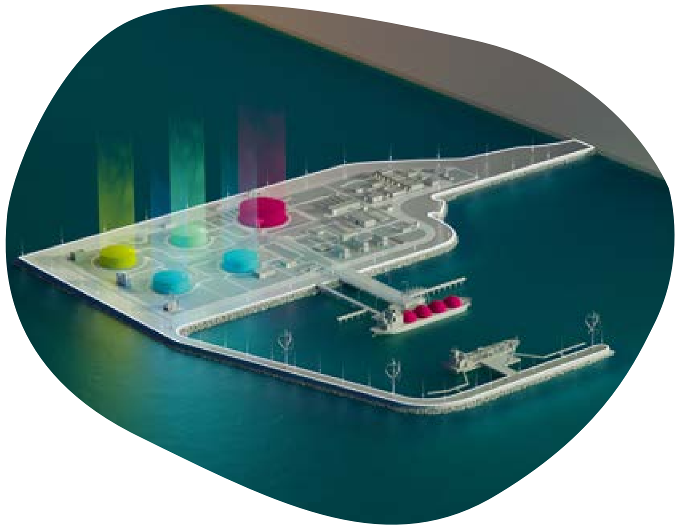
→ AquaDuctus: offshore pipeline to bring green hydrogen from North Sea wind ashore

- Together with transmission system operator Gascade, Fluxys is developing AquaDuctus, an offshore pipeline project to carry green hydrogen produced offshore at wind farms in the North Sea to the German mainland.
- The pipeline is set up as a subsea backbone in which hydrogen from different production platforms can be combined and to which other international hydrogen flows in the North Sea can connect.

→ CO_2 infrastructure also under development

- Open Grid Europe has advanced plans on the drawing board for the development of an extensive CO_2 grid. The aim is to quickly develop the infrastructure for transporting CO_2 to Wilhelmshaven in the north of Germany, to Belgium and to the Netherlands.
- In late 2023, Fluxys Belgium, Open Grid Europe and Wintershall Dea signed an agreement to collaborate on cross-border infrastructure for carrying CO_2 from the highly industrialised areas of southern Germany to the Belgian CO_2 export hubs currently under development. Fluxys Belgium and Open Grid Europe are responsible for the relevant infrastructure in Belgium and Germany, while Wintershall Dea is focusing on commercial contacts to combine CO_2 volumes of the industry in southern Germany.

Terminals for hydrogen import and CO_2 export

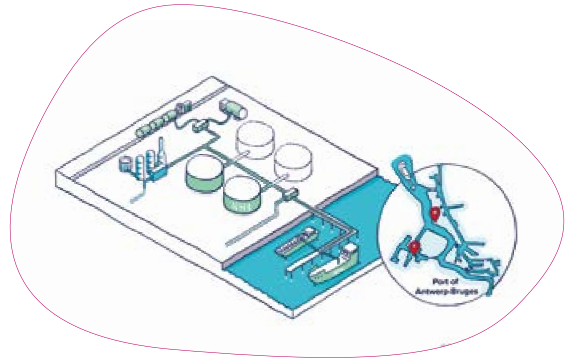


Zeebrugge as a multi-molecule hub

- Open-access terminal
- Importing hydrogen or derivatives for transfer to the hydrogen network for transmission in Belgium and to neighbouring countries
- Receiving captured CO_2 from the CO_2 network for transfer to offshore pipeline for transmission to safe and permanent offshore storage. To this end, Fluxys and Equinor are working on a project for a subsea pipeline from Zeebrugge to storage sites in Norway's North Sea waters (see below).
- Status: preliminary research
- Proposed timeframe: before 2030

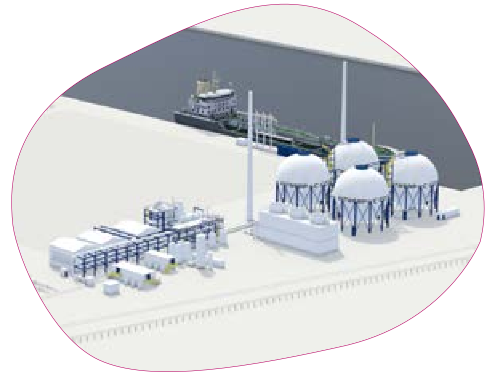
CO_2 Highway Europe

Fluxys is working with Equinor on the CO_2 Highway Europe project: a subsea CO_2 pipeline from Zeebrugge to storage sites in Norway's North Sea waters. The aim is to build an open-access pipeline capable of carrying 30 million tonnes of CO_2 per year before 2030.



Import terminal for green ammonia in Antwerp

- Open-access terminal
- Project of Fluxys and Advario
- Import terminal for green ammonia as a carbon-neutral raw material and fuel. Potentially also its conversion into green hydrogen for transmission via the hydrogen network. Ammonia is an efficient molecule for the long-distance transmission of green hydrogen generated by wind and solar energy
- Status: feasibility study
- Proposed timeframe: commissioning 2028



Antwerp@C CO_2 Export Hub

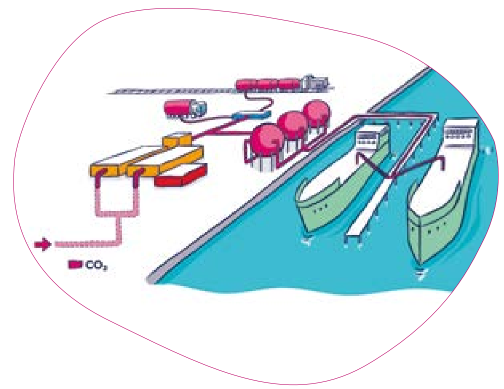
- Open-access terminal
- Project of Fluxys Belgium, Air Liquide and Port of Antwerp-Bruges
- Multimodal terminal for receiving, liquefying, temporarily storing CO_2 and loading it onto ships to be taken to permanent offshore storage
- Capacity: initially 2.5 million tonnes of CO_2 per year, with the possibility of of expansion to 10 million tonnes of CO_2 per year
- Status: engineering & design
- Proposed timeframe: commissioning 2027

Co-funded by the European Union

Dunkirk CO_2 export terminal

- Project of Dunkerque LNG and Air Liquide
- Part of the overarching Cap Décarbonation project to capture CO_2 from the lime and cement industry in the Dunkirk region and transport & transfer it for export to permanent offshore storage facilities
- Initial capacity of 1.5 million tonnes of CO_2 per year, with possible expansion to include CO_2 from other emitters in the Dunkirk region
- Status: engineering & design
- Proposed timeframe: commissioning 2028

Co-funded by the European Union



Ghent Carbon Hub

- Open-access terminal
- Project of Fluxys Belgium, ArcelorMittal Belgium and North Sea Port
- Multimodal terminal for receiving, liquefying, temporarily storing CO_2 and loading it onto ships to be taken to permanent offshore storage
- Capacity: up to 4 million tonnes of CO_2 per year
- Status: feasibility study
- Proposed timeframe: commissioning 2028

Co-funded by the European Union

herewego

Connect

Importing green hydrogen from overseas

Overseas imports of carbon-neutral hydrogen are an important pillar to ensure the availability of enough green hydrogen in Europe, and complements local production of hydrogen on land and in the North Sea. Particularly windy and sunny areas overseas where large quantities of green hydrogen can be produced from green electricity are being looked at. To this end, we are joining forces in the Hydrogen Import Coalition with Port of Antwerp-Bruges, DEME, ENGIE, EXMAR and WaterstofNet. In that context, the authorities and ports in Belgium have already concluded agreements with various countries, including Oman, Namibia, Chile and Australia. These countries can, for example, export green hydrogen in the form of green ammonia by ship to import terminals in Europe.

Oman

Partner in transmission system operator OQGN

In 2023, Fluxys became a partner in the Omani transmission system operator OQGN, which is expected to play a key role in developing the infrastructure to make the country an export hub for green hydrogen. Like Fluxys, OQGN is a pioneer in decarbonisation projects. Together we are exploring strategic cooperation in the development of hydrogen and CO_2 infrastructure in Oman. OQGN has the potential to develop a 2,300 km hydrogen network in the country. Other Belgian companies such as Port of Antwerp-Bruges and DEME also already have a significant presence in the hydrogen sector in Oman and the port of Duqm.

Chili

Eyes open to the development of hydrogen hubs

Chile has an abundance of sun and wind, and the country has major ambitions to produce large quantities of green hydrogen. Hydrogen hubs are being developed in the north and south of the country. Fluxys Chile is closely monitoring developments.

The Quintero LNG terminal is preparing the development of a pilot project on its sites for a 10 MW green hydrogen production unit on behalf of industry in the region.

Brazil

Hydrogen opportunities under the microscope

With its abundance of sun and wind, Brazil also has the potential to become a global player in green hydrogen. Fluxys Brazil is looking into export opportunities. The country's port regions can simultaneously supply local industry with hydrogen and facilitate its overseas export.

herewego

Our ESG compass

Our ESG compass: fluxtainable

Fluxtainable is our ESG compass. How do we ensure that we develop our activities sustainably in a long-term perspective for us and for all our stakeholders? Fluxtainable is also our dashboard for communicating transparently about the progress we are making in our sustainability performance.

What is our impact on the environment and society? And what financial impact do external factors have on our company? On this basis, together with our stakeholders, we identified the ten material ESG topics that form the core of our path towards sustainability. We group the ten material ESG topics into five key domains.

moving

we accelerate the energy transition with multi-molecule infrastructure, today and tomorrow

green

we become a net zero company and we preserve the natural capital

safe

we keep high safety standards in an evolving business

people

we encourage diversity, talent development and employee engagement

responsible

we conduct our business in a responsible way

Double Materiality Assessment

Introduction

In 2023 the Fluxys Group has conducted a materiality assessment according to the concept of double materiality in line with the Corporate Sustainability Reporting Directive (CSRD).

The concept of double materiality involves considering two perspectives, namely inside-out and outside-in.

The Fluxys Sustainability Department, alongside the Internal Audit & Risk Department, took the lead when it came to this assessment. The Sustainability Department, the Risk Department, the business owners and the management were all involved in this process.

- The Sustainability Department and the Risk Department developed the sustainability framework, held workshops, analysed the value chain and engaged with Fluxys' stakeholders.
- The business owners and executives identified and evaluated the impacts, risks and opportunities (IROs).
- The Management Team worked with the business owners to validate the workshop results as well as the results of the value chain analysis. The material topics were chosen on this basis.

Methodology

Our double materiality assessment consisted of four phases [ESRS 2 IRO 1] with nine supporting steps.

The entire process took place between January and October 2023.

Module A	Module B	Module C	Module D
Understanding	**Identify**	**Assess**	**Consolidation**
1 Determine the CSRD perimeter	6 Identify impacts, risks and opportunities	7 Impact materialty assessment	9 Consolidation of assessment results
2 Understand our ESG context		8 Financial materialty assessment	
3 Identify and classify stakeholders			
4 Develop stakeholder engagement plan			
5 Value chain mapping			

Step 1: Determine the CSRD perimeter (ESRS 1 §62-67)

The entities falling within the scope of CSRD reporting in 2024 for the 2023 financial year are the same as those indicated in Section 3.4 Information on the shareholdings. The entities referred to as fully consolidated entities are part of Fluxys' own operations.

The other categories of entities are part of Fluxys' value chain. This is in line with the scope of the financial statements.

Step 2: Understand our ESG context (ESRS 1 AR 9)

We investigated the environmental, social and governance (ESG) context in which Fluxys operates (i.e. regulatory environment, external environment, governing policies, operating practices).

Step 3: Identify and classify stakeholders (ESRS 1 §22-24 & AR 8)

Stakeholders are individuals or groups who can affect or be affected by Fluxys' decisions and actions.

The following stakeholders have been identified:

- Employees (social partners, senior management, association of executives)
- Board members
- Shareholders
- Financial institutions and investors
- Authorities and regulators
- Suppliers and contractors
- Customers and end users
- NGOs and affected communities
- Internal and external experts (e.g. from academia)

Step 4: Develop a stakeholder engagement plan (ESRS 1 §22-24, AR 8)

In early 2023, we drew up an engagement plan for each of the stakeholder groups identified. For each stakeholder group, the engagement plan determined the following:

- The selection of a representative stakeholder sample to engage with
- The selection of relevant ESG matters to engage on
- The engagement method. There were two types of stakeholder engagement:
  - *Direct* engagement through surveys, discussions and workshops
  - *Indirect* engagement through the collection of material ESG information from reports, benchmarks and/or websites

The following subjects have been discussed with the stakeholders: working conditions - health and safety; employee engagement and motivation; diversity and inclusion: equal treatment and opportunities for all; training and skills development; ethics and integrity; climate change (energy transition and our own emissions); human rights in the value chain; customer care; safe and reliable infrastructure; corporate culture; and ethics.

The expertise and knowledge of our stakeholders allowed us to refine and validate the list of material topics.

Step 5: Map the value chain (ESRS 1 §39)

We mapped our value chain's activities to flesh out our own materiality assessment. In this step, we expanded the materiality assessment to cover our entire value chain, meaning that it encompassed not only the impact of our own activities but also the potential impact of those in our value chain.

Each tier within the value chain, both upstream and downstream , was analysed to identify important sectors and/or companies.

The mapping process was implemented as follows:

- Upstream tier 2+: analysis of the key sectors that supply our suppliers, e.g. the plastics sector, the steel sector, electrical materials such as cables
- Upstream tier 1: analysis of key suppliers representing the main categories in our Scope 3
- Tier 0: analysis of peers
- Downstream tier 1: analysis of key customers/ shippers and end users and industry benchmark

This involved material ESG information from reports, websites and publicly available materials.

This step allowed us to identify the potentially material topics in our value chain.

Step 6: Identify impacts, risks and opportunities (IROs) (ESRS 2 DR IRO-1)

In this step, using existing business processes as a starting point, we identified actual and potential as well as negative and positive sustainability impacts applicable to our own activities over a short-, medium- and long-term time horizon, covering all affected stakeholders. By means of a thorough analysis conducted with the business owners and business experts, we compiled a long list of topics. Through iterative workshops, this resulted in a shortlist of key topics.

We also created an impact score for the long list of topics (see Step 7). For the shortlist, we also assessed the financial risks and opportunities.

Step 7: Conduct an impact materiality assessment (ESRS 2 DR IRO-1, §52(b))

To systematically assess impacts, we defined a scoring system with clear criteria for the impacts, risks and opportunities identified in Step 6.

Depending on the characteristics of the impact (i.e. positive/ negative, actual/potential), the materiality assessment is based on different components (ESRS E1 §45-46).

Each impact is scored on a scale of 1 to 5 for each of the scoring components (i.e. scale, scope, irremediability and likelihood), depending on the defined criteria. For example, the set criteria for calculating the scope of an impact goes from 1 (local impact) to 5 (global impact).

1. By 'value chain', we mean all activities, resources and relationships the company uses to create its products or services from design to delivery, consumption and end-of- life.
2. The value chain includes actors upstream and downstream of the company. Actors upstream of the company provide products or services that are used in the development of the company's products or services (e.g. suppliers). Entities downstream receive products or services from the company (e.g. customers).
3. According to EFRAG standards.

The next step of the impact assessment involved defining the materiality threshold (ESRS 1 §36&42) for each impact, risk and opportunity. We decided to set the threshold to 3 as according to our internal scoring matrix, the impact becomes significant when scale, scope, irremediability and likelihood achieve this score (or higher) and so are considered material.

In cases of doubt (i.e. when IROs were just below or just above the threshold), we performed an additional review and analysis to ensure that these IROs were included or excluded accordingly.

Step 8: Conduct a financial materiality assessment (ESRS 2 DR IRO-1, §52(c))

For the shortlist of key topics, we also assessed the financial risks and opportunities. This assessment was based on our existing risk management system. See Our risk management p. 38).

In line with the ESRS, Fluxys' existing risk management system considers the likelihood and potential scale of financial effects. Moreover, a threshold has been set above which a risk or opportunity is defined as financially material. We consider various scenarios that are likely to materialise and potential financial effects that may not already be reflected in the financial statements, including:

- Potential situation that a future event may affect the cash flow generation potential
- Capitals that are not recognised as assets from accounting and financial reporting perspectives (e.g. natural, intellectual, social, relationship capitals)
- Possible future events that may influence the evolution of such capitals

Step 9: Consolidate the assessment results (ESRS 1 §21 & ESRS 2 §59)

In this step, we consolidated and grouped the results of the materiality assessment. The final list of material topics was validated by the Management Team.

