



# **FLUVIUS ECONOMIC GROUP**

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

**30 June 2022**

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# Interim Financial Statements

## Consolidated statement of profit or loss

(In thousands of EUR)	Notes	30 June 2022	30 June 2021
<b>Operating revenue</b>	<b>4</b>	<b>1.664.925</b>	<b>1.826.248</b>
Revenue from contracts with customers		1.256.128	1.492.373
Other operating income		82.859	76.469
Own construction, capitalized		325.938	257.406
<b>Operating expenses</b>		<b>-1.416.906</b>	<b>-1.602.278</b>
Cost of trade goods	5	-550.845	-733.605
Cost for services and other consumables	6	-277.046	-230.701
Employee benefit expenses	7	-302.454	-295.393
Depreciation, amortization, impairments and changes in provisions	8	-267.702	-251.438
Other operational expenses		-57.440	-41.816
Regulated transfers	9, 34	38.581	-49.325
<b>Result from operations</b>		<b>248.019</b>	<b>223.970</b>
Finance income	10	51.629	28.244
Finance costs	11	-69.754	-82.016
<b>Profit before tax</b>		<b>229.894</b>	<b>170.198</b>
Income tax expenses	12	-63.346	-51.074
<b>Profit for the period</b>		<b>166.548</b>	<b>119.124</b>

## Consolidated statement of comprehensive income

(In thousands of EUR)	Notes	30 June 2022	30 June 2021
<b>Profit for the period</b>		<b>166.548</b>	<b>119.124</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	24	277.321	302.501
Actuarial gains (losses) on rights to reimbursement on post-employment employee benefits	24	-185.069	-214.478
Fair value other investments	17	315.169	-44.691
Deferred tax gains (losses)	12	-18.033	-17.011
<b>Net other comprehensive income not being reclassified to profit or loss in subsequent periods</b>		<b>389.388</b>	<b>26.321</b>
<b>Total comprehensive income for the period</b>		<b>555.936</b>	<b>145.445</b>



## Consolidated statement of financial position

(In thousands of EUR)	Notes	30 June 2022	31 December 2021
<b>Non-current assets</b>		<b>15.682.981</b>	<b>15.370.673</b>
Intangible assets	13	122.016	120.327
Property, plant and equipment	14	12.231.426	12.035.709
Right-of-use assets	15	30.574	38.633
Investment in joint ventures and associates	16	2.017	2.017
Other investments	17, 30	2.736.870	2.413.967
Rights to reimbursement on post-employment employee benefits	24	25.798	208.061
Long-term receivables, other	18, 30	534.280	551.959
<b>Current assets</b>		<b>1.397.164</b>	<b>1.328.507</b>
Inventories	19	154.875	141.116
Trade and other receivables	20, 30	1.141.710	1.086.210
Current tax assets	29, 30	5.924	11.845
Cash and cash equivalents	21, 30	94.655	89.336
<b>TOTAL ASSETS</b>		<b>17.080.145</b>	<b>16.699.180</b>
<b>EQUITY</b>	<b>22</b>	<b>7.745.713</b>	<b>7.247.361</b>
<b>Total equity attributable to owners of the parent</b>		<b>7.745.613</b>	<b>7.247.261</b>
Contributions excluding capital, other		2.749.249	2.749.249
Contributions excluding capital, issue premiums		127.411	127.411
Reserves		1.751.241	1.734.714
Other comprehensive income		1.922.531	1.533.143
Retained earnings		1.195.181	1.102.744
<b>Non-controlling interest</b>		<b>100</b>	<b>100</b>
<b>LIABILITIES</b>		<b>9.334.432</b>	<b>9.451.819</b>
<b>Non-current liabilities</b>		<b>7.156.910</b>	<b>7.330.192</b>
Interest bearing loans and borrowings	23, 30	6.081.576	5.977.365
Lease liabilities	15, 30	22.508	29.379
Employee benefit liabilities	24	274.071	559.430
Derivative financial instruments	25, 30	20.514	41.776
Provisions	26	7.537	9.240
Deferred tax liability	12	404.269	376.341
Government grants	27	346.435	336.661
<b>Current liabilities</b>		<b>2.177.522</b>	<b>2.121.627</b>
Interest bearing loans and borrowings	23, 30	1.188.414	1.218.743
Lease liabilities	15, 30	11.732	12.094
Trade payables and other current liabilities	28, 30	960.885	886.861
Current tax liabilities	29, 30	16.491	3.929
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>17.080.145</b>	<b>16.699.180</b>



## Consolidated statement of changes in equity

(In thousands of EUR)	Contributions excluding capital	Reserves	Other comprehensive income	Retained earnings	Total equity attributable to equity holders	Non-controlling interest	Total
<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>
Incorporation ex-Infrac MEAs in the consolidation	-528	0	0	0	<b>-528</b>	0	<b>-528</b>
Change in consolidation scope	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>
<b>Balance at 1 January 2022</b>	<b>2.876.660</b>	<b>1.734.714</b>	<b>1.533.143</b>	<b>1.102.744</b>	<b>7.247.261</b>	<b>100</b>	<b>7.247.361</b>
Total comprehensive income for the period	0	0	389.388	166.548	<b>555.936</b>	0	<b>555.936</b>
Repayment of equity	0	0	0	0	<b>0</b>	0	<b>0</b>
Proceeds from contribution excluding capital	0	0	0	0	<b>0</b>	0	<b>0</b>
Addition/decrease reserves	0	16.527	0	-16.527	<b>0</b>	0	<b>0</b>
Dividends paid	0	0	0	-57.584	<b>-57.584</b>	0	<b>-57.584</b>
<b>Balance at 30 June 2022</b>	<b>2.876.660</b>	<b>1.751.241</b>	<b>1.922.531</b>	<b>1.195.181</b>	<b>7.745.613</b>	<b>100</b>	<b>7.745.713</b>

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

## Consolidated statement of cash flows

(In thousands of EUR)	Notes	30 June 2022	30 June 2021
Profit for the period		166.548	119.124
Amortization of intangible assets	8	20.752	19.331
Depreciation on property, plant and equipment and right-of-use assets	8	245.990	230.372
Change in provisions (Reversal -; Recognition +)	8	-1.703	-1.047
Impairment current assets (Reversal -; Recognition +)		2.663	2.782
Gains or losses on realization receivables		7.133	4.141
Net finance costs		42.776	61.866
Change in fair value of derivative financial instruments	25	-21.262	-5.336
Gains or losses on sale of property, plant and equipment		46.411	35.297
Movement in government grants	27	-3.389	-2.758
Income tax expense	12	63.346	51.074
Change in inventories		-13.759	-21.791
Change in trade and other receivables		-51.154	-194.216
Change in trade payables and other current liabilities		43.565	117.483
Change in employee benefits		-10.844	-5.263
Interest paid		-40.256	-41.824
Interest received		17.318	20.165
Financial discount on debts		92	121
Income tax paid (received)	12	-34.967	-52.067
<b>Net cash flow from operating activities</b>		<b>479.260</b>	<b>337.454</b>
Proceeds from sale of property, plant and equipment		1.402	1.357
Purchase of intangible assets	13	-22.441	-28.093
Purchase of property, plant and equipment	14	-480.896	-401.511
Proceeds from sale of companies and other investments		5	100
Net investments in long-term receivables		-7	-35
Receipt of a government grant	27	13.162	20.811
<b>Net cash flow used in investing activities</b>		<b>-488.775</b>	<b>-407.371</b>



(In thousands of EUR)	Notes	30 June 2022	30 June 2021
Proceeds from contributions excluding capital		0	21.794
Repayment of contributions excluding capital		0	-528
Repayment of borrowings	23	-41.411	-40.054
Proceeds from borrowings	23	149.850	235.218
Proceeds from bonds/borrowings	23	0	595.876
Payment of finance lease liabilities	15	-8.841	-7.389
Change in current financial liabilities	23	-34.228	-547.600
Provide long-term loans		0	-1.789
Repayment long-term loans		3.714	3.273
Dividends paid	22	-54.250	-26.990
<b>Net cash flow from/used in financing activities</b>		<b>14.834</b>	<b>231.811</b>
<b>Net increase/decrease in cash</b>	<b>21</b>	<b>5.319</b>	<b>161.894</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>21</b>	<b>89.336</b>	<b>31.328</b>
<b>Cash and cash equivalents at the end of period</b>	<b>21</b>	<b>94.655</b>	<b>193.222</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 cv with its subsidiaries, joint ventures and associates. In addition, the accounts of the company Fluvius OV (VAT BE0201.311.226) 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. 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.

