Economic Group Fluvius

Consolidated Financial Statements IFRS

Year end 31 December 2022

Content

Financial Statements

Consolidated statement of profit or loss

(In thousands of EUR)	Notes	2022	2021
Operating revenue	**4**	**3.249.064**	**3.771.814**
Revenue from contracts with customers		2.400.414	3.038.293
Other operating income		206.082	167.287
Own construction, capitalized		642.568	566.234
Operating expenses		**-2.824.971**	**-3.326.851**
Cost of trade goods	5	-1.161.151	-1.527.942
Cost for services and other consumables	6	-531.059	-474.940
Employee benefit expenses	7	-662.017	-615.650
Depreciation, amortization, impairments and changes in provisions	8	-551.306	-527.527
Other operational expenses	9	-105.783	-90.895
Regulated transfers	10, 36	186.345	-89.897
Result from operations		**424.093**	**444.963**
Finance income	11	149.937	126.481
Finance costs	11	-163.733	-169.247
Profit before tax		**410.297**	**402.197**
Income tax expenses	12	-64.549	-100.249
Profit for the period		**345.748**	**301.948**

Consolidated statement of comprehensive income

(In thousands of EUR)	Notes	2022	2021
Profit for the period		**345.748**	**301.948**
Other comprehensive income			
Items not to be reclassified to profit or loss in subsequent periods			
Actuarial gains (losses) on long-term employee benefits	25	278.114	373.628
Actuarial gains (losses) on rights to reimbursement on post-employment employee benefits	25	-198.553	-241.960
Fair value other investments	17	368.565	342.147
Deferred tax gains (losses)	12	-9.865	-22.906
Net other comprehensive income not being reclassified to profit or loss in subsequent periods		**438.261**	**450.909**
Total comprehensive income for the period		**784.009**	**752.857**

Consolidated statement of financial position

(In thousands of EUR)	Notes	2022	2021
Non-current assets		**15.390.010**	**15.370.673**
Intangible assets	13	113.541	120.327
Property, plant and equipment	14	12.340.362	12.035.709
Right-of-use assets	15	27.869	38.633
Investment in joint ventures and associates	16	2.017	2.017
Other investments	17, 31	2.789.354	2.413.967
Rights to reimbursement on post-employment employee benefits	25	15.461	208.061
Derivative financial instruments	26, 31	1.890	0
Long-term receivables, other	18, 31	99.516	551.959
Current assets		**1.852.487**	**1.328.507**
Inventories	19	163.720	141.116
Trade and other receivables	20, 31	952.355	1.086.210
Current tax assets	30, 31	8.362	11.845
Cash and cash equivalents	21, 31	80.229	89.336
Assets held for sale	22, 31	647.821	0
TOTAL ASSETS		**17.242.497**	**16.699.180**
EQUITY	**23**	**7.823.207**	**7.247.361**
Total equity attributable to owners of the parent		**7.823.107**	**7.247.261**
Contributions excluding capital, other		2.762.203	2.749.249
Contributions excluding capital, issue premiums		127.411	127.411
Reserves		1.768.794	1.734.714
Other comprehensive income		1.971.404	1.533.143
Retained earnings		1.193.295	1.102.744
Non-controlling interest		**100**	**100**
LIABILITIES		**9.419.290**	**9.451.819**
Non-current liabilities		**7.375.115**	**7.330.192**
Interest bearing loans and borrowings	24, 31	6.335.497	5.977.365
Lease liabilities	15, 31	21.055	29.379
Employee benefit liabilities	25	290.376	559.430
Derivative financial instruments	26, 31	2.076	41.776
Provisions	27	9.425	9.240
Deferred tax liability	12	362.504	376.341
Government grants	28	354.182	336.661
Current liabilities		**2.044.175**	**2.121.627**
Interest bearing loans and borrowings	24, 31	1.277.516	1.218.743
Lease liabilities	15, 31	10.558	12.094
Trade payables and other current liabilities	29, 31	749.849	886.861
Current tax liabilities	30, 31	5.687	3.929
Liabilities directly associated with the assets held for sale		565	0
TOTAL EQUITY AND LIABILITIES		**17.242.497**	**16.699.180**

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
Balance at 1 January 2021	**2.815.491**	**1.753.908**	**1.082.234**	**1.105.357**	**6.756.991**	**100**	**6.757.091**
Total comprehensive income for the period	0	0	450.909	301.948	**752.857**	0	**752.857**
Incorporation ex-Infrax MEAs in the consolidation	-528	0	0	0	**-528**	0	**-528**
Change in consolidation scope	61.697	-10.469	0	-28.089	**23.138**	0	**23.138**
Addition/decrease reserves	0	-8.725	0	8.725	**0**	0	**0**
Dividends paid	0	0	0	-285.197	**-285.197**	0	**-285.197**
Balance at 31 December 2021	**2.876.660**	**1.734.714**	**1.533.143**	**1.102.744**	**7.247.261**	**100**	**7.247.361**
Balance at 1 January 2022	**2.876.660**	**1.734.714**	**1.533.143**	**1.102.744**	**7.247.261**	**100**	**7.247.361**
Total comprehensive income for the period	0	0	438.261	345.748	**784.009**	0	**784.009**
Repayment of equity	-4.345	0	0	0	**-4.345**	0	**-4.345**
Proceeds from contrbution excluding capital	17.299	-97	0	0	**17.202**	0	**17.202**
Addition/decrease reserves	0	34.177	0	-34.177	**0**	0	**0**
Dividends paid	0	0	0	-221.020	**-221.020**	0	**-221.020**
Balance at 31 December 2022	**2.889.614**	**1.768.794**	**1.971.404**	**1.193.295**	**7.823.107**	**100**	**7.823.207**

The above information is disclosed in the notes 'Equity' and as regards the other comprehensive income movements are disclosed in the notes ‘Other investments’, ‘Income tax expenses’ and 'Employee benefit liabilities'.

The column 'Contributions excluding capital' contains the contribution outside capital, other amounting to 2.762.203 k EUR (2021:2.749.249 k EUR) and the contribution outside capital, issue premium amounting to 127.411 k EUR (see note 'Equity').

Consolidated statement of cash flows

(In thousands of EUR)	Notes	2022	2021
Profit for the period		345.748	301.948
Amortization of intangible assets	8	42.166	39.304
Depreciation on property, plant and equipment and right-of-use assets	8	492.445	463.607
Change in provisions (Reversal -; Recognition +)	8	185	468
Impairment current assets (Reversal -; Recognition +)	8	16.510	24.148
Gains or losses on realization receivables	4, 9	11.783	8.178
Net finance costs		62.225	69.900
Change in fair value of derivative financial instruments	26	-41.590	-20.941
Gains or losses on sale of property, plant and equipment	4, 9	87.292	75.992
Movement in government grants	28	-6.840	-6.193
Income tax expense	12	64.549	100.249
Change in inventories		-34.407	-43.820
Change in trade and other receivables		55.247	-323.241
Change in trade payables and other current liabilities		-149.394	91.856
Change in employee benefits		3.107	20.036
Interest paid		-146.160	-169.584
Interest received		88.905	89.669
Financial discount on debts	11	183	177
Income tax paid (received)	12	-83.010	-106.500
Net cash flow from operating activities		**808.944**	**615.253**
Proceeds from sale of property, plant and equipment		2.981	5.653
Purchase of intangible assets	13	-37.694	-45.328
Purchase of property, plant and equipment	14	-1.010.285	-901.946
Proceeds from sale of companies and other investments		5	100
Net investments in long-term receivables		11	-73
Receipt of a government grant	28	24.864	48.128
Net cash flow used in investing activities		**-1.020.118**	**-893.466**

(In thousands of EUR)	Notes	2022	2021
Proceeds from contributions excluding capital		17.202	23.138
Repayment of contributions excluding capital		-4.345	-528
Repayment of borrowings	24	-710.574	-730.549
Proceeds from borrowings	24	599.650	235.218
Proceeds from bonds/borrowings	24	695.381	1.191.244
Payment of finance lease liabilities	15	-16.467	-15.457
Change in current financial liabilities	24	-165.717	-87.372
Provide long-term loans		0	-1.789
Repayment long-term loans		7.957	7.513
Dividends paid	23	-221.020	-285.197
Net cash flow from/used in financing activities		**202.067**	**336.221**
Net increase/decrease in cash	**21**	**-9.107**	**58.008**
Cash and cash equivalents at the beginning of period	**21**	**89.336**	**31.328**
Cash and cash equivalents at the end of period	**21**	**80.229**	**89.336**

Notes to the consolidated financial statements

1 Reporting entity

The consolidated financial statements of the Economic Group Fluvius comprise - apart from the accounts of the **eleven Flemish mission entrusted associations** (MEAs) Gaselwest, Imewo, Intergem, Iveka, Iverlek, Sibelgas, Fluvius West, Fluvius Limburg, Fluvius Antwerpen, PBE and Riobra - the accounts of its subsidiaries, the working 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) and Interkabel Vlaanderen cv (VAT BE 0458.440.014) are also included in the Fluvius Economic Group.

The MEAs are being managed centrally by their **operating company** Fluvius System Operator cv. This operating company, in consolidation with its subsidiaries, also publishes IFRS accounts: **Fluvius System Operator Group**.

All companies of the Group are registered in the Flemish Region (Belgium). The aforementioned MEAs are **regulated** according to the Flemish Decree on Local Government of 22 December 2017 (as amended). A mission entrusted association is an intermunicipal legal entity which the participating municipalities have entrusted with the management of certain public utilities. The duration of the MEAs of the Economic Group Fluvius has been determined until 29 March 2037. The duration of Riobra was set until 24 November 2023.
A distribution system operator (DSO) is recognized by the Flemish energy regulator as a system operator for electricity and/or gas (See note 'Operating in a regulated environment'). The company Riobra should be considered as a MEA, not as an energy DSO.

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

Fluvius has chosen to obtain **a rating** from the rating agencies 'Moody's Investor Services Ltd.' (Moody's) and 'Creditreform Rating AG' (Creditreform). More information is available in the note 'Financial instruments: policy.

For more information, visit our website www.fluvius.be

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

The Economic Group employed on average 5.695 persons during 2022.

This financial report for the financial year ended 31 December 2022 has been established by the operating company's Management Committee on 23 March 2023.

2 Summary of significant accounting policies

2.1 Statement of compliance and basis of presentation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as published by the International Accounting Standard Board (IASB) and endorsed by the European Union. The Group has not early adopted any new IFRS standard that is effective after 2022.

The consolidated financial statements are expressed in thousands of euro, which is the functional currency and presentation currency of the Group. They have been prepared with the assumption that business activities will be continued and under the historical cost convention method unless otherwise stated.

2.2 Principles of consolidation

The consolidated financial statements comprise all subsidiaries over which the Group has control. There is control when the Group has the power to direct the financial and operating policies of the entity so as to obtain benefits from its activities. Such a form of control is supposed to exist if the parent, directly or indirectly, holds more than half of the voting rights in the entity. The existence and impact of potential voting rights that were exercisable or convertible at that time, are being taken into consideration when judging whether the Group has the control to determine the financial and operating policies of another entity.

Subsidiaries are fully consolidated from the date on which the Group obtains control until the date on which control ends.

Investments in associates are companies in which a significant influence is exercised over the financial and operational policy, but over which there is no control. This is usually evidenced by the ownership of 20% up to 50% of the voting rights.

A joint venture is a joint arrangement whereby the Group has joint control of that arrangement.
These investments and joint ventures are accounted for in the consolidation using the equity method as from the date on which that significant influence or joint control is obtained until the date on which the significant control or joint control ceases.

The financial reporting of the subsidiaries, investments in joint ventures and associates is prepared for the same reporting year as that of the parent company, using consistent accounting principles. All intercompany transactions, balances and unrealized gains and losses between group companies are eliminated.

Non-controlling interest in the net assets of the consolidated subsidiaries has been individually reported in equity of the parent company. Non-controlling interest consists of the amount of that interest at the acquisition date and the non-controlling share in the equity changes since the date of the business combination. Losses relative to the minority higher than the non-controlling interests in the subsidiary’s equity have been allocated to the Group’s interests with the exception of those cases in which the minority has a binding obligation to make additional investments to compensate for the losses and is able to do so.

An overview of the Group’s subsidiaries is set out in note ‘List of group entities included in the consolidation’.

2.3 Significant accounting policies

The accounting policies applied are consistent with last year's accounting principles.

a) Operating income

Revenue from the sale of goods and rendering of services is measured based on the consideration to which the Group expects to be entitled in the contract. The Group recognises revenue when the performance obligations are met, namely when control is transferred to the customer. Specifically, revenue recognition follows the five-step model. Step 1 in this model is the identification of the contracts with the customer; step 2 the identification of the performance obligations in the contracts; step 3 the determination of the transaction price; step 4 the allocation of the transaction price to the performance obligations and step 5 revenue recognition when the performance obligations have been met.

On the basis of the previously mentioned principles the sale of goods and the rendering of services have been recognized at the moment of delivery of the goods to the customer, of the customer accepting the goods and of the collectability of the related amounts.

Revenue from contracts with customers

Distribution and transport grid revenue (energy transport)

The grid fees for electricity and natural gas consist of the distribution grid fee covering the costs of construction and maintenance of the distribution grid and, specifically for electricity, the transmission costs charged in cascade by the operator of the Belgian electricity transmission grid (Elia) to Fluvius.

The distribution grid revenue (grid fee) is based on the actual billing of the grid fee of the MEAs in the relevant year.

The billing of the grid fee to energy suppliers and other MEAs is based on the approved tariffs that are published on the websites of the respective MEAs. The actual grid fee invoice contains invoiced advances (for customers whose meter is recorded annually), settlement billing (from annually recorded, manual monthly recorded and remotely read access points) as well as rectification invoices recorded in the calendar year concerned.

Energy suppliers are invoiced on a monthly basis and revenue is then recognized.

Sale of energy – Social function (energy supply)

The sale of energy consists of the energy supplies to individuals who do not find an energy supplier on the market due to payment problems.

The proceeds from this customer group are recognized, notwithstanding the recovery is not always probable, as the Group works in a regulated environment and hence the cost of non-recovery can be charged through the regulated tariffs.

Construction works for third parties

The revenue stream from construction works for third parties includes various works performed for third parties in the context of, among others, ESLA (Energy Services for Local Authorities) and public lighting as well as ground and cable works. The ESLA activities are offered to the affiliated public authorities (cities and municipalities) at cost in support of the local energy policy. In addition, the Group is responsible for the management of the public lighting of the municipalities and for ground and cable works.

The proceeds from construction works for third parties are valued on the basis of the remuneration which the Group expects to be entitled to as a result of the contract. The contracts do not include variable elements. The Group recognizes revenue once the performance obligations have been met, namely when the control is transferred to the customer. Revenue recognition follows the specific five-step model. Step 1 in this model is the identification of the contracts with the client; step 2 identification of the obligations in the performance contracts; step 3 determination of the transaction price; step 4 the allocation of the transaction price to the performance obligations and revenue recognition and step 5 fulfillment of the performance obligations.

The ESLA revenue is recognized at some point in time at provisional acceptance of works after acceptance by the customer. The proceeds from public lighting and from ground and cable work will also be recognized at some point in time when the performance obligations have been fulfilled.

Other sales
The Group achieves the turnover from the sewerage activity mainly out of remediation contributions. This contribution is charged via the water companies to the end user. Since the sewerage network is owned by the Group, the municipal contribution is owed to the Group. The invoicing to the water companies concerns the amount of the fees minus a percentage rate covering the logistical costs.
Revenue recognition is for the full amount and costs are recorded in the profit or loss statement.
The Group also provides a service as the drain and collection of wastewater is passed via the sewerage network.

Ex-Infrax MEAs and ex-Integan own the cable network. In 2008, this cable network was given as a ground lease to Telenet. However, a part of the network can be used by the companies of ex-Infrax Group for a limited number of services. Such services (*Fluvius Net / Infra-X)* are provided to the municipalities for internet (internet service provider) and telephony (operator) and are invoiced and recognized as revenue on a monthly basis.

Other operating revenue
Various recuperations are included as a result of grants, service performance for connections and premiums. For the provision of services, revenue is recognised when the products are delivered to the customer, the customer has accepted the products and the collectability of the related receivables is reasonably assured.

Government grants
Government grants are recognised in the balance sheet as soon as there is reasonable assurance that they will be received and that the conditions attached to them will be met.
Grants related to an asset are presented in the balance sheet as 'Capital grants' and are recognised in the income statement on a systematic basis over the expected useful life of the related asset. Because of the uncertain nature regarding both the receipt, timing and size of the grant awarded, capital grants relating to sewerage works are recognised upon receipt.
Grants as compensation for costs incurred are systematically recognised in the income statement as 'Other operating income' in the same period in which the costs are recognized.

