



Visit our website at www.fluvius.be

Regulated information

Melle, 22 September 2021

HALF-YEARLY FINANCIAL REPORT OF THE FLUVIUS GROUP¹ PER 30 JUNE 2021²

HIGHLIGHTS

- Constitutional Court orders a partial annulment of a Flemish decree on digital metering, with a considerable operational impact on Fluvius. The roll-out is nevertheless continued unabated.
- Corona pandemic: Fluvius organises itself in a flexible way for the post-corona era.
- Fluvius and Telenet are in talks about the potential roll-out of a fast data network in Flanders.
- The governing bodies of the Fluvius Economic Group approve a package of mitigating measures to offset the negative financial impact of the tariff methodology 2021-2024.
- Fluvius is active on the capital markets with an EMTN bond (EUR 500 million), a private placement (EUR 100 million) and a loan at the European Investment Bank (EUR 200 million).
- The switch to LED in public lighting in the Flemish cities and municipalities is on track.
- The Fluvius Ethics Charter outlines ethical and responsible behaviour within a professional context.
- Evolution in staffing at Fluvius: 5.502 employees at 30 June 2021 (+0,2% compared to 5.491 employees at year end 2020).
- Financial evolution (Fluvius consolidated group, IFRS figures): the operational revenues increased by 8,0% to EUR 885 million, the operational costs increased to EUR 878,5 million (+8,5%). The consolidated group's balance sheet total increased to EUR 6.225,4 million (+6,6% compared to 31 December 2020).

¹ The Fluvius group comprises Fluvius System Operator cv and its subsidiaries and associated companies De Stroomlijn cv, Atrias cv and Synductis cv.

² All comparisons are with the reported figures as per 30 June 2020, unless stated otherwise.

- There is no profit or loss at Fluvius System Operator: alle costs are being charged fully and without any profit margin to the shareholders of the company due to the principle of working at cost price.

MANAGEMENT REPORT

Digital metering: ruling by the Constitutional Court and its impact on operations

On 14 January 2021, the Belgian **Constitutional Court** ruled in a case about the Flemish Energy decree, more specifically related to the digital meter. The Court annulled part of the decree, because the provisions in the decree on the virtually reversing meter for prosumers and the prosumer tariff violate the constitutional principle of equality. The Court also ruled that every end consumer must have the option of a wired communication to and from the digital meter. This ruling came into effect on 1 March 2021.

Following this ruling, Fluvius, after consultation with the Flemish government and the energy regulator VREG, decided to **temporarily halt the accelerated roll-out of digital meters at prosumers** until the legislative framework in Flanders would be adapted in line to the Constitutional Court's ruling. The original plan was to have digital meters installed at all prosumers by the end of 2022. But the objectives to reach an installation rate of 80% by year-end 2024 and to have the roll-out finalised by mid-2029 remain intact. So Fluvius was compelled to thoroughly adapt the roll-out scheme.

As a result of this ruling by the Constitutional Court, the **prosumer tariff** has also been eliminated. The prosumer tariff is a contribution due by prosumers for injecting into the distribution grid excess electricity volumes generated by them. However, these grid users now have the possibility to sell excess electricity volumes to their electricity supplier. The Flemish authorities have also put in place a compensation mechanism for prosumers that were faced with the loss of benefits from the reversing meter: the introduction of the so-called retro-active investment premium led to a rush of dossier requests at Fluvius with a day peak of up to 11.800 requests.

The Constitutional Court's ruling and its consequences received a lot of attention in the media and the public opinion. This triggered a substantial loss of confidence among the Flemish public in the digital meter as a necessary tool to bring about the energy transition. Since the ruling, Fluvius is faced with a growing number of end consumers refusing the installation of a digital meter. A wide **communication campaign** to remedy this situation and explain the energy transition for the general public is in the making.

Meanwhile, the VREG adjusted the **tariff methodology 2021-2024** for electricity distribution to conform to the ruling by the Constitutional Court.



Smart meter roll-out

On 30 June 2021, Fluvius had already installed **884.435 digital meters**, being 14% of the global roll-out. Of this total number, 645.112 meters were part of the regular replacement programme, while 239.323 digital meters have been installed at specific target groups. 250.935 digital meters have been installed at prosumers. We have already registered 17.350 activated user portals on these digital meters.

During the first six months of 2021 we installed 312.878 digital meters, which is 84,3% of the total amount planned for this period. The delay is largely due to the insecure situation after the Constitutional Court's ruling discussed above.

The corona crisis and its impact on Fluvius

The year 2020 was fully marked by the corona crisis. In the first half of 2021, our operations returned to a more stable and regular situation, albeit with a continued focus on safety and hygiene. The Fluvius management has at all times put its employees' and the end consumers' safety first. It will continue to do so.

In consultation with its trade unions Fluvius has elaborated a **post-corona arrangement** for its administrative staff. They will get the opportunity for remote working for a maximum of four days per week. All necessary facilities will be provided for. Each team decides independently on which day(s) the team members will be at the office, without this being imposed by the hierarchy. In this way, team members can strike a fitting work-life balance and get a maximum amount of trust from the company hierarchy.

Due to the elimination of most covid-related restrictive measures in Flanders, **consumption volumes** for electricity and gas during the first six months of 2021 did not show any corona-related impact anymore. Our own technical teams and the teams of our contractors have been working hard to maximally eliminate the delays incurred in some investment programmes.

Fast data network

Fluvius and telecom operator Telenet formally announced in a 26 June 2020 joint press release that they had initiated **talks on realising a fast data network** of the future in Flanders. Both partners have registered a growing demand for more and faster data networks. Fluvius is especially concerned that there might appear in the longer term a growing digital divide. In any case, this activity – if realised – will have no impact whatsoever, financially or otherwise, on the regulated business lines of the Fluvius Economic Group thanks to strictly separated accounts.

The talks between both parties, Fluvius and Telenet, were not concluded at the end of June 2021.

Financial policy

Fluvius System Operator currently has two **corporate ratings**: one with Moody's and another one with Creditreform Rating. Over the first six months of 2021, Moody's kept Fluvius's rating unchanged at A3 with a negative outlook. The rating at Creditreform Rating remained unchanged as well: A+ with a negative outlook. The negative outlooks at both rating agencies are primarily inspired by their concerns on the negative impact on Fluvius's financial ratios of the tariff methodology 2021-2024 for electricity and gas DSOs.