Fluvius has chosen to obtain **a rating** from the rating agencies 'Moody's Deutschland GmbH' (Moody's) and 'Creditreform Rating AG' (Creditreform). On 29 October 2021, the rating agency Moody's confirmed the A3 rating for Fluvius but changed the rating outlook from negative to stable. Since 27 October 2020, the rating at Creditreform is A+ with a negative outlook. On 16 August 2022, the rating was downgraded to A stable outlook.

On 26 June 2020, Fluvius and **Telenet** announced to start negotiations on the realisation of a fast data network of the future in Flanders. On 27 October 2021, a non-binding letter of intent was signed for the evolution of the hybrid fibre-coax (HFC) network infrastructure. At the end of June 2022, the complex negotiations between Fluvius and Telenet were still ongoing (see note 'Events after reporting date').

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.

The armed **conflict in Ukraine** has no direct impact on the Group but the Group is experiencing the economic consequences such as higher inflation, more expensive raw materials and an adjusted energy strategy.



Further information can be found on the **website** and in the note 'Use of estimates and assumptions'.

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

The Economic Group employed an average of 5.680 people during 2021.

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 2022 have been established by the Management Committee on 1 September 2022 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 2022 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 2021.

### 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 2021 except for the new standards or interpretations in force since 1 January 2022.

The new standards and interpretations that are applicable from 1 January 2022 do **not affect** the condensed consolidated interim financial statements of the Group. They were the following:

- 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

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 material impact are disclosed below. The Group intends to adopt these standards and interpretations, if applicable, when they become effective.

- Amendments to IFRS 17 *Insurance Contracts*, effective 1 January 2023\*
- Amendments to IAS 1 *Presentation of Financial Statements* – Classification of Liabilities as Current or Non-current, 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 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 - *Making Materiality Judgements* - Disclosure of Accounting Policies, 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\*

\* Not yet endorsed by the EU

### 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 and management judgments and changes may have a material impact on the consolidated financial statements.

In preparing these condensed consolidated interim financial statements, management considered the effects of COVID-19, the conflict in Ukraine and the current economic environment.

#### COVID-19

Covid-19 or coronavirus is an infectious disease that was first noticed in China and spread to all parts of the world. In 2020, this led to the corona pandemic.

Companies were required to take several measures which had an impact on the global economy. As a result of these market conditions, significant accounting judgments and estimates were reviewed to determine if changes were necessary. These management judgments and estimates remain subject to an increased degree of uncertainty.

During the first six months of **2021**, the Group's activities showed no delays as measures taken by governments - including vaccination - helped to bring COVID-19 under control. The revival of financial markets positively influenced the valuation of investments in listed assets and pension fund assets.

The arrival of new corona variants - mainly in the second half of 2021 - due to the global problems they caused in the production chain and the transport of goods, also increased inflation. The commodities and transportation sector were already struggling anyway due to increasing demand. Fluvius also noticed these logistical bottlenecks for certain materials and therefore closely monitors these developments to ensure the right logistical decisions can be taken in time.

The increasing demand for energy, the growth of the economy, geopolitical factors and the limited global supply of oil and natural gas have led to a worldwide energy crisis. This growing energy shortage is driving up the prices of electricity and natural gas - especially in the last quarter of 2021. This crisis has serious economic and financial consequences for end users but also for energy suppliers.

During the first six months of **2022**, the corona virus evolved favourably and the specific measures for the corona pandemic became unnecessary. However, the company continues to apply the positive elements of the corona crisis - combination of home and office work.

#### Conflict in Ukraine

The Group has no operations in Ukraine or Russia, so there are no direct financial consequences. However, all companies and individuals are experiencing the economic consequences of increasing volatility in the financial and energy markets. This is reflected in rising inflation and interest rates, and in sharp price increases for electricity and especially gas.

For Fluvius, the aforementioned developments mean, among other things:

- ✓ that (re)financing for the (entities of the) Fluvius Economic Group has become more expensive than was the case in the recent past when interest rates were at very low levels;
- ✓ that the fair value of the pension funds has declined sharply compared to the year-end 2021, but that the value of the pension liabilities has fallen sharply due to the rising discount rate;
- ✓ that in these circumstances, certain energy suppliers will end up in financial difficulties, as a result of which they will be denied access to the distribution network or go bankrupt and Fluvius will have to act as an emergency supplier for the end customers concerned but also has to take the provisions for these defaults.

Within Europe there is also concern about energy supplies from Russia (mainly gas) and a desire to be less dependent on these supplies. As a result, there is an even greater focus on the energy transition.

### **Energy transition and climate targets**

During the international climate summit (late 2019), a "European Green Deal plan" was developed by the European Commission. This plan has the ambition to make Europe climate-neutral by 2050. This plan therefore constitutes 'the' great challenge of the future.

In order to meet these ambitious targets, Europe wants to take the following steps: developing a climate law, adjusting the climate target to at least 50% less carbon dioxide emissions by 2030, revising the climate directives and energy tax, developing a circular economy and introducing a carbon tax. To realize these plans, the necessary funding will be required.

In Belgium, the federal decision was reached to limit the tax deductibility of company cars to electric cars as from 2026. In Flanders, two policy frameworks have been developed to achieve the climate objectives: the Climate Strategy 2050 with a vision to evolve towards a climate-neutral society and the Flemish Energy and Climate Plan as it was developed by the Flemish Government at the end of 2021 with concrete sectoral measures (related to mobility, heating, industry, etc.) to reduce greenhouse gases by 2030. The Flemish government is focusing mainly on electrification.

In this context, Fluvius has evaluated its activities and developed an investment plan for the electricity grid based on the societal context outlined above. The additional investments are estimated at four billion EUR for the period 2023-2032 on top of the planned investments that would be necessary without the energy transition. Following a public consultation, the Flemish energy regulator VREG must decide in the autumn of 2022 whether Fluvius's investment plan will be approved. It will then be examined how the required funds will be released in the coming years.

As far as gas distribution is concerned, the distribution network will hardly expand and customers will eventually have to switch to alternatives (green gas - biomethane, green hydrogen - and power-to-gas). Investments in gas will therefore be limited to almost half by 2032, to EUR 88 million.

## 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. 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 (ESCO), the activity for district heating (within the authorized legal framework) and other activities (the so-called spin-ins are projects in Consulting, Third Party Networks, Public Lighting, Telecom and Vertical Infrastructure) but since the acquisition of ex-Infrac also the water and sewage activities.

Each of the MEAs operates in a separate territory 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 2022 and at 30 June 2021 the following financial segmented information on the basis of the Belgian GAAP.

All of the Group's transactions take place in Flanders, Belgium.

Statement of profit or loss at 30 June 2022

(In thousands of EUR) - Belgian GAAP	Electricity	Gas	Other	Fluvius SO consolidated	Aggregated total
Turnover	953.928	287.920	130.864	956.587	2.329.299
Other income	39.405	16.634	29.252	109.866	195.157
Operating costs	-846.818	-206.674	-181.264	-1.060.513	-2.295.269
<b>Operating profit (loss)</b>	<b>146.515</b>	<b>97.880</b>	<b>-21.148</b>	<b>5.940</b>	<b>229.187</b>
Financial income	1.138	506	20.000	50.512	72.156
Financial costs	-44.243	-20.739	-3.981	-53.078	-122.041
<b>Profit (loss) of the period before taxes</b>	<b>103.410</b>	<b>77.647</b>	<b>-5.129</b>	<b>3.374</b>	<b>179.302</b>
Transfer from/transfer to deferred taxes	15	1	321	0	337
Transfer from/transfer to untaxed reserves	45	1	1	0	47
Income taxes	-30.244	-22.052	2.220	-3.374	-53.450
<b>Profit for the period</b>	<b>73.226</b>	<b>55.597</b>	<b>-2.587</b>	<b>0</b>	<b>126.236</b>

For the electricity segment, there are two customers to whom in total 60 % was invoiced; for the segment gas, there are also two customers to whom in total 73 % was billed.

