



# **FLUVIUS ECONOMIC GROUP**

## **Condensed Consolidated Interim IFRS Financial Statements**

**30 June 2021**

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# Interim Financial Statements

## Condensed consolidated statement of profit or loss

(In thousands of EUR)	Notes	30 June 2021	30 June 2020
<b>Operating revenue</b>	<b>4</b>	<b>1.826.248</b>	<b>1.733.784</b>
Revenue from contracts with customers		1.492.373	1.443.273
Other operating income		76.469	68.481
Own construction, capitalized		257.406	222.030
<b>Operating expenses</b>		<b>-1.602.278</b>	<b>-1.436.637</b>
Cost of trade goods	5	-733.605	-686.738
Cost for services and other consumables	6	-230.701	-214.804
Employee benefit expenses	7	-295.393	-311.544
Depreciation, amortization, impairments and changes in provisions	8	-251.438	-227.866
Other operational expenses		-41.816	-31.079
Regulated transfers	9, 33	-49.325	35.394
<b>Result from operations</b>		<b>223.970</b>	<b>297.147</b>
Finance income	10	28.244	31.550
Finance costs	11	-82.016	-89.479
<b>Profit before tax</b>		<b>170.198</b>	<b>239.218</b>
Income tax expenses	12	-51.074	-57.787
<b>Profit for the period</b>		<b>119.124</b>	<b>181.431</b>



## Condensed consolidated statement of comprehensive income

(In thousands of EUR)	Notes	30 June 2021	30 June 2020
<b>Profit for the period</b>		<b>119.124</b>	<b>181.431</b>
<b>Other comprehensive income</b>			
<b>Items not to be reclassified to profit or loss in subsequent periods</b>			
Actuarial gains (losses) on long-term employee benefits	23	302.501	-14.595
Actuarial gains (losses) on rights to reimbursement on post-employment employee benefits	23	-214.478	5.811
Fair value other investments	17	-44.691	268.190
Deferred tax gains (losses)	12	-17.011	7.093
<b>Net other comprehensive income not being reclassified to profit or loss in subsequent periods</b>		<b>26.321</b>	<b>266.499</b>
<b>Total comprehensive income for the period</b>		<b>145.445</b>	<b>447.930</b>



## Condensed consolidated statement of financial position

(In thousands of EUR)	Notes	30 June 2021	31 December 2020
<b>Non-current assets</b>		<b>14.779.772</b>	<b>14.899.187</b>
Intangible assets	13	123.064	114.303
Property, plant and equipment	14	11.806.378	11.665.019
Right-of-use assets	15	40.758	42.147
Investment in joint ventures and associates	16	2.017	2.017
Other investments	17, 29	2.016.161	2.064.271
Rights to reimbursement on post-employment employee benefits	23	235.520	443.513
Long-term receivables, other	18, 29	555.874	567.917
<b>Current assets</b>		<b>1.300.180</b>	<b>926.971</b>
Inventories		119.087	97.296
Trade and other receivables	19, 29	982.899	787.678
Current tax assets	28, 29	4.972	10.669
Cash and cash equivalents	20, 29	193.222	31.328
<b>TOTAL ASSETS</b>		<b>16.079.952</b>	<b>15.826.158</b>
<b>EQUITY</b>	<b>21</b>	<b>6.879.014</b>	<b>6.757.091</b>
<b>Total equity attributable to owners of the parent</b>		<b>6.878.914</b>	<b>6.756.991</b>
Contributions excluding capital, other		2.748.344	2.688.588
Contributions excluding capital, issue premiums		126.903	126.903
Reserves		1.760.870	1.753.908
Other comprehensive income		1.108.555	1.082.234
Retained earnings		1.134.242	1.105.358
<b>Non-controlling interest</b>		<b>100</b>	<b>100</b>
<b>LIABILITIES</b>		<b>9.200.938</b>	<b>9.069.067</b>
<b>Non-current liabilities</b>		<b>7.454.554</b>	<b>6.933.089</b>
Interest bearing loans and borrowings	22, 29	6.070.299	5.280.508
Lease liabilities	15, 29	30.985	32.319
Employee benefit liabilities	23	605.237	906.515
Derivative financial instruments	24, 29	57.381	62.717
Provisions	25	7.725	8.772
Deferred tax liability	12	370.147	347.532
Government grants	26	312.780	294.726
<b>Current liabilities</b>		<b>1.746.384</b>	<b>2.135.978</b>
Interest bearing loans and borrowings	22, 29	760.626	1.307.966
Lease liabilities	15, 29	12.524	12.488
Trade payables and other current liabilities	27, 29	970.621	800.617
Current tax liabilities	28, 29	2.613	14.907
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>16.079.952</b>	<b>15.826.158</b>

## Condensed consolidated statement of changes in equity

(In thousands of EUR)	Contributions excluding capital	Reserves	Other compre- hensive income	Retained earnings	Total equity attributable to equity holders	Non- controlling interest	Total
<b>Balance at 1 January 2020</b>	<b>2.805.702</b>	<b>1.737.309</b>	<b>792.661</b>	<b>1.071.823</b>	<b>6.407.495</b>	<b>100</b>	<b>6.407.595</b>
Total comprehensive income for the period	0	0	266.499	181.431	<b>447.930</b>	0	<b>447.930</b>
Change in consolidation scope	10.531	0	0	0	<b>10.531</b>	0	<b>10.531</b>
Addition/decrease reserves	0	11.244	0	-11.244	<b>0</b>	0	<b>0</b>
Dividends paid	0	0	0	-68.189	<b>-68.189</b>	0	<b>-68.189</b>
<b>Balance at 30 June 2020</b>	<b>2.816.233</b>	<b>1.748.553</b>	<b>1.059.160</b>	<b>1.173.821</b>	<b>6.797.767</b>	<b>100</b>	<b>6.797.867</b>
<b>Balance at 1 January 2021</b>	<b>2.815.491</b>	<b>1.753.908</b>	<b>1.082.234</b>	<b>1.105.357</b>	<b>6.756.991</b>	<b>100</b>	<b>6.757.091</b>
Total comprehensive income for the period	0	0	26.321	119.124	<b>145.445</b>	0	<b>145.445</b>
Repayment of equity	-528	0	0	0	<b>-528</b>	0	<b>-528</b>
Proceeds from contribution excluding capital	60.284	-10.400	0	-28.090	<b>21.794</b>	0	<b>21.794</b>
Addition/decrease reserves	0	17.362	0	-17.362	<b>0</b>	0	<b>0</b>
Dividends paid	0	0	0	-44.788	<b>-44.788</b>	0	<b>-44.788</b>
<b>Balance at 30 June 2021</b>	<b>2.875.247</b>	<b>1.760.870</b>	<b>1.108.555</b>	<b>1.134.241</b>	<b>6.878.914</b>	<b>100</b>	<b>6.879.014</b>

Information concerning the movements on comprehensive income is disclosed in the note 'Equity', 'Employee benefit liabilities', 'Income tax expenses' and in 'Other investments'.

## Condensed consolidated statement of cash flows

(In thousands of EUR)	Notes	30 June 2021	30 June 2020
Profit for the period		119.124	181.431
Amortization of intangible assets	8	19.331	18.044
Depreciation on property, plant and equipment and right-of-use assets	8	230.372	220.521
Change in provisions (Reversal -; Recognition +)	8	-1.047	-13.056
Impairment current assets (Reversal -; Recognition +)		2.782	2.357
Gains or losses on realization receivables		4.141	6.381
Net finance costs		61.866	58.648
Change in fair value of derivative financial instruments	10, 11	-5.336	1.732
Gains or losses on sale of property, plant and equipment		35.297	22.135
Movement in government grants	26	-2.758	-2.451
Income tax expense	12	51.074	57.787
<b>Operating cash flow before change in working capital and provisions for employee benefits</b>		<b>514.846</b>	<b>553.529</b>
Change in inventories		-21.791	-11.022
Change in trade and other receivables		-194.216	-106.787
Change in trade payables and other current liabilities		117.483	47.812
Change in employee benefits		-5.263	16.336
<b>Net operating cash flow</b>		<b>-103.787</b>	<b>-53.661</b>
Interest paid		-41.824	-44.038
Interest received		20.165	19.132
Financial discount on debts		121	178
Income tax paid (received)	12	-52.067	-26.584
<b>Net cash flow from operating activities</b>		<b>337.454</b>	<b>448.556</b>
Proceeds from sale of property, plant and equipment		1.357	735
Purchase of intangible assets	13	-28.093	-29.747
Purchase of property, plant and equipment	14	-401.511	-359.237
Acquisition of companies and other investments	21	0	-79.254
Proceeds from sale of companies and other investments	17	100	162
Net investments in long-term receivables		-35	18
Receipt of a government grant	26	20.811	8.340
<b>Net cash flow used in investing activities</b>		<b>-407.371</b>	<b>-458.983</b>



(In thousands of EUR)	Notes	30 June 2021	30 June 2020
Proceeds from contributions excluding capital	21	21.794	10.531
Repayment of contributions excluding capital	21	-528	0
Repayment of borrowings	22	-40.054	-46.766
Proceeds from borrowings	22	235.218	0
Proceeds from bonds/borrowings	22	595.876	0
Payment of finance lease liabilities	15	-7.389	-8.033
Change in current financial liabilities	22	-547.600	103.470
Provide long-term loans	22	-1.789	0
Repayment long-term loans		3.273	3.635
Dividends paid	21	-26.990	-67.392
<b>Net cash flow from/used in financing activities</b>		<b>231.811</b>	<b>-4.555</b>
<b>Net increase/decrease in cash</b>	<b>20</b>	<b>161.894</b>	<b>-14.982</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>20</b>	<b>31.328</b>	<b>64.588</b>
<b>Cash and cash equivalents at the end of period</b>	<b>20</b>	<b>193.222</b>	<b>49.606</b>

## Selected explanatory notes

### Basis of preparation

#### 1 Corporate information

The condensed consolidated interim financial statements of the Economic Group Fluvius comprise the accounts of the **eleven mission entrusted associations** (MEAs) Gaselwest, Imewo, Intergem, Iveka, Iverlek, Sibelgas, Fluvius West, Fluvius Limburg, Fluvius Antwerpen, PBE and Riobra as well as the accounts of their subsidiary being the operating company Fluvius System Operator and the latter's subsidiaries, investments in joint ventures and associates. In addition, the accounts of the company Fluvius OV are also included in the Economic Group Fluvius.

