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Regulated information

Melle, 14 September 2022

HALF-YEARLY FINANCIAL REPORT OF THE FLUVIUS-GROUP¹ AS PER 30 JUNE 2022²

HIGHLIGHTS

- Electricity and gas consumption down, primarily as a result of sharp commodity price hikes.
- Mr. Wim Dries takes over as the chairman of the Board at Fluvius System Operator.
- Digital meter roll-out progresses well: already more than 1,5 million meters installed.
- Fluvius and Telenet reach a binding agreement to create a new infrastructure company that is to realize a fast data network in Flanders.
- Investment plan 2023-2032 for realizing the energy transition unveiled. New Department 'Energy & Climate Transition' set up at Fluvius.
- EUR 150 million tranche drawn under EIB loan facility. A new EUR 500 million EMTN bond issued.
- Fluvius's headcount: 5.433 employees as per 30 June 2022, i.e. -1,2% compared to the 31 December 2021 figure of 5.497 employees.
- Financial developments (Fluvius group, IFRS figures): year-on-year increase of revenues by 10,5% and operating costs by 10,8%. The balance sheet total grew by 0,6% during the first half of 2022 to EUR 6,5 billion.
- No profit or loss, since all costs are fully passed on to the company's shareholding intermunicipalities as a result of the '*operations at cost*' principle.

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

² All comparisons are with the figures reported as per 30 June 2021, unless stated otherwise.

MANAGEMENT REPORT

Macroeconomic and geopolitical circumstances and their impact on Fluvius

The first semester of 2022 has been characterized by a rapidly rising inflation. This evolution, which started in late 2021, was even exacerbated by the economic fallout of the war in Ukraine since February 2022. One of the foremost effects has been rapidly and sharply rising gas prices. The Belgian gas market, though, has a very limited exposure to Russian natural gas, in the order of 4% to 6% of total supplies to the Belgian wholesale market. The commodity prices for electricity have risen substantially as well. The Belgian authorities and the Belgian gas transport company Fluxys have taken preparatory measures to secure the gas supply to the Belgian wholesale and residential markets during the coming winter 2022-2023.

Consumption volumes for both electricity and gas for the period January to June 2022 are down compared³ to the first six months in 2021. In electricity, residential consumption decreased by 8,4%, in gas the decrease was 12,7%. Fluvius registered lower volumes for each of the first six months in 2022 compared to 2021. End consumers have clearly adapted their consumption patterns to mitigate the rapidly rising commodity prices for energy. Another sign of the rising awareness for energy efficiency amongst end consumers is the numbers of households that log in to the data provided by their digital meters: this has increased from 114.000 to 200.000 over the last six months.

Fluvius underlines that the current Flemish regulatory framework for distribution grid fees electricity and gas allows for the recovery of volume differences between budgeted volumes ex-ante, on the basis of which the regulator sets the allowed income for the distribution system operators (DSOs), and the actual consumption volumes ex-post. The positive or negative balances are evenly recovered by the DSOs over a period of two years.

Fluvius and the DSOs have no activities whatsoever in Ukraine, nor in Russia. Therefore there is no immediate direct impact on Fluvius's operations or financial situation as a result of the war in Ukraine or the economic sanctions imposed on Russia.

Fast data network: negotiations with Telenet

Back on 26 June 2020, Fluvius and telecom operator Telenet announced in a joint press release that they would start talks about the realisation of a data network of the future in Flanders. Although the current network infrastructure will continue to meet the expectations of families and businesses in the coming years, the demand for more and faster data networks will also continue to increase. Fluvius is concerned that in the long run a new digital divide might arise in Flanders. In Fluvius's opinion, access to good data connections for everyone is crucial in tomorrow's Flanders.

³ Consumption volumes were adjusted for differences in temperature. The reported figures are based on the consumption volumes registered by 50.000 digital electricity meters installed at residential end consumers with solar panels and 50.000 end consumers without solar panels, as well as by 100.000 digital gas meters.

In a next step, on 28 October 2021, the negotiating parties announced that they had signed a non-binding term sheet. The term sheet stipulates that both parties aim at the establishment of a new self-funding infrastructure entity. This entity will build a future-proof and open access data network, based on the existing infrastructure with the integration of fibre-to-the-home (FttH) technology. The network should be established at the lowest possible social cost.

At the end of June 2022, the complex negotiations between Fluvius and Telenet were still ongoing.

New chairman for the Board of Directors

At the Annual Shareholders' Meeting of Fluvius System Operator (8 June 2022), Mr. Wim Dries took over the helm as Chairman of the Board of Directors from Mr. Piet Buyse. Mr. Dries is mayor of the city of Genk, a member of the Board of Directors of Fluvius Limburg and Fluvius System Operator. He is also chairman of the Board of Directors at the Flemish Association of Cities and Municipalities (VVSG). Mr. Buyse will remain member of the Board.



Piet Buyse (left) and Wim Dries (right)

New Department 'Energy and Climate Transition' created

Responsibilities among the members of Fluvius's Management Committee have been reorganized. A new department, especially dedicated to the energy and climate transition, became effective on 1 July 2022. This department is headed by Mr. Jean Pierre Hollevoet, member of the Management Committee. This decision underlines Fluvius's clear commitment to implement the Flemish Energy & Climate Plan, as well as its efforts towards sustainability in its own operations.

Investment plan 2023-2032

Early June 2022, Fluvius launched its 2023-2032 investment plan for electricity and gas. According to Flemish legislation, Fluvius must submit for public consultation with stakeholders its long-term (10 years) investment plans. The main assumptions in this capex plan are: (1) a 1,5% annual growth in electric vehicles on the Flemish market and complete electrification (3,85 million cars) by 2050; (2) an increased use of residual heat by district heating grids; (3) electrification for heating new premises and thoroughly renovated buildings by using electric heat pumps; (4) an accelerated growth of solar and wind energy; (5) increased electricity consumption and increased peak demands in industry: electricity consumption on the distribution level would grow from 32 TWh to approx. 50 TWh in 2035.

