Economic Group Fluvius

Consolidated Financial Statements IFRS

Year end 31 December 2020

Content

Financial Statements

Consolidated statement of profit or loss

(In thousands of EUR)	Notes	2020	2019
Operating revenue	**6**	**3.487.243**	**3.472.010**
Revenue from contracts with customers		2.923.733	2.991.498
Other operating income		135.407	84.456
Own construction, capitalized		428.103	396.056
Operating expenses		**-2.944.678**	**-2.954.901**
Cost of trade goods	7	-1.419.362	-1.414.554
Cost for services and other consumables	8	-437.231	-463.369
Employee benefit expenses	9	-619.288	-589.852
Depreciation, amortization, impairments and changes in provisions	10	-476.897	-449.171
Other operational expenses	11	-83.115	-63.044
Regulated transfers	12	91.215	25.089
Result from operations		**542.565**	**517.109**
Finance income	13	117.891	107.040
Finance costs	13	-187.103	-208.309
Profit before tax		**473.353**	**415.840**
Income tax expenses	14	-110.623	-84.925
Profit for the period		**362.730**	**330.915**

Consolidated statement of comprehensive income

(In thousands of EUR)	Notes	2020	2019
Profit for the period		**362.730**	**330.915**
Other comprehensive income			
Items not to be reclassified to profit or loss in subsequent periods			
Actuarial gains (losses) on long-term employee benefits	26	-85.437	-201.023
Actuarial gains (losses) on rights to reimbursement on post-employment employee benefits	26	100.875	144.014
Fair value other investments	19	268.018	326.974
Deferred tax gains (losses)	14	6.117	25.609
Net other comprehensive income not being reclassified to profit or loss in subsequent periods		**289.573**	**295.574**
Total comprehensive income for the period		**652.303**	**626.489**

As a result of the acquisition in 2019 of ex-Integan, 40 k EUR was recognized in other comprehensive income (see note 'Expansion of the Fluvius Economic Group).

Consolidated statement of financial position

(In thousands of EUR)	Notes	2020	2019
Non-current assets		**14.899.187**	**14.190.941**
Intangible assets	15	114.303	95.850
Property, plant and equipment	16	11.665.019	11.407.129
Right-of-use assets	17	42.147	45.959
Investment in joint ventures and associates	18	2.017	2.016
Other investments	19, 32	2.064.271	1.709.053
Rights to reimbursement on post-employment employee benefits	26	443.513	353.605
Long-term receivables, other	20, 32	567.917	577.329
Current assets		**926.971**	**964.552**
Inventories	21	97.296	78.542
Trade and other receivables	22, 32	787.678	802.413
Current tax assets	29	10.669	19.009
Cash and cash equivalents	23, 32	31.328	64.588
TOTAL ASSETS		**15.826.158**	**15.155.493**
EQUITY	**24**	**6.757.091**	**6.407.595**
Total equity attributable to owners of the parent		**6.756.991**	**6.407.495**
Contributions excluding capital, other / Share capital		2.688.588	2.678.818
Contributions excluding capital, share premium / Issue premiums		126.903	126.884
Reserves		1.753.908	1.737.309
Other comprehensive income		1.082.234	792.661
Retained earnings		1.105.358	1.071.823
Non-controlling interest		**100**	**100**
LIABILITIES		**9.069.067**	**8.747.898**
Non-current liabilities		**6.933.089**	**6.948.800**
Interest bearing loans and borrowings	25, 32	5.280.508	5.413.841
Lease liabilities	17	32.319	35.563
Employee benefit liabilities	26	906.515	773.954
Derivative financial instruments	27, 32	62.717	74.726
Provisions	28	8.772	22.110
Deferred tax liability	14	347.532	358.929
Government grants	29	294.726	269.677
Current liabilities		**2.135.978**	**1.799.098**
Interest bearing loans and borrowings	25, 32	1.307.966	874.951
Lease liabilities	17	12.488	12.435
Trade payables and other current liabilities	30, 32	800.617	894.020
Current tax liabilities	31, 32	14.907	17.692
TOTAL EQUITY AND LIABILITIES		**15.826.158**	**15.155.493**

Consolidated statement of changes in equity

(In thousands of EUR)	Contributions excluding capital / Share capital and Issue premiums (*)	Reserves	Other comprehensive income	Retained earnings	Total equity attributable to equity holders	Non-controlling interest	Total
Balance at 1 January 2019	**2.672.761**	**1.687.856**	**497.047**	**1.053.159**	**5.910.823**	**7.848**	**5.918.671**
Total comprehensive income for the period	0	0	295.574	330.915	**626.489**	0	**626.489**
Repayment of equity	-48.370	-5.863	0	-6.107	**-60.340**	0	**-60.340**
Merger by absorption of Infrax cvba	66.707	30.104	40	11.180	**108.031**	0	**108.031**
Change in consolidation scope	0	0	0	0	**0**	-7.748	**-7.748**
Addition/decrease reserves	0	32.084	0	-32.084	**0**	0	**0**
Dividends paid	0	0	0	-285.240	**-285.240**	0	**-285.240**
Balance at 31 December 2019	**2.805.702**	**1.737.309**	**792.661**	**1.071.823**	**6.407.495**	**100**	**6.407.595**
Balance at 1 January 2020	**2.805.702**	**1.737.309**	**792.661**	**1.071.823**	**6.407.495**	**100**	**6.407.595**
Total comprehensive income for the period	0	0	289.573	362.730	**652.303**	0	**652.303**
Repayment of equity	-22.936	-3.655	0	0	**-26.591**	0	**-26.591**
Proceeds from contrbution excluding capital	32.725	-126	0	0	**32.600**	0	**32.600**
Addition/decrease reserves	0	20.380	0	-20.380	**0**	0	**0**
Dividends paid	0	0	0	-308.816	**-308.816**	0	**-308.816**
Balance at 31 December 2020	**2.815.491**	**1.753.908**	**1.082.234**	**1.105.357**	**6.756.991**	**100**	**6.757.091**

The above information is disclosed in the notes ‘Expansion Fluvius Economic Group’, 'Equity' and as regards the other comprehensive income movements are disclosed in the notes ‘Income tax expenses’ and 'Employee benefit liabilities'.

Consolidated statement of cash flows

(In thousands of EUR)	Notes	2020	2019
Profit for the period		362.730	330.915
Amortization of intangible assets	10	36.087	27.337
Depreciation on property, plant and equipment and right-of-use assets	10	444.260	418.499
Change in provisions (Reversal -; Recognition +)	10	-13.338	-19.459
Impairment current assets (Reversal -; Recognition +)		9.888	22.794
Gains or losses on realization receivables		10.824	11.874
Net finance costs		86.808	111.888
Change in fair value of derivative financial instruments	13	-12.009	-5.681
Gains or losses on sale of property, plant and equipment		55.716	41.920
Movement in government grants	29	-5.588	-4.938
Income tax expense	14	110.623	84.925
Operating cash flow before change in working capital and provisions for employee benefits		**1.086.001**	**1.020.074**
Change in inventories		-18.754	-8.083
Change in trade and other receivables		-8.823	-44.575
Change in trade payables and other current liabilities		-94.021	-31.573
Change in employee benefits		58.091	50.223
Net operating cash flow		**-63.507**	**-34.008**
Interest paid		-179.299	-205.382
Interest received		82.401	81.132
Financial discount on debts		312	413
Income tax paid (received)	31	-110.348	-94.442
Net cash flow from operating activities		**815.560**	**767.787**
Proceeds from sale of property, plant and equipment		1.911	74.001
Purchase of intangible assets	15	-54.539	-50.743
Purchase of property, plant and equipment	16	-745.902	-649.628
Acquisition of companies and other investments	19	-79.254	0
Acquisition of business combinations	3	0	17.002
Proceeds from sale of companies and other investments	19	164	222
Net investments in long-term receivables		-18	0
Receipt of a government grant	29	30.637	37.284
Net cash flow used in investing activities		**-847.001**	**-571.862**

(In thousands of EUR)	Notes	2020	2019
Proceeds from contributions excluding capital / issue of shares	24	32.600	0
Repayment of contributions excluding capital / share capital	24	-26.591	0
Change in non-controlling interest	24	0	7
Repayment of borrowings	25	-405.089	-259.827
Proceeds from borrowings	25	0	2.343
Proceeds from bonds/borrowings	25	598.608	0
Payment of finance lease liabilities	17	-14.417	-12.755
Change in current financial liabilities	25	108.100	439.544
Change in short-term investments		0	14.989
Repayment long-term loans		16.022	11.921
Dividends paid	24	-311.052	-289.239
Net cash flow from/used in financing activities		**-1.819**	**-153.031**
Net increase/decrease in cash	**23**	**-33.260**	**42.894**
Cash and cash equivalents at the beginning of period	**23**	**64.588**	**21.694**
Cash and cash equivalents at the end of period	**23**	**31.328**	**64.588**

Notes to the consolidated financial statements

1 Reporting entity

The consolidated financial statements of the Economic Group Fluvius comprise apart from the accounts of the eleven Flemish mission entrusted associations (MEAs) Gaselwest, Imewo, Intergem, Iveka, Iverlek, Sibelgas, Fluvius West, Fluvius Limburg (merger company of Inter-energa with Inter-aqua and Inter-media), Fluvius Antwerpen (merger company of Iveg with IMEA and the company Integan, taken over at 1 April 2019, and some municipalities of Iveka), PBE (merger company of PBE with Intergas) and Riobra, as well as the accounts of its subsidiaries, the working company Fluvius System Operator cv with its subsidiaries, joint ventures and associates. In addition, the accounts of the company Fluvius OV (VAT BE0201.311.226) is also included in the Fluvius Economic Group.

The MEAs are being managed centrally by their operating company Fluvius System Operator cv. This operating company, in consolidation with its subsidiaries also publishes IFRS accounts: Fluvius System Operator Group.

All companies of the Group are registered in the Flemish Region (Belgium). The aforementioned MEAs are mission entrusted associations according to the provisions of the Flemish Decree on Local Government of 22 December 2017 (as amended). A mission entrusted association is an intermunicipal legal entity which the participating municipalities have entrusted with the management of certain public utilities. The duration of the MEAs of the Economic Group Fluvius has been determined until 29 March 2037. The duration of Riobra was set until 24 November 2023. A distribution system operator (DSO) is recognized by the Flemish energy regulator as a system operator for electricity and/or gas (See note 'Operating in a regulated environment'). The company Riobra should be considered as a MEA, not a DSO.

The statutory aim of the MEAs is the distribution system operation as understood by the Flemish regulations (the 'Energy Decree' with the technical regulations) with respect to the distribution of electricity and gas, the transport of signals via electronic communication networks; the management and purification of wastewater and water, the exercise of any ancillary activity, such as public lighting, district heating, geographical information systems, data and related communications, the management of strategic participations and the infrastructure on public lighting installations.

Fluvius has chosen to obtain **a rating** from the rating agencies 'Moody's Investor Services Ltd.' (Moody's) and 'Creditreform Rating AG' (Creditreform). On 25 July 2019, the rating received from Moody's was A3 (stable outlook). On 10 September 2020, the rating agency Moody's confirmed the A3 rating for Fluvius, but changed the rating outlook from stable to negative. This decision was mainly motivated by Moody's expectation that, without mitigating measures, the credit ratios of Fluvius's shareholders could come under pressure in the tariff period 2021-2024 as a result of the decision of the energy regulator VREG on the adjusted 2021-2024 tariff methodology.
Since January 2017, the rating at Creditreform is A+ with a stable outlook. On 27 October 2020, Creditreform also revised its rating outlook to negative.

Due to the outbreak of the **COVID-19 pandemic**, the Group's operations and services had to be thoroughly adapted since mid-March 2020. However, as the company operates within a regulated framework the financial impact is rather limited.
Further information can be found on the **website** and in **the note** 'Use of estimates and assumptions'.

For more information, visit our website www.fluvius.be

Fluvius System Operator cv operates in all cities and municipalities in the Flemish Region (Belgium)

The Economic Group employed on average 5.665 persons during 2020.

This financial report for the financial year ended 31 December 2020 has been established by the operating company's Management Committee on 1 April 2021.

2 Summary of significant accounting policies

2.1 Statement of compliance and basis of presentation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as published by the International Accounting Standard Board (IASB) and endorsed by the European Union. The Group has not early adopted any new IFRS standard that is effective after 2020.

The consolidated financial statements are expressed in thousands of euro, which is the functional currency and presentation currency of the Group. They have been prepared with the assumption that business activities will be continued and under the historical cost convention method unless otherwise stated.

2.2 Principles of consolidation

The consolidated financial statements comprise all subsidiaries over which the Group has control. There is control when the Group has the power to direct the financial and operating policies of the entity so as to obtain benefits from its activities. Such a form of control is supposed to exist if the parent, directly or indirectly, holds more than half of the voting rights in the entity. The existence and impact of potential voting rights that were exercisable or convertible at that time, are being taken into consideration when judging whether the Group has the control to determine the financial and operating policies of another entity.
Subsidiaries are fully consolidated from the date on which the Group obtains control until the date on which control ends.

Investments in associates are companies in which a significant influence is exercised over the financial and operational policy, but over which there is no control. This is usually evidenced by the ownership of 20% up to 50% of the voting rights.
A joint venture is a joint arrangement whereby the Group has joint control of that arrangement.
These investments and joint ventures are accounted for in the consolidation using the equity method as from the date on which that significant influence or joint control is obtained until the date on which the significant control or joint control ceases.

The financial reporting of the subsidiaries, investments in joint ventures and associates is prepared for the same reporting year as that of the parent company, using consistent accounting principles. All intercompany transactions, balances and unrealized gains and losses between group companies are eliminated.

Non-controlling interest in the net assets of the consolidated subsidiaries has been individually reported in equity of the parent company. Non-controlling interest consists of the amount of that interest at the acquisition date and the non-controlling share in the equity changes since the date of the business combination. Losses relative to the minority higher than the non-controlling interests in the subsidiary's equity have been allocated to the Group's interests with the exception of those cases in which the minority has a binding obligation to make additional investments to compensate for the losses and is able to do so.

An overview of the Group's subsidiaries is set out in note 'List of group entities included in the consolidation'.

2.3 Significant accounting policies

The accounting policies applied are consistent with last year's accounting principles except for the ones that refer to the newly adopted standards on leases (see note 'Summary of changes in accounting policies applicable as from 2019') and as a result of the expansion of the Economic Group Fluvius.

a) Operating income

Goods sold and services rendered

Revenue from sales of goods and services is recognized if the following conditions are met: the Group has transferred the goods and/or services to the customer; the Group has transferred the control over the goods and/or services to the customer; the customer has control from the moment he receives and consumes all of the benefits related to the transaction.

On the basis of the previously mentioned principles the sale of goods and the rendering of services have been recognized at the moment of delivery of the goods to the customer, of the customer accepting the goods and of the collectability of the related amounts.

Revenue from contracts with customers

Distribution network remuneration (energy transport) – Social function (energy supply)

The distribution grid revenue (grid fee) is based on the actual billing of the grid fee of the MEAs in the relevant year.

The billing of the grid fee to energy suppliers and other MEAs is based on the approved tariffs that are published on the websites of the respective MEAs. The actual grid fee invoice contains invoiced advances (for customers whose meter is recorded annually), settlement billing (from annually recorded, manual monthly recorded and remotely read access points) as well as rectification invoices recorded in the calendar year concerned.

Energy suppliers are invoiced on a monthly basis and revenue is then recognized.

The sale of energy consists of the energy supplies to individuals who do not find an energy supplier on the market due to payment problems.

The proceeds from this customer group are recognized, notwithstanding the recovery is not always probable, as the Group works in a regulated environment and hence the cost of non-recovery can be charged through the regulated tariffs.

The revenue stream from *construction works for third parties* includes various works performed for third parties in the context of, among others, ESLA (Energy Services for Local Authorities) and public lighting plus ground and cable works. The ESLA activities are offered to the affiliated public authorities (cities and municipalities) at cost in support of the local energy policy

In addition, the Group is responsible for the management of the public lighting park of the municipalities.

The proceeds from construction works for third parties are valued on the basis of the remuneration which the Group expects to be entitled to as a result of the contract. The contracts include no variable elements. The Group recognizes revenue once the performance obligations have been met, namely when the control is transferred to the customer. Revenue recognition follows the specific five-step model. Step 1 in this model is the identification of the contracts with the client; step 2 identification of the obligations in the performance contracts; step 3 determinination of the transaction price; step 4 the allocation of the transaction price to the performance obligations and revenue recognition and step 5 fulfillment of the performance obligations.

The ESLA revenue is recognized at some point in time at provisional acceptance of works after acceptance by the customer. The proceeds from public lighting will also be recognized at some point in time when the performance obligations have been fulfilled.

Other sales
The Group achieves the turnover from the sewerage activity mainly out of remediation contributions. This contribution is charged via the water companies to the end user. Since the sewerage network is owned by the Group, the municipal contribution is owed to the Group. The invoicing to the water companies concerns the amount of the fees minus a percentage rate covering the logistical costs.
Revenue recognition is for the full amount and costs are recorded in the profit or loss statement.
The Group also provides a service as the drain and collection of wastewater is passed via the sewerage network.

Ex-Infrax MEAs and ex-Integan own the cable network. In 2008, this cable network was given as a ground lease to Telenet. However, a part of the network can be used by the companies of ex-Infrax Group for a limited number of services. Such services (*Infra-X/Fluvius Net)* are provided to the municipalities for internet (internet service provider) and telephony (operator) and are invoiced and recognized as revenue on a monthly basis.

Other operating revenue
Various recuperations are included as a result of grants, service performance for connections and premiums.

The item *Other* contains non-recurring items such as capital gains of the realisation of sales and other proceeds.

Financial income and dividends received
Interest income is recorded as soon as acquired and for the period to which it relates (taking into account the asset's actual interest rate), unless there is doubt about its collectability.
Interest income on derivatives and other financial income are recognized when they occur. The latter concerns mainly the revaluation to the fair value of the available shares.

Dividends received are recognized in the statement of profit or loss at the moment they are granted.

Government grants are recognized in the balance sheet as soon as it is reasonably certain that the grant will be received and that all of the conditions attached to it will be complied with.
Grants related to an asset are included in the balance sheet item 'Government grants' and will be recognized in the statement of profit or loss on a systematic basis over the expected useful life of the related asset.
Grants related to expenses are systematically presented in the statement of profit or loss as 'Other operating income' in the same period in which the costs are included.
Due to the uncertain character on both the receipt, its timing and the amount of the subsidy granted, the government grants related to sewerage works are recognized when received.

b) Expenses

Expenses are recognized in the statement of profit or loss in the year in which they occur.

The Group has the obligation to buy *certificates for green energy* that were offered by producers of renewable energy at a certain price. These certificates can be sold by the Group in an active market. The value of the certificates sold is usually lower than the purchase price. The resulting costs have been included as an item in 'Costs of trade goods' under the heading 'Certificates for green energy' but also the revaluation costs to the fair value (see note 'Trade and other receivables') are included as well.

The premiums for *Rational Energy Use (RUE)* paid out to individuals and companies are recognized as an expense in the statement of profit or loss.

These premiums are granted to individuals and companies that invest in energy-efficient applications. These premiums are evaluated every year in consultation with the Flemish government and can vary in size and application. An RUE action plan is agreed on per calendar year.

The finance costs include interests on loans, calculated using the effective interest rate method and bank charges. All interests and other costs incurred in connection with loans or other financial transactions such as hedging options are recognized as financial expenses when they occur.

The taxes on profit or loss for the financial year include the current and deferred taxes. The tax on profit of the year is recorded in the statement of profit or loss unless it relates to transactions that were directly recorded in equity. In this case, the taxes are directly charged to equity.
The current tax expenses are the expected current taxes payable on the taxable income for the year, based on tax rates in effect at the balance sheet date and any adjustment to current taxes payable from previous years. For the calculation of the income tax on the taxable income for the year, the current tax rate (that has been enacted or substantively enacted by the end of the reporting period) is used.
Deferred taxes are recognized for temporary differences between the tax values of assets and liabilities and the carrying amounts for financial reporting purposes.
As from 2015 onwards, the MEAs (with the exception of Inter-aqua and Riobra) will have to pay corporate income tax, as was the case for Fluvius System Operator, its subsidiary, investments in joint ventures and associates. In the future Inter-aqua (and possibly Riobra) will also be subject to corporate income tax (see note 'Income taxes'). However, for the calculation of deferred taxes, the current ruling was taken into account and no deferred taxes were calculated on temporary differences that arose in the past.

c) Intangible assets

Intangible assets are measured at cost less any possible accumulated amortizations and possible impairment losses.

Costs relating to research, which is carried out with the purpose of obtaining new technical knowledge and insights, are recognized in the statement of profit or loss in the period in which they occur.
Costs relating to the development phase, in which knowledge obtained through research is applied in order to achieve a plan or design for the production of new or significantly improved products and processes, are included in the balance sheet if and only if the product or process was technically and commercially feasible, the entity has the necessary resources to complete the development, it is probable that future economic benefits will flow into the Group and the cost can be measured reliably. The capitalised amount includes all costs that are directly attributable to the creation, production, and the preparation of the asset, so that it could operate as intended by the management.

Until 2014, amortization is recognized in profit or loss on a straight-line basis as of the date of bringing the asset into use and over the estimated useful life of each component of an item of intangible assets.
As from 2015 the MEAs are subject to corporate income tax and the amortization is calculated, in accordance with the tax rules, on a pro rata temporis basis during the year in which the asset is brought into use. This means that amortization starts in the month after the month during which the asset is brought into use.
Another amortization method is only used if the expected consumption pattern of the future economic benefits of the asset is better reflected.
Intangible assets are not revalued.
If the carrying amount of an intangible asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The following amortization percentages are used in the calculation of depreciation:

Software	10,00%; 20,00%
Cost for smart projects, clearing house and district heating	10,00%; 20,00%
Exploitation rights sewerage	2,00%
Capitalized development costs	10,00%; 20,00%

d) Property, plant and equipment

Property, plant and equipment are measured at historical cost less third party contributions, the accumulated depreciations and impairment losses. The historical cost comprises the initial purchase price plus other directly attributable costs.
The cost price of assets of own-production comprises the cost of material, direct labour cost and a reasonable part of indirect labour costs. These indirect labour costs comprise that part of general administrative and operational costs that cannot be directly attributed to investment expenses. These costs (for the largest part personnel costs) are added to the cost price of investment projects according to the internal billing system.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item can be depreciated separately.

The Group recognizes the cost of an expansion or replacement part of such an asset when these costs have been incurred if it is probable that the future economic benefits associated to that asset will flow to the Group and the asset's cost can be measured reliably. All other costs are expensed as incurred.

As from 2015, the costs of the networks not yet completed are classified as 'Assets under construction'. The investments reported are not depreciated.

Until 2014, depreciation is recognized in profit or loss on a straight-line basis as of the year of bringing into use and over the estimated useful life of each component of an item of property, plant and equipment.
As from 2015, the MEAs (with the exception of Inter-aqua and Riobra) are subject to corporate income tax and the depreciation is calculated, in accordance with the tax rules, on a pro rata temporis basis during the year in which the asset is brought into use. This means that depreciation starts in the month after the month during which the asset is brought into use.
Land is not depreciated. The applied depreciation percentages on the basis of the average useful life are as follows.

Construction and administrative buildings*	2,00%
Networks and lines	2,00%; 3,00%
Sewerage networks	2,00%
Other distribution installations	3,00%
Service pipes for heating and brackets for public lighting	3,00%
Technical installations buildings*	4,00%
Heat stations, cathodic protection (heating)	5,00%
Issuing station (heating), digital meters	6,67%
Recycled equipment	6,67%
Optical fibre	10,00%
Electronic metering equipment	10,00%
Office furniture and tools	10,00%; 20,00%
Leasehold improvements*	10,00%; 11,12%
Leasehold improvements – rented buildings*	10,00%; 11,12%
Test equipment EVA (Electric vehicles in action)	50,00%
Charging points for electric vehicles	10,00%
Industrial buildings	3,00%
Installations for public lighting, cable television and others	5,00%
Electric and mechanical equipment gas stations, basins and fixtures for public lighting	6,67%
Technical installations sewerage	7,00%
Contribution public lighting	8,33%
Other property, plant and equipment	10,00%

* The depreciation rates indicated with an asterisk were used from fiscal year 2014 for the newly acquired investments

In the opening balance sheet (as per 1 January 2007 for the ex-Eandis MEAs) the Belgian GAAP carrying amount, as accepted by the CREG (Commissie voor de Regulering van de Elektriciteit en het Gas), was taken as the opening value for IFRS.