The MEAs are being managed centrally by their **operating company** Fluvius System Operator cv. The operating company and its subsidiaries publish IFRS accounts: **Fluvius System Operator Group**.

All companies of the Group are registered in the Flemish Region (Belgium). The aforementioned MEAs are **regulated** according to the Flemish Decree on Local Government of 22 December 2017 (as amended). A mission entrusted association is an intermunicipal legal entity which the participating municipalities have entrusted with the management of certain public utilities. The duration of the MEAs of the Economic Group Fluvius has been determined until 29 March 2037. The duration of Riobra was set until 24 November 2023.

A distribution system operator (DSO) is recognized by the Flemish energy regulator as a system operator for electricity and/or gas (See note 'Operating in a regulated environment'). The company Riobra should be considered as a MEA, not as an energy DSO.

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

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

Fluvius has chosen to obtain **a rating** from the rating agencies 'Moody's Investor Services Ltd.' (Moody's) and 'Creditreform Rating AG' (Creditreform).

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 have been 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 judgements'.

Fluvius System Operator cv operates **in all Flemish cities and municipalities**.

The Economic Group employed an average of 5.665 people during 2020.

For more information, visit the website [www.fluvius.be](http://www.fluvius.be)

These condensed consolidated interim financial statements for the six months ended 30 June 2021 have been established by the Management Committee on 2 September 2021 and have been reviewed in accordance with the International Standard on Review Engagements 2410 “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”.

## 2 Significant accounting policies

### 2.1 Statement of compliance

These condensed consolidated interim IFRS statements for the six-month period ended 30 June 2021 have been prepared in accordance with International Accounting Standard 34 ‘Interim Financial Reporting’, as adopted by the European Union.

They do not contain all the necessary information for a full set of financial statements, and should therefore be read in conjunction with the IFRS financial statements of the Economic Group Fluvius for the year ended on 31 December 2020.

### 2.2 Summary of significant accounting policies

The accounting policies used in the preparation of the condensed consolidated interim financial statements are consistent with the accounting policies applied in the preparation of the consolidated financial statements for the year ended 31 December 2020 except for the new standards or interpretations in force since 1 January 2021.

The new standards and interpretations that are applicable from 1 January 2021 do **not affect** the condensed consolidated interim financial statements of the Group. They were the following:

- Amendments to IFRS 4 *Insurance Contracts* – *Deferral of IFRS 9*, effective 1 January 2021
- Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments, Disclosures*, IFRS 4 *Insurance Contracts* and IFRS 16 *Leases* Interest Rate Benchmark Reform – Phase 2, effective 1 January 2021
- Amendments to IFRS 16 *Leases* – Covid-19 related rent concessions beyond 30 June 2021, effective 1 April 2021\*

The new and revised **standards and interpretations** that are **issued, but not yet effective**, up to the date of issuance of the Group’s condensed interim financial statements and that will not have a significant impact are disclosed below. The Group intends to adopt these standards and interpretations, if applicable, when they become effective.

- Amendments to IFRS 3 *Business Combinations* – Reference 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
- Annual Improvements Cycle – 2018-2020, effective 1 January 2022

- Amendments to IAS 1 *Presentation of Financial Statements* – Classification of Liabilities as Current or Non-current, effective 1 January 2023\*
- IFRS 17 *Insurance Contracts*, effective 1 January 2023\*
- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* - Definition of Accounting Estimates, effective 1 January 2023\*
- Amendments to IAS 12 *Income Taxes* - Deferred Tax related to Assets and Liabilities arising from a Single Transaction, effective 1 January 2023\*
- Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 - *Making Materiality Judgements* - Disclosure of Accounting Policies, effective 1 January 2023\*

\*Not yet endorsed by the EU as per 2 July 2021

### 2.3 Use of estimates and judgments

The preparation of 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 actual results could differ from these estimates.

In preparing these condensed consolidated interim financial statements, management has taken into account the effects of **COVID-19 (coronavirus)** and the current economic environment.

The impact of COVID-19 on the activities in **the first six months of 2020** mainly relates to disruptions of operations (lower execution rate) but this did not result in any visible material impact in the IFRS profit or loss account. COVID-19 affected the valuation of certain assets, including investments in listed assets, unlisted assets and pension plan investments, the valuation of which was challenging in rapidly changing market conditions.

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 deferral of payment to its suppliers in order to respond to the difficult period for its suppliers. The impact on the net cash position amounted to -7.195 k EUR with a minimal impact on the financial costs.

Governments have taken several measures to control COVID-19 - including vaccination – and hence no delays in the Group's operations occurred during **the first six months of 2021**. The revival of financial markets positively influenced the valuation of investments in listed assets and pension fund assets.

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

## Segment information

### 3 Segment information

The Management Committee, responsible for the day-to-day management and the operational functioning of Fluvius System Operator (Fluvius SO), its subsidiaries, joint ventures and associates and the Flemish MEAs, reviews the financial data on the basis of a reporting in accordance with Belgian accounting standards.

This reporting is presented for the MEAs **per energy component** electricity and gas, as this is the best reflection of the nature and the financial profile of the activities. This segmentation also reflects the framework within which should be reported to the regulator VREG and it also forms the basis for the calculation of the distribution network tariffs for the electricity and gas activities. As a result, these tariffs are distinguished from each other and each has its own cost drivers, specificities and risks.

The MEAs also report a segment '**Other**' in which the non-regulated activities are included such as the activities which took place before the liberalisation of the energy market (2003); the activities for the energy services for local authorities, the activity public lighting, sewerage, cable distribution, district heating, energy supplier for social customers and rational energy- and water consumption. Each of the MEAs operates in a separate territory (on the basis of the affiliated municipalities) and each applies separate network tariffs for its regulated activities. The information per legal entity can be consulted, for the individual financial statements of the MEAs, at the Central Balance Sheet Office of the National Bank of Belgium.

The activities of the operating company Fluvius System Operator and its subsidiaries, joint ventures and associates are reported separately and on a consolidated basis. However, no segmentation per energy component is reported. All costs of these companies are recharged at cost price to mainly the MEAs where a breakdown by activity is performed based on an allocation system. Therefore the financial results of the operating companies (Fluvius System Operator Group) are always 'zero'.

In accordance with IFRS 8, the Group reported at 30 June 2021 the following financial segmented information on the basis of the Belgian GAAP.

#### Statement of profit or loss

(In thousands of EUR) - Belgian GAAP	Electricity	Gas	Other	Fluvius SO consolidated	Aggregated total
Turnover	1.124.076	264.448	128.559	844.773	2.361.856
Other income	34.261	7.333	29.688	111.001	182.283
Operating costs	-1.043.456	-184.213	-157.408	-949.045	-2.334.122
<b>Operating profit (loss)</b>	<b>114.881</b>	<b>87.568</b>	<b>839</b>	<b>6.729</b>	<b>210.017</b>
Financial income	1.101	608	18.407	57.991	78.107
Financial costs	-54.157	-22.355	-3.580	-61.109	-141.201
<b>Profit (loss) of the period before taxes</b>	<b>61.825</b>	<b>65.821</b>	<b>15.666</b>	<b>3.611</b>	<b>146.923</b>
Transfer from/transfer to deferred taxes	2	1	190	0	193
Transfer from/transfer to untaxed reserves	6	1	1	0	8
Income taxes	-19.547	-18.957	-3.355	-3.611	-45.470
<b>Profit for the period</b>	<b>42.286</b>	<b>46.866</b>	<b>12.502</b>	<b>0</b>	<b>101.654</b>

Statement of financial position

(In thousands of EUR) - Belgian GAAP	Electricity	Gas	Other	Fluvius SO consolidated	Aggregated total
Tangible and intangible fixed assets	6.327.935	3.758.908	1.857.978	4.177	11.948.998
Financial fixed assets	1.225	494	441.514	1.531	444.764
<b>FIXED ASSETS</b>	<b>6.329.160</b>	<b>3.759.402</b>	<b>2.299.492</b>	<b>5.708</b>	<b>12.393.762</b>
Amounts receivable after more than one year	65.203	32.738	387.941	4.691.932	5.177.814
Stocks and contracts in progress	0	0	69.935	119.087	189.022
Amounts receivable within one year	861.664	-87.675	160.153	921.824	1.855.966
Cash at bank and in hand	11.803	6	41.510	152.219	205.538
Deferred charges and accrued income	380.578	116.420	9.480	293.679	800.157
<b>CURRENT ASSETS</b>	<b>1.319.248</b>	<b>61.489</b>	<b>669.019</b>	<b>6.178.741</b>	<b>8.228.497</b>
<b>Total Assets</b>	<b>7.648.408</b>	<b>3.820.891</b>	<b>2.968.511</b>	<b>6.184.449</b>	<b>20.622.259</b>
Contribution excluding capital, other	945.038	622.715	1.205.149	1.284	2.774.186
Contribution excluding capital, share premium	109.127	0	17.791	127	127.045
Revaluation surplus	774.070	371.611	30.377	0	1.176.058
Reserves	877.405	438.241	463.933	86	1.779.665
Retained earnings and result of the period	86.700	82.439	57.985	20	227.144
Government grants	135	-34	280.349	0	280.450
<b>EQUITY</b>	<b>2.792.475</b>	<b>1.514.972</b>	<b>2.055.584</b>	<b>1.517</b>	<b>6.364.548</b>
<b>MINORITY INTEREST</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100</b>	<b>100</b>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	<b>9.583</b>	<b>11.566</b>	<b>55.473</b>	<b>216.104</b>	<b>292.726</b>
Amounts payable after more than one year	3.596.507	1.843.659	665.108	4.714.274	10.819.548
Amounts payable within one year	969.767	371.975	181.520	1.175.619	2.698.881
Accrued charges and deferred income	280.076	78.719	10.826	76.835	446.456
<b>AMOUNTS PAYABLE</b>	<b>4.846.350</b>	<b>2.294.353</b>	<b>857.454</b>	<b>5.966.728</b>	<b>13.964.885</b>
<b>Total Liabilities</b>	<b>7.648.408</b>	<b>3.820.891</b>	<b>2.968.511</b>	<b>6.184.449</b>	<b>20.622.259</b>

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

(In thousands of EUR) - Belgian GAAP	Aggregated total	IFRS	Difference
Turnover	2.361.856	1.492.373	-869.483
Profit (loss) of the period before taxes	146.923	170.198	23.275
Total Assets	20.622.259	16.079.952	-4.542.307
Total Liabilities	20.622.259	16.079.952	-4.542.307
Equity	6.364.548	6.879.014	514.466

These differences can be explained as the result of:

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

For the electricity segment, there are two customers to whom in total 55 % was invoiced; for the segment gas, there are also two customers to whom in total 52 % was billed.