The item *Other* contains non-recurring items such as capital gains of the realisation of sales and other proceeds.

Financial income and dividends received
Interest income is recorded as soon as acquired and for the period to which it relates (taking into account the asset’s actual interest rate), unless there is doubt about its collectability.
Interest income on derivatives and other financial income are recognized when they occur. The latter concerns mainly the revaluation to the fair value of the available shares.

Dividends received are recognized in the statement of profit or loss at the moment they are granted.

The Group recognises a liability to pay a dividend when the distribution is approved and no longer owned by the Group. A corresponding amount is recognised in equity.

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

The Group has the obligation to buy *certificates for green energy* that were offered by producers of renewable energy at a certain price. These certificates can be sold by the Group in an active market. The value of the certificates sold is usually lower than the purchase price. The resulting costs have been included as an item in 'Costs of trade goods' under the heading 'Certificates for green energy' but also the revaluation costs to the fair value (see note 'Trade and other receivables') are included as well.

The Group receives transmission charges from the Belgian electricity transmission system operator (Elia), which are approved by the Commission for Electricity and Gas Regulation (CREG) based on the tariff methodology. These costs are settled in the Group's network tariffs (see under a Revenues - Distribution and transport grid revenue).

The finance costs include interests on loans, calculated using the effective interest rate method and bank charges. All interests and other costs incurred in connection with loans or other financial transactions such as hedging options are recognized as financial expenses when they occur.

The taxes on profit or loss for the financial year include the current and deferred taxes. The tax on profit of the year is recorded in the statement of profit or loss unless it relates to transactions that were directly recorded in equity. In this case, the taxes are directly charged to equity.
The current tax expenses are the expected current taxes payable on the taxable income for the year, based on tax rates in effect at the balance sheet date and any adjustment to current taxes payable from previous years. For the calculation of the income tax on the taxable income for the year, the current tax rate (that has been enacted or substantively enacted by the end of the reporting period) is used.
Deferred taxes are recognized for temporary differences between the tax values of assets and liabilities and the carrying amounts for financial reporting purposes.
As from 2015 onwards, the MEAs (with the exception of Inter-aqua and Riobra) have to pay corporate income tax, as was the case for Fluvius System Operator, its subsidiary, investments in joint ventures and associates. Since 1 April 2019, Inter-aqua is part of Fluvius Limburg and it is also subject to corporate income tax (see note 'Income taxes'). However, for the calculation of deferred taxes, the current ruling was taken into account and no deferred taxes were calculated on temporary differences that arose in the past.

c) Intangible assets

Intangible assets are measured at cost less any possible accumulated amortizations and possible impairment losses.
Costs relating to research, which is carried out with the purpose of obtaining new technical knowledge and insights, are recognized in the statement of profit or loss in the period in which they occur.
Costs relating to the development phase, in which knowledge obtained through research is applied in order to achieve a plan or design for the production of new or significantly improved products and processes, are included in the balance sheet if and only if the product or process is technically and commercially feasible, the entity has the necessary resources to complete the development, it is probable that future economic benefits will flow into the Group and the cost can be measured reliably. The capitalised amount includes all costs that are directly attributable to the creation, production, and the preparation of the asset, so that it could operate as intended by the management.

After initial recognition of development costs as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is depreciated over the period of expected future benefit. Amortisation is recognised in the income statement and recorded on the post 'Depreciation, amortization, impairments and changes in provisions'. During the development period, the asset is tested for impairment annually.

Intangible assets with definite useful lives are amortised using the straight-line method over their expected useful lives. Amortisation starts from the moment of commissioning.
Another amortisation method is used only if it better reflects the expected consumption pattern of the asset's future economic benefits.
If the carrying amount of an intangible asset exceeds its recoverable amount, the carrying amount is reduced to reflect the impairment.

The annual amortisation rate based on the estimated useful life is as follows:

Licences and similar rights	
Software	10,00%; 20,00%
Cost for smart projects, clearing house and district heating	10,00%; 20,00%
Exploitation rights sewerage	2,00%
Capitalized development costs	10,00%; 20,00%

d) Property, plant and equipment

Property, plant and equipment are measured at historical cost less third party contributions, the accumulated depreciations and impairment losses. The historical cost comprises the initial purchase price plus other directly attributable costs.
The cost price of assets of own-production comprises the cost of material, direct labour cost and a reasonable part of indirect labour costs. These indirect labour costs comprise that part of general administrative and operational costs that cannot be directly attributed to investment expenses. These costs (for the largest part personnel costs) are added to the cost price of investment projects according to the internal billing system.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item can be depreciated separately.

The Group recognizes the cost of an expansion or replacement part of such an asset when these costs have been incurred, if it is probable that the future economic benefits associated to that asset will flow to the Group and the asset's cost can be measured reliably. All other costs are expensed as incurred and recorded in the statement of profit or loss.

The costs of the networks not yet completed are classified as 'Assets under construction'. The investments reported are not depreciated.

Property, plant and equipment are depreciated using the straight-line depreciation method over their expected useful lives. Depreciation starts from the moment of use.
Land is not depreciated.

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

Construction and administrative buildings*	2,00%
Networks and lines	2,00%; 3,00%
Sewerage networks	2,00%; 3,00%
Other distribution installations	3,00%
Service pipes for heating and brackets for public lighting	3,00%
Technical installations buildings*	4,00%
Heat stations, cathodic protection (heating)	5,00%
Issuing station (heating), digital meters	6,67%
Recycled equipment	6,67%
Optical fibre	10,00%
Electronic metering equipment	10,00%
Office furniture and tools	10,00%; 20,00%
Leasehold improvements*	10,00%; 11,12%
Leasehold improvements – rented buildings*	10,00%; 11,12%
Test equipment EVA (Electric vehicles in action)	50,00%
Charging points for electric vehicles	10,00%
Industrial buildings	3,00%
Installations for public lighting, cable television and others	5,00%
Electric and mechanical equipment gas stations, basins and fixtures for public lighting	6,67%
Technical installations sewerage	7,00%
Contribution public lighting	8,33%
Other property, plant and equipment	10,00%

* The depreciation rates indicated with an asterisk were used from fiscal year 2014 for the newly acquired investments

The expected useful life and depreciation method are reviewed every financial year and adjusted prospectively if necessary.

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

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the asset is at its location and in the condition necessary for it to function in the manner intended by management.

Gains and losses on sale
Any gain or loss arising on a sale of property, plant and equipment is included in the statement of profit or loss. They are recognized when the significant risks and rewards of ownership have been transferred to the buyer, collectability of the consideration is probable, the associated costs can be estimated reliably, and there is no continuing managerial involvement with the property, plant and equipment.

Impairment
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount.

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

e) Leasing

Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date on which the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease

liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease.The variable lease payments that do not depend on an index or a rate, are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date, if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured, if there is a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date and that do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases with a value below 5.000 euro.
Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

f) Investments in joint ventures and associates

The investments in joint ventures and associates are accounted for using the equity method and are initially recognised at cost. The carrying amounts of the investments are adjusted to reflect changes in the Group's share of the net assets of the joint venture or associate since the date of acquisition.

The Group's share in the results of a joint venture and associate is recognised in the Group's statement of profit or loss. This share of results is not part of operating profit and represents the profit/loss for the reporting period of the joint venture and associate.

g) Other investments

All investments are accounted for at trade date.
Investments in equity instruments consist of interests in entities in which the Group does not have significant influence or control. This is the case in companies where the Group has less than 20% of the voting rights.
These investments are classified as financial assets and are measured at fair value. The effects of revaluations are recognised in the profit or loss statement (fair value through profit or loss) if these are held for trading purposes and through other comprehensive income for the other strategic investments (fair value through comprehensive income).

An impairment loss is recognised if the carrying amount exceeds the expected recoverable amount.

h) Inventories

Inventories have been measured at purchase cost. Their value has been determined using the moving weighted average method.
An impairment is carried out on inventories if, due to their obsolescence, they are no longer usable or if their carrying amount exceeds the estimated sales price. If items of inventory have not been used for more than one year, an impairment of 100,00% is recorded.
This impairment loss is recognized as an expense in the statement of profit or loss.

i) Trade and other receivables

Trade and other receivables are measured at amortized cost.

In the case of a bankruptcy or judicial reorganization, the receivable is immediately impaired and the value-added tax recovered.
In the framework of the full liberalization of the energy market in Flanders as per 1 July 2003, an impairment loss was recognized for the total amount including VAT of all receivables as per 31 December 2003, older than 6 months. These provisions have been reversed in view of the collection of these receivables or they have been used whenever these receivables have been written off.
The receivable of the work carried out and services delivered, with the exception of, on the one hand, the damages handled by the legal department and, on the other hand, the receivables from the affiliated municipalities, are recognized as doubtful.
The Group recognises a provision for Expected Credit Losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the cash flows due under the contract and all cash flows the Group expects to receive, discounted at an approximation of the original effective interest rate.
A provision for bad debt related to receivables from energy supplies by the Distribution System Operators is calculated and recorded on the basis of the average collection degree stemming from statistical data of the payment history that was kept since the liberalisation of the energy market for the main client categories.
Receivables are permanently impaired (written off) using the provision for bad debts that was set up for this purpose as soon as certificates, provided by bailiffs, lawyers or debt collection agencies can demonstrate that recoverability is impossible.
Also, when it can be revealed that the revenue associated with a possible recovery does not compensate (i.e. does not economically justify) the costs for this recovery, the receivable is completely impaired using the provision which was set up for this purpose.

An additional analysis is performed on the basis of the expected future losses for a future period of twelve months as from the moment the receivable arises. Claims for which the risk of collection is higher are analysed on their entire term. The Group has a relatively low risk with regard to receivables resulting from the energy supply by Mission Entrusted Associations to energy suppliers. As a consequence and due to the fact that the receivables have no financing component, the Group has opted to use the ‘simplified approach’ for calculating the impairment losses. The method starts from the historical write-downs on the sales of the past three financial years. This ratio is applied to the current outstanding receivables in order to arrive at the provision of doubtful debts.

For the social customers, a write-down of more than 50% of the total outstanding amount is applicable. Because the Group is working in a regulated environment, the costs can be recovered through the tariffs.

j) Cash and cash equivalents

Cash and cash equivalents comprise the readily available cash resources, deposits that can be immediately withdrawn and other short-term, highly liquid investments (with a maximum maturity of three months), that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. They are stated at face value, which approximates their fair value. For the purpose of the cash flow statement, they are presented as cash and cash equivalents.

k) assets held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuous use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held-for-sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

l) Contribution outside capital, other

The contribution is represented by shares with or without nominal value, according to the MEA.

The shares are indivisible and consist of shares and/or profit certificates. Furthermore, the shares are named according to the activity.

Dividends are recognized as a liability in the period in which they are approved.

m) Loans and borrowings

Interest bearing loans are recognized initially at fair value less related transaction costs. Subsequent to initial recognition, interest bearing loans are measured at amortized cost, in which any difference between the proceeds and the reimbursement is charged to the statement of profit or loss using the effective interest method over the maturity of the loans.

n) Employee benefit liability

Pension plans and other post-employment benefits

The contributions for defined contribution plans have been recognized as an expense at the moment when incurred. The provision for defined contribution pension plans is valued according to the ‘Projected Unit Credit’-method (PUC) without projection of the future premiums with a variable yield. The employer’s portion of the pension plan Enerbel is calculated according to the PUC-method with projection of the future premiums. The contribution by the employee is still calculated via the PUC-method without projection of the future premiums as the employees' contributions do not depend on seniority.

The amount recognized in the balance sheet is the difference between this provision and the fair value of plan assets.

The Group’s liabilities for the defined benefit plans, as well as for the subsequent costs, have been valued on the basis of the ‘Projected Unit Credit’ method. The amount recognized in the balance sheet represents the present value of the pension liabilities (Defined Benefit Obligation) mentioned, less the fair value of plan assets.

Remeasurements comprise actuarial gains and losses, and the return on plan assets (excluding interest) which is reflected in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. They are included in the statement of comprehensive income as items not to be reclassified to profit or loss in subsequent periods.

Past service costs are recognized in the statement of profit or loss in the period of a plan amendment.
Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability.
The amounts recognized in the statement of profit or loss comprise service costs (including current service costs, past service costs, gains and losses on other long-term employee benefits as well as curtailments and settlements), net interest expense or income and remeasurement.
The Group presents the first two components of the defined benefit costs in the statement of profit or loss on the line item 'Employee benefit expenses' and 'Financial expenses'.

Other long-term employee benefits contain provisions for retirement and jubilee bonuses, deferred leave and overtime.
These benefits are treated in the same manner as pension plans. However, past service costs and actuarial gains and losses have immediately been recognized in the statement of profit or loss.
All pension liabilities are annually valued by a qualified actuary.

Right to reimbursement on post-employment employee benefits
The Energy Decree of 2015 defined and the current tariff methodology confirms that the stranded costs, which consist of the charges for the unfunded pensions or the pensions of the public sector, are eligible for inclusion in the tariffs. Since it is virtually certain that these costs will be borne by third parties, a reimbursement right on post-employment employee benefits was recognized as an asset.
The reimbursement rights are therefore recognized at the same value as the recognized employee benefit liabilities (fair value). The adjustments in the period as a result of changes in the assumptions or experience adjustments are all recognized as other comprehensive income as well as these adjustments for the reimbursement rights.

o) Derivative financial instruments

The Group uses derivative financial instruments (Linear Constant Maturity Swap – LCMS; Interest Rate Swaps - IRS and other) to hedge the exposure to interest rate risks that arise from its financing activities. Derivative financial instruments are initially recognized at fair value. The gain or loss resulting from fluctuations in the fair value is immediately accounted for through the statement of profit or loss. The fair value of the interest rate swaps is the estimated amount the Group would receive or pay to end the swap at the balance sheet date, taking into account the actual interest rate and the creditworthiness of the counterparty.
Upon early redemption ('unwinding') of the interest rate swap, the net cost is spread over the remaining term of the loan using the effective interest rate (EIR) method.
The derivatives do not qualify for hedge accounting.

p) Provisions, other

Provisions are recognized in the balance sheet when the Group has a present (legal or constructive) obligation as a result of a past event, and when it is probable that an outflow of financial resources will be required to settle the obligation and the obligation's amount can be reliably estimated.
When the Group expects that some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement should be recognised if, and only if, it is virtually certain that the reimbursement will be received when the entity settles the liability. The consideration shall be treated as a separate asset. In the income statement, the expense relating to a provision is presented net of the amount recognised for consideration.
The amount recognized as provision is the best available estimate on the balance sheet date for the expenses needed to meet the existing liabilities, possibly discounted if the money's time value is relevant.

q) Trade and other liabilities

Trade and other liabilities have been measured at amortized cost.

r) Income tax expense

Current tax assets and liabilities are offset only if the entity has a legally enforceable right to set off the recognized amounts and has the intention to either settle the obligation on a net basis, or to realize the asset and settle the liability simultaneously.

The deferred tax assets and liabilities reflect the deductible or taxable temporary differences between the carrying amounts and the tax values.
The deferred tax assets and liabilities are measured at the tax rates that are expected to be applied in the period in which the claim will be realized or the obligation will be met, using the tax rates that have been enacted or substantively enacted by the end of the reporting period.
The deferred tax assets are recorded when it is probable that taxable profits will be realized to settle the deferred tax.

2.4 Summary of changes in accounting policies applicable as from 2022

The new and amended standards and interpretations applicable from 1 January 2022 do **not affect** the Group’s consolidated financial statements and were the following:

- Amendments to IFRS 3 Business combinations – References to the conceptual framework
- Amendments to IAS 16 Property, plant and equipment – Proceeds before intended use
- Amendments to IAS 37 Provisions, contingent liabilities and contingent assets – onerous contracts—cost of fulfilling a contract
- Annual Improvements Cycle - 2018-2020

2.5 Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, and the amounts of revenue and expenses.

The estimates and the underlying assumptions have been based on past experience and several other factors that are believed to be reasonable given the circumstances. The results thereof form the basis for the judgment on the carrying amount of assets and liabilities that could not be deduced in a simple way from other sources. The actual results could differ from these estimates.
The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or the period of the revision and future periods, if the revision affects both current and future periods.

Pensions and other post-employment benefit plans

The cost of the pension plans and other long-term employee benefits and the present value of the pension obligation are determined using actuarial valuations. This involves making various assumptions that may differ from actual developments in the future. Due to the complexity of the actuarial calculations and the long-term nature of the obligation, the defined benefit obligation is highly sensitive to changes in the assumptions. The major assumptions and the sensitivity analysis are disclosed in the note ‘Pensions and other post-employment benefit plans’.

Right of use assets and lease liabilities

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease, if it is reasonably certain to be exercised.

The Group has the option, under some of its leases (rent of buildings), to lease the assets for additional terms of three to five years. The Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew. If the renewal option is reasonably certain to be exercised, this lease term is included.