The investment plan for electricity is a 'no-regret' investment plan, which means that it is designed to be implemented at a sufficient speed (before 2032) so as not to get into problems of congestion and not to underestimate the increased electrification by 2050. It is vital to point out some important mitigants: the roll-out of digital metering combined with a capacity tariff, as well as grid flexibility to limit peak loads on the grids.

For gas, the investment plan is construed as a 'keep it running' scenario, with a clear focus on continuing safety and reliability, but moving away from large-scale expansion investments.



The implementation of this grid investment plan will be highly challenging and is explicitly subject to a number of preconditions, notably the availability of sufficient financial means, as well as the availability of sufficient competent technical staff (both at Fluvius and at subcontractors) and materials.

Introduction of the capacity-based tariff postponed

Part of the distribution grid fee is due to be based on peak capacity of electricity consumption (kW), rather than on consumption volumes (kWh). The introduction of this capacity tariff was originally planned for 1 January 2022, but was postponed to 1 July 2022. However, due to the complexity of

the required changes to the relevant IT systems at both the energy suppliers and the distribution system operators, the energy regulator VREG decided to postpone the introduction date once again, to 1 January 2023.

Fluvius remains in favour of the capacity tariff, as this will allow – in combination with digital metering – end consumers to gain insight in their energy consumption pattern and to adapt it with an eye to improved energy efficiency.

Digital meter roll-out

The roll-out programme for digital metering electricity and gas has gained track. In the first six months of 2022, 465.064 digital meters have been installed, while for the same period in 2021 this amounted to 318.462 meters installed. Of the total amount of installed digital meters, 267.184 (57,5%) were electricity meters and 197.780 (42,5%) gas meters. The June 2022 total represents a year-on-year growth in the installation rate of +146.602 meters or +46,0%.

On 1 April 2022, Fluvius reached the milestone of 1,5 million digital meters installed.



Already 1,5 million digital meters installed

Fluvius has entered into a collaboration with major drinking water distributors⁴ in Flanders for a pilot project to realize synergies in the simultaneous roll-out of digital metering for electricity, gas and water. The pilot project aims at the installation of 70.000 digital water meters. This approach will result in lower installation costs and is more customer-friendly in that the end consumer is only bothered once for three digital meters.

Fluvius is now also able to offer a wired solution in cases of radiation sensitivity or inefficient communication. An external aerial can be installed on the façade of the house. If radiation is still too

⁴ These companies are: De Watergroep, FARYS and Pidpa.

close, an aerial at the building line in a footpath cabinet can be offered. In a limited number of cases, Fluvius is confronted with a malfunctioning meter caused by their installation in cellars, super-insulated houses etc. This problem can also be fixed by installing an external aerial.

Financing transactions

On 1 June 2022, Fluvius drew an amount of EUR 150 million under its 'Energy Transition' loan facility at the European Investment Bank (EIB). This is a bullet loan with a 5 year maturity at an interest of 1,574%.

On 29 June 2022, with settlement on 6 July 2022, Fluvius System Operator issued a new bond under its existing EUR 5 billion EMTN programme. This new EUR 500 million bond has a 10 year maturity and was priced at an annual fixed coupon of 4,000%.

Staff

On 30 June 2022, Fluvius⁵ had 5.433 employees or 5.211,52 full-time equivalents (FTE). This number of employees is lower than the number of staff at year-end 2021. We have registered a decrease of 66,69 FTE (-1,3%) compared to 31 December 2021. The entire consolidated Fluvius Group employed a total of 5.769 employees⁶ (5.518,27 FTE).

Corporate ratings

Fluvius System Operator has corporate ratings at Moody's and at Creditreform Rating. Throughout the first six months of 2022, the Moody's rating remained unchanged at A3 with a stable outlook. The rating at Creditreform Rating also remained unchanged at A+ with a negative outlook.

Legal proceedings

As previously reported, Fluvius has been found guilty by the Antwerp Court of First Instance in the legal proceedings on the September 2019 gas explosion in Wilrijk (Antwerp). Fluvius has lodged an appeal against this conviction. The Antwerp Court of Appeal has now appointed a new expert. This expert's findings and report are due in January 2023. The proceedings will then resume in March 2023.

Publi-T takes part in the Elia capital increase

In June 2022, the transmission grid operating group Elia executed a capital increase for a total amount of EUR 590 million. Publi-T, in which nine DSOs belonging to the Fluvius Economic Group are participating, owns 44,82% of Elia shares. Publi-T decided to take part in this capital increase for EUR 264 million, in proportion to its current part of shareholding. The share purchase by Publi-T is being

⁵ This figure includes both the employees of Fluvius System Operator and the employees on the payroll of Fluvius OV ('Fluvius opdrachthoudende vereniging'), a separate entity specifically created as the employer for the statutory employees of the former Infrax Economic Group entities who – due to provisions in Belgian labour law – could not be transferred to the payroll of Fluvius System Operator. All of Fluvius OV's employees are, however, fully integrated into Fluvius's organisation chart and operations.

⁶ excluding interims at De Stroomlijn

financed through a bank loan, awaiting final financing which in principle will be the issuance of new Publi-T shares. For the Fluvius DSOs, this would boil down to an amount of EUR 127 million, but no decision has been taken yet by any governing body.

Health & safety – sustainability – social commitment

The safety results for the first half of 2022 did not meet the targets Fluvius set for itself. The frequency rate came out at 7,64 (while the norm is 4,50 – 2021: 6,88) and the severity rate reached 0,10 (the norm being 0,09 – 2021: 0,09) leading to 417 lost labour days (2021: 480). We registered four fluidum accidents⁷, while the objective for this parameter is zero fluidum accidents (2021: three accidents).