Our material topics

The entire assessment process and materiality list provided by ESRS 1 AR 16 resulted in the following ten material topics:

1. Climate change: transporting the molecules for a carbon-neutral future
2. Climate change: our own emissions
3. Build and operate safe and reliable infrastructure
4. Customer care
5. Employee safety
6. Employee engagement
7. Diversity and inclusion
8. Learning and talent development
9. Ethics, integrity and efforts to combat corruption
10. Biodiversity

Targets

For subsidiary Fluxys Belgium, targets have been set for each material topic in 2023 and are included in Fluxys Belgium's 2023 integrated annual report.

The targets are measurable and we have outlined how they are to be monitored and reviewed, employing specific metrics. They possess a clear scope, emphasising outcome-driven results, and are defined with underlying assumptions. They are also time limited and science based (for environmental targets). The process is auditable, requiring comprehensive documentation throughout.

The targets for the Fluxys Group will be published in a next step in line with the calendar of the EU Corporate Social Responsibility Directive.

herewego

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	31-12-2023	31-12-2022
I. Non-current assets		**8,149,290**	**7,434,251**
Property, plant and equipment	5.1	5,061,694	5,036,033
Intangible assets	5.2	1,091,803	1,204,613
Goodwill	5.3	131,149	131,149
Right-of-use assets	5.4	132,006	131,502
Investments in associates and joint ventures	5.5	1,334,794	585,031
Other financial assets	5.6/6	228,561	145,710
Finance lease receivables		7,382	8,206
Other receivables	5.7/6	110,085	152,714
Regulatory assets	5.8	39,981	12,546
Other non-current assets	5.7	11,835	26,747
II. Current assets		**1,395,755**	**1,933,691**
Inventories	5.9	74,561	89,407
Other current financial assets	6	2,526	3,178
Finance lease receivables		2,516	595
Current tax receivables		26,057	12,907
Trade and other receivables	5.10/6	217,165	289,837
Regulatory assets	5.8	9,037	2,300
Cash investments	5.11/6	192,745	259,600
Cash and cash equivalents	5.11/6	831,786	1,246,531
Other current assets	5.12	39,362	29,336
Total assets		**9,545,045**	**9,367,942**

Consolidated Balance Sheet			In thousands of €
	Notes	31-12-2023	31-12-2022
I. Equity	**5.13**	**3,801,355**	**3,881,970**
Equity attributable to the parent company's shareholders		2,601,935	2,509,024
Share capital and share premiums		1,791,855	1,791,465
Retained earnings and other reserves		761,319	698,863
Translation adjustments		48,761	18,696
Non-controlling interests		1,199,420	1,372,946
II. Non-current liabilities		**5,042,582**	**4,298,339**
Interest-bearing liabilities	5.14/6	2,880,427	2,486,442
Regulatory liabilities	5.15	1,244,014	871,707
Provisions	5.16.2	98,998	94,177
Provisions for employee benefits	5.17	59,839	52,085
Other non-current financial liabilities	6	9,770	11,041
Deferred tax liabilities	5.18	749,534	782,887
III. Current liabilities		**701,108**	**1,187,633**
Interest-bearing liabilities	5.14/6	118,460	137,073
Regulatory liabilities	5.15	221,025	196,485
Provisions	5.16.2	291	0
Provisions for employee benefits	5.17	4,678	4,043
Other current financial liabilities	6	4,948	1,681
Current tax payables		32,350	38,242
Trade and other payables	5.19/6	263,384	780,753
Other current liabilities		55,972	29,356
Total liabilities and equity		**9,545,045**	**9,367,942**

Consolidated income statement

Consolidated income statement			In thousands of €
	Notes	31-12-2023	31-12-2022
Operating revenue	4.1	1,279,554	1,739,777
Sales of gas related to balancing operations and operational needs		249,985	404,329
Other operating income	4.2	49,969	14,283
Consumables, merchandise and supplies used	4.3.1	-12,320	-7,464
Purchase of gas related to balancing of operations and operational needs		-245,345	-407,223
Miscellaneous goods and services	4.3.2	-310,950	-631,451
Employee expenses	4.3.3	-186,945	-180,005
Other operating expenses	4.3.4	-22,618	-22,521
Depreciations	4.3.5	-467,658	-471,548
Provisions	4.3.5	-1,169	6,024
Impairment losses	4.3.5	-6,731	-26,612
Operating profit/loss from continuing operations		**325,772**	**417,589**
Earnings from associates and joint ventures	4.6	150,366	79,420
Profit/loss before financial result and tax		**476,138**	**497,009**
Change in the fair value of financial instruments	4.5.4	746	3,355
Financial income	4.4	65,659	22,552
Finance costs	4.5	-153,240	-86,575
Profit/loss before tax		**389,303**	**436,341**
Income tax expenses	4.7	-62,198	-86,983
Net profit/loss for the period	**4.8**	**327,105**	**349,358**
Fluxys share		256,354	263,340
Non-controlling interests		70,751	86,018

Consolidated statement of comprehensive income

Consolidated statement of comprehensive income			In thousands of €
	Notes	31-12-2023	31-12-2022
Net profit/loss for the period	**4.8**	**327,105**	**349,358**
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of employee benefits	5.16.1	-19,742	29,289
Income tax expense on these variances		4,834	-7,198
Items that may be reclassified subsequently to profit or loss			
Net investments in foreign operations – Translation adjustments		52,377	21,534
Net investments in foreign operations – Hedging instruments	6	-2,157	-3,205
Tax expenses on these foreign exchange hedging instruments		539	802
Cash flow hedges	6	-14,809	32,996
Tax expenses on these cash flow hedging instruments		3,704	-8,165
Other comprehensive income from investments in associates and joint ventures – Cash flow hedges		-31,667	84,145
Other comprehensive income		**-6,921**	**150,198**
Comprehensive income for the period		**320,184**	**499,556**
Fluxys share		236,174	382,964
Non-controlling interests		84,010	116,592

Consolidated statement of changes in equity

Consolidated statement of changes in equity	Share capital	Share premium	Retained earnings	Cash flow hedges
I. CLOSING BALANCE AS AT 01-01-2022	**1,706,811**	**82,019**	**477,268**	**-14,436**
1. Net profit/loss for the period			263,340	
2. Other comprehensive income				87,948
3. Dividends paid			-139,199	
4. Changes in the consolidation scope				
5. Capital increases/decreases	2,013	622		
6. Other changes				
II. CLOSING BALANCE AS AT 31-12-2022	**1,708,824**	**82,641**	**601,409**	**73,512**
1. Net profit/loss for the period			256,354	
2. Other comprehensive income				-28,808
3. Dividends paid			-143,653	
4. Changes in the consolidation scope				
5. Capital increases/decreases	236	154		
6. Other changes				
III. CLOSING BALANCE AS AT 31-12-2023	**1,709,060**	**82,795**	**714,110**	**44,704**

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
						In thousands of €
-5,017	**6,213**	**8,842**	**924**	**2,262,624**	**1,345,324**	**3,607,948**
				263,340	86,018	349,358
-2,941	18,185	9,854	6,578	119,624	30,574	150,198
				-139,199	-49,793	-188,992
				0	0	0
				2,635	-42,033	-39,398
				0	2,856	2,856
-7,958	**24,398**	**18,696**	**7,502**	**2,509,024**	**1,372,946**	**3,881,970**
				256,354	70,751	327,105
-12,205	-12,320	30,065	3,088	-20,180	13,259	-6,921
				-143,653	-96,230	-239,883
				390	-161,306	-160,916
-20,163	**12,078**	**48,761**	**10,590**	**2,601,935**	**1,199,420**	**3,801,355**

Consolidated statement of cash flows (indirect method)

Consolidated statement of cash flows (indirect method)			In thousands of €
	Notes	31-12-2023	31-12-2022
I. Cash and cash equivalents, opening balance	**A.**	**1,246,531**	**315,478**
II. Net cash flows from operating activities		**798,786**	**1,918,092**
1. Cash flows from operating activities		**706,568**	**1,969,201**
1.1. Operating profit/loss from continuing operations	**B.**	**325,772**	**417,589**
1.2. Non cash adjustments		**787,863**	**1,074,709**
1.2.1. Depreciations	B.	467,658	471,548
1.2.2. Provisions	B.	1,169	-6,024
1.2.3. Impairment losses	B.	6,731	26,612
1.2.4. Translation adjustments		-8,270	-1,817
1.2.5. Other non-cash adjustments		-893	-3,989
1.2.6. Increase (decrease) of regulatory liabilities	5.8/5.15	321,468	588,379
1.3. Changes in working capital		**-407,067**	**476,903**
1.3.1. Decrease (increase) of inventories	5.9	25,373	-49,765
1.3.2. Decrease (increase) of tax receivables		-13,150	-610
1.3.3. Decrease (increase) of trade and other receivables	5.10	72,694	-91,261
1.3.4. Decrease (increase) of other current assets	A.	-11,683	13,107
1.3.5. Increase (decrease) of tax payables		13,150	611
1.3.6. Increase (decrease) of trade and other payables	5.19	-520,067	604,416
1.3.7. Increase (decrease) of other current liabilities	A.	26,616	405
2. Cash flows relating to other operating activities		**92,217**	**-51,109**
2.1. Current tax paid		-116,364	-96,901
2.2. Interests from investments, cash and cash equivalents	4.4	43,352	11,736

Consolidated statement of cash flows (indirect method)		In thousands of €
	Notes	31-12-2023	31-12-2022
2.3. Inflows related to associates and joint ventures (dividends received)	5.5	162,866	33,283
2.4. Other inflows (outflows) relating to other operating activities		2,363	773
III. Net cash flows relating to investment activities		**-1,090,286**	**-536,970**
1. Acquisitions		**-1,245,433**	**-376,586**
1.1. Payments to acquire property, plant and equipment, and intangible assets	5.1/5.2	-344,781	-199,285
1.2. Payments to acquire subsidiaries, joint arrangements or associates	5.5	-796,368	-50,017
1.3. Payments to acquire other financial assets	5.6	-104,283	-127,284
2. Disposals		**79,914**	**27,399**
2.1. Proceeds from disposal of property, plant and equipment, and intangible assets	5.1/5.2	42,701	5,081
2.2. Proceeds from disposal of other financial assets	5.6	37,213	22,318
3. Dividends received classified as investment activities	**4.4**	**8,500**	**0**
4. Increase (-)/ Decrease (+) of cash investments	**A.**	**66,733**	**-187,783**
IV. Net cash flows relating to financing activities		**-138,367**	**-450,152**
1. Proceeds from cash flows from financing		**508,659**	**825,061**
1.1. Proceeds from issuance of equity instruments	D.	1,178	2,635
1.2. Proceeds from finance leases		-1,097	624
1.3. Proceeds from issuance of other financial liabilities	5.14	508,578	821,802

Consolidated statement of cash flows (indirect method)		In thousands of €
	Notes	31-12-2023	31-12-2022
2. Repayments relating to cash flows from financing		**-310,047**	**-1,020,153**
2.1. Repayment of capital to non-controlling shareholders	D.	-162,094	-50,055
2.2. Repayment of lease liabilities	5.14	-27,765	-21,442
2.3. Repayment of other financial liabilities	5.14	-120,188	-948,656
3. Interests		-97,096	**-66,068**
3.1. Interest paid classified as financing		-98,228	-67,180
3.2. Interest received classified as financing		1,132	1,112
4. Dividends paid	**D.**	**-239,883**	**-188,992**
V. Net change in cash and cash equivalents		**-429,867**	**930,970**
Translation adjustments in cash and cash equivalents		15,122	83
VI. Cash and cash equivalents, closing balance	**A.**	**831,786**	**1,246,531**

Notes

Note 1a. Shareholder structure and capital increases

As at 31 December 2023, Fluxys' shareholder structure was as follows:

- 77.44%: Publigas
- 15.24%: EIP Neon Holding I.
- 3.44%: SFPI (Federal Holding and Investment Company).
- 1.98%: AG Insurance.
- 1.32%: Ethias & EthiasCo.
- 0.58%: employees and management.

In 2023, 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 28 March 2024.

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 2023

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of the term "significant"
- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Financial Instruments
- IFRS 17 Insurance Contracts (not applicable to reinsurance activities carried out within the group by Flux Re)
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12 International Tax Reform – Pillar Two Model Rules

For financial years starting on or after 31 December 2023 Publigas, including its participation in Fluxys SA and its Belgian and foreign subsidiaries, will be subject to the so-called Pillar two law "Wet houdende de invoering van een minimumbelasting voor multinationale ondernemingen en omvangrijke binnenlandse groepen" of 19 December 2023. The law generally follows Council Directive (EU) 2022/2523 of 14 December 2022.

The law aims to ensure a global minimum level of taxation for Belgian multinational enterprise groups and large-scale Belgian groups. The law includes a set of rules that should result in the application of a minimum effective tax rate of 15% for Publigas group, being a multinational enterprise group with a consolidated revenue exceeding EUR 750 million for at least two of the four previous financial years.

Together with an external tax advisor, Publigas group is currently assessing the impact of the new legislation. The group aims to timely and correctly comply with this new legislation. Among other things, the application of the Transitional CbCR Safe Harbour rules is currently being analysed. Based on an analysis of historical data, Publigas group expects to be able to apply the Transitional CbCR Safe Harbour rules in most jurisdictions where the group operates.

Fluxys Belgium has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar two income taxes.

The application of these amendments didn't have a significant impact on the financial statements of the group

Note 1f. Standards, amendments and interpretations applicable from 1 January 2024 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:

- Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current (the 2020 amendments and 2022 amendments), effective 1 January 2024
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures, supplier finance arrangements, effective: 1 January 2024
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability, effective 1 January 2025
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback, effective 1 January 2024

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 2. Accounting principles and policies

The accounting principles and policies were approved at the Fluxys Board of Directors meeting of 28 March 2024.
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. 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). The entities included in the Fluxys Group's scope of consolidation are presented in note 3.

2.4. 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. If this culminates in goodwill, it is recognised as an asset, and for the purpose of impairment tests, it is allocated to the Group's cash-generating units expected to benefit from the synergies of the combination.

The costs connected to the acquisition are accounted for in the results when they are made.

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.

2.5. 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.

2.6. 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.
At each balance sheet date, the Group applies the procedures set out in IAS 36 to ensure that its intangible assets are recognised at a value that does not exceed 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.

2.7. 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.
At each balance sheet date, the Group applies the procedures set out in IAS 36 to ensure that its tangible assets are recognised at a value that does not exceed their recoverable amount.

Depreciation methods

PPE is depreciated over its useful life.
Each significant component of PPE is recognised separately and depreciated over its useful life.
The depreciation method reflects the rate at which the group expects to consume the future economic benefits related to the asset, taking into account the time during which the assets may generate regulated revenue.
The regulated investments intended to increase the security of supply in Europe are depreciated under a declining balance method, which more accurately reflects the rate at which the group expects to consume the future economic benefits of these assets.
This is a specific list of regulated infrastructure investments, which are essential for gas transmission in Europe and form an integral part of the RAB (in Belgium).

The methods and durations of depreciation are as follows:

Straight-line method:

- 50 to 55 years for transmission pipelines, terminalling facilities and tanks. In line with the new tariff method applied in Belgium since 01.01.2020, all new investments in gas transmission pipelines are fully depreciated by December 2049 at the latest.
- 50 years for administrative buildings, staff housing and facilities;
- 40 years for storage facilities;
- 33 years for industrial buildings;
- 20 years for investments related to the extensions of the Zeebrugge LNG terminal;
- 10 years for equipment and furniture;
- 5 years for vehicles and site machinery;
- 4 years for computer hardware;
- 3 years for prototypes;

Declining-balance method:

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

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

2.8. 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.

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 obligations 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.

2.10. 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 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 the useful life of the financial asset.

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.

2.12. 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.

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).

'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.

2.13. 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.

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 revenues acquired corresponding to a loss are included in operating revenue to offset the accounting of a regulatory asset.

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.

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 has evolved in the following way in 2023: stake acquired in Open Grid Europe, in OQGN and in GUFU BBL. Increase of the stake in TAP. Creation of the companies Fluxys hydrogen and Fluxys c-grid. Divestment of Rostock LNG, HEH, Hyoffwind and Power to Methanol.

3.1.1 Evolution of stakes

Open Grid Europe

Acquisition of a minority stake (24,11%) in Open Grid Europe(through Vier Gas Holdings), the largest transmission system operator in Germany. The acquisition fits perfectly with Fluxys' strategy to be the essential infrastructure partner for speeding up the energy transition. Open Grid Europe is consolidated using the equity method, with an impact on the group profit/loss from March 2023. The exercise of fair value adjustment of assets and liabilities of the company allowing the price allocation is achieved, and the book value of the stake on the balance sheet date takes that into account.