Statement of financial position at 30 June 2022

(In thousands of EUR) - Belgian GAAP	Electricity	Gas	Other	Fluvius SO consolidated	Aggregated total
Tangible and intangible fixed assets	6.606.272	3.792.553	1.965.000	2.906	12.366.731
Financial fixed assets	1.224	494	439.989	1.588	443.295
<b>FIXED ASSETS</b>	<b>6.607.496</b>	<b>3.793.047</b>	<b>2.404.989</b>	<b>4.494</b>	<b>12.810.026</b>
Amounts receivable after more than one year	54.188	28.366	361.218	4.943.250	5.387.022
Stocks and contracts in progress	0	0	36.384	154.875	191.259
Amounts receivable within one year	648.225	84.859	176.813	1.126.754	2.036.651
Cash at bank and in hand	914	6	14.714	96.947	112.581
Deferred charges and accrued income	403.790	130.616	8.108	184.976	727.490
<b>CURRENT ASSETS</b>	<b>1.107.117</b>	<b>243.847</b>	<b>597.237</b>	<b>6.506.802</b>	<b>8.455.003</b>
<b>Total Assets</b>	<b>7.714.613</b>	<b>4.036.894</b>	<b>3.002.226</b>	<b>6.511.296</b>	<b>21.265.029</b>
Contribution excluding capital, other	945.108	622.714	1.205.985	1.284	2.775.091
Contribution excluding capital, share premium	109.127	0	18.298	127	127.552
Revaluation surplus	753.424	361.588	29.902	0	1.144.914
Reserves	854.554	445.986	469.461	86	1.770.087
Retained earnings and result of the period	117.959	105.302	33.323	20	256.604
Government grants	131	64	306.831	0	307.026
<b>EQUITY</b>	<b>2.780.303</b>	<b>1.535.654</b>	<b>2.063.800</b>	<b>1.517</b>	<b>6.381.274</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>5.398</b>	<b>10.233</b>	<b>61.734</b>	<b>119.021</b>	<b>196.386</b>
Amounts payable after more than one year	3.258.890	2.139.691	710.191	4.959.626	11.068.398
Amounts payable within one year	1.352.200	282.069	155.927	1.349.678	3.139.874
Accrued charges and deferred income	317.822	69.247	10.574	81.354	478.997
<b>AMOUNTS PAYABLE</b>	<b>4.928.912</b>	<b>2.491.007</b>	<b>876.692</b>	<b>6.390.658</b>	<b>14.687.269</b>
<b>Total Liabilities</b>	<b>7.714.613</b>	<b>4.036.894</b>	<b>3.002.226</b>	<b>6.511.296</b>	<b>21.265.029</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	2.329.299	1.256.128	-1.073.171
Profit (loss) of the period before taxes	179.302	229.894	50.592
Total Assets	21.265.029	17.080.145	-4.184.884
Total Liabilities	21.265.029	17.080.145	-4.184.884
Equity	6.381.274	7.745.713	1.364.439

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
- Leases are recognized as an asset and a liability
- 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.

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 at 30 June 2021

(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>

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.



Statement of financial position at 31 December 2021

(In thousands of EUR) - Belgian GAAP	Electricity	Gas	Other	Fluvius SO consolidated	Aggregated total
Tangible and intangible fixed assets	6.468.203	3.774.391	1.940.994	3.461	12.187.049
Financial fixed assets	1.224	494	440.211	1.581	443.510
<b>FIXED ASSETS</b>	<b>6.469.427</b>	<b>3.774.885</b>	<b>2.381.205</b>	<b>5.042</b>	<b>12.630.559</b>
Amounts receivable after more than one year	54.188	28.366	360.405	4.791.858	5.234.817
Stocks and contracts in progress	0	0	48.637	141.116	189.753
Amounts receivable within one year	843.937	108.469	158.128	1.218.287	2.328.821
Cash at bank and in hand	1.049	6	40.047	65.916	107.018
Deferred charges and accrued income	205.330	85.094	2.985	236.497	529.906
<b>CURRENT ASSETS</b>	<b>1.104.504</b>	<b>221.935</b>	<b>610.202</b>	<b>6.453.674</b>	<b>8.390.315</b>
<b>Total Assets</b>	<b>7.573.931</b>	<b>3.996.820</b>	<b>2.991.407</b>	<b>6.458.716</b>	<b>21.020.874</b>
Contribution excluding capital, other	945.107	622.715	1.205.984	1.284	2.775.090
Contribution excluding capital, share premium	109.127	0	18.298	127	127.552
Revaluation surplus	764.310	366.908	30.280	0	1.161.498
Reserves	843.713	440.666	469.084	86	1.753.549
Retained earnings and result of the period	44.733	49.705	35.911	20	130.369
Government grants	135	69	299.290	0	299.494
<b>EQUITY</b>	<b>2.707.125</b>	<b>1.480.063</b>	<b>2.058.847</b>	<b>1.517</b>	<b>6.247.552</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>5.707</b>	<b>10.646</b>	<b>59.496</b>	<b>196.584</b>	<b>272.433</b>
Amounts payable after more than one year	3.125.581	2.149.002	726.526	4.810.494	10.811.603
Amounts payable within one year	1.475.670	297.948	140.324	1.401.807	3.315.749
Accrued charges and deferred income	259.848	59.161	6.214	48.214	373.437
<b>AMOUNTS PAYABLE</b>	<b>4.861.099</b>	<b>2.506.111</b>	<b>873.064</b>	<b>6.260.515</b>	<b>14.500.789</b>
<b>Total Liabilities</b>	<b>7.573.931</b>	<b>3.996.820</b>	<b>2.991.407</b>	<b>6.458.716</b>	<b>21.020.874</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	21.020.874	16.699.180	-4.321.694
Total Liabilities	21.020.874	16.699.180	-4.321.694
Equity	6.247.552	7.247.361	999.809

## Performance of the period

### 4 Operating revenue

(In thousands of EUR)	30 June 2022	30 June 2021
Distribution and transport grid revenue	1.140.286	1.411.104
Sale of energy	61.271	21.662
Construction works for third parties	14.411	19.864
Other sales	40.160	39.743
<b>Total revenue from contracts with customers</b>	<b>1.256.128</b>	<b>1.492.373</b>
Recuperations	55.149	59.505
Other	27.710	16.964
<b>Other operating income</b>	<b>82.859</b>	<b>76.469</b>
<b>Own construction, capitalized</b>	<b>325.938</b>	<b>257.406</b>
<b>Total operating revenue</b>	<b>1.664.925</b>	<b>1.826.248</b>

#### Revenue from contracts with customers

Revenue from contracts with customers amounts to 1.256.128 k EUR at 30 June 2022 and to 1.492.373 k EUR at 30 June 2021, which equals a decrease of 236.245 k EUR.

The distribution and transport grid revenue amounts to 1.411.104 k EUR at 30 June 2021 and 1.140.286 k EUR at 30 June 2022, a decrease of 270.818 k EUR.

On December 22, 2021, VREG announced the distribution network tariffs for 2022. These tariffs for electricity and gas, which determine the allowed income of the DSOs, are down compared with 2021 (see explanatory note "Operating in a regulated environment"). This decrease was also possible due to government decisions concerning the sale of green energy certificates, abbreviated GEC (58,3 million EUR), the charging of public service obligations and the conversion of federal surcharges into special excise duties (189 million EUR) (See note 'Cost of trade goods').