Cloud applications

If management incurs costs related to the implementation and configuration of cloud applications, it makes estimates as to whether these costs can be capitalised as intangible assets. An initial assessment is made as to whether control is obtained over the software. This takes into account the 'International Financial Reporting Interpretations Committee' (IFRIC) decision of March 2019 on the customer's right to access the supplier's software, which is hosted in the cloud. It then estimates which implementation and configuration costs are eligible to be capitalised. This takes into account the IFRIC decision of April 2021, which provided clarification regarding these costs.

Fair value of financial instruments

The following methods are used to estimate the fair values (see note 'Financial instruments – fair values').

Cash and short-term deposits, trade receivables (net of impairment), trade payables and other current liabilities approximate the carrying amounts as to the short-term maturity of these instruments.

The fair value of the unquoted other investments is based on the latest available financial information but with the following distinction:

- ✓ Publi-T: fair value based on the latest available financial statements but adjusted for the investments in Elia, which are at the latest available stock quotations
- ✓ Publigas: fair value based on the external valuation report
- ✓ Shares Elia: fair value at the latest available stock quotations
- ✓ Other companies: fair value at the latest available financial information

The fair value of the certificates for green energy and cogeneration certificates are the guaranteed amount, as stipulated in the decision of the Flemish Government amending the Energy Decree.

The derivative financial instruments are interest rate swaps. The valuation techniques are swap models that use value calculations. The models include various kinds of input including forward prices, yield curves that are obtained on the basis of market interest rates and derivatives from market prices of various financial products that are requested with various market participants.

The fair value of quoted bonds was obtained on the basis of the indicative quotations on Bloomberg (Bloomberg is a prominent provider of business and financial market news. On the reporting date it delivers world economic news, quotes for stock futures, stocks and other).

Impairment of trade and other receivables

For the calculation of the expected future losses on trade and other receivables the Group uses a provision matrix starting from the write-downs of the past three financial years. Supplementary indicative information is added, such as the future economic conditions, that could have a possible impact on the activities of the Group. On each reporting date, the historical write-downs and future indicative information need to be analysed (see also further: energy crisis).

Deferred taxes

Deferred taxes are recognized for temporary differences between the tax values of assets and liabilities and the carrying amounts for financial reporting purposes.

As from 2015 onwards, the MEAs (with the exception of Inter-aqua – now Fluvius Limburg - and Riobra) have to pay corporate income tax, as was the case for Fluvius System Operator, its subsidiary, investments in joint ventures and associates. In the future Inter-aqua (and possibly Riobra) will also be subject to corporate income tax (see note 'Income taxes'). However, for the calculation of deferred taxes, the current ruling was taken into account and no deferred taxes were calculated on temporary differences that arose in the past.

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 year-end 2021, but that the value of the pension liabilities has fallen substantially due to the rising discount rate.

In response to the energy crisis and high inflation and to support consumption, the federal and Flemish governments have taken temporary measures for the benefit of citizens including a VAT reduction for electricity to 6%, extension of the social tariff, granting a basic energy package through price intervention for electricity and gas.

It was also decided to speed up the implementation of the digital meter and the completion of the public lighting system's switch to led. At the request of the municipalities, public lighting was also dimmed during certain hours of the night.

Fluvius supports herewith the municipalities but also facilitates energy-saving measures for companies and individuals. New rules to obtain premiums for rational energy use were issued on 1 July 2022 and a new application platform for premiums was launched on 1 October 2022 in cooperation with Wonen Vlaanderen (website Mijn Verbouwpremie).

Below is an overview of the effects and references to the various explanations:

Description	Note
Interest charges with banks rise following rising interest rates on the financial markets	Financial results
The fair value of pension funds decreased sharply compared to year-end 2021, but the value of pension liabilities decreased sharply due to the rising discount rate	Employee benefit liabilities
Cost of goods purchased increased in 2022 due to inflation	Cost of trade goods
Salaries and social charges increased due to 10% indexation	Employee benefit expenses
Inventories increased due to anticipation of longer delivery terms	Inventories
The affordability of electricity and gas is becoming problematic for more Flemish end-users, increasing the risk of non-payment and possibly bringing more end-users temporarily into the social system	Trade and other receivables, receivables cash pool activities and Financial instruments: policy
Certain energy suppliers run into financial difficulties under these circumstances, requiring them to be denied access to the distribution network and Fluvius to act as emergency supplier for the end customers concerned	Trade and other receivables, receivables cash pool activities and Financial instruments: policy

Energy transition and climate objectives

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 is therefore '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% carbon dioxide emissions by 2030, revising the climate directives and energy taxes, developing a circular economy and introducing a carbon tax. The necessary funding will be required to realise these plans.

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 whether Fluvius's investment plan will be approved. This approval process is ongoing (see note ‘Interest bearing borrowings and loans’).
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.

2.6 Standards issued but not yet effective

The standards, amendments to standards and interpretations that were issued but not yet effective on the publication date of the Group's consolidated financial statements are not expected to have a significant impact on the Group's consolidated financial statements. The Group intends to adopt these standards and interpretations, if applicable, when they become effective.

- Amendments to IAS 1 *Presentation of Financial Statements* – Classification of Liabilities as Current or Non-current (the 2020 amendments and 2022 amendments), effective 1 January 2024*
- Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2: *Disclosure of Accounting policies*, effective 1 January 2023
- Amendments to IAS 8 *Accounting policies, Changes in Accounting Estimates and Errors*: Definition of Accounting Estimates, effective 1 January 2023
- Amendments to IAS 12 *Income Taxes:* Deferred Tax related to Assets and Liabilities arising from a Single Transaction, effective 1 January 2023
- Amendments to IFRS 16 *Leases*: Lease Liability in a Sale and, effective 1 January 2024*
- Amendments to IFRS 17 *Insurance contracts*: Initial Application of IFRS 17 and IFRS 9 – Comparative Information, effective 1 January 2023
- IFRS 17 *Insurance Contracts*, effective 1 January 2023

* Not yet endorsed by the EU at 22 December 2022

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 subsidiary, investments in joint ventures and associates as well as the Flemish Mission Entrusted Associations, reviews the financial data on the basis of a report in accordance with Belgian accounting standards.
This reporting is presented for the MEAs per energy component electricity and gas, as this is the best reflection of the nature and the financial profile of the activities. This segmentation also reflects the framework within which should be reported to the regulator VREG and it also forms the basis for the calculation of the distribution network tariffs for the electricity and gas activities. As a result, they 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 (ESLA), the district heating activity (within the permitted legal framework) and other activities (the so-called spin-ins are projects in Consulting, Grids for Third Parties, Public Lighting, Telecom and Vertical Infrastructure) and due to the merger of ex-Infrax the activities water and sewerage.
The MEAs are organized by region and each applies separate network tariffs. 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 subsidiary, investments in joint ventures and associates are reported separately in the column ‘Fluvius SO consolidated’ without segmentation per energy component. 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 result of the operating company (Fluvius System Operator Group) is always 'null'.

In accordance with IFRS 8, the Group reported on 31 December 2022 and 31 December 2021 the following financial segmented information on the basis of the Belgian GAAP (BE-GAAP).
All transactions of the Group take place in Flanders, Belgium.

Statement of profit or loss 2022

(In thousands of EUR) - Belgian GAAP	Electricity	Gas	Other	Fluvius SO consolidated	Aggregated total
Turnover	1.880.264	573.419	252.688	1.938.299	4.644.670
Other income	111.721	10.884	74.647	109.637	306.889
Operating costs	-1.745.840	-406.759	-363.550	-2.034.664	-4.550.813
Operating profit (loss)	**246.145**	**177.544**	**-36.215**	**13.272**	**400.746**
Financial income	1.589	1.810	88.286	114.557	206.242
Financial costs	-97.261	-45.083	-9.750	-120.599	-272.693
Profit (loss) of the period before taxes	**150.473**	**134.271**	**42.321**	**7.230**	**334.295**
Transfer from/transfer to deferred taxes	32	3	757	0	792
Transfer from/transfer to untaxed reserves	91	2	2	0	95
Income taxes	-46.155	-38.624	3.758	-7.230	-88.251
Profit for the period	**104.441**	**95.652**	**46.838**	**0**	**246.931**

Statement of financial position 2022

(In thousands of EUR) - Belgian GAAP	Electricity	Gas	Other	Fluvius SO consolidated	Aggregated total
Tangible and intangible fixed assets	6.759.927	3.799.011	2.056.503	2.357	12.617.798
Financial fixed assets	1.224	494	438.148	1.570	441.436
FIXED ASSETS	**6.761.151**	**3.799.505**	**2.494.651**	**3.927**	**13.059.234**
Amounts receivable after more than one year	45.035	21.757	332.979	5.140.800	5.540.571
Stocks and contracts in progress	0	0	27.891	175.523	203.414
Amounts receivable within one year	655.956	165.097	169.237	1.251.013	2.241.303
Cash at bank and in hand	808	6	14.941	82.410	98.165
Deferred charges and accrued income	239.354	106.906	3.343	210.354	559.957
CURRENT ASSETS	**941.153**	**293.766**	**548.391**	**6.860.100**	**8.643.410**
Total Assets	**7.702.304**	**4.093.271**	**3.043.042**	**6.864.027**	**21.702.644**
Contribution excluding capital, other	945.205	622.715	1.218.841	1.284	2.788.045
Contribution excluding capital, share premium	109.127	0	18.298	127	127.552
Revaluation surplus	742.376	356.264	29.532	0	1.128.172
Reserves	863.557	450.964	473.068	86	1.787.675
Retained earnings and result of the period	76.248	82.851	27.320	20	186.439
Government grants	128	59	313.149	0	313.336
EQUITY	**2.736.641**	**1.512.853**	**2.080.208**	**1.517**	**6.331.219**
MINORITY INTEREST	**0**	**0**	**0**	**100**	**100**
PROVISIONS FOR LIABILITIES AND CHARGES	**4.877**	**9.746**	**60.929**	**154.869**	**230.421**
Amounts payable after more than one year	3.238.398	2.512.738	650.465	5.105.240	11.506.841
Amounts payable within one year	1.546.640	22.264	241.685	1.526.574	3.337.163
Accrued charges and deferred income	175.748	35.670	9.755	75.727	296.900
AMOUNTS PAYABLE	**4.960.786**	**2.570.672**	**901.905**	**6.707.541**	**15.140.904**
Total Liabilities	**7.702.304**	**4.093.271**	**3.043.042**	**6.864.027**	**21.702.644**

The reconciliation of the financial data 2022 mentioned above based on Belgian GAAP to IFRS is as follows:

(In thousands of EUR)	Assets	Equity and minority interest	Liabilities	Proft / (Loss) for the period
Aggregated total BE-GAAP	**21.702.644**	**6.331.319**	**15.371.325**	**246.931**
Eliminations of balances and transactions	-6.697.820	-27.044	-6.670.776	-3.774
Reclassifications	-67.520	-313.336	245.816	0
Recording of other investments and long-term receivables	2.520.378	2.520.378	0	37.456
Adjustments for employee benefits	-235.971	-363.576	127.605	2.244
Recording of deferred taxes	0	-362.504	362.504	23.702
Others as recording of derivative financial instruments, provisions and impairment and lease recognition	20.786	37.970	-17.184	39.189
Total IFRS	**17.242.497**	**7.823.207**	**9.419.290**	**345.748**

For the electricity segment, two customers achieved together 56% of the turnover and for the gas segment there were two customers that together achieved 58% of the turnover.

Statement of profit or loss 2021

(In thousands of EUR) - Belgian GAAP	Electricity	Gas	Other	Fluvius SO consolidated	Aggregated total
Turnover	2.296.101	533.742	272.644	1.747.722	4.850.209
Other income	79.414	14.995	45.191	169.239	308.839
Operating costs	-2.120.312	-359.244	-339.558	-1.901.685	-4.720.799
Operating profit (loss)	**255.203**	**189.493**	**-21.723**	**15.276**	**438.249**
Financial income	3.029	550	87.109	115.073	205.761
Financial costs	-106.993	-45.368	-8.769	-123.207	-284.337
Profit (loss) of the period before taxes	**151.239**	**144.675**	**56.617**	**7.142**	**359.673**
Transfer from/transfer to deferred taxes	6	3	513	0	522
Transfer from/transfer to untaxed reserves	13	1	1	0	15
Income taxes	-45.786	-41.082	-336	-7.142	-94.346
Profit for the period	**105.472**	**103.597**	**56.795**	**0**	**265.864**

Statement of financial position 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
FIXED ASSETS	**6.469.427**	**3.774.885**	**2.381.205**	**5.042**	**12.630.559**
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
CURRENT ASSETS	**1.104.504**	**221.935**	**610.202**	**6.453.674**	**8.390.315**
Total Assets	**7.573.931**	**3.996.820**	**2.991.407**	**6.458.716**	**21.020.874**
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
EQUITY	**2.707.125**	**1.480.063**	**2.058.847**	**1.517**	**6.247.552**
MINORITY INTEREST	**0**	**0**	**0**	**100**	**100**
PROVISIONS FOR LIABILITIES AND CHARGES	**5.707**	**10.646**	**59.496**	**196.584**	**272.433**
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
AMOUNTS PAYABLE	**4.861.099**	**2.506.111**	**873.064**	**6.260.515**	**14.500.789**
Total Liabilities	**7.573.931**	**3.996.820**	**2.991.407**	**6.458.716**	**21.020.874**

The reconciliation of the financial data 2021 mentioned above based on Belgian GAAP to IFRS is as follows:

(In thousands of EUR)	Assets	Equity and minority interest	Liabilities	Proft / (Loss) for the period
Aggregated total BE-GAAP	**21.020.874**	**6.247.652**	**14.773.222**	**265.864**
Eliminations of balances and transactions	-6.343.800	-28.214	-6.315.586	-2.720
Reclassifications	-32.888	-299.494	266.606	0
Recording of other investments and long-term receivables	2.114.356	2.114.356	0	18.663
Adjustments for employee benefits	-91.693	-445.382	353.689	5.213
Recording of deferred taxes	0	-376.341	376.341	-5.903
Others as recording of derivative financial instruments, provisions and impairment and lease recognition	32.331	34.784	-2.453	20.831
Total IFRS	**16.699.180**	**7.247.361**	**9.451.819**	**301.948**

For the electricity segment, three customers achieved 57% of the turnover and for the gas segment there were three customers that together achieved 55% of the turnover.

Performance of the year

4 Operating revenue

(In thousands of EUR)	2022	2021
Distribution and transport grid revenue	2.153.323	2.857.901
Sale of energy	110.560	52.025
Construction works for third parties	28.774	39.618
Other sales	107.757	88.749
Total revenue from contracts with customers	**2.400.414**	**3.038.293**
Recuperations	178.390	116.195
Other	27.692	51.092
Other operating income	**206.082**	**167.287**
Own construction, capitalized	**642.568**	**566.234**
Total operating revenue	**3.249.064**	**3.771.814**

Total revenue from contracts with customers
Revenue from contracts with customers amounts to 2.400.414 k EUR at 31 December 2022 and 3.038.293 k EUR at 31 December 2021, a decrease of 637.879 k EUR.

The revenue from the distribution and transport of electricity and gas via its networks and the sale of energy is recognized on a monthly basis. The proceeds from the billing of works to third parties are recognized at some point in time. The other sales for the activity sewerage are recognized on the one hand for the performance recognition of maintenance on the moment in time and, on the other hand, it is spread over the period for the investment. Hence, the remediation contribution is recognized over the period of the works performed.
The Group has realized most of its revenue from the remuneration of the distribution of electricity and gas via its networks. This revenue should be evaluated together with the regulatory transfers and balances. The distribution and transmission grid fee is set based on the tariff methodology prepared by the VREG for the period 2021 to 2024 (see note 'Working in a regulated environment').
The distribution and transmission grid fee amounts to 2.153.323 k EUR at the end of 2022 and 2.857.901 k EUR at the end of 2021.
The distribution grid fee for electricity amounts to 1.352.662 k EUR at the end of 2022 and 1.542.388 k EUR at the end of 2021; the transmission grid fee for electricity amounts to 347.842 k EUR at the end of 2022 and 809.148 k EUR at the end of 2021.
The distribution grid fee for gas decreases and amounts to 452.818 k EUR at the end of 2022 and 506.364 k EUR at the end of 2021.

On 22 December 2021, VREG published the distribution network tariffs for 2022. These electricity and gas tariffs, which determine the allowed income of the distribution system operators, decreased compared to 2021 (see note 'Working in a regulated environment'). This decrease was also possible due to government decisions regarding the sale of green certificates (GEC) (117,4 million EUR), the charging of public service obligations and the conversion of federal surcharges into special excise duties (380,6 million EUR) (See note 'Cost of trade goods'). Also at issue is the effect of high energy prices, resulting in end consumers being more efficient in their energy consumption.