OQ Gas Networks

Fluxys has acquired a 4.9% stake in OQ Gas Networks (OQGN) as an anchor investor as part of the stock market introduction of OQGN. OQGN holds a natural monopoly over critical gas transportation infrastructure in Oman as the exclusive owner and operator of the Natural Gas Transmission Network. Fluxys and OQGN are both frontrunners in decarbonisation projects and they share the same key strategic focus on accelerating the energy transition. OQGN contributes as a financial participation.

GUFU BBL

Fluxys and Gasunie have jointly agreed to take over co-owner Uniper's 20% stake in the BBL pipeline. Fluxys will take a minority stake of 25% in the entity GUFU BBL, without significant influence due to the governance in place. GUFU BBL contributes as a financial participation.

TAP

TAP shareholders Fluxys and Enagás bought the 5% stake of co-shareholder Axpo. Fluxys acquired 1% of Axpo's stake and became a 20% partner in TAP since July 2023.

Rostock LNG

The stake in Rostock LNG was sold at its investment value and the impairment recognised in 2021 was reversed. The company was consolidated using the equity method.

HEH

The participation in HEH and the shareholder loan were sold at investment value. The company was consolidated using the equity method.

Hyoffwind and Power to Methanol

Fluxys' co-shareholder in Hyoffwind has bought out all of Fluxys' shares. Power to Methanol has been liquidated. Both entities are consolidated using the equity method.

Fluxys hydrogen

Fluxys hydrogen (consolidated subsidiary - 100% stake owned by Fluxys Belgium) was created as a subsidiary in 2023 to become the hydrogen transmission system operator in Belgium, thereby supporting the sector in its efforts to transition towards a low-carbon economy.

Fluxys c-grid

Fluxys c-grid (consolidated subsidiary - 77.5% stake owned by Fluxys Belgium) was created as a subsidiary in 2023 to become the CO2 transmission infrastructure operator in Belgium, thereby supporting the industry in its efforts to transition towards a low-carbon economy.

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 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 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 €177.8 million as at 31-12-2023 compared to €164.1 million as at 31-12-2022.

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 C-GRID SA	Rue Guimard 4 B - 1040 Bruxelles	1002.472.828	77,50%	CO2 transmission	€	31 December
FLUXYS HYDROGEN SA	Rue Guimard 4 B - 1040 Bruxelles	1002.472.927	100,00%	Hydrogen transmission	€	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 House Road GB - Cambridge CB2 8FH	-	100.00%	International activity	€	31 December
GMSL Ltd	Clarendon House Road GB - Cambridge CB2 8FH	-	100.00%	Services	GBP	31 December
INTERCONNECTOR Ltd	4th Floor, Burdet House Buckingham Street 15-16 UK - London	-	76.32%	Gas transmission	GBP	31 December
INTERCONNECTOR ZEEBRUGGE TERMINAL SRL	Rue Guimard 4 B - 1040 Brussels	0454 318 009	63.40%	Gas transmission	€	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 Auber F-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 SA	Rua Visconde de Pirajá, No. 495, 7th floor, room 702 Ipanema, Zip Code 22410-002 Rio de Janeiro, State of Rio de Janeiro		100%	Services	BRL	31 December
FLUXYS INTERNATIONAL NV	Guimardstraat 4 B – 1040 Brussel	0765.763.926	100%	Holding	€	31 December
CORUMBA Holding sarl	Rue Jean Piret 1 L - 2350 Luxembourg		100%	Holding	€	31 December
BBPP Holdings Ltda.	Rua da Passa-gem, No. 83 - suite 214 (Part), Botafogo, zipcode 22290-030, Rio de Janeiro, State of Rio de Janeiro		100%	Holding	BRL	31 December
FLUXGERMANY SA	Guimardstraat 4 B – 1040 Brussel	0776.517.761	100%	Holding	€	31 December
FLUXDE HOLDING GmbH	Elisabethstr. 5 D - 40217 Düsseldorf		100%	Holding	€	31 December
FLUXYS CHILE SpA	I. Goyenechea 3000 OF 2301 23 Las Condes, Santiago		100%	Services	CLP	31 December

(*) Fluxys controls Dunkerque LNG through its control of FluxDune SA (50.01%), which in turn controls Dunkerque LNG Holding SAS (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	Cur-rency	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	-	23.30%	Leasing of facilities and services	CHF	31 December
BBL Company VOF	Concourslaan 17 NL - 9727 KC Groningen	-	25.00%	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 %	31-12-2023 * Fluxys Belgium Group	31-12-2023 * Swiss Group**	31-12-2023 * Intercon-nector	31-12-2023 * Dunkerque LNG	31-12-2023 * Other subsidiaries	31-12-2023 * TOTAL
Non-current assets	2,201,781	887,735	303,111	2,368,414		
Current assets	1,285,556	131,261	232,564	116,850		
Equity	709,955	743,266	171,670	1,483,043		
Non-current liabilities	2,329,813	209,782	283,709	965,239		
Current liabilities	447,569	65,948	80,296	36,983		
Operating revenue	773,143	219,815	151,206	289,901		
Operating expenses	-652,340	-159,036	-119,806	-204,311		
Net financial result	-32,908	-3,458	-807	-35,263		
Income tax expenses	-17,046	-9,250	-8,792	-12,055		
Net profit/loss for the period	70,849	48,071	21,801	38,272		
Balance sheet - Non-controlling interests	71,699	366,802	41,007	1,021,087	-301,175	**1,199,420**
Profit/loss – Non-controlling interests	7,085	23,724	5,167	26,643	8,132	**70,751**

* 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 €
	31-12-2022 *	31-12-2022 *	31-12-2022 *	31-12-2022 *	31-12-2022 *	31-12-2022 *
100 %	Fluxys Belgium Group	Swiss Group**	Intercon-nector	Dunkerque LNG	Other subsidiaries	TOTAL
Non-current assets	2,198,573	901,296	365,864	2,489,559		
Current assets	1,345,484	184,452	272,424	271,925		
Equity	746,733	742,004	259,950	1,515,302		
Non-current liabilities	2,095,647	248,800	226,625	1,137,992		
Current liabilities	701,677	94,944	151,713	108,190		
Operating revenue	1,207,337	271,934	198,046	243,322		
Operating expenses	-1,068,798	-156,801	-154,947	-185,453		
Net financial result	-37,514	-7,571	-432	-13,582		
Income tax expenses	-23,872	-17,946	-9,139	-11,645		
Net profit/loss for the period	77,153	89,616	33,528	32,642		
Balance sheet - Non-controlling interests	74,668	366,179	61,888	1,043,543	-173,332	**1,372,946**
Profit/loss – Non-controlling interests	7,715	44,226	7,999	22,723	3,355	**86,018**

* 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	-	45.00%	Balancing operator	€	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	-	20.00 %	Gas transmission	€	31 December
SENFLUGA ENERGY INFRASTRUCTURE HOLDING SA	D, Soutsou street 28 GR - 11521 Athens	-	18.00%	Holding	€	31 December
DESFA S.A.	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 25° andar - Rio de Janeiro – RJ CEP: 22.210-901		29.12%	Gas transmission	BRL	31 December
Condor Energy Holdings SpA	2939 Av. Vitacura Piso 12, Las Condes Santiago		25%	Holding	USD	31 December
Condor Energy Holdings II SpA	2939 Av. Vitacura Piso 12, Las Condes Santiago		25%	Holding	USD	31 December
Condor Energy Holdings III SpA	2939 Av. Vitacura Piso 12, Las Condes Santiago		25%	Holding	USD	31 December
Condor Intermediate Holdings SpA	2939 Av. Vitacura Piso 12, Las Condes Santiago		25%	Holding	USD	31 December
GNL Quintero S.A.	532 Rosario Norte, 16th floor, Suite 1604, Metropolitan Region,		20%	LNG-Terminalling	USD	31 December
Open Grid Europe GmbH	Kallenbergstraße 5, 45141 Essen		24,11%	Gas transmission		31 December
Vier Gas Holding S.a.r.l.	15 Boulevard Friedrich Wilhelm Raiffeisen, L-2411 Luxembourg		24,11%	Holding		31 December
Vier Gas Services GmbH	Kallenbergstraße 5, 45141 Essen		24,11%	Holding		31 December
Vier Gas Transport GmbH	Kallenbergstraße 5, 45141 Essen		24,11%	Holding		31 December

Financial statements of equity accounted investees							In thousands of €
	31-12-2023*	31-12-2023*	31-12-2023*	31-12-2023*	31-12-2023*	31-12-2023*	31-12-2023*	31-12-2023*
100 %	VGH	Senfluga Energy Infrastructure Holdings**	Quintero	Trans Adriatic Pipeline AG	Condor	TBG	Other companies	TOTAL
Non-current assets	7,264,894	1,063,750	2,076,862	4,747,001	2,971,368	727,202		
Current assets	843,301	402,760	309,725	539,527	16,251	235,377		
Equity	3,072,723	668,242	1,239,511	1,833,694	2,180,620	325,577		
Non-current liabilities	4,240,718	556,800	970,783	2,914,003	798,901	231,788		
Current liabilities	315,796	241,468	176,293	538,831	8,098	405,214		
Operating revenue	949,734	589,846	329,686	836,962	4,928	419,564		
Operating expenses	-784,434	-377,547	-121,161	-347,960	-1,609	-241,522		
Net financial result	-57,771	-13,528	-30,692	-109,225	-48,310	9,941		
Investments in associates	0	-243	0	-8,638	0	0		
Income tax expenses	-25,453	-46,270	-48,071	-60,773	1,109	-63,970		
Net profit/loss for the period	82,076	152,258	129,762	310,366	-43,882	124,013		
Investments in associates & JV	740,834	68,387	247,902	366,739	-188,491	94,808	4,615	**1,334,794**
Result from investments in associates & JV	19,788	17,433	25,953	62,073	-10,971	36,112	-22	**150,366**

* 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 €
	31-12-2022*	31-12-2022*	31-12-2022*	31-12-2022*	31-12-2022*	31-12-2022*	31-12-2022*
100 %	Senfluga Energy Infrastructure Holdings**	Quintero	Trans Adriatic Pipeline AG	Condor	TBG	Other companies	TOTAL
Non-current assets	902.147	2.214.343	5.023.717	3.007.861	748.684		
Current assets	357.849	409.641	705.862	53.023	184.898		
Equity	570.333	1.298.284	1.973.992	2.114.594	342.040		
Non-current liabilities	433.420	1.143.477	3.166.485	943.002	251.626		
Current liabilities	256.243	182.223	589.102	3.288	339.917		
Operating revenue	323.732	136.164	874.639	1	318.172		
Operating expenses	-203.227	-79.789	-420.120	-9.017	-220.650		
Net financial result	-15.186	-24.290	-106.114	-25.865	20.634		
Investments in associates	378	0	0	0	0		
Income tax expenses	-26.024	-8.667	-60.418	-11.389	-40.231		
Net profit/loss for the period	79.673	23.418	287.987	-46.270	77.925		
Investments in associates & JV	55.302	259.657	375.058	-211.573	99.602	6.985	585.031
Result from investments in associates & JV	8.894	4.684	54.718	-11.568	22.692	1	79.420

* 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**
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 – Saxony 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	10%	Purchasing portal
GUFU BBL B.V.	Concourslaan 17 NL - 9727 KC Groningen	25%	Gas transmission
OQ Gas Networks	P.O. Box 799, Postal Code 133, Al Khuwair, Bousher	4,90%	Gas transmission

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 TBG, Desfa, OGE and GNL Quintero.
- The 'Unallocated' column comprises the governance and financial management activities of the Fluxys group. For the moment, energy transition activities are also in this category due to their limited scope.

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, four generate revenue exceeding 10% each of total revenue (€226 million, €153 million, €142 million and €142 million), which is spread over the segments Fluxys Belgium and Fluxys International.

---

[2] Interconnector Zeebrugge Terminal (IZT): Fluxys Belgium, until September 2023, rented part of its installations to IZT (finance lease). Fluxys Belgium also takes care of certain operational support and maintenance services. 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 on a contractual basis (no participation).

Segment income statement at 31-12-2023	Fluxys Belgium	Fluxys International	Unallocated	Elimination between segments	Total
In thousands of €					
Operating revenue	**592,788**	**701,368**	**6,139**	**-20,741**	**1,279,554**
Sales and services to external customers	899,964	742,627	890	0	1,643,481
Changes in regulatory assets and liabilities	-320,594	-43,333	0	0	-363,927
Transactions with other segments	13,418	2,074	5,249	-20,741	0
Sales of gas related to balancing operations and operational needs	**160,761**	**89,224**	**0**	**0**	**249,985**
Sales of gas related to balancing of operations and operational needs	183,597	89,223	0	0	272,820
Sales of gas related to balancing of operations and operational needs – Regulatory changes	-22,835	0	0	0	-22,835
Other operating income	19,594	36,394	6,917	-12,936	49,969
Consumables, merchandise and supplies used	-8,895	-3,425	0	0	-12,320
Purchase of gas related to balancing of operations and operational needs	-157,389	-87,956	0	0	-245,345
Miscellaneous goods and services	-179,845	-141,973	-21,272	32,140	-310,950
Employee expenses	-135,240	-43,430	-9,812	1,537	-186,945
Other operating expenses	-5,965	-16,181	-472	0	-22,618
Depreciation and amortisation	-175,659	-291,725	-274	0	-467,658
Provisions for risks and charges	-745	-424	0	0	-1,169
Impairment losses	11,400	-18,144	13	0	-6,731
Operating profit/loss from continuing operations	**120,805**	**223,728**	**-18,761**	**0**	**325,772**
Earnings from associates and joint ventures	36,112	114,254	0	0	150,366
Profit/loss before financial result and tax	**156,917**	**337,982**	**-18,761**	**0**	**476,138**
Change in the fair value of financial instruments					746
Financial income					65,659
Finance costs					-153,240
Profit/loss before taxes					**389,303**
Income tax expenses					-62,198
Net profit/loss for the period					**327,105**

Segment income statement at 31-12-2022	Fluxys Belgium	Fluxys International	Unallocated	Elimination between segments	Total
In thousands of €					
Operating revenue	**912,559**	**839,253**	**6,647**	**-18,682**	**1,739,777**
Sales and services to external customers	1,189,405	969,979	1,618	0	2,161,002
Transactions with other segments	12,224	1,429	5,029	-18,682	0
Changes in regulatory assets and liabilities	-289,070	-132,155	0	0	-421,225
Sales of gas related to balancing operations and operational needs	**278,566**	**125,763**	**0**	**0**	**404,329**
Sales of gas related to balancing of operations and operational needs	445,720	125,763	0	0	571,483
Sales of gas related to balancing of operations and operational needs – Regulatory changes	-167,154	0	0	0	-167,154
Other operating income	16,212	3,996	4,445	-10,370	14,283
Consumables, merchandise and supplies used	-5,582	-1,882	0	0	-7,464
Purchase of gas related to balancing of operations and operational needs	-275,178	-132,045	0	0	-407,223
Miscellaneous goods and services	-465,521	-175,294	-17,998	27,362	-631,451
Employee expenses	-132,931	-38,162	-10,602	1,690	-180,005
Other operating expenses	-4,958	-17,444	-119	0	-22,521
Depreciation and amortisation	-176,816	-294,349	-383	0	-471,548
Provisions for risks and charges	6,993	-1,005	36	0	6,024
Impairment losses	-14,804	-11,480	-328	0	-26,612
Operating profit/loss from continuing operations	**138,540**	**297,351**	**-18,302**	**0**	**417,589**
Earnings from associates and joint ventures	22,692	63,611	0	-6,883	79,420
Profit/loss before financial result and tax	**161,232**	**360,962**	**-18,302**	**-6,883**	**497,009**
Change in the fair value of financial instruments					3,285
Financial income					22,552
Finance costs					-86,505
Profit/loss before taxes					**436,341**
Income tax expenses					-86,983
Net profit/loss for the period					**349,358**

Note 4.1. Operating revenue

Analysis of operating revenue by business segment:

Operating revenue	Notes	31-12-2023	31-12-2022	Change (In thousands of €)
Fluxys Belgium	4.1.1	579,371	900,335	-320,964
Fluxys International and corporate	4.1.2	700,183	839,442	-139,259
Total		**1,279,554**	**1,739,777**	**-460,223**

Operating revenue for 2023 was €1,279,554 thousand compared with €1,739,777 thousand in 2022. The split per country is as follows:

Operating revenue by country under IFRS as at 31-12-2023 (In thousands of €)	Belgium	Germany	England	Netherlands	Switzerland	France	Brasil	Chile	TOTAL
Regulated	579,370	119,649	0	0	0	0	0	0	699,019
Non-regulated	0	0	15,552	0	150,699	0	0	0	166,251
Exempted & interconnections	0	0	130,043	27,199	0	256,037	-77	22	413,224
Others	890	0	0	170	0	0	0	0	1,060
Total	**580,260**	**119,649**	**145,595**	**27,369**	**150,699**	**256,037**	**-77**	**22**	**1,279,554**

Operating revenue by country under IFRS as at 31-12-2022 (In thousands of €)	Belgium	Germany	England	Netherlands	Switzerland	France	TOTAL
Regulated	900,335	175,819	0	0	0	0	1,076,154
Non-regulated	0	0	14,682	0	204,810	0	219,492
Exempted & interconnections	0	0	137,864	62,582	0	242,052	442,498
Others	1,619	0	0	14	0	0	1,633
Total	**901,954**	**175,819**	**152,546**	**62,596**	**204,810**	**242,052**	**1,739,777**

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 efforts to be accomplished by the network operator, as well as permitted depreciation.