Sustainability is strongly embedded in Fluvius's corporate strategy and DNA. During the first six months of 2022 the company has focused on the energy transition and climate adaptation, digitalization and sustainable working. As to energy and climate, we refer to the investment plan 2023-2032 (discussed elsewhere in this management report), but also to a plan to reduce methane emissions. Other important evolutions concerning sustainability were:

- Fluvius has initiated discussions with its pension fund managers to enhance attention for sustainability in the investment policies in the investment portfolio.
- Old fixtures for public lighting that are decommissioned due to the switch to LED technology, are being processed by a sheltered workshop with a view to the maximum recycling of materials.
- Fluvius has started projects to improve its communication (both internal and external) on sustainability matters and to enhance the maturity of business processes with sustainability aspects.

The Flemish authorities have constructed emergency accommodation for refugees from Ukraine. Fluvius installed the electrical infrastructure in such large-scale emergency housing in Antwerp and Mechelen.

FINANCIAL RESULTS

Operating revenues⁸ for the first half of 2022 have increased compared to the same period in 2021 to EUR 978,0 million (+10,5%). The pre-tax profit for the period as per 30 June 2022 amounted to EUR 3,4 million (2021: EUR 3,6 million), or -6,6%. At the reporting date, the Fluvius consolidated group's balance sheet total amounted to EUR 6.537,6 million, which is a slight increase by 0.6% compared to 31 December 2021.

Operating revenues⁹ for the first semester of 2022 have decreased compared to the same period in 2021 to EUR 1.664,9 million (-8,8%). The pre-tax profit for the period as per 30 June 2022 amounted

⁷ A fluidum accident is an accident linked to electricity or gas.

⁸ Fluvius consolidated group, IFRS, January-June 2022

⁹ Fluvius Economic Group, IFRS, January-June 2022

to EUR 229,9 million (2021: EUR 170,2 million), or +35,1%. At the reporting date, the Fluvius Economic Group's balance sheet total amounted to EUR 17.076,1 million, which is an increase by 2,3 % compared to year-end 2021.

RISK FACTORS

The fundamental risk factors as described in the Fluvius 2021 Annual Report were still valid for the first half of 2022.

The further developments of the coronavirus variants remain a cause for vigilance, as they might give rise to renewed restrictive measures imposed by the authorities with a negative impact on economic activities, energy consumption and possibly the Fluvius Economic Group's financial position. Fluvius will closely monitor these developments and take all appropriate measures if and when necessary with a view to business continuity, health and safety.

The management frequently reports on the risks and risk management to both the Audit Committee and the Board of Directors.

MAJOR EVENTS AFTER REPORTING DATE

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 (activated in the mission-entrusted associations – MEA's) to NetCo; it will also contribute the long-term lease contract for its current network in around one-third of Flanders (included in the MEAs) 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 fibre-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.



Fluvius and Telenet are to join forces for tomorrow's data network in Flanders

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 6 July 2022, VREG decided to impose penalties on Fluvius for infringements on a number of decretal obligations. One of these fines, for an amount of EUR 707.866 related to the absence of support for contracts with a monthly billing of gas consumption, takes immediate effect. The other fines have different commencement dates. Fluvius will take all remedial measures needed to minimise the fines.

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 16 August 2022, the rating agency Creditreform Rating downgraded Fluvius's rating from 'A+ with negative outlook' to 'A with 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.

OUTLOOK

A number of macro-economic elements might have a potential negative impact on Fluvius and the entire Fluvius Economic Group. Rising inflation means that the cost of our operations will also

increase. The increasing levels of interest rates mean that (re)financing for Fluvius becomes more expensive than in the recent past when interest rates were at historically low levels. These recent evolutions in the financial markets also have an impact on the value of the Fluvius pension funds (their fair value diminishes, value of the pension obligations decreases as a consequence of increased discount rates).

Taking into account the potential risks related to the further developments of the corona variants discussed above and barring unforeseen economic, regulatory or other developments, Fluvius expects there to be no substantial deviations from its financial and budgetary objectives in the second half of 2022. The company will continue to closely monitor all relevant financial, economic and regulatory developments. Management expects to be able to continue to keep the Fluvius Economic Group's costs and its overall and company specific risks strictly under control.

REPORTING STATUS

These condensed financial statements for the period ended 30 June 2022 were approved for publication by Fluvius's Board of Directors on 14 September 2022.

On 14 September 2022, Fluvius's statutory auditor EY, represented by Mr. Marnix Van Dooren, issued its report on the limited review of the consolidated half-year financial information for the six-month period ended 30 June 2022. This report states that the interim financial information in all material aspects has been prepared in accordance with IAS 34, "Interim Financial Reporting" as approved for application within the European Union.

STATEMENT BY THE RESPONSIBLE PERSONS

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

- *the condensed interim financial statements of Fluvius System Operator cv and its subsidiaries as of 30 June 2022 have been prepared in accordance with the International Financial Reporting Standards (IFRS), and give a true and fair view of the assets and liabilities, financial position and results of the whole of the companies included in the consolidation; and*
- *the interim management report gives a fair overview of the information required to be included herein.*

Melle, 14 September 2022.

Frank VANBRABANT, CEO

David TERMONT, CFO

ANNEX

Condensed interim IFRS financial statements for the six-month period ended 30 June 2022:

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

PROFILE OF THE REPORTING ENTITY

Fluvius System Operator cv and its consolidated subsidiaries De Stroomlijn cv, Atrias cv and Synductis cv (together the 'Fluvius Group' or the 'Group') is the independent company that carries out operations and public service obligations for 11 intermunicipal utility companies: Fluvius Antwerpen, Fluvius Limburg, Fluvius West, Gaselwest, Imewo, Intergem, Iveka, Iverlek, PBE, Riobra and Sibelgas. Fluvius is thus responsible for building, managing and maintaining distribution networks for electricity, gas, sewerage, cable distribution and district heating, and it manages the municipal public lighting. In total, the company manages more than 231.500 km of utility lines and 7,6 million connections. Fluvius has operations in all of the 300 Flemish cities and municipalities.