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 revenues from contracts with customers include sales of energy to dropped customers, invoicing of construction works for third parties and sales related to sewerage and other activities. Energy sales amounted to 61.271 k EUR at 30 June 2022 and 21.662 k EUR at 30 June 2021, an increase of 39.609 k EUR mainly due to the increase in energy prices.

#### Other operating income

Other operating income amounted to 82.859 k EUR at 30 June 2022 and 76.469 k EUR at 30 June 2021. This item includes various recoveries related to connections, claims, personnel costs, etc.

#### Own construction capitalized

The own construction capitalized increases from 257.406 k EUR at 30 June 2021 to 325.938 k EUR at 30 June 2022 or 68.532 k EUR.

All costs relating to distribution activities have been registered as operational costs. Periodically, a settlement has been recorded and certain costs related to investments have been activated through the item 'Own construction, capitalized'. As a result of increasing investments, this item is increasing (see note 'Property, plant and equipment'). This item also contains the contributions received from customers (74.015 k EUR at 30 June 2022 and 76.410 k EUR at 30 June 2021) which are also deducted as own construction, capitalized (-74.015 k EUR at 30 June 2022; -76.410 k EUR at 30 June 2021).

## 5 Cost of trade goods

The cost of trade goods amounts to 550.845 k EUR at 30 June 2022 and 733.605 k EUR at 30 June 2021, a decrease of 182.759 k EUR.

The decrease is due to the lower costs for the transmission grid fee (of electricity to Elia) from 391.092 k EUR at 30 June 2021 to 201.823 k EUR at 30 June 2022 or 189.269 k EUR and the decrease in costs of purchasing the green power certificates (GPC) and cogeneration certificates (CGC) from 223.641 k EUR at 30 June 2021 to 167.893 k EUR at 30 June 2022 or 55.748 k EUR. The cabinet of the federal minister responsible for energy communicated in the letter of 7 December 2021 the decision in principle to reform, among others, the federal public service obligations to the special excise tax. As a result, as of 1 January 2022, the transmission system operator Elia Transmission Belgium will no longer pass on any federal public service obligations to the distribution system operators (which will therefore no longer be passed on in cascade - see note 'Operating income').

The Flemish Government decided to reduce the cost of the public service obligation in the electricity bill for end customers by 147 million EUR in 2022 by buying up green power certificates and taking them out of the market (Energy Decree 6.4.14/2 §2). This reduces the cost at the distribution system operators and the recharge to the end customers. On 30 June 2022, half of this was processed and as a result, the costs decrease by this amount (see note 'Trade and other receivables').

The decrease in the above-mentioned costs is offset by the increase in the costs of purchasing energy for electricity and gas for social and 'dropped' customers, the costs of purchasing commodities and the costs of grid losses.

## 6 Cost for services and other consumables

Cost for services and other consumables amounts to 277.046 k EUR at 30 June 2022 and 230.701 k EUR at 30 June 2021, an increase of 46.345 k EUR.

Subsidy for rational use of energy (RUE) amounts to 56.298 k EUR at 30 June 2022 and 29.428 k EUR at 30 June 2021, an increase of 26.870 k EUR.

All other costs under this heading increased but especially contract and management costs (13.738 k EUR).

## 7 Employee benefit expenses

Employee benefit expenses amount to 302.454 k EUR at 30 June 2022 and 295.393 k EUR at 30 June 2021, an increase of 7.061 k EUR.

This increase is mainly the result of the increase of the item 'Remunerations' with 13.945 k EUR following the increase in the wage index (7,85% - as a result of the energy crisis) and social security contribution with 3.116 k EUR, compensated by mainly the 'Contributions to defined benefit plans and other insurances' that decrease from 25.697 k EUR at 30 June 2021 to 16.603 k EUR at 30 June 2022.

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 266.742 k EUR at 30 June 2022 and 249.703 k EUR at 30 June 2021, an increase of 17.039 k EUR.

The impairment on trade receivables at 30 June 2022 amounts to 2.663 k EUR (30 June 2021: 2.782 k EUR) (see note 'Trade and other receivables').

The changes in provisions to 30 June 2022 relate to a write-back of -1.703 k EUR (30 June 2021: write-back of -1.047 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 38.581 k EUR was recognised as income in the period up to 30 June 2022 (in the period up to 30 June 2021: -49.325 k EUR as expense). The detail of these movements is included in the note 'Working in a regulated environment'.

## **10 Financial income**

Finance income amounts to 51.629 k EUR at 30 June 2022 and 28.244 k EUR at 30 June 2021, an increase of 23.385 k EUR.

At 30 June 2021, an amount of 7.762 k EUR was recognized as a result of the positive fair value adjustment of the derivative financial instruments and at 30 June 2022 an amount of 22.915 k EUR (see note 'Derivative financial instruments').

The other financial income amounts to 28.712 k EUR at 30 June 2022 and 20.480 k EUR at 30 June 2021. 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 (7.739 k EUR; 30 June 2021: 107 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 69.754 k EUR at 30 June 2022 and 82.016 k EUR at 30 June 2021, a decrease of 12.262 k EUR.

The interest expense on the long-term financing amounts to 63.469 k EUR (30 June 2021: 74.226 k EUR).

Other financial charges amounted to 5.940 k EUR at 30 June 2022 and 7.055 k EUR at 30 June 2021. They primarily include the interest expense recognized on employee benefit obligations (3.770 k EUR at 30 June 2022; 30 June 2021: 1.796 k EUR), capital losses such as the expression at fair value of the other investments (0 k EUR; 30 June 2021: 3.401 k EUR) as well as the cost of debt and miscellaneous bank charges.

## **12 Tax expenses**

The tax expenses amount to 63.346 k EUR at 30 June 2022 and 51.074 k EUR at 30 June 2021, an increase of 12.272 k EUR.

These tax expenses at 30 June 2022 comprise the current income tax expenses amounting to 53.450 k EUR (45.470 k EUR at 30 June 2021) and the deferred taxes of 9.896 k EUR (5.604 k

EUR at 30 June 2021). Via equity, a tax expense of 18.033 k EUR was recorded at 30 June 2022 (30 June 2021: 17.011 k EUR).

### **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 53.450 k EUR for the period up to 30 June 2022 (45.470 k EUR at 30 June 2021 of which a part was already prepaid (38.911k EUR, 30 June 2021: 43.655 k EUR) and the remainder of estimated taxes on the result of the year (13.905 k EUR; 30 June 2021: 1.565 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).

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.

A new ruling was obtained for Riobra confirming it continued to remain subject to the legal entity tax (i.e. this company is not subject to corporate income tax) up to the accounting year 2024 and the VAT treatment of the municipal and supra-municipal sanitation contribution was ratified until January 1, 2025.

In the context of the Fluvius Public Lighting offer, a ruling was also obtained in order to obtain legal certainty in advance that the costs (investments, (non-regulated) maintenance, energy consumption, etc.) and depreciation (and valuation rules) borne by the electricity distribution system operator concerned and associated with this offer are considered tax deductible costs for corporate income tax purposes and that the resources used in this context do not involve any abnormal or benevolent benefits. This decision will be applicable up to and including fiscal year 2030.

Additional rulings are also initiated for telecommuting by employees, premiums for hot drinks, bicycle lease/bike policy, and others.

### **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.

The main temporary differences relate to the revaluation of property, plant and equipment, the provisions for pensions and other post-employment benefits as well as for recorded future revenue and receivables. A deferred tax liability of 453.845 k EUR (467.244 k EUR at 30 June 2021) 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 83.301 K EUR (119.517 k EUR at 30 June 2021). A deferred tax liability of 30.524 k EUR (27.865 k EUR at 30 June 2021) was recognized for the recognized revenues and receivables as the revenues will become taxable in the future under Belgian tax law.