In that respect, the governing bodies of the Fluvius Economic Group approved a wide package of so-called **mitigating measures** in June 2021. These measures aim at alleviating the tariff methodology's impact and to safeguard the Economic Group's financial condition in the longer term. The mitigating measures fall into four categories: (1) requesting with VREG advances for the fast roll-out of digital meters, (2) a detailed action plan to evaluate investments based on both quantitative and qualitative financial criteria, (3) realising the savings in (operational) costs as imposed by VREG, and finally (4) the implementation as from 2022 of an adjusted dividend policy that prevents a structural deterioration of equity at group level and, at the same time, gradually convenes the balance sheet structure of the DSOs.

Fluvius has been very active on the **capital markets** during the first half of 2021.

After the green bond in November 2020, the company successfully placed a new **EUR 500 million bond** with European institutional investors on 14 June 2021. This bond has a seven year maturity with a fixed annual coupon of 0,25%. This debt instrument was issued under the current Fluvius EMTN programme.

Next, Fluvius has issued a **private placement** for an amount of EUR 100 million, also in the framework of its EMTN programme. For a twelve year maturity the coupon was set at 0,81%.

Fluvius has concluded a **loan contract with the European Investment Bank (EIB)** for a total amount of EUR 425 million. This loan is being used for financing half of the capex for the digital electricity meter roll-out in the period 2021-2024. On 22 April 2021, Fluvius drew the first two tranches of this loan for an aggregate amount of EUR 200 million. The interest rate is 0,137% for a seven year loan maturity.

These transactions demonstrate that Fluvius strives towards an active treasury and debt management within the limits set by the current tariff methodology of E&G distribution.

In 2019, the Belgian electricity transmission system operator Elia increased its capital with EUR 435 million. Elia's main shareholder **Publi-T**, in which nine Fluvius DSOs participate, decided to

proportionately subscribe to the said capital increase for an amount of EUR 195,11 million; EUR 165 million of which was financed by a capital increase within Publi-T itself. The relevant mission-entrusted associations (MEAs) from the Fluvius Economic Group subscribed for an amount of EUR 79,3 million. In a first phase, awaiting a structural financing solution, this was financed through the Fluvius cash pool. In 2021, the definitive financing of the Publi-T capital increase within the relevant MEAs was closed. A number of MEAs have issued new shares with either equity or debt financing. Other MEAs only used debt financing for this purpose.

Public lighting

The **switch to led for the municipal public lighting** is progressing smoothly. At the end of June 2021, 283.083 lighting points had already been refurbished (corresponding to 24,3% of the total infrastructure). This resulted in a reduction of CO₂ emissions of up to 70.567 tonnes. With this large-scale investment programme, which should be finalised by the year 2030, Fluvius delivers a major contribution to enhanced energy efficiency.



Switching to LED in the Antwerp port area

Policy on sustainability and corporate social responsibility

Sustainability is solidly rooted in our corporate strategy and the Fluvius DNA. As a regulated company with important activities in the energy value chain and with local authorities as its shareholders, Fluvius is very much aware of its unique social role and responsibilities. That is why we aim for sustainability in the broadest meaning of the word throughout our corporate strategy and operations with a clear focus on realising the climate objectives and the energy transition. Our commitments on sustainability have been written down in the **Fluvius Corporate Social Responsibility Charter**. You can consult this document here:

<https://over.fluvius.be/sites/fluvius/files/2019-12/9010106-mvo-charter-2019-en.pdf>

In June 2021, the Board of Directors approved the new **Fluvius Ethics Charter**. In this document, we set out what integrity and ethical conduct in a professional context mean. In this sense, the Ethics Charter is a compass and a guide for approaching moral issues, to correctly assess complex situations, to take the right decisions and to act appropriately. The Ethics Charter also establishes an independent and easily accessible procedure for reporting cases of unethical behaviour. Complaints can be filed through several channels: the direct manager, or through general means of communication such as the website or a letter. A strictly independent and multi-disciplinary deontological cell looks into all reported cases.

At the end of May 2021, Fluvius summarily dismissed an employee after he had posted a racist and hateful message on social media with a reference to Fluvius.

Fluvius fully supports the European objective of **climate neutrality by 2050**. In our role of energy distributor, we want to contribute to the **energy transition** towards a carbon-free economy and society in Flanders.

A number of recent examples of how we put our sustainability policy into practice.

- Fluvius has joined the **Ecovadis** platform. This enables us to screen our major suppliers on their ESG performance, but Fluvius itself can also be screened by our supply chain partners on aspects of its own sustainability performance.
- Fluvius has committed itself to implement so-called **'science-based targets'** within two years. That is why we have teamed up with the Belgian Association for Climate Action (BACA).
- In April 2021, Fluvius finalised the **basic charging point infrastructure** as imposed by the Flemish authorities. On behalf of the local authorities we have installed 2.136 charging points. In finding locations, tendering, permits, connections, testing etc. we maximally relieved the municipalities. In the immediate future, Fluvius will also be involved in the installation of 30.000 extra **charging points for electric cars** in Flanders by 2025. This number is an initial estimate of what will be needed to cope with the expected breakthrough of electric vehicles, apart from the existing 5.000 charging points. A smart use of the distribution grid and the available power capacity should be able to meet the rising demand in the next few years. In Fluvius's vision, the electric car has the potential to become an integral part of the energy network.
- In January 2021, Fluvius received the **'Great Place To Work'** certificate. This certificate is awarded to companies whose employees indicate in an official survey that they love to work for their company, that they trust each other and are proud of their job. The underlying research, including a corporate culture audit, is carried out by the Great Place to Work Institute Belgium in collaboration with the Vlerick Business School. The following elements have been identified as major assets for Fluvius: the caring environment within the company offering a good work-life balance, the camaraderie and the company's social relevance.