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

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FLUVIUS SYSTEM OPERATOR 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
Operating revenue	3	977.965	885.047
Revenue from contracts with customers		945.636	846.328
Other operating income		32.329	38.719
Operating expenses		-973.540	-878.493
Cost of trade goods	4	-126.764	-94.400
Cost for services and other consumables	5	-544.472	-487.549
Employee benefit expenses	6	-293.976	-287.393
Depreciation, amortization, impairments and changes in provisions	7	-7.397	-8.536
Other operational expenses		-931	-615
Result from operations		4.425	6.554
Finance income	8	53.647	59.030
Finance costs	8	-54.698	-61.973
Profit before tax		3.374	3.611
Income tax expenses	9	-3.374	-3.611
Profit for the period		0	0



Consolidated statement of comprehensive income

(In thousands of EUR)	Notes	30 June 2022	30 June 2021
Profit for the period		0	0
Other comprehensive income			
Items not to be reclassified to profit or loss in subsequent periods			
Actuarial gains (losses) on long-term employee benefits	23	69.629	74.650
Actuarial gains (losses) on rights to reimbursement on post-employment employee benefits	23	-69.629	-74.650
Net other comprehensive income not being reclassified to profit or loss in subsequent periods		0	0
Total comprehensive income for the period		0	0



Consolidated statement of financial position

(In thousands of EUR)	Notes	30 June 2022	31 December 2021
Non-current assets		5.094.442	5.031.755
Intangible assets	10	744	988
Property, plant and equipment	11	2.162	2.473
Right-of-use assets	12	26.643	34.138
Investment in joint ventures and associates	13	17	17
Other investments	14, 25	862	828
Rights to reimbursement on post-employment employee benefits	15	119.021	196.584
Long-term receivables, other	16	4.944.993	4.796.727
Current assets		1.445.469	1.466.053
Inventories	17	154.875	141.116
Short-term receivables, other	16	500.000	500.000
Trade and other receivables	18, 25	309.099	344.715
Receivables cash pool activities	19, 25	385.657	417.318
Current tax assets	9, 25	2.146	0
Cash and cash equivalents	20, 25	93.692	62.904
TOTAL ASSETS		6.539.911	6.497.808
EQUITY	21	1.617	1.617
Total equity attributable to owners of the parent		1.517	1.517
Contributions excluding capital, reserves and retained earnings		1.517	1.517
Non-controlling interest		100	100
LIABILITIES		6.538.294	6.496.191
Non-current liabilities		5.097.484	5.036.071
Interest bearing loans and borrowings	22, 25	4.959.627	4.810.494
Lease liabilities	12, 25	17.803	24.860
Employee benefit liabilities	23	119.021	195.263
Derivative financial instruments	25	1.033	4.133
Provisions	23	0	1.321
Current liabilities		1.440.810	1.460.120
Interest bearing loans and borrowings	22, 25	928.248	963.078
Lease liabilities	12, 25	9.778	10.099
Trade payables and other current liabilities	24, 25	348.274	330.606
Liabilities cash pool activities	19, 25	153.135	154.030
Current tax liabilities	9, 25	1.375	2.307
TOTAL EQUITY AND LIABILITIES		6.539.911	6.497.808

Consolidated statement of changes in equity

(In thousands of EUR)	Contributions excluding capital	Reserves	Retained earnings	Equity attributable to owners of the parent	Non- controlling interest	Total
Balance at 1 January 2021	1.284	213	20	1.517	100	1.617
Result for the period	0	0	0	0	0	0
Other comprehensive income	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0
Balance at 30 June 2021	1.284	213	20	1.517	100	1.617
Balance at 1 January 2022	1.284	213	20	1.517	100	1.617
Result for the period	0	0	0	0	0	0
Other comprehensive income	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0
Balance at 30 June 2022	1.284	213	20	1.517	100	1.617

Consolidated statement of cash flows

(In thousands of EUR)	Notes	30 June 2022	30 June 2021
Profit for the period		0	0
Amortization of intangible assets	7, 10	314	302
Depreciation on property, plant and equipment and right-of-use assets	7, 10	6.319	6.397
Change in provisions (Reversal -; Recognition +)	7, 23	-1.321	-239
Impairment current assets (Reversal -; Recognition +)	7, 23	2.085	2.076
Gains or losses on realization receivables		588	204
Net finance costs		4.150	3.956
Change in fair value of derivative financial instruments		-3.099	-1.014
Gains or losses on sale of property, plant and equipment		-7	-7
Income tax expense	9	3.374	3.611
Change in inventories	17	-13.759	-21.791
Change in trade and other receivables		56.123	62.043
Change in trade payables and other current liabilities		-4.092	-32.297
Change in employee benefits	23	1.321	239
Interest paid		-30.796	-32.019
Interest received		30.372	44.306
Financial discount on debts		92	121
Income tax paid (received)	9	-6.451	-7.037
Net cash flow from operating activities		45.213	28.851
Proceeds from sale of property, plant and equipment		7	7
Purchase of intangible assets		-70	-93
Purchase of property, plant and equipment		-174	-81
Proceeds from sale of companies and other investments	15	0	100
Net investments in long-term receivables		-7	-39
Net cash flow used in investing activities		-244	-106
Repayment of borrowings	22	-1.750	-1.750
Proceeds from borrowings	22	149.850	199.800
Proceeds from bonds/borrowings	22	0	595.876
Payment of finance lease liabilities	12	-6.535	-6.297
Change in current financial liabilities	22	-35.120	-547.600
Change in cash pool	19	30.766	678.866
Provide long-term loans	16	-151.392	-800.000
Net cash flow from/used in financing activities		-14.181	118.895
Net increase/decrease in cash		30.788	147.640
Cash and cash equivalents at the beginning of period	20	62.904	1.690
Cash and cash equivalents at the end of period	20	93.692	149.330



Selected explanatory notes

Basis of preparation

1 Corporate information

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

The condense consolidated interim financial statements of Fluvius for the period ended 30 June 2022 contain the information of the company, its subsidiaries, investment in joint ventures and associates - De Stroomlijn cv, Atrias cv and Synductis cv - and together they form the 'Group'.