Energy sales are mainly the deliveries of energy to individuals who do not find an energy supplier on the market due to payment difficulties. This item increased by 58.535 k EUR at the end of 2022 compared to the end of 2021 because of the boarding by Fluvius of customers who were previously served by an energy supplier but ran into payment difficulties due to high energy prices.

The billing of construction works for third parties comprises mainly the construction works carried out for ESLA as well as for public lighting.
The contracts with customers are generally from three promises. The first promise is to perform a study of possible energy savings. After this study, works are started up and the Group is responsible for the project coordination and the implementation. These three promises form one performance obligation as the Group provides a significant integrated service to bundle its promises for the combined project for its customer.
The performance obligation is fulfilled upon provisional acceptance and the payment is due within 30 to 60 days on average after the provisional acceptance.
A guarantee period of twelve months is allowed to the customer. This is a standard warranty that is not seen as a separate performance obligation.
The contracts for public lighting with customers generally include two promises. The first promise is the demolition of the current public lighting. After the demolition the new public lighting is constructed. These promises are considered as two separate performance obligations. The performance obligations are fulfilled upon acceptance and payment is due within 30 to 60 days on average after acceptance.

The other sales reflect the revenue of the remediation of wastewater (2022: 71.081 k EUR; 2021: 70.757 k EUR) by means of a municipal wastewater treatment contribution charged by the water companies (see note ‘‘Working in a regulated environment).
The proceeds of the activity cable television distribution increased (18.516 k EUR) and the revenues related to Infra-X-net and Infra-GIS remained almost constant.

Other operating income
The recuperations amount to 178.390 k EUR in 2022 and 116.195 k EUR in 2021. This item contains compensations for operating activities performed at customers (2022: 65.418 k EUR; 2021: 57.470 k EUR), reimbursements of general expenses by contractors, insurances or various operating subsidies and recoveries from employees and reimbursement for subsidies for the rational use of energy (2022: 65.427 k EUR; 2021: 14.313 k EUR) (see note ‘Cost for services and other consumables’).

The other operating income amounts to 27.691 k EUR in 2022 and 51.092 k EUR in 2021 and mainly comprises allowances for damages and recoveries for grid related costs and public service obligations amounting to 12.036 k EUR at the end of 2022 (2021: 21.644 k EUR). Also gains on allowances recorded in previous periods on trade receivables (2022: 347 k EUR; 2021: 705 k EUR) as well as gains on the sale of property, plant and equipment (2022: 2.285 k EUR; 2021: 3.022 k EUR) are included here.

Own construction, capitalized
All costs related 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, this revenue cannot be considered as an operating income. This item also contains the contributions received from customers (152.856 k EUR in 2022 and 144.232 k EUR in 2021) which are also deducted as own construction, capitalized (-152.856 k EUR in 2022 and -144.232 k EUR for 2021).

5 Cost of trade goods

(In thousands of EUR)	2022	2021
Cost for transportation	400.418	781.052
Purchase of energy	53.836	32.168
Purchase of goods for resale	253.448	204.441
Purchase of grid losses	51.901	30.094
Certificates for green energy and cogeneration	401.548	480.187
Total	**1.161.151**	**1.527.942**

The decrease in cost of trade goods is driven by the decrease in costs for the transmission grid fee (of electricity to Elia) from 781.052 k EUR at the end of 2021 to 400.418 k EUR at the end of 2022 or a decrease by 380.634 k EUR as well as the decrease in costs to buy-back certificates (green certificates (GEC) and cogeneration certificates (CHPs)) from 480.187 k EUR at the end of 2021 to 401.548 k EUR at the end of 2022 or 78.639 k EUR.

The decrease in commodities, raw materials and consumables is due to the decrease in costs for the transmission grid fee (of electricity to Elia) from 781.052 k EUR at the end of 2021 to 400.418 k EUR at the end of 2022 or 380.634 k EUR and the decrease in costs for the buy-back of certificates (green certificates (GSC) and cogeneration certificates (CHPs)) from 480.187 k EUR at the end of 2021 to 401.548 k EUR at the end of 2022 or 78.639 k EUR.

In the letter of 7 December 2021, the cabinet of the federal minister responsible for energy communicated the decision in principle to reform, among others, the federal public service obligations to a special excise duty. As a result, from 1 January 2022, the transmission system operator Elia Transmission Belgium will no longer pass on federal public service obligations to the distribution system operators (which will therefore no longer be passed on in cascade - see note 'Operating income').

The cost of green power and combined heat and power certificates decreases compared to 2021 because the Flemish Government decided for 2022 to reduce the cost of the public service obligation in the electricity bill for the end customer by 147 million EUR by buying back green power certificates and removing them from the market (Energy Decree 6.4.14/2 §2). This reduces the costs at the distribution system operators thus passed-through to the end customer (see note 'Trade and other receivables').
Furthermore, the item comprises the cost of the number of certificates purchased (in 2022: 2.682.717 GEC and 4.296.034 CHPs; in 2021: 2.907.458 GEC and 4.896.581 CHPs) and possible incurred cost of the sale of certificates (see note 'Trade and other receivables').

The cost related to electricity and gas purchases for social and dropped customers and the costs related to purchase grid losses increased by 21.668 k EUR and 21.807 k EUR respectively due to rising energy prices. The increase in purchases of trade goods by 49.006 k EUR compared to the end of 2022 is due to the rising cost of raw materials.

6 Cost for services and other consumables

(In thousands of EUR)	2022	2021
Cost of purchase network grids	126.650	121.005
Cost for direct purchases	33.886	29.079
Fee for usage of installations and retributions	68.064	66.206
Advertising, information, documentation, receptions a.o.	8.401	5.347
Subsidy for rational use of energy (RUE)	94.269	70.903
Contracts and administration costs	36.487	27.379
Consultancy and other services	99.026	98.865
Other	64.276	56.156
Total	**531.059**	**474.940**

Cost for services and other consumables amounts to 531.059 k EUR at 31 December 2022 and 474.940 k EUR at 31 December 2021, an increase of 56.119 k EUR.

The premiums for *Rational Energy Use (RUE)* paid out to individuals and companies are recognized as an expense in the statement of profit or loss.
These premiums are granted to individuals and companies that invest in energy-efficient applications (installing insulation, high-efficiency glazing, relighting) and renewable energy applications (solar water heater, heat pump, heat pump boiler). These premiums are evaluated every year in consultation with the Flemish Government and can vary in size and application. A RUE action plan is agreed on per calendar year.
Subsidy for rational use of energy (RUE) amounts to 94.269 k EUR at 31 December 2022 and 70.903 k EUR at 31 December 2021, an increase of 23.366 k EUR. These costs reflect the payment of subsidies for RUE requested by individuals and companies.
In 2022, premiums could be applied for insulation (roofs, walls, floors and glazing), renewable energy premiums (solar water heater, heat pump, heat pump boiler) and additional premiums for protected customers or vulnerable tenants.
Since 1 October 2022, a new website www.Mijnverbouwpremie.be has been made available for these energy premiums and the renovation premium.
In 2021, premiums could be applied for insulation (walls, floors, attic), high-efficiency glazing, heat pump, heat boiler and solar water heater.

The item 'Other' comprises the costs for utilities, communications, transport, insurance, costs for studies and other.

7 Employee benefit expenses

(In thousands of EUR)	2022	2021
Remunerations	446.471	409.508
Social security contributions	118.164	108.719
Contributions to defined benefit plans and other insurances	70.169	70.742
Other personnel costs	27.213	26.681
Total	**662.017**	**615.650**

Employee benefit expenses amount to 662.017 k EUR at 31 December 2022 and 615.650 k EUR at 31 December 2021, an increase of 46.367 k EUR.

The remunerations and social security contributions increase with an amount of 36.963 k EUR and 9.445 k EUR each or an increase of 9% each. This increase reflects the inflation during 2022 since the remunerations are adjusted for inflation on a monthly basis.
The contributions to defined benefit plans and other insurances remain almost unchanged but during the year additional payments were made into the pension funds as a result of the redetermination of funding rates offset by fair value adjustments of the pension provisions.

The item other personnel costs includes the costs for meal vouchers, tariff benefits, medical service and the like.

The average number of employees amounted to 5.695 during 2022.

8 Amortization, depreciation, impairments and changes in provisions

(In thousands of EUR)	2022	2021
Amortization of intangible assets	42.166	39.304
Depreciation of property, plant and equipment and right-of-use assets	492.445	463.607
Total amortization and depreciation	**534.611**	**502.911**
Impairment of trade receivables	16.510	24.148
Changes in provisions	185	468
Total	**551.306**	**527.527**

The amortization and depreciation amounts to 534.611 k EUR at 31 December 2022 and 502.911 k EUR at 31 December 2021, an increase of 31.700 k EUR.

From 2015 onwards, the calculation of the provision for doubtful debts takes into account the principles of the Belgian fiscal rules and, hence, it is based on statistical data obtained from the payment pattern of this category of clients (social suppliers) as from the liberalisation of the energy market.

The impairment of trade receivables in 2021 included additional provisions for unjustified claims for green certificates and additional provisions were also recognised for energy suppliers experiencing payment difficulties and impairments on social suppliers were recognised (see note ‘Trade and other receivables’ and ‘Financial instruments: Risks and fair value’).

The item 'Changes in provisions' mainly includes the movement of the provision for employee benefits that could not be recognised under the IAS 19 standard (see note 'Provisions for employee benefits'). This provision was fully phased out at the end of 2022 and therefore a reversal was recognised (2022: -1.321 k EUR; 2021: -115 k EUR).
Furthermore, a net addition of 1.506 k EUR for 2022 and a net increase of 603 k EUR for 2021 were recognised for the provision for remediation costs. The increases are due to the inclusion of a provision for additional remediation costs and the decrease in provisions is due to the uses and specific elements that allowed the estimate of remediation costs to be reduced (see note 'Provisions, other').

9 Other operational expenses

(In thousands of EUR)	2022	2021
Loss on disposal/retirement of fixed assets	89.578	79.014
Loss on realization receivables	12.130	8.883
Other	4.075	2.998
Total	**105.783**	**90.895**

Other operational expenses amount to 105.783 k EUR at 31 December 2022 and 90.895 k EUR at 31 December 2021, an increase of 14.888 k EUR. This increase is due to the increase in all items. The loss on realisation of trade receivables increased for the ordinary category if trade receivables and for the category of clients that moved but did not report a new address. In the item other, the miscellaneous corporate taxes showed the largest increase.

10 Regulated balances and transfers

Since 2011, the Group reports the additions, recoveries and regularisations 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.

The cost and revenue of the items ‘Addition and recuperation transfers’ relates to the additional revenue registration (in plus or minus) that is allowed as the difference between the actual income and expenses and the budgeted income and expenses as approved by the regulator. The result thus additionally reported will be recuperated through the tariffs of the following years (see note ‘Operating in a regulated environment’).

The regulated balances and transfers are as follows:

(In thousands of EUR)	2022	2021
Additional transfers	-144.972	145.086
Recuperation of transfers	-41.373	-55.189
Total	**-186.345**	**89.897**

The item 'Addition transfers' represents a revenue in 2022 and a cost in 2021.

11 Financial results

(In thousands of EUR)	2022	2021
Interest income, banks	167	4
Interest income, derivative financial instruments	46.720	25.430
Other financial income	103.050	101.047
Finance income	**149.937**	**126.481**
Interest expenses, non-current loans	148.218	158.265
Interest expenses, current loans and other borrowings	1.449	981
Other financial expenses	14.066	10.001
Finance costs	**163.733**	**169.247**

Finance income amounts to 149.937 k EUR at 31 December 2022 and 126.481 k EUR at 31 December 2021, an increase of 23.456 k EUR. This increase is mainly due to the interest income from derivative financial instruments. These include the changes in fair value (2022: 41.590 k EUR; 2021: 20.941 k EUR) as well as the recognition over time of the proceeds from the derivatives that were sold (2022: 4.836 k EUR; 2021: 4.489 k EUR).
The other financial income contains dividends received and revaluations of participations and shares obtained via the other investments (2022: 54.908 k EUR and 6.826 k EUR; 2021: 54.356 k EUR and 7.701 k EUR). Furthermore, the allowances received from the telecommunication company Telenet were recognized for 32.273 k EUR at the end of 2022; 31.433 k EUR at the end of 2021 (see note 'Long-term receivables, other'), capital grants (2022: 6.840 k EUR; 2021: 6.193 k EUR) and financial discounts received from suppliers (183 k EUR at the end of 2022; 177 k EUR at the end of 2021).

The interest expenses on non-current loans decrease by 10.047 k EUR in comparison to 2021 mainly as a result of the repaid loans which almost all have degressive interest payments and the new loans mainly drawn in December 2022 for which a (higher) provision for interest had to be taken up.
Interest expense from current loans and other borrowings increases by 468 k EUR compared to 2021 mainly due to rising interest rates. Other financial expenses amount to 14.066 k EUR at the end of 2022 and mainly include interest costs on defined benefit pension plans, debt issuance

costs, interest costs on leasing (2022: 1.830 k EUR; 2021: 1.633 k EUR) and miscellaneous bank charges.

Other financial expenses mainly include financial costs for personnel liabilities (2022: 8.929 k EUR; 3.661 k EUR).

12 Income taxes

(In thousands of EUR)	2022	2021
Current income tax expenses	-87.749	-94.174
Current income tax expenses on previous year result	-502	-172
Deferred income tax benefits (+) / expenses (-)	23.702	-5.903
Total income tax expenses	**-64.549**	**-100.249**

Current income tax expense on the result

Based on the Programme Act of 19 December 2014, the MEAs (except those operating in water and sewerage) are subject to the corporate income tax as from accounting year 2015 and thus they are no longer subject to the legal entity tax.

Below is the calculation of the taxable base according to BE-GAAP principles:

(In thousands of EUR)	2022	2021
Taxable profit (loss)	335.182	360.210
Portion subject to legal entity tax	-1.619	-2.054
Effect non-deductible expenses	17.434	18.542
Tax basis	**350.997**	**376.698**
Total current income tax expenses	**-87.749**	**-94.174**

The statutory Belgian corporate tax rate is at 25,00% and is calculated on the taxable base. This includes the result of the financial year as well as costs that, according to taxation, cannot be deducted from the result. These non-deductible costs thus include rejected expenses mainly for revaluation capital gains (2022: 53.448 k EUR; 2021: 53.360 k EUR), social and employee benefits (2022: 21.210 k EUR; 2021: 20.724 k EUR) and non-taxable dividends and capital grants (2022: 61.619 k EUR; 2021: 60.025 k EUR).

Deferred taxes

Since the aforementioned law was ratified in 2014, deferred taxes for temporary differences have been calculated between the tax values of assets and liabilities and the carrying amounts for financial reporting purposes, in accordance with the application of IAS12 *income tax*.

During the period 2015-2016 various rulings for the MEAs of ex-Eandis and ex-Infrax were 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, government grants, the impairment losses of trade receivables and the deductibility of impairment losses on final write-offs of receivables.

These rulings were valid through fiscal year 2019 and were extended or modified, as needed, through fiscal year 2024.

During 2015, a separate ruling was requested for Inter-aqua and Riobra, and a prior decision was made allowing Inter-aqua and Riobra to remain subject to the legal entity tax in accordance with article 220, 3 ° of the 1992 Code on the Income Tax. This prior decision will also apply to the tax year 2020.
In the meantime, a new ruling was obtained for Riobra which confirmed that Riobra is still subject to the legal entity tax (and not to corporate tax) up to and including the financial year 2024.
When Inter-aqua and/or Riobra merge with one or more other ex-Eandis and/or ex-Infrax MEAs, whereby the sewerage activity will be hosted in a MEA that is subject to corporate income tax, the submission to the legal entity tax will normally be lost as well, and hence sewerage will be subject to the corporate income tax.
Regarding the merger by absorption of Inter-aqua (legal entity tax) by Inter-energa (corporate income tax), a ruling was requested to obtain a prior decision concerning the tax consequences of this proposed merger. On 26 March 2019, a prior decision was obtained confirming that the merger would not affect the legal entity tax of Inter-aqua, the capital of Inter-aqua qualifies as taxable paid-up capital, reserves and government grants built up under the legal entity tax qualify as taxed reserves, the fiscal value of the acquired assets on behalf of Inter-energa is equal to the actual value of the assets and the fact that the merger is with retroactive effect will have no effect on the accounting (BE-GAAP).
If in the future Riobra ends up in a similar situation of corporate income tax restructuring, a similar prior examination would be performed.

In the context of the Public Lighting offer to the municipalities, a ruling was obtained to provide legal certainty that the costs (related to the investments, maintenance, energy consumption) are considered as fiscally deductible costs in the corporate income tax and that the resources used in this context do not contain any abnormal or gratuitous advantages. The ruling will apply up to and including the financial year 2030.