Fluvius is a 'Great Place To Work'

- Flanders pays a lot of attention to **policies regarding water and drought**, a.o. with the Flemish Government's Blue Deal. Fluvius takes the lead by coordinating local rainwater & drought plans, in no less than 53 municipalities. We start from the idea that rainwater should be able to seep into the soil as much as possible, rather than being transported away as quickly as possible through the sewerage system and waterways.
- Fluvius is a partner in the **district heating project 'Suikerpark Veurne'**. The new residential area Suikerpark in Veurne is to become the first district heating grid in Belgium that is entirely dependent on surplus heat delivered by the food factory PepsiCo. The houses and flats do not need an individual heating installation thanks to their connection to the heating grid. This project will result in a decrease of carbon emissions by 1.456 tonnes over a ten-year period. Once all housing units are connected, this reduction will even be higher. A further extension of this heating grid is currently being investigated.
- Fluvius is an active partner in the **'Green Energy Park' project** in Zellik. Here an energy testing ground (20 MW) will be realised which combines smart housing and working units, local batteries (2 MW), fast chargers for electric cars, solar panels, wind turbines and more at one single site. It is, in other words, tomorrow's Flemish energy landscape in miniature. Green Energy Park is an initiative of the Free University Brussels (VUB) and the University Hospital Brussels.



Installation of a cabin at the Green Energy Park (Zellik)

- As part of the bonus programme 'collective bargaining agreement 90' for executive staff who are entitled to a non-electric company car, a collective premium is foreseen if a substantial decline in the number of kilometres driven is registered.
-



Enormous damage after the floodings

In July 2021, large parts of Belgium were hit by **unprecedented floodings**. Especially in Wallonia, the human and material toll was extremely heavy. Fluvius, with dozens of technicians, immediately offered its help to its peer grid operator RESA in the afflicted areas. Our colleagues, many of whom spontaneously volunteered to help out, were confronted with chaotic and dangerous situations on

the field. They were mainly called in to check and repair residential connections for gas and electricity and to clean up cabins and meter rooms. The entire relief operation on Fluvius's side was coordinated from a temporary crisis centre.



Solidarity with the colleagues at RESA

Other elements

On 30 June 2021, Fluvius³ had **5.502 employees** or 5.270,14 full-time equivalents (FTE). This number of staff is 11 employees above the end 2020 figure. We have thus registered a slight increase by 0,2%. The entire consolidated Fluvius Group employed a total of 5.850 people (30 June 2021).

A few words about the **safety results** for the first semester 2021. The frequency rate came in at 6,88 (the norm is at 4,50) and the severity rate at 0,09 (while the norm is 0,09) with 480 labour days lost. In the reporting period we registered 3 fluidum accidents⁴ (the objective is zero fluidum accidents). The company continues to aim for sensibilisation and training on all aspects of safety and safety awareness.

³ This figure reflects the aggregate number of employees both at Fluvius System Operator and at Fluvius OV ('Fluvius opdrachthoudende vereniging'), which is a separate entity established as the employer for the statutory staff of the former entities of the Infrax Economic Group. Due to reasons of Belgian labour law, these employees could not be transferred to Fluvius System Operator's payroll. All Fluvius OV's employees are, however, fully integrated into Fluvius's organisation chart and operations.

⁴ A fluidum accident is an accident related to gas or electricity.

On 27 April 2021, the Antwerp Criminal Court ruled in the **court case** concerning the explosion that occurred in Wilrijk (Antwerp) on 3 September 2019. This explosion caused the loss of life of one person, several injured people and substantial material damage. The Court acquitted two Fluvius managers, being the company's CEO and its director Network Operations, since they were not personally at fault. But the Court convicted the company Fluvius System Operator, with suspension of sentence, for the events that led up to the explosion. After careful assessment, Fluvius has decided to appeal against this conviction, because it is of the opinion that the evidence and arguments brought forward by Fluvius during the court case demonstrating that the company is not at fault, have not been sufficiently taken into consideration.

Our approach of energy supplying as **social supplier** has been fully revised. With the digital meter being rolled out, we have replaced the budget meter by a prepaid meter. Fluvius took this opportunity to revise the entire process and to make the communication more customer-friendly and less stigmatising.

VREG has announced that the planned kick-off of the **capacity-based tariff** for electricity is postponed by six months. The new kick-off date is now set at 1 July 2022. This postponement decision was taken, partly at the request of Fluvius, because it gives the central market system run by Atrias every opportunity for a successful launch in 2021. In the capacity-based tariff, the distribution part of the electricity bill is determined by the end consumer's peak capacity and no longer by the electricity volumes taken from the grid.

FINANCIAL RESULTS

The operating income⁵ for the first six months of 2021 increased compared to the same period in 2020 to EUR 885,0 million (+8,0%). The operational costs also increased, by 8,5% to EUR 878,5 million. The pre-tax profit for the reporting period amounted to EUR 3,6 million (2020: EUR 4,2 million) or -14,2%.

The balance sheet total at 30 June 2021 amounted to EUR 6.225,4 million, which is EUR 386,2 million above the 31 December 2020 figure (+6,6%). The non-current assets increased by 17,2% up to EUR 4.953,9 million; the current assets, on the other hand, decreased to EUR 1.271,4 million (-21,1%). The non-current liabilities amounted to EUR 4.960,9 million (+17,0%); the current liabilities are at EUR 1.262,9 million (-21,0%).

RISK FACTORS

The fundamental risk factors as described both in the Fluvius 2020 annual report and the EMTN base prospectus dated 17 November 2020 have remained valid for the first half of 2021.

The scope and duration of the coronavirus spread in Flanders during the second half of 2021, in spite of the vaccination campaign, will most likely remain a major factor of uncertainty. A possible flare-up

⁵ Fluvius consolidated group, IFRS, 1 January 2021 until 30 June 2021

of the virus might once again negatively impact economic activities, energy consumption and the Fluvius Economic Group's operational and financial position.

Fluvius will closely be monitoring these developments and take all appropriate measures if and when necessary. The management frequently reports on risks and risk management to both the Audit Committee and the Board of Directors.

MAJOR EVENTS AFTER REPORTING DATE

On 14 July 2021, the European Commission revealed its **'Fit for 55' legislative package** which should ensure that the European objectives on greenhouse gas emissions and climate are met. This will in all probability only reinforce the trend towards electrification.

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. This particular kick-off date is still to be officially confirmed by all market parties on 10 September. Also a consultation round with the energy regulator VREG will follow in September, during which the adjusted timing and possible consequences will be discussed.