Repair and maintenance costs that do not increase the future economic benefits, are recognized in the statement of profit or loss as incurred.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the asset is at its location and in the condition necessary for it to function in the manner intended by management.

Gains and losses on sale

Any gain or loss arising on a sale of property, plant and equipment is included in the statement of profit or loss. They are recognized when the significant risks and rewards of ownership have been transferred to the buyer, collectability of the consideration is probable, the associated costs can be estimated reliably, and there is no continuing managerial involvement with the property, plant and equipment.

Impairment

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount.

Impairment has been recognized if an asset's carrying amount exceeds the recoverable value. Impairment is charged directly to the statement of profit or loss.

e) Leasing

As a result of the implementation of IFRS 16 as from 1 January 2019 onwards, the following rules for financial reporting of the Group were applied.

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date on which the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease.The variable lease payments that do not depend on an index or a rate, are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date, if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured, if there is a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date and that do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases with a value below 5.000 euro.

Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

f) Investments in joint ventures and associates

Investments are accounted for at trade date and are valued according to the equity method.

These investments are at initial recognition measured at fair value, unless the fair value cannot be reliably determined in which case they are measured at cost.

An impairment is recognized if the carrying amount exceeds the expected realizable value.

g) Other investments

All investments are accounted for at trade date.

Investments in equity instruments consist of interests in entities in which the Group does not have significant influence or control. This is the case in companies where the Group has less than 20% of the voting rights.

The investments are initially measured at fair value plus any transaction costs. The fair value gains or losses are reflected in the profit or loss statement (fair value through profit or loss) if these are held for trading purposes and through other comprehensive income for the other strategic investments (fair value through comprehensive income).

An impairment is recognized if the carrying amount exceeds the expected realizable value.

h) Inventories

Inventories have been measured at purchase cost. Their value has been determined using the moving weighted average method.
An impairment is carried out on inventories if, due to their obsolescence, they are no longer usable or if their carrying amount exceeds the estimated sales price. If items of inventory have not been used for more than one year, an impairment of 100,00% is recorded.
This impairment loss is recognized as an expense in the statement of profit or loss.

i) Trade and other receivables

Trade and other receivables are measured at amortized cost.

An allowance for doubtful debt is recognized if the collection of the receivable becomes doubtful and after comparison with the realizable value.
In the case of a bankruptcy or judicial reorganization, the receivable is immediately impaired and the value-added tax recovered on the basis of a certificate obtained from the curator or a publication of the closing of the bankruptcy in the annexes to the Belgian Official Gazette.
In the framework of the full liberalization of the energy market in Flanders as per 1 July 2003, an impairment loss was recognized for the total amount including VAT of all receivables as per 31 December 2003, older than 6 months. These provisions have been reversed in view of the collection of these receivables or they have been used whenever these receivables have been written off.
The receivable of the work carried out and services delivered, with the exception of, on the one hand, the damages handled by the legal department and, on the other hand, the receivables from the affiliated municipalities, which are overdue for more than six months are recognized as doubtful and are therefore impaired at 100,00% (excluding VAT).
A provision for bad debt related to receivables from energy supplies by the Distribution System Operators is calculated and recorded on the basis of the average collection degree stemming from statistical data of the payment history that was kept since the liberalisation of the energy market for the main client categories.
Receivables are permanently impaired (written off) using the provision for bad debts that was set up for this purpose as soon as certificates, provided by bailiffs, lawyers or debt collection agencies can demonstrate that recoverability is impossible.
Also, when it can be revealed that the revenue associated with a possible recovery does not compensate (i.e. does not economically justify) the costs for this recovery, the receivable is completely impaired using the provision which was set up for this purpose.

An additional analysis is performed on the basis of the expected future losses for a future period of twelve months as from the moment the receivable arises. Claims for which the risk of collection is higher are analysed on their entire term. The Group has a relatively low risk with regard to receivables resulting from the energy supply by Mission Entrusted Associations to energy suppliers. As a consequence and due to the fact that the receivables have no financing component, the Group has opted to use the ‘simplified approach’ for calculating the impairment losses. The method starts from the historical write-downs on the sales of the past three financial years. This ratio is applied to the current outstanding receivables in order to arrive at the provision of doubtful debts.

For the social customers a write-down of more than 50% of the total outstanding amount is applicable. Because the Group is working in a regulated environment, the costs can be recovered through the tariffs.

j) Cash and cash equivalents

Cash and cash equivalents comprise the readily available cash resources, deposits that can be immediately withdrawn and other short-term, highly liquid investments (with a maximum maturity of three months), that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. They are stated at face value, which approximates their fair value. For the purpose of the cash flow statement, they are presented as cash and cash equivalents.

k) Contribution outside capital, other / Share capital

Pursuant to the Act of March 23, 2019 introducing the 'Code for Companies and Associations' (Wetboek van vennootschappen en verenigingen) the corporate form for the MEAs was transformed from a capital-based to a capital-free company.

Also the law stipulates that the following sections need to be renamed: the variable portion of the share capital will become 'Available contribution, outside capital'; the fixed portion of the share capital will become 'Unavailable contribution, outside capital' and the statutory reserves have been transformed to 'Statutory unavailable reserves'.
By means of an amendment to the articles of association, this unavailable equity account was converted into an available equity account as well as the statutory unavailable reserves being converted to 'Available reserves'.

The capital / contribution is represented by shares with or without nominal value, according to the MEA.

The shares are indivisible and consist of shares and/or profit certificates. Furthermore, the shares are named according to the activity.
Dividends are recognized as a liability in the period in which they are approved.

If there are components of the results that originate in the captive period (before 1 July 2003) and that would have affected the outcome of the relevant period, then this part of the result is assigned to the participants according to the terms that were applicable with respect to the distribution of net profit realized in the years preceding the first effects of liberalization.

l) Loans and borrowings

Interest bearing loans are recognized initially at fair value less related transaction costs. Subsequent to initial recognition, interest bearing loans are measured at amortized cost, in which any difference between the proceeds and the reimbursement is charged to the statement of profit or loss using the effective interest method over the maturity of the loans.

m) Employee benefit liability

Pension plans and other post-employment benefits

The contributions for defined contribution plans have been recognized as an expense at the moment when incurred. Up to 2015, these kinds of pension plans were valued by using the intrinsic value and any individual difference between the mathematical reserve and the minimum guaranteed amount was recorded as a liability in the financial statements.
As from 2016, the guaranteed yield has been changed to a variable yield (see note 'Pensions and other post-employment benefit plans'). Hence, the provision for defined contribution pension plans is valued according to the 'Projected Unit Credit'-method (PUC) without projection of the future premiums. As from 2018, the employer's portion of the pension plan Enerbel is calculated according to the PUC-method with projection of the future premiums. The contribution by the employee is still calculated via the PUC-method without projection of the future premiums as the employees' contributions do not depend on seniority.
The amount recognized in the balance sheet is the difference between this provision and the fair value of plan assets.

The Group's liabilities for the defined benefit plans, as well as for the subsequent costs, have been valued on the basis of the 'Projected Unit Credit' method. The amount recognized in the balance sheet represents the present value of the pension liabilities (Defined Benefit Obligation) mentioned, less the fair value of plan assets.

Remeasurements comprise actuarial gains and losses, and the return on plan assets (excluding interest) which is reflected in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. They are included in the statement of comprehensive income as items not to be reclassified to profit or loss in subsequent periods.
Past service costs are recognized in the statement of profit or loss in the period of a plan amendment.
Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability.
The amounts recognized in the statement of profit or loss comprise service costs (including current service costs, past service costs, gains and losses on other long-term employee benefits as well as curtailments and settlements), net interest expense or income and remeasurement.
The Group presents the first two components of the defined benefit costs in the statement of profit or loss on the line item ‘Employee benefit expenses’ and ‘Financial expenses’. The actuarial gain or loss has been included in other comprehensive income.

Other long-term employee benefits contain provisions for retirement and jubilee bonuses, deferred leave and overtime.
These benefits are treated in the same manner as pension plans. However, past service costs and actuarial gains and losses have immediately been recognized in the statement of profit or loss.

All pension liabilities are annually valued by a qualified actuary.

Right to reimbursement on post-employment employee benefits
The Energy Decree of 2015 defined and the current tariff methodology confirms that the stranded costs, which consist of the charges for the unfunded pension or the pension of the public sector, are eligible for inclusion in the tariffs. Since it is virtually certain that these costs will be borne by third parties, a reimbursement right on post-employment employee benefits was recognized as an asset.
The reimbursement rights are therefore recognized at the same value as the recognized employee benefit liabilities (fair value). The adjustments in the period as a result of changes in the assumptions or experience adjustments are all recognized as other comprehensive income as well as these adjustments for the reimbursement rights.

n) Derivative financial instruments

The Group uses derivative financial instruments (Linear Constant Maturity Swap – LCMS; Interest Rate Swaps - IRS and other) to hedge the exposure to interest rate risks that arise from its financing activities. Derivative financial instruments are initially recognized at fair value. The gain or loss resulting from fluctuations in the fair value is immediately accounted for through the statement of profit or loss. The fair value of the interest rate swaps is the estimated amount the Group would receive or pay to end the swap at the balance sheet date, taking into account the actual interest rate and the creditworthiness of the counterparty.
Upon early redemption (‘unwinding’) of the interest rate swap, the net cost is spread over the remaining term of the loan using the effective interest rate (EIR) method.
The derivatives do not qualify for hedge accounting.

o) Provisions, other

Provisions are recognized in the balance sheet when the Group has a present (legal or constructive) obligation as a result of a past event, and when it is probable that an outflow of financial resources will be required to settle the obligation and the obligation’s amount can be reliably estimated.

The amount recognized as provision is the best available estimate on the balance sheet date for the expenses needed to meet the existing liabilities, possibly discounted if the money's time value is relevant.

p) Trade and other liabilities

Trade and other liabilities have been measured at amortized cost.

q) Income tax expense

Current tax assets and liabilities are offset only if the entity has a legally enforceable right to set off the recognized amounts and has the intention to either settle the obligation on a net basis, or to realize the asset and settle the liability simultaneously.

The deferred tax assets and liabilities reflect the deductible or taxable temporary differences between the carrying amounts and the tax values.
The deferred tax assets and liabilities are measured at the tax rates that are expected to be applied in the period in which the claim will be realized or the obligation will be met, using the tax rates that have been enacted or substantively enacted by the end of the reporting period.
The deferred tax assets are recorded when it is probable that taxable profits will be realized to settle the deferred tax.

2.4 Summary of changes in accounting policies applicable as from 2020

The new and amended standards and interpretations applicable from 1 January 2020 do **not materially affect** the Group's consolidated financial statements. These new and amended standards and interpretations applicable for the accounting year beginning on 1 January 2020 were the following:

- *Amendments to References to the Conceptual Framework* in IFRS Standards. The Conceptual Framework describes the fundamental concepts of financial reporting that guide the IASB in the development of IFRS standards
- Amendments to IFRS 3 *Business Combinations* – Definition of a Business
- Amendments to IFRS 9 *Financial*, IFRS 7 *Financial Instruments: Disclosures* and IAS 39 *Financial Instruments: Recognition and measurement*- Interest Rate Benchmark Reform
- Amendments to IFRS 16 *Leases* – Covid-19 related rent concessions
- Amendments to IAS 1 *Presentation of Financial Statements and IAS 8 Accounting Policies*, *Changes in Accounting Estimates and Errors* – Definition of material

The next amendment to a standard is effective from 1 June 2020. This amendment has no significant impact on the consolidated financial statements:

- Amendments to IFRS 16 *Leases* - COVID-19 related rent concessions

2.5 Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, and the amounts of revenue and expenses.

The estimates and the underlying assumptions have been based on past experience and several other factors that are believed to be reasonable given the circumstances. The results thereof form

the basis for the judgment on the carrying amount of assets and liabilities that could not be deduced in a simple way from other sources. The actual results could differ from these estimates.
The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or the period of the revision and future periods, if the revision affects both current and future periods.

Pensions and other post-employment benefit plans
The cost of the pension plans and other long-term employee benefits and the present value of the pension obligation are determined using actuarial valuations. This involves making various assumptions that may differ from actual developments in the future. Due to the complexity of the actuarial calculations and the long-term nature of the obligation, the defined benefit obligation is highly sensitive to changes in the assumptions. The major assumptions and the sensitivity analysis are disclosed in the note 'Pensions and other post-employment benefit plans'.

Right of use assets and lease liabilities: defining the lease period of contracts with renewal options
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease, if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.
The Group has the option, under some of its leases (rent of buildings), to lease the assets for additional terms of three to five years. The Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

Fair value of financial instruments
The following methods are used to estimate the fair values (see note 'Financial instruments – fair values').
Cash and short-term deposits, trade receivables (net of impairment), trade payables and other current liabilities approximate the carrying amounts as to the short-term maturity of these instruments.
The fair value of the unquoted other investments is based on the latest available financial information but with the following distinction:
Publi-T: fair value based on the latest available financial statements but adjusted for the investments in Elia, which are at the latest available stock quotations
Publigas: fair value based on the external valuation report
Shares Elia: fair value at the latest available stock quotations
Other companies: fair value at the latest available financial information
The fair value of the certificates for green energy and cogeneration certificates are the guaranteed amount, as stipulated in the decision of the Flemish Government amending the Energy Decree.
The derivative financial instruments are interest rate swaps. The valuation techniques are swap models that use value calculations. The models include various kinds of input including forward prices, yield curves that are obtained on the basis of market interest rates and derivatives from market prices of various financial products that are requested with various market participants.
The fair value of quoted bonds was obtained on the basis of the indicative quotations on Bloomberg (Bloomberg is a prominent provider of business and financial market news. On the reporting date it delivers world economic news, quotes for stock futures, stocks and other).

Impairment of trade and other receivables
For the calculation of the expected future losses on trade and other receivables the Group uses a provision matrix starting from the write-downs of the past three financial years. Supplementary indicative information is added, such as the future economic conditions, that could have a possible impact on the activities of the Group. On each reporting date, the historical write-downs and future indicative information need to be analyzed.

Deferred taxes
Deferred taxes are recognized for temporary differences between the tax values of assets and liabilities and the carrying amounts for financial reporting purposes.
As from 2015 onwards, the MEAs (with the exception of Inter-aqua and Riobra) will have to pay corporate income tax, as was the case for Fluvius System Operator, its subsidiary, investments in joint ventures and associates. In the future Inter-aqua (and possibly Riobra) will also be subject to corporate income tax (see note 'Income taxes'). However, for the calculation of deferred taxes, the current ruling was taken into account and no deferred taxes were calculated on temporary differences that arose in the past.

Expansion of the Economic Group Fluvius
Integan ov and other entities in the scope of consolidation were recorded at fair value at the date of merger or incorporation (see note ‘Expansion of the Fluvius Economic Group).

COVID-19
In preparing these consolidated financial statements, management has taken into account the effects of COVID-19 (coronavirus) and the current economic environment.
The impact of COVID-19 and the current economic climate have been assessed on the basis of the financial information. The significant accounting judgments and estimates have been reviewed to determine whether the current market conditions required any changes in these judgments and estimates. Due to the current uncertain global impact of the COVID-19-pandemic, these estimates and judgments by management are subject to an increased degree of uncertainty. Actual amounts may differ from those estimates and management judgments and changes may have a material impact on the consolidated financial statements.

The impact of COVID-19 on the activities in 2020 mainly relates to disruptions of operations (lower execution rate) but this does not result in any visible material impact in the IFRS consolidated inancial statements, unless reported in the notes.
During the year 2020, COVID-19 has affected the valuation of certain assets, including investments in listed assets, unlisted assets and pension plan investments, the valuation of which is challenging in rapidly changing market conditions, indicators of impairment of assets, valuation of inventories and recoverability of trade receivables. However, 31 December 2020 no adjustments or impairment to the valuation of assets or liabilities needed to be performed and no significant increase in the amount of uncollectible receivables has been identified.
Fluvius has also been able to benefit from the favourable measures taken by the public authorities to help companies get through this difficult period and thus obtained deferral of payment of VAT and withholding tax. In turn, Fluvius has decided to grant prepayment to its suppliers in order to respond to the difficult period for its suppliers during the first corona wave (first half of 2020). At the end of December 2020 there is no impact on the net cash position but only a minimal impact on the financial costs in 2020.

However, potential risks and uncertainties remain related to the magnitude and duration of the impact of COVID-19 and the pace and shape of the economic recovery after the pandemic.

2.6 Standards issued but not yet effective

Standards, amendments to standards and interpretations that have been issued but are not yet effective at the date of publication of the Group's consolidated financial statements and that are not expected to have a significant impact on the Group's consolidated financial statements, are set out below. The Group intends to adopt the new and amended standards and interpretations when they become applicable.

- Amendments to IFRS 4 *Insurance Contracts* – deferral of IFRS 9, effective 1 January 2021

- Amendments to IAS 1 *Presentation of Financial Statements* – Classification of Liabilities as Current or Non-current, effective 1 January 2023

- Amendments to IFRS 3 *Business combinations* – References to the conceptual framework, effective 1 January 2022

- Amendments to IAS 16 *Property, plant and equipment* – Proceeds before intended use, effective 1 January 2022

- Amendments to IAS 37 *Provisions, contingent liabilities and contingent assets* – onerous contracts—cost of fulfilling a contract, effective 1 January 2022

- Amendments to IFRS 9 *Financial Instruments*, IFRS 7 *Financial Instruments: Disclosures,* IAS 39 *Financial Instruments: Recognition and measurement,* IFRS 4 *Insurance contracts and* IFRS 16 *Leases*- Interest Rate Benchmark Reform – Phase 2, effective 1 January 2021

- IFRS 17 *Insurance Contracts*, effective 1 January 2023

- Annual Improvements Cycle - 2018-2020, effective 1 January 2022

Modifications to the structure and activities of the Fluvius Economic Group

3 Expansion of the Fluvius Economic Group

During 2019, the following transactions took place that had an impact on the structure of the Group. These adjustments took place because the Energy Decree obliges MEAs to have a geographically contiguous area by 1 January 2021 and obliges municipalities to have the same MEA for electricity and natural gas activities on their territory. This necessitated a rescheduling of municipalities to other MEAs and mergers of the Group's MEAs.
On 19 October 2019, however, a political agreement was reached to postpone the decree initiative on compulsory area exchanges by 1 January 2021 to 1 April 2025. The pending mergers between MEAs were placed 'on hold' in anticipation of a total restructuring of the MEAs to be achieved by the next legislature (April 2025).
Only for the municipalities where there was already a municipal council decision, in Deinze, Malle, Ranst, Wommelgem and Zoersel, the area exchange will continue.
The proposed merger into Fluvius Zenne-Dijle (PBE, Iverlek and Riobra) was stopped.

- The growing differences between the Flemish and Walloon region have led to a shift in which the **Walloon municipalities**, currently being part of the Flemish MEAs, join ORES Assets cv per January 2019, the Walloon distribution system operator. Because of this, a **partial demerger** by acquisition of the activity electricity and gas of Gaselwest on the municipal territory of Celles, Comines-Warneton, Ellezelles and Mont-de-l'Enclus has taken place. The valuation and determination of the exchange ratio was calculated based on the figures per 30 June 2018. This exchange ratio was then finally applied to the financial figures per 31 December 2018.
  The total assets transferred amounted to 40.024 k EUR. On 14 January 2019, an advance amount was received of 29.613 k EUR; the remainder was included in the statement of financial position in the item 'Trade and other receivables'. The sale was definitively settled in 2019 and the proceeds were reported in the various items of the cash flow statement of which the main ones are: proceeds from the sale of property, plant and equipment for 63.814 k EUR; repayment of share capital for 7.515 k EUR.

- As provided by decree, **the province** of Limburg left the MEAs Inter-energa and Inter-media (now Fluvius Limburg) as from 1 January 2019. The effect of this exit is included in the note 'Equity'.

On 1 April 2019, the following changes occurred within the Fluvius Economic Group
- In the Antwerp region IVEG merged with IMEA together with the acquired INTEGAN (Interkommunale voor Teledistributie van het Gewest Antwerpen), active in the management of cable infrastructure. Together, these three entities now form **Fluvius Antwerpen**, with activities in energy distribution (electricity and gas), sewerage and the management of cable infrastructure.
  This transaction is a merger through the acquisition of Integan and IMEA by IVEG. The entire assets of the companies Integan and IMEA were taken over by IVEG resulting in their dissolution without liquidation. The merger of IMEA with IVEG did not have any financial impact. For Integan, the determination of the exchange ratio for the shares was based on the ratio of the value of the shares determined on the basis of the shareholders' equity (according to the Belgian annual accounts) on 31 December 2017. This exchange ratio was fixed, based on the figures of 31 March 2019. As a result, the share capital of IVEG/Fluvius Antwerpen increased

by 192.777 k EUR, represented by 29.613.093 shares. The share capital of Integan contained 66.707 k EUR and represented 8.338.338 shares.

According to IFRS, the MEA **Integan** was included as from 1 April 2019 in the consolidation as a business combination. All items of the balance sheet were checked for their fair value and the validation at their net asset value was expressed in accordance with IFRS. As a result, an increase in equity was recognized but no goodwill.

The financial information of ex-Integan on 1 April 2019 and according to the IFRS is summarized below:

(In thousands of EUR)	**Opening balance**
Property, plant and equipment	1.576
Right-of-use assets	1.395
Investment in joint ventures and associates	6.320
Other investments	139
Long-term receivables, other	83.485
Inventories	2.371
Trade and other receivables	12.218
Cash and cash equivalents	17.002
Assets	**124.506**
Capital	66.707
Reserves	30.104
Other comprehensive income	40
Retained earnings	11.180
Lease liabilities, long and short term	1.395
Employee benefit liabilities	2.374
Provisions	73
Deferred tax liability	803
Trade payables and other current liabilities	9.653
Current tax liabilities	2.177
Liabilities	**124.506**
Total net at fair value	−17.002
Cash and cash equivalents received	17.002
Total acquisition of business combination	**0**

The various elements of the balance sheet have been included at their fair value.
Tangible fixed assets
In the BE-GAAP, investments under construction that will be charged to Telenet are included. For the IFRS, these investments were recorded as long-term receivables.

Right-of-use assets
According to standard IFRS 16, lease, the eligible lease obligations must be recognized as an asset and a corresponding short and long-term liability.

Other investments
The participation held in the company Cipal was recognized at fair value with recognition through other comprehensive income and recording of deferred taxes.

Provisions for employee benefits
On the date of acquisition, the employee benefits for staff employed by Integan (contractual staff) were calculated in accordance with IAS 19. These rewards include defined contribution plans and other long-term obligations. These were processed through retained earnings with a calculation of the effect on deferred taxes (asset).

Provision, other
This item includes provisions that meet the definition of provisions in accordance with IFRS. All other provisions have not been included and have been corrected via retained earnings.

Trade and other debts
In this item, mainly the debt related to dividends payable have been corrected. As these dividends have not yet been approved by the General Meeting of Shareholders, they have not been retained as debt for IFRS.

The 2019 consolidated IFRS financial statements contain the figures of this transaction for nine months after the incorporation at 1 April 2019. The result, according to Belgian accounting legislation, of this company for the first quarter of 2019 amounted to 5.989 k EUR and was recognized in equity as retained earnings.

- In addition, other companies of the Group have also merged. These transactions did not impact these financial statements.
  In the province of Limburg, the MEA Inter-energa (distribution of electricity and gas), Inter-aqua (sewer management) and Inter-media (cable infrastructure) merged into the MEA **Fluvius Limburg**.

- Also on 1 April 2019 the MEA **PBE** merged with Intergas.

4 Expansion activities

From classic lighting to LED lighting

To install LED lighting in Flanders by 2030 at the latest, the MEAs have worked out a 'renewed' offer to the public authorities to take over the public lighting and to provide as much relief as possible for the cities and municipalities. Starting 2019, cities and municipalities could adopt the proposal.

The proposal contained an adapted regulation whereby a more extensive service was offered by establishing a 12-year investment plan for, among other things, the (smart) LED technology of Public Lighting.
The MEAs would take over the investments according to the agreed multi-annual investment plan/annual action plan as well as maintenance according to a predetermined settlement. The settlement of the actual costs of the investments, the depreciation, the maintenance and the revenues was carried out per local authority via the electricity result and had positive effects in terms of transparency and settlement (such as for corporation tax). For certain MEAs, this meant that the drawing rights regulation (drawing rights are investment funds available to municipalities that can be used (for 50%) to carry out public lighting works), valid until 31/12/2019 for public lighting, expired as of 1/1/2020 and that all municipalities adopted **a uniform 'Fluvius' working method**.