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

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

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

Fluvius operates in all cities and municipalities in the Flemish Region (Belgium).

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

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

The Flemish energy regulator VREG has granted permission to the distribution system operators for energy Fluvius Antwerpen, Fluvius Limburg, Fluvius West, Gaselwest, Imewo, Intergem, Iveka, Iverlek, PBE and Sibelgas to call on the services of the **operating company** Fluvius System Operator for electricity and gas. These authorisations shall apply until 25 September 2026 (electricity) and 14 October 2027 (gas) respectively. The term distribution system operator (DSO) refers to MEAs that provide the regulated activities for the distribution of electricity and/or gas, under the supervision of VREG.

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



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

The Group **employed** on average 4.892 persons during 2021 (2020: 4.877 persons) and calls on 788 persons on average (2020: 788 persons) that are employed in Fluvius OV.

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 the start of 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 in the note 'Use of estimates and assumptions'.

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

These condensed consolidated interim financial statements for the six months ended 30 June 2022 were approved for publication by the Board of Directors on 14 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 financial statements of the Group 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 consolidated financial statements for the year ended 31 December 2021 except for new IFRS standards or interpretations issued and effective since 1 January 2022.

The new standards and interpretations that are applicable from 1 January 2022 do **not materially 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 consolidated 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 approved in 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 borrowed 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 substantially due to the rising discount rate;

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.

Performance of the period

3 Operating revenue

(In thousands of EUR)	30 juni 2022	30 juni 2021
Recharge of costs to the distribution system operators	869.265	767.469
Construction works for third parties	76.371	78.859
Revenue from contracts with customers	945.636	846.328
Other operating revenue	32.329	38.719
Total	977.965	885.047

Operating revenue amounts to 977.965 k EUR at 30 June 2022 and 885.047 k EUR at 30 June 2021, an increase of 92.918 k EUR.

Revenue from contracts with customers

Revenue from contracts with customers amounts to 945.636 k EUR at 30 June 2022 and 846.328 k EUR at 30 June 2021, an increase of 99.308 k EUR.

Revenue from contracts with customers reflects the incurred costs that are passed on mainly to the MEAs, shareholders. As costs increase - mainly in the items 'Cost for services and other consumables' by 56.923 k EUR and 'Costs of trade goods' by 32.364 k EUR (see relevant notes) - the recharges and thus revenues also increase.

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

Company	30 June 2022		30 June 2021	
	Revenue in k EUR	% relative to revenue	Revenue in k EUR	% relative to revenue
Gaselwest	100.592	10,6%	85.187	10,1%
Imewo	143.095	15,1%	128.561	15,2%
Iverlek	131.379	13,9%	111.037	13,1%
Fluvius Limburg	152.199	16,1%	131.346	15,5%
Fluvius Antwerpen	135.627	14,3%	123.989	14,7%
Other	282.744	30,0%	266.208	31,5%
Total	945.636	100,0%	846.328	100,0%

Information on products and services

The recharge of costs to the distribution system operators and the invoicing to third parties is based on Belgian accounting (BE-GAAP). The percentages below are calculated on this basis.

Revenues from customers for products can be broken down into the following product types: 62 % for electricity, 21 % for gas and 17 % for other (sewerage, telecom, public lighting, etc.). The revenue difference between the Belgian GAAP figures (954.896 k EUR) and the IFRS revenues (945.636 k EUR) amounts to -9.260 k EUR and is not part of this breakdown.

Other operating revenue

Other operating income amounts to 32.329 k EUR at 30 June 2022 and 38.719 k EUR at 30 June 2021, a decrease of 6.390 k EUR. This item mainly contains various recoveries and the decrease is due to the recovery of general costs such as for the installation of the digital meter for which other companies in the utility business are charged for their respective share (30 June 2022: 6.155 k EUR; 30 June, 2021: 12.229 k EUR).

4 Cost of trade goods

Cost of trade goods amount to 126.764 k EUR at 30 June 2022 and 94.400 k EUR at 30 June 2021, an increase of 32.364 k EUR.

This increase is mainly due to the increase in grid-related consumables amounting to 23.607 k EUR - for the roll-out of digital meters for electricity and gas –, the increase in energy purchases of 200 k EUR and the lower inventory movement of 8.518 k EUR.

5 Cost for services and other consumables

Cost for services and other consumables amount to 544.472 k EUR at 30 June 2022 and 487.549 k EUR at 30 June 2021, an increase of 56.923 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.

The largest increases are caused by the increase in the items 'Cost contractors for grid construction and maintenance' (+22.477 k EUR) as part of the roll-out of digital meters, 'Contracts and administration costs' (+13.738 k EUR) due to public service obligations and 'Fees for usage of installations' (+12.973 k EUR) due to ICT, asset management and other, compensated by a decrease in the item 'Direct operations purchases' (-16.842 k EUR).

6 Employee benefit expenses

Employee benefit expenses amount to 293.976 k EUR at 30 June 2022 and 287.393 k EUR at 30 June 2021, an increase of 6.583 k EUR

This increase is mainly due to the increase in 'Remunerations' (+13.847 k EUR) following the increase in the wage index (7,85% - energy crisis) compensated by a decrease in the item 'Contributions to defined benefit plans and other insurances' of (-8.794 k EUR) as a result of the decrease in the item 'Employee benefit liability'.