OUTLOOK

Taking into account the risks, including the specific risks related to the further evolution of the corona pandemic in our operational area, and barring unforeseen economic, regulatory or other developments, Fluvius expects there to be no major deviations from its financial and budgetary objectives in the second half of 2021. The company will continue to closely monitor all relevant financial, economic and regulatory developments. Management expects to be able to keep the Fluvius Economic Group's costs and its overall and company specific risks strictly under control. The approved package of mitigating measures will substantially contribute to this objective.

REPORTING STATUS

Fluvius System Operator's Board of Directors approved for publication these condensed financial statements for the period ended 30 June 2021 on 22 September 2021.

On 27 September 2021, Fluvius System Operator's statutory auditor, EY, represented by Mr Marnix Van Dooren, issued its report on the limited review of the consolidated half-year financial information for the six-month period ended 30 June 2021. This report states that the interim financial information in all material aspects has been prepared in accordance with the International Accounting Standard IAS 34, 'Interim Financial Reporting' as approved for application within the European Union.

STATEMENT BY THE RESPONSIBLE PERSONS

The undersigned persons state that, to the best of their knowledge,

- *the condensed interim financial statements of Fluvius System Operator cv and its subsidiaries as of 30 June 2021 have been prepared in accordance with the International Financial Reporting Standards (IFRS), and give a true and fair view of the assets and liabilities, financial position and results of the whole of the companies included in the consolidation;*
- *the interim management report gives a fair view of the information required to be included herein.*

Melle, 29 September 2021.

Frank VANBRABANT, CEO

David TERMONT, CFO

ANNEX

Condensed interim IFRS financial statements for the six-month period ended 30 June 2021:

- Condensed consolidated statement of profit or loss
- Condensed consolidated statement of comprehensive income
- Condensed consolidated statement of financial position
- Condensed consolidated statement of changes in equity
- Condensed consolidated statement of cash flows
- Selected explanatory notes

PROFILE OF THE REPORTING ENTITY

Fluvius System Operator cv and its consolidated subsidiaries De Stroomlijn cv, Atrias cv and Synductis cv (together the 'Fluvius Group' or the 'Group') is the independent company that carries out operations and public service obligations for 11 intermunicipal utility companies: Fluvius Antwerpen, Fluvius Limburg, Fluvius West, Gaselwest, Imewo, Intergem, Iveka, Iverlek, PBE, Riobra and Sibelgas. Fluvius is thus responsible for building, managing and maintaining distribution networks for electricity, gas, sewerage, cable distribution and district heating, and it manages the municipal public lighting. In total, the company manages more 230.000 km of utility lines, 7,6 million connections and 1,2 million lighting points. Fluvius has operations in all 300 Flemish cities and municipalities.

Due to the principle of 'operating at cost price', the Group's result shows no profit or loss.

CONTACT

Fluvius System Operator cv, Brusselsesteenweg 199 – B-9090 Melle (Belgium)

VAT number: BE 0477.445.084

Press

Björn VERDOODT, tel. +32 479 74 03 04 - mail: bjorn.verdoodt@fluvius.be

Investor Relations

Koen SCHELKENS, tel. +32 9 263 45 04 - mail: investors@fluvius.be



FLUVIUS SYSTEM OPERATOR GROUP

Condensed Consolidated Interim IFRS Financial Statements

30 June 2021

Content

INTERIM FINANCIAL STATEMENTS	3
Condensed consolidated statement of profit or loss	3
Condensed consolidated statement of comprehensive income.....	4
Condensed consolidated statement of financial position	5
Condensed consolidated statement of changes in equity.....	6
Condensed consolidated statement of cash flows	7
SELECTED EXPLANATORY NOTES.....	8
Basis of preparation	8
1 Corporate information	8
2 Significant accounting policies.....	9
2.1 Statement of compliance.....	9
2.2 Summary of significant accounting policies	9
2.3 Use of estimates and judgments	10
PERFORMANCE OF THE PERIOD	12
3 Operating revenue	12
4 Cost for services and other consumables	12
5 Employee benefit expenses	12
6 Depreciation, amortization, impairments and changes in provisions	13
7 Financial results.....	13
8 Income tax expenses.....	13
ASSETS	14
9 Intangible assets.....	14
10 Property, plant and equipment	14
11 Right-of-use assets and lease obligations.....	14
12 Investments in joint ventures and associates	14
13 Other investments.....	14
14 Rights to reimbursement on post-employment employee benefits	14
15 Long-term receivables and short-term-receivables, other.....	14
16 Trade and other receivables.....	15
17 Receivables and liabilities cash pool activities	15
18 Cash and cash equivalents	15
LIABILITIES	16
19 Equity.....	16
20 Interest bearing loans and borrowings, current and non-current	17
21 Employee benefit liabilities	19
22 Trade payables and other current liabilities.....	20
FINANCIAL INSTRUMENTS	21
23 Financial instruments: risks and fair value	21
OTHER INFORMATION.....	23
24 Related parties.....	23
25 Commitments and contingencies	23
26 Events after the reporting date	23



Interim Financial Statements

Condensed consolidated statement of profit or loss

(In thousands of EUR)	Notes	30 June 2021	30 June 2020
Operating revenue		885.047	819.527
Revenue from contracts with customers	3	846.328	784.147
Other operating income		38.719	35.380
Operating expenses		-878.493	-810.034
Cost of trade goods		-94.400	-67.622
Cost for services and other consumables	4	-487.549	-453.221
Employee benefit expenses	5	-287.393	-297.021
Depreciation, amortization, impairments and changes in provisions	6	-8.536	10.579
Other operational expenses		-615	-2.749
Result from operations		6.554	9.493
Finance income	7	59.030	60.516
Finance costs	7	-61.973	-65.803
Profit before tax		3.611	4.206
Income tax expenses	8	-3.611	-4.206
Profit for the period		0	0



Condensed consolidated statement of comprehensive income

(In thousands of EUR)	Notes	30 June 2021	30 June 2020
Profit for the period		0	0
Other comprehensive income			
Items not to be reclassified to profit or loss in subsequent periods			
Actuarial gains (losses) on long-term employee benefits	21	74.650	-22.595
Actuarial gains (losses) on rights to reimbursement on post-employment employee benefits	21	-74.650	22.595
Net other comprehensive income not being reclassified to profit or loss in subsequent periods		0	0
Total comprehensive income for the period		0	0