The municipalities have expressed to be willing to contribute and transfer to the MEAs their lighting equipment, light sources and supports of public lighting and, if necessary, the semi-public lighting

installations and/or the applications mounted on the public lighting installations. This **contribution (in kind)** and the related capital increase (of the variable capital) took effect as from the second half of 2019.
A valuation of the installations was carried out for the contribution of the existing assets. The remuneration of the contribution value was partially in cash (maximum 25 percent of the contribution value) and partially in non-voting and non-dividend entitled shares-public lighting (minimum 75 percent of the contribution value). The issue of these Aov shares was at an issue price of 25 euros per share. The number of new shares to be issued is equal to the sum of the individual numbers of shares to be issued to the respective contributors.
The amount of the capital increase is equal to 28.940 k EUR (2019: 107.406 k EUR); the amount in cash is 8.364 k EUR (2019: 32.246 k EUR) (see note 'Equity'). On the other hand, the contribution in kind (Tangible fixed assets) amounts to 37.304 k EUR (2019: 139.652 k EUR).

Segment information

5 Segment information

The Management Committee, responsible for the day-to-day management and the operational functioning of Fluvius System Operator (Fluvius SO), its subsidiary, investments in joint ventures and associates as well as the Flemish Mission Entrusted Associations, reviews the financial data on the basis of a report in accordance with Belgian accounting standards.
This reporting is presented for the MEAs per energy component electricity and gas, as this is the best reflection of the nature and the financial profile of the activities. This segmentation also reflects the framework within which should be reported to the regulator VREG and it also forms the basis for the calculation of the distribution network tariffs for the electricity and gas activities. As a result, they are distinguished from each other and each has its own cost drivers, specificities and risks.
The MEAs also report a segment 'Other' in which the non-regulated activities are included such as the activities which took place before the liberalisation of the energy market (2003); the activities for the energy services for local authorities (ESLA), the district heating activity (within the permitted legal framework) and other activities (the so-called spin-ins are projects in Consulting, Grids for Third Parties, Public Lighting, Telecom and Vertical Infrastructure) and due to the merger the activities water and sewerage.
The MEAs are organized by region and each applies separate network tariffs. The information per legal entity can be consulted, for the individual financial statements of the MEAs, at the Central Balance Sheet Office of the National Bank of Belgium.
The activities of the operating company Fluvius System Operator and its subsidiary, investments in joint ventures and associates are reported separately and on a consolidated basis. However, no segmentation per energy component is reported. All costs of these companies are recharged at cost price to mainly the MEAs where a breakdown by activity is performed based on an allocation system. Therefore, the result of the operating company (Fluvius System Operator Group) is always 'null'.

In accordance with IFRS 8, the Group reported 31 December 2020 and 31 December 2019 the following financial segmented information on the basis of the Belgian GAAP (BE-GAAP).
All transactions of the Group take place in Flanders, Belgium.

Statement of profit or loss 2020

(In thousands of EUR) - Belgian GAAP	Electricity	Gas	Other	Fluvius SO consolidated	Aggregated total
Turnover	2.327.202	551.933	247.385	1.622.300	4.748.820
Other income	54.839	17.484	65.726	94.523	232.572
Operating costs	-2.058.894	-371.032	-316.150	-1.702.174	-4.448.250
Operating profit (loss)	**323.147**	**198.385**	**-3.039**	**14.649**	**533.142**
Financial income	1.808	956	87.423	121.663	211.850
Financial costs	-114.847	-49.888	-9.775	-129.330	-303.840
Profit (loss) of the period before taxes	**210.108**	**149.453**	**74.609**	**6.982**	**441.152**
Transfer from/transfer to deferred taxes	9	4	396	0	409
Transfer from/transfer to untaxed reserves	13	1	2	0	16
Income taxes	-61.028	-42.618	-5.275	-6.982	-115.903
Profit for the period	**149.102**	**106.840**	**69.732**	**0**	**325.674**

Statement of financial position 2020

(In thousands of EUR) - Belgian GAAP	Electricity	Gas	Other	Fluvius SO consolidated	Aggregated total
Tangible and intangible fixed assets	6.242.298	3.749.170	1.824.016	4.931	11.820.415
Financial fixed assets	1.227	494	441.515	1.617	444.853
FIXED ASSETS	**6.243.525**	**3.749.664**	**2.265.531**	**6.548**	**12.265.268**
Amounts receivable after more than one year	39.064	24.810	377.672	3.891.864	4.333.410
Stocks and contracts in progress	0	0	74.000	97.296	171.296
Amounts receivable within one year	665.337	-72.678	175.369	1.450.262	2.218.290
Cash at bank and in hand	845	547	42.917	5.122	49.431
Deferred charges and accrued income	253.355	76.988	2.830	346.194	679.367
CURRENT ASSETS	**958.601**	**29.667**	**672.788**	**5.790.738**	**7.451.794**
Total Assets	**7.202.126**	**3.779.331**	**2.938.319**	**5.797.286**	**19.717.062**
Contribution excluding capital, other / Share capital	945.850	622.715	1.144.581	1.284	2.714.430
Contribution excluding capital, share premium / Issue premiums	109.127	0	17.791	127	127.045
Revaluation surplus	785.457	377.091	30.938	0	1.193.486
Reserves	866.024	432.762	473.773	86	1.772.645
Retained earnings and result of the period	44.413	35.574	73.573	20	153.580
Government grants	135	1	267.241	0	267.377
EQUITY	**2.751.006**	**1.468.143**	**2.007.897**	**1.517**	**6.228.563**
MINORITY INTEREST	**0**	**0**	**0**	**100**	**100**
PROVISIONS FOR LIABILITIES AND CHARGES	**9.851**	**11.501**	**50.443**	**288.395**	**360.190**
Amounts payable after more than one year	3.390.706	1.318.754	564.638	3.919.032	9.193.130
Amounts payable within one year	834.700	915.225	305.485	1.530.460	3.585.870
Accrued charges and deferred income	215.863	65.708	9.856	57.782	349.209
AMOUNTS PAYABLE	**4.441.269**	**2.299.687**	**879.979**	**5.507.274**	**13.128.209**
Total Liabilities	**7.202.126**	**3.779.331**	**2.938.319**	**5.797.286**	**19.717.062**

The reconciliation of the financial data 2020 mentioned above based on Belgian GAAP to IFRS

(In thousands of EUR) - Belgian GAAP	Aggregated total	IFRS	Difference
Turnover	4.748.820	2.923.733	-1.825.087
Profit (loss) of the period before taxes	441.152	473.353	32.201
Total Assets	19.717.062	15.826.158	-3.890.904
Total Liabilities	19.717.062	15.826.158	-3.890.904
Equity	6.228.563	6.757.091	528.528

These differences can be explained as the result of:

- The elimination of all the transactions and balances between the members of the Economic Group Fluvius as a result of the consolidation
- Reclassifications and adjustments/netting off
- The employee benefit liability is processed in the IFRS result
- The BE-GAAP deferred pension capitals are fully included in IFRS
- Adjustments for the provisions that do not meet the IFRS criteria are included, as well as adaptations to existing provisions
- Leases are recognised as an asset and a liability
- The derivative financial instruments are recorded at fair value and an adjustment is recorded for the accrued interest
- Balance sheet items are recorded at their fair value
- Deferred taxes are recorded.

For the electricity segment, three customers achieved together 66% of the turnover and for the gas segment there were three customers that together achieved 63% of the turnover.

Statement of profit or loss 2019

(In thousands of EUR) - Belgian GAAP	Electricity	Gas	Other	Fluvius SO consolidated	Aggregated total
Turnover	2.357.775	559.301	236.347	1.653.391	4.806.814
Other income	71.933	16.192	70.099	32.510	190.734
Operating costs	-2.096.270	-380.532	-302.223	-1.673.373	-4.452.398
Operating profit (loss)	**333.438**	**194.961**	**4.223**	**12.528**	**545.150**
Financial income	1.734	-114	83.357	124.855	209.832
Financial costs	-119.104	-52.516	-13.180	-128.635	-313.435
Profit (loss) of the period before taxes	**216.068**	**142.331**	**74.400**	**8.748**	**441.547**
Transfer from/transfer to deferred taxes	2	3	361	0	366
Transfer from/transfer to untaxed reserves	12	0	0	0	12
Income taxes	-69.763	-47.652	-9.482	-8.748	-135.645
Profit for the period	**146.319**	**94.682**	**65.279**	**0**	**306.280**

Statement of financial position 2019

(In thousands of EUR) - Belgian GAAP	Electricity	Gas	Other	Fluvius SO consolidated	Aggregated total
Tangible and intangible fixed assets	6.123.050	3.741.848	1.684.138	7.601	11.556.637
Financial fixed assets	1.273	489	385.279	1.627	388.668
FIXED ASSETS	**6.124.323**	**3.742.337**	**2.069.417**	**9.228**	**11.945.305**
Amounts receivable after more than one year	6.227	5.866	394.795	3.784.076	4.190.964
Stocks and contracts in progress	44.360	11	14.072	78.542	136.985
Amounts receivable within one year	369.432	64.210	112.540	954.175	1.500.357
Cash at bank and in hand	169.197	-79.507	94.416	29.851	213.957
Deferred charges and accrued income	329.571	88.579	19.442	299.924	737.516
CURRENT ASSETS	**918.787**	**79.159**	**635.265**	**5.146.568**	**6.779.779**
Total Assets	**7.043.110**	**3.821.496**	**2.704.682**	**5.155.796**	**18.725.084**
Capital	945.725	622.714	1.134.936	1.284	2.704.659
Equity premium	109.127	0	17.772	127	127.026
Revaluation surplus	807.961	388.365	31.744	0	1.228.070
Reserves	881.926	427.968	445.965	86	1.755.945
Retained earnings and result of the period	22.634	11.093	68.203	20	101.950
Government grants	173	93	248.355	0	248.621
EQUITY	**2.767.546**	**1.450.233**	**1.946.975**	**1.517**	**6.166.271**
MINORITY INTEREST	**0**	**0**	**0**	**100**	**100**
PROVISIONS FOR LIABILITIES AND CHARGES	**14.490**	**13.310**	**44.273**	**258.499**	**330.572**
Amounts payable after more than one year	3.621.343	1.517.540	213.487	3.821.108	9.173.478
Amounts payable within one year	323.706	708.682	491.590	1.020.314	2.544.292
Accrued charges and deferred income	316.025	131.731	8.357	54.258	510.371
AMOUNTS PAYABLE	**4.261.074**	**2.357.953**	**713.434**	**4.895.680**	**12.228.141**
Total Liabilities	**7.043.110**	**3.821.496**	**2.704.682**	**5.155.796**	**18.725.084**

The reconciliation of the financial data 2019 mentioned above based on Belgian GAAP to IFRS

(In thousands of EUR) - Belgian GAAP	Aggregated total	IFRS	Difference
Turnover	4.806.814	2.991.498	-1.815.316
Profit (loss) of the period before taxes	441.547	415.840	-25.707
Total Assets	18.725.084	15.155.655	-3.569.429
Total Liabilities	18.725.084	15.155.655	-3.569.429
Equity	6.166.270	6.407.595	241.325

For the electricity segment, two customers achieved 55% of the turnover and for the gas segment there were four customers that together achieved 64% of the turnover.

Performance of the year

6 Operating revenue

The 2019 items of the statement of profit or loss include the results of the last 9 months of 2019 of the company Integan acquired on April 1, 2019.

(In thousands of EUR)	2020	2019
Distribution and transport grid revenue	2.733.028	2.800.651
Sale of energy	44.960	57.537
Construction works for third parties	37.718	60.301
Other sales	108.027	73.009
Total revenue from contracts with customers	**2.923.733**	**2.991.498**
Recuperations	91.778	45.563
Other	43.629	38.893
Other operating income	**135.407**	**84.456**
Own construction, capitalized	**428.103**	**396.056**
Total operating revenue	**3.487.243**	**3.472.010**

Total revenue from contracts with customers
The revenue from the distribution and transport of electricity and gas via its networks and the sale of energy is recognized on a monthly basis. The proceeds from the billing of works to third parties are recognized at some point in time. The other sales for the activity sewerage are recognized on the one hand for the performance recognition of maintenance on the moment in time and, on the other hand, it is spread over the period for the investment. Hence, the remediation contribution is recognized over the period of the works performed.

The Group has realized most of its revenue from the remuneration of the distribution of electricity and gas via its networks. This revenue should be evaluated together with the regulatory transfers and balances. The distribution and transmission grid fee is set based on the tariff methodology prepared by the VREG for the period 2017 to 2020 and the additional adjustments to these tariffs during the years 2019 and 2020 (see note 'Working in a regulated environment').

The distribution and transmission grid fee amounts to 2.800.651 k EUR at the end of 2019 and decreases to 2.733.028 k EUR at the end of 2020. The main cause of this decrease is the lower consumption due to climatic conditions (warm winter and high efficiency of solar panels), COVID-19 and the applied lower tariff prices.

The sale of energy consists of the energy supplies to individuals who do not find an energy supplier on the market due to payment problems.

The billing of construction works for third parties comprises mainly the construction works carried out for ESLA as well as for public lighting.

The contracts with customers are generally from three promises. The first promise is to perform a study of possible energy savings. After this study, works are started up and the Group is responsible for the project coordination and the implementation. These three promises form one performance obligation as the Group provides a significant integrated service to bundle its promises for the combined project for its customer.
The performance obligation is fulfilled upon provisional acceptance and the payment is due within 30 to 60 days on average after the provisional acceptance.
A guarantee period of 12 months is allowed to the customer. This is a standard warranty that is not seen as a separate performance obligation.

Public lighting
The contracts with customers generally include two promises. The first promise is the demolition of the current public lighting. After the demolition the new public lighting is constructed. These promises are considered as two separate performance obligations. The performance obligations are fulfilled upon acceptance and payment is due within 30 to 60 days on average after acceptance.

The other sales reflect the revenue of the remediation of wastewater (2020: 69.232 k EUR; 2019: 67.748 k EUR) by means of a municipal wastewater treatment contribution charged by the water companies (see note ‘‘Working in a regulated environment).
The proceeds of the activity distribution cable television increased due to the continued recognition of future revenues in accordance with the contracts with the telecommunications company Telenet as well as revenues related to Infra-X-net and Infra-GIS.

Other operating income
The recuperations amount to 91.778 k EUR in 2020 and 45.563 k EUR in 2019. This item contains compensations for operating activities performed at customers, reimbursements of general expenses by contractors, insurances or various operating subsidies and recoveries from employees and reimbursement rights (2020 an addition: 185 k EUR and 2019 a refund: -45.900 k EUR).

The other operating income mainly comprises allowances for damages and operations, connection works, works carried out in synergy, subsidies and gains on allowances recorded in previous periods on trade receivables (2020: 1.381 k EUR; 2019: 268 k EUR) and gains on the sale of property, plant and equipment (2020: 1.352 k EUR; 2019: 6.764 k EUR). Also recoveries for RUE premiums (2020: 3.001 k EUR; 2019: 2.757 k EUR) are included.

All costs related to distribution activities have been registered as operational costs. Periodically, a settlement has been recorded and certain costs related to investments have been activated through the item ‘**Own construction, capitalized’**. As a result, this revenue cannot be considered as an operating income. This item also contains the contributions received from customers (152.874 k EUR in 2020 and 149.539 k EUR in 2019) which are also deducted as own construction, capitalized (-152.874 k EUR in 2020 and -149.539 k EUR for 2019).

7 Cost of trade goods

(In thousands of EUR)	2020	2019
Cost for transportation	671.613	666.149
Purchase of energy	33.783	40.418
Purchase of goods for resale	146.295	150.214
Purchase of grid losses	43.347	66.386
Certificates for green energy and cogeneration	524.324	491.387
Total	**1.419.362**	**1.414.554**

Apart from the transmission cost of electricity invoiced by the Transmission System Operator (TSO – Elia), the cost for transportation contains the costs of the federal contribution. This contribution is used to finance certain public service obligations, the obligations for denuclearization, the reduction of emissions of greenhouse gases (Kyoto) and the costs relating to the regulation and control of the energy market. The MEAs recharge these costs in their tariffs to the end users, through the suppliers i.e. in a cascade mechanism. These recharged costs are part of the item 'Distribution and transmission grid revenue' (see note ‘Operating revenue’ line item ‘Distribution and transmission grid revenue').

The costs for green energy and cogeneration certificates mainly include the cost of the number of purchased certificates (2020: 7.503.053 certificates of which 3.240.608 GECs and 4.262.445 CHPCs; 2019: 6.268.725 certificates) and the possible incurred costs of sales (see note 'Trade and other receivables').

8 Cost for services and other consumables

(In thousands of EUR)	2020	2019
Cost of purchase network grids	113.883	135.953
Cost for direct purchases	25.651	32.327
Fee for usage of installations and retributions	74.747	52.375
Advertising, information, documentation, receptions a.o.	4.460	10.034
Subsidy for rational use of energy (RUE)	51.311	65.354
Contracts and administration costs	24.936	28.239
Consultancy and other services	89.123	79.317
Other	53.120	59.769
Total	**437.231**	**463.369**

Cost for services and other consumables amounts to 437.231 k EUR at the end of 2020 and 463.369 k EUR at the end of 2019, a decrease of 26.138 k EUR.

Subsidy for rational use of energy (RUE) amounts to 51.311 k EUR at the end of 2020 and 65.354 k EUR at the end of 2019, a decrease with 14.043 k EUR. These costs reflect the payment of premiums for RUE requested by individuals and companies.

During 2020, only high-efficiency glazing and heat pumps could apply for premiums. During 2019, premiums could be requested for insulation (roof, floor and basement), high-efficiency glazing, relighting, heat pump and solar water heater.

The item ‘Other’ comprises the costs for rent, communication, transport, insurance and other.

9 Employee benefit expenses

(In thousands of EUR)	2020	2019
Remunerations	405.522	390.460
Social security contributions	106.397	110.408
Contributions to defined benefit plans and other insurances	81.956	62.659
Other personnel costs	25.413	26.325
Total	**619.288**	**589.852**

Employee benefit expenses amount to 619.288 k EUR at the end of 2020 and 589.852 k EUR at the end of 2019, an increase of 29.436 k EUR.

This increase is mainly attributable to the increase in remunerations and the amendment for the provision for employee benefits partially recognized through the statement of profit or loss (2020: 59.720 k EUR; 2019: 13.339 k EUR).

The average number of employees amounted to 5.665 during 2020.

10 Amortization, depreciation, impairments and changes in provisions

(In thousands of EUR)	2020	2019
Amortization of intangible assets	36.087	27.337
Depreciation of property, plant and equipment	444.260	418.499
Total amortization and depreciation	**480.347**	**445.836**
Impairment of trade receivables	9.888	22.794
Changes in provisions	-13.338	-19.459
Total	**476.897**	**449.171**

Total amortization and depreciation amount to 480.347 k EUR at the end of 2020 and 445.836 k EUR at the end of 2019, an increase of 34.511 k EUR.

From 2015 onwards, the calculation of the provision for doubtful debts takes into account the principles of the Belgian fiscal rules and, hence, it is based on statistical data obtained from the payment pattern of this category of clients (social suppliers) as from the liberalisation of the energy market.

In 2019, the impairment of trade receivables includes an amount for undue receivables for green certificates (13.657 k EUR).

The changes in provisions for liabilities and charges also includes the recognition of the provision for employee benefits that cannot be recognized under the IAS 19 standard (see note 'Provisions for employee benefits'). During 2020 and 2019, this provision decreased, resulting in a reversal of the provision (2020: -11.439 k EUR; 2019: -19.268 k EUR).

Furthermore, a net decrease of 1.847 k EUR for 2020 and 191 k EUR for 2019 was recorded for the provision for remediation costs. The decrease of the provisions is due to the uses (remediation and sale of land) and specific elements that reduced the estimate of the remediation costs (see note 'Provisions, other').

11 Other operational expenses

(In thousands of EUR)	2020	2019
Loss on disposal/retirement of fixed assets	57.068	48.709
Loss on realization receivables	12.205	12.142
Other	13.842	2.193
Total	**83.115**	**63.044**

Other operating expenses amount to 83.115 k EUR at the end of 2020 and 63.044 k EUR at the end of 2019, an increase of 20.071 k EUR. This increase is due to the increase in losses on the sale of fixed assets and the allocations for the construction of the sewerage fund (See Note "Works in a regulated environment") included in the item ‘Other’. During the year 2020, a total amount of 12.040 k EUR was recorded for this purpose.

12 Regulated balances and transfers

Since 2011, the Group reports the additions, recoveries and regularisations for transfers in this separate section as ‘Operating expenses’, where previously they were reported as ‘Revenue'.
The Group believes that the balance between actual income and expenses and the budgeted income and expenses is not part of revenue, since the recovery through tariffs will occur in a subsequent period.

The revenue of the items ‘Addition and recuperation transfers’ relates to the additional revenue registration that is allowed as the difference between the actual income and expenses and the budgeted income and expenses as approved by the regulator. The result thus additionally reported will be recuperated through the tariffs of the following years (see note ‘Operating in a regulated environment’).

The regulated balances and transfers are as follows:

(In thousands of EUR)	2020	2019
Additional transfers	9.511	36.392
Recuperation of transfers	-100.726	-61.481
Total	**-91.215**	**-25.089**

13 Financial results

(In thousands of EUR)	2020	2019
Interest income, banks	5	31
Interest income, derivative financial instruments	17.657	11.901
Other financial income	100.229	95.108
Finance income	**117.891**	**107.040**
Interest expenses, non-current loans	172.677	180.238
Interest expenses, current loans and other borrowings	2.230	1.418
Interest expenses, derivative financial instruments	1.088	0
Other financial expenses	11.108	26.653
Finance costs	**187.103**	**208.309**

Finance income amounts to 117.891 k EUR at the end of 2020 and 107.040 k EUR at the end of 2019, an increase of 10.851 k EUR.
This increase is mainly due to the interest income from derivative financial instruments. These include the changes in fair value (2020: 12.009 k EUR; 2019: 5.681 k EUR) as well as the recognition over time of the proceeds from the derivatives that were sold (2020: 5.648 k EUR; 2019: 6.220 k EUR).
The other financial income contains dividends received and revaluations of participations and shares obtained via the other investments (2020: 53.443 k EUR and 7.858 k EUR; 2019: 50.811 k EUR and 9.563 k EUR). Furthermore, the allowances received from the telecommunication company Telenet were recognized for 30.393 k EUR at the end of 2020 and 28.539 k EUR at the end of 2019 (see note 'Long-term receivables, other'). The other financial income also contains capital grants and financial discounts received from suppliers.

The interest expenses on non-current and current loans and borrowings decrease by 6.749 k EUR in comparison to 2019 mainly as a result of declining interest rates and financing at lower interest rates.
The other financial expenses amount to 11.108 k EUR at the end of December 2020 and mainly contain the interest expenes on the defined benefit pension plans, incurred issuance costs for loans, interest expense on leases (2020: 1.162 k EUR; 2019: 1.582 k EUR) and miscellaneous bank costs.
Interest expense on derivatives includes the cost of unwinding financial instruments during 2020 (see note "Derivative financial instruments").

14 Income taxes

(In thousands of EUR)	2020	2019
Current income tax expenses	-114.761	-136.294
Current income tax expenses on previous year result	-1.142	649
Deferred income tax benefits (+) / expenses (-)	5.280	50.720
Total income tax expenses	**-110.623**	**-84.925**

Current income tax expense on the result

Based on the Programme Act of 19 December 2014, the MEAs (except those operating in water and sewerage) are subject to the corporate income tax as from accounting year 2015 and thus they are no longer subject to the legal entity tax.

(In thousands of EUR)	2020	2019
Taxable profit (loss) according to BE-GAAP	441.577	441.924
Portion subject to legal entity tax	-3.200	-1.569
Effect non-deductible expenses	20.667	20.407
Tax basis	**459.044**	**460.762**
Total current income tax expenses	**-114.761**	**-136.294**

* Subject to the legal Belgian tax rate of 25,00% (financial year 2020) and 29,58% (financial year 2019)

Deferred taxes

Since the aforementioned law was ratified in 2014, deferred taxes for temporary differences have been calculated between the tax values of assets and liabilities and the carrying amounts for financial reporting purposes, in accordance with the application of IAS12 *income tax*.