The bulk of the decrease in sales and regulated services (-€377,135 thousand) relates to transmission services in Belgium (-€312,847 thousand). This decrease mainly results from the exceptional solidarity contribution of €300 million in 2022. The regulatory nature of this contribution makes the impact on profit/loss neutral. The income invoiced in 2023 has greatly fallen compared to the exceptional levels in 2022. The infrastructure has continued to be chiefly used to support the security of supply of neighbouring countries following the energy crisis.

Revenue from storage services is slightly up in 2023 following the sale of all the capacity, but this is offset by the use of regulatory liabilities in accordance with the tariff proposal.

Terminalling revenue is down, largely following lower spot slot auction sales. This change in revenue is largely offset by a lower allocation to regulatory liabilities.

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

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 decrease, especially due to revenue in Germany (-€56,170 thousand), FluxSwiss (-€54,111 thousand), BBL (€-35,383 thousand) and Interconnector (-€7,821 thousand) because of lower demand and, specifically for regulated entities, in order to cover lower energy costs. Dunkirk LNG has seen an increase (+€13,985 thousand) following the sale of all the capacity.

Sales of gas related to operational needs

Gas sales and purchases for operational needs fluctuate based on the evolution of the price of gas. The decrease in 2023 compared to 2022 corresponds to lower activity levels compared to the exceptional levels in 2022 and lower prices.

Note 4.2. Other operating income

Other operating income			In thousands of €
	31-12-2023	31-12-2022	Change
Other operating income	49,969	14,283	35,686

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 increase can chiefly be explained by the invoicing of electricity charges and taxes by Dunkirk LNG (+€31,196 thousand).

Note 4.3. Operating expenses

Operating expenses excluding depreciations, impairment losses and provisions			In thousands of €
	Notes	31-12-2023	31-12-2022
Consumables, merchandise and supplies used	4.3.1	-12,320	-7,464
Miscellaneous goods and services	4.3.2	-310,950	-631,451
Employee expenses	4.3.3	-186,945	-180,005
Other operating expenses	4.3.4	-22,618	-22,521
Total operating expenses		**-532,833**	**-841,441**

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 €	31-12-2023	31-12-2022
Purchase of equipment	-15,519	-21,504
Rent and rental charges (1)	-10,314	-15,251
Maintenance and repair expenses	-64,195	-57,571
Goods and services supplied to the group	-47,391	-28,365
Third-party remuneration	-79,812	-375,554
Royalties and contributions	-61,306	-102,975
Non-personnel related insurance costs	-17,283	-16,995
Other miscellaneous goods and services	-15,130	-13,236
Total	**-310,950**	**-631,451**

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

Goods and services decreased in 2023 (-€320,501 thousand). The bulk of the decrease in this item ensues mainly from the exceptional solidarity contribution of €300 million that the Belgian State established for the operator of the natural gas transmission network to support the Belgian population during the energy crisis in 2022, included in third-party remuneration. Goods and services supplied to the group are up due to electricity costs in Dunkirk. Royalties and contributions are down mainly in Interconnector with costs for CO2 certificates and lower pressure costs of adjacent operators.

4.3.3. Employee expenses

Employee expenses are up €6,940 thousand. This change can be explained inter alia by inflation and to a lesser extent by the increase in the average headcount.

The group's average headcount was 1,360 in 2023 compared with 1,295 in 2022. Expressed in FTE (full-time equivalents), these figures convert to 1,326.4 in 2023 compared to 1,261.7 in 2022.

Workforce

	Financial year		Preceding financial year	
	Total number of staff	Total in FTE	Total number of staff	Total in FTE
Average number of employees	**1.360**	**1.326.4**	**1,295**	**1,261.7**
Belgium (multi-employers adjusted)	**1.005**	**976**	**967**	**939.4**
Fluxys	**53**	**43.3**	**59**	**49.9**
Executives	46	36.1	51	42.3
Employees	7	7.2	8	7.6
Fluxys Belgium	**908**	**878.2**	**865**	**836.1**
Executives	338	329.5	308	300.2
Employees	571	548.7	557	535.9
Fluxys LNG	**47**	**46.3**	**48**	**46.8**
Executives	3	2.5	3	2.9
Employees	45	43.8	45	43.9
Flux Re	**1**	**0.5**	**1**	**0.5**
Fluxys Europe	**13**	**8.2**	**12**	**6.6**
FluxSwiss	**7**	**7.0**	**6**	**5.8**
Fluxys TENP	**15**	**15.0**	**15**	**15.0**
Fluxys Deutschland	**6**	**5.8**	**6**	**6.0**
GMSL	**112**	**111.0**	**103**	**102.2**
Fluxys BBL	**1**	**0.1**	**1**	**0.1**
Transitgas	**51**	**47.7**	**50**	**47.7**
Tenp KG	**2**	**1.6**	**2**	**1.6**
Interconnector	**77**	**75.8**	**61**	**60.6**
Gaz-Opale	**62**	**61.2**	**61**	**60.7**
Dunkerque LNG	**20**	**20.3**	**19**	**18.8**
Fluxys Brasil	**3**	**3.4**	**3**	**3.3**
Fluxys Chile	**1**	**1.0**		

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	**1.382**	**1.349.4**	**1,330**	**1,296.4**
Belgium (multi-employers adjusted)	**1.018**	**989.8**	**988**	**960.7**
Fluxys	**54**	**44.2**	**55**	**45.6**
Executives	47	37.2	47	37.8
Employees	7	7.0	8	7.8
Fluxys Belgium	**920**	**890.7**	**891**	**862.0**
Executives	344	335.5	321	313.1
Employees	576	555.2	570	548.9
Fluxys LNG	**47**	**46.0**	**47**	**46.2**
Executives	3	2.9	3	2.9
Employees	44	43.1	44	43.3
Flux Re	**1**	**0.5**	**1**	**0.5**
Fluxys Europe	**14**	**9.0**	**12**	**7.0**
FluxSwiss	**7**	**7.0**	**6**	**6.0**
Fluxys TENP	**15**	**15.0**	**15**	**15.0**
Fluxys Deutschland	**6**	**6.0**	**6**	**6.0**
GMSL	**113**	**112.4**	**108**	**107.4**
Fluxys BBL	**1**	**0.1**	**1**	**0.1**
Transitgas	**52**	**49.1**	**51**	**48.4**
Tenp KG	**2**	**1.6**	**2**	**1.6**
Interconnector	**81**	**80.3**	**69**	**68.3**
Gaz-Opale	**62**	**61.6**	**60**	**59.4**
Dunkerque LNG	**21**	**21.0**	**19**	**19.0**
Fluxys Brasil	**4**	**4.0**	**4**	**4.0**
Fluxys Chile	**1**	**1.0**		

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	31-12-2023	31-12-2022
Depreciations	**4.3.5.1**	**-467,658**	**-471,548**
Intangible assets		-135,621	-113,572
Property, plant and equipment		-319,580	-344,431
Right-of-use assets		-12,457	-13,545
Impairment losses	**4.3.5.2**	**-6,731**	**-26,612**
Shares		0	0
Property, plant and equipment		0	-325
Intangible assets		-17,280	-4,568
Inventories		10,527	-14,965
Trade receivables		22	-6,754
Provisions for risks and charges	**4.3.5.3**	**-1,169**	**6,024**
Total depreciations, impairment losses and provisions		**-475,558**	**-492,136**

4.3.5.1. Depreciations and amortisations

The intangible assets resulting from the business combinations have been amortised in accordance with the accounting methods, namely predominantly over 40 years for the fixed asset 'sole operator of the natural gas transmission network and storage facilities' in Belgium, over 20 years for the fixed asset 'sole operator of the LNG facilities' and between 20 and 45 years for the acquired customer portfolios.

The decrease in depreciation of property, plant and equipment can be explained by the lower depreciations at Interconnector and FluxSwiss, partly offset by higher depreciations at Dunkirk LNG.

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 2023 comes to €218.5 million for 'Interconnector' and €1,277.6 million for Dunkirk.

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. Since 2022, we saw the return of multi-year 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. Impairment losses

The evolution of the price of gas compared to the previous balance sheet date has allowed the impairment losses on gas stocks recorded in 2022 to be mostly reversed in 2023. This change was partly compensated by Interconnector, which recorded impairment losses on its stock of CO2 certificates.

4.3.5.3. Provisions for risks and charges

The provisions for risks and charge come to €1,169 thousand in 2023, mainly for pensions and litigation.

Note 4.4. Financial income

Financial income			In thousands of €
	Notes	31-12-2023	31-12-2022
Dividends from unconsolidated entities	4.4.1	8,500	0
Financial income from leasing contracts	4.4.2	1,132	1,112
Interest income on investments and cash equivalents	4.4.3	29,844	10,727
Other interest income	4.4.4	13,508	1,009
Unwinding of discounts on provisions		0	0
Other financial income	4.4.5	12,675	9,704
Total		**65,659**	**22,552**

4.4.1 Dividends from unconsolidated entities are the dividend received from GUFU BBL.

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

4.4.3. Interest on investments and cash equivalents mainly come from investments recognised at depreciated cost in accordance with IFRS 9. Their increase comes from a higher cash position and the increase in interest rates.

4.4.4. Other interest concerns revenue generated by the loan granted to Condor Holding (Chile) and the revenue from Flux Re.

4.4.5. Other financial income mainly reflects the inclusion of the loss recorded on Rostock LNG and the exchange rate differences realised as part of our operations in currencies.

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

Finance costs			In thousands of €
	Notes	31-12-2023	31-12-2022
Borrowing interest costs	4.5.1	-130,601	-66,932
Unwinding of discounts on provisions	4.5.2	-5,847	-3,217
Interest on lease liabilities		-6,480	-7,425
Other finance costs	4.5.3	-10,312	-8,931
Total		**-153,240**	**-86,505**

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 increased in 2023 because of the loan for the investment in OGE and the impact of an entire year of the refinancing of Dunkirk LNG over the course of 2022 and the interest on the regulatory account, partly compensated by the repayment of loans in Belgium 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 mainly include the exchange rate differences realised as part of our currency transactions. Moreover, in 2023m the losses from Hyoffwind and Power to Methanol are included in this category.

4.5.4. Change in the fair value of financial instruments

Change in the fair value of financial instruments			In thousands of €
	Note	31-12-2023	31-12-2022
Use and change in the fair value of financial instruments		746	3,285
Total		**746**	**3,285**

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 €150,366 thousand in 2023 compared to €79,420 thousand in 2022. This increase is attributable to the contribution from OGE (the stake in OGE contributes to the results since March 2023), GNL Quintero (full year in 2023 compared to half a year in 2022), TBG and Senfluga and the higher stake in TAP (since July 2023). Movements in equity accounted investments are detailed in Note 5.5.

Note 4.7. Income tax expenses

Income tax expense is analysed as follows:

Income tax expenses				In thousands of €
	Note	31-12-2023	31-12-2022	Ecarts
Current tax	4.7.1	-97,322	-119,261	21,939
Deferred tax	4.7.2	35,124	32,278	2,846
Total	**4.7.3**	**-62,198**	**-86,983**	**24,785**

The income tax expense came to €62,198 thousand in 2023 compared with €86,983 thousand in 2022.

Income tax expenses are down €24,785 thousand as compared with the preceding financial year. This change can essentially be explained by the following factors:

- The decrease in current tax because of the decrease in the result before taxes from consolidated entities;
- An increase in the amount of the deduction for revenues from innovation (€9,203 thousand compared to €5,400 thousand estimated in 2022). This increase was partly compensated by a lower deduction for energy-saving investment obtained by Fluxys LNG. The amount of this deduction for the year 2023 is estimated at €3,362 thousand.

Income tax expenses are broken down as follows:

4.7.1. Current tax			In thousands of €
	31-12-2023	31-12-2022	Change
Income taxes on the result of the current period	**-100,691**	**-119,740**	**19,049**
Taxes and withholding taxes due or paid	-82,939	-60,913	-22,026
Excess of payment of taxes and withholding taxes included in assets	16,159	5,069	11,090
Additional taxes included in liabilities	-33,911	-63,896	29,985
Adjustments to previous years' current taxes	**3,369**	**479**	**2,890**
Total	**-97,322**	**-119,261**	**21,939**

4.7.2. Deferred tax			In thousands of €
	31-12-2023	31-12-2022	Change
Relating to origination or reversal of temporary differences	**35,124**	**32,278**	**2,846**
Differences arising from the valuation of property, plant and equipment	52,017	48,665	3,352
Changes in provisions	-8,186	-8,476	290
Other differences	-8,707	-7,911	-796
Relating to tax rate changes or to new taxes	**0**	**0**	**0**
Relating to changes in accounting policies and errors	**0**	**0**	**0**
Relating to changes in fiscal status of entity or shareholders	**0**	**0**	**0**
Total	**35,124**	**32,278**	**2,846**

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

4.7.3. Reconciliation of expected income tax rate and effective average income tax rate			In thousands of €
	31-12-2023	31-12-2022	Change
Income tax as per effective average tax rate – Financial year	**-59,734**	**-89,230**	**29,496**
Profit/loss before taxes	389,303	436,341	-47,038
Earnings from associates and joint ventures (-)	-150,366	-79,420	-70,946
Earnings before tax	238,937	356,921	-117,984
Applicable tax rate	25,00%	25,00%	
Impacts to justify transition to the effective average tax rate	**-5,819**	**4,827**	**-10,646**
Income tax rate differences between jurisdictions	5,151	8,070	-2,919
Changes in tax rates	7	-946	953
Tax-exempt income	9,617	10,914	-1,297
Non-deductible expenses	-4,271	-3,733	-538
Other	-16,323	-9,478	-6,845
Income tax as per effective average tax rate – Financial year	**-65,553**	**-84,403**	**18,850**
Earnings before tax	238,937	356,921	-117,984
Average effective tax rate	27,44%	23,65%	3,79%
Adjustments to previous years' current taxes	**3,355**	**-2,580**	**5,935**
Total income tax expense	**-62,198**	**-86,983**	**24,785**

Note 4.8. Net profit/loss for the period

Net profit/loss for the period			In thousands of €
	31-12-2023	31-12-2022	Change
Non-controlling interests	70,751	86,018	-15,267
Group share	256,354	263,340	-6,986
Total profit/loss for the period	**327,105**	**349,358**	**-22,253**

Fluxys group's net profit/loss in 2023 comes to €327,105 thousand compared to €349,358 thousand in 2022, a decrease of €22,253 thousand.

