FLUVIUS SYSTEM OPERATOR Group

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		**1.726.688**	**1.659.700**
Revenue from contracts with customers	3	1.662.061	1.628.959
Other operating income		64.627	30.741
Operating expenses		**-1.709.216**	**-1.640.292**
Cost of trade goods		-146.356	-150.281
Cost for services and other consumables	4	-941.840	-916.127
Employee benefit expenses	5	-617.264	-564.209
Depreciation, amortization, impairments and changes in provisions	6	-19	-8.629
Other operational expenses		-3.737	-1.046
Result from operations		**17.472**	**19.408**
Finance income	7	121.898	125.030
Finance costs	7	-132.388	-135.690
Profit before tax		**6.982**	**8.748**
Income tax expenses	8	-6.982	-8.748
Profit for the period		**0**	**0**

Consolidated statement of comprehensive income

(In thousands of EUR)	Notes	2020	2019
Profit for the period		**0**	**0**
Other comprehensive income			
Items not to be reclassified to profit or loss in subsequent periods			
Actuarial gains (losses) on long-term employee benefits	21	16.176	-28.365
Actuarial gains (losses) on rights to reimbursement on post-employment employee benefits	21	-16.176	28.365
Net other comprehensive income not being reclassified to profit or loss in subsequent periods		**0**	**0**
Total comprehensive income for the period		**0**	**0**

Consolidated statement of financial position

(In thousands of EUR)	Notes	2020	2019
Non-current assets		**4.228.021**	**4.094.994**
Intangible assets	9	1.505	2.150
Property, plant and equipment	10	3.425	5.451
Right-of-use assets	11	35.214	36.972
Investment in joint ventures and associates	12	17	16
Other investments	13, 24	917	905
Rights to reimbursement on post-employment employee benefits	14	288.395	258.499
Long-term receivables, other	15	3.898.548	3.791.001
Current assets		**1.611.182**	**1.104.429**
Inventories	16	97.296	78.542
Short-term receivables, other	15	500.000	170.000
Trade and other receivables	17, 24	450.680	391.907
Receivables cash pool activities	17, 24	561.516	435.758
Cash and cash equivalents	18, 24	1.690	28.222
TOTAL ASSETS		**5.839.203**	**5.199.423**
EQUITY	**19**	**1.617**	**1.617**
Total equity attributable to owners of the parent		**1.517**	**1.517**
Contribution excluding capital / Share capital, reserves and retained earnings (*)		1.517	1.517
Non-controlling interest		**100**	**100**
LIABILITIES		**5.837.586**	**5.197.806**
Non-current liabilities		**4.238.997**	**4.112.761**
Interest bearing loans and borrowings	20, 24	3.919.032	3.821.108
Lease liabilities	11, 24	25.570	26.937
Employee benefit liabilities	21	286.959	245.624
Derivative financial instruments	22, 24	6.000	6.217
Provisions	21	1.436	12.875
Current liabilities		**1.598.589**	**1.085.045**
Interest bearing loans and borrowings	20, 24	1.050.893	637.986
Lease liabilities	11, 24	10.347	10.472
Trade payables and other current liabilities	23, 24	430.585	300.538
Liabilities cash pool activities	23, 24	104.561	133.069
Current tax liabilities	23	2.203	2.980
TOTAL EQUITY AND LIABILITIES		**5.839.203**	**5.199.423**

* Further information is disclosed in the note ‘Equity’.

Consolidated statement of changes in equity

(In thousands of EUR)	Contributions excluding capital / Share capital (*)	Reserves	Retained earnings	Equity attributable to owners of the parent	Non-controlling interest	Total
Balance at 1 January 2019	**10.175**	**213**	**19**	**10.407**	**93**	**10.500**
Change in consolidation scope	0	0	0	**0**	7	**7**
Repayment of equity	-8.891	0	1	**-8.890**	0	**-8.890**
Merger by incorporation	0	0	0	**0**	0	**0**
Result for the period	0	0	0	**0**	0	**0**
Other comprehensive income	0	0	0	**0**	0	**0**
Subtotal	**-8.891**	**0**	**1**	**-8.890**	**7**	**-8.883**
Balance at 31 December 2019	**1.284**	**213**	**20**	**1.517**	**100**	**1.617**
Balance at 1 January 2020	**1.284**	**213**	**20**	**1.517**	**100**	**1.617**
Change in consolidation scope	0	0	0	**0**	0	**0**
Repayment of equity	0	0	0	**0**	0	**0**
Result for the period	0	0	0	**0**	0	**0**
Other comprehensive income	0	0	0	**0**	0	**0**
Subtotal	**0**	**0**	**0**	**0**	**0**	**0**
Balance at 31 December 2020	**1.284**	**213**	**20**	**1.517**	**100**	**1.617**

*Further information is disclosed in the note 'Equity'.

Consolidated statement of cash flows

(In thousands of EUR)	Notes	2020	2019
Profit for the period		0	0
Amortization of intangible assets	6	645	713
Depreciation on property, plant and equipment and right-of-use assets	6	13.775	13.228
Change in provisions (Reversal -; Recognition +)	21	-11.439	-19.268
Impairment current assets (Reversal -; Recognition +)	6	-2.962	13.956
Gains or losses on realization receivables		2.741	465
Net finance costs		10.707	10.080
Change in fair value of derivative financial instruments	22	-217	580
Gains or losses on sale of property, plant and equipment		-45	-827
Income tax expense	8	6.981	8.748
Operating cash flow before change in working capital and provisions for employee benefits		**20.186**	**27.675**
Change in inventories		-18.754	-10.454
Change in trade and other receivables		-47.894	-88.202
Change in trade payables and other current liabilities		126.578	29.076
Change in employee benefits	21	11.439	19.268
Net operating cash flow		**71.369**	**-50.312**
Interest paid		-125.270	-131.457
Interest received		101.773	124.547
Financial discount on debts	7	312	408
Income tax paid (received)	8	-7.759	-7.842
Net cash flow from operating activities		**60.611**	**-36.981**
Proceeds from sale of property, plant and equipment		46	2.500
Purchase of intangible assets		0	-65
Purchase of property, plant and equipment		-227	-926
Acquisition of companies and other investments	13	-1	0
Proceeds from sale of companies and other investments		1	222
Net investments in long-term receivables		-22	0
Net cash flow used in investing activities		**-203**	**1.731**
Change in non-controlling interest	19	0	7
Repayment of borrowings	20	-173.500	-3.500
Proceeds from bonds/borrowings	20	598.608	0
Payment of finance lease liabilities	11	-12.277	-12.050
Change in current financial liabilities	20	83.100	439.544
Change in cash pool	17, 23	-154.263	-353.733
Provide long-term loans	20	-598.608	0
Repayment long-term loans	20	170.000	0
Net cash flow from/used in financing activities		**-86.940**	**61.377**
Net increase/decrease in cash		**-26.532**	**26.127**
Cash and cash equivalents at the beginning of period	**18**	**28.222**	**2.095**
Cash and cash equivalents at the end of period	**18**	**1.690**	**28.222**

Notes to the consolidated financial statements

1 Corporate information

Fluvius System Operator, abbreviated Fluvius, a partnership (‘coöperatieve vennootschap’/’société coopérative’) under Belgian law, is registered in Belgium, at Brusselsesteenweg 199, 9090 Melle. It is registered under number 0477.445.084 in the central enterprise register of Ghent (section Ghent).

On 1 July 2018, the new network company Fluvius System Operator was established as a result of the merger between Eandis System Operator and its peer Infrax. Eandis System Operator changed its name to Fluvius System Operator.
Fluvius’s consolidated financial statements for the year ended 31 December 2020 contain the information of the company and its subsidiary, investments in joint ventures and associates - De Stroomlijn cv, Atrias cv and Synductis cv - and together they form the 'Group'.

Fluvius System Operator is the **independent multi-utility company** responsible for operating the distribution grids for electricity and natural gas; developing, operating, the utilising and maintaining other pipeline-related utilities such as sewerage, water distribution, public lighting; electronic communication networks; heat; data traffic; the management of heat and cold storage; exercising of ancillary activities including the management of (strategic) participations; management and recording of meter and managing the access register; carries out tasks as a social energy supplier; and provides support to its shareholders, the local authorities in Flanders.

On 26 June 2020, Fluvius and Telenet announced the start of negotiations on the realisation of a fast data network of the future in Flanders.

Fluvius carries out these tasks on behalf of and for the account of eleven intermunicipal associations or ‘**Mission Entrusted Associations’** (MEAs): Fluvius Antwerpen, Fluvius Limburg, Fluvius West, Gaselwest, Imewo, Intergem, Iveka, Iverlek, PBE, Riobra and Sibelgas.
The grid assets themselves remain owned by the MEAs. The MEAs, active in the distribution of electricity and gas are also the holders of the licences to distribute electricity and gas granted by the Flemish energy regulatory authority, VREG.

The company carries out its operational activities **at cost price** without charging any commercial margin to the Mission Entrusted Associations. This means that all costs incurred are passed through to the MEAs according to fixed allocation rules. On a monthly basis Fluvius System Operator invoices each of the MEAs for the operational services rendered. The result of the Group is without profit or loss.