In accordance with IFRS 8, the Group reported at 30 June 2020 the following financial segmented information on the basis of the Belgian GAAP.

#### Statement of profit or loss

(In thousands of EUR) - Belgian GAAP	Electricity	Gas	Other	Fluvius SO consolidated	Aggregated total
Turnover	1.154.580	281.452	125.522	788.460	2.350.014
Other income	25.161	8.063	20.177	59.142	112.543
Operating costs	-1.007.789	-181.096	-143.670	-839.936	-2.172.491
<b>Operating profit (loss)</b>	<b>171.952</b>	<b>108.419</b>	<b>2.029</b>	<b>7.666</b>	<b>290.066</b>
Financial income	952	547	19.884	60.505	81.888
Financial costs	-57.743	-24.835	-3.552	-63.965	-150.095
<b>Profit (loss) of the period before taxes</b>	<b>115.161</b>	<b>84.131</b>	<b>18.361</b>	<b>4.206</b>	<b>221.859</b>
Transfer from/transfer to deferred taxes	0	1	169	0	170
Income taxes	-32.805	-23.411	-4.212	-4.206	-64.634
<b>Profit for the period</b>	<b>82.356</b>	<b>60.721</b>	<b>14.318</b>	<b>0</b>	<b>157.395</b>

Statement of financial position

(In thousands of EUR) - Belgian GAAP	Electricity	Gas	Other	Fluvius SO consolidated	Aggregated total
Tangible and intangible fixed assets	6.175.667	3.749.459	1.730.420	6.200	11.661.746
Financial fixed assets	1.245	489	443.531	1.614	446.879
<b>FIXED ASSETS</b>	<b>6.176.912</b>	<b>3.749.948</b>	<b>2.173.951</b>	<b>7.814</b>	<b>12.108.625</b>
Amounts receivable after more than one year	45.401	29.078	413.297	3.789.587	4.277.363
Stocks and contracts in progress	4.212	0	60.000	89.564	153.776
Amounts receivable within one year	580.547	-20.057	91.742	1.115.458	1.767.690
Cash at bank and in hand	1.836	6	43.289	22.454	67.585
Deferred charges and accrued income	381.506	120.557	7.850	362.252	872.165
<b>CURRENT ASSETS</b>	<b>1.013.502</b>	<b>129.584</b>	<b>616.178</b>	<b>5.379.315</b>	<b>7.138.579</b>
<b>Total Assets</b>	<b>7.190.414</b>	<b>3.879.532</b>	<b>2.790.129</b>	<b>5.387.129</b>	<b>19.247.204</b>
Contribution excluding capital, other / Share capital	945.725	622.715	1.145.418	1.284	2.715.142
Contribution excluding capital, share premium / Issue premiums	109.126	0	17.821	127	127.074
Revaluation surplus	800.949	384.132	31.744	0	1.216.825
Reserves	888.703	432.435	445.965	86	1.767.189
Retained earnings and result of the period	104.991	71.814	82.520	20	259.345
Government grants	173	90	252.656	0	252.919
<b>EQUITY</b>	<b>2.849.667</b>	<b>1.511.186</b>	<b>1.976.124</b>	<b>1.517</b>	<b>6.338.494</b>
<b>MINORITY INTEREST</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100</b>	<b>100</b>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	<b>10.197</b>	<b>11.521</b>	<b>45.777</b>	<b>282.261</b>	<b>349.756</b>
Amounts payable after more than one year	3.636.822	1.530.073	209.399	3.820.576	9.196.870
Amounts payable within one year	394.298	696.754	549.556	1.191.160	2.831.768
Accrued charges and deferred income	299.430	129.998	9.273	91.515	530.216
<b>AMOUNTS PAYABLE</b>	<b>4.330.550</b>	<b>2.356.825</b>	<b>768.228</b>	<b>5.103.251</b>	<b>12.558.854</b>
<b>Total Liabilities</b>	<b>7.190.414</b>	<b>3.879.532</b>	<b>2.790.129</b>	<b>5.387.129</b>	<b>19.247.204</b>

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

(In thousands of EUR) - Belgian GAAP	Aggregated total	IFRS	Difference
Turnover	2.350.014	1.443.273	-906.741
Profit (loss) of the period before taxes	221.859	239.218	17.359
Total Assets	19.247.204	15.728.613	-3.518.591
Total Liabilities	19.247.204	15.728.613	-3.518.591
Equity	6.338.494	6.797.867	459.373





For the electricity segment, there are two customers to whom in total 56 % was invoiced; for the segment gas, there are also two customers to whom in total 52 % was billed.

## Performance of the period

### 4 Operating revenue

Revenue from contracts with customers amounts to 1.492.373 k EUR on 30 June 2021 and to 1.443.273 k EUR on 30 June 2020, which equals an increase of 49.100 k EUR.

The **distribution and transport grid revenue** amounts to 1.365.307 k EUR on 30 June 2020 and 1.411.104 k EUR on 30 June 2021, an increase of 45.797 k EUR.

From 1 January 2021, the new tariffs for electricity and natural gas activities became applicable (see explanation 'Working in a regulated environment'). The unit prices charged for the cost of transport have increased compared to last year. As a result of the Constitutional Court's ruling which came into force on 1 March 2021 and which annulled the principle of the reversing meter for owners of solar panels with a digital meter, these customers received a settlement bill that closes off the period of the reversing counter.

Other revenues from contracts with customers include sales of energy to dropped (social) customers, invoicing of works for third parties and sales related to sewerage and other activities.

**Other operating income** amounted to 76.469 k EUR on 30 June 2021 and 68.481 k EUR on 30 June 2020. This item includes various recoveries related to connections, claims, personnel costs, etc.

The **own construction capitalized** increases from 222.030 k EUR on 30 June 2020 to 257.406 k EUR on 30 June 2021.

### 5 Cost of trade goods

The cost of trade goods amounts to 733.605 k EUR on 30 June 2021 and 686.738 k EUR on 30 June 2020, an increase of 46.867 k EUR.

This increase is due to the higher costs of the transmission grid fee (of electricity to Elia): it increased from 325.975 k EUR on 30 June 2020 to 391.092 k EUR on 30 June 2021 and the increase of the cost of purchases of trade goods with 26.763 k EUR.

All other items show a decrease: the cost of purchasing the certificates (green power certificates (GPC) and cogeneration certificates (CGC)) and amounts to 223.641 k EUR on 30 June 2021 and 254.197 k EUR on 30 June 2020, the cost to purchase electricity and gas for social customers and network losses.

### 6 Cost for services and other consumables

Cost for services and other consumables amounts to 230.701 k EUR at 30 June 2021 and 214.804 k EUR at 30 June 2020, an increase of 15.897 k EUR.

Subsidy for rational use of energy (RUE) amounts to 29.428 k EUR at 30 June 2021 and 31.607 k EUR at 30 June 2020, a decrease of 2.179 k EUR.

All other costs under this heading increased slightly, amongst other the 'cost of purchase network grids' and 'fees for usage of installations'.

### 7 Employee benefit expenses

Employee benefit expenses amount to 295.393 k EUR at 30 June 2021 and 311.544 k EUR at 30 June 2020, a decrease of 16.151 k EUR.

This decrease is mainly the result of lower pension costs and movement of the provision for employee benefits (IAS19) going from 28.250 k EUR on 30 June 2020 to 10.092 k EUR on 30 June 2021.

The other items such as remunerations and other personnel expenses increased.

The Energy Decree stipulates that every MEA can make use of only one operating company. All the MEAs of the Group have chosen Fluvius System Operator cv, which can fulfill its tasks with its own personnel and can make use of secondment to statutory (permanently employed) personnel.



On 1 April 2019, the entire contractual staff of the former Infrac MEAs and ex-Integan was taken over by Fluvius System Operator cv. To organize the secondment from a single company, all the statutory staff members of the former Infrac MEAs were boarded into Fluvius OV.

## **8 Amortization, depreciation, impairment and changes in provisions**

The total of amortization and depreciation amounts to 249.703 k EUR at 30 June 2021 and 238.565 k EUR at 30 June 2020, an increase of 11.138 k EUR.

The impairment on trade receivables at 30 June 2021 amount to -2.783 k EUR (30 June 2020: -2.357 k EUR).

The changes in provisions to 30 June 2021 relate to a write-back of 1.047 k EUR (30 June 2020: write-back of 13.056 k EUR) related to costs for the remediation of polluted gas sites and the provision for the employee benefits that do not fall under the application of IAS 19 (see note 'Employee benefit liabilities').

## **9 Regulated transfers**

The Group has been reporting the additions, recoveries and regularisation for transfers in this separate section as 'Operating expenses'.

The Group believes that the balance between actual income and expenses and the budgeted income and expenses is not part of revenue, since the recovery through tariffs will occur in a subsequent period.

In total, an amount of -49.325 k EUR was recognised as cost in the period up to 30 June 2021 (in the period to 30 June 2020: 35.394 k EUR as revenue). The detail of these movements is included in the note 'Working in a regulated environment'.

## **10 Financial income**

Finance income amounts to 28.244 k EUR at 30 June 2021 and 31.550 k EUR at 30 June 2020, a decrease of 3.306 k EUR.

On 30 June 2020, an amount of 3.352 k EUR was recognized as a result of the positive fair value adjustment of the derivative financial instruments and on 30 June 2021 an amount of 7.762 k EUR (see also note 'Financial costs').

The other financial income amounts to 20.480 k EUR on 30 June 2021 and 28.184 k EUR on 30 June 2020. This item mainly includes the allowances received from the telecommunication company Telenet, the capital gains such as the fair value calculated on the other investments (107 k EUR, 30 June 2020: 8.265 k EUR), capital grants received, financial discounts received from suppliers and interest income received or to be received from the banks.