Note 5. Segment balance sheet

Segment balance sheet at 31-12-2023				In thousands of €
	Fluxys Belgium	Fluxys International	Unallocated	Total
Property, plant and equipment	1,873,286	3,188,408		5,061,694
Intangible assets	155,960	935,843		1,091,803
Goodwill	1,924	129,225		131,149
Right-of-use assets	28,580	103,426		132,006
Investments in associates and joint ventures	45	1,334,749		1,334,794
Other financial assets	111,210	119,877		231,087
Inventories	50,443	24,118		74,561
Finance lease receivables	1,691	8,207		9,898
Net trade receivables	81,352	48,598		129,950
Other assets			1,348,103	1,348,103
				9,545,045
Interest-bearing liabilities	934,135	2,064,752		2,998,887
Other financial liabilities	4,010	10,708		14,718
Other liabilities			2,730,085	2,730,085
				5,743,690
Equity			3,801,355	3,801,355
				9,545,045

Segment balance sheet at 31-12-2022				In thousands of €
	Fluxys Belgium	Fluxys International	Unallocated	Total
Property, plant and equipment	1,855,375	3,180,658	0	5,036,033
Intangible assets	160,352	1,044,261	0	1,204,613
Goodwill	1,924	129,225	0	131,149
Right-of-use assets	30,020	101,482	0	131,502
Investments in associates and joint ventures	1,915	583,116	0	585,031
Other financial assets	111,171	37,717	0	148,888
Inventories	62,656	26,751	0	89,407
Finance lease receivables	0	8,801	0	8,801
Net trade receivables	151,805	77,788	0	229,593
Other assets			1,802,925	1,802,925
				9,367,942
Interest-bearing liabilities	956,589	1,666,926		2,623,515
Other financial liabilities	3,575	9,147		12,722
Other liabilities			2,849,735	2,849,735
				5,485,972
Equity			3,881,970	3,881,970
				9,367,942

Note 5.1. Property, plant and equipment

Movements in property, plant and equipment	Land	Buildings	Gas transmission networks	Gas storage
Gross book value				
As at 31-12-2021	**56,876**	**414,067**	**6,714,583**	**386,692**
Investments	575	737	46,740	312
Disposals and retirements	-2	0	-10,387	-5
Internal transfers	0	249	25,620	121
Translation adjustments	-216	0	5,900	0
Reclassification	0	0	0	0
As at 31-12-2022	**57,233**	**415,053**	**6,782,456**	**387,120**
Investments	222	693	52,415	966
Disposals and retirements	-1,585	-253	-15,071	0
Internal transfers	0	0	1,454	0
Translation adjustments	231	0	118,275	0
Reclassification	0	0	0	0
As at 31-12-2023	**56,101**	**415,493**	**6,939,529**	**388,086**

In thousands of €

LNG Terminal	Other installations and machinery	Furniture, equipment & vehicles	Assets under construction & instalments paid	Total
2,758,091	**45,725**	**65,891**	**57,927**	**10,499,852**
2,476	0	8,872	98,744	158,456
-290	-743	-8,259	0	-19,686
793	0	0	-26,783	0
0	225	-95	-153	5,661
6,008	0	0	0	6,008
2,767,078	**45,207**	**66,409**	**129,735**	**10,650,291**
39.728	0	15.031	190.846	299.901
-5.569	-27.019	-9.416	0	-58.913
781	0	0	-2.235	0
0	238	84	0	118.828
0	0	0	0	0
2.802.018	**18.426**	**72.108**	**318.346**	**11.010.107**

Movements in property, plant and equipment

	Land	Buildings	Gas transmission networks	Gas storage
Depreciation and impairment losses				
As at 31-12-2021	**0**	**-135,105***	**-3,726,419**	**-260,747**
Depreciation	0	-11,432	-232,652	-8,137
Disposals and retirements	0		5,888	1
Internal transfers	0	0	0	0
Translation adjustments	0	0	2,846	0
Reclassification	0	0	0	0
As at 31-12-2022	**0**	**-146,537**	**-3,950,337**	**-268,883**
Depreciation	0	-10,643	-207,684	-7,912
Disposals and retirements	0	253	13,852	0
Internal transfers	0	0	0	0
Translation adjustments	0	0	-67,835	0
Reclassification	0	0	0	0
As at 31-12-2023	**0**	**-156,927**	**-4,212,004**	**-276,795**
Net book values as at 31-12-2023	**56,101**	**258,566**	**2,727,525**	**111,291**
Net book values as at 31-12-2022	**57,233**	**268,516**	**2,832,119**	**118,237**

*The breakdown of accumulated depreciation at 31 December 2021 has been corrected by transferring €157m from the "Buildings" category to the "LNG Terminals" category.

				In thousands of €
LNG Terminal	Other installations and machinery	Furniture, equipment & vehicles	Assets under construction & instalments paid	Total
-1,076,572*	**-43,869**	**-44,045**	**0**	**-5,286,757**
-85,702	0	-6,508	0	-344,431
18	0	8,096	0	14,003
0	0	0	0	0
0	0	81	0	2,927
0	0	0	0	
-1,162,256	**-43,869**	**-42,376**	**0**	**-5,614,258**
-85,794		-7,547	0	-319,580
3,607	26,252	9,296	0	53,260
0	0	0	0	0
0	0	0	0	-67,835
0	0	0	0	0
-1,244,443	**-17,617**	**-40,627**	**0**	**-5,948,413**
1,557,575	**809**	**31,481**	**318,346**	**5,061,694**
1,604,822	**1,338**	**24,033**	**129,735**	**5,036,033**

*The breakdown of accumulated depreciation at 31 December 2021 has been corrected by transferring €157m from the "Buildings" category to the "LNG Terminals" category.

Movements in property, plant and equipment				
	Land	Buildings	Gas transmission networks	Gas storage
Net book values as at 31-12-2023 of which:	**56,101**	**258,566**	**2,727,525**	**111,291**
At cost	56,101	258,566	2,727,525	111,291
At revaluation	0	0	0	0
Net book value of assets temporarily retired from active use	110	0	0	0

Property, plant and equipment mainly comprises the group's transmission, storage (Loenhout) and LNG terminalling (Zeebrugge and Dunkirk) facilities.

In 2023 the Fluxys group made investments for an amount of €299.9 million. The primary investments made concern the 'TENP' transmission facilities in Germany (replacement of certain sections out of service today in order to increase capacity, for €113.2 million) and €167.7 million in different projects in Belgium: €50.4 million in LNG infrastructure projects (mainly for the construction of new Open Rack Vaporisers and 3 new truck loading bays at the Zeebrugge LNG Terminal) and €103.8 million for transmission operations, the main investment of which concerns the Desteldonk-Opwijk pipeline.

				In thousands of €
LNG Terminal	Other installations and machinery	Furniture, equipment & vehicles	Assets under construction & instalments paid	Total
1,557,575	**809**	**31,481**	**318,346**	**5,061,694**
1,557,575	809	31,481	318,346	5,061,694
0	0	0	0	0
0	0	0	0	110

The depreciation charge for the period amounts to €319.6 million and reflects the consumption of economic benefits of the property, plant and equipment in this same period.

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. No residual value is recorded for these facilities given the specificity of the sector's activity.

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	Emission rights	'Sole operator of the network' assets	'Client portfolios' assets and other intangible assets (*)	Total
Gross book value					
As at 31-12-2021	**34,646**	**758**	**244,600**	**1,799,406**	**2,079,410**
Investments	12,052	28,710	0	41	40,803
Disposals and retirements	-3,627	0	0	0	-3,627
Translation adjustments	-408	-1,284	0	1,568	-124
Changes in the consolidation scope	0	0	0	0	0
Other	0	0	0	0	0
As at 31-12-2022	**42,663**	**28,184**	**244,600**	**1,801,015**	**2,116,462**
Investments	18,331	29,066	0	182	47,579
Disposals and retirements	-2,877	-37,248	0	0	-40,125
Translation adjustments	75	914	0	43,765	44,754
Changes in the consolidation scope	0	0	0	0	0
Other	0	0	0	0	0
As at 31-12-2023	**58,192**	**20,916**	**244,600**	**1,844,962**	**2,168,670**

(*) The other intangible assets are not material.

Movements in the book value of intangible assets	In thousands of €				
	Software	Emission rights	'Sole operator of the network' assets	'Client portfolios' assets and other intangible assets (*)	Total
Depreciation and impairment losses					
As at 31-12-2021	**-14,158**	**-36**	**-98,343**	**-698,239**	**-810,776**
Depreciation and impairment losses	-8,789	-325	-8,766	-96,017	-113,897
Disposals and retirements	3,619	0	0	0	3,619
Translation adjustments	203	0	0	9,002	9,205
Changes in the consolidation scope	0	0	0	0	0
Other	0	0	0	0	0
As at 31-12-2022	**-19,125**	**-361**	**-107,109**	**-785,254**	**-911,849**
Depreciation	-13,556	0	-8,766	-113,299	-135,621
Impairment losses	0	-54	0	0	-54
Disposals and retirements	2,867	0	0	0	2,867
Translation adjustments	-84	0	0	-32,126	-32,210
Changes in the consolidation scope	0	0	0	0	0
Other	0	0	0	0	0
As at 31-12-2023	**-29,898**	**-415**	**-115,875**	**-930,679**	**-1,076,867**

(*) The other intangible assets are not material.

Movements in the book value of intangible assets	In thousands of €				
	Software	Emission rights	'Sole operator of the network' assets	'Client portfolios' assets and other intangible assets (*)	Total
Net book value as at 31-12-2023	**28,294**	**20,501**	**128,725**	**914,283**	**1,091,803**
Net book value as at 31-12-2022	**23,538**	**27,823**	**137,491**	**1,015,761**	**1,204,613**

(*) 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' is fully depreciated in 2023, the FluxSwiss asset in 2033 and the Dunkerque asset for the most part in 2037 and the balance in 2061.

The decrease in the category of emission rights is due to the use of certificates for the year 2022 and the impairment of Interconnector, partly compensated by the purchase by Interconnector and Fluxys Belgium of emission rights (mainly for storage activity).

There were no new changes in the consolidation scope with impact on intangible assets in 2023.

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 €
	31-12-2023	31-12-2022
Fluxys Belgium SA	1,924	1,924
Dunkerque	129,225	129,225
Total	**131,149**	**131,149**

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 2023, the fundamental assumptions in the multi-year plan with time horizon 2061 have not changed significantly in a negative way 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 in place for the major part of the capacity of the tanker terminal;
- 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 31/12/2023. 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 31/12/2023.

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 31-12-2022	**89,856**	**37,825**	**3,821**	**131,502**
Additional rights	5,168	757	3,618	9,543
Depreciation	-5,176	-5,456	-1,825	-12,457
Disposals	-264	2,897	-119	2,514
Other changes	148	752	4	904
As at 31-12-2023	**89,732**	**36,775**	**5,499**	**132,006**

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. The additional rights can partly be explained by increased inflation and partly by the recognition of the purchase option of a contract in force.

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 2023, the Fluxys group has the following investments in associates and joint ventures:

- TENP GMBH (50%),
- TAP (20%) with an additional stake since 2023,
- Balansys (50%),
- Senfluga Energy Infrastructure Holdings (18%), and its 66% stake in Desfa,
- TBG (29.12%),
- Condor Energy Holdings III (25%), and its 80% stake in GNL Quintero, since 2022
- Vier Gas Holding (24.11%), and its 100% stake in Open Grid Europe, since 2023

Movements in equity accounted investees		In thousands of €
	31-12-2023	31-12-2022
Equity accounted investees – opening balance	**585,031**	**395,891**
Investments	796,368	48,193
Depreciation	0	0
Share in the total comprehensive result	115,611	166,442
Earnings from associates and joint ventures	150,366	79,420
Other comprehensive income items that may be reclassified subsequently to profit or loss	-34,755	87,022
Dividends paid	-162,866	-33,283
Changes in the consolidation scope	-2,371	0
Translation adjustments	3,021	5,963
Capital increases	0	1,825
Capital reductions	0	0
Equity accounted investees – closing balance	**1,334,794**	**585,031**

The €796,368 thousand investment can chiefly be explained by the investment in Open Grid Europe(through Vier Gas Holdings) and in TAP.

The result of these stakes accounted for using the equity method, which comes to €150,366 thousand, is commented in Note 4.6.

Other comprehensive income items that may be reclassified subsequently to profit or loss come to -€34,755 thousand and are mainly linked to the valuation of interest-rate swaps on TAP's financing.

Dividends paid come mainly from TAP, TBG, and Vier Gas Holding.

Note 5.6. Other financial assets

Other financial assets			In thousands of €
	Notes	31-12-2023	31-12-2022
Shares at cost	5.6.1	95,394	613
Investment securities at amortised cost	5.6.2/6	66,016	53,481
Other investments at amortised cost	5.6.2/6	41,083	54,019
Financial instruments at fair value through profit or loss	6	5,131	6,019
Financial instruments at fair value through other comprehensive income	5.6.3/6	20,624	31,269
Other financial assets at cost		313	309
Total		**228,561**	**145,710**

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 increase is explained by the investment in OQ Gas Networks.

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 2025 and 2033.

The assets held by Flux Re are significantly higher than the minimum Solvency II capital requirements (€16.8 million).

5.6.3. As at 31-12-2023, the fair value financial instruments with changes to other comprehensive income mainly concern the derivative instruments (SWAPs) entered into with a view to hedging the interest-rate risk incurred by the group with respect to the financing of Dunkirk LNG and Fluxys SA (see Note 6).

Note 5.7. Other receivables and other non-current assets

Other receivables and other non-current assets			In thousands of €
	Notes	31-12-2023	31-12-2022
Non-current assets	5.7.1	21,266	40,473
Calls for funds and others	5.7.2	88,819	112,241
Total		**110,085**	**152,714**

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 €3,000 thousand loan to the Balansys joint venture, subsidies for operations to be received (€18,352 thousand), and loans to related companies (€67,323 thousand).

Maturity of non-current receivables at au 31-12-2023			In thousands of €
	Between one and five years	More than five years	Total
Non-current assets	21,266	0	21,266
Calls for funds and others	21,496	67,323	88,819
Total	**42,762**	**67,323**	**110,085**

Maturity of non-current receivables at 31-12-2022			In thousands of €
	Between one and five years	More than five years	Total
Non-current assets	40,473	0	40,473
Calls for funds and others	44,719	67,522	112,241
Total	**85,192**	**67,522**	**152,714**

Other non-current assets			In thousands of €
	Notes	31-12-2023	31-12-2022
Plan asset surpluses 'IAS 19 Employee benefits'	5.17	11,835	26,747
Total		**11,835**	**26,747**

Note 5.8. Regulatory assets

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

Regulatory assets			In thousands of €
	31-12-2023	31-12-2022	difference
Presented in the balance sheet as:			
Non-current regulatory assets	39,981	12,546	27,435
Current regulatory assets	9,037	2,300	6,737
Total regulatory assets	**49,018**	**14,846**	**34,172**

The regulatory assets correspond to the items to recoup from future tariffs (2024-2028) and concern the German entities. Following the reduction in sales, the assets have increased and will be recouped from future tariffs.

Movements on the regulatory assets	In thousands of €
Long term & short term	**Total**
Balance as at 01.01.2023	**14,846**
Use	0
Additions	33,133
Interest	1,039
Balance as at 31.12.2023	**49,018**

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

Note 5.9. Inventories

Book value of inventories		In thousands of €
	31-12-2023	31-12-2022
Supplies	**51,763**	**42,818**
Gross book value	55,920	47,039
Impairment losses	-4,157	-4,221
Goods held for resale (gas)	**22,554**	**45,716**
Gross book value	29,805	63,430
Impairment losses	-7,251	-17,714
Work in progress	**244**	**873**
Gross book value	244	873
Impairment losses	0	0
Total	**74,561**	**89,407**

Inventories of materials connected to the transmission network are at their normal levels. The decrease in the gross book value of goods held for resale can primarily be explained by a reduction in average gas prices. See 4.3.5.2 for the evolution of impairment losses on gas stocks.

Impact of movements on net profit/loss		In thousands of €
	31-12-2023	31-12-2022
Inventories – purchased or used	-25,373	49,765
Impairment losses	10,527	-14,965
Total	**-14,846**	**34,800**

Note 5.10. Trade and other receivables

Trade and other receivables	Notes	31-12-2023	31-12-2022
In thousands of €			
Gross trade receivables		131,527	231,206
Impairment losses		-1,577	-1,613
Net trade receivables	**5.10.1**	**129,950**	**229,593**
Other receivables		87,215	60,244
Total		**217,165**	**289,837**

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 decrease in trade receivables is in line with a fall in sales and services to external clients and shows a return to a more regular sales situation.

The credit losses expected and accounted for in trade and other receivables are not very material for the Fluxys group and in addition are often covered by the regulatory system.

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

Net trade receivables according to ageing	31-12-2023	31-12-2022
In thousands of €		
Receivables not past due	127,851	228,617
Receivables < 3 months	1,966	885
Receivables 3 - 6 months	25	0
Receivables > 6 months	17	0
Receivables in litigation or doubtful	91	91
Total	**129,950**	**229,593**

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	31-12-2023	31-12-2022
In thousands of €		
Short-term investments	**192,745**	**259,600**
Cash and cash equivalents	**831,786**	**1,246,531**
Cash equivalents	0	0
Short-term deposits	427,173	587,533
Bank balances	404,581	658,956
Cash in hand	32	42
Total	**1,024,531**	**1,506,131**

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

The decrease in short-term deposits and bank balances is largely due to investments and the payment of the solidarity contribution.

Note 5.12. Other current assets

Other current assets	Notes	31-12-2023	31-12-2022 (In thousands of €)
Accrued income		9,908	6,200
Prepaid expenses		28,139	20,164
Other current assets	5.12.1	1,315	2,972
Total		**39,362**	**29,336**

Other current assets mainly comprise accrued income of €9,908 thousand and prepaid expenses of €28,139 thousand (insurance, rent etc.).

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 2021, 2022 and 2023, there were capital increases of €0.4 million, €2.6 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 2023, Fluxys' shareholder structure was as follows:

- 77.44%: Publigas
- 15.24%: EIP Neon Holding I.
- 3.44%: SFPI (Federal Holding and Investment Company).
- 1.98%: AG Insurance.
- 1.32%: Ethias & EthiasCo.
- 0.58%: employees and management.