Fluvius System Operator’s **shareholders**, together with this ‘Group’, Fluvius OV and Interkabel Vlaanderen cv form the ‘Economic Group Fluvius’, which also publishes its IFRS financial statements.

The Flemish energy regulator VREG has granted permission to the distribution system operators for energy Fluvius Antwerpen, Fluvius Limburg, Fluvius West, Gaselwest, Imewo, Intergem, Iveka, Iverlek, PBE and Sibelgas to call on the services of the operating company Fluvius System Operator for electricity and gas. These authorisations shall apply until 25 September 2026 (electricity) and 14 October 2027 (gas) respectively. The term distribution system operator (DSO) refers to MEAs that provide the regulated activities for the distribution of electricity and/or gas, under the supervision of VREG.
Fluvius operates in **all cities and municipalities in the Flemish Region (Belgium)**. The multi-utility-approach (several utility services carried out within one entity) results into financial and

operational efficiencies. The better utility works can be coordinated in terms of planning and approach, the less nuisance they cause and the less often streets are to be broken open.

The Flemish Energy Decree stipulates that each MEA can call on only one operating company. All MEAs of the 'Economic Group Fluvius' have chosen Fluvius System Operator cv for this purpose. The latter can carry out its tasks with its own staff and can call upon statutory (permanent) staff via secondment.
On 1 April 2019, all contractual staff of the ex-Infrax MEAs and ex-Integan were taken over by Fluvius System Operator cv. In order to have the secondment take place via one company, all statutory staff of the ex-Infrax MEAs and ex-Integan were transferred to Fluvius OV.

The Group **employed** on average 4.877 persons during 2020 (2019: 4.637 persons) and calls on 788 persons (2019: 788 persons) on average that are employed in Fluvius OV.

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 and passes on its results, 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

This financial report for the financial year ended 31 December 2020 was approved on 31 March 2020 by the Board of Directors.

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 Segment reporting

The Group does not distinguish between different segments, neither at the level of activities, nor geographically, since the Group generates income as the operating company for Flemish MEAs.

2.4 Significant accounting policies

The accounting policies are consistently applied consistently compared to last year's accounting principles except for the amendments in the recording methods of passing on costs between the operating company and the MEAs (see note 'Operating revenue') and also the timing of the recognition of these recharged costs (see note 'Trade and other receivables' and 'Trade payables and other liabilities').

a) Revenue recognition

Revenue from contracts with customers
The main revenue stream of the Group results from the *passing on of costs to mission entrusted associations* in the context of its role. The costs incurred are charged on a monthly basis to the shareholders, being the mission entrusted associations.

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. The ESLA activities are being 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 infrastructure 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 the identification of the obligations in the performance contracts; step 3 the determination the transaction price; step 4 the allocation of the transaction price to the performance obligations and revenue recognition and step 5 when the performance obligations have been fulfilled.
The ESLA revenue is recognized at some point in time of the provisional acceptance of these works after being accepted by the customer. The proceeds from public lighting will also be recognized at some point in time when the performance obligations have been fulfilled.

The compensation received by the MEAs for investment and operating works were passed on by the MEAs to the operating company Fluvius System Operator (Fluvius S.O.) and were deducted from the revenues as a result of invoicing by Fluvius S.O. to third parties. Since the new working methods are being applied, it is possible to report the revenue by origin in Fluvius S.O.

Other operating revenue
Other operating income mainly includes the goundworks in synergy whereby their respective share in the costs is charged to the other utility companies, as well as reimbursement of general expenses incurred by contractors, insurance and other entities.

Finance income and dividends received
Finance income includes mainly interest realized from lending on funds from the bond issuances and from the cash pool activities. This interest is recognized when acquired and for the period to which it refers (taking into account the effective interest rate of the asset), unless collectability is doubtful.

b) Expenses

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

The premiums for *Rational Use of Energy (RUE)* paid to private 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 (installing insulation, high-efficiency glazing, relighting) and renewable energy applications (solar water heater, heat pump, heat pump boiler). These premiums are evaluated every year in consultation with the Flemish government and can vary in size and application. A 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 interest and other costs incurred in connection with financial transactions such as hedging options are recognized as financial expenses when they occur.

The income tax of the year comprises the tax charge payable. The tax on profit is recognized in the statement of profit or loss. 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 statement of financial position date and any adjustment to current taxes payable from previous years.

c) Intangible assets

Intangible assets are measured at cost less any accumulated amortizations and impairment losses. Intangible assets with a finite useful life are amortized on a straight-line basis over the expected useful life.

The following amortization percentage based on the estimated useful life is used:

Software	20,00%
Capitalized development costs	20,00%

d) Property, plant and equipment

Property, plant and equipment is measured at historical cost less accumulated depreciation and impairment losses. The historical cost comprises the initial purchase price and any costs directly attributable to bringing the asset to the condition necessary for it to be operational in the manner intended by management.

Depreciation

Depreciation is recognized on a monthly basis in the statement of profit or loss on a straight-line basis as of the month following the date of bringing into use. Depreciation is calculated over the estimated useful life of each component of an item of property, plant and equipment.

The applied depreciation percentages on the basis of the average useful life are as follows:

Office furniture and equipment	10,00%
Leasehold improvement	10,00% and 11,12%
Computer equipment and hardware	20,00% and 33,33%
Test equipment (Electronic Vehicles in Action)	50,00%
Charging stations for electric vehicles	10,00%
Motor- & bicycles	20,00%
Other tangible assets	10,00%

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

Gains and losses on sale

Any gain or loss arising from the 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, recovery of the consideration is probable, the associated costs incurred or to be incurred can be estimated reliably, and there is no continuing managerial involvement with the property, plant and equipment.

Impairment

For each of the Group's property, plant and equipment it is assessed on each statement of financial position date whether there are any indications of impairment for a particular asset. If any such indications exist, the recoverable amount of the asset has to be estimated.

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

e) Leasing

Right-of-use asset

The Group recognizes 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 recognized, 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 recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its 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 recognizes 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 recognized as expenses in the period during which on 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 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 recognized 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.
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

Investments are accounted for at trade date.
Investments in equity securities are undertakings in which the Group does not have significant influence or control. This is the case for companies where the Group holds less than 20% of the voting rights. Such investments are designated as available for sale financial assets and are at initial recognition measured at fair value, unless the fair value cannot be reliably determined in which case they are measured at cost.
The effects of remeasurement are accounted for in the statement of profit or loss.
An impairment is recognized if the carrying amount exceeds the expected realizable value.

h) Inventories

Inventories are measured at purchase cost. Their value is determined using the moving weighted average method.
An impairment is carried out for consumption goods or necessities that, due to their obsoleteness, are no longer usable for operational purposes or of which the estimated sale price is below the net realizable value. If items of inventory have not been used for more than a year, a loss 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 their amortized cost.
A provision for doubtful debt is recorded on the basis of the expected future losses for a future period of 12 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 regards to invoices to Mission Entrusted Associations due to the support they receive from the Flemish Government. As a consequence of 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 to arrive at the provision of doubtful debts.

An alternative approach is used to arrive at the doubtful debt provision with respect to long-term receivables on Mission Entrusted Associations. In this context, the probability is evaluated that the counterparty – to which the claim relates – is in default, multiplied by the possible non-recoverable loss. This percentage is applied to the outstanding receivables to arrive at possible impairment losses.

The impairment losses are recognized in the statement of profit or loss.

The trade receivables for the social clients and related write-offs are no longer included in Fluvius S.O. but in the books of the MEAs.

j) Cash and cash equivalents

Cash and cash equivalents comprise the readily available cash resources, deposits that can be immediately withdrawn from credit institutions and other short-term, highly liquid investments (with a maximum maturity of 3 months), that are readily convertible to known amounts of cash. 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) Loans and borrowings

Interest bearing loans are recognized initially at fair value less related transaction expenses. Subsequent to initial recognition, interest bearing loans are valued 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.

l) 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
A right of reimbursement on post-employment employee benefits has been recognized as an asset, since it is absolutely certain that another party (the shareholders, Mission Entrusted Associations) will take over all obligations relating to the personnel rights of the company's employees or retired employees.
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.

m) Derivative financial instruments
The Group uses derivative financial instruments (Interest Rate Swaps - IRS) 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 swap was 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. The Group does not qualify for hedge accounting.

n) Trade and other liabilities
Trade and other liabilities have been stated at amortized cost.

o) Current tax liabilities
Taxes on the result of the financial year include the taxes due. The taxes contain the expected tax liability on the taxable income of the year and adjustments to the tax liability of prior years. For the calculation of the taxes on the taxable income of the year, the tax rates used were those enacted (or substantially enacted) by the end of the reporting period.

2.5 Summary of changes in accounting policies applicable as from 2020
The new standards and interpretations that are applicable from 1 January 2020 and do **not affect** the consolidated financial statements of the Group 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 standards 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

2.6 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 judgement 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 and assumptions have been used to estimate the fair values (see note 'Financial instruments: risks and fair value'):
Cash and short-term deposits, trade receivables (after deduction of provisions), 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.
The derivative financial instruments are interest rate swaps. The valuation techniques are swap models that use fair 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 the quoted bond loans is based on the indicative quotations on Bloomberg (Bloomberg is a prominent provider of business and financial market news. It delivers world economic news, quotes for stock futures, stocks and other) at the reporting date.