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

(In thousands of EUR)	2022	2021
Property, plant & equipment	-447.186	-460.548
Derivative financial instruments	22	10.310
Employee benefit liabilities	90.894	111.345
Provisions	-5.810	-6.578
Receivables	0	-30.780
Other	-424	-90
Net deferred tax asset/(liability)	**-362.504**	**-376.341**

The movements in the statement of profit or loss and other comprehensive income are as follows At the end of 2022:

(In thousands of EUR)	Movements via P&L	Movements via OCI*
Property, plant & equipment	3.337	10.025
Derivative financial instruments	-10.288	0
Employee benefit liabilities	-561	-19.890
Provisions, rehabilitation gas sites	768	0
Provisions, other	30.780	0
Impairment on trade receivables	-334	0
Deferred tax benefit/(expense)	**23.702**	**-9.865**
Net movement during the year	**13.837**	

* OCI = Other Comprehensive Income

At the end of 2021

(In thousands of EUR)	Movements via P&L	Movements via OCI*
Property, plant & equipment	3.352	10.015
Derivative financial instruments	-5.205	0
Employee benefit liabilities	-1.304	-32.917
Provisions, rehabilitation gas sites	294	0
Provisions, other	-2.704	0
Impairment on trade receivables	-336	-4
Deferred tax benefit/(expense)	**-5.903**	**-22.906**
Net movement during the year	**-28.809**	

*OCI = Other Comprehensive Income

The main temporary differences relate to the revaluation of property, plant & equipment and the provisions for employee benefit liabilities. A deferred tax liability was recorded of 447.186 k EUR (2021: 460.548 k EUR) related to the revaluation of property, plant & equipment since, according to Belgian tax law, the costs are not deductible. Concerning the provisions for employee benefit liabilities, the costs will be deductible according to the Belgian tax law, and therefore a deferred tax asset was recorded of 90.894 k EUR (2021: 111.345 k EUR).
Until 2021, deferred tax on ‘Reveivables’ was recorded for the recognition of future receivables with Telenet. As this receivable was to be recognised at the end of the financial year 2022 as an asset for sale and taking into account the tax ruling obtained, the deferred tax previously recorded needed to be reversed. For the ‘Derivative financial instruments’, following the impact of interest rates, a decrease in the debt was recognised (see note 'Derivative financial instruments') resulting in a decrease in the deferred tax asset.

The net deferred tax liability is composed of:

(In thousands of EUR)	2022	2021
Deferred tax asset	90.916	121.655
Deferred tax liability	-453.420	-497.996
Deferred tax liability, net	**-362.504**	**-376.341**

The movements in the item deferred tax liability are as follows:

(In thousands of EUR)	2022	2021
Total as at 1 January	**-376.341**	**-347.532**
Tax income/(expense) recognised in profit or loss	23.702	-5.903
Tax income/(expense) recognised in OCI	-9.865	-22.906
Total at end of reporting period	**-362.504**	**-376.341**

Assets

13 Intangible assets

(In thousands of EUR)	Licences and similar rights	Development costs	Total
Acquisition value at 1 January 2022	5.024	517.634	**522.658**
Acquisitions	70	37.624	**37.694**
Assets held for sale	0	-6.089	**-6.089**
Other	-3.102	3.102	**0**
Acquisition value at 31 December 2022	**1.992**	**552.271**	**554.263**
Amortization and impairment at 1 January 2022	4.884	397.447	**402.331**
Amortization	67	42.099	**42.166**
Assets held for sale	0	-3.775	**-3.775**
Other	-3.102	3.102	**0**
Amortization and impairment at 31 December 2022	**1.849**	**438.873**	**440.722**
Net book value 31 December 2022	**143**	**113.398**	**113.541**

(In thousands of EUR)	Licences and similar rights	Development costs	Total
Acquisition value at 1 January 2021	4.931	472.399	**477.330**
Acquisitions	93	45.235	**45.328**
Other	0	0	**0**
Acquisition value at 31 December 2021	**5.024**	**517.634**	**522.658**
Amortization and impairment at 1 January 2021	4.834	358.193	**363.027**
Amortization	50	39.254	**39.304**
Other	0	0	**0**
Amortization and impairment at 31 December 2021	**4.884**	**397.447**	**402.331**
Net book value 31 December 2021	**140**	**120.187**	**120.327**

The intangible assets contain the capitalised amounts relating to Fibre-to-the-home (FTTH – concerns the roll-out of fibre), Hydronaut (study for the dimensioning of the global sewerage network), Smallworld GIS (graphic information system for the grid) and, since the formation of the integrated company Fluvius System Operator cv, also costs relating to 'New Foundations' (the new ERP system).
Investments during 2022 mainly concern New Foundations and during 2021 mainly New Foundations, a public neutral fibre optic network FTTH and studies for sewerage.

During 2022 and 2021, no costs for research were recorded.
There were no intangible assets with an indefinite useful life.

14 Property, plant and equipment

(In thousands of EUR)	Land and buildings	Installation, machinery and equipment	Furniture and vehicles	Others	Assets under con-struction	Total
Acquisition value at 1 January 2022	432.273	19.521.042	298.941	20.756	955.315	21.228.327
Acquisitions	8.609	387.794	23.825	17	566.795	987.040
Acquisitions from third parties	26	23.116	0	0	103	23.245
Sales	-119	-1.526	-6.622	-90	0	-8.357
Disposals	-3.748	-281.409	-24.043	-188	0	-309.388
Assets held for sale	0	-315.207	0	0	-23.061	-338.268
Transfer to others	3.420	496.529	0	-0	-501.486	-1.537
Acquisition value at 31 December 2022	**440.461**	**19.830.339**	**292.101**	**20.495**	**997.666**	**21.581.062**
Depreciation and impairment at 1 January 2022	151.262	8.778.802	243.415	19.139	0	9.192.618
Depreciation	7.726	446.307	22.484	387	0	476.904
Sales	-10	-1.011	-6.476	-90	0	-7.587
Disposals	-2.612	-193.076	-24.043	-154	0	-219.885
Assets held for sale	0	-199.813	0	0	0	-199.813
Transfer to others	-82	-1.455	0	-0	0	-1.537
Depreciation and impairment at 31 December 2022	**156.284**	**8.829.754**	**235.380**	**19.282**	**0**	**9.240.700**
Net book value at 31 December 2022	**284.177**	**11.000.585**	**56.721**	**1.213**	**997.666**	**12.340.362**

(In thousands of EUR)	Land and buildings	Installation, machinery and equipment	Furniture and vehicles	Others	Assets under con-struction	Total
Acquisition value at 1 January 2021	418.238	19.091.236	285.968	20.590	827.076	20.643.108
Acquisitions	12.853	351.227	25.188	112	505.239	894.619
Acquisitions from third parties	0	7.224	0	0	103	7.327
Sales	-629	-42.812	-10.293	-43	-198	-53.975
Disposals	-320	-261.245	0	47	-744	-262.262
Transfer to others	2.131	375.412	-1.922	50	-376.161	-490
Acquisition value at 31 December 2021	**432.273**	**19.521.042**	**298.941**	**20.756**	**955.315**	**21.228.327**
Depreciation and impairment at 1 January 2021	143.953	8.580.875	234.484	18.777	0	8.978.089
Depreciation	7.491	420.900	20.828	391	0	449.610
Sales	-208	-41.936	-10.203	-43	0	-52.390
Disposals	-287	-181.928	0	14	0	-182.201
Transfer to others	313	891	-1.694	0	0	-490
Depreciation and impairment at 31 December 2021	**151.262**	**8.778.802**	**243.415**	**19.139**	**0**	**9.192.618**
Net book value at 31 December 2021	**281.011**	**10.742.240**	**55.526**	**1.617**	**955.315**	**12.035.709**

The acquisitions for the investments during 2022 and 2021 mainly concerned investments for metering equipment including the installations for the digital electricity and gas meter. Furthermore, investments were mainly recorded in the electricity segment for the low-voltage grid and the high-voltage grid. For the gas segment, grid investments went down compared to 2021. The largest investments were recorded for low-pressure and high-pressure installations.

The commitments for the acquisition of property, plant and equipment at the end of 2022 amounted to 3.524 k EUR and 3.431 k EUR at the end of 2021.

The net book value includes the assets paid by clients (third party interventions) and corresponds to the fair value of the Group’s network.

As per 31 December 2022 and 2021, there are no restrictions on title and property, plant and equipment serving as pledge for liabilities.

15 Right-of-use assets and lease liabilities

Below is an overview of the right-of-use assets at 31 December 2022:

(In thousands of EUR)	Land and buildings	Installation, machinery and equipment	Furniture and vehicles	Total
Acquisition value at 1 January 2022	25.816	2.831	50.275	78.922
Acquisitions	2.645	49	8.507	11.201
Disposals	-641	-202	-5.073	-5.916
Other	-5.578	0	-454	-6.032
Acquisition value at 31 December 2022	**22.242**	**2.678**	**53.255**	**78.175**
Depreciation and impairment at 1 January 2022	7.952	1.454	30.883	40.289
Depreciation	5.032	283	10.227	15.542
Sales and disposals	-641	-203	-4.682	-5.526
Depreciation and impairment at 31 December 2022	**12.343**	**1.534**	**36.428**	**50.305**
Net book value at 31 December 2022	**9.899**	**1.144**	**16.827**	**27.870**

Below is an overview of the right-of-use assets at 31 December 2021:

(In thousands of EUR)	Land and buildings	Installation, machinery and equipment	Furniture and vehicles	Total
Acquisition value at 1 January 2021	24.269	2.594	46.585	73.448
Acquisitions	7.007	523	4.599	12.129
Disposals	-5.460	0	-909	-6.369
Other	0	-286	0	-286
Acquisition value at 31 December 2021	**25.816**	**2.831**	**50.275**	**78.922**
Depreciation and impairment at 1 January 2021	7.778	1.065	22.459	31.302
Depreciation	4.410	389	9.198	13.997
Disposals	-4.236	0	-774	-5.010
Depreciation and impairment at 31 December 2021	**7.952**	**1.454**	**30.883**	**40.289**
Net book value at 31 December 2021	**17.864**	**1.377**	**19.392**	**38.633**

Below are the lease liabilities and the movements during 2022 and 2021:

(in thousands EUR)	2022	2021
Lease liabilities at 1 January	**41.473**	**44.807**
Additions	4.782	10.491
Accretion of interest	1.830	1.632
Payments	-16.472	-15.457
Lease liabilities at 31 December	**31.613**	**41.473**
Non-current lease liabilities	21.055	29.379
Current lease liabilities	10.558	12.094

The lease liabilities at 31 December 2022 related to land and buildings for 11.122 k EUR (2021 19.184 k EUR), installation, machinery and equipment for 297 k EUR (2021: 507 k EUR) and furniture and vehicles for 20.194 k EUR (2021: 21.782 k EUR).

The following discount rates were used in determining the lease obligations:

- For buildings: 2,00%, 3,08% and 7.00%
- For IT material: 2,00%
- For vehicles: between 3,00% and 6,00%

Expenses recognised in relation to rental obligations amount to 3.700 k EUR at 31 December 2022 (2021: 6.402 k EUR) and include 2.284 k EUR of low value and short-term rental costs (2021: 4.730 k EUR) and 1.416 k EUR of rent and service costs (2021: 1.672 k EUR). These expenses were included in the note 'Cost for services and other consumables'.

16 Investments in other companies

Investments in joint ventures and associates amount to 2.017 k EUR at the end of 2022 and 2.017 k EUR at the end of 2021. These investments are being held in Atrias cv, Synductis cv and S-Lim cv.

On 9 May 2011, **Atrias cv** was established as a joint initiative of Belgium's largest energy distribution operators Fluvius, Ores, Sibelga and RESA.
Atrias is a central clearing house for the Distribution System Operators and charged with the development of a Message Implementation Guide (MIG), the development of a clearing house application, and the management and maintenance of this application. MIG describes how the communication flow between the various players of the energy market should happen.
The Group has acquired 50% (2021: 50%) of the shares representing an amount of 9 k EUR (2021: 9 k EUR).
Atrias is an unlisted company and has no official price quotation.

Synductis cv was founded on 21 December 2012 and aims to coordinate the infrastructure works by various utility companies in the Flemish cities and municipalities and so reduce nuisance caused by the works.
Fluvius System Operator participates for an amount of 8 k EUR, which represents a share percentage of 34,38 % at the end of 2022 and 34,47% at the end.2021.

Synductis is an unlisted company and has no official price quotation.

The Group receives its share of the operating costs of Atrias and Synductis. But the Group also grants services and funding (see note ‘Related parties’).

S-Lim cv (Smart Region Limburg) was founded on 7 Augustus 2017 by Fluvius Limburg (ex Intermedia), Nuhmeris and Nuhma with the mission to create a better and more attractive environment in Limburg by investing in technology and innovation. S-Lim accompanies municipalities by means of translating their administrative and social requirements into technological and software related applications. The Group holds an investment of 2.000 k EUR (50%).

17 Other investments

Other investments amount to 2.789.354 k EUR at 31 December 2022 and 2.413.967 k EUR at 31 December 2021, an increase of 375.387 k EUR.

The other investments comprise the **participations held in Publi-T** (48,03%) and **Publigas** (30,36%).
At 31 December 2022, the fair value recognition of those participations and the **shares** held in Elia amounted to 2.784.135 k EUR with recognition through other comprehensive income for 368.565 k EUR and 6.594 k EUR through finance income.
At 31 December 2021, the fair value of these participations and the shares held amounted to 2.408.975 k EUR with recognition through other comprehensive income for 342.131 k EUR and 7.514 k EUR through financial income.
The MEAs Fluvius Antwerpen, Fluvius Limburg, Gaselwest, Imewo, Fluvius West, Intergem, Iverlek and PBE together own 48,03% of the share capital of Publi-T, the reference shareholder in the Belgian electricity transmission system operator Elia.
In June 2022, Elia carried out a capital increase for a total amount of 590,11 million EUR. Publi-T subscribed to this capital increase for 264,51 million EUR. Financing was provided temporarily through loans from two shareholders, with a bridging loan from the bank and using it own available funds. Further structural financing is being worked on.

The other investments comprise the participations held by the Group in the **business centres** situated in the distribution area of Gaselwest (business centres Kortrijk, Flemish Ardennes and Waregem), Imewo (business centres Bruges and Ghent) and PBE (business centres Leuven and Tienen).
During 2021, the business centre Ostend was sold (loss of 25 k EUR, of which 16 k EUR through other comprehensive income) and during 2022 the participation in M@G (Limburghal) was sold (5 k EUR).
In addition, participations in **companies** are held by Fluvius West (service company Leiedal, West-Vlaamse Intercommunale and Intercommunale Centrum voor Informatica (CEVI) VZW), by Fluvius Limburg and Fluvius Antwerpen (service company Cipal) and by the Group in the companies EthiasCo, Duwolim cv and Poolstok.
The fair value recognition of these investments amounts to 5.219 k EUR at 31 December 2022 (2021: 4.992 k EUR) with recognition of fair value change amounting to 232 k EUR through finance income and 5 k EUR via financial cost (2021: 187 k EUR is recognized through finance income and 36 k euro through finance costs).

18 Long-term receivables

Long-term receivables, other amount to 99.516 k EUR at 31 December 2022 and 551.959 k EUR at 31 December 2021, a decrease of 452.443 k EUR.

This decrease is due to the recording at the end of 2022 of the receivables from the telecommunications company Telenet as assets held for sale (see note ‘Assets held for sale’). At the end of 2021 this receivable amounted to 442.450 k EUR.

In this note, receivables towards municipalities are recorded in function of loans borrowed in the framework of the acquired financing associations (2022: 52.150 k EUR; 2021: 59.532 k EUR), to the Energy Service Company (2022: 5.948 k EUR; 2021: 6.059 k EUR) and to the company Atrias cv (2022: 40.300 K EUR; 2021: 42.750 k EUR) (see note ‘Related parties’).

19. Inventories

(In thousands of EUR)	2022	2021
Raw materials and consumables	171.347	146.331
Accumulated impairment on inventories	-7.627	-5.215
Total	**163.720**	**141.116**

The inventory increased as a result of the build-up of materials following the roll-out of digital meters, the installation of led for public lighting and the inventory of grid-related goods. Furthermore, longer delivery periods were anticipated due to the raw material shortage as a result of the economic recovery after the pandemic and rising raw material and material costs due to rising inflation.

The part of the inventory relating to the activity that will be discontinued amounts to 11.803 k EUR and was included in the item 'Assets held for sale' (see note 'Assets held for sale').

The net write-back on impairment losses amounted to 2.412 k EUR in 2022 (2021: 194 k EUR net write-back). These amounts have been included in the profit or loss account.