Non-controlling interests amount to €1,199 million, representing mainly the 10.00% stake held by minority shareholders in Fluxys Belgium SA and its subsidiaries (€71.7 million); 49.35% in FluxSwiss (€366.8 million); 23.68% in Interconnector (€41.0 million) and the 69.61% in Dunkirk LNG (€719.4 million), with the balance represented by those in Flexfueler (€0.5 million).

Note on parent entity shareholding	Ordinary shares	Preferential shares	Total
I. Movements in number of shares			
1. Number of shares, opening balance	87,177,294	0	**87,177,294**
2. Number of shares issued	11,798	0	**11,798**
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	87,189,092	0	**87,189,092**
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			In thousands of €
	Notes	31-12-2023	31-12-2022
Leases	5.14.1	128,540	144,324
Bonds	5.14.2	1,261,756	1,242,118
Other borrowings	5.14.3	1,431,555	1,043,336
Joint arrangements	5.14.4	58,576	56,664
Total		**2,880,427**	**2,486,442**
Of which debts guaranteed by the public authorities or by actual sureties		0	0

Current interest-bearing liabilities			In thousands of €
	Notes	31-12-2023	31-12-2022
Leases	5.14.1	21,866	21,749
Bonds	5.14.2	3,468	3,456
Other borrowings	5.14.3	93,126	111,868
Total		**118,460**	**137,073**
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 2023, 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 31-12-2023 include:

- Bank loans taken out by Dunkerque LNG, for €500 million, of which €400 million is repayable by 30-03-2028 and €100 million repayable on a straight-line basis from 2027 until 31-12-2036, as well as bonds for an amount of €300 million repayable on a straight-line basis from 2027 until 31-12-2036. SWAP instruments were acquired by the group to limit the risk incurred with variable interest rates for these loans (see Note 6).
- 25-year loans (the balance of which is €206.0 million as at the end of December 2023 after partial repayment of €20 million in 2023) 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 in 2021 for a total of €100 million maturing in 2025, loans taken out in 2023 to finance the acquisition of OGE, for a total of €500 million, with €200 million maturing in 2026 and the balance in 2028, as well as the €30 million obtained in 2018, with final maturity in 2028.
- Loans taken out in CHF by FluxSwiss and Transitgas the balance of which was €83.3 million as at 31-12-2023. 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 €115.7 million as at 31-12-2023.
- A fixed-rate loan granted by SFPI for €30.0 million maturing in 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).

	31-12-2022	Cash flow	Other movements		Other movements (continued)			Balance at 31.12.2023
			New leases	Reclass non-current/ current	Variation in accrued interests payable	Amortisation of issuance costs	Exchange rate differences	
Non-current interest-bearing liabilities	**2,486,442**	**489,413**	**8,395**	**-105,894**	**0**	**-985**	**3,056**	**2,880,427**
Leases	144,324	0	8,395	-25,393	0	0	1,214	128,540
Bonds	1,242,118	-1,000	0	19,596	0	1,042	0	1,261,756
Other liabilities	1,043,336	489,955	0	-100,097	0	-2,027	388	1,431,555
Joint arrangements	56,664	458	0	0	0	0	1,454	58,576
Current interest-bearing liabilities	**137,073**	**-128,788**	**82**	**105,894**	**738**	**-740**	**4,201**	**118,460**
Leases	21,749	-27,765	82	25,393	0	0	2,407	21,866
Bonds	3,456	0	0	0	12	0	0	3,468
Other borrowings	111,868	-101,023	0	80,501	726	-740	1,794	93,126
Total	**2,623,515**	**360,625**	**8,477**	**0**	**738**	**-1,725**	**7,257**	**2,998,887**

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 (€987 thousand in total) corresponds to the difference between:

- the interests paid, including leases (see note IV.3.1 of the statement of cash flows: -€98,228 thousand) and
- the sum of borrowing interest costs and interests on lease liabilities (see Note 4.5: €137,081 thousand) minus the interest on regulatory liabilities of €39,840 thousand = €97,241 thousand.

Maturity of interest-bearing liabilities at 31-12-2023 undiscounted				In thousands of €
	Up to one year	Between one and five years	More than five years	Total
Leases	25,527	68,028	130,095	223,650
Bonds	36,617	475,681	1,064,824	1,577,122
Other borrowings	140,195	1,290,099	305,444	1,735,738
Joint arrangements	0	58,576	0	58,576
Total	**202,339**	**1,892,384**	**1,500,363**	**3,595,086**

Maturity of interest-bearing liabilities at 31-12-2022 undiscounted				In thousands of €
	Up to one year	One to five years	More than five years	Total
Leases	27,116	88,679	109,739	225,534
Bonds	36,515	455,804	1,098,212	1,590,531
Other borrowings	141,292	438,039	725,944	1,305,275
Joint arrangements	0	56,664	0	56,664
Total	**204,923**	**1,039,186**	**1,933,895**	**3,178,004**

Note 5.15. Regulatory liabilities

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

Regulatory liabilities				In thousands of €
	Note	31.12.2023	31.12.2022	difference
Other financing – non-current		888,754	612,584	276,170
Other financing – current		203,249	149,863	53,386
Total of other financing (A)	**5.15.1**	**1,092,003**	**762,447**	**329,556**
Other liabilities – non-current		355,260	259,123	96,137
Other liabilities – current		17,776	46,622	-28,846
Total of other liabilities (B)	**5.15.2**	**373,036**	**305,745**	**67,291**
Total of regulatory liabilities (A+B = C)		**1,465,039**	**1,068,192**	**396,847**
Presented in the balance sheet as:				
Regulatory liabilities – non-current		1,244,014	871,707	372,307
Regulatory liabilities – current		221,025	196,485	24,540
Total of regulatory liabilities (C)		**1,465,039**	**1,068,192**	**396,847**

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. Auction premiums of EUR 370.0 million were realised in 2023 in Belgium; this amount was recorded under 'Other financing – long-term'. This presentation is justified by the different regulatory treatment applied in Belgium to auction premiums in accordance with the European network code.

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 at the average 1-year Euribor rate. This category also includes the regulatory liabilities accounted for in Interconnector.

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 01.01.2023	**762,446**	**305,747**	**1,068,193**
Use	-60,380	-124,990	-185,370
Additions	370,025	169,946	539,971
Interests	21,328	18,512	39,840
Transfers	-1,416	1,416	0
Others (CTA)	0	2,405	2,405
Closing balance at 31.12.2023	**1,092,003**	**373,036**	**1,465,039**

The sum of use and additions of regulatory assets and liabilities amounts to €354.601 thousand (above) and -€33,078 thousand (Note 5.8). This sum also contains a use of €65,239 thousand to finance investments, in agreement with the regulator. As this specific use had no impact on the profit/loss, it is not included in the movement of regulatory assets and liabilities provided in Note 4 (€363,927 thousand + €22,835 thousand).
This net increase 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 €39,840 thousand interest charge on regulatory liabilities was accounted for in the finance costs.

Note 5.16. Provisions

5.16.1. Provisions for employee benefits

Provisions for employee benefits	In thousands of €
Provisions at 31-12-2022	**56,128**
Additions	11,449
Use	-9,068
Release	0
Unwinding of the discount	9,286
Actuarial gains/losses recognised in the profit/loss (seniority bonuses)	1,268
Expected return on plan assets	-7,798
Actuarial gains/losses recognised in equity	19,742
Reclassification to the assets	-16,569
Foreign exchange effect	79
Provisions at 31-12-2023, of which:	**64,517**
Non-current provisions	59,839
Current provisions	4,678

The provisions for employee benefits have increased by €8,389 thousand. This increase can primarily be explained by the combination of effects of changes in experience. In addition to the reduction in provisions, there is also a decrease in the surplus from plan assets (see Note 5.17).

5.16.2. Other provisions

Provisions for:	Litigation and claims	Environment and site restoration	Other	Total other provisions (In thousands of €)
Provisions at 31-12-2022	**2,815**	**91,362**	**0**	**94,177**
Additions	223	310	99	632
Use	-42	-11	0	-53
Release	0	0	0	0
Unwinding of the discount	0	3,091	0	3,091
Foreign exchange effect	13	1,429	0	1,442
Other changes	0	0	0	0
Provisions at 31-12-2023, of which:	**3,009**	**96,181**	**99**	**99,289**
Non-current provisions	3,009	95,989	0	98,998
Current provisions	0	192	99	291

Provisions for litigation and claims

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 inflation rates used for the provision for decommissioning linked to the Dunkerque LNG tanker terminal facilities (as a counterparty to the decommissioning asset in line with IFRIC 1).

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	12,081	-9,121	2,960
Financial profit (loss)	12,377	-6,530	5,847
Total	**24,458**	**-15,651**	**8,807**

Maturity of provisions at 31-12-2023 (In thousands of €)	Up to one year	Between one and five years	More than five years	Total
Litigation and claims	0	360	2,649	3,009
Environment and site restoration	192	1,601	94,388	96,181
Other	99	0	0	99
Subtotal	**291**	**1,961**	**97,037**	**99,289**
Employee benefits	4,678	25,689	34,150	64,517
Total	**4,969**	**27,650**	**131,187**	**163,806**

Maturity of provisions at 31-12-2022 (In thousands of €)	Up to one year	Between one and five years	More than five years	Total
Litigation and claims	0	234	2,581	2,815
Environment and site restoration	0	23,235	68,127	91,362
Subtotal	**0**	**23,469**	**70,708**	**94,177**
Employee benefits	4,043	22,084	30,001	56,128
Total	**4,043**	**45,553**	**100,709**	**150,305**

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 2023 year-end, the defined benefit pension plans have surplus plan assets of €13,150 thousand (2022: €29,719 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 **	
	2023	2022	2023	2022
Present value of funded obligations	-243,859	-214,370	-37,668	-33,141
Fair value of plan assets	232,695	221,102	0	0
Funded status of plans	**-11,164**	**6,732**	**-37,668**	**-33,141**
Effect of the asset ceiling	-2,535	0	0	0
Other	0	0	0	0
Net employee benefit liability	**-13,699**	**6,732**	**-37,668**	**-33,141**
Of which assets	13,150	29,719	0	0
Of which liabilities	-26,849	-22,987	-37,668	-33,141

* 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	
	2023	2022	2023	2022
At the start of the period	**-214,370**	**-247,170**	**-33,141**	**-48,328**
Service costs	-10,193	-10,803	-785	-1,353
Early retirement costs	-222	-1,040	0	0
Financial loss (-) / profit (+)	-7,992	-1,954	-1,294	-501
Participant's contributions	-1,274	-1,154	0	0
Change in demographic assumptions	-379	-2,712	-24	-611
Change in financial assumptions	-9,632	52,593	-2,478	16,292
Change from experience adjustments	-9,172	-12,365	-2,107	-401
Past service costs	0	272	0	0
Benefits paid	10,437	10,013	2,161	1,761
Change in the consolidation scope	0	0	0	0
Reclassifications	0	0	0	0
Other	-1,062	-50	0	0
At the end of the period	**-243,859**	**-214,370**	**-37,668**	**-33,141**

The change in financial assumptions is mainly due to the change in the discount rate.

Movements in the fair value of plan assets

In thousands of €	Pensions		Other	
	2023	2022	2023	2022
At the start of the period	**221,102**	**237,452**	**0**	**0**
Interest income	7,798	1,801	0	0
Return on plan assets (excluding net interest income)	9,368	-29,203	0	0
Employer's contributions	6,658	14,099	2,161	1,761
Participants' contributions	1,274	1,154	0	0
Benefits paid by participants	-10,437	-10,013	-2,161	-1,761
Change in financial assumptions	-4,051	5,818	0	0
Other	-1,552	-6	0	0
At the end of the period	**230,160**	**221,102**	**0**	**0**
Actual return on plan assets	**17,166**	**-27,402**	**0**	**0**

The return on pension plan assets in 2023 is considerably higher than in 2022 following difficult conditions on the financial markets in 2023.

Costs recognised in profit or loss

In thousands of €	Pensions		Other	
	2023	2022	2023	2022
Cost				
Service costs	-10,193	-10,803	-785	-1,353
Early retirement costs	-222	-1,040	0	0
Past service costs	0	272	0	0
Actuarial gains/(losses) on other long-term benefits	-1,268	122	0	0
Net interest on net liabilities/(assets)				
Interest expense on obligations	-7,992	-1,954	-1,294	-501
Interest income on plan assets	7,798	1,801	0	0
Costs recognised in profit or loss	**-11,877**	**-11,602**	**-2,079**	**-1,854**

Actuarial losses (gains) recognised in other comprehensive income

In thousands of €	Pensions		Other	
	2023	2022	2023	2022
Change in demographic assumptions	-379	-2,712	-24	-611
Change in financial assumptions	-12,415	58,289	-2,478	16,292
Change from experience adjustments	-9,172	-12,365	-2,107	-401
Effect of the asset ceiling	-2,535	0	0	0
Return on plan assets (excluding net interest income)	9,368	-29,203	0	0
Actuarial gains (losses) recognised in other comprehensive income	**-15,133**	**14,009**	**-4,609**	**15,280**

Allocation of obligation by type of participant to the plan

In thousands of €	2023	2022
Active plan participants	-232,272	-206,014
Non-active participants with deferred benefits	-24,872	-21,609
Retirees and beneficiaries	-24,383	-19,888
Total	**-281,527**	**-247,511**

Allocation of obligation by type of benefit

In thousands of €	2023	2022
Retirement and death benefits	-243,859	-214,370
Other post-employment benefits (medical expenses and tariff reductions)	-28,813	-24,286
Seniority bonuses	-8,855	-8,855
Total	**-281,527**	**247,511**

Main actuarial assumptions used

	2023	2022
Discount rate between 10 to 12 years	3.03%	3.73%
Discount rate between 13 to 19 years	3.24%	3.75%
Discount rate over 19 years	3.25%	3.73%
Expected average salary increase	2.04%	2.04%
Expected inflation	2.03%	1.99%
Expected increase in health expenses	3.03%	2.99%
Expected increase of tariff advantages	2.03%	1.99%
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

	2023	2022
Listed investments	**94.63%**	**92.83%**
Shares – eurozone	8.30%	13.91%
Shares - outside eurozone	19.78%	14.86%
Government bonds - eurozone	1.99%	0.62%
Other bonds - eurozone	29.30%	28.68%
Other bonds - outside eurozone	35.26%	34.76%
Non-listed investments	**5.37%**	**7.17%**
Insurance contracts	0.00%	0.00%
Real estate	1.63%	1.46%
Cash and cash equivalents	2.47%	4.47%
Other	1.27%	1.25%
Total (in %)	**100.00%**	**100.00%**
Total (in thousands of €)	**232,695**	**221,102**

Sensitivity analysis

Impact on obligation	In thousands of €
	Increase (-) / Decrease (+)
Increase in discount rate (0.50%)	4,951
Average salary increase - Excluding inflation (0.1%)	-1,580
Increase in inflation rate (0.25%)	-3,617
Increase in healthcare benefits (0.1%)	-29
Increase in tariff benefits (0.5%)	-904
Increase in life expectancy of retirees (1 year)	-1,145

Average weighted duration of obligations

	2023	2022
Average weighted duration of defined benefit obligations	8	9
Average weighted duration of other obligations	15	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)	8,942

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 no deferred tax assets on the balance sheet.

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

Deferred tax liabilities accounted for on the balance sheet		In thousands of €
	31-12-2023	31-12-2022
Valuation of assets	607,751	642,844
Accrued income	-611	-327
Fair value of financial instruments	6,679	11,238
Provisions for employee benefits or provisions not accepted under IFRS	128,193	124,463
Other normative differences	7,522	4,669
Total	**749,534**	**782,887**

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 31-12-2022		**782,887**
Of which deferred tax assets		0
Of which deferred tax liabilities		782,887
Evolution of deferred taxes during the year:		
Deferred taxes – Income statement	4.7.2	-35,124
Deferred taxes – other comprehensive income		-9,077
Translation adjustments		10,750
Other		98
Changes in consolidation scope		0
Total deferred taxes at 31-12-2023		**749,534**
Of which deferred tax assets		749,534
Of which deferred tax liabilities		0

As at 31 December 2023, the deferred taxes of €26.4 million were not accounted for on a series of tax attributes. The total amount of tax attributes not accounted for comes to €105.6 million and include reported tax losses and deductions carried forward from dividends received. Most of these tax attributes do not in principle have an expiry date, with the remainder having an expiry date of more than 10 years. Deferred tax assets were not accounted for on these items given the uncertainty relating to the use of these latter to offset sufficient future taxable profits.