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 2022	31 December 2021
Property, plant & equipment	-453.845	-460.548
Derivative financial instruments	3.864	10.310
Employee benefit liabilities	83.301	111.345
Provisions	-6.530	-6.578
Receivables	-30.524	-30.780
Other	-535	-90
<b>Net deferred tax asset/(liability)</b>	<b>-404.269</b>	<b>-376.341</b>

The movements in the profit or loss account and the equity for the period up to 30 June 2022 are as follows:

(In thousands of EUR)	Movements via P&L	Movements via OCI*
Property, plant & equipment	1.673	5.030
Derivative financial instruments	-6.446	0
Employee benefit liabilities	-4.981	-23.063
Provisions, rehabilitation gas sites	48	0
Provisions, other	256	0
Impairment on trade receivables	-445	0
<b>Deferred tax benefit/(expense)</b>	<b>-9.895</b>	<b>-18.033</b>
<b>Net movement during the year</b>	<b>-27.928</b>	

\*OCI= Other comprehensive income

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

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

The net deferred tax liability is composed as follows:

(In thousands of EUR)	30 June 2022	31 December 2021
Deferred tax asset	87.165	121.655
Deferred tax liability	-491.434	-497.996
<b>Deferred tax liability, net</b>	<b>-404.269</b>	<b>-376.341</b>

The movements of the deferred tax liability are as follows:

(In thousands of EUR)	2022	2021
<b>Total as at 1 January</b>	<b>-376.341</b>	<b>-347.532</b>
Tax income/(expense) recognised in profit or loss	-9.895	-5.903
Tax income/(expense) recognised in OCI	-18.033	-22.906
<b>Total at end of reporting period</b>	<b>-404.269</b>	<b>-376.341</b>



## Assets

### 13 Intangible assets

The intangible assets amount to 122.016 k EUR at 30 June 2022 and 120.327 k EUR at 31 December 2021, an increase of 1.689 k EUR due to acquisitions and compensated for by the amortization.

During the first six months of 2022, acquisitions were recorded for an amount of 22.441 k EUR and 28.093 k EUR during the first six months of 2021.

The acquisitions during the first six months of 2022 mainly relate to the capitalized amounts with respect to Fibre-to-the-home, Smallworld GIS (graphic information system for the grid) and since the creation of the integrated company Fluvius System Operator cv also costs with respect to New Foundations (the new ERP system).

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 and ICT costs were recognised to transfer ex-Eandis and ex-Infrax systems to a single ICT 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 12.231.426 k EUR at 30 June 2022 and 12.035.709 k EUR at 31 December 2021, an increase of 195.717 k EUR.

Acquisitions during the first six months of 2022 amount to 480.896 k EUR and 401.511 k EUR during the first six months of 2021.

The acquisitions for the investments during the first six months of 2022 concern the roll-out of smart meters for electricity and gas, and the construction of the underground electricity grid.

The acquisitions for the investments during the first six months of 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 decommissioning of fixed assets for an amount of 47.631 k EUR (31 December 2021: 35.845 k EUR) (included in the item 'Other operational expenses').

The sale of land and a building, included under this heading for an amount of 684 k EUR at 30 June 2022, was approved. The closing of the sale has not yet taken place but is still expected in 2022.

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

The **right-of-use assets** amount to 30.574 k EUR at 30 June 2022 and 38.633 k EUR at 31 December 2021. This decrease of 8.059 k EUR is mainly due to of the discontinuation of existing contracts for -166 k EUR, adjustments to the duration of existing contracts for mainly buildings for -5.967 k EUR, the recognition of 6.698 k EUR of new or extended contracts and 8.624 k EUR of depreciation.

The adjustments to the duration relate to contracts of several customer offices and a major office building that could be vacated earlier as well as to company car contracts for which the number of mileage was reduced due to the positive elements from the corona crisis namely the combination of home and office working as well as further digitalization.

The resulting non-current **lease obligations** amount to 22.508 k EUR at 30 June 2022 and 29.379 k EUR at 31 December 2021, the current lease obligations amount to 11.732 k EUR at 30 June 2022 and 12.094 k EUR at 31 December 2021.

During the first six months of 2022, 565 k EUR lease obligations were recorded, 8.841 k EUR payments were recorded, 1.043 k EUR interest and 5.482 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 2022 and 2.017 k EUR at 31 December 2021. 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 2.736.870 k EUR at 30 June 2022 and 2.413.967 k EUR at 31 December 2021, an increase of 322.903 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 2.731.697 k EUR at 30 June 2022 with the recognition of the fair value through other comprehensive income for 315.169 k EUR (income) and 7.554 k EUR through financial income. At 31 December 2021, the fair value of these participations and the shares amounted to 2.408.975 k EUR with the recognition of the fair value change in other comprehensive income for 342.161 k EUR (income) and 7.514 k EUR through financial income.

In addition, the Group holds **participations in business centres and other companies** for a total fair value of 5.173 k EUR at 30 June 2022 and 4.991 k EUR at 31 December 2021.

During the first six months of 2021 the business centre Ostend was sold and during the first six months of 2022 the shares in the company M@G (Limburghal) were sold. The effect of this transaction was recognized as a financial result.

## 18 Long-term receivable, other

Long-term receivables, other amount to 534.280 k EUR at 30 June 2022 and 551.959 k EUR at 31 December 2021, a decrease of 17.679 k EUR.

These receivables mainly stem from the receivable from the telecommunication company Telenet (428.026 k EUR, 31 December 2021: 442.450 k EUR); the receivable from municipalities and other related parties.

## 19 Inventories

Inventories amount to 154.875 k EUR at 30 June 2022 and 141.116 k EUR at 31 December 2021, an increase of 13.759 k EUR. This increase is explained by the further build-up of materials for the roll-out of the digital meters and the installation of led for public lighting.

## 20 Trade and other receivables

Trade and other receivables amount to 1.141.710 k EUR at 30 June 2022 and 1.086.210 k EUR at 31 December 2021. The increase of 55.500 k EUR was due to the lower outstanding trade receivables (-262.600 k EUR) offset by the increase in other receivables (318.100 k EUR).

The decrease in **trade receivables** is due to the inclusion at 30 June 2022 of a provision for grid fee to be paid to energy suppliers for the month of June as an other receivable (176.684 k EUR) and the exceptionally high outstanding receivables as of 31 December 2021 due to invoices for December 2021 that were issued late causing the payment deadline to fall in 2022.

The trade receivables of social suppliers remain virtually unchanged.

The remaining trade receivables at 30 June 2022 include an invoice to be issued following a decision by the Flemish Government to reduce the cost in 2022 of the public service obligation of the electricity bill for the end customer by 147 million EUR through the buy-back of green energy certificates and their removal from the market (Energy Decree 6.4.14/2 §2). This reduces the cost at the distribution system operators and the recharge to the end customers. As of 30 June 2022, 58,3 million EUR has already been processed therefore reducing the costs by this amount.

As a result of the energy crisis since 2021 (see note 'Use of estimates and judgements'), a write-down was recognised for energy suppliers that went bankrupt or experienced payment difficulties (30 June 2022: 9.204 k EUR; 31 December 2021: 9.267 k EUR) and an additional provision was

also recorded in accordance with the principles of IFRS 9 "Financial Instruments" - expected credit losses.

The write-down recognised on trade receivables amounts at 30 June 2022 to -158.102 k EUR and -155.439 k EUR at 31 December 2021, an increase of 2.663 k EUR.

The **other receivables** include the green energy certificates and cogeneration certificates (GEC and CGC) for an amount of 299.566 k EUR at 30 June 2022 (202.528 k EUR at 31 December 2021), an increase of 97.038 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 2022, 820.000 GEC and 287.800 CGC were sold for a total selling price of 83.663 k EUR. The GEC were sold at an average price of 93,35 EUR and the CGC at an average price of 24,72 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.

## **21 Cash and cash equivalents**

Cash and cash equivalents amount to 94.655 k EUR at 30 June 2022 and 89.336 k EUR at 31 December 2021, an increase of 5.319 k EUR.

As a result of borrowings during the first half of 2022, the excess funds were temporarily held as cash.

## Liabilities

### 22 Total equity

**Equity** amounts to 7.745.713 k EUR on 30 June 2022 and 7.247.361 k EUR on 31 December 2021, an increase of 498.352 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 2.749.249 k EUR at 30 June 2022 and 2.749.249 k EUR at 31 December 2021.