Condensed consolidated statement of financial position

(In thousands of EUR)	Notes	30 June 2021	31 December 2020
Non-current assets		4.953.931	4.228.021
Intangible assets	9	1.296	1.505
Property, plant and equipment	10	2.881	3.425
Right-of-use assets	11	35.200	35.214
Investment in joint ventures and associates	12	17	17
Other investments	13, 23	818	917
Rights to reimbursement on post-employment employee benefits	14	216.104	288.395
Long-term receivables, other	15	4.697.615	3.898.548
Current assets		1.271.440	1.611.182
Inventories		119.087	97.296
Short-term receivables, other	15	500.000	500.000
Trade and other receivables	16, 23	400.893	450.680
Receivables cash pool activities	17, 23	100.166	561.516
Current tax assets		1.964	0
Cash and cash equivalents	18, 23	149.330	1.690
TOTAL ASSETS		6.225.371	5.839.203
EQUITY	19	1.617	1.617
Total equity attributable to owners of the parent		1.517	1.517
Contributions excluding capital, reserves and retained earnings		1.517	1.517
Non-controlling interest		100	100
LIABILITIES		6.223.754	5.837.586
Non-current liabilities		4.960.856	4.238.997
Interest bearing loans and borrowings	20, 23	4.714.274	3.919.032
Lease liabilities	11, 23	25.491	25.570
Employee benefit liabilities	21	214.907	286.959
Derivative financial instruments	20, 23	4.987	6.000
Provisions	21	1.197	1.436
Current liabilities		1.262.898	1.598.589
Interest bearing loans and borrowings	20, 23	503.414	1.050.893
Lease liabilities	11, 23	10.444	10.347
Trade payables and other current liabilities	22, 23	426.224	430.585
Liabilities cash pool activities	17, 23	322.076	104.561
Current tax liabilities		740	2.203
TOTAL EQUITY AND LIABILITIES		6.225.371	5.839.203

Condensed consolidated statement of changes in equity

(In thousands of EUR)	Contributions excluding capital	Reserves	Retained earnings	Equity attributable to owners of the parent	Non- controlling interest	Total
Balance at 1 January 2020	1.284	213	20	1.517	100	1.617
Change in consolidation scope	0	0	0	0	0	0
Repayment of equity	0	0	0	0	0	0
Result for the period	0	0	0	0	0	0
Other comprehensive income	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0
Balance at 30 June 2020	1.284	213	20	1.517	100	1.617
Balance at 1 January 2021	1.284	213	20	1.517	100	1.617
Change in consolidation scope	0	0	0	0	0	0
Repayment of equity	0	0	0	0	0	0
Result for the period	0	0	0	0	0	0
Other comprehensive income	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0
Balance at 30 June 2021	1.284	213	20	1.517	100	1.617

Condensed consolidated statement of cash flows

(In thousands of EUR)	Notes	30 June 2021	30 June 2020
Profit for the period		0	0
Amortization of intangible assets	6	302	332
Depreciation on property, plant and equipment and right-of-use assets	6	6.397	6.856
Change in provisions (Reversal -; Recognition +)	21	-239	-12.875
Impairment current assets (Reversal -; Recognition +)	6	2.076	-4.892
Gains or losses on realization receivables		204	2.191
Net finance costs		3.956	4.963
Change in fair value of derivative financial instruments	20	-1.014	324
Gains or losses on sale of property, plant and equipment		-7	-39
Income tax expense	8	3.611	4.206
Operating cash flow before change in working capital and provisions for employee benefits		15.286	1.065
Change in inventories		-21.791	-11.022
Change in trade and other receivables		62.043	-93.368
Change in trade payables and other current liabilities		-32.297	84.069
Change in employee benefits	21	239	12.875
Net operating cash flow		8.194	-7.446
Interest paid		-32.019	-29.446
Interest received		44.306	26.998
Financial discount on debts		121	178
Income tax paid (received)	8	-7.037	-7.759
Net cash flow from operating activities		28.851	-16.410
Proceeds from sale of property, plant and equipment		7	39
Purchase of intangible assets		-93	0
Purchase of property, plant and equipment		-81	-77
Acquisition of companies and other investments		0	-1
Proceeds from sale of companies and other investments	13	100	0
Net investments in long-term receivables		-39	15
Net cash flow used in investing activities		-106	-24
Repayment of borrowings	20	-1.750	-1.750
Proceeds from borrowings	20	199.800	0
Proceeds from bonds/borrowings	20	595.876	0
Payment of finance lease liabilities	11	-6.297	-6.086
Change in current financial liabilities	20	-547.600	103.470
Change in cash pool	17, 23	678.866	-88.276
Provide long-term loans	15	-800.000	0
Net cash flow from/used in financing activities		118.895	7.358
Net increase/decrease in cash		147.640	-9.076
Cash and cash equivalents at the beginning of period	18	1.690	28.222
Cash and cash equivalents at the end of period	18	149.330	19.146



Selected explanatory notes

Basis of preparation

1 Corporate information

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

On 1 July 2018, the new network company Fluvius System Operator was established as a result of the merger between Eandis System Operator and its peer Infrac. Eandis System Operator changed its name to Fluvius System Operator.

The condensed consolidated interim financial statements of Fluvius for the period ended 30 June 2021 contain the information of the company, its subsidiaries, investment in joint ventures and associates - De Stroomlijn cv, Atrias cv and Synductis cv - and together they form the 'Group'.

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

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

Fluvius carries out these tasks on behalf of and for the account of its **shareholders**, eleven intermunicipal associations or '**Mission Entrusted Associations**' (MEAs): Fluvius Antwerpen, Fluvius Limburg, Fluvius West, Gaselwest, Imewo, Intergem, Iveka, Iverlek, PBE, Riobra and Sibelgas.

The grid assets themselves remain owned by the MEAs. The MEAs, active in the distribution of electricity and gas, are also the holders of the licences to distribute electricity and gas granted by the Flemish energy regulatory authority, VREG.

Fluvius operates **in all Flemish cities and municipalities**.

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

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

The Flemish energy regulator VREG has granted permission to the distribution system operators for energy Fluvius Antwerpen, Fluvius Limburg, Fluvius West, Gaselwest, Imewo, Intergem, Iveka, Iverlek, PBE and Sibelgas to call on the services of the operating company Fluvius System Operator for electricity and gas. These authorisations shall apply until 25 September 2026 (electricity) and 14 October 2027 (gas) respectively.