Note 5.19. Current trade and other payables

Trade and other payables	In thousands of €	
	31-12-2023	**31-12-2022**
Trade payables	108,152	167,208
Payroll and related items	56,800	63,215
Other payables	98,432	550,330
Total	**263,384**	**780,753**

The significant decrease in other payables is linked to the payment of the exceptional solidarity contribution of €300 million and the repayment of the guarantees received in cash from clients.

Note 6. Financial instruments

Principles for managing financial risks

The Fluxys group is exposed to several financial risks arising from its underlying operations and its business financing operations. These financial risks consist of market risks (including currency risks, interest rate risks and price risks), credit risks and liquidity risks.

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

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

Cash management policy

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

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

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

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

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

At 31-12-2023, current and non-current investments, cash and cash equivalents amounted to €1,132 million, compared with €1,614 million at 31-12-2022.

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 four clients contribute respectively 11%, 11%, 12% and 18% 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 €376 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. As at 31 December 2023, there is no BRL currency hedge.

In 2022, the group acquired a new stake in Chile, the dividends of which are in USD. The exposure to EUR/USD foreign exchange risk is hedged by forward contracts in USD based on the acquisition business plan.

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 2024 and 2027.

In 2023, 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 €35.3 million on equity whilst a 10% variation in the GBP exchange rate would have an impact of €15.3 million on equity, and a variation of 10% in the BRL exchange rate would have an impact of €8.2 million and a variation of 10% in the USD exchange rate would have an impact of €4.6 million attributable to the shareholders of the parent company in 2023. 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.

Most of 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 €4,464 million as at 31-12-2023 compared with €3,692 million as at 31-12-2022.

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 22.5 million) as well as part of the TENP KG loans (for €12.5 million), part of the Fluxys SA loans (€500.0 million) and part of the €400 million loan of Dunkerque LNG are financed with variable rates.

In order to manage this risk exposure, these companies have put in place, except for Fluxys SA, 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 2024 and 2027.

In 2023, 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 €109 thousand as at the end of December 2023.

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 2023 of:

- €0.2 million for FluxSwiss compared to €0.4 million the previous year,
- €5.0 million for Fluxys SA compared to €1.0 million the previous year,
- €0.1 million for TENP KG, identical figure to the previous year, and
- €4.0 million for Dunkirk LNG Holding, 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 31-12-2023. 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 31-12-2023, in line with last year.

6.1 Summary of financial instruments at 31-12-2023				In thousands of €
	Category	Book value	Fair value	Level
I. Non-current assets				
Other financial assets at amortised cost	A	202,806	203,741	1 & 2
Other financial assets at fair value through profit or loss	B*	5,131	5,131	2
Other financial assets at fair value through other comprehensive income	C*	20,624	20,624	2
Finance lease receivables	A	7,382	7,382	2
Other receivables	A	110,085	131,718	2
II. Current assets				
Other financial assets at fair value through profit or loss	B*	1,998	1,998	2
Other financial assets at fair value through other comprehensive income	C*	528	528	2
Finance lease receivables	A	2,516	2,516	2
Trade and other receivables	A	217,165	217,165	2
Cash investments	A	192,745	192,745	1 & 2
Cash and cash equivalents	A	831,786	831,786	1 & 2
Total financial instruments – assets		**1,592,766**	**1,615,334**	
I. Non-current liabilities				
Interest-bearing liabilities	A	2,880,427	2,815,718	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*	9,770	9,770	2
II. Current liabilities				
Interest-bearing liabilities	A	118,460	118,460	2
Other financial liabilities at fair value through profit or loss	B*	2,845	2,845	2
Other financial liabilities at fair value through other comprehensive income	C*	2,103	2,103	2
Trade and other payables	A	263,384	263,384	2
Total financial instruments - liabilities		**3,276,989**	**3,212,280**	

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

The categories correspond to the following financial instruments:

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

6.2 Summary of financial instruments at 31-12-2022 — In thousands of €

	Category	Book value	Fair value	Level
I. Non-current assets				
Other financial assets at amortised cost	A	108,422	108,532	1 & 2
Other financial assets at fair value through profit or loss	B*	6,019	6,019	2
Other financial assets at fair value through other comprehensive income	C*	31,269	31,269	2
Finance lease receivables	A	8,206	8,206	2
Other receivables	A	152,714	155,396	2
II. Current assets				
Other financial assets at fair value through profit or loss	B*	156	156	2
Other financial assets at fair value through other comprehensive income	C*	3,022	3,022	2
Finance lease receivables	A	595	595	2
Trade and other receivables	A	289,837	289,837	2
Cash investments	A	259,600	259,600	1 & 2
Cash and cash equivalents	A	1,246,531	1,246,531	1 & 2
Total financial instruments – assets		**2,106,371**	**2,109,163**	
I. Non-current liabilities				
Interest-bearing liabilities	A	2,486,442	2,410,399	2
Other financial liabilities at fair value through profit or loss	B*	8,151	8,151	2
Other financial liabilities at fair value through other comprehensive income	C*	2,890	2,890	2
II. Current liabilities				
Interest-bearing liabilities	A	137,073	137,073	2
Other financial liabilities at fair value through profit or loss	B*	119	119	2
Other financial liabilities at fair value through other comprehensive income	C*	1,562	1,562	2
Trade and other payables	A	780,753	780,753	2
Total financial instruments - liabilities		**3,416,990**	**3,340,947**	

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

6.3 Summary of derivate instruments at 31-12-2023 — 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			**25,755**	**9,770**	**5.6 & 6**
A. Net investment hedge			**2,409**	**3,088**	**5.6 & 6**
USD	**hedging instruments**	**KUSD 118,337**	**2,409**		
One to five years		KUSD 118,337	2,409		
More than five years		KUSD 0			
CHF	**hedging instruments**	**KCHF 25,176**		**3,088**	**5.6 & 6**
One to five years		KCHF 25,176		3,088	
More than five years		KCHF 0			
B. Cash Flow Hedge			**18,215**	**2,236**	**5.6 & 6**
IRS	**hedging instruments**	**K€400,000**	**18,215**		**6**
One to five years		K€400,000	18,215		
More than five years					
IRS	**hedging instruments**	**K€500,000**		**2,236**	**6**
One to five years		K€500,000		2,236	
More than five years					
C. Natural Hedge			**685**		**5.6 & 6**
Loan USD	**Not designated as hedging instruments**	**KUSD 40,198**	**381**		**6**
One to five years		KUSD 40,198	381		
More than five years					
SEK	**Not designated as hedging instruments**	**KSEK 80,278**	**646**		**5.6 & 6**
One to five years		KSEK 80,278	646		
One to five years					

SEK	**Not designated as hedging instruments**	**-KSEK 80,278**	**-342**		**5.6 & 6**
One to five years		-KSEK 80,278	-342		
One to five years					
D. Other financial instruments	**Not designated as hedging instruments**		**4,446**	**4,446**	**5.6 & 6**
One to five years			4,446	4,446	
More than five years					
II. Current assets and liabilities			**2,526**	**4,948**	**5.6 & 6**
A. Net Investment Hedge			**294**	**2,103**	**5.6 & 6**
CHF	Hedging instrument	KCHF 17,176		2,103	**5.6 & 6**
USD	Hedging instrument	KUSD 7,760	294		**5.6 & 6**
B. Cash Flow Hedge			**415**		**6**
C. Natural Hedge			**1,817**	**2,845**	**5.6 & 6**
SEK	Not designated as hedging instruments	KSEK 16,249	153		5.6 & 6
SEK	Not designated as hedging instruments	-KSEK 16,249	-80		5.6 & 6
CHF	Not designated as hedging instruments	KCHF 1,494		42	6
USD	Not designated as hedging instruments	KUSD 1,876	173		6
Loan USD	**Hedging instrument**	**KUSD 34,109**	**1,560**		**6**

6.4 Summary of derivate instruments at 31-12-2022

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			**37,288**	**11,041**	**5.6 & 6**
A. Net investment hedge			**0**	**2,890**	**5.6 & 6**
CHF	**hedging instruments**	**CHF 42,352**	**0**	**2,890**	**5.6 & 6**
One to five years		**CHF 42,352**	**0**	2,890	
More than five years		CHF 0	0	0	
B. Cash Flow Hedge			**31,555**	**0**	**5.6 & 6**
IRS	**hedging instruments**	**€ 8,031**	**431**	**0**	**6**
One to five years		€ 8,031	431	0	
More than five years		€ 0	0	0	
IRS	**hedging instruments**	**€ 400,000**	**30,838**	**0**	**6**
One to five years		€ 0	0	0	
More than five years		€ 400,00	30,838	0	
CAP	**hedging instruments**	**CHF 41,113**	**286**	**0**	**5.6 & 6**
One to five years		CHF 41,113	286	0	
More than five years		CHF 0	0	0	
C. Natural Hedge			**1,769**	**4,187**	**5.6 & 6**
CCIRS	**Not designated as hedging instruments**	**CHF 23,042**	**0**	**4,187**	**6**
One to five years		CHF 23,042	0	4,187	
More than five years		CHF 0	0	0	
Loan USD	**Not designated as hedging instruments**	**USD 39,647**	**1,403**	**0**	**6**
One to five years		USD 39,647	1,403	0	
More than five years		USD 0	0	0	
SEK	**Not designated as hedging instruments**	**SEK 60,973**	**586**	**0**	**5.6 & 6**
One to five years		SEK 60,973	586	0	
One to five years		SEK 0	0	0	

SEK	**Not designated as hedging instruments**	**SEK -60,973**	**-220**	**0**	**5.6 & 6**
One to five years		SEK -60,973	-220	0	
One to five years		SEK 0	0	0	
D. Other financial instruments	**Not designated as hedging instruments**		3,964	3,964	**5.6 & 6**
One to five years			3,964	3,964	
More than five years			0	0	
II. Current assets and liabilities			**3,178**	**1,681**	**5.6 & 6**
A. Net Investment Hedge			**1,611**	**1,440**	**5.6 & 6**
CHF	Hedging instrument	**CHF 24,109**	**0**	**1,440**	**5.6 & 6**
USD	Hedging instrument	**USD 48,635**	**1,611**	**0**	**5.6 & 6**
B. Cash Flow Hedge			**0**	**122**	**6**
C. Natural Hedge			**1,567**	**119**	**5.6 & 6**
GBP	Not designated as hedging instruments	GBP 7,859	0	49	5.6 & 6
SEK	Not designated as hedging instruments	SEK 23,758	265	0	5.6 & 6
SEK	Not designated as hedging instruments	SEK -23,758	-109		5.6 & 6
JPY	Not designated as hedging instruments	JPY 9,600	0	70	6
USD	Not designated as hedging instruments	USD 34,803	1,411	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. All the victims who have presented themselves to date and who were entitled to compensation have since been compensated.

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 as the inquiry is still underway. No provision has therefore been recognised as at 31-12-2023.

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 31-12-2023. 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 110 slots to be available per contractual year until 2023 and 88 mooring slots per contractual year until 2027.

During the binding window of the Open Season held at the end of 2020 for additional regasification capacity at the Zeebrugge LNG terminal, the full 6 million tonnes per year offered (or close to 10.5 GWh/h) was subscribed to. On this basis, Fluxys LNG took the final investment decision in February 2021 to build the additional necessary infrastructure at the Zeebrugge LNG terminal. The additional regasification capacity will be provided in two steps:

- as from the start of 2024, a total of 4.7 million tonnes per year will already have been supplied,
- a from the start of 2026, the entire additional capacity of 6 million tonnes will have been supplied.

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 2039 with extension option until 2044.

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 2023. Like bonds, these loans also contain a pari passu clause.

Dunkerque LNG obtained €800 million of funding, €400 million of which at a variable rate (hedged by a swap to convert the interest rate into a fixed rate) repayable in March 2028 and with €400 million at a fixed rate repayable on a straight-line basis until the end of 2036 – and with a grace period of 5 years. This loan provides for a contractual clause (financial covenant) of 'Net Debt to EBITDA ratio', and 'Debt service cover ratio', clauses fulfilled by the group as at 31-12-2023.

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 20% 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 €390 million, almost €388 million of which has already been invested on 31-12-2023. Additionally, the Fluxys group participates in the investments in TENP, estimated at €228 million, of which €118 million was invested on the balance sheet date.

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 2023, the Fluxys group executed transactions with the joint operations, Tenp KG and Transitgas, and with associates, i.e. TAP, Condor Holding and Balansys (mainly financing).

Transactions with shareholders of the parent entity concern Publigas, SFPI and EIP, 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 €
	31-12-2023				
	Parent company shareholders	Joint arrange-ments	Associates and joint ventures	Other Related parties	Total
I. Assets with related parties	**21,439**	**0**	**13,000**	**0**	**34,439**
1. Other financial assets	**20,800**	**0**	**3,000**	**0**	**23,800**
1.1. Securities other than shares	0	0	0	0	0
1.2. Other receivables	20,800	0	3,000	0	23,800
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	**639**	**0**	**10,000**	**0**	**10,639**
3.1. Clients	0	0	10,000	0	10,000
3.2. Finance leases	0	0	0	0	0
3.3. Other receivables	639	0	0		639
4. Cash and cash equivalents	**0**	**0**	**0**	**0**	**0**
5. Other current assets	**0**	**0**	**0**	**0**	**0**
II. Liabilities with related parties	**30,000**	**58,576**	**0**	**18,531**	**107,107**
1. Interest-bearing liabilities (current and non-current)	**30,000**	**58,576**	**0**	**18,531**	**107,107**
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	30,000	58,576	0	18,531	107,107
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 €
	31-12-2022				
	Parent company shareholders	Joint arrange-ments	Associates and joint ventures	Other Related parties	Total
I. Assets with related parties	**23,717**	**0**	**15,000**	**0**	**38,717**
1. Other financial assets	**23,500**	**0**	**15,000**	**0**	**38,500**
1.1. Securities other than shares	0	0	0	0	0
1.2. Other receivables	23,500	0	15,000	0	38,500
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	**217**	**0**	**0**	**0**	**217**
3.1. Clients	0	0	0	0	0
3.2. Finance leases	0	0	0	0	0
3.3. Other receivables	217	0	0	0	217
4. Cash and cash equivalents	**0**	**0**	**0**	**0**	**0**
5. Other current assets	**0**	**0**	**0**	**0**	**0**
II. Liabilities with related parties	**30,000**	**56,664**	**0**	**20,929**	**107,593**
1. Interest-bearing liabilities (current and non-current)	**30,000**	**56,664**	**0**	**20,929**	**107,593**
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	30,000	56,664	0	20,929	107,593
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 €
	31-12-2023				
	Parent company shareholders	Joint arrangements	Associates and joint ventures	Other Related parties	Total
III. Transactions with related parties	**0**	**0**	**0**	**0**	**0**
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**	**1,763**	**0**	**1,763**
4. Services received (-)	**0**	**0**	**0**	**0**	**0**
5. Net financial result	**-732**	**-4,011**	**0**	**-1,020**	**-5,763**
6. Directors' and senior executives' remuneration				**4,646**	**4,646**
of which short-term employee benefits				3,986	3,986
of which post-employment benefits				660	660

Related parties					In thousands of €
	31-12-2022				
	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**	**1,888**	**0**	**1,888**
4. Services received (-)	**0**	**0**	**0**	**0**	**0**
5. Net financial result	**-686**	**-3,832**		**-1,566**	**-6,084**
6. Directors' and senior executives' remuneration				**3,808**	**3,808**
of which short-term employee benefits				3,163	3,163
of which post-employment benefits				645	645

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

Fluxys Belgium and CREG agreed, in February 2024, to propose to the market, by way of a public consultation, changes in the tariff method for the natural gas transmission network, the natural gas storage facility and the LNG facility for the regulatory period 2024-2027.

The tariff method, adopted in June 2022, anticipates the use of a risk-free rate of 1.68% to calculate the margin, including for the four years of the 2024-2027 regulatory period. In a current context of considerable volatility in interest rates, a global upward trend for the past two years and particularly high inflation in 2022, a certain number of changes are needed to guarantee operators fair compensation for the capital invested in regulated assets, and allow them to make the necessary investments to perform their tasks.

The public consultation on the changes in the tariff method will be held from 14 March to 14 April 2024. The impact of the proposed changes will be covered with changes to the regulatory account. The tariffs established by the CREG for the period 2024-2027 therefore remain unchanged at this stage.

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 2023.