During the period 2015-2016 various rulings for the MEAs of ex-Eandis and ex-Infrax were requested from the Federal Public Service Finance to obtain its decision on the correct fiscal treatment of, amongst others, the revaluation of fixed assets, the notional interest deduction, government grants, the impairment losses of trade receivables and the deductibility of impairment losses on final write-offs of receivables.
These rulings were valid through fiscal year 2019 and were extended or modified, as needed, through fiscal year 2022.

Concerning the impairment losses of trade receivables related to the ex-Eandis MEAs, the deduction of the recorded provision for doubtful debts as at 31 December 2014 as deductible costs in the income tax declaration of the tax years 2016 up to 2019 was requested. It is based on the principle, as defined in the aforementioned Programme Act and amended on 10 August 2015, article 92, 4° that the provision for impairment losses, that is recorded during the period the company was subject to legal entity tax, is deductible as a professional cost to the extent that the conditions laid down in article 49 of the Code of the Income Tax of 1992 are fulfilled.
The total amount of impairment amounted to 77.109 k EUR at 31 December 2014 and was processed for the first time at 25,00% in the tax assessment of the year 2016.

The ruling is applicable until the year 2020 (cf. the standard term of five years in application of article 23 of the law of 24 December 2002 amending the corporate system of income taxes and establishing a system of prior rulings for fiscal matters).

During 2015, a separate ruling was requested for Inter-aqua and Riobra, and a prior decision was made allowing Inter-aqua and Riobra to remain subject to the legal entity tax in accordance with article 220, 3 ° of the 1992 Code on the Income Tax. This prior decision will also apply to the tax year 2020.
When Inter-aqua and/or Riobra merge with one or more other ex-Eandis and/or ex-Infrax MEAs, whereby the sewerage activity will be hosted in a MEA that is subject to corporate income tax, the submission to the legal entity tax will normally be lost as well, and hence sewerage will be subject to the corporate income tax.
Regarding the merger by absorption of Inter-aqua (legal entity tax) by Inter-energa (corporate income tax), a ruling was requested to obtain a prior decision concerning the tax consequences of this proposed merger. On 26 March 2019, a prior decision was obtained confirming that the merger would not affect the legal entity tax of Inter-aqua, the capital of Inter-aqua qualifies as taxable paid-up capital, reserves and government grants built up under the legal entity tax qualify as taxed reserves, the fiscal value of the acquired assets on behalf of Inter-energa is equal to the actual value of the assets and the fact that the merger is with retroactive effect will have no effect on the accounting (BE-GAAP).
If in the future Riobra would end up in a similar situation of corporate income tax restructuring, a similar prior examination will be performed. In an unchanged situation during tax year 2021, if and when necessary, a new ruling request in connection with further submission to the legal entity tax will be investigated by Riobra.

In the meantime a new ruling was obtained for Riobra which confirmed that Riobra is still subject to the legal entity tax (and not to corporate tax) up to and including the financial year 2024.

In the context of the Public Lighting offer to the municipalities, a ruling was obtained to provide legal certainty that the costs (related to the investments, maintenance, energy consumption) are considered as fiscally deductible costs in the corporate income tax and that the resources used in this context do not contain any abnormal or gratuitous advantages. The ruling will apply up to and including the financial year 2030.

On 22 December 2017, the Federal Parliament approved the corporate income tax reform that will lead to a step-by-step reduction of the tax rate of 33,99% from 2018 onwards. The tax rate will be 29,58% as from tax year 2019 (financial year 2018) and 25,00% as from tax year 2021 (financial year 2020). Compensatory measures were also introduced, as this reform had to be budget neutral. This reform has a significant impact on deferred taxes and other comprehensive income. The effect of this is included below.

The deferred taxes are a result of the following items and trigger the following movements on the balance sheet.

(In thousands of EUR)	2020	2019
Property, plant & equipment	-473.915	-487.080
Derivative financial instruments	15.515	17.994
Employee benefit liabilities	145.566	141.793
Provisions	-6.872	-12.144
Receivables	-28.076	-20.780
Other	250	1.288
Net deferred tax asset/(liability)	**-347.532**	**-358.929**

The movements in the statement of profit or loss and other comprehensive income are as follows At the end of 2020:

(In thousands of EUR)	Movements via P&L	Movements via OCI*	Movements via retained earnings
Property, plant & equipment	3.189	9.976	0
Derivative financial instruments	-2.479	0	0
Employee benefit liabilities	7.633	-3.860	0
Provisions, rehabilitation gas sites	5.272	0	0
Provisions, other	-7.296	0	0
Impairment on trade receivables	-1.039	1	0
Deferred tax benefit/(expense)	**5.280**	**6.117**	**0**
Net movement during the year	**11.397**		

* OCI = Other comprehensive income

At the end 2019

(In thousands of EUR)	Movements via P&L	Movements via OCI*	Movements via retained earnings
Property, plant & equipment	41.263	14.351	0
Derivative financial instruments	-2.031	0	0
Employee benefit liabilities	12.910	11.258	594
Provisions, other	-91	0	-1.383
Receivables	793	0	0
Other	-2.124	0	0
Deferred tax benefit/(expense)	**50.720**	**25.609**	**-789**
Net movement during the year	**75.540**		

*OCI = Other Comprehensive Income

The main temporary differences relate to the revaluation of property, plant & equipment and the provisions for employee benefit liabilities. A deferred tax liability was recorded of 473.915 k EUR (2019: 487.080 k EUR) related to the revaluation of property, plant & equipment since, according to Belgian tax law, the costs are not deductible. Concerning the provisions for employee benefit liabilities, the costs will be deductible according to the Belgian tax law, and therefore a deferred tax asset was recorded of 145.566 k EUR (2019: 141.793 k EUR).

The net deferred tax liability is composed of:

(In thousands of EUR)	2020	2019
Deferred tax asset	161.331	162.694
Deferred tax liability	-508.863	-521.623
Deferred tax liability, net	**-347.532**	**-358.929**

The movements in the item deferred tax liability are as follows:

(In thousands of EUR)	2020	2019
Total as at 1 January	**-358.929**	**-434.455**
Tax income/(expense) recognised in profit or loss	5.280	50.720
Tax income/(expense) recognised in OCI	6.117	25.595
Tax income/(expense) recognised in retained earnings	0	-789
Total at end of reporting period	**-347.532**	**-358.929**

Assets

15 Intangible assets

(In thousands of EUR)	Licences and similar rights	Development costs	Total
Acquisition value at 1 January 2020	4.931	411.978	**416.909**
Acquisitions	0	54.540	**54.540**
Other	0	5.881	**5.881**
Acquisition value at 31 December 2020	**4.931**	**472.399**	**477.330**
Amortization and impairment at 1 January 2020	4.750	316.309	**321.059**
Amortization	84	36.003	**36.087**
Other	0	5.881	**5.881**
Amortization and impairment at 31 December 2020	**4.834**	**358.193**	**363.027**
Net book value 31 December 2020	**97**	**114.206**	**114.303**

(In thousands of EUR)	Licences and similar rights	Development costs	Total
Acquisition value at 1 January 2019	4.768	361.279	**366.047**
Acquisitions	46	50.697	**50.743**
Other	117	2	**119**
Acquisition value at 31 December 2019	**4.931**	**411.978**	**416.909**
Amortization and impairment at 1 January 2019	4.580	289.124	**293.704**
Amortization	152	27.185	**27.337**
Other	18	0	**18**
Amortization and impairment at 31 December 2019	**4.750**	**316.309**	**321.059**
Net book value 31 December 2019	**181**	**95.669**	**95.850**

The investments for the projects smart metering, smart grids, smart users (as from 2012), district heating (as from 2014) and costs for the fibre-to-the-home (FTTH) activity are recorded as ‘Development costs’.
For the projects 'smart metering' and 'smart grids', the development phase is completed (no new acquisitions since 2017), as the new technology is implemented. As from the second half of 2019, the digital energy meter will be rolled out step by step and an innovative network management system has been built that, together with smart electronics in cabins, ensures that the network can be actively monitored and controlled.

Within the 'smart users' project, additional costs related to adaptations to the Group's systems and market processes within the framework of MIG 6 (Market Implementation Guide) have been recorded during the financial year 2019. During 2020, no additional costs have been recorded.
The 'Fluvia roadmap' has been in place since the summer of 2018. It is a multi-year plan setting out the actions to be taken together as to achieve the Fluvia objectives: a single Fluvius organisation by the end of 2022 and the achievement of the envisaged synergy savings of at least € 110 million annually from the end of 2022.
Fluvius is also on the dawn of an evolution in ICT, the transition to a single IT platform (SAP). These 'New Foundations' will be tackled in phases, starting with the roll-out of a standard that will be optimised in phases. This will translate into several releases over time.

During 2020 and 2019, no costs for research were recorded.
There were no intangible assets with an indefinite useful life.

16 Property, plant and equipment

(In thousands of EUR)	Land and buildings	Installation, machinery and equipment	Furniture and vehicles	Others	Assets under con-struction	Total
Acquisition value at 1 January 2020	429.521	18.890.246	305.221	20.587	772.024	20.417.599
Acquisitions	6.398	288.898	23.347	82	427.177	745.902
Sales and disposals	-5.055	-205.716	-14.549	0	0	-225.320
Transfer to others	-12.626	117.808	-28.051	-79	-372.125	-295.073
Acquisition value at 31 December 2020	**418.238**	**19.091.236**	**285.968**	**20.590**	**827.076**	**20.643.108**
Depreciation and impairment at 1 January 2020	152.875	8.585.127	253.766	18.702	0	9.010.470
Depreciation	6.877	350.954	18.834	379	0	377.044
Sales and disposals	-4.658	-95.243	-14.451	0	0	-114.352
Transfer to others	-11.141	-259.963	-23.665	-304	0	-295.073
Depreciation and impairment at 31 December 2020	**143.953**	**8.580.875**	**234.484**	**18.777**	**0**	**8.978.089**
Net book value at 31 December 2020	**274.285**	**10.510.361**	**51.484**	**1.813**	**827.076**	**11.665.019**

(In thousands of EUR)	Land and buildings	Installation, machinery and equipment	Furniture and vehicles	Leasing and similar rights	Others	Assets under con-struction	Total
Acquisition value at 1 January 2019	406.207	18.548.578	289.200	30.887	20.520	664.369	**19.959.761**
Acquisitions	7.249	204.320	23.461	0	108	521.896	**757.034**
Merger by absorption of Integan	46	25.511	6.559	0	0	0	**32.116**
Sales and disposals	-6.715	-276.741	-11.136	0	-41	-5.692	**-300.325**
Transfer to others	22.734	388.578	-2.863	-30.887	0	-408.549	**-30.987**
Acquisition value at 31 December 2019	**429.521**	**18.890.246**	**305.221**	**0**	**20.587**	**772.024**	**20.417.599**
Depreciation and impairment at 1 January 2019	153.834	8.341.548	244.790	18.962	18.323	0	**8.777.457**
Depreciation	7.036	382.269	16.143	0	388	0	**405.836**
Merger by absorption of Integan	0	25.489	5.051	0	0	0	**30.540**
Sales and disposals	-7.936	-165.464	-10.992	0	-9	0	**-184.401**
Transfer to others	-59	1.285	-1.226	-18.962	0	0	**-18.962**
Depreciation and impairment at 31 December 2019	**152.875**	**8.585.127**	**253.766**	**0**	**18.702**	**0**	**9.010.470**
Net book value at 31 December 2019	**276.646**	**10.305.119**	**51.455**	**0**	**1.885**	**772.024**	**11.407.129**

The commitments for the acquisition of property, plant and equipment at the end of 2020 amounted to 3.972 k EUR and 6.478 k EUR at the end of 2019. A commitment to sell property, plant and equipment existed at the end of 2020 for 25 k EUR and 3.426 k EUR at the end of 2019. In addition, an asset (part of the Mechelen site) qualifies for sale.

The net book value includes the assets paid by clients (third party interventions) and corresponds to the fair value of the Group's network.

As per 31 December 2020 and 2019, there are no restrictions on title and property, plant and equipment serving as pledge for liabilities.

17 Right-of-use assets and lease liabilities

Below is an overview of the right-of-use assets at 31 December 2020:

(In thousands of EUR)	Land and buildings	Installation, machinery and equipment	Furniture and vehicles	Total
Acquisition value at 1 January 2020	21.765	2.594	40.829	65.188
Acquisitions	2.621	0	7.631	10.252
Sales and disposals	-117	0	-1.689	-1.806
Other	0	0	-186	-186
Acquisition value at 31 December 2020	**24.269**	**2.594**	**46.585**	**73.449**
Depreciation and impairment at 1 January 2020	3.761	477	14.991	19.229
Depreciation	4.134	588	9.154	13.876
Sales and disposals	-117	0	-1.686	-1.803
Depreciation and impairment at 31 December 2020	**7.778**	**1.065**	**22.459**	**31.302**
Net book value at 31 December 2020	**16.491**	**1.529**	**24.126**	**42.147**

At 31 December 2019:

(In thousands of EUR)	Land and buildings	Installation, machinery and equipment	Furniture and vehicles	Total
Acquisition value at 1 January 2019	21.328	804	43.926	66.058
Acquisitions	1.604	1.790	8.432	11.826
Sales and disposals	0	0	-11.529	-11.529
Other	-1.167	0	0	-1.167
	0	0	0	0
Acquisition value at 31 December 2019	**21.765**	**2.594**	**40.829**	**65.188**
Depreciation and impairment at 1 January 2019	0	0	18.962	18.962
Depreciation	3.761	477	8.425	12.663
Sales and disposals	0	0	-12.396	-12.396
	0	0	0	0
Depreciation and impairment at 31 December 2019	**3.761**	**477**	**14.991**	**19.229**
Net book value at 31 December 2019	**18.004**	**2.117**	**25.838**	**45.959**

Below are the lease liabilities and the movements during 2020 and 2019:

(in thousands EUR)	2020	2019
Lease liabilities at 1 January	**47.998**	**43.808**
Additions	10.064	14.730
Accretion of interest	1.162	1.074
Payments	-14.417	-11.614
Lease liabilities at 31 December	**44.807**	**47.998**
Non-current lease liablities	32.319	32.319
Current lease liablities	12.488	12.489

The following interest rates were used in determining the lease obligations:
For buildings: 2,00%, 3,08% and 7,00%
For IT material: 2,00%
For vehicles: the interest rates used by the supplier

18 Investments in other companies

Investments in joint ventures and associates amount to 2.017 k EUR at the end of 2020 and 2.016 k EUR at the end of 2019. These investments are being held in Atrias cv, Synductis cv and S-Lim cv.

On 9 May 2011, **Atrias cv** was established as a joint initiative of Belgium's largest energy distribution operators Fluvius, Ores, Sibelga and RESA.
Atrias is a central clearing house for the Distribution System Operators and charged with the development of a Message Implementation Guide (MIG), the development of a clearing house application, and the management and maintenance of this application. MIG describes how the communication flow between the various players of the energy market should happen.
The Group has acquired 50% (2019: 50%) of the shares representing an amount of 9 k EUR (2019: 9 k EUR).
Atrias is an unlisted company and has no official price quotation.

Synductis cv was founded on 21 December 2012 and aims to coordinate the infrastructure works by various utility companies in the Flemish cities and municipalities and so reduce nuisance of the works.
Fluvius System Operator participates in the 'implementation coordination' and 'planning coordination' sectors for an amount of 7 k EUR.
Due to changes in the shareholder structure dissolving the planning coordination sector and the participation during 2020 of De Watergroep and Aquafin into Synductis, the participation amended to 34,47 % (previously 33,28%).
Synductis is an unlisted company and has no official price quotation.

The Group receives its share of the operating costs of Atrias and Synductis. But the Group also grants services and funding (see note ‘Related parties’).

S-Lim cv (Smart Region Limburg) was founded on 7 Augustus 2017 by Fluvius Limburg (ex Inter-media), Nuhmeris and Nuhma with the mission to create a better and more attractive environment in Limburg by investing in technology and innovation. S-Lim accompanies municipalities by means of translating their administrative and social requirements into technological and software related applications. The Group holds an investment of 2.000 k EUR (50%).

19 Other investments

Other investments amount to 2.064.271 k EUR at the end of 2020 and 1.709.053 k EUR at the end of 2019, an increase of 355.218 k EUR.

The other investments comprise the **participations held in Publi-T** (48,03%) and **Publigas** (30,36%).
At 31 December 2019, the fair value recognition of those participations and the **shares** held amounted to 1.704.706 k EUR with recognition through other comprehensive income for 326.974 k EUR and 8.313 k EUR through finance income.
At 31 December 2020, the fair value of these participations and the shares held amounted to 2.059.330 k EUR with recognition through other comprehensive income for 268.018 k EUR and 7.354 k EUR through financial income.

The MEAs Fluvius Antwerpen, Fluvius Limburg, Gaselwest, Imewo, Fluvius West, Intergem, Iverlek and PBE together own 48,03% of the share capital of Publi-T, the reference shareholder in the Belgian electricity transmission system operator Elia. In June 2019, Elia carried out a capital increase for a total amount of €435 million. Publi-T subscribed to this capital increase for €195,11 million; Publi-T's Board of Directors financed this operation mainly through a capital increase of €165 million. At that time, it was financed via a bridging bank loan.
Publi-T’s shareholders were asked to take a stand in the course of the third quarter of 2019. The relevant MEAs of the Fluvius Economic Group decided to approve the proposed capital increase of Publi-T, resulting in a joint investment of 79.253 k EUR, paid up on 29 January 2020.

In order to finance the capital increase of Publi-T, new shares were issued during 2020 in the respective MEA. The participating municipalities were invited to subscribe, although these shares will only be definitively created and allocated in 2021. The new Publi-T shares were already entitled to dividends in 2020. However, the net profit of these shares was transferred in full to 2021, pending the allocation based on the new shares that would be allocated at that time.
Each participant could choose between financing through the contribution of own resources or (internal) financing without contribution of own resources, i.e. using the available liquidities (retained earnings) of the respective MEA and/or, if necessary, debt financing through a bank loan (if these liquidities are lacking or are insufficient).
On 26 January 2021, an agreement was concluded on a bank loan for an amount of 35.400 k EUR, for a period of five years, with annual fixed repayments and at a fixed interest rate of 0,30%.
The dividend policy was also adjusted to reflect the principle to distribute 85% of the expected net profit (according to Belgian GAAP) of the reference year 2018 on the shares (existing and new) should now take place on the basis of the reference year 2021. Furthermore, it was determined how much of this 85% must be used to repay the loan over 5 years.

The other investments comprise the participations held by the Group in the **business centres** situated in the distribution area of Gaselwest (business centres Kortrijk, Flemish Ardennes and Waregem), Imewo (business centres Bruges, Ghent and Ostend) and PBE (business centres Leuven and Tienen).
During 2020, the business centre Zennevallei was sold (19 k EUR). In 2019, the business centre at Roeselare was sold and the business centre Meetjesland was dissolved. The effect of these transactions was included in the financial result.
In addition, participations in **companies** are held by Fluvius West (service company Leiedal, West-Vlaamse Intercommunale and Intercommunale Centrum voor Informatica (CEVI) VZW), by

Fluvius Limburg and Fluvius Antwerpen (service company Cipal) and by the Group in the companies EthiasCo, Duwolim cv and Poolstok.
The fair value recognition of these investments amounts to 4.941 k EUR at 31 December 2020 (2019: 3.771 k EUR) whereby 687 k EUR is recognized at first inception in other comprehensive income and 75 k EUR via financial income (2019: 54 k EUR is recognized at first inception in other comprehensive income and 275 k EUR via financial income).

20 Long-term receivables

Long-term receivables, other amount to 567.917 k EUR at the end of 2020 and 577.329 k EUR at the end of 2019, a decrease with 9.412 k EUR.

The receivables on more than one year mainly consist of receivables towards the telecommunication company Telenet (2020: 452.039 k EUR; 2019: 434.212 k EUR). The increase in these receivables is mainly due to the remuneration of further investments, the associated fees and the recognition of future income in accordance with the contracts.
The receivables were recognised within the framework of the following agreements.
On 24 June 1996, four Flemish cable intermunicipalities Inter-media, PBE, Fluvius West and Integan decided to combine their knowledge, which led to the foundation of the network company Interkabel. All four intermunicipal companies contributed 5% of their cable network and their licenses into the newly created company Interkabel. Negotiations between Interkabel and Telenet resulted in the transfer of those licenses to Telenet. The right of use on those licenses allowed Telenet to provide telecommunication and internet services to Flemish households. The revenues for the intermunicipal companies are received via Interkabel and are composed out of an annuity fee and a client fee.
The annuity fee is related to investments made by the intermunicipal companies for which an allowance is received. Those annuities are recorded as a finance lease because the investments are fully repaid over their economic lifetime. As a result, the investments are recorded as a long-term receivable.
The client fee is calculated based upon the number of connection points on the cable network. Also for this revenue a long-term receivable is recorded, as those fees will generate a yearly revenue until 2046.
Due to the increased digitalization, new agreements were contracted between Interkabel and Telenet. On 28 June 2008, both parties concluded those new agreements in which it was established that the business areas of digital and analogue clients and cable television products were transferred to the telecommunication company and as such a leasehold was established for a period of 38 years. This new agreement is called 'Canonlease agreement' and results in yearly recurring revenue on the initial value of the cable network and additional allowances for the yearly investments made to the network (growing leasehold). All the investments made are reimbursed over a period of 15 years increased by a fair compensation.

Also in this note, receivables towards municipalities are recorded in function of loans borrowed in the framework of the acquired financing associations (2020: 65.612 k EUR; 2019: 40.882 k EUR; 2018: 92.549 k EUR) and to the companies Atrias cv (2020: 42.744 k EUR; 2019: 33.576 k EUR) and S-Lim cv (2020: 0 k EUR; 2019: 20.000 k EUR) (see note 'Related parties').

21 Inventories

(In thousands of EUR)	2020	2019
Raw materials and consumables	102.705	84.715
Accumulated impairment on inventories	-5.409	-6.173
Total	**97.296**	**78.542**

The Net write back on impairment losses amounted to 884 k EUR in 2020 (2019 addition: 192 k EUR). These amounts were included in the profit or loss account.

22 Trade and other receivables

(In thousands of EUR)	2020	2019
Trade receivables - gross	628.933	616.811
Impairment	-131.288	-121.362
Total trade receivables - net	**497.645**	**495.449**
Total other receivables	290.033	306.964
Total trade and other receivables	**787.678**	**802.413**

The information regarding outstanding balances with the associate was included in the note 'Related parties'.

The detail of the **trade receivables – net** is as follows.

(In thousands of EUR)	2020	2019
Trade receivables from distribution grid activities		
Outstanding debt	300.254	239.956
Impairment	0	0
Trade receivables social customers		
Outstanding debt	123.297	122.227
Impairment	-82.674	-80.089
Other trade receivables		
Outstanding debt	155.844	213.158
Construction works for third parties	32.538	33.850
Impairment	-48.614	-41.273
Trade receivables public authorities, state and country	**9.520**	**709**
Other	**7.480**	**6.911**
Total trade receivable - net	**497.645**	**495.449**

The net trade receivables from distribution grid activities increase by 60.305 k EUR to 300.254 k EUR.
The net amount of trade receivables from social customers amounts to 40.623 k EUR in 2020 and 42.138 k EUR in 2019.
The ‘Other trade receivables’ include amounts related to bad debts from the period before the energy market’s liberalization, as well as receivables related to finished construction works and services rendered and costs still to be billed related to works for third parties. The debt amounts related to the sale of green certificates are also recorded in this line item.

The trade receivables from distribution grid activities are payable within 18 calendar days following the dispatch of the invoice as provided in the Access Code.
Write-down of these receivables is almost non-existent.

The detail of the **other receivables** is as follows.

(In thousands of EUR)	2020	2019
VAT receivable	9.346	61.948
Receivables municipalities	8.456	10.684
Green energy and cogeneration certificates	114.916	58.663
Receivables options	3.433	1.630
Other current receivables	51.755	51.517
Complement to annual energy sales	59.372	66.497
Deferred charges	10.780	15.493
Accrued income	31.976	40.533
Total other receivables	**290.033**	**306.964**

Total other receivables decreased from 306.964 k EUR at the end of 2019 to 290.033 k EUR at the end of 2020 being a decrease by 16.931 k EUR. This decrease was mainly due to the decrease of the recoverable VAT (52.602 k EUR)and 4.713 k EUR in deferred charges offset by an increase of the receivables for unsold green energy and combined heat and power certificates or cogeneration certificates (GEC and CHPC or CGC) amounting to 56.253 k EUR.