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

On April 1, 2019, the entire contractual staff of the former Infrax MEAs and ex-Integan was taken over by Fluvius System Operator cv. To allow the secondment to take place via one company, the entire statutory staff of the former Infrax MEAs has been transferred to Fluvius OV. This company charges its costs to Fluvius System Operator.

7 Depreciation, amortization, impairments and changes in provisions

Depreciation, amortization, impairment and changes in provisions amount to 7.397 k EUR at 30 June 2022 and 8.536 k EUR at 30 June 2021.

This item consists of an amount for depreciation of 6.633 k EUR (30 June 2021: 6.700 k EUR), impairment related to trade receivables 2.085 k EUR (30 June 2021: 2.075 k EUR) and a reversal of provisions related to the provision for employee benefits -1.321 k EUR (30 June 2021: -239 k EUR).

8 Financial results

Financial income amounts to 53.647 k EUR at 30 June 2022 and 59.030 k EUR at 30 June 2021. This item contains mainly the interest to be received on loans granted to the MEAs (30 June 2022: 49.704 k EUR; 30 June 2021: 57.364 k EUR).

The financial costs amount to 54.698 k EUR at 30 June 2022 and 61.973 k EUR at 30 June 2021. These costs contain the interest payable on the bond loans (30 June 2022: 49.562 k EUR; 30 June 2021: 58.037 k EUR), interest paid on other financial obligations with banks and cash pool activities with the MEAs.

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

9 Income tax expenses

Income tax expenses amount to 3.374 k EUR at 30 June 2022 and 3.611 k EUR at 30 June 2021, a decrease of 237 k EUR.

The tax rate amounts to 25,00% and taxes are payable on the disallowed expenses that form the taxable basis.

In the period up to 30 June 2022, a tax amount of 3.374 k EUR (30 June 2021: 3.611 k EUR) was prepaid and the estimated tax amounted to 0 k EUR (30 June 2021: 0 k EUR).

During the period up to the end of June 2022, an amount of 931 k EUR in taxes was paid in respect of previous financial years and prepayments from the past amounting to 2.146 k EUR were recorded as a tax asset.

The recognised net tax asset at 30 June 2022 of 771 k EUR is composed of this tax asset of 2.146 k EUR and a tax liability of 1.375 k EUR (31 December 2021: 2.307 k EUR tax liability).

Assets

10 Intangible assets

The Group reports intangible assets for 744 k EUR at 30 June 2022 and 988 k EUR at 31 December 2021, a decrease of 244 k EUR. This decrease is mainly the result of the amortization for 314 k EUR at 30 June 2022 and 302 k EUR at 30 June 2021.

The intangible assets primarily contain software licenses and development costs for 'smart' projects.

11 Property, plant and equipment

Property, plant and equipment amounts to 2.162 k EUR at 30 June 2022 and 2.473 k EUR at 31 December 2021. This decrease of 311 k EUR is mainly due to depreciation.

12 Right-of-use assets and lease obligations

The **right-of-use assets** amount to 26.643 k EUR at 30 June 2022 and 34.138 k EUR at 31 December 2021. This decrease of 7.495 k EUR is primarily due to the termination of contracts for -167 k EUR, adjustments to the term of existing contracts mainly for buildings amounting to -5.967 k EUR, the recognition of 4.473 k EUR of new or extended contracts and -5.834 k EUR depreciation.

The adjustment of the maturities relates 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 miles driven was reduced due to the positive elements from the corona crisis namely the combination of home and office working and further digitalization.

The resulting non-current **lease obligations** amount to 17.803 k EUR at 30 June 2022 and 24.860 k EUR at 31 December 2021, the current lease obligations amount to 9.778 k EUR at 30 June 2022 and 10.099 k EUR at 31 December 2021.

A total of 1.661 k EUR of reversals of lease obligations were recorded, 6.535 k EUR payments, 818 k EUR interest and an amount of 5.395 k EUR was transferred from non-current lease obligations to current lease obligations.

13 Investment in joint ventures and associates

Investment in joint ventures and associates amount to 17 k EUR at 30 June 2022 and 17 k EUR at 31 December 2021.

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

14 Other investments

Other investments amount to 862 k EUR at 30 June 2022 and 828 k EUR at 31 December 2021, an increase of 34 k EUR.

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

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

15 Rights to reimbursement on post-employment employee benefits

Rights to reimbursement on post-employment employee benefits amount to 119.021 k EUR at 30 June 2022 and 196.584 k EUR at 31 December 2021, a decrease of 77.563 k EUR

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

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

The **long-term receivables, other** amount to 4.944.993 k EUR at 30 June 2022 and 4.796.727 k EUR at 31 December 2021.

The long-term receivables mainly contain the receivable from the MEAs for 4.901.242 k EUR (31 December 2021: 4.752.983 k EUR) that originates from lending on funds (including costs) from the issuance of the bonds (stand-alone, retail and EMTN) by the operating company since 2010. The loans issued by the Group are lent on to the MEAs at the same conditions as the loans obtained by Fluvius System Operator (see note 'Interest-bearing loans and borrowings').

These long-term receivables increased by 148.258 k EUR compared to 31 December 2021 as in 2022, a new loan of 150.000 k EUR was issued and lent on to the MEAs.

In addition, the item also includes financing recharged to a subsidiary for a total amount of 42.750 k EUR at 30 June 2022, unchanged compared to 31 December 2021.

The **short-term receivables, other** amount to 500.000 k EUR on 30 June 2022 and are unchanged compared to 31 December 2021. The amount includes a long-term receivable maturing in 2022 and is therefore reclassified to short-term receivables, others.

17 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.