The increase of Contribution outside capital, other during 2021 and the period up to 30 June 2022 is the result of the transactions, described below in the table:

(In thousands of EUR)	Contributions excluding capital, other	Contributions excluding capital, issue premiums	Total
<b>1 January 2021</b>	<b>2.688.588</b>	<b>126.903</b>	<b>2.815.491</b>
Public lighting	-528	0	-528
<b>Repayment of equity</b>	<b>-528</b>	<b>0</b>	<b>-528</b>
Increase of contribution Publi-T	54.680	0	54.680
Incorporation of unavailable reserves	70	0	70
Sewerage	5.631	508	6.139
Public lighting	808	0	808
<b>Proceeds from contribution excluding capital</b>	<b>61.189</b>	<b>508</b>	<b>61.697</b>
<b>31 December 2021</b>	<b>2.749.249</b>	<b>127.411</b>	<b>2.876.660</b>
<b>30 June 2022</b>	<b>2.749.249</b>	<b>127.411</b>	<b>2.876.660</b>

For the transactions during the period 2021, please consult the consolidated financial statements of the Fluvius Economic Group as at 31 December 2021 in the section 'Total equity' on the website [www.fluvius.be](http://www.fluvius.be).

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 2022 and 31 December 2021.

MEA	Contribution excluding capital, other Number	Contribution excluding capital, other (in thousands of EUR)
Gaselwest	32.199.677	360.730
Imewo	28.778.177	359.348
Intergem	17.082.942	127.890
Iveka	11.303.032	132.653
Iverlek	41.694.383	292.778
Sibelgas	3.264.362	70.924
Fluvius OV	984	24
Fluvius West	9.979.580	249.490
Fluvius Limburg	23.539.449	581.914
Fluvius Antwerpen	30.313.625	417.822
PBE	2.573	8
Riobra	6.279.475	155.668
<b>Total</b>	<b>204.438.259</b>	<b>2.749.249</b>

The shares in Sibelgas concern C shares.

- **Contributions excluding capital, issue premiums**

Contributions excluding capital, issue premiums amount to 127.411 k EUR on 30 June 2022 and is unchanged compared to 31 December 2021.

- **Reserves**

The reserves amount to 1.751.241 k EUR on 30 June 2022 and 1.734.714 k EUR on 31 December 2021, an increase of 16.527 k EUR.

This increase stems from the periodic allocation to the unavailable reserves for 16.527 k EUR.

- **Other comprehensive income**

(In thousands of EUR)	30 June 2022	31 December 2021
Related to employee benefit liabilities	164.298	-113.023
Related to rights to reimbursement on post-employment employee benefits	-186.560	-1.491
Related to fair value other investments	2.282.241	1.967.072
Related to deferred tax liabilities	-337.448	-319.415
<b>Total other comprehensive income</b>	<b>1.922.531</b>	<b>1.533.143</b>

- **Dividends**

The **dividend balance** for the financial year **2021, paid out during 2022** amounted to 54.250 k EUR.

Regarding this period, a dividend of 3.334 k EUR still needs to be paid out in PBE. On 30 June

2022, a debt to the shareholders was recognised for this purpose. The payment took place at the beginning of July 2022.

The dividend balance for the financial year 2020, paid out during 2021 amounted 26.990 k EUR. Regarding this period, a dividend of 17.798 k EUR still needed 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.

MEA (In thousands of EUR)	30 June 2022	30 June 2021
Gaselwest	4.833	4.227
Imewo	5.490	4.147
Intergem	1.979	1.944
Iveka	1.271	1.272
Iverlek	4.047	3.884
Sibelgas	434	434
Fluvius West	6.003	3.611
Fluvius Limburg	23.949	0
PBE	0	3.031
Fluvius Antwerpen	6.244	4.440
<b>Total</b>	<b>54.250</b>	<b>26.990</b>

Amendments of the dividend policy and pay-out date have been elaborated for the regulatory activities of electricity and gas in the Consolidated Financial Statements IFRS of 31 December 2021 - see note 'Total equity'.

- **Retained earnings**

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

- **Non-controlling interest**

Non-controlling interest amounts to 100 k EUR at 30 June 2022 and 100 k EUR at 31 December 2021.

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'.

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

(In thousands of EUR)	30 June 2022	31 December 2021
<b>Long-term loans</b>	<b>6.081.576</b>	<b>5.977.365</b>
Current portion of long-term loans	737.414	733.515
Short-term loans	451.000	485.228
<b>Short-term loans</b>	<b>1.188.414</b>	<b>1.218.743</b>
<b>Total</b>	<b>7.269.990</b>	<b>7.196.108</b>

Long and short-term loans amount to 7.269.990 k EUR at 30 June 2022 and 7.196.108 k EUR at 31 December 2021, an increase of 73.882 k EUR.

This increase is mainly the result of, on the one hand additional borrowings on long-term with a total nominal issuance of 150.000 k EUR and on the other hand the partial repayment of the short-term loans (-34.225 k EUR) and the repayment of the short-term portion of long-term loans (-41.411 k EUR). These financial resources will be necessary and will be used to allow investments in infrastructure as part of the energy transition.

The cash and cash equivalents that had not yet been allocated at 30 June 2022 were temporarily held as cash (94.655 k EUR – see note ‘Cash and cash equivalents’).

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

(In thousands of EUR)	30 June 2022		31 December 2021	
	Cash	Non-cash	Cash	Non-cash
Total as at 1 January	7.196.108		6.588.474	
<b>Movements on non-current loans (LT)</b>				
Proceeds of non-current loans	149.850	0	1.426.463	0
Change in non-current loans	0	1.033	0	3.313
Transfer of short-term portion of LT loan to ST	0	-46.672	0	-732.919
<b>Movements on current loans (ST)</b>				
Proceeds of current loans	451.000	0	485.228	0
Transfer of short-term portion from LT loan to ST	0	46.672	0	732.919
Change in current loans	0	-1.362	0	-4.221
Repayment of short-term portion of long-term loan	-41.411	0	-730.549	0
Repayment current loans	-485.228	0	-572.600	0
<b>Total movements</b>	<b>74.211</b>	<b>-329</b>	<b>608.542</b>	<b>-908</b>
<b>Total at end of reporting period</b>	<b>7.269.990</b>		<b>7.196.108</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 104.211 k EUR compared to 31 December 2021 is due to the issuance of a tranche of a loan from the European Investment Bank (EIB) drawn for a total amount of 150.000 k EUR. Also, an amount of a bank loan was transferred for an amount of 46.672 k EUR to short term and the transaction costs related to the issuance of loans which are spread over the term of the bond loans amounting to 1.033 k EUR.



Additional loans were taken during the first six months of 2022 and during the year 2021:

(In thousands of EUR)	2022	2021	Initial amount	Interest rate %	Maturity
Bank loans - Fixed interest rate	149.853	0	150.000	1,57	2027
<b>Total 30 June 2022</b>	<b>149.853</b>		<b>150.000</b>		
Bond issue - EMTN*	99.613	99.595	100.000	0,81	2033
Bond issue - EMTN*	496.859	496.597	500.000	0,25	2028
Bond issue - EMTN*	595.646	595.416	600.000	0,63	2031
Bank loans - Fixed interest rate	28.377	35.418	35.418	0,30	2026
Bank loans - Fixed interest rate	199.834	199.820	200.000	0,14	2028
<b>Total 31 December 2021</b>	<b>1.420.328</b>	<b>1.426.846</b>	<b>1.435.418</b>		

\*EMTN = Euro Medium Term Note programme

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 ran 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 2022, an amount of 1.800.000 k EUR of bonds or 36% 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-committed 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, the participation in Publi-T and to prepare for the energy transition.

The capital of the bond loans and the green bond 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 (737.414 k EUR at 30 June 2022; 733.515 k EUR at 31 December 2021) and the credit facilities on short-term (451.000 k EUR at 30 June 2022; 485.228 k EUR at 31 December 2021).