The Flemish Energy Decree stipulates that each MEA can call on only one operating company. All MEAs of the 'Economic Group Fluvius' have chosen Fluvius System Operator cv for this purpose. The latter can carry out its tasks with its own staff and can call upon statutory (permanent) staff via secondment.

On 1 April 2019, all contractual staff of the ex-Infrac MEAs and ex-Integan were taken over by Fluvius System Operator cv. In order to have the secondment take place via one company, all statutory staff of the ex-Infrac MEAs and ex-Integan has been transferred to Fluvius OV.

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

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

On 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 assumptions'.

For more information on the Group, visit the website www.fluvius.be.

These condensed consolidated interim financial statements for the six months ended 30 June 2021 were approved for publication by the Board of Directors on 22 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 financial statements of the Group 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 consolidated financial statements for the year ended 31 December 2020 except for new IFRS standards or interpretations issued and effective since 1 January 2021.

The new standards and interpretations that are applicable from 1 January 2021 do **not materially 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 is 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.

Performance of the period

3 Operating revenue

Operating revenue amounts to 885.047 k EUR at 30 June 2021 and 819.527 k EUR at 30 June 2020, an increase of 65.520 k EUR.

Revenue from contracts with customers amounts to 846.328 k EUR at 30 June 2021 and 784.147 k EUR at 30 June 2020, an increase of 62.181 k EUR.

Other operating income amounts to 38.719 k EUR at 30 June 2021 and 35.380 k EUR at 30 June 2020, an increase of 3.339 k EUR.

Revenue from contracts with customers reflects the incurred costs that are passed on mainly to the MEAs, shareholders.

Below the detail of the total invoicing to the clients (mainly the MEAs) that generate more than 10% revenue in the period:

Company	30 June 2021		30 June 2020	
	Revenue in k EUR	% relative to revenue	Revenue in k EUR	% relative to revenue
Gaselwest	85.187	10,1%	90.610	11,6%
Imewo	128.561	15,2%	118.903	15,2%
Iverlek	111.037	13,1%	106.578	13,6%
Fluvius Limburg	131.346	15,5%	111.768	14,3%
Fluvius Antwerpen	123.989	14,7%	110.603	14,1%
Other	266.208	31,5%	245.685	31,3%
Total	846.328	100,0%	784.147	100,0%

4 Cost for services and other consumables

Cost for services and other consumables amount to 487.549 k EUR at 30 June 2021 and 453.221 k EUR at 30 June 2020, an increase of 34.328 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.

The largest difference was caused by the increase in the item 'Cost contractors for grid construction and maintenance' (+36.356 k euro) compensated by a decrease in the item 'Direct operations purchases' (-8.282 k euro).

5 Employee benefit expenses

Employee benefit expenses amount to 287.393 k EUR at 30 June 2021 and 297.021 k EUR at 30 June 2020, a decrease of 9.628 k EUR

This decrease is mainly due to the decrease in personnel costs for employee benefits (IAS 19) from 13.033 k euro on 30 June 2020 to 2.054 k euro on 30 June 2021.

The energy decree stipulates that every MEA can call on the services of one operating company. All MEAs, shareholders of the Group, have chosen Fluvius System Operator to fulfill these assignments with its own staff, and Fluvius System Operator can make use of secondment to statutory (permanent) staff.

On April 1, 2019, the entire contractual staff of the former Infrac MEAs and ex-Integan was taken over by Fluvius System Operator cv. To allow the secondment to take place via one company, the



entire statutory staff of the former Infrac MEAs has been transferred to Fluvius OV. This company charges its costs to Fluvius S.O.

6 Depreciation, amortization, impairments and changes in provisions

Depreciation, amortization, impairment and changes in provisions amount to 8.536 k EUR on 30 June 2021 and -10.579 k EUR on 30 June 2020.

This item consists of an amount for depreciation (30 June 2021: 6.699 k EUR (30 June 2020: 7.188 k EUR), impairment (30 June 2021: addition 2.076 k EUR; 30 June 2020: reversal totalling -4.893 k EUR) and a reversal of provisions (30 June 2021: -239 k EUR; 30 June 2020: -12.875 k EUR).

The impairment relates to trade receivables (see note 'Trade and other receivables') and to other provisions (see note 'Provisions for employee benefits').

7 Financial results

Financial income amounts to 59.030 k EUR on 30 June 2021 and 60.516 k EUR on 30 June 2020.

This item contains mainly the interest to be received on loans granted to the MEAs (30 June 2021: 57.364 k EUR; 30 June 2020: 60.111 k EUR).

The financial costs amount to 61.973 k EUR on 30 June 2021 and 65.803 k EUR on 30 June 2020. These costs contain the interest payable on the bond loans (30 June 2021: 58.037 k EUR; 30 June 2020: 60.843 k EUR), interest paid on other financial obligations with banks and cash pool activities with the MEAs.

The other financial costs comprise costs related to debt, interest costs on leases and pension liabilities as well as various bank costs.

8 Income tax expenses

Income tax expenses amount to 3.611 k EUR at 30 June 2021 and 4.206 k EUR at 30 June 2020, a decrease of 595 k EUR.

The tax rate amounts to 25,00% as from 2020 (29,58% up to 2019) and tax is payable on the disallowed expenses that form the taxable basis.

In the period up to 30 June 2021, a tax amount of 3.611 k EUR (30 June 2020: 6.175 k EUR) was prepaid and the estimated tax amounted to 0 k EUR (30 June 2020: -1.970 k EUR).

During the period up to the end of June 2021, an amount of 1.464 k EUR in taxes was paid in respect of the 2019 financial year.

The recognised net tax asset of 1.224 k EUR was caused by an excess payment during 2021 amounting to 1.964 k EUR.

Assets

9 Intangible assets

The Group reports intangible assets for 1.296 k EUR on 30 June 2021 and 1.505 k EUR on 31 December 2020, a decrease of 209 k EUR. This decrease is mainly the result of the amortisation. The intangible assets primarily contain software licenses and development costs for 'smart' projects.

10 Property, plant and equipment

Property, plant and equipment amounts to 2.881 k EUR on 30 June 2021 and 3.425 k EUR on 31 December 2020. This decrease of 544 k EUR is mainly due to depreciation.