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 financial statements.
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. At 31 December 2020, no changes in valuation had to be adjusted 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.

2.7 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

Performance of the year

3 Operating revenue

(In thousands of EUR)	2020	2019
Recharge of costs to the distribution system operators	1.657.650	1.624.261
Construction works for third parties	4.411	4.698
Revenue from contracts with customers	**1.662.061**	**1.628.959**
Other operating revenue	**64.627**	**30.741**
Total	**1.726.688**	**1.659.700**

Revenue from contracts with customers amounts to 1.726.688 k EUR at the end of 2020 and 1.659.700 k EUR at the end of 2019, an increase with 66.988 k EUR.

Within the framework of the main assignment of Fluvius System Operator, tasks are performed for its shareholders, MEAs and the associated costs are passed on to these shareholders at cost. The revenues therefore reflect the costs resulting from this transaction.

Revenue from contracts with customers
The proceeds from passing on costs to the MEAs are recognized on a monthly basis. The proceeds from construction works for third parties are recognized at some point in time.
The pass-through via the management invoices reflects all costs necessary in order to carry out Fluvius's duties as an independent service delivery company for the operation of the electricity and gas grids and other activities.

As included in the 'Summary of significant accounting policies', an admendment in the invoicing flows has been made following the implementation of the changes in the recharging costs between the operating company and the MEAs.
The contributions received by the MEAs for investment and operating works were charged by the MEAs to the operating company Fluvius System Operator (Fluvius S.O.) and were deducted from the revenues generated by Fluvius S.O.'s invoicing to third parties.
With the new working methodology, the revenues according to its origin can be made available in Fluvius S.O.
The impact for the investment works amounts to 152.874 k EUR (2019: 148.307 k EUR), as a result of which the item 'Rechatge of costs to the distribution system operators' should be reduced by this amount and the item ''Construction works for third parties' should be increased by this same amount.

The billing on a monthly basis of **'Construction works for third parties**' comprises revenue from various works executed by De Stroomlijn for its shareholders.

Belowen is the detail of the pass-through to the major customers (mainly MEAs) generating more than 10% during the period:

Company	2020 Revenue in k EUR	2020 % relative to revenue	2019 Revenue in k EUR	2019 % relative to revenue
Gaselwest	206.735	12,4%	212.969	13,1%
IMEA	0	0,0%	27.951	1,7%
Imewo	278.072	16,7%	263.461	16,2%
Iveka	94.298	5,7%	117.982	7,2%
Iverlek	237.766	14,3%	226.957	13,9%
Fluvius Limburg	279.394	16,8%	275.519	16,9%
Fluvius Antwerpen	252.584	15,2%	191.436	11,8%
Other	313.212	18,8%	312.684	19,2%
Total	**1.662.061**	**100,0%**	**1.628.959**	**100,0%**

As of 1 April 2019, Fluvius Antwerpen was established as the merger company of IVEG with IMEA and Integan. As a result, the revenue of IMEA and Integan for the first quarter of 2019 was not included in Fluvius Antwerpen.

Information regarding the performance obligations in contracts with clients is summarized below:

Energy Services for Local Authorities (ESLA)
The contracts with customers are generally based on 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
These contracts with the municipalities include the periodic maintenance of public lighting installations. There are also obligations to carry out smaller works on public lighting. These performance obligations are met upon delivery and the payment is due on average between 30 to 60 days after delivery.
In 2019, the MEAs effectuated a 'renewed' offer to the public authorities to take over public lighting by the MEAs and to ensure the greatest possible relief for the cities and municipalities. As a result, no settlement had to be made to these cities and municipalities for the works for public lighting.

The **‘Other operating revenue’** mainly comprises groundworks in synergy, whereby their respective share in the costs is charged to the other utility companies as well as repayments of general costs of contractors, insurance companies, other entities and staff and the operating costs charged to third parties on behalf of the MEAs.
The latter were included as a result of making the revenue transparant according to their origin. For the operating works, the increase amounts to 38.020 k EUR: the item 'Other operating income' was increased and the item 'Revenue from contracts with customers' was reduced by this amount.

4 Cost for services and other consumables

(In thousands of EUR)	2020	2019
Cost contractors for grid construction and maintenance	493.287	481.728
Cost for direct purchases	111.480	104.419
Fee for usage of installations including charges	83.719	64.353
Advertising, information, documentation, receptions a.o.	4.359	9.977
Subsidy for rational use of energy (RUE)	51.311	65.354
Contracts and administration costs	23.599	27.000
Consultancy and other services	125.132	106.673
Other	48.953	56.623
Total	**941.840**	**916.127**

Cost for services and other consumables amount to 941.840 k EUR at the end of 2020 and 916.127 k EUR at the end of 2019, an increase with 25.713 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 the premiums for RUE applied for 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, transportation, insurance, seminars and other.

All of these costs have been recharged mainly to the Mission Entrusted Associations.

5 Employee benefit expenses

(In thousands of EUR)	2020	2019
Remunerations	334.291	310.390
Social security contributions	80.768	78.788
Contributions to defined benefit plans and other insurances	75.331	34.422
Other personnel costs	126.874	140.609
Total	**617.264**	**564.209**

Employee benefit expenses amount to 617.264 k EUR at the end of 2020 and 564.209 k EUR at the end of 2019, an increase with 53.055 k EUR. This increase is mainly explained by the rise in remunerations and the provision for employee benefits but partly offset by the decrease in the recharged personnel costs of Fluvius OV.
The increase in remuneration and the decrease in recharged costs are due to the transition on 1 April 2019 of the entire contractual staff of the ex-Infrax MEAs and of Integan to Fluvius System Operator cv.

The energy decree stipulates that every MEA can rely on only one operating company. All MEAs, shareholders of the Group, have selected Fluvius System Operator cv to carry out their assignments with its own personnel. Fluvius System Operator can appeal to statutory (permanent) staff via secondment.

In order for the secondment to take place via a single company, all statutory staff of the ex-Infrax MEAs were transferred to Fluvius OV. This company passes on its costs to Fluvius System Operator cv.

The item ‘Other personnel costs’ includes these personnel costs as well as costs charged through by third parties.

The average number of employees amounted to 4.877 persons in 2020.

6 Depreciation, amortization, impairment and changes in provisions

(In thousands of EUR)	2020	2019
Amortization of intangible assets	645	713
Depreciation of property, plant and equipment	13.775	13.228
Total amortization and depreciation	**14.420**	**13.941**
Impairment of inventories and trade receivables	**-2.962**	**13.956**
Changes in provisions	**-11.439**	**-19.268**
Total	**19**	**8.629**

As of 2019, the costs of depreciation also include depreciation on the right of use of assets for (2020: 11.523 k EUR; 2019: 10.895 k EUR).

The write-downs on trade receivables in 2019 include an amount for dishonest claims for green certificates (13.657 k EUR).

The items ‘Changes in provisions’ includes the write back of the provision, other (see note ‘Employee benefit provisions’) regarding pension benefits that do not qualify for recognition under IAS19.

7 Financial results

(In thousands of EUR)	2020	2019
Interest income Mission Entrusted Associations	121.081	124.076
Interest income banks	0	9
Interest income, derivative financial instruments	217	0
Other financial income	600	945
Total financial income	**121.898**	**125.030**
Interest expenses Mission Entrusted Associations	440	515
Interest expenses banks	2.098	346
Interest expenses bond loans	122.535	122.278
Interest expenses, derivative financial instruments	0	580
Other financial expenses	7.315	11.971
Total financial expenses	**132.388**	**135.690**

The interest income was principally realized from the interest on the loans to the Mission Entrusted Associations, as well as the interest on the cash pool activities with the Mission Entrusted Associations.

Other financial income mainly comprises financial discounts (312 k EUR in 2020; 408 k EUR in 2019).

The interest expenses were the result of the interest on the bond loans, loans with the banks and partly from the cash pool activities with the Mission Entrusted Associations.
The other financial expenses comprise costs related to debt, financial costs for rent, interest costs on defined benefits liabilities and various bank costs.

8 Income tax expenses

(In thousands of EUR)	2020	2019
Current income tax expenses	-6.914	-9.135
Current income tax expenses on previous year result	-68	387
Total income tax expenses	**-6.982**	**-8.748**

(In thousands of EUR)	2020	2019
Taxable profit (loss) according to BEGAAP	6.982	8.748
Effect non-deductible expenses	20.674	22.133
Tax basis	**27.656**	**30.881**
Total current income tax expenses	**-6.914**	**-9.135**

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

Total income tax expenses amount to 6.982 k EUR (2019: 8.748 k EUR) consist of prepaid taxes for the financial year 2019 (6.175 k EUR; 2019: 7.738 k EUR), the estimated income taxes for 2019 (739 k EUR; 2019: 1.397 k EUR) and a regularisation for the previous financial years (2020: 68 k EUR; 2019: -387 k EUR).
In total, 7.759 k EUR of taxes were paid during 2020 (2019: 7.842 k EUR) relating on the one hand to previous financial years (2020: 1.584 k EUR; 2019: 103 k EUR) and on the other hand to prepaid taxes (2020: 6.175 k EUR; 2019: 7.738 k EUR).

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.