The **GECs and CHPCs** amount to 114.916 k EUR at the end of December 2020 compared to 58.663 k EUR at the end of December 2019.
The MEAs are required on the basis of the Energy Decree (article 7.1.6) to buy renewable energy certificates, which are offered by the owners of solar panels and cogeneration plants. The minimum support for solar panels varies between 450 euro and 90 euro; for cogeneration support amounts between 27 euro and 31 euro.
The electricity suppliers are obliged to deliver a specific quantity of green electricity and cogeneration certificates to the regulator; the exact quantity of certificates is determined in relation to a certain percentage of the energy delivered. Hence, the MEAs can offer these certificates to the energy suppliers.
The sales price in this market, however, is significantly lower than the minimum paid out by the MEAs for the certificates.
From June 2019 onwards, the Flemish Government decided to value the GECs at 93 euro and the CHPCss at 27 and 31 euro (which is equal to the minimum support in function of the period to which they relate). The resulting cost is included in the post 'Cost of trade goods'.
Due to this adjustment in the Energy Decree those certificates should as from 2018 be sold at least once a year instead of several times a year.

At the end of 2019, the inventory of GECs and CHPs was low mainly due to sales and the ‘Dienst Algemeen Economisch Belang’ (DAEB)-arrangement by ‘Vlaams Energie- en Klimaatagentschap’ (VEKA).
The sales were organized through two auctions in the first and third quarter of 2019 and GECs were sold for a total amount of 233.520 k EUR and CHPs for an amount of 68.917 k EUR.
Mini-competitions were also organised by the ‘Vlaams EnergieBedrijf’ and ‘Amsterdam Capital Trading’ and GECs were sold for 19.815 k EUR and CHPs for 521 k EUR.
In December 2019, the Group received an amount of 100.000 k EUR as a result of the purchase and destruction of GECs and CHPs by VEKA and VREG on the basis of the DAEB arrangement.

In 2020, sales were organised via two auctions in the first and third quarter of 2020. GECs were sold for the amount of 197.521 k EUR and CHPs for the amount of 32.839 k EUR. The average price for a GSC was 91,85 euro and for a CHP 26,02 euro.
Mini-competitions were also organised by the Vlaams EnergieBedrijf and Amsterdam Capital Trading where only GECs were sold for an amount of 18.200 k EUR.
In August 2020 and in December 2020, the Group received an amount of 120.000 k EUR as a result of the purchase and destruction of GECs and CHPs by VEKA and VREG on the basis of the DAEB arrangement.

The other current receivables mainly include the receivable from the telecommunications company Telenet for 46.563 k EUR at the end of 2020 and 45.196 k EUR at the end of 2019 (see note 'long-term receivables, other').

The **complement to the annual energy sales** concerns the estimate of the energy supplied to social customers but not yet invoiced.

The **deferred charges and accrued income** mainly concern the amounts to be settled on the purchase of energy and a payment still to be received regarding the Telenet contract (2020: 0 k EUR, 2019: 15.984 k EUR).

23 Cash and cash equivalents

Cash and cash equivalents amount to 31.328 k EUR at the end of 2020 and 64.588 k EUR at the end of 2019, a decrease of 33.260 k EUR.
Cash and cash equivalents comprise bank deposits, cash resources and fund investments that are readily exchangeable into cash.

Liabilities

24 Equity

The various components of equity and the movements from 1 January 2019 to 31 December 2020 were reflected in the 'Statement of changes in equity'.

Amendments to the articles of association following changes in Belgian law

The new 'Code of Companies and Associations' entered into force on 1 May 2019 and mandatory provisions apply from 1 January 2020.

Associations and cooperative societies have become capital-free. As a result, the concept of 'share capital' became obsolete and was changed to 'contribution excluding capital'. Also, the distinction between fixed and variable capital has become meaningless.

The statutory reserves have been transformed by law and without any formality into a statutory unavailable equity account. By means of an amendment to the articles of association, this unavailable equity account was converted into an available equity account. It is assumed that future contributions will also land as an available equity account. Furthermore, all current and future contributions will be booked on the statutory available equity account.

Contribution excluding capital, other / Share capital amount to 2.688.588 k EUR at the end of 2020 and 2.678.818 k EUR at the end of 2019, an increase by 9.770 k EUR.

The capital of the Group represents the sum of the contributions / capitals of the MEAs and evolves as follows (see also note ‘Expansion of the Fluvius Economic Group’):

Transaction	**Amount in thousands of EUR**
1 January 2019	2.545.877
Capital decrease - exit of Walloon municipalities (Gaselwest-Zuid)	-7.515
Capital decrease - exit of province Limburg	-38.357
Capital increase - Intergas, Fluvius Limburg	6
Merger by incorporation of Integan	66.707
Capital increase - Fluvius Antwerpen	320
Capital injection - public lighting	107.406
Capital decrease - transfer to sewerage fund	-2.447
Capital increase - create strategic participations	6.697
Incorporation of unavailable reserves	175
Capital decrease - delete shares	-51
31 December 2019	**2.678.818**
Incorporation of unavailable reserves	126
Contribution excluding capital, other - public lighting	28.940
Contribution excluding capital, other - sewarage	3.610
Contribution excluding capital, other - public lighting	-22.166
Contribution excluding capital, other - sewarage	-740
31 December 2020	**2.688.588**

- Main transactions during 2019:

On 1 January 2019, the four **Walloon municipalities** exited and they are now served by a Walloon distribution system operator.

On the basis of the Decree on Intermunicipal Cooperation, the **province of Limburg** hasexited from Inter-energa and Inter-media (now Fluvius Limburg).

As a result of the **merger by acquisition of Integan ov**, a capital increase of 66.707 k EUR was recorded.

As part of the installation of the LED lighting project, 175 municipalities have decided to contribute their lighting equipment, light sources and supports for public lighting and, if necessary, semi-public lighting installations and/or applications mounted on **public lighting** installations to their respective MEA in 2019. On the basis of a valuation, the assets were transferred to the MEA and the municipalities concerned were remunerated partly in shares and partly in cash (of which 1.265 k EUR was already paid in 2019 and 30.525 k EUR is still to be paid in 2020 - see note 'Trade and other payables').

As a result of the merger into Fluvius Antwerpen, ex-Iveg **capital** for the **Strategic Participations sector** had to be transferred from the reserves.

The **Regulations on sewerage funds** resulted in a capital decrease with respect to this fund, whereby a negative balance in this fund resulted in a value decrease of those shares. This decrease is explained as follows.
The contribution by the municipalities of their sewerage activity in the MEA Riobra was accompanied by the creation of shares RB and RI. The RI-shares are part of the sewerage funds. On an annual basis and from the profit and loss statement the sewerage fund increases, which is recorded as a debt to the municipality. At Riobra, the sewerage fund comprises both the RI shares, and the amounts of this annual recording. At the moment of usage of the sewerage fund at Riobra, this is charged to this debt. If consequently a debit balance arises on the debt account, a conversion of the RI-shares to the debt account is performed. The capital of RI-shares reduces **every year** as a result.

The incorporation into capital of **unavailable reserves** is, in accordance with the articles of association of Fluvius West, an annual allocation of shares for municipal interventions to bring into the underground low-voltage networks and cable television networks in order to reduce the number of air lines. This allocation is made on the basis of the underlying value of a share on 31 December of the previous year.

- Main transactions in 2020

As a result of the continuation of the takeover of **public lighting** by the municipalities (Public Lighting 2.0 project), several municipalities contributed their public lighting installations during 2020.

As a result of the **contribution of the sewerage** activity by the municipality of Pittem, the 'Contribution outside capital, other' was increased by 3.610 k EUR and a 'Contribution, issuance premium' of 49 k euro was recorded.

Distribution of equity by Fluvius Limburg
On 22 October 2019, the MEA granted its approval on the proposed offer for the project Public Lighting 2.0. During 2019, approval was given to the principles for settlement of the 2019 drawing rights and to the transitional measure on treatment of surpluses of the drawing rights until 2024. Within this framework and during 2019, approval in principle was also granted for the possible reduction of the equity of the MEA (possibility of 'capital reduction') up to the amount of 26 million euro (22 million euro as a reduction of capital (available contribution) associated with the public lighting shares and 4 million euro reduction of the (available) reserves). This adjustment to equity took place in financial year 2020.

Furthermore, there was the decrease in 'Contributions other than capital, other' following the **exit of the province** from Riobra and an adjustment of the final valuation as at 31 December 2020 for the contribution of the sewage infrastructure of a municipality (Pelt) as at 31 December 2018.

The table below gives an overview of the contributions / share capital of each MEA at the end of 2020 and 2019.

MEA	Contribution excluding capital, other Number	Contribution excluding capital, other (in thousands of EUR)	Shares Number	Shares (in thousands of EUR)
	31 December 2020	31 December 2020	31 December 2019	31 December 2019
Gaselwest	32.813.559	359.930	32.756.318	358.499
Imewo	31.578.050	332.542	31.254.779	324.461
Intergem	16.797.630	120.806	16.581.274	115.397
Iveka	11.297.336	132.539	12.787.429	148.833
Iverlek	41.100.230	279.981	40.975.548	276.863
Sibelgas	3.264.362	70.924	3.264.362	70.924
Fluvius OV	984	24	984	24
Fluvius West	9.996.813	249.920	9.572.492	239.312
Fluvius Limburg	23.539.449	581.914	23.544.250	604.200
Fluvius Antwerpen	30.195.297	409.936	28.603.724	389.613
PBE	2.573	8	2.573	8
Riobra	6.053.425	150.064	6.078.425	150.684
Total	**206.639.708**	**2.688.588**	**205.422.158**	**2.678.818**

* In 2019: the shares in Sibelgas are shares C and 10.000 shares D, issued without representation in the share capital.

On 1 January 2020, the municipalities of Malle, Ranst, Wommelgem and Zoersel became participants in Fluvius Antwerp as a result of a partial demerger by transfer of Iveka to Fluvius Antwerp. As a result of this transaction, the number of shares and the capital contribution of these MEAs had to be adjusted.

Until the amendment of the articles of association in 2020, the share capital consisted of a fixed and a variable part. The variable part of the capital varied due to entry or exit (accompanied by withdrawal of shares) of participants, or due to capital increase or capital reduction.
The fixed part of the share capital was fully subscribed and paid up.

On 31 December 2020, the contribution outside capital, other amounts to 2.688.588 k EUR.
The contributions are represented by shares with or without nominal value, depending the MEA.

The shares are in the names of the participating municipalities. The participants are not jointly and severally liable. They are only liable for the obligations of the MEA up to the amount of their subscriptions.

The shares are divided by activity: electricity, gas, sewerage, cable networks, heat, strategic participations and public lighting. Each participant must subscribe and pay up at least one share per activity they are joining.
The distribution system operators that only carry out regulated activities for electricity and natural gas distribution: Gaselwest, Fluvius Antwerpen (ex-IMEA and ex-Iveg), Imewo, Fluvius West, Fluvius Limburg (via ex-Inter-Energa), Intergem, Iveka, Iverlek, PBE (only electricity) and Sibelgas. These MEAs also carry out district heating.

The MEAs that carry out sewerage activities are Fluvius West, Fluvius Limburg (via ex-Inter-aqua), Fluvius Antwerpen (via ex-Iveg) and Riobra.
The MEAs that carry out the cable television are Fluvius West, Fluvius Limburg (via ex-Inter-Media), Fluvius Antwerpen (via ex-Integan) and PBE.

The MEAs have also issued profit certificates. Only the profit certificates of Fluvius West and Fluvius Limburg and certain shares, except for the sewerage and public lighting activities, are entitled to dividends.
The shares (situation at the end of 2020) are divided into preference shares (503.822 shares at Fluvius Antwerp), non-preference shares (200.246.596 shares) and non-voting shares (5.889.290 shares).

Contribution outside capital, issuance premium / Issuance premium
Following the incorporation of the financing associations (9.389 k EUR), the merger by absorption of the ex-Infrax Group (115.589 k EUR) and the contribution of the sewerage activity of the municipality of Pelt (1.906 k EUR), the issuance premium amounted to 126.884 k EUR at 31 December 2019.
On 31 December 2020, this item amounted to 126.903 k EUR, an increase as a result of the contribution to the sewerage activity of the municipality of Pittem (49 k EUR) and the adjustment for the municipality of Pelt (-30 k euro).

The overview of the **reserves** is as follows:

(In thousands of EUR)	Legal reserves	Unavailable reserves	Available reserves	Total
Total at 1 January 2019	59.695	449.650	1.178.511	**1.687.856**
Merger by absorption of Infrax cv	-15	-511	-5.337	**-5.863**
Incorporation ex-Infrax MEAs in the consolidation	6.671	5.649	17.784	**30.104**
Movements to the reserves	1.633	37.740	-14.161	**25.212**
Total at 31 December 2019	**67.984**	**492.528**	**1.176.797**	**1.737.309**
Repayment of equity	-67.984	0	67.984	**0**
Movements to the reserves	0	32.905	-16.306	**16.599**
Total at 31 December 2020	**0**	**525.433**	**1.228.475**	**1.753.908**

A *legal reserve* has been formed amounting to 67.984 k EUR at the end of 2019. As a result of changes in Belgian legislation and an amendment to the articles of association, this reserve was transferred to the available reserve.

Since 2008, amounts have been included as *unavailable reserve* equal to the depreciation of the (RAB-added value) revaluation surplus value in accordance with the settlement with the CREG. From 2010 onwards, the costs of the surplus value of land, buildings and installations sold during the accounting year were taken into account. Furthermore, it was decided to transfer during 2014 the total of the unavailable reserves of 380.801 k EUR to the available reserves in order to balance the account at 1 January 2016. Since then, additions have again been recorded as an unavailable reserve. In 2017, a withdrawal from the reserves was also included in order to comply with the tax regulations that were obtained through a ruling.
During 2019, and as a result of the merger of Integan, 30.104 k EUR of reserves were recognized (see note 'Expansion of Economic Group Fluvius').

Also during 2019, reserves were distributed as a result of the exit of the Walloon municipalities and the province of Limburg and available reserves were incorporated into the share capital as a result of the creation of the 'strategic participations' sector (see above – contributions / share capital).

The **other comprehensive income** is composed of the following:

(In thousands of EUR)	2020	2019
Related to employee benefit liabilities	-486.651	-401.214
Related to rights to reimbursement on post-employment employee benefits	240.468	139.593
Related to fair value other investments	1.624.387	1.356.369
Related to deferred tax liabilities	-295.970	-302.087
Total other comprehensive income	**1.082.234**	**792.661**

The movement in other comprehensive income (2020: 289.573 k EUR; 2019: 295.574 k EUR) stems from the movements during the accounting period (see ‘Statement of comprehensive income’). Also, 40 k EUR of other comprehensive income was recorded at the time of the merger of Integan into Fluvius Antwerp (see note 'Adjustments to the structure of the Economic Group Fluvius').

Non-controlling interest amounts to 100 k EUR at the end of 2020 and 100 k EUR at the end of 2019. The **non-controlling interest** is held by Farys/TMVW in De Stroomlijn and the interest in 2019 obtained by De Watergroep in De Stroomlijn (7 k euro).

Dividend

In accordance with the articles of association, the profit (according to Belgian accounting principles) is distributed to each participant in proportion to the equity value of the shares A and profit certificates C.

Within the current structures, agreements were made at the level of the management to maintain to maintain the dividends paid out at the same level of recent years. Within this framework, the necessary decisions were taken to pay out the dividends as they had been announced for the municipal budgets and, subsequently, decisions were taken about allocations to the results carried forward and to the availble reserves.

During the 2020 financial year, dividends amounting to 311.052 k EUR were paid out, of which 308.816 k EUR related to 2020 and 2.236 k EUR from a dividend that was approved but not paid out in 2019.

During the accounting period 2019, dividends amounting to 285.239 k EUR were paid out and the dividend of 3.999 k EUR from ex-Integan was approved by the General Meeting of Shareholders, but has not yet been distributed. Only an amount of 1.763 k EUR was paid out during 2019.

The table below shows the approved and/or paid out dividends per MEA in 2020 and 2019.

MEA (In thousands of EUR)	2020	2019
Gaselwest	46.686	48.280
Imewo	46.940	47.783
Intergem	21.860	22.409
Iveka	15.073	19.836
Iverlek	43.473	46.006
Sibelgas	6.532	7.000
Fluvius West	16.762	8.955
Fluvius Limburg	61.970	33.971
PBE	6.065	3.629
Fluvius Antwerpen	45.691	51.370
Total	**311.052**	**289.239**

After the balance sheet date, the Board of Directors of each of the MEAs has formulated a dividend proposal. At their MEA's General Assembly, the shareholders have approved the payment of these dividend balances. According to IFRS, these dividends are only reported in the year in which the dividends have been approved. The dividend balance for 2020 amounted to 44.788 k EUR and will be included in the 2021 accounts, the dividend balance for 2019 amounted to 68.190 k EUR and was included in the 2020 accounts.
The amounts mentioned are the net dividends before withholding tax.

The Group's **profit** comprises the capital cost remuneration (fair remuneration) for the DSOs and the other remunerations for the MEAs, as described among others in the note 'Operating in a regulated environment'.

25 Interest bearing loans and borrowings

(In thousands of EUR)	2020	2019
Long-term loans	**5.280.508**	**5.413.841**
Current portion of long-term loans	735.366	410.451
Short-term loans	572.600	464.500
Short-term loans	**1.307.966**	**874.951**
Total	**6.588.474**	**6.288.792**

Long and short-term loans amount to 6.588.474 k EUR at the end of 2020 and 6.288.792 k EUR at the end of 2019, an increase of 299.682 k EUR.
This increase is primarily due to new long-term financing in the form of a first institutional bond loan of 600.000 k EUR issued on 2 December 2020 under the new Fluvius EMTN programme of 5.000.000 k EUR (See note 'Financial instruments: risks and fair value'). At the end of 2020, the negative cash pool balance of 547.554 k EUR was financed on short term by issuing 500.000 k EUR commercial paper and subscription of a fixed loan of 47.600 k EUR. Sibelgas also borrowed on short-term an amount of 25.000 k EUR from its shareholder, IBEG. The short-term financing in

2019 amounted to 411.500 k EUR commercial paper and a fixed loan of 53.000 k EUR had to be repaid, as well as a bond loan of 170.000 k EUR that matured.

The funds borrowed during 2020 have been used to refinance the matured bond loan of 170.000 k EUR. Furthermore, the need for financing is related to the funds provided to the MEAs to repay bank loans amounting to 235.110 k EUR and to finance their participation in Publi-T as a result of Elia's capital increase. That financing amounted to 79.253 k EUR. There was also a cash payment of 36.690 k EUR as a result of the acquisition of the public lighting infrastructure of several municipalities, the payment of dividends by the MEAs for 294.804 k EUR and a capital decrease in the public lighting activities of Fluvius Limburg for 25.820 k EUR. Finally, for the benefit of the MEAs, Fluvius is also fully funding the digital meter project.

The **movements of the long and short-term loans** can be analyzed as follows:

(In thousands of EUR)	**2020**		**2019**	
	Cash	**Non-cash**	**Cash**	**Non-cash**
Total as at 1 January	6.288.792		6.110.191	
Movements on non-current loans (LT)				
Proceeds of non-current loans	598.608	0	2.343	0
Change in non-current loans	0	3.661	0	2.632
Transfer of short-term portion of LT loan to ST	0	-735.602	0	-408.595
Movements on current loans (ST)				
Proceeds of current loans	572.600	0	464.500	0
Transfer of short-term portion from LT loan to ST	0	735.602	0	408.594
Change in current loans	0	-5.597	0	-6.090
Repayment of short-term portion of long-term loan	-405.090	0	-259.827	0
Repayment current loans	-464.500	0	-24.956	0
Total movements	**301.618**	**-1.936**	**182.060**	**-3.459**
Total at end of reporting period	**6.588.474**		**6.288.792**	

Long-term loans

All outstanding loans are expressed in euro.

The bank loans were mainly concluded at fixed interest rates, but there are also some bank loans at variable interest rates and some loans with a derivative structure.

For bank loans with a derivative instrument, the Group subscribed to interest rate swaps in order to swap the variable interest rate to a fixed interest rate or some forward interest swaps were concluded (see note ‘Derivative financial instruments’).

For all the bond loans, each of the MEAs is a guarantor on a non-joint and non-inclusive basis but limited to its proportional share in the capital of its former working company (ex-Eandis or ex-Infrax). The portion in the share capital was fixed at the moment of issuance and remains fixed over the remaining term of the bond loans.

As a result of the merger of 1 July 2018, the acquired EMTN bond loans registered on the name of Infrax cv only have the MEAs of ex-Infrax as guarantor. Similarly, for the bonds issued by Eandis System Operator cv, only the MEAs that belonged to the former Economic Group Eandis acts as guarantors.
The new bond loan of 2 December 2020 issued by Fuvius System Operator cv has all of the Group's MEAs as guarantors.

Overview of the long-term loans by category.
At the end of 2020

(In thousands of EUR)	2020	Initial amount	Current interest rate %	Maturity
Bond issue - retail	199.853	200.000	2,00 - 2,00	2025 - 2025
Bond issue - EMTN*	3.748.852	3.760.500	0,25 - 4,50	2021 - 2033
Bond issue - private**	445.995	450.000	1,05 - 3,55	2023 - 2044
Bank loans - fixed interest rate	1.196.665	2.476.476	0,64 - 5,27	2021 - 2036
Bank loans - floating interest rate	16.775	70.578	0,00 - 1,88	2021 - 2033
Bank loans - with derivative instrument	407.734	1.104.322	2,07 - 4,75	2022 - 2036
Total	**6.015.874**	**8.061.876**		
Current portion of long-term debt	-735.366			
Total long-term loans	**5.280.508**	**8.061.876**		

At the end of 2019

(In thousands of EUR)	2019	Initial amount	Current interest rate %	Maturity
Bond issue - retail	369.806	370.000	2,00 - 4,25	2020 - 2025
Bond issue - EMTN*	3.147.906	3.160.500	1,75 - 4,50	2021 - 2033
Bond issue - private**	445.756	450.000	1,05 - 3,55	2023 - 2044
Bank loans - fixed interest rate	1.342.233	2.646.516	0,64 - 5,15	2019 - 2036
Bank loans - floating interest rate	21.210	70.578	0,00 - 1,88	2020 - 2033
Bank loans - with derivative instrument	497.380	1.185.692	2,07 - 5,27	2020 - 2036
Total	**5.824.292**	**7.883.287**		
Current portion of long-term debt	-410.451			
Total long-term loans	**5.413.841**	**7.883.287**		

* EMTN: Euro Medium Term Note (is a programme to provide to the Group the flexibility to issue bond loans with different maturities).
** Private: bond issues according to German law: Schuldschein and Namensschuldverschreibung as well as private issues to institutionals (stand alone).

Overview of the long-term loans borrowed during 2020 and 2019:

(In thousands of EUR)	2020	2019	Initial amount	Interest rate %	Maturity
Bond issue - EMTN*	598.619	0	600.000	0,25	2030
Total 31 December 2020	**598.619**	**0**	**600.000**		
Bank loans - Fixed interest rate	0	0	22	1,15	2019
Bank loans - Variable rate	1.759	1.926	2.000	0,00 - 1,23	2020 - 2033
Bank loans - Variable swapped to fixed	227	275	322	4,75	2024
Total 31 December 2019	**1.986**	**2.202**	**2.343**		

* EMTN: Euro Medium Term Note (is a programme to provide to the Group the flexibility to issue bond loans with different maturities).

The return at issue price represents the gross actuarial yield at issue.
The capital of the debenture is repayable at maturity.

During 2020, a bond was issued by the Group for 600.000 k EUR with an issue price at 99,921%, a maturity of 10 years, at a fixed coupon rate of 0,25% and fully repayable on the maturity date of 2 December 2030.
More specifically, it concerns a green bond, which means that the proceeds raised will be used for clearly defined investment projects with a sustainability added value, as described in the Fluvius Green Financing Framework. This green bond of Fluvius complies with the Green Bond Principles (GBP) issued by ICMA (International Capital Market Association). The sustainability aspects of this bond, the Environmental, Social and Governance (ESG) policy of Fluvius System Operator and its compliance with the GBP have been independently verified and certified in a so-called 'Second Party Opinion' by the specialised agency ISS ESG.

Four investment programmes were selected for the 2020-2030 green bond: i) the refurbishment of public lighting with led technology, ii) the roll-out of the digital meter for electricity, iii) sewerage projects for expansion or renewal and iv) adjustments to the electricity distribution network to enable the connection of decentralised, renewable production facilities.