20. Trade and other receivables

(In thousands of EUR)	2022	2021
Trade receivables - gross	570.437	833.450
Impairment	-171.949	-155.393
Total trade receivables - net	**398.488**	**678.057**
Total other receivables	553.867	408.153
Total trade and other receivables	**952.355**	**1.086.210**

The information regarding outstanding balances with the associate was included in the note ‘Related parties’.

The detail of the **trade receivables – net** is as follows.

(In thousands of EUR)	2022	2021
Trade receivables from distribution grid activities		
Outstanding debt	249.550	533.773
Impairment	-8.431	-9.267
Trade receivables social customers		
Outstanding debt	127.355	121.028
Impairment	-81.459	-77.621
Other trade receivables		
Outstanding debt	164.738	144.129
Construction works for third parties	12.123	20.052
Impairment	-82.059	-68.551
Trade receivables public authorities, state and country	**9.014**	**7.387**
Other	**7.657**	**7.127**
Total trade receivable - net	**398.488**	**678.057**

The net trade receivables from distribution grid activities decrease by 283.387 k EUR to 241.118 k EUR. The decrease in outstanding receivables is due to invoices for December 2021 that were exceptionally delayed, meaning that the payment deadline fell in 2022. As a result of the energy crisis since 2021 (see note 'Use of estimates and judgements'), write-downs had to be recognised for the energy suppliers who experienced payment difficulties and an additional provision was also recognised according to the principles of IFRS 9 'Financial Instruments' - expected credit losses.
The net amount of trade receivables from social customers remains practically unchanged and amounts to 45.897 k EUR in 2022 and 43.407 k EUR in 2021.
The ‘Other trade receivables’ include amounts related to bad debts from the period before the energy market’s liberalization, as well as receivables related to finished construction works and services rendered and costs still to be billed related to works for third parties. The debt amounts related to the sale of green energy certificates are also recorded in this line item.
In the context of improperly requested payments, additional provisions had to be included for the sales of GECs.

The trade receivables from distribution grid activities are payable within 18 calendar days following the dispatch of the invoice as provided in the Access Code. Payment terms are 30 days for private and professional customers, 60 days for municipal authorities and 90 days for ministries.

The detail of the **other receivables** is as follows.

(In thousands of EUR)	2022	2021
VAT receivable	17.619	13.783
Receivables municipalities	9.502	13.469
Green energy and cogeneration certificates	363.727	202.528
Receivables options	3.266	3.012
Other current receivables	20.715	54.409
Transfer tariff	15.376	0
Complement to annual energy sales	89.798	68.450
Financial reconciliation	19.510	2.345
Deferred charges	13.779	17.982
Accrued income	575	32.175
Total other receivables	**553.867**	**408.153**

Total other receivables amount to 553.867 k EUR at the end of 2022 and 408.153 k EUR at the end of 2021, an increase of 145.714 k EUR.
This increase was mainly due to an increase of the receivables for unsold green energy certificates and cogeneration certificates (GEC and CHPC) amounting to 161.199 k EUR and compensated by the decrease in the items 'Other current receivables' by 33.694 k EUR and 'Accrued income' by 31.600 k EUR.

The **GECs and CHPCs** amount to 363.727 k EUR at the end of 2022 compared to 202.528 k EUR at the end of 2021.

The MEAs are required on the basis of the Energy Decree (article 7.1.6) to buy renewable energy certificates, which are offered by the owners of solar panels and cogeneration plants. The minimum support for solar panels varies between 450 euro and 90 euro; for cogeneration support amounts to between 27 euro and 31 euro.
The electricity suppliers are obliged to deliver a specific quantity of green electricity and cogeneration certificates to the regulator; the exact quantity of certificates is determined in relation to a certain percentage of the energy delivered. Hence, the MEAs can offer these certificates to the energy suppliers.
The sales price in this market, however, is significantly lower than the minimum paid out by the MEAs for the certificates.
From June 2019 onwards, the Flemish Government decided to value the GECs at 93 EUR (previously 88 EUR) and the CHPCs at 27 and 31 EUR (which is equal to the minimum support in function of the period to which they relate) (previously 20 EUR).
The resulting cost is included in the post 'Cost of trade goods'.
Due to this adjustment in the Energy Decree those certificates should as from 2018 be sold at least once a year instead of several times a year.

In 2022, sales were organised via two auctions in the first and third quarter of 2022. GECs were sold for the amount of 176.693 k EUR and CHPs for the amount of 8.470 k EUR. The average price for a GSC was 95,61 EUR and for a CHP 24,71 EUR.
Mini-competitions were also organised and only GECs were sold for an amount of 8.393 k EUR.
In December 2022, the Group received an amount of 148.000 k EUR as a result of the purchase and destruction of 328.889 GECs at 450 EUR each by the ‘Vlaams Energie- en Klimaatagentschap’ (VEKA) and VREG. Of this amount, 117.413 k EUR was deducted from costs.

In 2021, sales were organised via two auctions in the first and third quarter of 2021. GECs were sold for the amount of 191.666 k EUR and CHPs for the amount of 32.971 k EUR. The average price for a GSC was 91,98 EUR and for a CHP 25,22 EUR.
Mini-competitions were also organised by the Vlaams EnergieBedrijf and Amsterdam Capital Trading where only GECs were sold for an amount of 8.370 k EUR.
In December 2021, the Group received an amount of 91.512 k EUR as a result of the purchase and destruction of GECs and CHPs by VEKA and VREG on the basis of the DAEB arrangement.

The **other current receivables** mainly include the receivable from the telecommunications company Telenet for 48.632 k EUR at the end of 2021. At the end of 2022, this receivable was included in the note 'Assets held for sale'.

For regulatory **transfers**, a receivable of 15.376 k EUR was recognised at the end of 2022 and a liability of 185.793 k EUR at the end of 2021 (see note ‘Trade and other payables’). These items relate to corrections to sales that are eligible to be recognised as recoveries through the grid tariff in subsequent years. (See note Working in a regulated environment - The settlement mechanism).

The **complement to the annual energy sales** (2022: 89.789 k EUR; 2021: 68.450 k EUR) concerns the estimate of energy supplied but not yet invoiced to social customers. The item **accrued income** (2022: 576 k EUR; 2021: 32.176 k EUR) mainly includes the grid fees receivables from dropped customers. These two items are thus linked and should be evaluated together.

The **financial reconciliation** concerns a recoverable amount for costs incurred for minimum deliveries of gas as well as recoverable mounts for energy deliveries at the social rate.

The **deferred charges** mainly concern invoices received relating to costs for trade goods and services for 2023 (2022: 9.784 k EUR; 2021: 14.583 k EUR).

21 Cash and cash equivalents

Cash and cash equivalents amount to 80.229 k EUR at 31 December 2022 and 89.336 k EUR at 31 December 2021, a decrease of 9.107 k EUR.
Cash and cash equivalents comprise bank deposits, cash resources and fund investments that are readily exchangeable into cash.
Due to the borrowing during the year 2022 and 2021, these ‘surpluses’ of cash were temporarily held as cash.
All resources are reported in EUR.

22 Assets held for sale

On 19 July 2022, Fluvius and Telenet announced that they had reached a binding agreement for a partnership around "the data network of the future" in Flanders.

Both companies will establish a new independent self-financing infrastructure company (working name "NetCo") that will bring together the fixed network assets of both companies. Telenet will own 66,8% and Fluvius 33,2% of the new entity, through a joint holding company.

Fluvius will transfer its existing hybrid fibre coaxial (HFC) network and fibre assets (owned by the MEAs, shareholders of Fluvius S.O., and by Interkabel Vlaanderen cv) to NetCo as well as the long-term lease agreement for its current network in about one-third of Flanders. This agreement will cease to exist from the date the transaction closes.

The activities are operated in the following segments - which are part of the segment reporting 'Other' - cable distribution, Fiber to the Home, Telecom, Fluviusnet as well as the activities of electricity for the glass-fibre networks and teletransmission. For Fluvius System Operator, the part of the inventory relating to these activities will be transferred to NetCo.

NetCo will invest in the gradual evolution of the current HFC network into a fibre-to-the-home (FTTH) network, with a target of 78% of the combined footprint in Flanders by 2038 through a combination of in-house construction and/or possible cooperation with external partners. NetCo's partners are convinced that this initiative can prepare the Flemish Region for tomorrow's digital life and prevent a new digital divide. The approval process in the corporate bodies of Fluvius System Operator, Interkabel Vlaanderen cv and the MEAs regarding the further formalisation of the agreement reached between Fluvius and Telenet, to realise fast internet in Flanders through a joint company, was completed in December 2022.

The transaction has yet to be given the green light in regulatory procedures such as those before the European Commission. Fluvius and Telenet are fully cooperating in this regard, and in a constructive manner, in order to bring this to a successful conclusion as soon as possible. This means that the launch of NetCo will take place rather towards the summer of 2023.

At the end of December 2022, it was determined that the transferred assets met the conditions of IFRS 5 *'Non-current Assets Held for Sale and Discontinued Operations'* and also because the transaction does not contain a significant principal activity, it was recognised as 'Assets Held for Sale'. From then on, depreciation for these assets was discontinued and the assets were measured at book value and fair value less costs to sell. This did not result in any write-down.

The assets eligible under this transaction are as follows:

(In thousands of EUR)	**Notes**	**2022**
Non-current assets		**585.175**
Intangible assets	12	2.314
Property, plant and equipment	13	138.455
Long-term receivables, other	17	444.406
Current assets		**62.646**
Inventories	18	11.803
Trade and other receivables	19	50.843
Assets held for sale		**647.821**
LIABILITIES		**565**
Non-current liabilities		**503**
Government grants	27	503
Current liabilities		**62**
Trade payables and other current liabilities		62
Liabilities directly associated with the assets held for sale		**565**
Net assets directly associated with disposal group		**647.256**

Intangible assets relate to those assets held for the FTTH activity and include capitalised costs of pilot projects.

Property, plant and equipment include assets for electricity waiting tubes, teletransmission networks, fibre optic networks, and investments for FTTH projects.

Long-term receivables, other relate to receivables from the telecommunications company Telenet BV (hereinafter Telenet) and amount to 444.406 k EUR at 31 December 2022 (31 December 2021: 442.450 k EUR - recognised as a Long-term receivable, other).
The increase in these receivables is mainly due to payments made by Telenet and the recognition of consideration for further investments in accordance with the contracts.
The receivables were recognised within the framework of the following agreements.
On 24 June 1996, four Flemish cable intermunicipalities Inter-media ov (now called Fluvius Limburg ov), PBE ov, WVEM ov (now called Fluvius West ov) and Integan ov (now called Fluvius Antwerp ov) (all called Cable companies)), decided to combine their knowledge, which led to the foundation of the network company Interkabel. All four intermunicipal companies contributed 5% of their cable network and their licences into the newly created company Interkabel. Negotiations between Interkabel and Telenet resulted in the transfer of those licences to Telenet. The right of use on those licences allowed Telenet to provide telecommunication and internet services to Flemish households. The revenues for the intermunicipal companies are received via Interkabel and are composed out of an annuity fee and a client fee.
The client fee is calculated based upon the number of connection points on the cable network. Also for this revenue a long-term receivable is recorded, as those fees will generate a yearly revenue until 2046.
The annuity fee is related to investments made by the intermunicipal companies for which an allowance is received. Those annuities as well as the clientele fee are recorded as a finance lease because the investments are fully repaid over their economic lifetime. As a result, the investments are recorded as a long-term receivable.
Due to the increased digitalization, new agreements were contracted between Interkabel and Telenet. On 28 June 2008, both parties concluded those new agreements in which it was established that the business areas of digital and analogue clients and cable television products were transferred to the telecommunication company and as such a leasehold was established for a period of 38 years until 2046. This new agreement – leasehold agreement - results in yearly recurring revenue on the initial value of the cable network and additional allowances for the yearly investments made to the network (accruing leasehold). All the investments made are reimbursed over a period of 15 years increased by a fair compensation.

Inventories classified for operations as held for sale at 31 December 2022 amount to 11.803 k EUR.

Trade and other receivables relate to the short-term portion of long-term receivables (see above) and other outstanding receivables.

The capital grants relate to the grants recognised for the construction of optical networks in municipalities (Fluvius Limburg ov).

Liabilities

23 Equity

Equity amounts to 7.823.207 k EUR at 31 December 2022 and 7.247.361 k EUR at 31 December 2021, an increase of 575.846 k EUR.
The various components of equity and the movements from 1 January 2021 to 31 December 2022 were reflected in the 'Statement of changes in equity'.

Contributions excluding capital, other
Contributions excluding capital, other amounts to 2.762.203 k EUR at 31 December 2022 and 2.749.249 k EUR at 31 december 2021, an increase of 12.954 k EUR.

The table below gives an overview of the contributions of each MEA at the end of 2022 and 2021.

MEA	**Contribution excluding capital, other Number**	**Contribution excluding capital, other (in thousands of EUR)**	**Contribution excluding capital, other Number**	**Contribution excluding capital, other (in thousands of EUR)**
	31 December 2022	31 December 2022	31 December 2021	31 December 2021
Gaselwest	32.199.679	360.730	32.199.677	360.730
Imewo	28.849.650	361.135	28.778.177	359.348
Intergem	17.082.942	127.890	17.082.942	127.890
Iveka	11.342.834	133.648	11.303.032	132.653
Iverlek	41.694.383	292.778	41.694.383	292.778
Sibelgas	3.264.362	70.924	3.264.362	70.924
Fluvius OV	984	24	984	24
Fluvius West	9.983.468	249.587	9.979.580	249.490
Fluvius Limburg	23.539.450	581.914	23.539.449	581.914
Fluvius Antwerpen	30.884.865	432.103	30.313.625	417.822
PBE	2.573	8	2.573	8
Riobra	6.109.812	151.462	6.279.475	155.668
Total	**204.955.002**	**2.762.203**	**204.438.259**	**2.749.249**

The shares in Sibelgas are shares C.

The contributions are represented by shares with or without nominal value, depending the MEA.

The shares are in the names of the participating municipalities. The participants are not jointly and severally liable. They are only liable for the obligations of the MEA up to the amount of their subscriptions.

The shares are divided by activity: electricity, gas, sewerage, cable networks, heat, strategic participations and public lighting. Each participant must subscribe and pay up at least one share per activity they are joining.
The distribution system operators that only carry out regulated activities for electricity and natural gas distribution are Gaselwest, Fluvius Antwerpen, Imewo, Fluvius West, Fluvius, Intergem, Iveka, Iverlek, PBE (only electricity) and Sibelgas. These MEAs also carry out district heating.

The MEAs that carry out sewerage activities are Fluvius West, Fluvius Limburg, Fluvius Antwerpen and Riobra.
The MEAs that carry out the cable television activities are Fluvius West, Fluvius Limburg, Fluvius Antwerpen and PBE.

The MEAs have also issued profit certificates. Only the profit certificates of Fluvius West and Fluvius Limburg and certain shares, except for the sewerage and public lighting activities, are entitled to dividends.
The shares (situation at the end of 2020) are divided into preference shares (503.822 shares at Fluvius Antwerp), non-preference shares (200.246.596 shares) and non-voting shares (5.889.290 shares).

Structural changes
By Energy Decree of 16 November 2018 (as published in the Belgian Official Journal of 14 December 2018), the Flemish Government decided to divide the territory of Flanders into local geographically contiguous operating areas for electricity and gas with the aim of increasing operational efficiency.
The structural changes concern the decretal obligation that each city and municipality have the same Distribution System Operator for electricity and natural gas by 1 January 2023. Also, each Distribution System Operator has the decretal obligation to form a contiguous geographically defined area with at least 200.000 connected customers by 1 January 2025.
To meet these obligations, municipalities have carried out partial unbundling and between DSOs mergers are prepared to take place as of 1 January 2025.
These changes do not affect the Group's accounts.

The evolution of the **Contributions excluding capital, other** during 2022 and 2021 is as follows:

(In thousands of EUR)	Contributions excluding capital, other	Contributions excluding capital, issue premiums	Total
1 January 2021	**2.688.588**	**126.903**	**2.815.491**
Public lighting	-528	0	-528
Repayment of equity	**-528**	**0**	**-528**
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
Proceeds from contribution excluding capital	**61.189**	**508**	**61.697**
31 December 2021	**2.749.249**	**127.411**	**2.876.660**
Public lighting	-139	0	-139
Sewerage	-4.206	0	-4.206
Repayment of equity	**-4.345**	**0**	**-4.345**
Incorporation of unavailable reserves	97	0	97
Public lighting	17.202	0	17.202
Proceeds from contribution excluding capital	**17.299**	**0**	**17.299**
31 December 2022	**2.762.203**	**127.411**	**2.889.614**

The incorporation of unavailable reserves is, in accordance with the articles of association of Fluvius West, an annual allocation of shares for municipal interventions to bring into the underground low-voltage networks and cable television networks in order to reduce the number of air lines. This allocation is made on the basis of the underlying value of a share on 31 December of the previous year.