11 Right-of-use assets and lease obligations

The **right-of-use assets** amount to 35.200 k EUR on 30 June 2021 and 35.214 k EUR on 31 December 2020. This decrease of 14 k EUR is primarily due to the termination of contracts for 51 k EUR, the recognition of 5.808 k EUR of new or extended contracts and 5.772 k EUR of depreciation.

The resulting non-current **lease obligations** amount to 25.491 k EUR on 30 June 2021 and 25.570 k EUR on 31 December 2020, the current lease obligations amount to 10.444 k EUR on 30 June 2021 and 10.347 k EUR on 31 December 2020.

5.757 k EUR of additional lease liabilities were recorded, 6.297 k EUR of payments and 558 k EUR of interests were recorded.

12 Investments in joint ventures and associates

Investment in joint ventures and associates amount to 17 k EUR at 30 June 2021 and 17 k EUR at 31 December 2020.

These investments are held in Atrias cv (9 k EUR) and Synductis cv (8 k EUR).

13 Other investments

Other investments amount to 818 k EUR at 30 June 2021 and 917 k EUR at 31 December 2020, a decrease of 99 k EUR.

The other investments comprise the participations still held by the Group in the business centres situated in the distribution area of Gaselwest (business centres Kortrijk, Roeselare, Flemish Ardennes and Waregem) and Imewo (business centres Bruges, Ghent and Meetjesland). During 2021 the business centre Ostend was sold. The effect of this transaction (capital loss of 3 k euro) was recognised in the financial result.

Besides, the Group has a participation in the company Duwolim cv, which aims to reduce energy consumption at home.

14 Rights to reimbursement on post-employment employee benefits

Rights to reimbursement on post-employment employee benefits amount to 216.104 k EUR at 30 June 2021 and 288.395 k EUR at 31 December 2020, a decrease of 72.291 k EUR

This decrease is due to the decrease of the provisions for employee benefit liability by the same amount. The costs of the employee benefit liability can be reimbursed from the MEAs, shareholders of Fluvius System Operator (see note 'Employee benefit liabilities').

15 Long-term receivables and short-term-receivables, other

The **long-term receivables, other** amount to 4.697.615 k EUR at 30 June 2021 and 3.898.548 k EUR at 31 December 2020.

The long-term receivables mainly contain the receivable from the MEAs for 4.649.189 k EUR (31 December 2020: 3.849.119 k EUR) that originates from lending on funds (including costs) from the



issuance of the bonds (stand-alone, retail and EMTN) by the operating company since 2010. The loans issued by the Group are lent on to the MEAs at the same conditions as the loans obtained by Fluvius System Operator (see note 'Interest-bearing loans and borrowings').

These long-term receivables increased by 800.069 k EUR compared to 31 December 2020 as in 2021, new loans totalling 800.000 k EUR were issued and lent on to the MEAs.

In addition, the item also includes financing recharged to a subsidiary for a total amount of 42.744 k EUR at 30 June 2021 and at 31 December 2020.

The amount of **short-term receivables, other** amounts to 500.000 k EUR on 30 June 2021 and is unchanged compared to 31 December 2020. The amount includes a long-term receivable maturing in 2021 and is therefore reclassified to short-term receivables, others.

16 Trade and other receivables

The trade and other receivables amount to 400.893 k EUR on 30 June 2021 and 450.680 k EUR on 31 December 2020.

Trade receivables before impairment amount to 344.067 k EUR at 30 June 2021 and 407.799 k EUR at 31 December 2020.

The decrease in outstanding receivables is mainly due to the change in the invoicing process. The distribution grid remuneration is not invoiced by the operating company, but by the MEAs explaining the decrease of 83.837 k EUR. The decrease was compensated by an increase of costs that were passed on from the operating company to the MEAs.

The **other receivables** amount to 84.760 k EUR on 30 June 2021 and 68.738 k EUR on 31 December 2020. These receivables primarily contain accrued interest from the MEAs as a result of passing on funds raised from issuing loans, taxes and withholding tax receivable and deferred charges for healthcare costs.

17 Receivables and liabilities cash pool activities

The receivable on the MEAs amounts to 100.166 k EUR on 30 June 2021 and 561.516 k EUR on 31 December 2020. The debts on the MEAs amount to 322.076 k EUR on 30 June 2021 and 104.561 k EUR on 31 December 2020.

18 Cash and cash equivalents

Cash and cash equivalents amount to 149.330 k EUR at 30 June 2021 and 1.690 k EUR at 31 December 2020, an increase with 147.640 k EUR.

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

Liabilities

19 Equity

Total equity amounted to 1.517 k EUR on 30 June 2021 and was unchanged from 31 December 2020.

Contributions excluding capital amount to 1.284 k EUR at 30 June 2021 and 1.284 k EUR at 31 December 2020.

The total contribution outside capital is unchanged per MEA. However, as a result of the final settlement of the area exchange of the city of Deinze from Gaselwest to Imewo, an exchange of shares will take place in August 2021.

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

In addition, equity consists of **reserves, share premiums and retained earnings**. These items also remain unchanged compared to 31 December 2020.

The **Group's results** are always without profit or loss since all operating costs can be passed on, mainly to the MEAs.

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

It comprises the participation held by Fays/TMVW in De Stroomlijn cv (93 k EUR) and the participation of De Watergoep in De Stroomlijn cv (7 k EUR) taken up during 2019.

20 Interest bearing loans and borrowings, current and non-current

(In thousands of EUR)	30 June 2021	31 December 2020
Long-term loans	4.714.274	3.919.032
Current portion of long-term loans	503.414	503.293
Short-term loans	0	547.600
Short-term loans	503.414	1.050.893
Total	5.217.688	4.969.925

Long and short-term loans amount to 5.217.688 k EUR at 30 June 2021 and 4.969.925 k EUR at 31 December 2020, an increase of 247.763 k EUR.

This increase is due to the issuance of long-term loans of a total nominal value of 800.000 k EUR. This allowed to repay in full the short-term loans. The cash and cash equivalents that had not yet been allocated as at 30 June 2021 were provisionally held as cash.

The increased funding is necessary, among other things, to allow the roll-out of digital meters, which contribute to a high level of investment.