Assets

9 Intangible assets

(In thousands of EUR)	Licences and similar rights	Development costs	Total
Acquisition value at 1 January 2020	4.931	2.806	**7.737**
Acquisition value at 31 December 2020	**4.931**	**2.806**	**7.737**
Amortization and impairment at 1 January 2020	4.750	837	**5.587**
Amortization	84	561	**645**
Amortization and impairment at 31 December 2020	**4.834**	**1.398**	**6.232**
Net book value at 31 December 2020	**97**	**1.408**	**1.505**

(In thousands of EUR)	Licences and similar rights	Development costs	Total
Acquisition value at 1 January 2019	4.768	2.785	**7.553**
Acquisitions	46	19	**65**
Other	117	2	**119**
Acquisition value at 31 December 2019	**4.931**	**2.806**	**7.737**
Amortization and impairment at 1 January 2019	4.580	276	**4.856**
Amortization	152	561	**713**
Other	18	0	**18**
Amortization and impairment at 31 December 2019	**4.750**	**837**	**5.587**
Net book value at 31 December 2019	**181**	**1.969**	**2.150**

10 Property, plant and equipment

(In thousands of EUR)	Installation, machinery and equipment	Furniture and vehicles	Others	Total
Acquisition value at 1 January 2020	185	94.273	2.898	**97.356**
Acquisitions	0	206	21	**227**
Acquisition value at 31 December 2020	**185**	**94.479**	**2.919**	**97.583**
Depreciation and impairment at 1 January 2020	76	90.512	1.317	**91.905**
Depreciation	19	1.931	303	**2.253**
Depreciation and impairment at 31 December 2020	**95**	**92.443**	**1.620**	**94.158**
Net book value at 31 December 2020	**90**	**2.036**	**1.299**	**3.425**

(In thousands of EUR)	Installation, machinery and equipment	Furniture and vehicles	Leasing and similar rights	Others	Total
Acquisition value at 1 January 2019	185	97.655	8.636	3.133	**109.609**
Acquisitions	0	857	0	69	**926**
Sales and disposals	0	-4.140	0	-304	**-4.444**
Transfer to others	0	-99	-8.636	0	**-8.735**
Acquisition value at 31 December 2019	**185**	**94.273**	**0**	**2.898**	**97.356**
Depreciation and impairment at 1 January 2019	58	90.959	853	1.325	**93.195**
Depreciation	18	2.019	0	296	**2.333**
Sales and disposals	0	-2.466	0	-304	**-2.770**
Transfer to others	0	0	-853	0	**-853**
Depreciation and impairment at 31 December 2019	**76**	**90.512**	**0**	**1.317**	**91.905**
Net book value at 31 December 2019	**109**	**3.761**	**0**	**1.581**	**5.451**

As of 31 December 2020and 2019 there were no limitations on ownership and on property, plant and equipment which serve as guarantee for obligations.

There were no engagements for the acquisition of property, plant and equipment at the end of 2020 and 2019.

11 Right of use assets and lease liabilities

(In thousands of EUR)	Land and buildings	Installation, machinery and equipment	Furniture and vehicles	Total
Acquisition value at 1 January 2020	20.246	1.182	26.439	47.868
Acquisitions	2.621	0	7.333	9.954
Sales and disposals	-117	0	-1.689	-1.806
Other	0	0	-187	-187
Acquisition value at 31 December 2020	**22.750**	**1.182**	**31.896**	**55.829**
Depreciation and impairment at 1 January 2020	3.736	409	6.751	10.896
Depreciation	3.679	497	7.346	11.522
Sales and disposals	-117	0	-1.686	-1.803
Depreciation and impairment at 31 december 2020	**7.298**	**906**	**12.411**	**20.615**
Net book value at 31 December 2020	**15.453**	**276**	**19.485**	**35.214**

(In thousands of EUR)	Land and buildings	Installation, machinery and equipment	Furniture and vehicles	Total
Acquisition value at 1 January 2019	21.328	804	21.675	43.808
Acquisitions	85	378	4.764	5.227
Other	-1.167	0	0	-1.167
Acquisition value at 31 December 2019	**20.246**	**1.182**	**26.439**	**47.868**
Depreciation and impairment at 1 January 2019	0	0	0	0
Depreciation	3.736	409	6.751	10.896
Depreciation and impairment at 31 December 2019	**3.736**	**409**	**6.751**	**10.896**
Net book value at 31 December 2019	**16.511**	**773**	**19.688**	**36.972**

(in thousands EUR)	2020	2019
Lease liabilities at 1 January	**37.410**	**43.808**
Additions	9.761	4.051
Accretion of interest	1.023	1.042
Payments	-12.277	-11.491
Lease liabilities at 31 December	**35.917**	**37.410**
Non-current lease liablities	25.570	26.937
Current lease liablities	10.347	10.472

The following discount rates were used to determine the lease liability:
For buildings: 2,00% and 3,08%
For IT equipment: 2,00%
For vehicles: the discount rate used by the supplier

12 Investments in other companies

Investment in joint ventures and associates amount to 17 k EUR at the end of 2020 and 16 k EUR at the end of 2019.

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’).

13 Other investments

Other investments amount to 917 k EUR at the end of 2020 and 905 k EUR at the end of 2019, an increase with 12 k EUR.
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) and Imewo (business centres Bruges, Ghent, and Ostend). During 2019 the business centre Roeselare was sold and the business centre Meetjesland was dissolved. The effect of these transactions was recognised in the financial result.
Also, the Group has a participation in the company Duwolim cv, which aims to reduce energy consumption at home.

14 Rights to reimbursement on post-employment employee benefits

The costs related to the employee benefit liabilities are recoverable from the Mission Entrusted Associations. Rights to reimbursement on post-employment employee benefits amount to 288.395 k EUR at the end of 2020 and 258.499 k EUR at the end of 2019, an increase with 29.896 k EUR (see note 'Pensions and other post-employment benefit plans').

15 Short- and long-term receivables, other

(In thousands of EUR)	**2020**	**2019**
Receivable from DSO following lending-on funds from issuance bonds with private investors (retail)	0	170.000
Receivable from MEA following lending-on funds from issuance bonds with European institutional investors (EMTN program*)	500.000	0
Total short-term receivables	**500.000**	**170.000**
Receivable from MEA following lending-on funds from issuance bonds with private investors (retail)	200.000	200.000
Receivable from MEA following lending-on funds from issuance bonds with institutional investors (stand alone)	440.000	440.000
Receivable from MEA following lending-on funds from issuance bonds with European institutional investors (EMTN program*)	3.209.119	3.110.500
Other	49.429	40.500
Total long-term receivables	**3.898.548**	**3.791.000**

*Euro Medium Term Note (EMTN) programme – see note 'Financial instruments'

The item short-term and long-term receivables includes the receivables to the MEAs following lending on the funds received from the issuance of the bond loans by the operating company since 2010.
The terms of the long-term loans to the Mission Entrusted Associations were identical to those of the respective bond loans (see note 'Interest bearing loans and borrowings').

The long-term receivables from the MEAs increase with 107.547 k EUR. During 2020, the new bond loan of 600.000 k EUR was on-lent to the MEAs and results in an increase of the receivable, compensated by a bond loan of 500.000 k EUR coming to maturity in 2021 and therefore moved to short-term.

The post '**Other'** of the long-term receievables contain merely the financing lent on to a subsidiary and the costs passed through to MEAs.

16 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.

17 Trade and other receivables, receivables cash pool activities

(In thousands of EUR)	2020	2019
Trade receivables - gross	407.799	339.508
Impairments on trade receivables	-25.857	-28.778
Trade receivables - net	**381.942**	**310.730**
Other receivables	**68.738**	**81.177**
Total trade and other receivables	**450.680**	**391.907**
Receivables cash pool activities	**561.516**	**435.758**

The **'gross trade receivables**' amount to 407.799 k EUR at the end of 2020 and 339.508 k EUR at the end of 2019, an increase of 68.291 k EUR.

The trade receivables consist mainly of receivables with the Mission Entrusted Associations and energy suppliers. The increase in the receivables is mainly due to the amendment in timing (faster invoicing) and the inclusion of the management invoices to the ex-Infrax MEAs as a trade receivable. The trade receivables from the MEAs amounted to 239.114 k EUR at the end of 2020 and 174.426 k EUR at the end of 2019. These receivables from the MEAs are the result of passing on the costs of the operating company to the MEAs.

Besides, receivables are recorded relating to an external customer group. Based on the valuation principles, an impairment (2020: 25.887 k EUR; 2019: 28.778 k EUR) had to be recorded (See note 'Financial instruments: policy').

As of 2020, trade receivables and related write-offs for social clients are no longer included in Fluvius S.O. but in the MEAs. At the end of 2019, an amount of 12.086 k EUR of trade receivables was recognised for this purpose and an amount of 5.292 k EUR was impaired. This means that on 31 December 2019 a net amount of 6.794 k EUR was recognised (31 December 2020: nil).

The increase in trade receivables is further explained by the credit notes to be issued, which decereased from -32.522 k EUR at the end of 2019 to -2.213 k EUR at the end of 2020.