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	(1)	500.000	425.000	75.000	-0,23%
Fixed advances	NA	200.000	0	200.000	NA
Fixed loans/Bank overdraft	Daily	200.000	0	200.000	Nvt
Fixed loans	NA	25.000	0	25.000	NA
Loans from third parties	NA	26.000	26.000	0	0,00%
<b>Total at 30 June 2022</b>		<b>951.000</b>	<b>451.000</b>	<b>500.000</b>	
Commercial paper	(1)	500.000	300.000	200.000	-0,35%
Fixed advances	NA	200.000	0	200.000	NA
Fixed loans/Bank overdraft	Daily	200.000	160.228	39.880	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 at 31 December 2021</b>		<b>950.000</b>	<b>485.228</b>	<b>464.880</b>	

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

(1) At 30 June 2022: maturity between 1 July 2022 and 28 July 2022 and at 31 December 2021 maturity between 10 January 2022 and 8 February 2022

NA Not applicable

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

### IBOR reform

Information regarding this reform, is available in the consolidated financial statements IFRS of the year-end 31 December 2021 - note 'Interest bearing loans and borrowings' - as published and available on the website [www.fluvius.be](http://www.fluvius.be)

### Evaluation of the conversion

The only annually renegotiable contract (Fixed loans) related to the Eonia expires on December 31, 2022 and will not be affected, 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 up to 2024. After 2024, this currently concerns short-term loans (the Commercial Paper programme) - through which no debt securities were issued at June 30, 2022 - and bank loans with a derivative structure.



Below is the overview of the bank loans with a derivative structure at 30 June 2022 and 31 December 2021 that will still be outstanding after 2024 and are Euribor related.

(In thousands of EUR)	30 June 2022	31 December 2021	Issuance	Interest rate %	Maturity
Bank loans - with derivative structure	88.293	88.293	250.000	4,18	2026
Bank loans - with derivative structure	83.312	83.312	250.000	3,55	2027
Bank loans - with derivative structure	43.932	43.932	74.000	2,84	2036
Bank loans - with derivative structure	32.375	34.125	70.000	3,31	2031
<b>Total</b>	<b>247.911</b>	<b>249.661</b>	<b>644.000</b>		

The long-term portion of these loans on 30 June 2022 amounts to 247.911 k EUR (31 December 2021: 249.661 k EUR).

## 24 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 at 30 June 2022, the effects of the higher discount rates and the increase in the fair value adjustments of the plan assets were recognised as actuarial differences in other comprehensive income.

The employee benefit liabilities amount to 274.071 k EUR at 30 June 2022 and 560.751 k EUR at 31 December 2021 and are recorded as provisions for employee benefits (274.071 k EUR; 559.430 k EUR at 31 December 2021) and as provisions, other (0 k EUR; 1.321 k EUR at 31 December 2021).

The total decrease of 286.680 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 9.359 k EUR and via other comprehensive income (profit) for 277.321 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 took place partly in 2021 and was completed in 2022.

The figures of 31 December 2021 took into account this renewed pension plan and its modalities but there remains a small part for which no agreement was reached. These remaining anticipatory benefits amount to 1.321 k EUR at 31 December 2021 and were not recorded as a provision for employee benefit liabilities, but were recorded as a liability on the balance sheet item 'Provisions, other'. At 30 June 2022, the renewed plan was further completed, as a result of which no further 'Provisions, other' had to be recorded.

Furthermore, an amount of 25.798 k EUR at 30 June 2022 (208.061 k EUR at 31 December 2021) 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 (2.806 k EUR), via the unrealized results (-185.069 k EUR as an expense) and via retained earnings, if applicable.

## 25 Derivative financial instruments

Derivative financial instruments amount to 20.514 k EUR at 30 June 2022 and 41.776 k EUR at 31 December 2021, a decrease of 21.262 k EUR.

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

## 26 Provisions

Provisions decline from 9.240 k EUR at 31 December 2021 to 7.537 k EUR at 30 June 2022.

These provisions include the provision for rehabilitation costs of various polluted gas factory sites for 7.537 k EUR (31 December 2021: 7.919 k EUR). The provision related to employee benefits (see note 'Employee benefit liabilities') amounts to 0 k EUR at 30 June 2022 (1.321 k EUR at 31 December 2021).

## 27 Government grants

Government grants amount to 346.435 k EUR at 30 June 2022 and 336.661 k EUR at 31 December 2021, an increase of 9.774 k EUR.

The increase in capital grants can be mainly explained by the receipts for 13.162 k EUR (30 June 2021: 20.811 k EUR) and the processing (use) for 3.389 k EUR (30 June 2021: 2.758 k EUR).

## 28 Trade payables and other current liabilities

Trade payables and other current liabilities amount to 960.885 k EUR at 30 June 2022 and 886.861 k EUR at 31 December 2021, an increase of 74.024 k EUR.

This increase is the result of an increase in 'Other current liabilities' of 134.596 k EUR, and mainly compensated by the 'Transfers' with 38.581 k EUR (see note 'Working in a regulated environment'), the trade payable with 23.825 k EUR and 'VAT and other tax payables' with 10.929 k EUR.

The item 'Other current liabilities' mainly contains the provisions for interest payable (30 June 2022: 145.556 k EUR; 31 December 2021: 70.050 k EUR) of which financial costs on the bond loans (30 June 2022: 62.315 k EUR; 31 December 2021: 35.414 k EUR), the provision for transmission costs concerning transit via Elia (30 June 2022: 31.837 k EUR; 31 December 2021: 0 k EUR), and the provisions for personnel costs and employee benefit expenses as well as payables concerning the sewerage funds.

## 29 Current tax liabilities

The net tax liability at 30 June 2022 amounts to 10.567 k EUR (of which 5.924 k EUR tax asset and 16.491 k EUR tax liabilities) compared to a net tax liability of 7.916 k EUR at 31 December 2021.

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

## 30 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 2021, the base prospectus of 7 June 2022 concerning the EMTN programme and the Investor Presentation of May 2022. 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 1 March 2022.

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 4.846,4 million EUR varies according to the market interest rate. The fair value at 30 June 2022 amounts to 4.405,0 million 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 2022 the fair values are:

(In thousands of EUR)	Fair value			Book value
	Level 1	Level 2	Level 3	
Other investments	54.035	2.677.662	5.173	2.736.870
Long-term receivables, other	534.280	0	0	534.280
Green energy and cogeneration certificates (GEC & CGC)	299.566	0	0	299.566
Trade and other receivables excluding GEC and CGC	842.144	0	0	842.144
Cash and cash equivalents	94.655	0	0	94.655
<b>Total</b>	<b>1.830.604</b>	<b>2.677.662</b>	<b>5.173</b>	<b>4.513.439</b>
Loans on short-term	1.189.966	0	0	1.188.414
Loans on long-term	6.201.110	0	0	6.081.576
Lease liabilities	34.240	0	0	34.240
Derivative financial instruments	0	20.514	0	20.514
Total current liabilities, other	977.376	0	0	977.376
<b>Total</b>	<b>8.402.692</b>	<b>20.514</b>	<b>0</b>	<b>8.302.120</b>

As of 31 December 2021 the fair values are:

(In thousands of EUR)	Fair value			Book value
	Level 1	Level 2	Level 3	
Other investments	45.481	2.363.494	4.992	2.413.967
Long-term receivables, other	551.959	0	0	551.959
Green energy and cogeneration certificates (GEC & CGC)	202.528	0	0	202.528
Trade and other receivables excluding GEC and CGC	883.682	0	0	883.682
Cash and cash equivalents	89.336	0	0	89.336
<b>Total</b>	<b>1.784.831</b>	<b>2.363.494</b>	<b>4.992</b>	<b>4.153.317</b>
Loans on short-term	1.229.855	0	0	1.218.743
Loans on long-term	6.224.517	0	0	5.977.365
Lease liabilities	41.473	0	0	41.473
Derivative financial instruments	0	41.776	0	41.776
Total current liabilities, other	890.790	0	0	890.790
<b>Total</b>	<b>8.386.635</b>	<b>41.776</b>	<b>0</b>	<b>8.170.147</b>

## Other information

### 31 Related parties

The nature of the transactions with the Management Committee, the directors and other related parties during the first half of 2022 does not substantially differ from the transactions included in the annual report of 2021.