An agreement was reached with the European Investment Bank (EIB) at the end of 2020 on a loan programme totalling 425.000 k EUR. This programme covers the period 2021 up to 2024 and will be used to finance half of the investments in digital metering for electricity planned during that period. Fluvius can call upon this loan in several instalments; the first two instalments (for a total of 200.000 k EUR) are scheduled to be called upon in April 2021.

Short-term loans
The loans on short-term contain the portion of the long-term loans which are repayable within one year (735.366 k EUR at year end 2020, 410.451 k EUR at year end 2019) and the loans drawn with financial institutions as reported below:

(In thousands of EUR)	Maturity	Available amounts	Amounts used	Amounts not used	Average interest rate*
Commercial paper	(1)	500.000	500.000	0	-0,01%
Fixed advances	NA	200.000	0	200.000	NA
Fixed loans/Bank overdraft	Daily	200.000	47.600	152.400	0,40%
Fixed loans	NA	25.000	0	25.000	NA
Loans from third parties	NA	25.000	25.000	0	0,00%
Total on 31 December 2020		**950.000**	**572.600**	**377.400**	
Commercial paper	(1)	500.000	411.500	88.500	-0,15%
Fixed advances	NA	200.000	0	200.000	NA
Fixed loans/Bank overdraft	Daily	200.000	53.000	147.000	0,40%
Fixed loans	NA	25.000	0	25.000	NA
Total on 31 December 2019		**925.000**	**464.500**	**460.500**	

* The average interest rate of the used amounts at the end of the period
(1) At 31 December 2020: maturities between 22 January 2021 and 12 February 2021; at 31 December 2019: maturities between 10 January 2020 and 31 March 2020
NA Not Applicable

All short-term loans, except loans from third parties, are subscribed by Fluvius System Operator in the name and on behalf of the MEAs. No collateral is given in respect to the bank overdrafts (and in 2019 in respect to the straightloan contract (Fixed loans) amounting to 47.600 k EUR). Concerning the other loans, the MEAs gauarantee their contribution to the capital and act in solidarity as joint debtors.

26 Employee benefit liabilities

Defined contribution plans
Employees hired after 1 January 2002 and the executive staff hired after 1 May 1999 are entitled to defined contribution plans: these pension plans provide in a lump sum on retirement resulting from the contributions paid and the return granted by the pension institutions, as well as a lump sum and orphan interests in case of decease before retirement. The financing is carried out by employee contributions and employer contributions that are deposited in pension funds (Powerbel and Enerbel) and group insurances.
The assets are managed within a Luxembourg Fund (Esperides), divided in 4 investment zones, each representing a different risk profile (low risk, medium risk, high risk and dynamic asset allocation). The risk level also has to be managed taking into account the age of the members. This is why the trustees of Powerbel have proposed to the members a new option (2015) to manage their assets. This option, called 'Life-Cycle', offers an evolution of the risk exposure from growth to more defensive throughout the member's career. Each year the participant has the opportunity to change his investment strategy, for the future allowances of the employer or for the totality of the accumulated sums in his account.

Until 2017, defined contribution plans were valued according to the Projected Unit Credit (PUC) method without projection of future contributions. As of 2018, the employer contributions with respect to O.F.P. Enerbel will be calculated according to the PUC method with projection of future contributions. The employee contributions will still be valued according to the PUC method without projection of future contributions because those are independent to seniority.
The guaranteed interest is variable and each year aligned to 65% of the average return over the last 24 months of linear bonds of the Belgian State (OLOs) with a duration of 10 years (at least 1,75% and maximum 3,75%).
The applied interest rate starting from 2016 is 1,75% and is applied, according to the vertical method, for all contributions paid to the pension funds and in the insurance company (products of TAK 21 with interest guarantee).

The pension funds are not subject to the Solvency II regulation of insurance companies and can obtain better expected returns by diversification of their investments. Hence, the reserves and a compensation of the group insurance was transferred during 2016 to a pension fund (OFP Powerbel/OFP Enerbel) as a cash-balance plan with a minimum guaranteed return of 3,25%

As from 2018, executives were offered the opportunity to move from pension fund Powerbel to the cash balanced plan Powerbel New. For the accumulated rights a “Cash Balance” system applies, meaning that the regulated formula determines the employer contributions and the return is fixed at 3,25%. No employee contributions are foreseen. Allowances in case of decease and incapacity are defined benefit meaning that those different allowances are determined by a formula. The contributions to be paid will be adjusted to this target.

For contractual employees taken over in 2018 (ex-Infrax), defined contribution plans are also available that are taken at different insurers through group insurances and which cover various premiums per MEA. The financing is done only through employer contributions. These contribution plans were valued through the PUC-method without projection of the future premiums.
On April 1, 2019, the entire contractual staff of the ex-Infrax MEAs and of ex-Integan were taken over by Fluvius System Operator cv. The employees of ex-Infrax and ex-Integan retain their fixed contribution scheme at Ethias. The pension obligations of ex-Infrax executives, who have switched to the Fluvius SO status, and ex-Integan executives have been included in the existing structure Cash Balance plan Powerbel New. The executives who have not switched to the Fluvius SO status, retain their fixed contribution scheme at Ethias. Ex-Infrax executives will each year be given the option to switch to Fluvius SO status. In that case they will be affiliated to the Cash Balance Powerbel New plan. Employees who will be promoted to executives in the future will also be affiliated to the Cash Balance Powerbel New Plan.
The fixed contribution plan at Ethias is managed horizontally, as a result of which a return guarantee of 1,75% is applied to the premiums from 2016 and a return guarantee of 3,25% for the 2016 premiums. The evaluation of the plan is done according to the PUC method but without projection of future premiums.

Defined benefit plans
The Collective Labour Agreement of 2 May 1952 stipulated an additional pension equal to 75 % of the last annual salary after deduction of the legal pension at the end of a complete career, as well as a survival pension and an orphan allowance. This defined benefit plan has been fully paid up by the employer and the pensions have been paid out directly to the beneficiaries. The remaining subsequent obligations are for the largest part related to current pensions.

The majority of the employees hired before 1 January 2002 and the executive staff hired before 1 May 1999 are entitled to defined benefit plans which provide in the payment of a lump sum on retirement, and a lump sum and orphan interest in case of decease before retirement. These benefits are calculated taking into account the last annual salary and past service. The financing is carried out by employee contributions and employer contributions that are deposited in pension funds (OFP Elgabel and OFP Pensiobel) and group insurances.

Due to changes to the pension regulation in Belgium, the members of the pension plan Pensiobel were offered the opportunity to move as from 1 January 2015 to the defined contribution plan Powerbel. The accumulated and improved acquired rights (in Pensiobel) are capitalized at market returns but with a minimum return equal to 3,25% (cash-balance Best-off plan).

Following negotiations on sector level, an agreement was reached in 2020 on a "renewed" pension plan - the Master Plan. On 1 October 2020, the conditions of the Master Plan were fixed in a Collective Labour Agreement: as of 1 January 2022 changes will be effective to the defined benefit plan Elgabel for baremised employees with old employment conditions; also as of 1 January 2022 the solidarity fund within the O.F.P. Elgabel was abolished and became part of the O.F.P. Elgabel; the possibility was included to transfer possible surpluses of the O.F.P. Elgabel, under certain conditions, to another pension fund and improvements were also made to the fixed contribution plan-Enerbel.

For permanent (statutory) employees, there are defined benefit plans, which differ for each individual MEA, as a result of the merger carried out in 2018. The MEAs have joined the 'Common Pension Fund' (Gesolidariseerd Pensioenfonds) that since 2017 is managed by the Federal Pension Service. As a result, an important part of current and future legal pension obligations was acquired by this Common Pension Fund. In return, there is the obligation to pay pension contributions to this Fund on the basis of the payroll of the statutory employees, the so-called basic contributions and any additional pension contributions for individual empowerment, if the amount of the pension payments charged to the Common Pension Fund exceeds the amount of the basic contributions.
The MEAs have each subscribed an insurance contract for the financing and payment of contributions due to the 'National Social Security Office' (NSSO - Rijksdienst voor Sociale Zekerheid). The insurance companies ensure the payment of pension contributions (basic contributions and empowerment contributions) and manage the payments of pensions into the Common Pension Fund. As a result of the subscription, the basic pension will be spread across numerous public administrations. The current pensions are largely taken over by the NSSO and the new pensions are in any case at the expense of the NSSO. The employer's contributions payable are in line with the basic contributions determined by the NSSO, supplemented by a empowerment contribution. The existing reserves in the own pension funds remain the property of the MEAs and will be used to co-finance the expected increase of the basic contribution and the empowerment contribution.

This insurance aims to secure the basic pension contributions and the additional pension contributions for individual empowerment. By building up reserves, MEAs aim to be able to pay the empowerment contribution that, as from the moment no statutory employees are employed anymore, will equal the current and future pension obligations of the MEAs that are due to the Common Pension Fund.
The valuation of these plans was recorded based on the discounted value of all future empowerment contributions taking into account the current pensions, future pensions based on the accumulated reserves on the acquisition date and projected salaries up to the retirement date.

The other pension obligations, not included in the Common Pension Fund, were accommodated in a group insurance, called first pillar. This ensures the oldest statutory pensions, which were not included in the Common Pension Fund at the time of the establishment, and the additional pension being the difference between the amount of the new pensions as from the start and thus chargeable to this Fund (legal calculation) and the amount of the pension calculated in accordance with the then applicable statute of the permanent employee.
As from 2015 or 2016, depending on the MEA, the pension obligations of the active employees were transferred to a supplementary pension obligation (also called second pillar). The commitment

includes a defined benefit expressed as an interest, but is also different per MEA as they have different pension schemes.

On 1 March 2019, the permanent staff of ex-Integan was taken over by one of the ex-Infrax MEAs, as a result of which the pension schemes of this MEA became applicable to these staff members as well. In 2020, improved pension arrangements were developed for this group of personnel.

On 1 April 2019, the entire statutory staff was transferred from the ex-Infrax MEAs to Fluvius OV.

The Group also grants **post-retirement allowances** being reimbursement of healthcare costs and tariff benefits.
The **other long-term employee benefits** contain provisions for retirement and jubilee bonuses and holidays carried over or overtime.

The current defined benefit plans are financed through pension funds in which the assets, dedicated to specific plans, are identified. Belgian legislation and the pension regulations provide that the dedicated assets should only finance the relevant benefits. This results in determining an **asset ceiling**. The determination of the asset ceiling takes into consideration the projected total benefit payable under the assumptions and as per the pension plan rules.

Right of reimbursement
The Energy Decree of 2015 stipulates and the current tariff methodology confirms that the stranded costs which consist of the charges for the unfunded public sector pension or supplementary pension, are eligible for inclusion in the tariffs. Since it is virtually certain that these costs will be borne by third parties, a reimbursement right for the employee benefits was recognised and recorded as an asset.
The reimbursement rights are therefore recorded at the same value as the corresponding value for the liability for employee benefits (i.e. fair value). The adjustments in the period to date are - as a result of the changes in the assumptions or experience adjustments - all recognised as other comprehensive income as well as adjustments for the reimbursement rights.
The rights of reimbursement amount to 443.513 k EUR at the end of December 2020 (2019: 353.605 k EUR).

Actuarial risks
The defined benefit plans expose the Group to various actuarial risks:

Investment risk
The present value of the defined benefit plan liability is calculated using a discount rate determined to high quality corporate bond yields. If the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment which is reported in the table below 'Classification of the plan investments on the balance sheet date'.

Due to the long-term nature of the plan liabilities, the pension fund's board considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities to leverage the return generated by the funds.

Interest rate risk
A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk
The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

From 2015 onwards, new prospective mortality tables are being used as proposed by the Institute of Actuaries in Belgium (IA|BE).

Salary risk
The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The major actuarial assumptions used at balance sheet date to determine the provision for employee benefits and other allowances:

	2020	2019
Discount rate - pensions DB	0% and 0,49%	0,42%-0,93%
Discount rate - pensions DC	0,45%	0,96%
Discount rate - others	0,40%, 0,45%, 0,25% and - 0,01%	0,20%-0,86%
Expected average salary increase (inflation excluded)	0,40%to 2,10%	0,43%-2,04%
Expected inflation	1,75%	1,75%
Expected increase of health benefits (inflation included)	2,75%	2,75%
Expected increase of tariff advantages	1,75%	1,75%
Average assumed retirement age	63	63 and 65
Mortality table used	IA|BE Prospective Tables	IA|BE Prospective Tables
Turnover	0% and 0,29% to 2,72%	0% to 3,01%
Life expectancy in years of a pensioner retiring at age 65:		
For a Person aged 65 at closing date:		
- Male	20	20
- Female	24	24
For a Person aged 65 in 20 years:		
- Male	22	22
- Female	26	26

Accounting treatment
In the context of longer working lives, certain benefits granted for early retirement (anticipatory benefits) cannot be recognized as a provision for employee benefits. The Group has developed a 'renewed' pension plan to address this issue. The implementation of this plan will take place in 2022.

The 2020 figures take account of this renewed pension plan and its terms, but there remains a small part for which no agreement has yet been reached. The amounts of the anticipatory benefits amount to 1.436 k EUR (2019: 12.875 k EUR) and were not included as a provision for employee benefits, but were processed for this amount as an actual liability on the balance sheet item **'Provision, other'**.

The notes below include, for 2020 and 2019, the provision for employee benefits according to IAS19 (2019 column - without anticipatory benefits) and for 2019 also the total figure for the provision for employee benefits and other provisions (2019 column - with anticipatory benefits) where applicable.

Furthermore, an amount of 443.513 k EUR at the end of 2020 (2019: 353.605 k EUR) was recognized as a '**Reimbursement right',** as it can be recovered through future tariffs.

Amounts recognized in comprehensive income

(In thousands of EUR)	2020	2019
Current Service cost (employer only) - tax on service cost included	-67.816	-63.608
Interest expense	-16.682	-31.445
Interest income - interest income from asset ceiling excluded	10.134	20.056
Curtailments	0	-2.344
Past service cost	-48.753	0
Actuarial gains and (losses) recognized immediately in profit or loss	5.507	4.596
Total costs included in profit or loss	**-117.610**	**-72.745**
Actuarial (gains) losses on liabilities:	0	0
changes in financial assumptions	139.870	275.810
changes in demographic assumptions	-5.345	1.375
effect of experience adjustments	-28.879	22.478
Actuarial (gains) losses on assets	-4.192	-120.034
Taxes on unfunded employee benefit obligations	0	0
Effect of variation of the asset ceiling	-16.017	-1.001
Effect of transition from employee benefit to provision	0	22.396
Total costs included in other comprehensive income	**85.437**	**201.023**

Amounts recognized in the balance sheet

(In thousands of EUR)	Present value of funded defined benefit obligation	Fair value of plan assets	Total
Pensions - funded status	1.900.510	-1.455.712	444.798
Pensions - unfunded status	81.995	0	81.995
Healthcare costs, tariff benefits - unfunded status	241.082	0	241.082
Other long-term employee benefits - funded status	116.526	0	116.526
Impact on minimum funding requirement/effect of asset ceiling	0	22.114	22.114
Total defined benefit obligation and long-term employee benefits at 31 December 2020	**2.340.113**	**-1.433.598**	**906.515**
Without			
Pensions - funded status	1.847.777	-1.459.883	387.894
Pensions - unfunded status	70.433	0	70.433
Healthcare costs, tariff benefits - unfunded status	186.672	0	186.672
Other long-term employee benefits - funded status	91.007	0	91.007
Impact on minimum funding requirement/effect of asset ceiling	0	37.948	37.948
Total defined benefit obligation and long-term employee benefits at 31 December 2019	**2.195.889**	**-1.421.935**	**773.954**
With			
Pensions - funded status	1.809.026	-1.459.883	349.143
Pensions - unfunded status	78.665	0	78.665
Healthcare costs, tariff benefits - unfunded status	235.563	0	235.563
Other long-term employee benefits - funded status	108.241	0	108.241
Impact on minimum funding requirement/effect of asset ceiling	0	15.217	15.217
Total defined benefit obligation and long-term employee benefits at 31 December 2019	**2.231.495**	**-1.444.666**	**786.829**

Changes in the present value of the obligation

(In thousands of EUR)	2020	2019	2019
Total at 1 January	-2.195.889	-1.761.054	-1.793.239
Actuarial gains (losses) - financial assumptions	-141.725	-270.927	-287.160
Actuarial gains (losses) - demographic assumptions	7.410	2.957	1.724
Actuarial gains (losses) - experience adjustments	25.142	-27.625	-12.003
Acquisitions/disposals	-432	-133.432	-133.432
Curtailments	0	-2.344	-2.344
Current service cost & taxes included	-67.816	-62.436	-63.608
Participant contributions	-2.196	-2.111	-2.111
Interest cost	-16.682	-31.040	-31.445
Benefit payments & taxes included	100.828	92.123	92.123
Past service cost	-48.753	0	0
Total at 31 December	**-2.340.113**	**-2.195.889**	**-2.231.495**

Changes in the fair value of the plan assets

(In thousands of EUR)	2020	2019
Total at 1 January	1.459.881	1.210.874
Actuarial gains (losses) - correction on assets at 1 January	21.925	1.559
Return on plan assets (excluding interest income)	-8.699	118.475
Additions/disposals	718	92.478
Interest income	10.317	20.261
Employer contributions & taxes included	53.323	87.795
Participant contributions	2.196	2.111
Benefit payments & taxes included	-83.949	-73.672
Total at 31 December	**1.455.712**	**1.459.881**
Irrecoverable surplus (effect of asset ceiling)	-22.114	-15.217
Total at 31 December	**1.433.598**	**1.444.664**

Changes in asset ceiling

(In thousands EUR)	2020	2019	2019
		without	with
Total at 1 January	37.948	16.013	16.013
Interest income	183	205	205
Changes in asset ceiling	-16.017	21.730	-1.001
Total at 31 December	**22.114**	**37.948**	**15.216**

Changes in other comprehensive income

(In thousands EUR)	2020	2019
Total at 1 January	401.214	200.191
Other comprehensive loss(gain)	85.437	201.023
Total at 31 December	**486.651**	**401.214**

Classification of the plan investments on the balance sheet date

The classification of the plan investments in function of the major category at the end of 2020

Category	Other %	Elgabel %	Pensiobel %	Insurance companies %	Powerbel and Enerbel %	Total %
Investments quoted in an active market	**89,74**	**78,34**	**81,80**	**84,85**	**82,80**	**84,73**
Shares (Eurozone)	18,66	16,14	9,04	12,52	13,20	16,16
Shares (Outside eurozone)	13,47	21,77	1,35	24,68	21,44	15,44
Government bonds (Eurozone)	31,80	0,00	21,29	0,00	7,74	18,46
Other bonds (Eurozone)	12,47	25,92	47,23	30,51	26,83	22,14
Other bonds (Outside eurozone)	13,33	14,52	2,90	17,15	13,58	12,53
Unquoted investments	**10,26**	**21,66**	**18,20**	**15,15**	**17,20**	**15,27**
Real estate	0,03	2,49	4,08	2,27	2,49	1,50
Cash and cash equivalents	0,67	3,51	1,36	3,08	3,27	1,88
Other	9,56	15,66	12,76	9,80	11,45	11,89
Total in %	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**
Total (In thousands of EUR)	**693.617**	**419.227**	**169.199**	**17.009**	**156.660**	**1.455.712**

The classification of the plan investments in function of the major category at the end of 2019

Category	Other %	Elgabel %	Pensiobel %	Insurance companies %	Powerbel and Enerbel %	Total %
Investments quoted in an active market	**89,55**	**78,37**	**83,40**	**81,68**	**84,46**	**84,88**
Shares (Eurozone)	18,34	15,36	18,16	8,50	12,00	16,67
Shares (Outside eurozone)	13,28	22,05	24,00	0,00	21,77	17,87
Government bonds (Eurozone)	31,58	0,00	0,00	22,54	7,00	15,75
Other bonds (Eurozone)	11,80	26,25	26,50	48,44	28,42	20,08
Other bonds (Outside eurozone)	14,56	14,70	14,73	2,21	15,27	14,52
Unquoted investments	**10,45**	**21,63**	**16,60**	**18,32**	**15,54**	**15,12**
Real estate	0,03	2,53	2,39	4,18	2,38	1,35
Qualifying insurance contracts	0,00	0,00	0,00	0,00	0,00	0,00
Cash and cash equivalents	0,00	3,24	3,58	1,24	2,69	0,00
Other	10,42	15,86	10,63	12,90	10,48	1,69
Total in %	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**
Total (In thousands of EUR)	**680.953**	**425.662**	**184.969**	**20.520**	**147.779**	**1.459.883**

Breakdown of the defined benefit obligation by type of plan participants and by type of benefits

(In thousands of EUR)	2020	2019
Breakdown of defined benefit obligation by type of plan participants	**-2.340.113**	**-2.231.495**
Active plan participants	-1.878.557	-1.737.556
Terminated plan participants with deferred benefit entitlements	-156.550	-173.097
Retired plan participants and beneficiaries	-305.006	-320.843
Breakdown of defined benefit obligation by type of benefits	**-2.340.113**	**-2.231.495**
Retirement and death benefits	-1.982.505	-1.887.691
Other post-employment benefits (medical and tariff reductions)	-241.082	-235.563
Jubilee bonuses (Seniority payments)	-116.526	-108.241

The results of the **sensitivity analysis** are included below to explain the impact of the assumptions.

(In thousands of EUR)	Effect: increase (-) / decrease (+)
Discount rate (+0,25%)	91.006
Inflation (+0,25%)	-84.296
Salary increase (+0,10%)	-10.421
Healthcare increase (+0,10%)	-306
Tariff advantages (+0,50%)	-8.719
Life expectancy of pensioners (+1 year)	-48.043

The annual balance of the defined benefit lump sum is financed by the Group through a recurrent allocation expressed as a percentage of the total payroll. This percentage is defined by the aggregate cost method and is reviewed annually. This method of financing is used to smooth out future costs over the remaining period of the plan. The costs are estimated on projected bases (salary growth and inflation taken into account).
The assumptions related to salary increase, inflation, employee turnover and age-term are defined on the basis of historical statistics of the Group. The mortality tables used are the ones corresponding to the observed experience within the financing vehicle. The discount rate is set up with regard to the investment strategy of the company.
These assumptions are challenged on a regular basis.
Exceptional events (such as modification of the plan, change of assumptions, insufficient coverage...) can eventually lead to additional payments by the Group.

The average duration of the defined benefit obligation at 31 December 2020 is 8 years (2019: 8 years) and for the defined contribution obligation at 31 December 2020 20 years (2019: 20 years).

The Group estimates to contribute 22.623 k EUR to the defined benefit pension plans in 2020 and 12.045 k EUR to the defined contribution plans.

27 Derivative financial instruments

The Group has entered into interest rate swaps in order to convert the variable interest rate on long-term loans into a fixed interest rate.
Derivative financial instruments amount to 62.717 k EUR at the end of 2020 and 74.726 k EUR at the end of 2019, a decrease of 12.009 k EUR.

During 2019, one contract was unwound with a term until the end of 2020 and during 2020, four contracts were unwound.

The fair value of derivative financial instruments entered into for hedging the interest rate risk is calculated on the basis of the discounted expected future cash flows taking into account current market interest rates and the yield curve for the instrument's remaining maturity.
The changes in the fair value are recognized in the income statement (see note 'Financial results').

Overview of the derivative financial instruments with an indication (*) of the contract that was redeemed during 2019:
A Linear Constant Maturity swap within the framework of the original 200 million EUR loan with a maturity of 20 year concluded in December 2004 entered into force in December 2009.

A Bonus Range Accrual within the framework of the original 250 million EUR loan with a maturity of 20 year loan concluded in December 2006 entered into force in December 2011.
A Varifix within the framework of the original 250 million EUR loan with a maturity of 20 year concluded in December 2007 entered into force in October 2010.
A forward fixing IRS swap was concluded in July 2013 within the framework of a loan subscribed to in December 2013 for an amount of EUR 150 million over 10 years.

Overview of the acquired derivative financial instruments from ex-Infrax:
An Interest rate swap within the framework of the original 40 million EUR loan with a maturity of 10 year concluded in November 2012 entered into force in November 2012
An Interest rate swap within the framework of the original 20 million EUR loan with a maturity of 10 year concluded in November 2012 entered into force in November 2012.
An Interest rate swap within the framework of the original 58,6 million EUR loan with a maturity of 20 year concluded in May 2013 entered into force in September 2016.
An Interest rate swap within the framework of the original 30 million EUR loan with a maturity of 10 year concluded in November 2012 entered into force in November 2012.
An Interest rate swap within the framework of the original 10 million EUR loan with a maturity of 10 year concluded in November 2012 entered into force in November 2012.
An Interest rate swap within the framework of the original 10 million EUR loan with a maturity of 10 year concluded in November 2012 entered into force in November 2012.
An Interest rate swap within the framework of the original 70 million EUR loan with a maturity of 20 year concluded in September 2011 entered into force in September 2011.