## **11 Financial costs**

Finance costs amount to 82.016 k EUR at 30 June 2021 and 89.479 k EUR at 30 June 2020, a decrease of 7.463 k EUR.

The interest expense on the long-term financing amounts to 74.226 k EUR (30 June 2020: 80.262 k EUR); the negative fair value adjustment of the derivative financial instruments amounts to 0 k EUR (30 June 2020: 2.819 k EUR). Furthermore, interest expenses on employee benefit obligations have been recognised, the capital losses such as the fair value calculated on the other investments (3.401 k EUR, 30 June 2020: 0 k EUR) as well as the cost of debt and miscellaneous bank charges.

## **12 Tax expenses**

The tax expenses amount to 51.074 k EUR on 30 June 2021 and 57.787 k EUR on 30 June 2020, a decrease of 6.713 k EUR. This tax expense comprises the current income tax expenses amounting to 45.470 k EUR (64.634 k EUR on 30 June 2020) and the deferred taxes of 5.604 k EUR (-6.847 k EUR income on 30 June 2020) and via equity, a tax expense of 17.011 k EUR was recorded on 30 June 2021 (30 June 2020: 7.093 k EUR income).

### Current income tax expenses

Based on the Programme Act of 19 December 2014, the MEAs are subject to the corporate income tax as from the accounting year 2015.

The total current income tax expense for the Group amounts to 45.470 k EUR for the period up to 30 June 2021 (64.634 k EUR at 30 June 2020 of which a part was already prepaid (43.655 k EUR, 30 June 2020: 39.990 k EUR) and the remainder of estimated taxes on the result of the year (1.565 k EUR; 30 June 2020: 24.488 k EUR). In addition, settlements were included or other items as withholding tax.

The tax rate for the companies is 25,00% as of the 2020 financial year (tax year 2021).

### Deferred income tax

The Group accounts for deferred taxes for temporary differences calculated on the difference between the tax values of assets and liabilities and the carrying amounts for financial reporting purposes, in accordance with IAS 12 income tax. They are recognized through the profit or loss account and through unrealized results.

In 2016, a ruling for the DSOs was requested from the Federal Public Service Finance to obtain its decision on the correct fiscal treatment of, amongst others, the revaluation of fixed assets, the notional interest deduction and the impairment losses of trade receivables. These rulings are limited in time and therefore an extension was requested and obtained or the process is still ongoing. A new ruling was obtained for Riobra confirming its continued to remain subject to the legal entity tax (i.e. this company is not subject to corporate income tax).

The main temporary differences relate to the revaluation of property, plant and equipment and the provisions for pensions and other post-employment benefits. A deferred tax liability of 467.244 k EUR (480.689 k EUR at 30 June 2020) was recognised for the revaluation of property, plant and equipment since, under Belgian tax law, this cost is not deductible. For the provisions for employee benefits, the expense will be deductible under Belgian tax law, resulting in a deferred tax asset of 119.517 k EUR (144.194 k EUR at 30 June 2020).

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

(In thousands of EUR)	30 June 2021	31 December 2020
Property, plant & equipment	-467.244	-473.915
Derivative financial instruments	12.818	15.515
Employee benefit liabilities	119.517	145.566
Provisions	-6.986	-6.872
Receivables	-27.865	-28.076
Other	-387	250
<b>Net deferred tax asset/(liability)</b>	<b>-370.147</b>	<b>-347.532</b>



The movements in the profit or loss account and the equity for the periods up to 30 June 2021 are as follows:

(In thousands of EUR)	Movements via P&L	Movements via OCI*	Movements via retained earnings
Property, plant & equipment	1.676	4.995	0
Derivative financial instruments	-2.697	0	0
Employee benefit liabilities	-4.043	-22.006	0
Provisions, rehabilitation gas sites	-114	0	0
Provisions, other	211	0	0
Impairment on trade receivables	-637	0	0
<b>Deferred tax benefit/(expense)</b>	<b>-5.604</b>	<b>-17.011</b>	<b>0</b>
<b>Net movement during the year</b>	<b>-22.615</b>		

\*OCI= Other comprehensive income

The movements in the profit or loss account and the equity for the periods up to 30 June 2020 are as follows:

(In thousands of EUR)	Movements via P&L	Movements via OCI*	Movements via retained earnings
Property, plant & equipment	1.494	4.897	0
Derivative financial instruments	-589	0	0
Employee benefit liabilities	205	2.196	0
Provisions, rehabilitation gas sites	5.634	0	0
Provisions, other	415	0	0
Impairment on trade receivables	-312	0	0
<b>Deferred tax benefit/(expense)</b>	<b>6.847</b>	<b>7.093</b>	<b>0</b>
<b>Net movement during the year</b>	<b>13.940</b>		

The net deferred tax liability is composed as follows:

(In thousands of EUR)	30 June 2021	31 December 2020
Deferred tax asset	132.335	161.331
Deferred tax liability	-502.482	-508.863
<b>Deferred tax liability, net</b>	<b>-370.147</b>	<b>-347.532</b>

The movements of the deferred tax liability are as follows:

(In thousands of EUR)	2021	2020
<b>Total as at 1 January</b>	<b>-347.532</b>	<b>-358.929</b>
Tax income/(expense) recognised in profit or loss	-5.604	5.280
Tax income/(expense) recognised in OCI	-17.011	6.117
<b>Total at end of reporting period</b>	<b>-370.147</b>	<b>-347.532</b>

## Assets

### 13 Intangible assets

The intangible assets amount to 123.064 k EUR on 30 June 2021 and 114.303 k EUR on 31 December 2020, an increase of 8.761 k EUR due to acquisitions and compensated for by the amortization.

During the first six months of 2021, acquisitions were recorded for an amount of 28.093 k EUR and 29.747 k EUR during the first six months of 2020.

The acquisitions during the first six months of 2021 concern investments recognised for a project in a public, neutral fibre-optic network, fibre-to-the-home (860 k EUR) and ICT costs were recognised for 26.479 k EUR to transfer ex-Eandis and ex-Infrac systems to a single IT platform (SAP). These 'New Foundations' will be tackled in phases, with the roll-out starting with a standard that will be optimised in phases. As a result, several ICT releases will take place spread over time.

### 14 Property, plant and equipment

Property, plant and equipment amount to 11.806.378 k EUR on 30 June 2021 and 11.665.019 k EUR on 31 December 2020, an increase of 141.359 k EUR.

The acquisitions during the first six months of 2021 amount to 401.282 k EUR and 359.237 k EUR during the first six months of 2020. During the period up to June 2020 a delay could be observed in comparison to the budget (73.600 k EUR) as a result of the adjusted operational regulation in the context of the COVID-19 pandemic.

The acquisitions for the investments during 2021 were mainly for investments in metering equipment for electricity and natural gas, but also for the low-voltage grid.

The movement of property, plant and equipment also includes the depreciation (see note 'Amortization, depreciation, impairment and changes in provisions') and the retirement of fixed assets for an amount of 35.845 k EUR (31 December 2020: 22.547 k EUR) (included in the item 'Other operational expenses').

The sale of a plot of land and buildings, included under this heading for an amount of 3.881 k EUR on 30 June 2021, was approved. The closing of the sale has yet to take place and is expected in 2022.

### 15 Right-of-use assets and lease liabilities

The **right-of-use assets** amount to 40.758 k EUR on 30 June 2021 and 42.147 k EUR on 31 December 2020. This decrease of 1.389 k EUR is mainly due to the recognition of 5.537 k EUR of new or extended contracts and 6.873 k EUR of depreciation.

The resulting non-current **lease obligations** amount to 30.985 k EUR on 30 June 2021 and 32.319 k EUR on 31 December 2020, the current lease obligations amount to 12.524 k EUR on 30 June 2021 and 12.488 k EUR on 31 December 2020.

During the first six months of 2021, 5.484 k EUR lease obligations were recorded, 7.389 k EUR payments were recorded, 607 k EUR interest and 6.818 k EUR was transferred from non-current to current lease liabilities.

### 16 Investments in associates and joint ventures

These investments amount to 2.017 k EUR at 30 June 2021 and 2.017 k EUR at 31 December 2020. These investments are held in Atrias cv (9 k EUR), Synductis cv (8 k EUR) and S-Lim cv (2.000 k EUR).

### 17 Other investments

Other investments amount to 2.016.161 k EUR at 30 June 2021 and 2.064.271 k EUR at 31 December 2020, a decrease of 48.110 k EUR.

The other investments include the **participations in Publi-T** (48,03%), **Publigas** (30,36%) and in shares of Elia. The recognition at fair value of these participations and the **shares** amount in total to 2.011.242 k EUR on 30 June 2021 with the recognition of the fair value through other comprehensive income for 44.691 k EUR (cost) and 3.397 k EUR through financial expenses. On 31 December 2020, the fair value of these participations and the shares amounted to 2.059.330 k EUR with the recognition of the fair value change in other comprehensive income for 268.018 k EUR (income) and 7.354 k EUR through financial income.

As a result of the settlement of the financing of the capital increase of Publi-T, further information was processed in the note 'Equity'.

In addition, the Group holds **participations in business centres and other companies** for a total fair value of 4.918 k EUR on 30 June 2021 and 4.941 k EUR on 31 December 2020.

During the first six months of 2021 the business centre Ostend was sold. The related financial cost of this transaction (capital loss of 3 k EUR) was recognised in the post 'Financial costs'.

### 18 Long-term receivable, other

Long-term receivables, other amount to 555.874 k EUR at 30 June 2021 and 567.917 k EUR at 31 December 2020, a decrease of 12.043 k EUR.

These receivables mainly stem from the receivable from the telecommunication company Telenet (441.811 k EUR, 31 December 2020: 452.039 k EUR); the receivable from municipalities and other related parties.

### 19 Trade and other receivables

Trade and other receivables amount to 982.899 k EUR at 30 June 2021 and 787.678 k EUR at 31 December 2020. The increase of 195.221 k EUR was due to the lower outstanding trade receivables (-144.608 k EUR) offset by the increase in other receivables (339.829 k EUR).

The decrease in **trade receivables** is due to the inclusion at 30 June 2021 of a provision for grid fee to be paid to energy suppliers for the month of June as an other receivable (233.675 k EUR). On the other hand and until 31 December 2020, all invoices have already been issued.