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	4.969.925		4.459.094	
Movements on non-current loans (LT)				
Proceeds of non-current loans	795.676	0	598.608	0
Change in non-current loans	0	1.316	0	2.573
Transfer of short-term portion of LT loan to ST	0	-1.750	0	-503.257
Movements on current loans (ST)				
Proceeds of current loans	0	0	547.600	0
Transfer of short-term portion from LT loan to ST	0	1.750	0	503.257
Change in current loans	0	121	0	50
Repayment of short-term portion of long-term loan	-1.750	0	-173.500	0
Repayment current loans	-547.600	0	-464.500	0
Total movements	246.326	1.437	508.208	2.623
Total at end of reporting period	5.217.688		4.969.925	

Long-term loans

This item contains private placements and bond loans issued since 2010 as well as the bank loans. The increase of 795.242 k EUR compared to 31 December 2020 is due to the issuance of various new loans for a total of 795.676 k EUR, the recording of the repayment of the short-term portion of a bank loan for an amount of 1.750 k EUR and the disagio which is spread over the term of the bond loans amounting to 1.316 k EUR.

During the first six months of 2021 and during 2020, additional loans were taken up:

(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	199.809	0	200.000	0,14	2028
Total 30 June 2021	795.718		800.000		
Bond issue - EMTN*	598.689	598.619	600.000	0,25	2030
Total 31 December 2020	598.689	598.619	600.000		

*EMTN = Euro Medium Term Note-programme

In the first half of 2021, a private placement and an institutional bond were issued under the EMTN programme of Fluvius for the amount of 100.000 k EUR and 500.000 k EUR respectively. Two tranches of a European Investment Bank loan for the aggregated amount of 200.000 k EUR were taken up.

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 issue 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 contributions excluding capital of its former working company. The portion in the contribution excluding capital 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 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 of the operating company.

The bonds **are listed** on the regulated market of the Luxembourg Stock Exchange and the issues have been listed on the Euronext and Euronext Growth Brussels markets since November 2012.

All outstanding bond loans are denominated in EUR and have a fixed interest rate.

All funds from the bond loans, except for 50.000 k EUR, have been **fully lent on to the MEAs** at the same conditions as the bond loans. The resulting receivables for the Group are included in notes 'Short-term receivables, other' and 'Long-term receivables, other'.

One bank loan (with derivative structure) was not lent on.

The capital of the debenture and the green loan is repayable at maturity.

The bank loan (with derivative structure) has monthly due dates, and its variable interest rate has been converted into a fixed interest rate via an **Interest Rate Swap**. This derivative has been included in a separate section on the statement of financial position and is expressed at its fair value amounting to 4.987 k EUR on 30 June 2020 (6.000 k EUR on 31 December 2020).

Loans, current

Current loans include the portion of the non-current loans that will expire and are repayable within the year (499.914 k EUR of a bond loan and 3.500 k EUR of a bank loan; 499.793 k EUR of a bond loan and 3.500 k EUR of a bank loan at the end of 2020), and loans withdrawn with financial institutions (0 k EUR; 547.600 k euro 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
Total on 30 June 2021		925.000	0	925.000	
Commercial paper	(1)	500.000	500.000	0	-0,01%
Fixed advances	NA	200.000	0	200.000	NA
Fixed loans/Bank overdraft	Daily	200.000	47.600	152.400	0,40%
Fixed loans	NA	25.000	0	25.000	NA
Total on 31 December 2019		925.000	547.600	377.400	

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

(1) Due dates between 22 January 2021 and 12 February 2021

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

21 Employee benefit liabilities

The Group's provisions for employee benefits are recalculated 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 the defined benefit and defined contribution obligations as well as the other long-term obligations.

The employee benefit liabilities amount to 216.104 k EUR on 30 June 2021 and 288.395 k EUR on 31 December 2020 with processing as employee benefit liabilities (214.907 k EUR; 286.959 k EUR

on 31 December 2020) and as provisions, other (1.197 k EUR; 1.436 k EUR on 31 December 2020).

The total decrease of 72.291 k EUR is mainly the result of the adjustments to the assumptions, the increasing discount rate and the return on plan assets. That decrease was recognised as a cost in the statement of profit or loss for a total of 2.598 k EUR and via other comprehensive income (profit) for 74.650 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

22 Trade payables and other current liabilities

Trade payables and other current liabilities amount to 426.224 k EUR at 30 June 2021 and 430.585 k EUR at 31 December 2020, a decrease of 4.361 k EUR.

This item contains, on the one hand, trade payables for 257.899 k EUR on 30 June 2021 (285.306 k EUR on 31 December 2020) and, on the other hand, other payables for 168.325 k EUR on 30 June 2021 (145.280 k EUR on 31 December 2020).

The decrease in trade payables is mainly due to the decrease in debts to suppliers (-40.069 k EUR), compensated by the increase in invoices to be received (+24.768 k EUR).

The other payables consist primarily of interest payable on bond loans for 64.646 k EUR (31 December 2020: 36.713 k EUR) and liabilities for related personnel expenses amounting to 81.774 k EUR (82.003 k EUR on 31 December 2020).

Financial instruments

23 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.

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: valuation is based on quoted (unadjusted) prices in an active market for identical assets or liabilities

Level 2: other techniques for which all input with a significant impact on the recorded fair value can be observed either directly or indirectly

Level 3: techniques that use input with a significant impact on the recorded fair value that is not based on observable market data

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 and not refunded bonds, issued for a total amount of 4.460.500 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 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).



At 30 June 2021, the fair values are as follows:

(In thousands of EUR)	Fair value Level 1	Fair value Level 2	Fair value Level 3	Book value
Other investments	0	0	818	818
Cash and cash equivalents	149.330	0	0	149.330
Total receivables	400.893	0	0	400.893
Receivables cash pool activities	100.166	0	0	100.166
Total	650.389	0	818	651.207
Loans on long-term	5.046.878	0	0	4.714.274
Loans on short-term	511.929	0	0	503.414
Lease liabilities	35.935	0	0	35.935
Derivative financial instruments	0	4.987	0	4.987
Total current liabilities, other	426.964	0	0	426.964
Liabilities cash pool activities	322.076	0	0	322.076
Total	6.343.782	4.987	0	6.007.650

At 31 December 2020, the fair values are as follows:

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

Other information

24 Related parties

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

25 Commitments and 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.

26 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.

Statutory auditor's report of Fluvius System Operator 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 System Operator 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.

Ghent, 27 September 2021

EY Bedrijfsrevisoren BV
Statutory auditor
represented by



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

22MVD0041