The '**Other receivables**' amount to 68.738 k EUR at the end of 2020 and 81.177 k EUR at the end of 2019. These receivables mainly include the amount of VAT for an amount of 4.503 k EUR at the end of 2020 (2019: 34.934 k EUR) and the accrued interest to be received from the MEAs in relation to the on-lending of the bonds for an amount of 47.148 k EUR (2019: 30.279 k EUR).

The item '**Receivables cash pool activities**' comprises the positve balances on the accounts of the Mission Entrusted Associations related to the cash pool and should be evaluated together with the item 'Liabilities cash pool activities' where the negative balances are included.

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

18 Cash and cash equivalents

Cash and cash equivalents amount to 1.690 k EUR at the end of 2020 and 28.222 k EUR at the end of 2019, a decrease with 26.532 k EUR. These comprise bank deposits, cash resources and fund investments that are readily exchangeable into cash.
All resources are reported in EUR.

Liabilities

19 Equity

The separate components of shareholders' equity and the movements therein from 1 January 2019 until 31 December 2020 are included 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.
A cooperative society has become capital-free. As a result, the concept of 'share capital' has become obsolete and was changed to 'contribution excluding capital'. Also, the distinction between fixed and variable capital has become meaningless. Further, the term 'legal reserve' was changed to 'contribution available, other' and 'issuance premium' to 'contribution available, issuance premium'.

Contribution excluding capital / Share capital amounts to 1.284 k EUR at the end of 2020 and 10.175 k EUR at the end of 2019, a decrease with 8.891 k EUR.

Until 31 December 2019, the share capital, linked to voting shares consisted of the fixed portion amounting to 28 k EUR and the variable portion of 1.256 k EUR. The variable part of the capital arose as a result of, on the one hand, the acquisition on 1 January 2016 of the activities and employees of the subsidiary Indexis cv (897 k EUR) and, on the other hand, as a result of the acquisition on 1 July 2018 of the activities of Infrax cv (359 k EUR).

On 31 December 2020, the contribution excluding capital amounts to 1.284 k EUR. The capital is represented by A shares without nominal value. These A shares carry voting rights and are entitled to dividends. The contribution outside capital, other was fully issued and paid up.

The shares are nominative in the name of the Mission Entrusted Associations.

Below is the breakdown of the Contribution excluding capital, other per MEA. The number of shares was confirmed in the course of 2020 between Fluvius Antwerpen and Iveka following area exchanges between them in 2019.

Mission entrusted associations	Amount in euro of voting shares	Amount of voting shares	Amount in euro of voting shares	Amount of voting shares
	2020	**2020**	**2019**	**2019**
Gaselwest	137.762	2.778.997	137.762	2.778.997
Fluvius Antwerpen	222.546	4.688.069	222.546	4.489.304
Fluvius Limburg	231.332	4.666.524	231.332	4.666.524
Imewo	182.209	3.675.610	182.209	3.675.610
Fluvius West	67.277	1.357.143	67.277	1.357.143
Intergem	91.258	1.840.902	91.258	1.840.902
Iveka	87.688	1.570.114	87.688	1.768.879
Iverlek	172.853	3.486.875	172.853	3.486.875
PBE	46.855	945.183	46.855	945.183
Riobra	19.551	394.394	19.551	394.394
Sibelgas	24.644	497.124	24.644	497.124
Total	**1.283.976**	**25.900.935**	**1.283.976**	**25.900.935**

During 2019 a capital decrease for an amount of 8.891 kEUR was decided by the General Assembly of Shareholders by canceling the 151.812.970 shares without voting rights that were issued following the acquisition of Infrax cv in 2018. The funds were paid out to the public authorities of ex-Infrax.
Furthermore, shareholders of Fluvius System Operator have mutually merged (Inter-energa with Inter-aqua and Inter-media to Fluvius Limburg; Iveg with IMEA and the acquired company Integan to Fluvius Antwerpen and PBE with Intergas) and have also entered into partial demergers and area exchanges that commence as of 1 April 2019. As a result, the membership within Fluvius System Operator was reviewed and adjusted on the basis of the weight of EANs (European Article Numbering) without further changes to the total amount.

The **reserves and the available contribution, issuance premium** remain unchanged and amount to 213 k EUR at 30 December 2020 and 31 December 2019.
The reserve was formed out of profits to be distributed at a rate of 5,00% up to a maximum of 10,00% of the assigned capital.

The Group’s **results** are in all cases without profits or losses, since all operational costs can be billed through to mainly the Mission Entrusted Associations.

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 comprises the participation held by Farys/TMVW in De Stroomlijn cv and also the participation recorded during 2019 of De Watergroep in De Stroomlijn cv (7 k EUR).

20 Interest-bearing loans and borrowings

(In thousands of EUR)	2020	2019
Long-term loans	**3.919.032**	**3.821.108**
Current portion of long-term loans	503.293	173.486
Short-term loans	547.600	464.500
Short-term loans	**1.050.893**	**637.986**
Total	**4.969.925**	**4.459.094**

Long and short-term loans amount to 4.969.925 k EUR at the end of 2020 and 4.459.094 k EUR at the end of 2019, an increase with 510.831 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 subsription of a fixed loan of 47.600 k EUR. 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 were 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 in the Public Lighting sector 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	**4.459.094**		**4.020.419**	
Movements on non-current loans (LT)				
Proceeds of non-current loans	598.608	0	0	0
Change in non-current loans	0	2.573	0	2.631
Transfer of short-term portion of LT loan to ST	0	-503.257	0	-173.486
Movements on current loans (ST)				
Proceeds of current loans	547.600	0	464.500	0
Transfer of short-term portion from LT loan to ST	0	503.257	0	173.486
Change in current loans	0	50	0	0
Repayment of short-term portion of long-term loan	-173.500	0	-3.500	0
Repayment current loans	-464.500	0	-24.956	0
Total movements	**508.208**	**2.623**	**436.044**	**2.631**
Total at end of reporting period	**4.969.925**		**4.459.094**	

Loans on long-term

All outstanding loans are expressed in EUR and have a fixed interest rate, except for the bank loan. The latter has a monthly variable interest rate and was swapped to a fixed interest rate by executing the interest rate swap (see note ‘Derivative financial instruments’).

For all the bond loans the principle applies that, each of the MEAs is guarantor on a several but non-joint 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 set 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 will act as guarantors.
The new bond loan of 2 December 2020 issued by Fuvius System Operator cv has all of the Group's mandated associations as guarantors.

The composition of the loans on long-term was as follows:
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**	435.995	440.000	2,60 - 3,55	2027 - 2044
Bank loans - with derivative instrument	37.625	70.000	3,31	2.031
Total	**4.422.325**	**4.470.500**		
Current portion of long-term debt	-503.293	0		
Total long-term loans	**3.919.032**	**4.470.500**		

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*	3.147.907	3.160.500	1,75 - 4,50	2021 - 2033
Bond issue - private**	435.756	440.000	2,60 - 3,55	2027 - 2044
Bank loans - with derivative instrument	41.125	70.000	3,31	2.031
Total	**3.994.594**	**4.040.500**		
Current portion of long-term debt	-173.486	0		
Total long-term loans	**3.821.108**	**4.040.500**		

* EMTN: EUR 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)

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 funds 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 iiii) 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.

Loans on short-term
The loans on short-term contain the portion of the long-term loans which are repayable within one year (499.793 k EUR related to bond loans and 3.500 k EUR of a bank loan at the end of 2020; 169.986 k EUR of a bond loan and 3.500 k EUR of a bank loan at the end of 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
Total on 31 December 2020		**925.000**	**547.600**	**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: maturity between 22 January 2021 and 12 February 2021; At 31 December 2017: maturity between 10 January 2020 and 31 March 2020
NA Not applicable

All short-term loans are subscribed by Fluvius System Operator cv in the name and on behalf of the Mission Entrusted Associations who stand surety for their part and act as joint co-debtor except for the bank overdrafts.

21 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.

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.

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
Since the expenses related to the employee benefits are reclaimable from the Mission Entrusted Associations, rights of reimbursement, equal to the employee benefit liability reported in the balance sheet, are recognized.

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	0,00%	0,42%
Discount rate - pensions DC	0,45%	0,96%
Discount rate - others	0,40% and 0,45%	0,86%
Expected average salary increase (inflation excluded)	0,40% to 2,10%	0,43% to 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	0,29% to 2,72%	0,19% 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
Within the context of working longer, certain benefits which were granted for early retirement can no longer be recognised as a provision for employee benefits. The Group has developed a "renewed" pension plan to address this issue. This plan will be implemented as from 1 January 2022.

The 2020 figures take into account this renewed pension plan and its terms, but there remains a small part for which no agreement has been reached yet. The amounts of those anticipatory benefits for 1.436 k euro (2019: 12.875 k euro) were no longer included as a provision for employee benefits but recognised as a constructive obligation for which they were presented on the balance sheet in the caption 'Other provisions'.

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.
The movements of the other provisions generate only a movement through the statement of profit or loss. Therefore, the actuarial effects were classified as "Change from employee benefits to other provision *" and included in the note "Depreciation and amortization, changes in provisions".