The write-down recognised on trade receivables remains almost unchanged and on 30 June 2021 it amounts to -134.071 k EUR and -131.288 k EUR at 31 December 2020. The additions amount to 5.018 k EUR, the write back to 2.235 k EUR.

The **other receivables** include the green energy certificates and cogeneration certificates (GEC and CGC) for an amount of 196.393 k EUR on 30 June 2021 (114.916 k EUR on 31 December 2020), an increase of 81.478 k EUR.

On the basis of the Energy Decree (article 7.1.6), the DSOs are required to purchase renewable energy certificates which are offered by the owners of solar panels and combined heat and power plants, at a fixed price. This minimum support varies between 80 EUR and 450 EUR for GEC and amounts to 27 EUR or 31 EUR for CGC.

The Flemish Government decided to value the GEC as of June 2019 at 93 EUR (formerly 88 EUR per certificate) and the CGC at 27 and 31 EUR (which is equal to the minimum contribution in relation to the period to which they relate) - (formerly 20 EUR).

The DSOs in turn, can offer these certificates for sale to the energy suppliers.

The costs incurred and the difference between the selling price and the valuation price is included in the item 'Trade goods, raw materials and consumables'.

During the first half of 2020, 644.092 GEC and 362.057 CGC were sold for a total selling price of 68.982 k EUR. The GEC were sold at an average price of 92,60 EUR and the CGC at an average price of 25,79 EUR.

During the first half of 2021, 1.030.000 GEC and 750.000 CGC were sold for a total selling price of 113.650 k EUR. The GEC were sold at an average price of 91,61 EUR and the CGC at an average price of 25,72 EUR.





## **20 Cash and cash equivalents**

Cash and cash equivalents amount to 193.222 k EUR at 30 June 2021 and 31.328 k EUR at 31 December 2020, an increase of 161.894 k EUR.

As a result of borrowings during the first half of 2021, the excess funds were temporarily held as cash.

## Liabilities

### 21 Total equity

**Equity** amounts to 6.879.014 k EUR on 30 June 2021 and 6.757.091 k EUR on 31 December 2020, an increase of 121.923 k EUR.

The various components of equity and the movements are reflected in the 'Statement of changes in equity'.

- **Contribution excluding capital, other**

Contributions excluding capital, other amount to 2.748.344 k EUR at 30 June 2021 and 2.688.588 k EUR at 31 December 2020, an increase of 59.756 k EUR.

The increase of Contribution outside capital, other during 2020 and the period up to 30 June 2021 is the result of the transactions, as described below in the table:

Transaction	Amount in thousands of EUR
<b>1 January 2020</b>	<b>2.678.818</b>
Incorporation of unavailable reserves	126
Contribution excluding capital, other - public lighting	28.940
Contribution excluding capital, other - sewerage	3.610
Contribution excluding capital, other - public lighting	-22.166
Contribution excluding capital, other - sewerage	-740
	0
<b>31 December 2020</b>	<b>2.688.588</b>
Transfer contribution excluding capital, other from electricity to Publi-T	-812
Contribution excluding capital, other - Publi-T	55.492
Contribution excluding capital, other - sewerage	5.604
Contribution excluding capital, other - public lighting	-528
<b>30 June 2021</b>	<b>2.748.344</b>

For the transactions during the period 2020, please consult the consolidated financial statements of the Fluvius Economic Group as at 31 December 2020 in the section 'equity' on the website [www.Fluvius.be](http://www.Fluvius.be).

### Transactions in the period from 1 January 2021 to 30 June 2021

As a result of the merger on 1 January 2019 of **Deinze and Nevele**, the merged city of Deinze was served by two different MEAs, being Gaselwest and Imewo. As of 1 January 2021, a partial demerger and the acquisition was carried out in favour of Imewo. This transaction has no impact on the financial results of the Group.

In 2019, Elia proceeded with a capital increase of 435 million EUR. **Publi-T** then decided to proportionally co-subscribe to this capital increase for a total amount of 195,11 million EUR, of which 165 million EUR was financed by a capital increase of its own. For the nine concerned entities of the Fluvius Economic Group, this amounted to 79,3 million EUR. This amount was financed from the cash pool of Fluvius System Operator pending structural financing. In 2021, the final financing of the Publi-T capital increase was finalised within the relevant OV.

At Fluvius Antwerp, Gaselwest, Imewo, Intergem, Iveka and Iverlek, this was done by issuing new shares. When subscribing for shares, the shareholders could choose between financing via a contribution of own resources, financing via the DSO (i.e. using the liquidities available in the 'Strategic Participations' segment) and/or, if necessary, debt financing via a bank loan.

Below is the schematic overview:

<b>TOTAL</b>				<b>Transfer</b>	<b>Transfer</b>	<b>Financial</b>
<b>Contribution excluding</b>	<b>Own funds</b>	<b>Available</b>	<b>from</b>	<b>contribution</b>	<b>from</b>	<b>assistance</b>
<b>capital, other</b>		<b>funds</b>	<b>retained</b>	<b>excluding</b>	<b>reserves</b>	<b>(3)</b>
			<b>earnings (1)</b>	<b>capital,</b>	<b>(1)(3)</b>	<b>(3)</b>
				<b>other (2)</b>		
<b>15.213</b>	8.243	6.158		812		
<b>28.090</b>			28.090			
<b>10.400</b>					10.400	
<b>1.789</b>						1.789
<b>55.492</b>	<b>8.243</b>	<b>6.158</b>	<b>28.090</b>	<b>812</b>	<b>10.400</b>	<b>1.789</b>

(1) See 'Financial Statements - Condensed Consolidated Statement of Changes in Equity'

(2) Transfer within 'contributions excluding capital, other' from the Electricity segment to the Publi-T segment

(3) Financing via a bank loan for 12.189 k euro

The municipalities that have opted to finance all or part of their subscription with their own funds, have paid the amounts owed (8.243 k EUR) in early 2021. Likewise, 6.158 k EUR of the available funds of the Publi-T segment were used.

For the financing via the use of the available liquidities in the 'Strategic Participations' segment, an incorporation or a transfer took place within the DSO's own equity: transfer from the retained earnings for an amount of 28.090 k EUR and 812 k EUR of 'Contribution excluding capital, other' from the Electricity segment to the Publi-T segment.

Furthermore, an amount of 10.400 k EUR from the reserves was incorporated. Since these reserves already served to cover previous investments, a loan was taken up by these DSOs. For debt financing via a bank loan, a bank loan was concluded on 26 January 2021 with a term of 5 years and fixed annual annuities at an interest rate of 0,3% and a DSO took up an amount of 12.189 k EUR. These debts were processed in the long term (9.766 k EUR) and short term (2.423 k EUR). The repayment of this receivable is not made by means of annual withdrawals from the municipalities but with the net profits from the 'Strategic Participations' segment which, according to the distribution plan for 2021- 2025, cannot be paid out in cash. Doing so, the reserves will be replenished with 10.400 k EUR after 5 years. For an amount of 1.789 k EUR of the loan, no incorporation of reserves was possible and a different regime applied. This financing was recognised as 'financial assistance' and hence a receivable was recognised against the relevant shareholder. These amounts were recorded as a long term (1.434 k EUR) and a short term (356 k EUR) receivable. The settlement of the repayments and interest charges are directly charged to the municipalities.

To finance the new Publi-T shares, Fluvius Limburg, Fluvius West and PBE no capital increase was made. These DSO's have made use of debt financing via the bank loan and have subscribed to 23.229 k EUR, processed for 18.611 k EUR as long term and 4.618 k EUR as short term (in total, 35.418 k EUR was financed via a bank loan - see note 'Interest bearing loans and borrowings, current and non-current'). The remaining part of their participation in Publi-T (the investments before 2019 amounting to 73,23 million EUR) continued to be financed by the cash pool of Fluvius System Operator. Therefore, in June 2021 it was decided for these DSOs to structurally fund this amount through an allocation of part of Fluvius System Operators' bond issue of 14 June 2021.

The table below gives an overview of the number of shares in the contribution excluding capital, other / share capital of each DSO at 30 June 2021 and 31 December 2020.

MEA	Contribution excluding capital, other	Contribution excluding capital, other (in thousands of EUR)	Contribution excluding capital, other	Contribution excluding capital, other (in thousands of EUR)
	Number		Number	
	30 June 2021	30 June 2021	31 December 2020	31 December 2020
Gaselwest	32.199.677	360.730	32.813.559	359.930
Imewo	28.778.177	359.348	31.578.050	332.542
Intergem	17.082.942	127.890	16.797.630	120.806
Iveka	11.303.032	132.653	11.297.336	132.539
Iverlek	41.662.073	291.970	41.100.230	279.981
Sibelgas	3.264.362	70.924	3.264.362	70.924
Fluvius OV	984	24	984	24
Fluvius West	9.975.699	249.393	9.996.813	249.920
Fluvius Limburg	23.539.449	581.914	23.539.449	581.914
Fluvius Antwerpen	30.313.625	417.822	30.195.297	409.936
PBE	2.573	8	2.573	8
Riobra	6.279.475	155.668	6.053.425	150.064
<b>Total</b>	<b>204.402.068</b>	<b>2.748.344</b>	<b>206.639.708</b>	<b>2.688.588</b>

(\*) In Sibelgas 10.000 shares D are issued without representation in the contribution excluding capital / share capital

- **Contributions excluding capital, issue premiums**

Contributions excluding capital, issue premiums amount to 126.903 k EUR on 30 June 2021 and is unchanged compared to 31 December 2020.

- **Reserves**

The reserves amount to 1.760.870 k EUR on 30 June 2021 and 1.753.908 k EUR on 31 December 2020, an increase of 6.962 k EUR.

This increase stems from the periodic allocation to the unavailable reserves for 17.362 k EUR and the decrease of 10.400 k EUR for the financing of the shares in Publi-T (see above).

- **Other comprehensive income**

(In thousands of EUR)	30 June 2021	31 December 2020
Related to employee benefit liabilities	-184.150	-486.651
Related to rights to reimbursement on post-employment employee benefits	25.990	240.468
Related to fair value other investments	1.580.235	1.624.926
Related to deferred tax liabilities	-313.520	-296.509
<b>Total other comprehensive income</b>	<b>1.108.555</b>	<b>1.082.234</b>

## • Dividends

The **dividend balance** for the financial year **2020, paid out during 2021** amounted to 26.990 k EUR. Regarding this period, a dividend of 17.798 k EUR still needs to be paid out in Fluvius Limburg. On 30 June 2021, a debt to the shareholders was recognised for this purpose. The payment took place at the beginning of July 2021.