At Riobra, an annual addition to the sewerage fund is made through a current account (See note 'Working in a regulated environment'). The utilisation of these funds is through this current account and may need to be cleared through conversion of shares if the account were to be negative due to debt drawn.

- Transactions in 2021

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

A net increase in capital relating to **public lighting** of 280 k EUR is the result of a capital decrease due to the exit of the municipality of Kortemark from this segment for 528 k EUR and a capital increase of 808 k EUR as a result of the contribution in kind of the public lighting by the municipality of Bornem.

In 2019, Elia proceeded with a capital increase of 435 million EUR. **Publi-T** then decided to proportionally co-subscribe to this capital increase for a total amount of 195,11 million EUR, of which 165 million EUR was financed by a capital increase of its own. For the nine concerned entities of the Fluvius Economic Group, this amounted to 79,3 million EUR. This amount was financed from the cash pool of Fluvius System Operator pending structural financing. In 2021, the final financing of the Publi-T capital increase was finalised within the relevant OV.
At Fluvius Antwerp, Gaselwest, Imewo, Intergem, Iveka and Iverlek, this was done by issuing new shares. When subscribing for shares, the shareholders could choose between financing via a contribution of own resources, financing via the DSO (i.e. using the liquidities available in the 'Strategic Participations' segment) and/or, if necessary, debt financing via a bank loan.

Below is the schematic overview:

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

(1) See 'Financial Statements - Condensed Consolidated Statement of Changes in Equity'
(2) Transfer within 'Contributions excluding capital, other' from the Electricity segment to the Publi-T segment
(3) Financing via a bank loan for 12.189 k EUR

The municipalities that have opted to finance all or part of their subscription with their own funds, have paid the amounts owed (8.243 k EUR) in early 2021. Likewise, 6.158 k EUR of the available funds of the Publi-T segment were used.
For the financing via the use of the available liquidities in the 'Strategic Participations' segment, an incorporation or a transfer took place within the DSOs' own equity: transfer from the retained earnings for an amount of 28.090 k EUR and 812 k EUR of 'Contribution excluding capital, other' from the Electricity segment to the Publi-T segment.
Furthermore, an amount of 10.400 k EUR from the reserves was incorporated. Since these reserves already served to cover previous investments, a loan was taken up by these DSOs. For debt financing via a bank loan, a bank loan was concluded on 26 January 2021 with a term of 5 years and fixed annual annuities at an interest rate of 0,3% and a DSO took up an amount of 12.189 k EUR. These debts were processed in the long term (9.766 k EUR) and short term (2.423 k EUR). The repayment of this receivable is not made by means of annual withdrawals from the municipalities but with the net profits from the 'Strategic Participations' segment which, according to the distribution plan for 2021-2025, cannot be paid out in cash. Doing so, the reserves will be replenished with 10.400 k EUR after 5 years. For an amount of 1.789 k EUR of the loan, no incorporation of reserves was possible and a different regime applied. This financing was recognised as 'financial assistance' and hence a receivable was recognised against the relevant shareholder. These amounts were recorded as a long term (1.434 k EUR) and a short term (356 k EUR) receivable. The settlement of the repayments and interest charges are directly charged to the municipalities.
To finance the new Publi-T shares in Fluvius Limburg, Fluvius West and PBE no capital increase was made. These DSOs have made use of debt financing via the bank loan and have subscribed

to 23.229 k EUR, processed for 18.611 k EUR as long term and 4.618 k EUR as short term (in total, 35.418 k EUR was financed via a bank loan - see note ' Interest bearing loans and borrowings, current and non-current'). The remaining part of their participation in Publi-T (the investments before 2019 amounting to 73,23 million EUR) continued to be financed by the cash pool of Fluvius System Operator. Therefore, in June 2021 it was decided for these DSOs to structurally fund this amount through an allocation of part of Fluvius System Operator's bond issue of 14 June 2021.

The capital increase of 5.604 k EUR relates to the participation on 1 January 2021 of the municipality of **Lennik** for its sewerage activity into Riobra.
In December 2021, the final valuation took place for the contribution by the municipality of Pittem of its sewerage infrastructure to Fluvius West. An additional payment of 27 k EUR was made for the sewerage shares.

- Transactions in 2022

A net capital increase of 17.063 k EUR relating to **public lighting** is stemming from on the one hand a capital decrease as the municipality of Kapellen renewed its choice – as a consequence of the area transfer – and changed its shares to be in accordance with the municipalities of that new area by obtaining a part in cash (being 25% or 139 k EUR) and on the other hand a capital increase of 17.202 k EUR as a result of the contribution in kind of the public lighting by Antwerp and the municipalities of Herentals, Knokke-Heist and Wommelgem.

Contribution outside capital, issuance premium
The contribution outside capital, issuance premium amounts to 127.411 k EUR at 31 December 2022 and at 31 December 2021.
During 2021, this item increased with 508 k EUR as a result of the participation of the municipality of Pittem.

The overview of the **reserves** is as follows:

(In thousands of EUR)	Unavailable reserves	Available reserves	Total
Total at 1 January 2021	**525.433**	**1.228.475**	**1.753.908**
Increase of contribution Publi-T	1.789	-12.189	-10.400
Movements to the reserves	-70	0	-70
Proceeds from contribution excluding capital	**1.719**	**-12.189**	**-10.470**
Movements regarding the profit distribution	0	-40.598	-40.598
Movement of revaluation surplus value	31.987	0	31.987
Movements to the reserves	-113	0	-113
Addition/decrease reserves	**31.874**	**-40.598**	**-8.724**
Total at 31 December 2021	**559.026**	**1.175.688**	**1.734.714**
Movements to the reserves	-97	0	-97
Proceeds from contribution excluding capital	**-97**	**0**	**-97**
Movements regarding the profit distribution	0	992	992
Movement of revaluation surplus value	33.326	0	33.326
Movements to the reserves	-497	356	-141
Addition/decrease reserves	**32.829**	**1.348**	**34.177**
Total at 31 December 2022	**591.758**	**1.177.036**	**1.768.794**

Since 2008, amounts have been included as *unavailable reserve* equal to the depreciation of the (RAB-added value) revaluation surplus value in accordance with the settlement with the CREG. From 2010 onwards, the costs of the surplus value of land, buildings and installations sold during the accounting year were taken into account. Furthermore, it was decided to transfer during 2014 the total of the unavailable reserves of 380.801 k EUR to the available reserves in order to balance the account at 1 January 2016. Since then, additions have again been recorded as an unavailable reserve. In 2017, a withdrawal from the reserves was also included in order to comply with the tax regulations that were obtained through a ruling.

The **other comprehensive income** is composed of the following:

(In thousands of EUR)	2022	2021
Related to employee benefit liabilities	165.091	-113.023
Related to rights to reimbursement on post-employment employee benefits	-200.044	-1.491
Related to fair value other investments	2.335.638	1.967.072
Related to deferred tax liabilities	-329.281	-319.415
Total other comprehensive income	**1.971.404**	**1.533.143**

The movement in other comprehensive income (2022: 438.261 k EUR; 2021: 450.909 k EUR) stems from the movements during the accounting period (see ‘Statement of comprehensive income’).

Retained earnings amounts to 1.193.295 k EUR at 31 December 2022 and 1.102.744 k EUR at 31 December 2021, an increase with 90.551 k EUR.

- **Non-controlling interest**

The non-controlling interest amounts to 100 k EUR at 31 December 2022 (2021: 100 k EUR) and was included for the participation held by Farys/TMVW in De Stroomlijn cv and the participation taken during 2019 by De Watergroep in De Stroomlijn cv (7 k EUR).

Dividend

In accordance with the articles of association, the profit (according to Belgian accounting principles) is distributed to each participant in proportion to the equity value of the shares A and profit certificates C.

Dividend policy 2021-2024 and pay-out

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

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

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

At Fluvius West, the payment of the dividend for the regulated activities consists of a first interim dividend paid in June of the current year, a second interim dividend paid in December of the current year and a final dividend paid in the following year. The Publi-T dividend is paid at the same time as the regulated electricity dividend. The 20% increase is paid out together with the balance in June 2022. The lump sums of public lighting will be entirely deducted from the interim dividend in December 2021.

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

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

For the 2022 disbursement, the amount as agreed for the 2022 budget was paid out from the profit of the financial year and retained earnings or in case of insufficient funds as a treasury advance.

During the 2022 financial year, dividends amounting to 221.020 k EUR were paid out, of which 163.436 k EUR related to 2022 and 57.584 k EUR from a dividend that was approved but not paid out in 2021.
During the 2021 financial year, dividends amounting to 285.197 k EUR were paid out, of which 240.409 k EUR related to 2021 and 44.788 k EUR from a dividend that was approved but not paid out in 2020.

The table below shows the approved and paid out dividends per MEA in 2022 and 2021.

MEA **(In thousands of EUR)**	**2022**	**2021**
Gaselwest	34.531	45.839
Imewo	34.142	47.712
Intergem	16.240	22.083
Iveka	10.773	14.823
Iverlek	26.601	43.812
Sibelgas	1.525	4.733
Fluvius West	15.711	16.652
Fluvius Limburg	38.310	41.786
PBE	9.636	6.365
Fluvius Antwerpen	33.551	41.392
Total	**221.020**	**285.197**

After the balance sheet date, the Board of Directors of each of the MEAs has formulated a dividend proposal. At their MEA's General Assembly, the shareholders have approved the payment of these dividend balances. According to IFRS, these dividends are only reported in the year in which the dividends have been approved. The dividend balance for 2022 amounted to 21.490 k EUR and will be included in the 2023 accounts, the dividend balance for 2021 amounted to 57.584 k EUR and was included in the 2022 accounts. The amounts mentioned are the net dividends before withholding tax.

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'.

24 Interest bearing loans and borrowings

(In thousands of EUR)	**2022**	**2021**
Long-term loans	**6.335.497**	**5.977.365**
Current portion of long-term loans	958.004	733.515
Short-term loans	319.512	485.228
Short-term loans	**1.277.516**	**1.218.743**
Total	**7.613.013**	**7.196.108**

Long and short-term loans amount to 7.613.013 k EUR at 31 December 2022 and 7.196.108 k EUR at 31 December 2021, an increase of 416.905 k EUR.

This increase is explained in the overview 'movements of long and short-term loans'.

During 2022, a bond loan of 500.000 k EUR was provided to the MEAs to, among other things, repay bank loans, to refinance a maturing bond in the electricity activity and to refinance short-term deficits to longer-term.
The private bond loans with a total value of 200.000 k EUR were used to finance investments in the digital gas meter (period to 2026) and refinance short-term deficits to long term for the activity gas and sewerage. The 350.000 k EUR funds from the EIB were drawn to meet investments for the energy transition (electrification) in the period 2022-2026. A total of 250.000 k EUR was drawn from banks. Also, dividend payments of 221.020 k EUR took place in 2022.

The funds borrowed during 2021 have been used to refinance the matured bond loan of 500.000 k EUR and to repay bank loans amounting to 235.573 k EUR. Furthermore, the participation in Publi-T was financed for 35.418 k EUR as a result of Elia's capital increase. In addition, dividends were paid out for 285.197 k EUR.
Further, Fluvius continued to finance for the benefit of its MEAs the digital meter project, general investments, investments for public lighting and its district heating activity.

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

(In thousands of EUR)	**2022**		**2021**	
	Cash	**Non-cash**	**Cash**	**Non-cash**
Total as at 1 January	7.196.108		6.588.474	
Movements on non-current loans (LT)				
Proceeds of non-current loans	1.295.031	0	1.426.463	0
Change in non-current loans	0	2.648	0	3.313
Transfer of short-term portion of LT loan to ST	0	-939.547	0	-732.919
Movements on current loans (ST)				
Proceeds of current loans	319.512	0	485.228	0
Transfer of short-term portion from LT loan to ST	0	939.547	0	732.919
Change in current loans	0	-4.484	0	-4.221
Repayment of short-term portion of long-term loan	-710.574	0	-730.549	0
Repayment current loans	-485.228	0	-572.600	0
Total movements	**418.741**	**-1.836**	**608.542**	**-908**
Total at end of reporting period	**7.613.013**		**7.196.108**	

The items in 'Change in non-current and current loans' include the recognition/derecognition of the premium/discount of various loans.

Long-term loans
This item includes the loans related to the issuance of private placements, bond loans since 2010 and the withdrawal of bank loans.

All outstanding loans are expressed in EUR.

The bank loans were mainly concluded at fixed interest rates, but there are also some bank loans at variable interest rates and some loans with a derivative structure.
For bank loans with a derivative instrument, the Group subscribed to interest rate **swaps** in order to swap the variable interest rate to a fixed interest rate or some forward interest swaps were concluded (see note 'Derivative financial instruments').

For all the bond loans, each of the MEAs is a **guarantor** on a non-joint and non-inclusive basis but limited to its proportional share in the contribution of its former working company (ex-Eandis or ex-Infrax). The portion in the share capital was fixed at the moment of issuance and remains fixed over the remaining term of the bond loans.
As a result of the merger (ex-Eandis and ex-Infrax to Fluvius System Operator) of 1 July 2018, the acquired EMTN bond loans registered on the name of Infrax cv only have the MEAs of ex-Infrax as guarantor. Similarly, for the bonds issued by Eandis System Operator cv, only the MEAs that belonged to the former Economic Group Eandis act as guarantors.
For issues of the 2020 EMTN programme, the principle is that all MEAs that are part of the Fluvius Economic Group each provide a guarantee on a non-joint and non-inclusive basis but limited to the proportional share of the operating company's contribution.
The loan drawn from the EIB is guaranteed by the ten individual MEAs, shareholders of Fluvius System Operator with electricity activities each in proportion to the share held by the relevant MEA in the total contribution, but adjusted for the exclusion of Riobra which has no electricity activities. The EIB loan was not on-lent to Riobra.

Overview of the long-term loans by category.
At the end of 2022

(In thousands of EUR)	2022	Initial amount	Current interest rate %	Maturity
Bond issue - retail	199.919	200.000	2,00 - 2,00	2025 - 2025
Bond issue - EMTN*	4.641.741	4.660.500	0,25 - 4,78	2023 - 2042
Bond issue - private**	446.471	450.000	1,05 - 3,55	2023 - 2044
Bank loans - fixed interest rate	1.740.633	2.411.024	0,14 - 4,91	2023 - 2037
Bank loans - floating interest rate	7.708	37.403	-0,39 - 4,61	2024 - 2033
Bank loans - with derivative instrument	257.029	994.322	2,84 - 4,75	2023 - 2036
Total	**7.293.501**	**8.753.249**		
Current portion of long-term debt	-958.004			
Total long-term loans	**6.335.497**	**8.753.249**		

At the end of 2021

(In thousands of EUR)	2021	Initial amount	Current interest rate %	Maturity
Bond issue - retail	199.887	200.000	2,00 - 2,00	2025 - 2025
Bond issue - EMTN*	4.443.387	4.460.500	0,25 - 4,50	2021 - 2033
Bond issue - private**	446.233	450.000	1,05 - 3,55	2023 - 2044
Bank loans - fixed interest rate	1.276.396	2.608.345	0,14 - 5,27	2021 - 2036
Bank loans - floating interest rate	12.215	70.518	0,00 - 1,88	2021 - 2033
Bank loans - with derivative instrument	332.762	1.104.322	2,07 - 4,75	2022 - 2036
Total	**6.710.880**	**8.893.684**		
Current portion of long-term debt	-733.515			
Total long-term loans	**5.977.365**	**8.893.684**		

* EMTN: Euro Medium Term Note (is a programme to provide to the Group the flexibility to issue bond loans with different maturities).
** Private: bond issues according to German law: Schuldschein and Namensschuldverschreibung as well as private issues to institutionals (stand alone).

Overview of the long-term loans borrowed during 2022and 2021:

(In thousands of EUR)	2022	2021	Initial amount	Interest rate %	Maturity
Bank loans - Fixed interest rate	149.868		150.000	1,57	2027
Bond issue - EMTN*	496.046		500.000	4,00	2032
Bond issue - EMTN*	49.909		50.000	4,28	2034
Bond issue - EMTN*	49.799		50.000	4,78	2042
Bond issue - EMTN*	49.908		50.000	4,63	2034
Bond issue - EMTN*	14.961		15.000	4,61	2034
Bank loans - Fixed interest rate	199.805		200.000	3,25	2027
Bond issue - EMTN*	34.858		35.000	4,25	2042
Bank loans - Fixed interest rate	250.000		250.000	3,44	2037
Total 31 December 2022	**1.295.154**		**1.300.000**		
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	28.377	35.418	35.418	0,30	2026
Bank loans - Fixed interest rate	199.834	199.820	200.000	0,14	2028
Total 31 December 2021	**1.420.328**	**1.426.846**	**1.435.418**		

* EMTN: Euro Medium Term Note (is a programme to provide to the Group the flexibility to issue bond loans with different maturities).