### 32 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. The appeal hearing continued on 18 May 2022. At 1 June 2022, the Antwerp Court of Appeal issued a judgment declaring (among other things) the appeal of Fluvius was admissible and appointed a court expert to give an opinion on the cause of the explosion that occurred in Wilrijk. The expert must submit his report to the Court by 31 January 2023. The debates will be reopened at the hearing of 29 March 2023.

### 33 Events after the reporting date

On 6 July 2022 Fluvius issued a bond, under its EMTN programme, for 500.000 k EUR at an issue price of 99,273 %, with a maturity of 10 years, at a fixed coupon rate of 4,00% and fully reimbursable at the maturity date of 6 July 2032. These bond loans are also governed by the principle 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 the operating company Fluvius System Operator.

On 19 July 2022, Fluvius and Telenet announced that they had reached a binding agreement for a partnership on 'the data network of the future' in Flanders. Both companies will incorporate a new independent self-funding infrastructure company (working name 'NetCo') combining both companies' fixed network assets. Telenet will own 66,8% and Fluvius 33,2% of the new entity. Fluvius will transfer its existing HFC network and fibre assets to NetCo; it will also contribute the long-term lease contract for its current network in around one-third of Flanders which will cease to exist as of the closing date of the transaction. NetCo will invest in the gradual evolution of the current hybrid fibre coaxial (HFC) network into a fiber-to-the-home (FTTH) network, with a 78% target of the combined footprint in Flanders by 2038 through a combination of own build and/or a potential collaboration with external partners. NetCo is expected to start operations in the beginning of 2023. NetCo's partners are convinced that this initiative can prepare the Flemish Region for the digital life of tomorrow and avoid a new digital divide.

The further formalisation of the agreement reached by Fluvius and Telenet to establish a joint company to bring fast internet to Flanders will be examined by the governing bodies of the mission-entrusted companies and their shareholders. The approval process will be finalized at the general assemblies in December 2022.

On 16 August 2022, the rating agency Creditreform Rating downgraded Fluvius's rating from 'A+ negative outlook' to 'A stable outlook'. This decision based on the financial information of the Fluvius Economic Group was driven "by the combined effect of the more restrictive tariff methodology 2021-2024 and a more volatile macroeconomic environment, as evidenced by the rapidly rising inflation and interest rates, which will potentially increase the mismatch between allowed income and the Company's operating and financing costs, exerting additional negative pressure on the results of the Fluvius Economic Group in the short-term". The one-year rating



outlook was put at stable, based on Creditreform's assessment of the reduction in earnings and cash flows already being reflected in the A rating.

## Operating in a regulated environment

### 34 Operating in a regulated environment

#### 34.1 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 2021-2024 and the tariffs for 2022, please refer to the 'Consolidated Financial Statements of the Fluvius Economic Group' of 31 December 2021, chapter "Operating in a regulated environment" as published on the website [www.Fluvius.be](http://www.Fluvius.be).

- **Additional information**

**VREG has further postponed the introduction of the capacity tariff from July 1, 2022 to January 1, 2023**

During 2021 the VREG announced the introduction of the capacity tariff as of 2022. The capacity tariff is the contribution paid for the use of the electricity grid by household consumers with a digital meter. The capacity tariff is the contribution calculated on the basis of the average of the consumption peaks in order to avoid overloading the electricity network as a result of the transition to green energy. Consumers with an analogue meter will be charged a fixed contribution.

The postponement of the introduction of the capacity tariff is due to the fact that Fluvius and FEBEG (the Federation of Belgian Electricity and Gas Companies) could not guarantee a qualitative implementation in the market systems. A reliable calculation is crucial for customers and for the proper functioning of the energy market. The energy suppliers indicated that they would like more time to test the necessary results. The VREG has set interim milestones so that the implementation can be carried out by the predetermined date of 1 January 2023.

In the meantime, the current grid tariffs for electricity will continue to apply.

At the end of July 2022, the Flemish Government decided to bring an action for annulment against VREG's decision to postpone the start of the capacity tariff for electricity distribution. The case was filed with the Brussels Court of Appeal. The Flemish Government demands a thorough revision of the capacity-based tariffs.

**On 6 July 2022, the VREG decided to impose penalties on the DSOs for infringements on a number of decretal obligations.** The fines have different starting dates:

A fine with immediate effect concerns the failure to support contracts with monthly billing for natural gas.

The fines starting from 1 January 2023 concern the failure to replace all classic active budget meters with digital meters on time and the incomplete implementation of energy sharing and person-to-person sales.

The penalty starting 1 April 2023 relates to the failure to transmit monthly usage data to suppliers to inform their customers.

Fluvius will make every effort to take all remedial measures needed to minimise the fines.

- **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 2022	31 December 2021
Transfers 2021	-14.824	-14.824
Transfers 2022	409	0
<b>Total federal contribution</b>	<b>-14.415</b>	<b>-14.824</b>
Balances from 2016	19	38
Balances from 2017	-617	-1.234
Balances from 2018	-18.759	-37.519
Balances from 2019	-4.570	-9.140
Balances from 2020	5.704	5.904
Balances from 2021	-132.060	-129.018
Balances from 2022	17.486	0
<b>Total regulatory balances</b>	<b>-132.797</b>	<b>-170.969</b>
<b>Total amount recoverable</b>	<b>-147.212</b>	<b>-185.793</b>
<b>of which reported as Current assets/(liabilities)</b>	<b>-147.212</b>	<b>-185.793</b>

Reconciliation of the settlement mechanism.

(In thousands of EUR)	30 June 2022	31 December 2021
<b>Regulatory assets/(liabilities) at 1 January</b>	<b>-185.793</b>	<b>-107.374</b>
Paid to/received from CREG	0	11.478
Recovered transfer	0	2.231
Additional transfers from 2020	0	-14.824
Additional transfers from 2022	409	0
<b>Total movements federal contribution</b>	<b>409</b>	<b>-1.115</b>
Additional transfer from 2020	0	-1.243
Additional transfer from 2021	0	-129.018
Additional transfer from 2022	17.486	0
Recovered transfer from 2015	0	50
Recovered transfer from 2016	-19	-36
Recovered transfer from 2017	617	885
Recovered transfer from 2018	18.760	37.820
Recovered transfer from 2019	4.570	9.135
Recovered transfer from 2020	-200	5.103
Recovered transfer from 2021	-3.042	0
<b>Total movements regulatory balances</b>	<b>38.172</b>	<b>-77.304</b>
<b>Total movements</b>	<b>38.581</b>	<b>-78.419</b>
of which - movement through the income statement	38.581	-89.897
of which - paid to/received from CREG federal contribution	0	11.478
<b>Regulatory assets/(liabilities) at the end of the reporting period</b>	<b>-147.212</b>	<b>-185.793</b>

On 19 July 2022, the VREG approved the regulatory balances for electricity and gas concerning the 2021 financial year except for an additional cost of 16 k euro.

We hereby draw attention to the fact that the regulatory balances with respect to the accounting period up to June 2022 were estimated, taking into account all available information. However, these amounts will only be final after approval of these balances by the VREG. This uncertainty includes the fact that the control by the regulator could still lead to additional differences which then need to be processed via adjustments to the regulatory assets/liabilities or the result of the next accounting year.

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

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

On 28 January 2021, the IASB published 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.

### **34.2 Other**

The operation and regulation of the **sewerage activity** has been described in the IFRS Consolidated Financial Statements of this Group for 2021. 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 2022 and for the six-month period then ended

## Introduction

We have reviewed the accompanying consolidated statement of financial position of Fluvius Economic Group as at 30 June 2022, the 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 management committee 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 2022 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 34 "Operating in a regulated environment" to the Interim Condensed Consolidated Financial Statements which describes the specificities of the regulatory framework as well as 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, 14 September 2022

EY Bedrijfsrevisoren BV  
Statutory auditor  
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