The dividend balance for the 2019 financial year amounted to 68.190 k EUR. 2.236 k EUR still had to be paid out with regard to ex-Integan (Fluvius Antwerpen) and for the period up to 30 June 2020, the dividend of PBE for 3.034 k EUR was not yet paid out. The total amount paid out in 2020 was therefore 67.392 k EUR.

MEA (In thousands of EUR)	30 June 2021	30 June 2020
Gaselwest	4.227	4.227
Imewo	4.147	4.147
Intergem	1.944	1.948
Iveka	1.272	1.491
Iverlek	3.884	3.895
Sibelgas	434	2.233
Fluvius West	3.611	3.593
Fluvius Limburg	0	38.451
PBE	3.031	0
Fluvius Antwerpen	4.440	7.407
<b>Total</b>	<b>26.990</b>	<b>67.392</b>

Amendments of the dividend policy and pay-out date have been elaborated for the regulatory activities of electricity and gas - see also chapter 'Operating in a regulated environment' (all data based on BE-GAAP figures).

### Dividend policy 2021-2024 and pay-out

Up to and including the financial year 2021, various rules apply to the respective DSOs concerning the payment of dividends. The DSOs with a ratio (based on BE-GAAP figures) shareholders' equity to Regulated Asset Base (RAB) of more than 40%, receive an additional dividend for the financial year 2021 amounting to 20% on the already communicated regulated dividend. If applicable to the specific DSO, the payment of this additional dividend is explained separately.

For Imewo, Gasselwest, Intergem, Iverlek, Iveka, Fluvius Antwerpen and Sibelgas, 11/12<sup>th</sup> of the dividend from the regulated activities is paid as interim dividend in the current year and the remainder, being 1/12<sup>th</sup>, as final dividend in the following year. For the non-regulated activities [Publi-T, Publigas, Elia (only Intergem) and cable television (only Fluvius Antwerpen)], 90% of the non-regulated dividend is paid as interim dividend in the current year and 10% as final dividend in the following year. A one-off extra dividend Publi-T that resulted from the creation and allocation of new shares in March 2021 will be paid out in full in December 2021. The public lighting lump sum is fully deducted from the interim dividend.

At PBE, 50% of the dividend from regulated and non-regulated activities is paid as interim dividend in December of the current year and 50% as final dividend in the following year. The 20% increase will be paid at the same time as the dividend for the 2021 financial year that has already been communicated; 50% as an interim dividend in December of the current year and 50% as a final dividend in June of the following year. The lump sum for public lighting is entirely deducted from the available funds.

At Fluvius West, the payment of the dividend for the regulated activities consists of a first interim dividend paid in June of the current year, a second interim dividend paid in December of the current

year and a final dividend paid in the following year. The Publi-T dividend is paid at the same time as the regulated electricity dividend. The 20% increase is paid out together with the balance in June 2022. The lump sums of public lighting will be entirely deducted from the interim dividend in December 2021.

At Fluvius Limburg, up to and including the payment year 2020, the dividend for the total activity of electricity together with the dividend for Publi-T was paid out in full in the current year and the dividend for gas and cable television in the following year. Discussions about the payment method in 2021 are ongoing.

From the **2022 financial year**, a uniform distribution will be introduced between interim dividend and final dividend. Both the dividends from regulated and non-regulated activities for a given financial year are paid out for 90% as interim dividend in December of that year and for 10% as final dividend in June of the following year. However, the lump sums of public lighting are deducted in full from the interim dividend. The above standardisation must exclude Fluvius Limburg in the context of the ongoing discussions.

- **Non-controlling interest**

Non-controlling interest amounts to 100 k EUR at 30 June 2021 and 100 k EUR at 31 December 2020.

It comprises the participation held by Farys/TMVW in 'De Stroomlijn cv', by Synductis in 'De Stroomlijn cv' and the participation acquired during 2019 of De Watergroep in 'De Stroomlijn cv'.

## 22 Interest bearing loans and borrowings, current and non-current

(In thousands of EUR)	30 June 2021	31 December 2020
<b>Long-term loans</b>	<b>6.070.299</b>	<b>5.280.508</b>
Current portion of long-term loans	735.626	735.366
Short-term loans	25.000	572.600
<b>Short-term loans</b>	<b>760.626</b>	<b>1.307.966</b>
<b>Total</b>	<b>6.830.925</b>	<b>6.588.474</b>

Long and short-term loans amount to 6.830.925 k EUR at 30 June 2021 and 6.588.474 k EUR at 31 December 2020, an increase of 242.451 k EUR.

This increase is the result of additional borrowings on long-term with a total nominal issuance of 835.418 k EUR. As a result, the majority of the short-term loans could be repaid. 35.418 k EUR of the new long-term financing was used to finance the DSOs' participation in Publi-T as a result of Elia's capital increase (see note 'Equity'). The other financing was raised to realise the further roll-out of digital meters. The cash and cash equivalents that had not yet been allocated as at 30 June were temporarily held as cash.

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

(In thousands of EUR)	30 June 2021		31 December 2020	
	Cash	Non-cash	Cash	Non-cash
Total as at 1 January	6.588.474		6.288.792	
<b>Movements on non-current loans (LT)</b>				
Proceeds of non-current loans	831.094	0	598.608	0
Change in non-current loans	0	1.316	0	3.661
Transfer of short-term portion of LT loan to ST	0	-42.619	0	-735.602
<b>Movements on current loans (ST)</b>				
Proceeds of current loans	25.000	0	572.600	0
Transfer of short-term portion from LT loan to ST	0	42.619	0	735.602
Change in current loans	0	-2.305	0	-5.597
Repayment of short-term portion of long-term loan	-40.054	0	-405.090	0
Repayment current loans	-572.600	0	-464.500	0
<b>Total movements</b>	<b>243.440</b>	<b>-989</b>	<b>301.618</b>	<b>-1.936</b>
<b>Total at end of reporting period</b>	<b>6.830.925</b>		<b>6.588.474</b>	

### Long-term loans

This item contains the issuances since 2010 of bond loans and private placements and the registration of the bank loans.

The increase of 789.791 k EUR compared to 31 December 2020 is the result of the inclusion of several new loans for a total of 831.094 k EUR, the transfer of the short-term portion of the long term loans to short-term amounting to 42.619 k EUR and the phased recognition of the disagio over the term of the bond loans in the amount of 1.316 k EUR

Additional loans were taken during the first six months of 2021 and during the year 2020:

(In thousands of EUR)	2021	2020	Initial amount	Interest rate %	Maturity
Bond issue - EMTN*	99.577	0	100.000	0,81	2033
Bond issue - EMTN*	496.332	0	500.000	0,25	2028
Bank loans - with fixed interest rate	35.418	0	35.418	0,30	2026
Bank loans - with fixed interest rate	199.809	0	200.000	0,14	2028
<b>Total 30 June 2021</b>	<b>831.136</b>		<b>835.418</b>		
Bond issue - EMTN*	598.689	598.619	600.000	0,25	2030
<b>Total 31 December 2020</b>	<b>598.689</b>	<b>598.619</b>	<b>600.000</b>		

\*EMTN = Euro Medium Term Note programme



During the first half of 2021, a private placement and an institutional bond were issued in the context of the EMTN programme of Fluvius for respectively 100.000 k EUR and 500.000 k EUR. Furthermore, two tranches of a loan with the European Investment Bank (EIB) were drawn for a total amount of 200.000 k EUR and a bank loan was taken for 35.418 k EUR.

The former Eandis System Operator 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.

The former Infrac issued bonds 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).

A **new** 5.000.000 k EUR Fluvius EMTN programme for the issuance of bonds started on 1 July 2020 and will have a maturity of 10 years, extendable by Fluvius by up to 24 months. Under this programme, Fluvius will issue bonds in the coming years. As at 30 June 2021, an amount of 1.200.000 k EUR of bonds or 24% had been issued under this programme.

For all the bond loans the **principle** applies that each of the MEAs is a guarantor on a several but non-joint basis, but limited to its proportional share in the 'Contribution outside capital, other' of its former working company. The portion in the 'Contribution outside capital, other' was set fixed at the moment of issuance and remains fixed over the remaining term of the bond loans.

Only the MEAs of the former Infrac are guarantor with respect to the acquired EMTN bond loans registered on the name of the former Infrac. The same methodology applies to the other bond loans registered on the name of the former Eandis System Operator.

For the issues under the 2020 EMTN-programme, the principle is that all MEAs belonging to the 'Fluvius Economic Group' will each act as guarantor on a non-committal and non-solidary basis but limited to the proportional share in the 'Contribution excluding capital, other' of the operating company.

The bonds are listed on the regulated market of the Luxembourg Stock Exchange and the issuances since November 2012 on the market of Euronext and Euronext Growth Brussels.

All outstanding loans are denominated in EUR.

The MEAs are using these funds primarily to fund their ongoing investments in their networks and the smart meter project as well as for refinancing purposes of bond loans and the participation in Publi-T.

The capital of the bond loans is **payable** on the maturity date. The bank loans have periodic due dates, usually on an annual basis but a few on a monthly basis.

**Derivative contracts** have been concluded for loans with a variable interest rate to swap the variable interest rate to a fixed rate (see note 'Derivative financial instruments').

#### **Loans, current**

This item contains the current portion of long-term loans (735.626 k EUR at 30 June 2021; 735.366 k EUR at 31 December 2020), the loans on short-term (25.000 k EUR at 30 June 2021; 572.600 k EUR at 31 December 2020).



The Group can call on the following credit facilities:

(In thousands of EUR)	Maturity	Available amounts	Amounts used	Amounts not used	Average interest rate*
Commercial paper	NA	500.000	0	500.000	NA
Fixed advances	NA	200.000	0	200.000	NA
Fixed loans/Bank overdraft	NA	200.000	0	200.000	NA
Fixed loans	NA	25.000	0	25.000	NA
Loans from third parties	NA	25.000	25.000	0	0,00%
<b>Total on 30 June 2021</b>		<b>950.000</b>	<b>25.000</b>	<b>925.000</b>	
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
Loans from third parties	NA	25.000	25.000	0	0,00%
<b>Total on 31 December 2020</b>		<b>950.000</b>	<b>489.500</b>	<b>460.500</b>	

(\*) The average interest rate of the used amounts at the end of the period

(1) Maturity dates between 10 January 2020 and 31 March 2020

NA Not applicable

The **fair value** of the loans is disclosed in the note 'Financial instruments: risks and fair value '.