(*) A Linear Constant Maturity swap within the framework of the original 24,8 million EUR loan with a maturity of 20 years concluded in October 2000 entered into force in July 2007.

The following contracts were unwound during 2020:
A Linear Constant Maturity swap within the framework of the original 55,7 million EUR loan with a maturity of 20 years concluded in February 2002 entered into force in February 2009.
A Linear Constant Maturity swap within the framework of the original 16 million EUR loan with a maturity of 20 years concluded in January 2003 entered into force in January 2007.
A Linear Constant Maturity swap within the framework of the original 4,8 million EUR loan with a maturity of 17 years concluded in January 2006 entered into force in January 2007.
A Linear Constant Maturity swap within the framework of the original 4,8 million EUR loan with a maturity of 17 years concluded in Januray 2006 entered into force in December 2008.

28 Provisions, other

(In thousands of EUR)	Site remediation	Other	Total
Total at 1 January 2019	**9.178**	**32.318**	**41.496**
Incorporation ex-Infrax MEAs in the consolidation	0	72	**72**
Additions	200	0	**200**
Used	-390	-19.268	**-19.658**
Transfer to others	175	-175	**0**
Total at 31 December 2019	**9.163**	**12.947**	**22.110**
Used	-1.847	-11.491	**-13.338**
Total at 31 December 2020	**7.316**	**1.456**	**8.772**

The provisions comprise the obligations recognized for the **remediation** of the former gas factory sites and other contaminated sites. The MEAs own several gas factory sites on which soil and groundwater have been polluted in the past. Tackling this pollution has already started on a voluntary basis and a framework agreement with OVAM was concluded in 2001. Meanwhile, the number of such sites has been reduced. In a new agreement with OVAM, it has been determined what the spread in time, the budget, the order of priority and the modalities of execution of the works for rehabilitating the soil, and possibly other measures, will be.
In 2020 an amount of 11.597 k EUR (2019: 11.597 k EUR) was pledged to OVAM.

The Group is working on the possible sale of certain contaminated sites. In this context, several sites have already been sold and letters of intent have been entered into with potential buyers.
On certain sites already sold, remediation duties still remain for an amount of 710 k EUR in 2020 and 710 k EUR in 2019 (see note ‘Contingencies’).

The decrease of the provision for site remediation was due the uses (decontamination carried out) and more specific elements that allowed estimating the clean-up costs.
The addition to the provision for remediation in 2019 amounts to 200 k EUR and it concerns the provisions accounted for by ex-Integan for which the remediation work was completed during the year and for which 200 k EUR was used.

The Soil Decree (Article 31) requires an exploratory soil survey to be carried out for uninvestigated land with a potential for historical soil contamination. One of the important objectives of the soil policy is to have started the remediation of all historical soil contamination by 2036.
In order to achieve the objective of research and decontamination of land with historical soil pollution by 2036, the amendment to the decree provides for an instrument to also inventory the unexamined risk land so that the soil quality of all land with historical risk activities is known.
Since the period from exploratory soil investigations to the soil decontamination works can take up to eight years, it is important to complete the soil investigations by 2028.
In order to spread the implementation of these exploratory soil surveys over time, an amending decree provides for a phased implementation of the obligation to carry out exploratory soil surveys by the end of 2021, the end of 2023 and the beginning of 2027.
The Group will do what is necessary to comply with this obligation to carry out exploratory soil investigations and will take the necessary measures in this respect, if necessary.

The additions in the **provision 'Other'** relate to recognition of employee benefits. Within the framework of working longer, some advantages previously granted are no longer eligible as a provision for employee benefits. An amount of 12.875 k EUR at the end of 2019 was no longer recorded as a provision for employee benefits. However, a constructive obligation is recorded for this amount on the item 'Provisions, other'. During 2020, the Group finalised the 'renewed' pension plan, as a result of which the provision of 12.875 k EUR in 2019 could be reduced to 1.436 k EUR.

29 Government grants

(In thousand of EUR)	2020	2019
Total at 1 January	269.677	239.565
Received during the year	30.638	37.284
Write-back during the year	-489	-2.234
Released to the income statement	-5.100	-4.938
Total at 31 December	**294.726**	**269.677**

Government grants amount to 294.726 k EUR at the end of 2020 and 269.677 k EUR at the end of 2019, an increase of 25.049 k EUR.

The Flemish Region (Vlaams Gewest) and the Flemish Energy and Climate Agency have granted capital subsidies to the MEAs for various projects. These support measures are part of the projects 'green energy' and sewerage investment activities. The Flemish Decree on government grants states which types of investment costs are eligible for obtaining a government grant for sewerage activities. The amount of the grant equals 75% of the effective costs related to the construction and improvements of sewerage, and the related spring facilities for rainwater. Because of the uncertainty with respect to the receipt, the timing and the amount of the grants awarded for sewerage, they are recognized at the moment the actual cash is received.

30 Trade payables and other liabilities

(In thousands of EUR)	2020	2019
Trade debts	355.912	327.491
VAT and other taxes payable	27.112	3.197
Remuneration and social security	92.195	95.553
Advances Soclev clients and other	48.140	51.607
Transfer tariff	107.374	210.566
Solidarity payables related to the certificates for green energy and cogeneration	0	36
Other current liabilities	169.884	205.570
Total	**800.617**	**894.020**

Trade payables and other current liabilities amount to 800.617 k EUR at the end of 2020 and 894.020 k EUR at the end of 2019, a decrease of 93.403 k EUR.

The decrease is mainly explained by the decrease of transfers (see note ‘Working in a regulated environment’) and the other current liabilities partly offset by VAT and other taxes payable.

The transfer tariffs amount to107.374 k EUR at the end of 2020 and 210.566 k EUR at the end of 2019 and reflect the corrections to revenue that qualify to be recognised as recovery via the distribution network tariff in subsequent years. (See note 'Working in a regulated environment - The settlement mechanism').

One of the items in the other current liabilities at the end of 2019 concerns the amount of 30.525 k EUR still to be paid to the municipalities and cities that have contributed their public lighting to their respective MEA. These payments were made early January 2020.
The other items under this heading include charges to be allocated relating to, among other things, the financial costs for the bond loans and other debts to the municipalities.

The terms and the conditions for the debts are as follows:
For the standard trade debts the average payment term amounted to 30 days and the contractors were paid, as part of the measures to alleviate the COVID-19 impact, on 14 days between April 2020 and the end of August 2020
Debts for VAT and withholding tax are paid respectively 20 and 15 days after the end of the month. All debts are paid by the maturity date.

31 Current tax liabilities

(In thousands of EUR)	**2020**	**2019**
Current income tax expenses	114.761	136.294
Advances paid	-97.287	-110.575
Deductible witholding tax	-16.428	-15.543
Tax liability/(asset) current year	**1.046**	**10.176**
Tax liabilities/(assets)	**3.192**	**-11.493**
Current tax liabilities/(assets)	**4.238**	**-1.317**

The net amount of taxes to be paid amounts to 4.238 k EUR at the end of 2020 (2019: 1.317 k EUR net amount receivable) of which 10.669 k EUR as a receivable (2019: 19.009 k EUR) and 14.907 k EUR as a tax liability (2019: 17.692 k EUR).
During 2020, a total of 110.348 k EUR (2019: 94.442 k EUR) taxes were paid.

Financial instruments

32 Financial instruments: Risks and fair value

Risks
It is the Group's intention to understand all risks separately, as well as their mutual connections, and to define strategies in order to manage the economic impact on the Group's results. The Audit Committee is responsible for reviewing the risk analysis, for the approval of the recommended risk management strategies, and for compliance with the guidelines on risk management and reporting.

Equity structure
The Group's equity structure consists of equity and the financial liabilities.
Apart from the legally (Belgian) required minimum levels for equity that are applicable, the mission charged associations are also subject to the Flemish Decree on Local Government.
This decree (22 December 2017) stipulates that a legal person governed by private law may participate in the capital of the associations under certain conditions.

The purpose of the Group is to maintain a strong balance sheet structure and to ensure that the Fluvius Group can retain a 'good' investment grade rating from the credit rating offices.

As the Group works within a regulated environment with a guaranteed remuneration (fair remuneration/profit and a guaranteed return/dividend), the risk is rather limited.
During 2020 and 2019, the Group fulfilled all 'expected' obligations.

The Group has called upon long and short-term funding to support its capital structure.
The Group monitors its solvency. Solvency means the degree to which the Group, in case of liquidation, can meet its financial obligations towards the providers of debt capital.

Credit risk
The credit risk comprises the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Group pursues a credit policy whereby the credit risk is scrutinized and diversification of counterparties is necessary.
The maximum credit risk is each financial asset's balance sheet value.

Trade debtors
Movements in accumulated impairments on trade receivables

(In thousands of EUR)	2020	2019
Balance at 1 January	-121.362	-98.738
Merger by absorption of Integan	0	-31
Exit of Walloon municipalities (Gaselwest-Zuid)	0	37
Other	-38	164
Charge of impaired receivables	-18.961	-28.557
Write-back of impaired receivables	9.073	5.763
Balance at end of the period	**-131.288**	**-121.362**

Currency risk
The Group is not substantially exposed to currency risks, since transactions in currencies other than the euro are limited.

Liquidity risk
The liquidity risk implies the risk that the Group will encounter difficulties in meeting its obligations associated with financial liabilities. The Group limits this risk by continually scrutinizing cash flows and by taking care that a sufficient number of credit facilities are available.

The Group can call upon several banks to attract resources on short term. It has the possibility to issue commercial paper within the framework of a treasury bill programme.The commercial papers and the fixed loans have a maturity of one day up to twelve months and it is possible to take up straight loans with a maturity between one week up to one year. All loans have fixed interest rates except for the bank overdraft that has a variable interest rate.

The Group borrows on a long-term basis mainly to finance its ongoing investments in the distribution grids including the roll-out of the digital meter chain and the acquisition and replacement of the public lighting park, to finance shareholdings, to refinance loans, to pay interests and for working capital purposes. During 2014, the collected cash of these debentures was also used to pay the exit fee relating to Electrabel's exit from the Eandis MEAs' equity.

In 2010, the first bond loans were issued for private investors in Belgium and the Grand Duchy of Luxembourg.

To diversify and broaden its funding resources, so that a safe, reliable, efficient and innovative distribution of energy to the customers can be assured, a rating was requested.
In October 2011, 'Moody's Investors Service Ltd.' ("Moody's") granted Eandis System Operator a rating. Fluvius has chosen in 2018, to obtain a **rating** from the rating agencies Moody's and 'Creditreform Rating AG' (Creditreform).
On 25 July 2019, Moody's rated the company A3 with a **stable outlook**.
On 10 September 2020, Moody's rating agency confirmed the **A3 rating** for Fluvius, but changed the rating outlook from stable to **negative**. This decision was mainly motivated by Moody's expectation that, without mitigating measures, the credit ratios of Fluvius's shareholders might come under pressure in the 2021-2024 tariff period as a result of the energy regulator VREG's decision on the adjusted 2021-2024 tariff methodology.
Since January 2017, the rating with Creditreform is A+ with stable outlook. Creditreform also adjusted the rating outlook to negative on 27 October 2020.

Fluvius, via Eandis, successfully issued bonds in the framework of its 5.000.000 k EUR Euro Medium Term Note (**EMTN) programme** launched in 2011 and which runs through 2021. At the end of 2019, an amount of 2.980.500 k EUR or 59,61% was issued. Since year end 2014 no more bonds were issued under this programme.
On top of this, Fluvius – via Infrax - issued in the framework of its 500.000 k EUR EMTN programme launched in 2013. A first part was issued for 250.000 k EUR in 2013 (to mature in 2023) and a second part of 250.000 k EUR was launched in 2014 (to mature in 2029).
During 2020, a new EUR 5.000.000 EMTN programme was launched by Fluvius System Operator cv. On 17 November 2020, the base prospectus was approved by the Financial Services and Markets Authority (FSMA) and the programme could be activated. The issues are guaranteed by the eleven MEAs of the Group and will have a minimum maturity of one year.
At the end of 2020, an amount of 600.000 k EUR or 12,00 % of the programme's total amount had already been issued.

An overview of the loans is included in the note 'Interest bearing loans and borrowings'.

The following schedule shows the maturity schedule of the different loans.
At the end of 2020

(In thousands of EUR)	2020	1 year or less	2-3 year	4-5 year	More than 5 year
Bond issue - retail	199.853	0	0	199.853	0
Bond issue - EMTN	3.748.852	499.793	1.247.236	249.855	1.751.967
Bond issue - private	445.995	0	10.000	0	435.995
Bank loans - fixed interest rate	1.185.402	149.390	290.200	233.008	512.805
Bank loans - floating interest rate	16.775	4.560	7.418	3.337	1.460
Bank loans - with derivative instrument	418.997	81.623	147.708	90.331	99.335
Total	**6.015.873**	**735.366**	**1.702.562**	**776.384**	**2.801.562**
Total bullet payment	**4.425.543**	**499.793**	**1.257.236**	**469.391**	**2.199.124**
Total excluded bullet payment	**1.590.330**	**235.573**	**445.326**	**306.993**	**602.438**

At the end of 2019

(In thousands of EUR)	2019	1 year or less	2-3 year	4-5 year	More than 5 year
Bond issue - retail	369.806	169.986	0	0	199.820
Bond issue - EMTN	3.147.906	0	997.788	747.849	1.402.249
Bond issue - private	445.756	0	0	10.000	435.696
Bank loans - fixed interest rate	1.354.485	157.609	299.222	267.632	630.023
Bank loans - floating interest rate	9.671	1.985	3.838	1.928	1.921
Bank loans - with derivative instrument	496.668	80.289	158.728	119.560	138.090
Total	**5.824.292**	**409.869**	**1.459.576**	**1.146.969**	**2.807.799**
Total bullet payment	**3.994.232**	**169.986**	**997.788**	**757.850**	**2.068.608**
Total excluded bullet payment	**1.830.060**	**239.883**	**461.788**	**389.119**	**739.191**

Information concerning the repayment schedule of the lease obligations
The Group has lease obligations at 31 December 2020 for a total amount of 44.807 k EUR (2019: 47.998 k EUR). Of this, 12.488 k EUR (2019: 12.435 k EUR) is repayable within one year, 28.676 k EUR (2019: 31.005 k EUR) is payable within a period of 2 to 5 years and 3.643 k EUR (2019: 4.558 k EUR) is payable after 5 years.

Interest rate risk
The Group has entered into long-term loans with a fixed and variable interest rate.
A part of the loans with variable interest was swapped to a fixed interest rate (see note ‘Derivative financial instruments’). For certain loans, forward swap contracts, were concluded. All other loans were initially at a fixed interest rate.

The interest payment for the following years, calculated on the basis of the current interest rate, is as follows:

(In thousands of EUR)	2020	2019
In 2020	0	170.836
In 2021	161.389	156.437
In 2022	131.499	127.049
In 2023	110.542	106.264
In 2024	79.873	76.880
In 2025	74.045	72.545
In 2026 and beyond	404.927	395.622
Total	**962.274**	**1.105.633**

Other
More information about the risks of the Group and its shareholders is included in the EMTN base prospectus dated 17 November 2020 concerning the issue of a bond loan (retail) and the investor presentation of November 2020. These documents can be consulted on the website www.fluvius.be.

Fair value
The fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties that are independent in an at arm's length transaction and not in a forced sale or liquidation sale.

Fair value hierarchy
The Group uses the following fair value hierarchy classification to determine and classify the fair value of the financial instruments by a valuation technique:
Level 1: valuation is based on quoted (unadjusted) prices in an active market for identical assets or liabilities
Level 2: other techniques for which all input with a significant impact on the recorded fair value can be observed either directly or indirectly
Level 3: techniques that use input with a significant impact on the recorded fair value that is not based on observable market data.

The following methods and assumptions have been used to estimate the fair values:
Cash and short-term deposits, trade receivables (net of impairment), trade payables and other current liabilities approximate the carrying amounts because of the short-term maturity of these instruments.
The fair value of the unquoted other investments is based on the latest available information with distinction for the following investments:

- Publi-T: fair value based on latest available financial statement with adjustment for the investment held in Elia which is stated at the stock price of Elia on reporting date
- Publigas: fair value based on an external valuation report
- Elia: fair value based on the stock price of Elia on reporting date
- Other companies: fair value based on latest available year information.

The fair value of the certificates for green energy and cogeneration certificates is the guaranteed amount, as stipulated in the decision of the Flemish Government amending the Energy Decree. The derivative financial instruments are interest rate swaps. The valuation techniques are swap models that use value calculations. The models include various kinds of input including forward prices, yield curves that are obtained on the basis of market interest rates and derivatives from market prices of various financial products that are requested with various market participants. The fair value of quoted bonds was obtained on the basis of the indicative quotations on Bloomberg (Bloomberg is a prominent provider of business and financial market news. On the reporting date it delivers world economic news, quotes for stock futures, stocks and other).

The fair value of the quoted bonds, issued for a total amount of 3.960,5 million EUR varies according to the market interest rate. The fair value at 31 December 2020 amounts to 4.341,2 million EUR and differs from the amount that will be reimbursed and the carrying value.

The fair values as at 31 December 2020 are as follows

(In thousands of EUR)	Fair value Level 1	Level 2	Level 3	Book value
Other investments	38.967	2.020.364	4.940	2.064.271
Long-term receivables, other	567.917	0	0	567.917
Green energy and cogeneration certificates (GEC & CGC)	114.916	0	0	114.916
Trade and other receivables excluding GEC and CGC	672.762	0	0	672.762
Cash and cash equivalents	31.328	0	0	31.328
Total	**1.425.890**	**2.020.364**	**4.940**	**3.451.194**
Loans on short-term	1.326.823	0	0	1.307.966
Loans on long-term	5.658.163	0	0	5.280.508
Lease liabilities	44.807	0	0	44.807
Derivative financial instruments	0	62.717	0	62.717
Total current liabilities, other	815.524	0	0	815.524
Total	**7.845.317**	**62.717**	**0**	**7.511.522**

The fair values at 31 December 2019 are as follows:

(In thousands of EUR)	Fair value Level 1	Level 2	Level 3	Book value
Other investments	31.614	1.673.092	3.771	1.709.053
Long-term receivables, other	577.329	0	0	577.329
Green energy and cogeneration certificates (GEC & CGC)	58.663	0	0	58.663
Trade and other receivables excluding GEC and CGC	743.750	0	0	743.750
Cash and cash equivalents	64.588	0	0	64.588
Total	**1.475.944**	**1.673.092**	**3.771**	**3.153.383**
Loans on short-term	878.513	0	0	874.951
Bond loans	4.224.461	0	0	3.821.108
Loans on long-term	1.592.733	0	0	1.592.733
Derivative financial instruments	0	74.726	0	74.726
Total current liabilities, other	924.242	0	0	924.242
Total	**7.619.949**	**74.726**	**0**	**7.287.760**

The other investments included in level 3 concern business centres and other companies. The fair value is based on the latest available Belgian financial statements which were published with the Central Balance Sheet Office of the National Bank of Belgium. The calculation of the fair value is based on this information, taking into account the share percentage in the company.

Other information

33 Related parties

Transactions between the MEAs and their subsidiaries (the associated parties) have been eliminated in the consolidation process and are therefore not included in this note.

The remunerations paid to the directors are attendance fees and transport fees for an amount of 308.783 k EUR for 2020 and 516.676 EUR in 2019.

The total remunerations paid to the management committee and the directors (Fluvius System Operator Group) amounted to 3.987.593 EUR for 2020 and 4.558.255 EUR for 2019. The post-employment benefits included in the total remuneration mentioned amounted to 199.416 EUR for 2020 and 347.676 EUR for 2019. There are no other benefits in kind, share options, credits or advances in favour of the directors.

Transactions of the Group with companies with a non-controlling interest (Farys/TMVW and Integan/Interkabel (until 31 March 2019) and De Watergroep (starting 2019)) were as follows:

(In thousands of EUR)	**2020**	**2019**
Amount of the transactions		
Recharge of costs to non-controlling interest companies	80.941	81.585
Recharge of costs from non-controlling interest companies	1.619	2.377
Amount of outstanding balances		
Trade receivables	1.009	8.282
Trade payables	122	67

Transactions of the Group with other companies (Atrias, Synductis and S-Lim) were as follows:

(In thousands of EUR)	**2020**	**2019**
Amount of the transactions		
Recharge of costs to associates	2.461	2.432
Recharge of costs from associates	22.995	16.324
Amount of outstanding balances		
Trade receivables	45.485	35.322
Trade payables	417	2.141

Membership of professional organisations
Fluvius System Operator is a member of Synergrid vzw, which is the Belgian common interest federation of the electricity and gas transport and distribution grid operators.
Fluvius System Operator is a member of the European Distribution System Operators for Smart Grids (EDSO for Smart Grids).

During 2020, the fees to the statutory auditor amount to 291 k EUR, an amount for legal mandates of 758 k EUR and for tax advice an amount of 115 k EUR. The fee for other assignments was approved by the Audit Committee.

34 Contingencies

(In thousand of EUR)	2020	2019
Rent deposits, buildings	1.391	1.391
Other bank guarantees	151	200
Pledge trade receivables	11.597	11.597
Total guarantees given	**13.139**	**13.188**
Guarantees obtained from contractors and suppliers	48.899	36.646
Goods held by third parties in their own name but at risk for the Group	107	79
Obligation to purchase property, plant and equipment	3.942	6.478
Obligation to sell property, plant and equipment	25	3.426
Obligation to remediate	710	710

Outstanding orders in 2020 amounted to 16.348 k EUR (2019: 11.188 k EUR).
Furthermore, there is also a legal dispute pending between the MEAs and Essent concerning free distribution of green electricity (3.533 k EUR for 2020 and 2019), with Infrabel and the Flemish Region on grid displacements (93 k EUR in 2020 and 2019) and disputes with various parties (for a total of 21.319 in 2020 and 2.832 k EUR in 2019). The increase in this last item is due to the inclusion of all, including the small, disputes of all the companies of the Group.

Also a dispute between Telenet and Proximus should be reported:
Following the acquisition of the customer base of cable television and the establishment of a ground lease on the cable network by Telenet, Proximus claimed in the Court of First Instance of Antwerp to have the contracts annulled. This claim was rejected at first instance (judgment of 6 April 2009). Proximus then appealed to the Court of Appeal of Antwerp. The claim of Proximus was the disclosure of the full documents relating to the agreement between Telenet, Interkabel and the cable companies. They also claimed to have these agreements annulled and on the basis of a report, drafted by experts claimed damages of 1,4 billion EUR.
The aforementioned agreements contain a safeguard mechanism chargeable to Telenet, thus limiting the liability for the cable companies. On the basis of the agreements with Telenet, the Group is - in the case of a negative outcome - only liable for a maximum amount of 20.000 k EUR.
As at 18 December 2017, the Court of Appeal of Antwerp rejected the claim of Proximus entirely.
At the end of June 2019, Proximus filed an appeal in cassation against this judgment.
On 22 January 2021, the Court of Cassation ruled on this appeal and decided that the judgment of the Court of Appeal of Antwerp should be partially annulled.
The partial annulment only relates to the point that the Court of Appeal of Antwerp did not sufficiently justify the annulment of the agreement between Telenet and the MEAs but does not express an opinion on this point. In order to examine and rule on this, the case is sent to the Court of Appeal of Brussels.
Therefore, the Court of Cassation did not annul the rejection of Proximus's claim for compensation. This could have the consequence that Proximus's claim for compensation could be definitively rejected.

The Group is involved in legal disputes for which the risk of loss is possible but not likely and for which, as a result, no provisions have been set up. Currently, the possible timing of the settlements cannot be estimated reliably.

On September 3, 2019, a gas explosion occurred in Wilrijk, Ridderveld. Regrettably, one person died. The judicial investigation in this case has been completed and the plea hearings were held in March 2021. At the hearing on 17 March 2021, the public prosecutor asked for the acquittal of both managers, as the public prosecutor is of the opinion that they cannot be held responsible for the events. For Fluvius System Operator itself, the state prosecutor demanded a simple declaration of guilt. Fluvius itself has argued extensively to show that the company, its managers and employees are not to blame for these tragic events. The judgment is expected by the end of April 2021.

35 Events after the reporting date

No material events occurred after the balance sheet date that would require disclosure or amendment of the financial statements as at 31 December 2020.