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 €
	31-12-2023	31-12-2022
Formation expenses	**3,082**	**536**
Fixed assets	**2,818,873**	**2,315,348**
Intangible assets	0	0
Property, plant and equipment	403	504
Financial fixed assets	2,818,470	2,314,844
Current assets	**1,767,149**	**2,147,401**
Amounts receivable after more than one year	776,320	1,058,251
Stock and contracts in progress	0	0
Amounts receivable within one year	401,159	90,921
Cash investments	494,249	685,736
Cash at bank and in hand	67,873	300,583
Deferred charges and accrued income	27,547	11,910
Total	**4,589,104**	**4,463,285**

Liabilities		In thousands of €
	31-12-2023	31-12-2022
Equity	**1,917,727**	**1,884,982**
Capital	1,709,060	1,708,824
Share premium account	82,795	82,641
Revaluation surpluses	0	0
Reserves	98,800	89,636
Accumulated profits (losses)	27,072	3,881
Capital subsidies	0	0
Provisions and deferred taxes	**0**	**0**
Provisions for liabilities and charges	0	0
Deferred tax	0	0
Amounts payable	**2,671,377**	**2,578,303**
Amounts payable after more than one year	908,681	508,868
Amounts payable within one year	1,743,998	2,056,293
Accrued charges and deferred income	18,698	13,142
Total	**4,589,104**	**4,463,285**

2. Income statement

Income statement		In thousands of €
	31-12-2023	31-12-2022
Operating income	15,603	12,539
Operating charges	31,663	29,013
Operating profit	**-16,060**	**-16,474**
Financial income	321,779	191,758
Finance costs	119,583	22,462
Net financial income	**202,196**	**169,296**
Earnings before taxes	**186,136**	**152,822**
Transfer from deferred taxes	**0**	**5**
Income tax expenses	**2,865**	**1,557**
Net profit/loss for the period	**183,270**	**151,270**
Transfer to untaxed reserves	**0**	**0**
Profit for the period available for appropriation	**183,270**	**151,270**

Fluxys' net profit was €183,270 thousand compared to €151,270 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 €
	31-12-2023	31-12-2022
Profit to be appropriated	**187,151**	**155,097**
Profit for the period available for appropriation	183,270	151,270
Profit carried forward from the previous period	3,881	3,827
Transfer from equity	**0**	**0**
From reserves	0	0
Transfer to equity	**9,164**	**7,563**
To the legal reserve	9,164	7,563
To the other reserves	0	0
Result to be carried forward	**27,072**	**3,881**
Profit to be carried forward	27,072	3,881
Profit to be distributed	**150,915**	**143,653**
Dividends	150,915	143,653

4. Capital at the end of the period

Capital at the end of the period			In thousands of €
			31-12-2023
Subscribed capital			
At the end of the previous period			1,743,546
At the end of the period			1,743,781
Capital represented by			
Registered shares			87,189,092
Dematerialised shares			0
Bearer shares			0
Shareholders' structure :			
Shareholders	***Type***	***Number of voting rights declared***	***%***
Publigas	Shares without nominal value	67,529,377	77.44
EIP Neon Holding I	Shares without nominal value	13,285,348	15.24
Société Fédérale de Participations et d'Investissement	Shares without nominal value	3,000,442	3.44
AG Insurance	Shares without nominal value	1,722,884	1.98
Ethias	Shares without nominal value	1,033,731	1.19
Ethias Co	Shares without nominal value	114,859	0.13
Membres du personnel et du management	Shares without nominal value	502,451	0.58

5. Income taxes

Income taxes	In thousands of €
	31-12-2023
Breakdown of heading 670/3	
Income taxes on the result of the current period	6
Taxes and withholding taxes due or paid	12,077
Excess of income tax prepayments	-12,071
Estimated additional taxes	
Income taxes on previous periods	2,859
Additional taxes due or paid	2,859
Additional taxes (estimated or provided for)	
Reconciliation between profit before taxes and estimated taxable profit	
Profit before taxes	**186,136**
Permanent differences:	
Definitively taxed income	-222,271
Non-deductible expenses	450
Notional interest	0
Transfer from deferred taxes	0
Impairment of financial assets	1,581
Intra-group transfer	-2,849
Estimated profit before tax	**-36,953**

6. Workforce

6.1. Headcount

A. Employees recorded in the personnel register

1a During the current period	Total	Men	Women
Average number of employees			
Full time	37,8	20,9	16,9
Part-time	15,3	11,4	3,9
Total in full-time equivalents (FTE)	43,4	24,9	18,5
Number of hours actually worked			
Full time	58,580	33,744	24,836
Part-time	8,418	6,316	2,102
Total	66,998	40,060	26,938
Employee expenses			
Full time	6,783,125 €	3,692,365 €	3,090,760 €
Part-time	2,726,906 €	2,013,654 €	713,252 €
Total	9,510,031 €	5,706,019 €	3,804,012 €
Advantages in addition to wages	**65,650 €**	**39,390 €**	**26,260 €**

1b. During the previous period	Total	Men	Women
Average number of employees (FTE)	49,9	32,1	17,8
Number of hours actually worked	77,524	50,741	26,783
Employee expenses	10,339,313 €	7,109,312 €	3,230,001 €
Advantages in addition to wages	66,581 €	45,781 €	20,800 €

2. At the closing of the period	Full time	Part-time	Total FTE*
a. Employees recorded in the personnel register	**39**	**15**	**44,2**
b. By nature of the employment contract			
Contract for an indefinite period	39	15	44,2
Contract for a definite period	0	0	0,0
Contract for execution of specifically assigned work	0	0	0,0
Replacement contract	0	0	0,0
c. According to gender and study level			
Men	21	11	24,6
Primary education	0	0	0,0
Secondary education	1	0	1,0
Higher non-university education	2	0	2,0
University education	18	11	21,6
Women	18	4	19,6
Primary education	0	0	0,0
Secondary education	0	0	0,0
Higher non-university education	6	1	6,3
University education	12	3	13,3
d. By professional category			
Management	32	15	37,2
Employees	7	0	7,0
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	0.6	0,0
Number of hours actually worked	1,144	0,0
Costs for the enterprise	59,972 €	0.0 €

6.2. Table of movements in personnel during the period

	Full time	Part-time	Total FTE*
Entries			
a. Employees recorded in the personnel register	**10**	**0**	**10,0**
b. By nature of the employment contract			
Contract for an indefinite period	10	0	10,0
Contract for a definite period	0	0	0,0
Contract for execution of specifically assigned work	0	0	0,0
Replacement contract	0	0	0,0
Exits			
a. Employees whose contract end-date has been recorded in the personnel register in this financial year	**10**	**1**	**10,8**
b. By nature of the employment contract			
Contract for an indefinite period	10	1	10,8
Contract for a definite period	0	0	0,0
Contract for execution of specifically assigned work	0	0	0,0
Replacement contract	0	0	0,0
c. By reason of termination of contract			
Retirement	0	1	0,8
Early retirement	0	0	0,0
Dismissal	1	0	1,0
Other reason	9	0	9,0
Of which: the number of persons who continue to render services to the company at least part-time on a self-employed basis	0	0	0.0

* full-time equivalent

6.3. Information on training provided to employees during the period

	Men	Women
Initiatives in formal continued professional development at the expense of the employer		
Number of employees involved	22	16
Number of actual training hours	454	242
Net costs for the enterprise	154,352 €	88,380 €
Of which gross costs directly linked to training	154,352 €	88,380 €
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	18	14
Number of actual training hours	451	276
Net costs for the enterprise	47,348 €	38,750 €
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 €

Independent auditor's report and declaration by responsible persons

Independent auditor's report to the general meeting of Fluxys SA for the year ended 31 December 2023

In the context of the statutory audit of the Consolidated Financial Statements) of Fluxys NV (the "Company") and its subsidiaries (together the "Group"), we report to you as statutory auditor. This report includes our opinion on consolidated balance sheet as at 31 December 2023, 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 2023 and the disclosures including material accounting policy information (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 10 May 2022, in accordance with the proposition by the Board of Directors following recommendation of the Audit Committee. Our mandate expires at the shareholders' meeting that will deliberate on the Consolidated Financial Statements for the year ending 31 December 2024. We performed the audit of the Consolidated Financial Statements of the Group during 5 consecutive years.

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have audited the Consolidated Financial Statements of Fluxys NV, that comprise of consolidated balance sheet on 31 December 2023, 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 ,including material accounting policy information, which show a consolidated balance sheet total of € 9.545,0 million and of which the consolidated income statement shows a profit for the year of € 327,1 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 2023, 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 (“ISA’s”) applicable in Belgium. In addition, we have applied the ISA's approved by the International Auditing and Assurance Standards Board (“IAASB”) that apply at the current year-end date and have not yet been approved at national level. 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 ISA’s 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 ISA’s, we exercise professional judgment and we maintain professional skepticism throughout the audit. We also perform the following tasks:

- identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements resulting from fraud is higher than when such misstatements result from errors, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining insight in the system of internal controls that are relevant for the audit and with the objective to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control;
- evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;
- conclude on the appropriateness of the Board of Directors’ use of the going-concern basis of accounting, and based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s or Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going-concern;
- evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and evaluating whether the Consolidated Financial Statements reflect a true and fair view of the underlying transactions and events.

We communicate with the Audit Committee within 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.

Responsibilities of the auditor

In the context of our mandate and in accordance with the additional standard to the ISA's applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Directors' report on the Consolidated Financial Statements, as well as to report on these matters.

Aspects relating to Board of Directors' 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 contains 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, 16 April 2024

EY Bedrijfsrevisoren BV
Statutory auditor
Represented by

Wim Van Gasse *
Partner
*Acting on behalf of a BV/SRL

24WVG0076

Declaration by responsible persons

Declaration regarding the financial year ended 31 December 2023

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, 28 March 2024

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

Glossary

Pertinence of published financial ratios

The Fluxys group continually evaluates its financial solidity, in particular using the following financial ratios:

- **Solvency:** The ratio between net financial debt and the sum of equity and net financial debt indicates the solidity of the Fluxys group's financial structure.
- **Interest coverage:** The ratio between the FFO, before interest expenses, and interest expenses represents the group's capacity to cover its interest expenses thanks to its operating activities.
- **Net financial debt/extended RAB:** This ratio expresses the share of the extended RAB financed by external debt.
- **FFO/Net financial debt:** This ratio is to determine the group's capacity to pay off its debts based on cash generated by its operating activities.
- **RCF/Net financial debt:** This ratio is to determine the group's capacity to pay off its debts based on cash generated by its operating activities after payment of dividends.

Definition of indicators

Other property, plant and equipment investments outside the RAB
Average combined investments in property, plant and equipment linked to the extensions to the Zeebrugge LNG terminal and in unregulated activities.

Net finance costs
Interest charges less financial income from lease contracts, interest on investments and cash equivalents and other interest received, excluding interest on regulatory assets and liabilities.

Interest expenses
Interest expenses on debts (including interest charges on leasing debts), less interest on regulatory liabilities.

EBIT
Earnings Before Interests and Taxes, or operating profit/loss from continuing operations plus the result of investments accounted for using the equity method and the dividends received from non-consolidated entities. EBIT is used to monitor the operational performance of the group over time.

EBITDA
Earnings Before Interests, taxes, depreciation and amortisation, or operating profit/loss from continuing operations plus the result of investments accounted for using the equity method and the dividends received from non-consolidated entities. EBITDA is used to monitor the operational performance of the group over time, without considering non-cash expenses.

Net financial debt
Interest-bearing liabilities (including leases and guarantees granted), less regulatory liabilities, non-current loans linked to debts, cash linked to early refinancing transactions and 75% of the balance of cash, cash equivalents and short- and long-term cash investments (the other 25% is considered as reserve for operational needs and therefore not available for investments). This indicator gives an idea about the amount of interest-bearing debt that would remain if all available cash would be used to reimburse loans. In order to more faithfully reflect reality, the exceptional solidarity contribution of 300 million euros was withdrawn from cash when calculating the net financial debt. This debt was accounted for on 31 December, whereas the payment was made in January 2023, which has a significant impact on the calculation.

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 €)	31.12.2023	31.12.2022	Notes
Operating profit/loss from continuing operations	325,772	417,589	4
Depreciations	467,658	471,548	4.3.5
Provisions	1,169	-6,024	4.3.5
Impairment losses	6,731	26,612	4.3.5
Earnings from associates and joint ventures	150,366	79,420	4.6
Dividends from unconsolidated entities	8,500	0	4.4.2
EBITDA (in thousands of €)	**960,196**	**989,145**	

Fluxys SA consolidated income statement (in thousands of €)	31.12.2023	31.12.2022	Notes
Operating profit/loss from continuing operations	325,772	417,589	4
Earnings from associates and joint ventures	150,366	79,420	4.6
Dividends from unconsolidated entities	8,500	0	4.4.2
EBIT (in thousands of €)	**484,638**	**497,009**	

Fluxys SA consolidated income statement (in thousands of €)	31.12.2023	31.12.2022	Notes
Financial income from lease contracts	1,132	1,112	4.4
Interest income on investments, cash and cash equivalents at fair value through profit and loss	29,844	10,727	4.4
Other interest income	13,508	1,009	4.4
Borrowing interest costs	-130,601	-66,932	4.5
Borrowing interest cost on leasing	-6,480	-7,425	4.5
Interest on regulatory assets and liabilities	38,801	6,207	
Net financial expenses (in thousands of €)	**-53,796**	**-55,302**	

Fluxys SA consolidated income statement (in thousands of €)	31.12.2023	31.12.2022	Notes
Borrowing interest costs	-130,601	-66,932	4.5
Borrowing interest costs on leasing	-6,480	-7,425	4.5
Interest on regulatory liabilities	39,840	6,623	
Interest expenses (in thousands of €)	**-97,241**	**-67,734**	

Fluxys SA consolidated income statement (in thousands of €)	31.12.2023	31.12.2022	Notes
Operating profit/loss from continuing operations	325,772	417,589	4
Operating revenue - Movements in regulatory assets and liabilities	386,762	588,379	4
Depreciation	467,658	471,548	4.3.5
Provisions	1,169	-6,024	4.3.5
Impairment losses	6,731	26,612	4.3.5
Inflows related to associates and joint ventures	162,866	33,283	E
Dividends from unconsolidated entities	8,500	0	4.4.2
Net financial expenses	-53,796	-55,302	
Current tax	-97,322	-119,261	4.7
FFO (in thousands of €)	**1,208,340**	**1,356,824**	

Fluxys SA consolidated income statement (in thousands of €)	31.12.2023	31.12.2022	Notes
FFO	1,208,340	1,356,824	E
Dividends paid	-239,883	-188,992	
RCF	**968,457**	**1,167,832**	

Fluxys SA consolidated balance sheet (in thousands of €)	31.12.2023	31.12.2022	Notes
Non-current interest-bearing liabilities	2,880,427	2,486,442	5.14
Current interest-bearing liabilities	118,460	137,073	5.14
Granted guarantees	0	0	7.7
Non-current loan	-21,266	-40,473	5.7
Cash investments (75%)	-144,559	-194,700	5.11
Cash and cash equivalents (75%)	-623,840	-709,898	5.11
Other financial assets (75%)	-80,324	-80,625	5.6.2
Net financial debt (in thousands of €)	**2,128,898**	**1,597,819**	

Fluxys SA consolidated balance sheet (in millions of €)	31.12.2023	31.12.2022	Toelichting
Transmission	2,937.6	2,941.1	
Transmission - Fluxys Belgium	2,046.6	2,059.1	
Transmission - Fluxys TENP/TENP	329.0	305.0	
Transmission - Fluxys Deutschland	562.0	577.0	
Storage	228.0	228.0	
LNG terminalling	311.0	305.7	
RAB (in millions of €)	**3,476.6**	**3,474.9**	
Other tangible investments outside RAB	2,785.5	2,755.7	
Extended RAB (in millions of €)	**6,262.1**	**6,230.6**	

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

Questions about financial or accounting data
Geert Hermans
+32 2 282 75 66 – geert.hermans@fluxys.com

Press contacts
+32 471 95 00 24 – press@fluxys.com

Creation and realisation
www.chriscom.eu

Photography
Will Anderson, Serch Carrière, Renaud Coppens, Fabrice Debatty, Julien De Wilde, Frédéric Garrido-Ramirez, Rodrigo Gomez Rovira / GNL Quintero, Jasper Leonard, Christophe Licoppe, Nicolas Lobet, OGE, OQGN, Valentyna Rostovikova, David Samyn, TBG

Fluxys Belgium
Avenue des Arts 31 – 1040 Brussels
+32 2 282 72 11 – www.fluxys.com

VAT BE 0827.783.746 – RPM Bruxelles

D/2024/9484/3

Responsible editor
Leen Vanhamme
Avenue des Arts 31 – 1040 Brussels

This financial annual report is also available in Dutch and French. Contact our communication department to obtain a copy: communication@fluxys.com.

https://be.linkedin.com/company/fluxys

@FluxysGroup

instagram@fluxys