## IBOR reform

### Situation

A fundamental reform of the major interest rate benchmarks is to be implemented, with some interbank offered rates (IBORs) being replaced by alternative near-risk-free rates.

The Group has financial instruments that will be reformed as a result of this global initiative. The main IBOR used by the Group at the reporting date is the EURIBOR (Euro Interbank Offered Rate). In addition, the Eonia is also used. The alternative reference rate for the Eonia is known and will be the €STER. For the Euribor, its administrator, the European Money Markets Institute (EMMI), initiated a transition to a new methodology for calculating Euribor in 2019. Since the end of 2019, Euribor is calculated using a new hybrid methodology based on a combination of transactions in the market and quotes from banks. The manager believes that the new calculation of Euribor does not change the underlying interest rate. Since 2 July 2019, EMMI has been licensed by the Belgian regulator. Obtaining this licence confirms that EMMI meets the requirements of the European Benchmark Regulation and is also included in the European register of ESMA (European Securities and Markets Authority), allowing the benchmark to be used beyond 1 January 2020. Currently, the expectation within the sector is that after the reform in 2019, the Euribor will be used for at least another five years until 2024. After these five years, the Euribor benchmark can still be replaced. So EURIBOR has been reformed, but the general expectation within the financial sector is that EURIBOR can continue to be used in the coming years. Publications were issued in the last quarter of 2020. The first, which is preferred, deals with the EURIBOR fallback rate and adjustment of the spread for each product category to potentially avoid value transition in case a fallback scenario were to be triggered. The second discusses the possible events that could be considered triggers of a transition to or activation of respective fallback interest rates. The banks also monitor developments in the market and will inform their clients in a timely manner if necessary. The Authority for the Financial Markets supervises the implementation of the EU Benchmark Regulation by the banks.

### Evaluation of the conversion

The only contract related to the Eonia expires on 31 December 2021 and will have no impact, as a possible renewal of the contract will be concluded at the new reference rate €STER.

As there is currently no concrete decision to stop using the Euribor, the risk of contracts being converted or terminated is considered very low in the period until 2024. After 2024, this currently concerns the short-term loans (the Commercial Paper programme, the straight loan contract) and the bank loans with derivative structure.

Below is the overview of the long and short term loans on 30 June 2021 and 31 December 2020 that will still be outstanding after 2024 and are Euribor related.

(In thousands of EUR)	30 June 2021	31 December		Interest rate %	Maturity
		2021	2020		
Bank loans - with derivative structure	103.604	103.604	250.000	4,18	2026
Bank loans - with derivative structure	97.197	97.197	250.000	3,55	2027
Bank loans - with derivative structure	46.860	46.860	74.000	3,22	2036
Bank loans - with derivative structure	35.875	37.625	70.000	3,31	2031
<b>Total</b>	<b>283.537</b>	<b>285.287</b>	<b>644.000</b>		

The long-term portion of these loans on 30 June 2021 amounts to 247.911 k EUR (31 December 2020: 249.661 k EUR).

On 30 June 2021, no funds were drawn from the relevant short-term programmes.

### 23 Employee benefit liabilities

The Group's provisions for employee benefits are reviewed at 1 January of each year and revised at each reporting date to determine any changes in the fair value of plan assets or the present value of plan liabilities and other long-term obligations.

As a result of the revision on 30 June 2020, the effects of the lower discount rates and the reduction in the fair value adjustments of the plan assets were recognised as actuarial differences in other comprehensive income.

The employee benefit liabilities amount to 606.434 k EUR on 30 June 2021 and 907.951 k EUR on 31 December 2020 and are recorded as provisions for employee benefits (605.237 k EUR; 906.515 k EUR at 31 December 2020) and as provisions, other (1.197 k EUR; 1.436 k EUR at 31 December 2020).

The total decrease of 301.518 k EUR is mainly due to the adjustments to the assumptions, the increasing discount rate and return on plan assets. That decrease was recognised as an expense via the statement of profit or loss for a total of 1.223 k EUR and via other comprehensive income (profit) for 302.501 k EUR.

In the context of working longer, certain benefits granted for early retirement can no longer be recognized as a provision for employee benefits. The Group has developed a 'renewed' pension plan to address this. The implementation of this plan will take place in 2022.

The figures of 30 June 2021 and of 31 December 2020 take into account this renewed pension plan and its modalities but there remains a small part for which no agreement has been reached yet. These remaining anticipatory benefits amount to 1.197 k EUR (31 December 2020: 1.436 k EUR) and were not recorded as a provision for employee benefit liabilities, but were recorded as a liability on the balance sheet item 'Provisions, other'.

Furthermore, an amount of 235.520 k EUR on 30 June 2021 (443.513 k EUR on 31 December 2020) was recorded as a reimbursement right since it can be recovered through the future tariffs. The increase was recorded similar to the increase in the provision: in the statement of profit or loss (6.485 k EUR), via the unrealized results (-214.478 k EUR) and via retained earnings, if applicable.

## **24 Derivative financial instruments**

Derivative financial instruments amount to 57.381 k EUR at 30 June 2021 and 62.717 k EUR at 31 December 2020, a decrease of 5.336 k EUR.

The movements are mainly driven by the fluctuations of the interest rates on the financial markets and repayment of the underlying loans.

## **25 Provisions**

Provisions decline from 8.772 k EUR on 31 December 2020 to 7.725 k EUR on 30 June 2021.

These provisions include the provision for rehabilitation costs of various polluted gas factory sites for 6.528 k EUR (31 December 2020: 7.316 k EUR). The provision related to employee benefits (see note 'Employee benefit liabilities') amounts to 1.197 k EUR on 30 June 2021 (1.436 k EUR on 31 December 2020).

## **26 Government grants**

Government grants amount to 312.780 k EUR at 30 June 2021 and 294.726 k EUR at 31 December 2020, an increase of 18.054 k EUR.

The increase in capital grants can be mainly explained by the receipts for 20.811 k EUR (30 June 2020: 8.340 k EUR) and the processing (use) for 2.758 k EUR (30 June 2020: 2.451 k EUR).

## **27 Trade payables and other current liabilities**

Trade payables and other current liabilities amount to 970.621 k EUR at 30 June 2021 and 800.617 k EUR at 31 December 2020, an increase of 170.004 k EUR.

This increase is the result of an increase in 'Other current liabilities' of 151.576 k EUR, and in the 'Transfers' with 49.325 k EUR (see note 'Working in a regulated environment'). This increase was mainly offset by a decrease of 18.899 k EUR in trade payable, in 'VAT and other tax payables' of 5.210 k EUR and in 'Employee benefits payables' of 4.504 k EUR.

The item 'Other current liabilities' mainly contains the provisions for interest payable on the bond loans, the provisions for transmission costs (Elia), the provisions for personnel costs and employee benefit expenses as well as payables concerning the sewerage funds. At the end of June 2021, a cash advance was received from Publi-T and Publigas for dividends to be received (30 June 2021: 36.046 k EUR: 0 k EUR at 31 December 2020). Pending approval by the relevant general meetings of shareholders, this item was recognized as a debt.

## **28 Current tax liabilities**

The net tax liability on 30 June 2021 amounts to 2.359 k EUR (of which 4.972 k EUR tax asset and 2.613 k EUR tax liabilities) compared to a net tax liability of 4.238 k EUR on 31 December 2020.

This item represents the outstanding income taxes payable related to previous financial periods and the estimated tax liability of the current financial year for the different companies of the Group.

# Financial instruments

## 29 Financial instruments: risks and fair value

### Risks

Fluvius System Operator manages its potential risks in a systematic way via the 'integral risk management' methodology. The Group's functioning as the operating company for the MEAs limits to a large degree the risks and their possible negative impact.

More detailed information about the risks of the Group and its shareholders is included in the IFRS consolidated financial statements of 31 December 2020, the base prospectus of 17 November 2020 concerning the EMTN programme and the investor presentation of June 2021. These documents can be consulted on the website of Fluvius System Operator [www.fluvius.be](http://www.fluvius.be).

### Fair value

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

#### Fair value hierarchy

The Group uses the following fair value hierarchy classification to determine and classify the fair value of the financial instruments by a valuation technique:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3 inputs are unobservable inputs for the asset or liability.

The financial assets related to Publigas recognised as level 2 financial assets were valued based on an external valuation report that contains information about the company until 6 March 2021.

Level 3 financial assets include investments in unquoted companies. The fair value of Level 3 investments is determined using valuation techniques with unobservable inputs, generally using the latest available financial information.

The fair value of the quoted bonds, issued for a total amount of 4.660.500 k EUR, varies according to the market interest rate. The fair value at 30 June 2021 amounts to 4.784.589 k EUR and differs both from the amount that will be reimbursed and from the carrying value. The fair value was obtained 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).



As of 30 June 2021 the fair values are:

(In thousands of EUR)	Fair value			Book value
	Level 1	Level 2	Level 3	
Other investments	35.570	1.975.673	4.918	2.016.161
Long-term receivables, other	555.874	0	0	555.874
Green energy and cogeneration certificates (GEC & CGC)	196.393	0	0	196.393
Trade and other receivables excluding GEC and CGC	786.506	0	0	786.506
Cash and cash equivalents	193.222	0	0	193.222
<b>Total</b>	<b>1.767.565</b>	<b>1.975.673</b>	<b>4.918</b>	<b>3.748.156</b>
Loans on short-term	769.141	0	0	760.626
Loans on long-term	6.402.903	0	0	6.070.299
Lease liabilities	43.509	0	0	43.509
Derivative financial instruments	0	57.381	0	57.381
Total current liabilities, other	973.234	0	0	973.234
<b>Total</b>	<b>8.188.787</b>	<b>57.381</b>	<b>0</b>	<b>7.905.049</b>

As of 31 December 2020 the fair values are:

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

## Other information

### **30 Related parties**

The nature of the transactions with the Management Committee, the directors and other related parties during the first half of 2021 does not substantially differ from the transactions included in the annual report of 2020.