The Extraordinary General Meeting of Riobra of 18 December 2020 accepted the membership of the municipality of Lennik for the sewerage activity with effect from 1 January 2021 and in accordance with the municipal resolution of. 23 September 2020. The sewerage infrastructure and associated operating rights belonging to the municipality of Lennik were incorporated into Riobra. The contribution and the related adjustment of the capital took place and came into effect on 1 January 2021. The preliminary value of the sewage infrastructure to be transferred from the municipality of Lennik is calculated at 5.604 k EUR.

36 List of group entities included in the consolidation

Below the list of group entities included in the consolidation:
At 31 December 2020

Subsidiary	Office	Number of shares owned	Voting rights
Mission entrusted associations *			
Fluvius Antwerpen	Antwerpsesteenweg 260, 2660 Antwerpen-Hoboken		
Fluvius Limburg	Trichterheideweg 8, B-3500 Hasselt		
Gaselwest	President Kennedypark 12, B-8500 Kortrijk		
Imewo	Brusselsesteenweg 199, B-9090 Melle		
Fluvius West	Noordlaan 9, B-8820 Torhout		
Intergem	Administratief Centrum (AC), Franz Courtensstraat 11, B-9200 Dendermonde		
Iveka	Koningin Elisabethlei 38, B-2300 Turnhout		
Iverlek	Aarschotsesteenweg 58, B-3012 Wilsele-Leuven		
PBE	Diestsesteenweg 126, B-3210 Lubbeek		
Riobra	Oude Baan 148, B-3210 Lubbeek		
Sibelgas	Stadhuis, Grote Markt, 1800 Vilvoorde		
Subsidiaries			
Fluvius System Operator cv	Brusselsesteenweg 199, B-9090 Melle	100,00	100,00
De Stroomlijn cv	Brusselsesteenweg 199, B-9090 Melle	62,17	62,17
Interkabel Vlaanderen cv	Trichterheideweg 8, B-3500 Hasselt	100,00	100,00
Investment in joint ventures and associates			
Atrias cv	Kanselarijstraat 17a, B-1000 Brussel	50,00	50,00
Synductis cv	Brusselsesteenweg 199, B-9090 Melle	34,47	34,47
S-Lim cv	Trichterheideweg 8, B-3500 Hasselt	50,00	50,00
Other companies			
Fluvius OV	Trichterheideweg 8, B-3500 Hasselt	N/A	N/A

*Contact address: Brusselsesteenweg 199, B-9090 Melle

The Fluvius Economic Group also contains the company **Fluvius OV.** As from 1 April 2019, all statutory employees of the ex-Infrax companies are employed by this company. These employees are seconded to Fluvius System Operator cv. All ex-Infrax municipalities are shareholder in Fluvius OV.

The company Fluvius System Operator cv together with its subsidiaries De Stroomlijn, Atrias and Synductis form the (legal) **'Fluvius System Operator group'**. This group reports its IFRS results, which can be consulted on the website www.fluvius.be.

At 31 December 2019

Subsidiary	Registered office	Number of shares owned	Voting rights
Mission entrusted associations *			
Fluvius Antwerpen	Antwerpsesteenweg 260, 2660 Antwerpen		
Fluvius Limburg	Trichterheideweg 8, B-3500 Hasselt		
Gaselwest	President Kennedypark 12, B-8500 Kortrijk		
Imewo	Brusselsesteenweg 199, B-9090 Melle		
Fluvius West	Noordlaan 9, B-8820 Torhout		
Intergem	Administratief Centrum (AC), Franz Courtensstraat 11, B-9200 Dendermonde		
Iveka	Koningin Elisabethlei 38, B-2300 Turnhout		
Iverlek	Aarschotsesteenweg 58, B-3012 Wilsele-Leuven		
PBE	Diestsesteenweg 126, B-3210 Lubbeek		
Riobra	Oude Baan 148, B-3210 Lubbeek		
Sibelgas	Stadhuis, Grote Markt, 1800 Vilvoorde		
Subsidiaries			
Fluvius System Operator cv	Brusselsesteenweg 199, B-9090 Melle	100,00	100,00
De Stroomlijn cv	Brusselsesteenweg 199, B-9090 Melle	62,17	62,17
Interkabel Vlaanderen cv	Trichterheideweg 8, B-3500 Hasselt	100,00	100,00
Investment in joint ventures and associates			
Atrias cv	Kanselarijstraat 17a, B-1000 Brussel	50,00	50,00
Synductis cv	Brusselsesteenweg 199, B-9090 Melle	33,28	32,82
S-Lim cv	Trichterheideweg 8, B-3500 Hasselt	50,00	50,00
Other companies			
Fluvius OV	Trichterheideweg 8, B-3500 Hasselt	N/A	N/A

*Contact address: Brusselsesteenweg 199, B-9090 Melle

Operating in a regulated environment

37 Electricity and gas

Renewal of permission to call on the operating company
The Flemish energy regulator VREG has by its decision of 24 February 2015 granted permission to the MEAs to call on the services of Fluvius System Operator cv as operating company for electricity. This authorisation applies as from 5 September 2014 and is valid for a period of twelve years.
Following the structural changes, the VREG gave permission on 26 June 2018 to the distribution system operators Gaselwest, IMEA, Imewo, Intergem, Iveka, Iverlek, Sibelgas, Infrax West, Inter-energa, IVEG and PBE to call on the services of operating company Fluvius System Operator cv and this up to 25 September 2026.

Recognition of the distribution system operators
The Flemish energy regulator VREG reported, by letter of 6 February 2015, its decision of 3 February 2015 to renew the recognition of the abovementioned MEAs as electricity distribution system operators. This designation is valid for a period of 12 years starting from 5 September 2014.
On 29 September 2015, the VREG decided to renew the term for the abovementioned MEAs (except for PBE that does not distribute gas) for gas distribution for a period of 12 years beginning on 14 October 2015.
No amendments were made to the distribution grid tariffs as a result of the changes in the structure of the MEAs. The VREG decided that the distribution grid tariffs of the MEAs prior to the unbundling/merger remain applicable during the regulatory period (until 31 December 2020).

- **<u>Regulated tariff methodology</u>**

The Group operates in a regulated environment whereby the Energy Decree establishes the guidelines. As a result of the Sixth State Reform the VREG – Flemish Regulator of the electricity and gas markets - has as from 1 July 2014, retrieved the competence of the federal regulator CREG to determine the tariff methodology for electricity and gas distribution in the Flemish region.
The distribution system operators must submit their tariff proposals within this framework. Every year, the regulator sets the allowed income that the MEA can derive from the distribution grid tariffs. This fixed income is then converted by the MEA into tariff proposals.
The regulator supervises the correct application.

Every year, all MEAs must report to the VREG their current non-exogenous and exogenous costs. This report is reviewed by the auditor.

The endogenous costs are the costs of expanding and managing the distribution grid. The MEA has control over these costs. These costs include operating costs, depreciation and the cost of capital. The difference between the revenue from the distribution grid tariffs for the endogenous costs and the actual endogenous costs constitutes the profit for the MEA. This profit can be used to remunerate the shareholders for their contribution (dividend distribution) and to finance investments. However, the income from the distribution grid tariffs is capped, creating an incentive to efficiently use the available resources. The allowed income from the endogenous costs is determined on the basis of this efficiency incentive and a trend calculation. The difference between the actual endogenous costs and income can be either a bonus or a malus for the grid operator.
The exogenous costs are costs over which the MEA has no control. They mainly include Elia's transmission grid tariffs as well as the costs of transit, fees to be paid to cities and municipalities, RUE premiums, costs (including capital cost reimbursement) to buy the GECs and CHPs, reduction of the regulatory asset/liabilities and the costs of non-capitalised supplementary pensions. These costs are passed on in the distribution grid tariffs. The allowed income of the exogenous costs is

equal to the expected amount of costs. The difference between the actual exogenous costs and revenues is settled later (in a subsequent tariff period).

Tariff methodology 2017-2020
On 24 August 2016, the VREG published the tariff methodology for the Flemish electricity and natural gas distribution system operators for the period 2017-2020.
The tariff methodology includes among others

- Adjustments to the parameters for the remuneration for the cost of capital (i.e. a compensation for the resources that the shareholders have invested): equity to 5,24 % (before tax 7,94%), the cost of debt capital to 3,04% and a gearing of 60,00% (ratio equity/liabilities 40/60). Overall, the weighted average capital reimbursement is 5,00%. Due to the amendments to the corporate income tax rate, the WACC was adapted to 4,90% for the accounting year 2018 and 4,80% for 2019
- Further recuperation of the regulatory assets/liabilities for the period 2010-2014 over 5 years (until 2020)
- the new regulatory balances can be recuperated according to an annual percentage of cumulated balance: exogenous costs (60,00%), volume differences 75,00% (electricity) and 40,00% (gas), corporate income tax (100,00%), indexation of endogenous cost (50,00%)
- There will be reports on the quality of service (Q-factor): for example power cuts and intervention time for connectivity. The financial settlement will take place via a bonus or malus starting from the next regulatory period. During this tariff period the MEAs only need to report to the regulator.

Tariffs 2019
On 4 October 2018, the VREG decided on the 2019 allowed income of the electricity and gas distribution system operators from their periodic distribution grid rates according to the tariff methodology 2017-2020. The allowed income, which serves as a basis for the determination of the tariffs, has dropped by 7,95% on electricity and on natural gas by 6,63%. The cause of this decrease is mainly the decision by the VREG on the destination of the manageable balances, which have to be returned. This causes a significant drop in the distribution grid tariffs.
On 14 December 2018, the VREG approved the distribution system tariffs for electricity and natural gas for Flanders for the period from 1 January 2019 up to and including 31 December 2019.
For the regulatory period 2017-2020, the VREG decided to change the tariff methodology for the distribution of electricity and natural gas for 'Prosumers with a reversing counter'. It defined which charges could be billed to prosumers that switch from a reversing counter to a digital meter. The decision applied from 1 July 2019.

Tariffs 2020
On 8 October 2019, the VREG decided on the determination of the allowed income of the electricity and natural gas distribution system operators from their periodic distribution grid tariffs 2020 in accordance with the tariff methodology 2017-2020. The allowed income, which serves as the basis for determining the tariffs, falls by 3,70% for electricity and by 2,90% for natural gas.
On 16 December 2019, the VREG approved the distribution grid rates for electricity and natural gas for Flanders for the period from 1 January 2020 to 31 December 2020. The reduction in the distribution grid rates is the result of the lower expectation of the costs of the public service obligations and the reduction of the historical surpluses (in favour of the final consumers).

Regulated tariff methodology 2021-2024
The Energy Decree stipulates that the regulator must consult with the system operator before deciding on a new tariff methodology.

Formal consultation between Fluvius and the VREG started in the first half of 2020. The VREG is holding public market consultations and will decide whether or not to take account of the comments on the new tariff methodology for the 2021-2024 period.

On 13 August 2020, the VREG published the tariff methodology for the distribution of electricity and natural gas for the period 2021-2024.
The VREG proposed an adjustment to the tariff structure so that, in future, it will better reflect the costs of using the grid and allocate the costs to the grid users in a more balanced way. As a result, the grid costs from 2022 onwards will be charged on the basis of capacity (kW peak) instead of volume (kWh consumed).

The VREG also proposes a new cost of capital which will lead to a reduction (WACC before tax 3,50% instead of 4,80%) in the remuneration of debt and equity capital and the remuneration of capital gains (by imposing a partial remuneration in which the costs of revaluation capital gains can no longer be included). This concerns a gradual, but complete phasing out over eight years (or two tariff periods). The DSOs are also required to realise higher savings than previously forecast and to achieve annual productivity improvements as a result of the merger (in 2018 of ex-Eandis with ex-Infrax).
Furthermore, the VREG sets the allowed income on the basis of the trend in endogenous costs in the period 2015-2019. This will cause a discrepancy between the costs incurred and the corresponding income for the large projects (accelerated roll-out of digital meters by 2024). The VREG expects to absorb this discrepancy by the introduction of an advance payment scheme.

For this reason, Fluvius submitted another request to the VREG to review its decisions and also asked for an adjustment to the allowed income in order to receive an advance payment as a result of the accelerated roll-out of the Digital Meter Chain.

The VREG has now agreed to an advance payment scheme for 2021 (42.830 k EUR), but a scheme for the subsequent years still needs to be determined and the settlement method still needs to be clarified. The advances granted will have to be taken back at a later date, resulting in a decrease of the allowed income. With regard to the capital cost allowances and the imposed savings, the regulator intends to carry out the necessary studies/benchmarking exercises in this respect.

Tariffs 2021
On 8 October 2020, the VREG decided on the determination of the allowed income of the electricity and natural gas distribution system operators from their periodic distribution grid tariffs 2021 in accordance with the 2021-2024 tariff methodology.
On 15 December 2020, the VREG approved the distribution grid rates for electricity and natural gas for Flanders for the period from 1 January 2021 to 31 December 2021.
The reduction in the distribution grid rates is the result of the lower reimbursement of the cost of capital, the adjustment in the remuneration for revaluation surpluses and the savings imposed as a result of the merger.

- **Additional information**

At the start of 2019, the Brussels Court of Appeal declared the DSO’s demand to annul the VREG decision of August 2018 on the size and destination of the **regulatory transfers 2010-2014** admissible but unfounded. In 2016 up to and including 2018 however, 20% of the regulatory transfers relating to this period could already be taken back during each period. The reversals for 2019 and 2020 included in the tariffs have been adjusted as a result of this decision so that in 2019 and 2020 respectively 50% of the outstanding regulatory transfers at the end of 2018 relating to the balances for 2010-2014 are taken back.

Settlement of the federal contribution electricity in 2018 and 2019

The federal contribution for electricity is a surcharge levied on the quantity of electricity purchased. It serves to finance certain public service obligations and the costs associated with regulating and monitoring the electricity market (Electricity Act,article 21bis).

The distribution system operators, together with the CREG and VREG, have agreed on the repayment of an amount of the federal contribution. The repayment started from 1 July 2018 and ran over a period of one and a half years. The repayment is done partly in the form of a settlement via the current tariffs for the federal contribution for electricity and partly through a settlement via the CREG.

The Constitutional Court annuls the reversing electricity meter decree

On 14 January 2021, the Constitutional Court annulled various clauses of the Flemish digital energy meter decree. In particular, the Court annulled the temporary maintenance of the compensation mechanism (the 'reversing electricity meter') and the prosumer tariff.

This ruling has far-reaching consequences for Fluvius and other market parties.

Fluvius has made some specific agreements with the Flemish government and energy regulator VREG whereby the conversion to the digital meter for prosumers was immediately suspended. For prosumers who already have a digital meter, the prosumer tariff is cancelled and their consumption will be invoiced on the basis of the electricity volumes actually consumed from the grid. They will no longer receive compensation for the injected electricity.

The VREG has meanwhile adjusted the 2021-2024 tariff methodology.

The responsible Flemish Minister is working on an arrangement to allow affected consumers to benefit from a one-off financial compensation.

Fluvius is holding further consultations with the Flemish government and the VREG.

- **<u>Accounting treatment</u>**

The regulatory transfers are recognised on specific balance sheet accounts and are called 'regulatory balances' since the tariff methodology is determined by the VREG, in contrast to the differences that arose during previous tariff methodologies, determined by the CREG, which were called 'regulatory assets / liabilities'. The movements of these accounts including the federal contribution (additions, recoveries and regularisations) constitute the regulatory transfers.

Overview of the assets and liabilities of the settlement mechanism (see note ‘Trade and other receivables’ and ‘Trade and other short-term liabilities’).

(In thousands of EUR)	2020	2019
Transfers 2010 - 2014	0	-1.922
Total regulatory assets	**0**	**-1.922**
Transfers 2018	0	-395
Transfers 2019	-2.231	-14.287
Transfers 2020	-11.478	0
Total federal contribution	**-13.709**	**-14.682**
Balances from 2015	-50	50
Balances from 2016	74	8.182
Balances from 2017	-2.119	-18.080
Balances from 2018	-75.339	-161.104
Balances from 2019	-18.275	-23.010
Balances from 2020	2.044	0
Total regulatory balances	**-93.665**	**-193.962**
Total amount recoverable	-107.374	-210.566
of which reported as Current assets/(liabilities)	**-107.374**	**-210.566**

Reconciliation of the settlement mechanism.

(In thousands of EUR)	2020	2019
Regulatory assets/(liabilities) at 1 January	**-210.566**	**-258.359**
Recovered transfers from 2010 - 2014	1.922	1.922
Transfer to third parties	0	-90
Total movements regulatory assets	**1.922**	**1.832**
Recovered transfers from 2009 - 2017	0	56.544
Paid to/received from CREG	11.977	17.564
Recovered transfer	474	0
Additional transfers from 2019	0	-14.287
Additional transfers from 2020	-11.478	0
Total movements federal contribution	**973**	**59.821**
Additional transfer from 2018	0	905
Additional transfer from 2019	-77	-23.010
Additional transfer from 2020	2.044	0
Recovered transfer from 2015	-100	-17.645
Recovered transfer from 2016	-8.108	-26.872
Recovered transfer from 2017	15.961	49.921
Recovered transfer from 2018	85.765	-2.388
Recovered transfer from 2019	4.812	0
Transfer to third parties	0	5.230
Total movements regulatory balances	**100.297**	**-13.859**
Total movements	**103.192**	**47.794**
of which - movement through the income statement	91.215	25.089
of which - transfer with third parties	0	5.140
of wich paid to/received from CREG federal contribution	11.977	17.564
Regulatory assets/(liabilities) at the end of the reporting period	**-107.374**	**-210.566**

The VREG has confirmed the results of the reporting on the regulatory transfers up to and including 2019.
We hereby draw attention to the fact that the regulatory balances with respect to the accounting year 2020 were estimated, taking into account all available information. However, these amounts will only be final after approval of these balances by the VREG. This uncertainty includes the fact that the control by the regulator could still lead to additional differences which then need to be processed via adjustments to the regulatory assets/liabilities or the result of the next accounting year.

At the moment there are no specific IFRS guidelines as to the accounting treatment of the settlement mechanism in a regulated environment.
On 30 January 2014, the IASB published a new standard IFRS 14 Regulatory Deferral Accounts. This new standard is applicable for "first time adopters" and allows the recording of regulated assets

and liabilities as separate items of the balance sheet and profit and loss account. This standard was not endorsed by the EU and is awaiting the final standard.
On 28 January 2021, the IASB published an exposure draft for the Regulatory Assets and Regulatory Liabilities. The IASB expects to receive comments by 30 June 2021.
The company will review this exposure draft and assess it with the valuation and reporting method used.

38 Sewerage

Operation
The sewerage activity of the Group is stipulated in the **Water Decree,** now included in the so-called Water Code (Decree on integrated water policy).
This Decree states that the remediation obligation of the municipalities can be entrusted to a Mission Entrusted Association or intermunicipal cooperation. The Decree was amended in 2005 and led to the introduction of the municipal remediation contribution (drinking water consumers) and in 2006 to the municipal remediation fee (own water winners). The Decree states that the remediation contribution/fee is intended for the financing of the remediation obligation. The municipal sewerage contribution and sewerage fee respectively, should be used for investment or maintenance costs after having billed a municipal remediation contribution or remediation fee in the municipality concerned and to the extent that the expenses are not being subsidized or financed by the Flemish Region.

The participating municipalities of the Group contributed all of their sewerage infrastructure, rights and obligations (capex) to the DSOs (Fluvius Limburg, Fluvius West, Riobra and Fluvius Antwerpen). As a consequence, the Group is responsible for the execution of all works (capex and opex) on the sewerage grid.

The proceeds from the sewerage activity can be divided into three broad categories.
The first category are the **remediation contributions** received from the water companies. In accordance with the circular (LNE2013/2), these contributions and reimbursements can only be used for investments in the sewerage grid or maintenance expenditures related to the sewerage grid.
The second category are the **contributions** in the case of new connections. This contribution will be obtained by the land owner if the existing roads are used and sewerage was already installed in the past. If land is allotted and no roads existed before, the land owner must finance the sewerage infrastructure himself and then transfer it to the Group free of charge.
A third category are **capital grants**. If the projects are considered a priority by the Flemish Region, via the Flemish Environment Agency (Vlaamse Milieu Maatschappij - VMM) as regulator, a grant can be obtained that amounts to 75% of the allowed investments, the so-called ‘subsidisable works’. The Group carries out the works and collects the grant from the Flemish Region. After completion of 20% of the works, a first tranche of 80% of the subsidy can be applied for. The balance of the subsidy is paid at the time of final delivery. If Flemish subsidies cannot be obtained, a municipality can decide to start the project and can subsidize the investments itself.

Sewerage fund
The interventions of the municipalities do not always result in an actual cash exchange because the municipalities can call upon the usage of the sewerage fund. This fund has been established to reduce the impact of sewerage investments on the municipal budgets.
The proceeds of the sewerage fund can only be used within the guidelines set out in the Ministerial circular for the municipal remediation contribution and compensation.

Regulation
The sewerage activity is subject to the supervision by the Flemish Environment Agency (VMM), which acts as a regulator for both economic and environmental monitoring.

The municipal remediation contribution and compensation is legally capped at 1,4 times the intermunicipal contribution.
Both the intermunicipal and the municipal remediation contributions and compensations are part of the integral water invoice. The Group charges the water contributions and fees invoiced by the water companies, retaining a certain percentage. This deduction is the fee for administration and operating costs for the water companies.

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Independent auditor's report to the shareholders of the Flemish distribution net owners on the consolidated financial statements of the Economical Group Fluvius as of and for the year ended 31 December 2020

We report to you as independent auditor on the consolidated financial statements of the Economical Group Fluvius. This report includes our opinion on consolidated statement of the financial position as at 31 December 2020, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows as at 31 December 2020 and the disclosures (all elements together the "Consolidated Financial Statements") as well as our report on other legal and regulatory requirements. These two reports are considered one report and are inseparable. The Consolidated Financial Statements of the Economical Group Fluvius consist of eleven Flemish Mission Entrusted Associations (MEAs): Gaselwest, Imewo, Intergem, Iveka, Iverlek, Sibelgas, Fluvius West, Fluvius Limburg, Fluvius Antwerpen, PBE and Riobra who have joint control over Fluvius System Operator CV and its subsidiaries (De Stroomlijn CV, Synductis CV and Atrias CV) and Fluvius OV (all together "the Companies").

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have audited the Consolidated Financial Statements of Economical Group Fluvius, that comprise of consolidated statement of the financial position as at 31 December 2020, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2020 and the disclosures, which show a consolidated balance sheet total of € 15.826.158 thousands and of which the consolidated income statement shows a profit for the year of € 362.730 thousands.

In our opinion, the Consolidated Financial Statements of the Group give a true and fair view of the consolidated net equity and financial position as at 31 December 2020, and of its consolidated results and its consolidated cash flows for the year then ended, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the Consolidated Financial Statements" section of our report.

We have complied with all ethical requirements that are relevant to our audit of the Consolidated Financial Statements in Belgium, including those with respect to independence.

We have obtained from the management committee and the officials of the Companies 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.

Emphasis of certain matters

Without qualifying our opinion, we draw the attention to note 37 of the Consolidated Financial Statements which describes the specificities of the regulatory framework and tariffs and the related accounting treatment, as well as the uncertainties related to the balances resulting from the tariff settlement mechanism that are not yet approved by the Flemish electricity and gas regulator, the VREG.

Responsibilities of the management committee for the preparation of the Consolidated Financial Statements

The management committee 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 management committee 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 management committee should prepare the financial statements using the going concern basis of accounting, unless the management committee either intends to liquidate the Company or to cease business operations, or has no realistic alternative but to do so.

Our responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, and to express an opinion on these Consolidated Financial Statements based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

In performing our audit, we comply with the legal, regulatory and normative framework that applies to the audit of the Consolidated Financial Statements in Belgium. However, a statutory audit does not provide assurance about the future viability of the Company and the Group, nor about the efficiency or effectiveness with which the management committee 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 management committee are described below.

As part of an audit in accordance with ISAs, we exercise professional judgment and we maintain professional skepticism throughout the audit. We also perform the following tasks:

- identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements resulting from fraud is higher than when such misstatements result from errors, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining insight in the system of internal controls that are relevant for the audit and with the objective to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the management committee as well as the underlying information given by the management committee;
- conclude on the appropriateness of the management committee' 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 management committee 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

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.

Ghent, 2 April 2021

EY Bedrijfsrevisoren BV
Statutory auditor
Represented by

marnix van dooren

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Partner
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