18 Trade and other receivables

The trade and other receivables amount to 309.099 k EUR at 30 June 2022 and 344.715 k EUR at 31 December 2021.

Trade receivables before impairment amount to 268.025 k EUR at 30 June 2022 and 331.939 k EUR at 31 December 2021.

The trade receivables consisted primarily of receivables from the MEAs. These trade receivables amounted to 175.552 k EUR at 30 June 2022 and 244.752 k EUR at the end of 2021. The receivables from the MEAs are the result of the costs in the operating company being passed on to the MEAs for which settlement had not yet taken place.

Besides, receivables are recorded relating to an external customer group arising from the invoicing for work carried out, damage claims and maintenance of public lighting.

The write-downs on receivables amounts to 40.505 k EUR at 30 June 2022 and 38.419 k EUR at 31 December 2021, an increase of 2.086 k EUR.

The **other receivables** amount to 81.578 k EUR at 30 June 2022 and 51.195 k EUR at 31 December 2021. These receivables primarily contain accrued interest from the MEAs as a result of passing on funds raised from issuing loans for 51.943 k EUR (31 December 2021: 31.896 k EUR), VAT receivable 10.275 k EUR at 30 June 2022 and 5.895 k EUR at 31 December 2021.

19 Receivables and liabilities cash pool activities

The receivable on the MEAs amounts to 385.657 k EUR at 30 June 2022 and 417.318 k EUR at 31 December 2021. The debts on the MEAs amount to 153.135 k EUR at 30 June 2022 and 154.030 k EUR at 31 December 2021.

20 Cash and cash equivalents

Cash and cash equivalents amount to 93.692 k EUR at 30 June 2022 and 62.904 k EUR at 31 December 2021, an increase of 30.788 k EUR.



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

Liabilities

21 Equity

Total equity amounted to 1.517 k EUR on 30 June 2022 and was unchanged from 31 December 2021.

Contributions excluding capital amount to 1.284 k EUR at 30 June 2022 and 1.284 k EUR at 31 December 2021.

The total contribution outside capital is unchanged per MEA.

Mission entrusted associations	Amount in euro of voting shares	Amount of voting shares
Gaselwest	133.227	2.687.523
Fluvius Antwerpen	222.546	4.688.069
Fluvius Limburg	231.332	4.666.524
Imewo	186.744	3.767.084
Fluvius West	67.277	1.357.143
Intergem	91.258	1.840.902
Iveka	87.688	1.570.114
Iverlek	172.853	3.486.875
PBE	46.855	945.183
Riobra	19.551	394.394
Sibelgas	24.644	497.124
Total	1.283.975	25.900.935

In addition, equity consists of **reserves, share premiums and retained earnings**. These items also remain unchanged compared to 31 December 2021.

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

Non-controlling interest 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 (93 k EUR) and the participation of De Watergoep in De Stroomlijn cv (7 k EUR) taken up during 2019.

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

(In thousands of EUR)	30 June 2022	31 December 2021
Long-term loans	4.959.627	4.810.494
Current portion of long-term loans	503.248	502.958
Short-term loans	425.000	460.120
Short-term loans	928.248	963.078
Total	5.887.875	5.773.572

Long and short-term loans amount to 5.887.875 k EUR at 30 June 2022 and 5.773.572 k EUR at 31 December 2021, an increase of 114.303 k EUR.

This increase is mainly due to the issuance of a long-term loan of a total nominal amount of 150.000 k EUR. This allowed to partially repay the short-term loans (35.120 k EUR) and to temporarily hold cash and cash equivalents (93.692 k EUR - see note 'Cash and cash equivalents').

These financial resources will be necessary and will be used to allow investments in infrastructure as part of the energy transition.

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	5.773.572		4.969.925	
Movements on non-current loans (LT)				
Proceeds of non-current loans	149.850	0	1.391.044	0
Change in non-current loans	0	1.033	0	3.314
Transfer of short-term portion of LT loan to ST	0	-1.750	0	-502.896
Movements on current loans (ST)				
Proceeds of current loans	425.000	0	460.120	0
Transfer of short-term portion from LT loan to ST	0	1.750	0	502.896
Change in current loans	0	290	0	269
Repayment of short-term portion of long-term loan	-1.750	0	-503.500	0
Repayment current loans	-460.120	0	-547.600	0
Total movements	112.980	1.323	800.064	3.583
Total at end of reporting period	5.887.875		5.773.572	



Long-term loans

This item contains private placements and bond loans issued since 2010 as well as the bank loans. The increase of 149.133 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 1.750 k EUR was transferred from a bank loan to short term and the transaction costs which are spread over the term of the bond loans amounting to 1.033 k EUR.

During the first six months of 2022 and during 2021, additional loans were taken up:

(In thousands of EUR)	2022	2021	Initial amount	Interest rate %	Maturity
Bank loans - Fixed interest rate	149.853	0	150.000	1,57	2027
Total 30 June 2022	149.853		150.000		
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	199.834	199.820	200.000	0,14	2028
Total 31 December 2021	1.391.952	1.391.429	1.400.000		

*EMTN = EUR Medium Term Note-programme

The former Eandis System Operator successfully issued bonds in the framework of its 5.000.000 k EUR **EUR Medium Term Note (EMTN) programme** launched in 2011 and which runs through 2021. No issues took place under this programme since the end of 2014.

The former Infrac issued bonds in the framework of its 500.000 k EUR EMTN programme launched in 2013. A first part was issued for 250.000 k EUR in 2013 (to mature in 2023) and a second part of 250.000 k EUR was launched in 2014 (to mature in 2029).

A **new** 5.000.000 k EUR Fluvius EMTN programme for the issue of bonds started on 1 July 2020 and will have a maturity of 10 years, extendable by Fluvius by up to 24 months. Under this programme, Fluvius will issue bonds in the coming years. As at 30 June 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 contributions excluding capital of its former working company. The portion in the contribution excluding capital was set fixed at the moment of issuance and remains fixed over the remaining term of the bond loans.