### **31 Contingencies**

On 3 September 2019, a gas explosion occurred in Wilrijk, Ridderveld. One fatality is regretted. At the hearing before the Antwerp Correctional Court on 17 March 2021, the Public Prosecutor asked for the acquittal of both managers (CEO and Director 'Grid operations'), because the Public Prosecutor believes that they cannot be held responsible for the events. For Fluvius System Operator itself, the Prosecutor demanded a simple declaration of guilt. Fluvius itself argued extensively to show that the company, its managers and employees were not at fault in these tragic events. The court judged on 27 April 2021, acquitting both managers criminally. Criminal suspension of sentence was pronounced for Fluvius System Operator and Fluvius was convicted of all civil claims. This conviction has since been appealed.

### **32 Events after the reporting date**

On 17 August 2021, the Board of Directors of Atrias prepared a go/no-go decision for the Central Market System (CMS). Extensive testing is still scheduled in order to enable a successful go-live of the CMS on 1 November 2021. Consultations with the energy regulator VREG will follow in September, during which the adjusted timing and possible consequences will be discussed.

## Operating in a regulated environment

### 33 Operating in a regulated environment

#### 33.1 Electricity and gas

The Group operates in a regulated environment and, hence, revenue is based on tariff rates approved by the regulator.

As a result of the sixth State Reform, the Flemish Government became responsible for setting the distribution tariff methodology for gas and electricity. This power was entrusted to the VREG - Flemish Electricity and Gas Market Regulator - which, as of 1 July 2014, took over the power from the CREG, the federal regulator.

- **Tariff methodology**

For the description of the regulated tariff methodology and the details on the tariff methodology for the period 2017-2020 and for the period 2021-2024, please refer to the 'Consolidated Financial Statements of the Fluvius Economic Group' of 31 December 2020, chapter "Operating in a regulated environment" as published on the website [www.Fluvius.be](http://www.Fluvius.be).

- **Additional information**

#### **The Constitutional Court annuls the reversing electricity meter decree**

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

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

Fluvius has made some specific agreements with the Flemish government and energy regulator VREG whereby the conversion to the digital meter for prosumers was immediately suspended. For prosumers who already have a digital meter, the prosumer tariff is cancelled and their consumption will be invoiced on the basis of the electricity volumes actually consumed from the grid. They can sell these volumes through to their electricity supplier.

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

On 9 July 2021, the Flemish Government gave its final approval to the retroactive investment premium for owners of solar panels who have not yet been able to sufficiently recover their investment. Also on 9 July 2021, the Flemish Government gave its second approval in principle to provide an additional premium for owners of heat pumps as their main heating source in combination with solar panels, on top of the retroactive premium for solar panels. Both premiums must be applied for through the services of Fluvius.

#### **VREG has postponed the introduction of the capacity tariff to 1 July 2022**

Last year, the VREG announced the introduction of the so-called capacity tariff as of 2022. Currently, distribution grid tariffs for small businesses and households are calculated on the basis of the consumed volume (kWh), but the basic calculation of the grid costs evolves according to peak consumption.

The impact on the tariff structure for the period from 1 July 2022 to 2024 is as follows:

Large capacity metering: The concepts of access capacity (the contracted capacity) and real monthly peak are introduced, whereby in the case of larger access capacity the customer will be penalised financially. 50% of the cost of using the distribution grid will be settled according to the capacity of the access capacity (fixed) and 50% according to the real peak (variable).

Small power metering: For small businesses and households, 80% is charged according to capacity and 20% according to consumption (kWh). If the conventional meter is still in use, the capacity part will be charged on a flat-rate basis. The surcharges and the public service obligations continue to

be charged on the basis of consumption (kWh). A maximum of twice the cost paid for distribution grid use under the current tariff structure is stipulated and the day/night regime is phased out. Further future adjustments are possible and form part of a study by VREG.

### **Measures and effects of the 2021-2024 tariff methodology**

The new tariff methodology for the period 2021-2024 has a negative impact on the DSOs' regulated revenues and their profitability. The reasons for this are the decrease in the Weighted Average Cost of Capital (WACC) and the decrease in the remuneration base. This is because the remuneration on the surplus value on the Regulated Asset Base (RAB) will be phased out over a period of 8 years. As a result, the DSOs receive fewer resources to carry out their tasks and assignments and the dividend to the shareholders is reduced.

The Group worked out actions in different areas to be able to preserve the 'financial health' of the DSOs.

Several **mitigating measures** were taken, including the application for an **advance payment** scheme. As the Allowed Income was determined by VREG on the basis of the trend in endogenous costs in the period 2015-2019, a discrepancy between the costs incurred and the corresponding revenues arises in the event of an accelerated cost increase. This is particularly the case when large new projects are started up, such as the roll-out of the digital meters.

The VREG acknowledged this problem and, by means of advances, increased the endogenous income of 2021 by 42.830 k EUR (14.040 k EUR for electricity and 28.790 k EUR for gas). Each year, the VREG will determine the amount of the advances. The repayment method still has to be worked out.

Furthermore, the Group has developed additional financial criteria for **capital expenditure** and a programme has been initiated to achieve the **cost savings** imposed by VREG of 150 million EUR by 2024.

In order to keep the equity of the various DSOs and the Group as strong as possible, a modified **dividend policy** (for the electricity and gas segment) has been developed on the basis of the ratio (calculations using BE-GAAP figures) of Equity to Regulated Asset Base. This innovation will be applied from 2022 onwards (see also note 'Equity').

- **Accounting treatment**

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



Overview of the assets and liabilities of the settlement mechanism.

(In thousands of EUR)	30 June 2021	31 December 2020
Transfers 2019	-1.115	-2.231
Transfers 2020	-11.478	-11.478
Transfers 2021	-6.969	0
<b>Total federal contribution</b>	<b>-19.562</b>	<b>-13.709</b>
Balances from 2015	0	-50
Balances from 2016	58	74
Balances from 2017	-1.851	-2.119
Balances from 2018	-56.278	-75.339
Balances from 2019	-13.710	-18.275
Balances from 2020	3.553	2.044
Balances from 2021	-68.909	0
<b>Total regulatory balances</b>	<b>-137.137</b>	<b>-93.665</b>
<b>Total amount recoverable</b>	<b>-156.699</b>	<b>-107.374</b>
<b>of which reported as Current assets/(liabilities)</b>	<b>-156.699</b>	<b>-107.374</b>

Reconciliation of the settlement mechanism.

(In thousands of EUR)	30 June 2021	31 December 2020
<b>Regulatory assets/(liabilities) at 1 January</b>	<b>-107.374</b>	<b>-210.566</b>
Recovered transfers from 2010 - 2014	0	1.922
<b>Total movements regulatory assets</b>	<b>0</b>	<b>1.922</b>
Paid to/received from CREG	0	11.977
Recovered transfer	1.116	474
Additional transfers from 2020	0	-11.478
Additional transfers from 2020	-6.969	0
<b>Total movements federal contribution</b>	<b>-5.853</b>	<b>973</b>
Additional transfer from 2019	0	-77
Additional transfer from 2020	-1.042	2.044
Additional transfer from 2021	-68.909	0
Recovered transfer from 2015	50	-100
Recovered transfer from 2016	-16	-8.108
Recovered transfer from 2017	268	15.961
Recovered transfer from 2018	19.061	85.765
Recovered transfer from 2019	4.565	4.812
Recovered transfer from 2020	2.551	0
<b>Total movements regulatory balances</b>	<b>-43.472</b>	<b>100.297</b>
<b>Total movements</b>	<b>-49.325</b>	<b>103.192</b>
of which - movement through the income statement	-49.325	91.215
of which - paid to/received from CREG federal contribution	0	11.977
<b>Regulatory assets/(liabilities) at the end of the reporting period</b>	<b>-156.699</b>	<b>-107.374</b>

On 1 September 2020, the VREG approved the regulatory balances for electricity and gas concerning the 2019 financial year. For the 2020 financial year, the review by the VREG is still ongoing.

At the moment, there are no specific IFRS guidelines as to the accounting treatment of the settlement mechanism in a regulated environment.

On 30 January 2014, the IASB published a new standard IFRS 14 Regulatory Deferral Accounts. This new standard is applicable for "first time adopters" and allows the recording of regulated assets and liabilities as separate items of the balance sheet and profit and loss account. This standard was not endorsed by the EU and is awaiting the final standard.

On 28 January 2021, the IASB published a draft for the regulated assets and liabilities 'Exposure Draft ED/2021/1 Regulatory Assets and Regulatory Liabilities'. Comments could be submitted to the IASB by 30 July 2021. The company is reviewing the evolution of this draft and will evaluate the impact with the valuation and reporting method used.



### 33.2 Other

The operation and regulation of the **sewerage activity** has been described in the IFRS Consolidated Financial Statements of this Group for 2020. It can be consulted on the website [www.fluvius.be](http://www.fluvius.be).

For sewerage, Fluvius's income comes from subsidies from VMM (Vlaamse MilieuMaatschappij) for sewerage projects, from the municipal remediation contribution (GSB) and from any landowners. The GSB is charged by the water company to the consumer on the water bill and passed on to Fluvius.

There are agreements with Telenet for income related to **cable activities**. Fluvius is remunerated for both maintenance costs ('opex fee') based on an agreed amount that is indexed annually and for investments based on pre-approved investment budgets.

# Statutory auditor's report of Fluvius Economic Group on the review of the condensed consolidated interim financial information as at 30 June 2021 and for the six-month period then ended

## Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Fluvius Economic Group as at 30 June 2021, the condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes ("the condensed consolidated interim financial information"). The board of directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

## Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion


Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2021 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

## Emphasis of matter

We draw the attention to Note 33 of the condensed consolidated interim financial information relating which describes operating in a regulated environment, as well as the specificities of the regulatory framework, tariffs and related accounting treatment. The information also clarifies the uncertainties related to the financial balances resulting from tariff settlement mechanisms which are still to be approved by the responsible regulators. Our conclusion is not qualified in respect of this matter.

Ghent, 27 September 2021

EY Bedrijfsrevisoren BV  
Statutory auditor  
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Marnix Van Dooren\*  
Partner  
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