Amounts recognized in the statement of comprehensive income

(In thousands of EUR)	**2020**	**2019**
Current Service cost (employer only) - tax on service cost included	-35.896	-36.570
Interest expense	-5.733	-13.493
Interest income - interest income from asset ceiling excluded	3.668	9.233
Curtailments	0	-2.344
Past service cost	-42.925	0
Actuarial gains and (losses) recognised immediately in profit or loss	-435	6.897
Total costs included in profit or loss	**-81.321**	**-36.278**
Actuarial (gains) losses on liabilities:		
changes in financial assumptions	31.351	86.844
changes in demographic assumptions	-5.345	1.375
effect of experience adjustments	-19.596	-11.274
Actuarial (gains) losses on assets	-6.294	-69.974
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	**-15.901**	**28.365**

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	710.827	-762.095	-51.268
Pensions - unfunded status	38.434	0	38.434
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	22.114	22.114
Total defined benefit obligation and long-term employee benefits at 31 December 2020	**1.026.940**	**-739.981**	**286.959**
Without			
Pensions - funded status	694.754	-778.930	-84.176
Pensions - unfunded status	33.875	-1	33.874
Healthcare costs, tariff benefits - unfunded status	181.693	0	181.693
Other long-term employee benefits - funded status	76.284	0	76.284
Other	0	37.948	37.948
Total defined benefit obligation and long-term employee benefits at 31 December 2019	**986.606**	**-740.983**	**245.623**
With			
Pensions - funded status	730.360	-778.930	-48.570
Pensions - unfunded status	33.875	-1	33.875
Healthcare costs, tariff benefits - unfunded status	181.693	0	181.693
Other long-term employee benefits - funded status	76.284	0	76.284
Other	0	15.217	15.217
Total defined benefit obligation and long-term employee benefits at 31 December 2019	**1.022.212**	**-763.714**	**258.499**

Changes in the present value of the obligation

(In thousands of EUR)	2020	2019 without	2019 with
Total at 1 January	-986.606	-881.795	-913.980
Actuarial gains (losses) - financial assumptions	-32.984	-77.193	-93.427
Actuarial gains (losses) - demographic assumptions	7.410	2.957	1.724
Actuarial gains (losses) - experience adjustments	9.695	6.033	21.655
Acquisitions/disposals	-432	-39.289	-39.289
Curtailments	0	-2.344	-2.344
Current service cost & taxes included	-35.896	-35.399	-36.570
Participant contributions	-2.196	-2.111	-2.111
Interest cost	-5.733	-13.087	-13.493
Benefit payments & taxes included	62.727	55.622	55.622
Past service cost	-42.925	0	0
Total at 31 December before tax on unfunded obligations	**-1.026.940**	**-986.606**	**-1.022.213**
Taxes on unfunded obligations	0	0	0
Total at 31 December	**-1.026.940**	**-986.606**	**-1.022.213**

Changes in the fair value of the plan assets

(In thousands of EUR)	2020	2019
Total at 1 January	778.929	673.263
Actuarial gains (losses) - correction on assets at 1 January	10.063	399
Return on plan assets (excluding interest income)	5.265	69.575
Acquisitions/disposals	718	22.922
Curtailments	0	0
Interest income	3.852	9.438
Employer contributions & taxes included	11.634	42.255
Participant contributions	2.196	2.111
Benefit payments & taxes included	-50.562	-41.032
Total at 31 December	**762.095**	**778.929**
Irrecoverable surplus (effect of asset ceiling)	-22.114	-15.217
Total at 31 December	**739.981**	**763.713**

Changes in the 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	235.103	207.013
Other comprehensive loss(gain)	-15.901	28.365
Total at 31 December	**219.202**	**235.378**

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	Elgabel %	Other %	Pensiobel %	Insurance companies %	Powerbel and Enerbel %	Total %
Investments quoted in an active market	**78,67**	**76,70**	**81,80**	**84,85**	**82,80**	**80,17**
Shares (Eurozone)	15,91	17,28	9,04	12,52	13,20	13,88
Shares (Outside eurozone)	21,96	20,80	1,35	24,68	21,44	17,23
Government bonds (Eurozone)	0,00	0,00	21,29	0,00	7,74	6,32
Other bonds (Eurozone)	26,15	24,76	47,23	30,51	26,83	30,94
Other bonds (Outside eurozone)	14,65	13,87	2,90	17,15	13,58	11,80
Unquoted investments	**21,33**	**23,30**	**18,20**	**15,15**	**17,20**	**19,83**
Real estate	2,52	2,38	4,08	2,27	2,49	2,84
Cash and cash equivalents	3,02	5,96	1,36	3,08	3,27	2,97
Other	15,80	14,96	12,76	9,80	11,45	14,02
Total in %	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**
Total (In thousands of EUR)	**349.202**	**70.024**	**169.199**	**17.009**	**156.660**	**762.095**

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

Category	Elgabel %	Other %	Pensiobel %	Insurance companies %	Powerbel and Enerbel %	Total %
Investments quoted in an active market	**78,71**	**76,87**	**83,40**	**81,68**	**84,46**	**80,81**
Shares (Eurozone)	15,98	12,56	18,16	8,50	12,00	15,21
Shares (Outside eurozone)	21,95	22,51	24,00	0,00	21,77	21,88
Government bonds (Eurozone)	0,00	0,00	0,00	22,54	7,00	1,92
Other bonds (Eurozone)	26,13	26,79	26,50	48,44	28,42	27,31
Other bonds (Outside eurozone)	14,64	15,01	14,73	2,21	15,27	14,49
Unquoted investments	**21,29**	**23,13**	**16,60**	**18,32**	**15,54**	**19,19**
Real estate	2,52	2,58	2,39	4,18	2,38	2,51
Cash and cash equivalents	2,99	4,37	3,58	1,24	2,69	3,16
Other	15,79	16,18	10,63	12,90	10,48	13,52
Total in %	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**
Total (In thousands of EUR)	**347.983**	**77.679**	**184.969**	**20.520**	**147.779**	**778.930**

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	**-1.026.940**	**-1.022.213**
Active plan participants	-683.063	-653.881
Terminated plan participants with deferred benefit entitlements	-154.681	-168.052
Retired plan participants and beneficiaries	-189.196	-200.281
Breakdown of defined benefit obligation by type of benefits	**-1.026.940**	**-1.022.213**
Retirement and death benefits	-749.261	764.236
Other post-employment benefits (medical and tariff reductions)	-186.672	181.693
Jubilee bonuses (Seniority payments)	-91.007	76.284

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%)	28.333
Inflation (+0,25%)	-19.318
Salary increase (+0,10%)	-6.745
Healthcare increase (+0,10%)	-236
Tariff advantages (+0,50%)	-6.499
Life expectancy of pensioners (+1 year)	-10.087

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 established with regard to the investment strategy of the companies.
These assumptions are challenged on a regular basis.
Exceptional events (such as modification of the plan, change of assumptions, too short degree of 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 19 years at 31 December 2020 for the defined benefit obligations (2019: 20 years).

The Group estimates to contribute 663 k EUR to the defined benefit pension plans in 2021 and 12.045 k EUR to the defined contribution plans.

22 Derivative financial instruments

The Group has entered into an interest rate swap in order to convert the variable interest rate on long-term loans into a fixed interest rate.
Derivative financial instruments amount to 6.000 k EUR at the end of 2020 and 6.217 k EUR at the end of 2019, a decrease with 217 k EUR.

The changes in the fair value are recognized in the income statement (see note 'Financial results').

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.

Overview of the derivative financial instruments as per 31 December 2020 and 2019
An interest rate swap within the framework of the original 70.000 k EUR loan with a maturity of 20 years concluded in September 2011 entered into force in September 2011.

23 Trade payables and other liabilities, liabilities cash pool activities, current tax liabilities

(In thousands of EUR)	2020	2019
Trade debts	236.376	111.472
Invoices to be received	48.930	50.606
Subtotal	**285.306**	**162.078**
VAT	63	32
Taxes payable on remuneration	2.409	2.061
Remuneration and social security	82.003	78.487
Other current liabilities	60.804	57.880
Total trade payables and other current liabilities	**430.585**	**300.538**
Liabilities cash pool activities	**104.561**	**133.069**
Current tax liabilities	**2.203**	**2.980**

Trade payables and other current liabilities amount to 430.585 k EUR at the end of 2020 and 300.538 k EUR at the end of 2019, an increase with 130.047 k EUR.
The increase in trade debts is mainly due to the amendment of the timing (faster invoicing) and the inclusion of trade payables for the grid fee invoiced by the ex-Infrax MEAs to Fluvius S.O.
The trade payables on the MEAs amounted to 123.047 k EUR at the end of 2020 and 29.485 k EUR at the end of 2019.

The 'other current liabilities' mainly comprise the costs to be attributed, principally relating to the finance costs for issuing bonds, car fleet and Information & Communication Technology projects.

The **payable cash pool activities** amount to 104.561 k EUR at year end of 2020 and 133.069 k EUR at year end 2019 (see note 'Trade and other receivables, receivables cash pool activities').

The **payment term and conditions for these payables** are as follows:
For the standard trade contracts the average payment term was 30 days and the contractors were paid under the COVID-19 pandemic on 14 days during the period from April to the end of August 2020.
The Value Added Tax payable and the withholding tax payable were due 20 and 15 days respectively after the end of the month. All amounts were paid on their expiry date.