Only the MEAs of the former Infrac are guarantor with respect to the EMTN bond loans registered on the name of the former Infrac. The same methodology applies to the other bond loans registered on the name of the former Eandis System Operator. For the issues under the 2020 EMTN-programme, the principle is that all MEAs belonging to the 'Fluvius economic group' will each act as guarantor on a non-committal and non-solidary basis but limited to the proportional share in the 'contribution excluding capital' of the operating company.

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

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

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

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

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

The bank loan (with derivative structure) has monthly due dates, and its variable interest rate has been converted into a fixed interest rate via an **Interest Rate Swap**. This derivative has been included in a separate section on the statement of financial position and is expressed at its fair value amounting to 1.033 k EUR at 30 June 2022 (4.133 k EUR at 31 December 2021).

Loans, current

Current loans include the portion of the non-current loans that will expire and are repayable within the year (499.748 k EUR of a bond loan and 3.500 k EUR of a bank loan; 499.449 k EUR of a bond loan and 3.509 k EUR of a bank loan at 31 December 2021), and loans withdrawn with financial institutions (425.000 k EUR; 460.120 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	NA
Fixed loans	NA	25.000	0	25.000	NA
Total at 30 June 2022		925.000	425.000	500.000	
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	160.120	39.880	0,40%
Fixed loans	NA	25.000	0	25.000	NA
Total at 31 December 2021		925.000	460.120	464.880	

(*) 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

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

23 Employee benefit liabilities

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

The employee benefit liabilities amount to 119.021 k EUR at 30 June 2022 and 196.584 k EUR at 31 December 2021 with processing as employee benefit liabilities (119.021 k EUR; 195.263 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 77.563 k EUR is mainly the result of the adjustments to the assumptions, the increasing discount rate and the decrease of the return on plan assets. That decrease was recognised as an income in the statement of profit or loss for a total of 9.224 k EUR, a financial cost of 1.290 k EUR and via other comprehensive income (profit) for 69.629 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.

24 Trade payables and other current liabilities

Trade payables and other current liabilities amount to 348.274 k EUR at 30 June 2022 and 330.606 k EUR at 31 December 2021, an increase of 17.668 k EUR.

This item contains, on the one hand, trade payables for 173.025 k EUR on 30 June 2022 (188.437 k EUR on 31 December 2021) and, on the other hand, other payables for 175.249 k EUR on 30 June 2022 (142.169 k EUR on 31 December 2021).

The decrease in trade payables is mainly due to the decrease in debts to suppliers (-13.309 k EUR) and in the item invoices to be received (-2.103 k EUR).

The other payables consist primarily of interest payable on bond loans for 53.321 k EUR (31 December 2021: 31.562 k EUR) and liabilities for related personnel expenses amounting to 85.368 k EUR (81.831 k EUR at 31 December 2021).

Financial instruments

25 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.

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 at arm's length transaction and not in a forced sale or liquidation sale.

Fair value hierarchy

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

Level 1: valuation is based on quoted (unadjusted) prices in an active market for identical assets or liabilities

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

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

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

The fair value of the quoted and not refunded bonds, issued for a total amount of 4.846,4 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 from the amount that will be reimbursed and from the carrying value. The fair value was obtained based on the indicative quotations on Bloomberg (Bloomberg is a prominent provider of business and financial market news. It delivers world economic news, quotes for stock futures, stocks and other).

At 30 June 2022, the fair values are as follows:

(In thousands of EUR)	Fair value Level 1	Fair value Level 2	Fair value Level 3	Book value
Other investments	0	0	862	862
Long-term receivables, other	4.944.993	0	0	4.944.993
Short-term receivables, other	500.000	0	0	500.000
Cash and cash equivalents	93.692	0	0	93.692
Total receivables	311.245	0	0	311.245
Receivables cash pool activities	385.657	0	0	385.657
Total	6.235.587	0	862	6.236.449
Loans on long-term	5.079.161	0	0	4.959.627
Loans on short-term	929.800	0	0	928.248
Lease liabilities	27.581	0	0	27.581
Derivative financial instruments	0	1.033	0	1.033
Total current liabilities, other	349.649	0	0	349.649
Liabilities cash pool activities	153.135	0	0	153.135
Total	6.539.326	1.033	0	6.419.273

At 31 December 2021, the fair values are as follows:

(In thousands of EUR)	Fair value Level 1	Fair value Level 2	Fair value Level 3	Book value
Other investments	0	0	828	828
Long-term receivables, other	4.796.727	0	0	4.796.727
Short-term receivables, other	500.000	0	0	500.000
Cash and cash equivalents	62.904	0	0	62.904
Total receivables	344.715	0	0	344.715
Receivables cash pool activities	417.318	0	0	417.318
Total	6.121.664	0	828	6.122.492
Loans on long-term	5.057.647	0	0	4.810.494
Loans on short-term	974.190	0	0	963.078
Lease liabilities	34.959	0	0	34.959
Derivative financial instruments	0	4.133	0	4.133
Total current liabilities, other	332.913	0	0	332.913
Liabilities cash pool activities	154.030	0	0	154.030
Total	6.553.739	4.133	0	6.299.607

Other information

26 Related parties

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

27 Commitments and contingencies

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

28 Events after the reporting date

On 6 July 2022 Fluvius issued a bond, under its EMTN program, 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 maturity July 6, 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 fiber assets (activated in the MEAs) to NetCo; it will also contribute the long-term lease contract for its current network (included in the MEAs) 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 fiber 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.

Statutory auditor's report of Fluvius System Operator 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 System Operator 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 board of directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 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.

Ghent, 14 September 2022

EY Bedrijfsrevisoren BV
Statutory auditor
represented by

**marnix van
dooren** 
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