Financial instruments

24 Financial instruments: policy

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, for compliance with the guidelines on risk management and reporting.

The Group's functioning as the operating company for the Mission Entrusted Associations limits to a large degree the risks and their possible negative impact.

Equity structure
The Group's equity structure consists of equity and the financial liabilities.
Apart from the legally required minimum levels for equity that are applicable for Fluvius System Operator and its subsidiaries, investments in joint ventures and associates, the Group is not subject to any externally required qualifications for its capital structure.

Within the Group short-term financing has been called upon to support the working capital. The long-term loans are contracted by Fluvius to finance the MEAs and are lent through at the same conditions as the contracted loans.

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 maximum credit risk is each financial asset's balance sheet value.
The Group recharges its costs mainly to its shareholders, its non-controlling interests and the associates, whereby it limits its credit risk.

Movements in accumulated impairments on trade receivables

(In thousands of EUR)	**2020**	**2019**
Total at 1 January	-28.778	-14.823
Charge of impaired receivables	-4.938	-18.631
Write back of impaired receivables	7.859	4.676
Total at 31 December	**-25.857**	**-28.778**

Currency risk
The Group is not substantially exposed to currency risk 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 calls upon several banks to attract resources on short term. Commercial paper was issued within the framework of a treasury bill programme. Fixed advances and commercial papers can be called on with a maturity of one week up to twelve months, as well as fixed loans (straight loans) with a maturity between one day up to one year. All loans have fixed interest rates during the term of the loan except for the bank overdraft that has a variable interest rate.

The Group enters into long-term loans to finance the MEAs. These long-term loans were fully lent on at the same conditions as the contracted loans.
The MEAs use these resources to finance the investments in the distribution grids including the rollout of the digital meter, the acquisition and replacement of the public lighting infrastructure, financing investments in other companies, to refinance loans and to pay interest as well as working capital. Ex-Eandis, however, also used a part of the net proceeds of these loans at the end of 2014 to pay the fee in the name and on behalf of the local aurhorities to Electrabel as part of the latter's exit out of the MEAs of ex-Eandis.

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 could 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 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.

The EMTN Base Prospectus also provides for the possibility to issue Green Bonds, whereby the net proceeds of an issue are used to finance (or refinance) eligible Green Projects. For this purpose, Fluvius has prepared a Green Financing Framework which contains a description of investment projects that are eligible for green financing, how the climate and sustainability benefits will be measured, and how verification and reporting will be undertaken.
All funds from the bond loans, except for 50.000 k EUR, were fully lent on to the MEAs at the same conditions as the bond loans. The resulting receivables for the Group are included in notes 'Short-term receivables, other' and 'Long-term receivables, other'.

An overview of the loans is included in the note ‘Interest-bearing loans and borrowings’. The bank loan (2020: 37.625 k EUR; 2019: 41.125 k EUR) was not lent on.

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	249.856	1.751.967
Bond issue - private	435.995	0	0	0	435.995
Bank loans - with derivative structure	37.625	3.500	7.000	7.000	20.125
Total	**4.422.325**	**503.293**	**1.254.236**	**456.709**	**2.208.087**

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	997.689	1.152.429
Bond issue - private	435.756	0	0	0	435.756
Bank loans - with derivative structure	41.125	3.500	7.000	7.000	23.625
Total	**3.994.593**	**173.486**	**1.004.788**	**1.004.689**	**1.811.630**

Information regarding the repayment schedule of the lease obligations
The Group has lease obligations as at December 31 2020 for a total of 35.917 k EUR (2019: 37.409 k EUR). Of this amount 10.347 k EUR (2019: 10.472 k EUR) needs to be repaid within 1 year, 22.900 k EUR (2019: 23.415 k EUR) must be paid within a period of 2 to 5 years and the remainder of 2.670 k EUR (2019: 3.522 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. The loans with a variable interest rate have been swapped to a fixed interest rate (see note ‘Derivative financial instruments’).
The resulting financial costs for Fluvius System Operator are all passed on to MEAs and are reported as a financial income except for the financial costs related to the EMTN bond loan of 50.000 k EUR and the bank loan of 37.625 k EUR, which were not lent through.

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	123.691
In 2021	117.844	116.344
In 2022	95.224	93.724
In 2023	81.357	79.857
In 2024	57.499	55.999
In 2025	57.375	55.875
In 2026 and beyond	353.492	345.992
Total	**762.791**	**871.482**

Other

More information about the risks of the Group and its shareholders is included in the base prospectus of 17 November 2020 concerning the 5.000.000 k EUR EMTN programme and the investor presentation of November 2020. These documents can be consulted on our 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 a transaction at arm's length 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 fair value of the outstanding listed 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 at 31 December 2020 are as follows:

(In thousands of EUR)	Fair value Level 1	Fair value Level 2	Fair value Level 3	Book value
Other investments	0	0	917	917
Cash and cash equivalents	1.690	0	0	1.690
Total receivables	450.680	0	0	450.680
Receivables cash pool activities	561.516	0	0	561.516
Total	**1.013.886**	**0**	**917**	**1.014.803**
Loans on long-term	4.296.657	0	0	3.919.032
Loans on short-term	1.066.250	0	0	1.050.893
Lease liabilities	35.917	0	0	35.917
Derivative financial instruments	0	6.000	0	6.000
Total current liabilities, other	432.788	0	0	432.788
Liabilities cash pool activities	104.561	0	0	104.561
Total	**5.936.173**	**6.000**	**0**	**5.549.191**

The fair values at 31 December 2019 are as follows:

(In thousands of EUR)	Fair value Level 1	Fair value Level 2	Fair value Level 3	Book value
Other investments	0	0	905	905
Cash and cash equivalents	28.222	0	0	28.222
Total receivables	391.907	0	0	391.907
Receivables cash pool activities	435.758	0	0	435.758
Total	**855.887**	**0**	**905**	**856.792**
Loans on long-term	4.224.461	0	0	3.821.108
Loans on short-term	641.548	0	0	637.986
Derivative financial instruments	0	6.217	0	6.217
Total current liabilities, other	303.518	0	0	303.518
Liabilities cash pool activities	133.069	0	0	133.069
Total	**5.302.596**	**6.217**	**0**	**4.901.898**

Other information

25 Related parties

Transactions between Fluvius System Operator and its subsidiaries have been eliminated in the consolidation process and are therefore not included in the present note.
The total remunerations paid to the management committee and the directors for 2020 amounted to 3.987.593 k EUR and 4.558.255 k EUR for 2019. The post-employment benefits included in the total remuneration mentioned amounted to 199.416 k EUR for 2020 and 347.676 k 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 since 2019 De Watergroep) 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	1.467
Amount of outstanding balances		
Trade receivables	1.009	8.282
Trade payables	122	67

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

(In thousands of EUR)	**2020**	**2019**
Amount of the transactions		
Recharge of costs to associates	2.179	2.432
Recharge of costs from associates	22.995	16.324
Amount of outstanding balances		
Trade receivables	45.400	35.322
Trade payables	417	2.141

Transactions of the Group with its shareholders (Mission Entrusted Associations) were as follows:

(In thousands of EUR)	2020	2019
Amount of the transactions		
Recharge of costs to the Mission Entrusted Associations	1.657.650	1.624.261
Recharge of costs from the Mission Entrusted Associations	21.228	141.142
Interest income Mission Entrusted Associations	121.081	124.076
Interest expenses Mission Entrusted Associations	-440	-515
Amount of outstanding balances		
Non-current assets, employee benefits	288.395	258.499
Non-current assets, other	3.854.897	3.756.541
Short-term receivable, other	500.000	170.000
Trade receivables, invoices to be issued	239.114	176.724
Other receivables, cash pool	459.491	302.689
Other receivables, accrued financial income bond loan	47.148	30.348
Trade payables	123.047	29.485
Receivable VAT-unit	0	0
Guarantees and securities received		
Concerning financial obligations	725.000	725.000

All invoices to and from the Mission Entrusted Associations are payable within 30 days after invoice date.

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 parent company Fluvius System Operator paid fees of 73 k EUR to the statutory auditor supplemented with additional (legal) assignments as an extension of the mandate as auditor and with other assignments amounting in total 674 k EUR. The other assignments were approved by the Audit Committee.

26 Commitments and contingencies

(In thousand of EUR)	2020	2019
Rent deposits, buildings	1.391	1.391
Other bank guarantees	0	0
Total guarantees given	**1.391**	**1.391**
Guarantees obtained from contractors and suppliers	**39.155**	**27.695**

Committed orders in 2020 amounted to 16.348 k EUR (2019: 11.188 k EUR).

The Group is involved in legal disputes for which the risk of loss is possible but not likely. Currently, the possible timing of the settlements cannot be estimated reliably.

On 3 September 2019, a gas explosion occurred in Wilrijk, Ridderveld. One fatality is regretted. The judicial investigation in this case has been completed. The company Fluvius System Operator and two of its managers were referred to the criminal court. Pleadings before the criminal court of Antwerp took place 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 judgement is expected by the end of April 2021.

27 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.

28 List of group entities included in the consolidation

At 31 December 2020

Subsidiary	Office	Number of shares owned	voting rights
Parent			
Fluvius System Operator cv	Brusselsesteenweg 199, B-9090 Melle		
Subsidiary			
De Stroomlijn cv	Brusselsesteenweg 199, B-9090 Melle	62,17	62,17
Investment in joint ventures and associates			
Synductis cv	Brusselsesteenweg 199, B-9090 Melle	34,47	34,47
Atrias cv	Kanselarijstraat 17a, B-1000 Brussel	50,00	50,00

At 31 December 2019

Subsidiary	Registered office	Number of shares owned	voting rights
Parent			
Fluvius System Operator cvba	Brusselsesteenweg 199, B-9090 Melle		
Subsidiary			
De Stroomlijn cv	Brusselsesteenweg 199, B-9090 Melle	62,17	62,17
Investment in joint ventures and associates			
Synductis cv	Brusselsesteenweg 199, B-9090 Melle	33,28	32,82
Atrias cv	Kanselarijstraat 17a, B-1000 Brussel	50,00	50,00

Information concerning the parent company

The following information is extracted from the statutory Belgian GAAP financial statements of the parent company, Fluvius System Operator cv and is presented in abridged form.
These statutory financial statements, together with the report of the Board of Directors to the General Assembly of Shareholders as well as the auditor's report, will be filed with the National Bank of Belgium within the legally foreseen time limits according to the Belgian company code. These documents are also available as from 23 April 2020 on the website www.fluvius.be or on request at the following address: Brusselsesteenweg 199, 9090 Melle.

The statutory auditor's report is unqualified and certifies that the financial statements of Fluvius System Operator cv are prepared in accordance with Belgian GAAP.

Condensed balance sheet **In thousands of EUR**	**2020**	**2019**
Fixed assets	**4.553**	**6.843**
Intangible fixed assets	1.408	1.969
Tangible fixed assets	1.391	3.110
Financial fixed assets	1.754	1.764
Current assets	**5.791.389**	**5.148.754**
Amounts receivable after more than one year	3.891.864	3.784.076
Stocks and contracts in progress	97.296	78.542
Amounts receivable within one year	1.451.127	956.570
Cash at bank and in hand	5.123	29.851
Deferred charges and accrued income	345.979	353.971
Total assets	**5.795.942**	**5.155.597**
Equity	**1.517**	**1.517**
Contributions, other / Capital	1.284	1.284
Other equity components: reserves, share premiums, retained earnings	233	233
Provisions for liabilities and charges	**288.395**	**258.499**
Amounts payable	**5.506.030**	**4.895.581**
Amounts payable after more than one year	3.919.032	3.821.108
Amounts payable within one year	1.529.216	1.020.217
Accrued charges and deferred income	57.782	353.971
Total liabilities	**5.795.942**	**5.155.597**

Condensed income statement **In thousands of EUR**	**2020**	**2019**
Turnover	1.618.862	1.649.885
Operating profit (loss)	14.481	12.348
Financial result	-7.652	-3.766
Income taxes	-6.829	-8.582
Profit for the period	**0**	**0**

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Independent auditor's report to the general meeting of Fluvius System Operator CV for the year ended 31 December 2020

As required by law and the Company's articles of association, we report to you as statutory auditor of Fluvius System Operator CV (the "Company") and its subsidiaries (together the "Group"). This report includes our opinion on the consolidated statement of the financial position as at 31 December 2020, the consolidated statement of profit or loss, the consolidated statement of comprehensive income as at 31 December 2020, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2020 and the disclosures (all elements together the "Consolidated Financial Statements"), as well as our report on other legal and regulatory requirements. These two reports are considered one report and are inseparable.

We have been appointed as statutory auditor by the shareholders' meeting of 27 May 2020, in accordance with the proposition by the Board of Directors following recommendation of the Audit Committee and following recommendation of the workers' council. Our mandate expires at the shareholders' meeting that will deliberate on the Consolidated Financial Statements for the year ending 31 December 2022. We performed the audit of the Consolidated Financial Statements of the Group during 10 consecutive years.

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have audited the Consolidated Financial Statements of Fluvius System Operator CV, that comprise the consolidated statement of the financial position as at 31 December 2020, the consolidated statement of profit or loss, the consolidated statement of comprehensive income on 31 December 2020, the consolidated statement of changes in equity and the consolidated statement of cash flows of the year then ended and the disclosures, which show a consolidated balance sheet total of € 5.839,2 million and of which the consolidated income statement shows a profit for the year of € 0.

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

Basis for the unqualified opinion

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

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

We have obtained from the Board of Directors and the officials of the Company the explanations and information necessary for the performance of our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current reporting period.

These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon, and consequently we do not provide a separate opinion on these matters.

Employee benefit liability

Description of the key audit matter

The employee benefit liability amounts to € 287,0 million as at 31 December 2020. The Group recognizes the provision for the long-term employee benefits based on the requirements of IFRS. The plans of the Group are described in note 21 of the Consolidated Financial Statements. The valuation of this provision is complex and requires judgments of management. Due to its complexity, the Company is assisted by an external actuary for the calculation of the provision. The valuation of the provision is based on the personnel data included in the pension plans and to which certain actuarial assumptions are applied such as expected inflation, discount rates, projected average salary increases and personnel turnover. A change in these assumptions or the use of incorrect personnel data would have a material impact on the Consolidated Financial Statements. Therefore, the valuation of the employee benefit liability is a key audit matter in our audit.

Summary of the procedures performed

Our audit procedures included, amongst others:

- An analysis of the existing plans within the Group and discussion with management of potential changes to these plans.
- Testing of the underlying personnel data through an analytical review compared to prior year and through reconciliation (of a.o. age, gender, salary, and seniority) for a sample of personnel members to underlying documentation.
- Assessing the competence and independence of the external actuary.
- Involving our internal actuarial specialists to assess the appropriateness of the actuarial models used in accordance with IAS19 and to assess the reasonableness of the significant assumptions (expected inflation, discount rates, projected average salary increases, mortality tables and personnel turnover) used by management to value the provision.
- Assessment of the adequacy and completeness of the Group's disclosures in note 21 of the Consolidated Financial Statements.

Financing activities

Description of the key audit matter

The balance sheet of the Group is significantly affected by the Group's financing activity. As at 31 December 2020, the long term interest bearing loans and borrowings of the Group amount to € 3.919,0 million and the short term interest bearing loans and borrowings to € 1.050,9 million, as described in note 20 of the Consolidated Financial Statements. These interest bearing loans and borrowings are subsequently used to grant interest bearing loans to the Distribution System Operators ("DSO's"), for a total amount of € 3.849,1 million classified as long term receivable and a total amount of € 500,0 million classified as short term receivable (as described in note 15 of the Consolidated Financial Statements). Given the magnitude of these amounts compared to total assets and total liabilities on the one hand and the follow-up and the assessment of management regarding the repayment capacity of the DSO's (including the potential impact of Covid-19) on the other hand, the financing activities are considered as a key audit matter for our audit.

Summary of the procedures performed

We performed following procedures:

- Assessing the accounting treatment of the interest bearing loans and receivables and corresponding transaction costs.
- Reconciling the interest cost and interest income of these loans with the respective terms and conditions as included in the underlying agreements.
- Reconciling the nominal amounts of the loans with underlying contracts, confirmations and payments.
- We received from management the long term financing plan of the Company and of the Distribution System Operators in order to determine the repayment capacities of the latter (whereby also the potential impact of Covid-19 was taken into consideration). These plans were assessed taken into consideration the underlying long term financing goals of the DSO's as well as discussions with management and those charged with governance.

- Assessing the adequacy and completeness of notes 15 and 20 of the Consolidated Financial Statements.

Responsibilities of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium and for such internal controls relevant to the preparation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern, The Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease business operations, or has no realistic alternative but to do so.

Our responsibilities for the audit of the Consolidated Financial Statements

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

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

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

We communicate with the Audit Committee within the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audits of the subsidiaries. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

We provide the Audit Committee within the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee within the Board of Directors, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our report, unless the law or regulations prohibit this.

Report on other legal and regulatory requirements

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and the content of the Board of Directors' report on the Consolidated Financial Statements.

Responsibilities of the auditor

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

Aspects relating to Board of Directors' report

In our opinion, after carrying out specific procedures on the Board of Directors' report, the Board of Directors' report is consistent with the Consolidated Financial Statements and has been prepared in accordance with article 3:32 of the Code of companies and associations.

In the context of our audit of the Consolidated Financial Statements, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Board of Directors' report contains any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, there are no material inconsistencies to be reported. In addition, we do not provide any assurance regarding the Board of Directors' report and other information included in the annual report.

The non–financial information required by article 3:32, § 2, of the Code of companies and associations has been included in the Board of Directors' report on the Consolidated Financial Statements. The Company has prepared this non-financial information based on the Global Reporting Initiative ("GRI") Standards. However, we do not comment on whether this non-financial information has been prepared, in all material respects, in accordance with the Global Reporting Initiative Standards. Furthermore, we do not express any form of assurance regarding the individual elements included in this non-financial information.

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.

Other communications

- This report is consistent with our supplementary declaration to the Audit Committee as specified in article 11 of the regulation (EU) nr. 537/2014.

Ghent, 31 March 2021

EY Bedrijfsrevisoren BV
Statutory auditor
Represented by

Marnix Van Dooren *
Partner
*Acting on behalf of a BV

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