The return at issue price represents the gross actuarial yield at issue.
The capital of the debenture is repayable at maturity.

During 2022, a nominal amount of 1.300.000 k EUR in long-term financing was raised: two bank loans and all bond loans were issued through the operating company and one bank loan was drawn via the MEAs:

✓ An institutional bond was issued worth 500.000 k EUR with an issue price of 99,190%, with a maturity of 10 years, at a fixed coupon rate of 4,00% and fully repayable on maturity 6 July 2032.

✓ Five private placements were issued for:
50.000 k EUR at an issue price of 99,820%, with a term of 12 years at a fixed coupon rate of 4,278% and fully repayable on maturity 20 September 2034;
50.000 k EUR at an issue price of 99,600%, with a term of 20 years, at a fixed coupon rate of 4,778% and fully repayable on maturity 28 October 2042;
50.000 k EUR at the issue price of 99,820%, with a term of 12 years, at a fixed coupon rate of 4,625% and fully repayable at maturity 7 November 2034;
15.000 k EUR at issue price of 99,760%, with a maturity of 12 years, at a fixed coupon rate of 4,610% and fully repayable on maturity 15 November 2034 and
35.000 k EUR at issue price of 99,600%, with a maturity of 20 years, at a fixed coupon rate of 4,254% and fully repayable on maturity 15 December 2042.

✓ Two tranches of a loan with the European Investment Bank (EIB) were taken up for a total of 350.000 k EUR.
At the end of 2021, an agreement was reached with the EIB for a second loan contract of 150.000 k EUR. This is a first tranche within a total loan facility of 350.000 k EUR which was drawn in June 2022. In May 2022, it was agreed with the EIB that the second tranche of 200.000 k EUR could be drawn. This drawdown took place in November 2022.
The first tranche was contracted with a term of 5 years, at a fixed interest rate of 1,574% and is fully repayable on maturity 1 June 2027.
The second tranche was entered into with a term of 5 years, at a fixed interest rate of 3,254% and is repayable in full on maturity 15 November 2027.

✓ Finally, the MEAs, except for Riobra, entered into a credit, with a total value of 250.000 k EUR, with a term of 15 years, at a fixed interest rate of 3,435% with annual capital repayments and interest payments.

Furthermore, the MEAs carried out a restructuring of some existing loans for which the (IFRS 9) principle of 'loan modification' was applied.
The MEAs had several loans outstanding with a bank amounting to EUR 267,0 million. The weighted average interest rate was 3,33% (highest 4,764% and lowest 1,567%) and the average remaining maturity was still 7 years (with the longest maturities remaining until 2036). These loans were restructured into one loan for each MEA at an interest rate of 3,02%, semi-annual repayments and a maturity of 10 years. This improved the average financing cost and by extending the maturity, the interest burden was spread more proportionally.

During 2021, long-term financing was raised for a nominal amount of 1.435.418 k EUR, of which a bank loan and bond loans were issued via the operating company and a bank loan was drawn via the MEAs:

- ✓ A private bond loan was issued for 100.000 k EUR with an issue price of 99,659%, with a term of 12 years, at a fixed coupon rate of 0,81% and fully repayable on its maturity date of 8 April 2033.
- ✓ An institutional bond was issued in the amount of 500.000 k EUR with an issue price of 99,289%, with a maturity of 7 years, at a fixed coupon rate of 0,25% and fully reimbursable at maturity on 14 June 2028.
- ✓ Finally, an institutional bond was issued for 600.000 k EUR at an issue price of 99,251%, with a maturity of 10 years, at a fixed coupon rate of 0,625% and repayable in full on the maturity date of 24 November 2031.

- ✓ At the end of 2020, an agreement was concluded with the EIB to provide a total withdrawable loan amounting to 425.000 k EUR for the roll-out of digital electricity meters by Fluvius. From this, an amount of 200.000 k EUR was drawn in 2021.
- ✓ A bank loan of 35.418 k EUR was borrowed for a term of 5 years, at a fixed interest rate of 0,30%, repayable in annual instalments with final maturity in 2026.

Short-term loans

The loans on short-term contain the portion of the long-term loans which are repayable within one year (958.004 k EUR at year end 2022, 735.515 k EUR at year end 2021) and the loans drawn with financial institutions as reported below:

(In thousands of EUR)	Maturity	Available amounts	Amounts used	Amounts not used	Average interest rate*
Commercial paper	(1)	500.000	300.000	200.000	0,25%
Fixed advances	NA	200.000	0	200.000	NA
Fixed loans/Bank overdraft	Daily	200.000	12	199.988	9,01%
Fixed loans	NA	25.000	0	25.000	NA
Loans from third parties	NA	19.500	19.500	0	0,84%
Total at 31 December 2022		**944.500**	**319.512**	**624.988**	
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	39.772	0,40%
Fixed loans	NA	25.000	0	25.000	NA
Loans from third parties	NA	25.000	25.000	0	0,00%
Total at 31 December 2021		**950.000**	**485.228**	**464.772**	

* The average interest rate of the used amounts at the end of the period
(1) At 31 December 2022: maturities between 30 January 2023 and 28 February 2023; at 31 December 2021: maturities between 10 January 2022 and 8 February 2022
NA Not Applicable

All short-term loans, except loans from third parties, are subscribed by Fluvius System Operator in the name and on behalf of the MEAs. No collateral is given in respect to the bank overdrafts (and in 2021 for a straightloan contract totalling 160.120 k EUR and a debit position on the current accounts of 108 k EUR). Concerning the other loans, the MEAs guarantee their contribution to the capital and act in solidarity as joint debtors.

IBOR reform

A fundamental reform of the major interest rate benchmarks is to be implemented, with some interbank offered rates (IBORs) being replaced by alternative near-risk-free rates.
The Group has financial instruments that will be reformed as a result of this global initiative. The main IBOR used by the Group at the reporting date is the EURIBOR (Euro Interbank Offered Rate). In addition, the Eonia is also used. The alternative reference rate for the Eonia is known and will be the €STER. For the Euribor, its administrator, the European Money Markets Institute (EMMI), initiated a transition to a new methodology for calculating Euribor in 2019. Since the end of 2019, Euribor is calculated using a new hybrid methodology based on a combination of transactions in the market and quotes from banks. The manager believes that the new calculation of Euribor does not change the underlying interest rate. Since 2 July 2019, EMMI has been licenced by the Belgian regulator. Obtaining this licence confirms that EMMI meets the requirements of the European

Benchmark Regulation and is also included in the European register of ESMA (European Securities and Markets Authority), allowing the benchmark to be used beyond 1 January 2020. EURIBOR is therefore intended to be retained for the time being. The 'Working Group on Euro Risk-Free Rates' is currently examining suitable fallback options based on €STR in case EURIBOR ceases to exist or is no longer representative. The banks also monitor developments in the market and will inform their clients in a timely manner if necessary. The Authority for the Financial Markets supervises the implementation of the EU Benchmark Regulation by the banks.

Evaluation of the conversion

The only contract related to the Eonia expired on 31 December 2022. This contract was renewed on 6 December 2022 and is from 2023 still related to the Eonia and Euribor reference rates.
As there is currently no concrete decision to stop using the Euribor, the risk of contracts being converted or terminated is considered very low in the period until 2024. After 2024, this currently concerns the short-term loans (the Commercial Paper programme, the straight loan contract) and the bank loans with derivative structure.

Below is the overview of the long and short-term loans on 31 December 2022 and 31 December 2010 that are Euribor-related and are not yet at maturity:

(In thousands of EUR)	30 June 2022	31 December 2021	Issuance	Interest rate %	Maturity
Bank loans - with derivative structure	72.199	88.293	250.000	4,18	2026
Bank loans - with derivative structure	69.427	83.312	250.000	3,55	2027
Bank loans - with derivative structure	41.003	43.932	74.000	2,84	2036
Bank loans - with derivative structure	30.625	34.125	70.000	3,31	2031
Total	**213.253**	**249.661**	**644.000**		

The long-term portion of these loans on 31 December 2022 amounts to 176.063 k EUR (31 December 2021: 213.253 k EUR).

25 Employee benefit liabilities

Defined contribution plans

Employees hired after 1 January 2002 and the executive staff hired after 1 May 1999 are entitled to defined contribution plans: these pension plans provide in a lump sum on retirement resulting from the contributions paid and the return granted by the pension institutions, as well as a lump sum and orphan interests in case of decease before retirement. The financing is carried out by employee contributions and employer contributions that are deposited in pension funds (Powerbel and Enerbel) and group insurances.
The assets are managed within a Luxembourg Fund (Esperides), divided in 4 investment zones, each representing a different risk profile (low risk, medium risk, high risk and dynamic asset allocation). The risk level also has to be managed taking into account the age of the members. This is why the trustees of Powerbel have proposed to the members a new option (2015) to manage their assets. This option, called 'Life-Cycle', offers an evolution of the risk exposure from growth to more defensive throughout the member's career. Each year the participant has the opportunity to change his investment strategy, for the future allowances of the employer or for the totality of the accumulated sums in his account.

As of 2018, the employer contributions with respect to O.F.P. Enerbel are calculated according to the PUC method with projection of future contributions. The employee contributions are still be valued according to the PUC method without projection of future contributions because those are independent to seniority.
The guaranteed interest is variable and each year aligned to 85% of the average return over the last 24 months of linear bonds of the Belgian State (OLOs) with a duration of 10 years (at least 1,75% and maximum 3,75%).
The applied interest rate starting from 2016 is 1,75% and is applied, according to the vertical method, for all contributions paid to the pension funds and in the insurance company (products of TAK 21 with interest guarantee).

The pension funds are not subject to the Solvency II regulation of insurance companies and can obtain better expected returns by diversification of their investments. Hence, the reserves and a compensation of the group insurance were transferred during 2016 to a pension fund (OFP Powerbel/OFP Enerbel) as a cash-balance plan with a minimum guaranteed return of 3,25%.

As from 2018, executives were offered the opportunity to move from pension fund Powerbel to the cash balanced plan Powerbel New. For the accumulated rights a "Cash Balance" system applies, meaning that the regulated formula determines the employer contributions and the return is fixed at 3,25%. No employee contributions are foreseen. Allowances in case of decease and incapacity are defined benefit meaning that those different allowances are determined by a formula. The contributions to be paid will be adjusted to this target.

On April 1, 2019, the entire contractual staff of the ex-Infrax MEAs and of ex-Integan were taken over by Fluvius System Operator. The employees of ex-Infrax and ex-Integan retain their fixed contribution scheme at Ethias. The pension obligations of ex-Infrax executives, who have switched to the Fluvius SO status, and ex-Integan executives have been included in the existing structure Cash Balance plan Powerbel New. The executives who have not switched to the Fluvius SO status, retain their fixed contribution scheme at Ethias. Ex-Infrax executives will each year be given the option to switch to Fluvius SO status. In that case they will be affiliated to the Cash Balance Powerbel New plan. Employees who will be promoted to executives in the future, will also be affiliated to the Cash Balance Powerbel New Plan.
The fixed contribution plan at Ethias is managed horizontally, as a result of which a return guarantee of 1,75% is applied to the premiums from 2016 and a return guarantee of 3,25% for the 2016 premiums. The evaluation of the plan is done according to the PUC method but without projection of future premiums.

Defined benefit plans
The Collective Labour Agreement of 2 May 1952 stipulated an additional pension equal to 75 % of the last annual salary after deduction of the legal pension at the end of a complete career, as well as a survival pension and an orphan allowance. This defined benefit plan has been fully paid up by the employer and the pensions have been paid out directly to the beneficiaries. The remaining subsequent obligations are for the largest part related to current pensions.

The majority of the employees hired before 1 January 2002 and the executive staff hired before 1 May 1999 are entitled to defined benefit plans which provide in the payment of a lump sum on retirement, and a lump sum and orphan interest in case of decease before retirement. These benefits are calculated taking into account the last annual salary and past service. The financing is carried out by employee contributions and employer contributions that are deposited in pension funds (OFP Elgabel and OFP Pensiobel) and group insurances.

Due to changes to the pension regulation in Belgium, the members of the pension plan Pensiobel were offered the opportunity to move as from 1 January 2015 to the defined contribution plan Powerbel. The accumulated and improved acquired rights (in Pensiobel) are capitalized at market returns but with a minimum return equal to 3,25% (the guaranteed return in a cash-balance Best-off plan is the maximum between 3.25% and the average return of the fund).

Following negotiations on sector level, an agreement was reached in 2020 on a "renewed" pension plan - the Master Plan. On 1 October 2020, the conditions of the Master Plan were fixed in a Collective Labour Agreement: as of 1 January 2022 changes will be effective to the defined benefit plan Elgabel for baremised employees with old employment conditions; also as of 1 January 2022 the solidarity fund within the O.F.P. Elgabel was abolished and became part of the O.F.P. Elgabel; the possibility was included to transfer possible surpluses of the O.F.P. Elgabel, under certain conditions, to another pension fund and improvements were also made to the fixed contribution plan-Enerbel.

For permanent (statutory) employees, there are defined benefit plans, which differ for each individual MEA, as a result of the merger carried out in 2018. The MEAs have joined the ‘Common Pension Fund’ (Gesolidariseerd Pensioenfonds) that since 2017 is managed by the Federal Pension Service. As a result, an important part of current and future legal pension obligations was acquired by this Common Pension Fund. In return, there is the obligation to pay pension contributions to this Fund on the basis of the payroll of the statutory employees, the so-called basic contributions and any additional pension contributions for individual empowerment, if the amount of the pension payments charged to the Common Pension Fund exceeds the amount of the basic contributions.
The MEAs have each subscribed an insurance contract for the financing and payment of contributions due to the ‘National Social Security Office’ (NSSO - Rijksdienst voor Sociale Zekerheid). The insurance companies ensure the payment of pension contributions (basic contributions and empowerment contributions) and manage the payments of pensions into the Common Pension Fund. As a result of the subscription, the basic pension will be spread across numerous public administrations. The current pensions are largely taken over by the NSSO and the new pensions are in any case at the expense of the NSSO. The employer's contributions payable are in line with the basic contributions determined by the NSSO, supplemented by a empowerment contribution. The existing reserves in the own pension funds remain the property of the MEAs and will be used to co-finance the expected increase of the basic contribution and the empowerment contribution.

This insurance aims to secure the basic pension contributions and the additional pension contributions for individual empowerment. By building up reserves, MEAs aim to be able to pay the empowerment contribution that, as from the moment no statutory employees are employed anymore, will equal the current and future pension obligations of the MEAs that are due to the Common Pension Fund.
The valuation of these plans was recorded based on the discounted value of all future empowerment contributions taking into account the current pensions, future pensions based on the accumulated reserves on the acquisition date and projected salaries up to the retirement date.

The other pension obligations, not included in the Common Pension Fund, were accommodated in a group insurance, called first pillar. This ensures the oldest statutory pensions, which were not included in the Common Pension Fund at the time of the establishment, and the additional pension being the difference between the amount of the new pensions as from the start and thus chargeable to this Fund (legal calculation) and the amount of the pension calculated in accordance with the then applicable statute of the permanent employee.
As from 2015 or 2016, depending on the MEA, the pension obligations of the active employees were transferred to a supplementary pension obligation (also called second pillar). The commitment includes a defined benefit expressed as an interest, but is also different per MEA as they have different pension schemes.

On 1 March 2019, the permanent staff of ex-Integan was taken over by one of the ex-Infrax MEAs, as a result of which the pension schemes of this MEA became applicable to these staff members as well. In 2020, improved pension arrangements were developed for this group of personnel.

On 1 April 2019, the entire statutory staff was transferred from the ex-Infrax MEAs to Fluvius OV.

The Group also grants **post-retirement allowances** being reimbursement of healthcare costs and tariff benefits.
The **other long-term employee benefits** contain provisions for retirement and jubilee bonuses and holidays carried over or overtime.

The current defined benefit plans are financed through pension funds in which the assets, dedicated to specific plans, are identified. Belgian legislation and the pension regulations provide that the dedicated assets should only finance the relevant benefits. This results in determining an **asset ceiling**. The determination of **the asset ceiling** takes into consideration the projected total benefit payable under the assumptions and as per the pension plan rules.

Right of reimbursement
The Energy Decree of 2015 stipulates and the current tariff methodology confirms that the stranded costs which consist of the charges for the unfunded public sector pension or supplementary pension, are eligible for inclusion in the tariffs. Since it is virtually certain that these costs will be borne by third parties, a reimbursement right for the employee benefits was recognised and recorded as an asset.
The reimbursement rights are therefore recorded at the same value as the corresponding value for the liability for employee benefits (i.e. fair value). The adjustments in the period to date are - as a result of the changes in the assumptions or experience adjustments - all recognised as other comprehensive income as well as adjustments for the reimbursement rights.
The rights of reimbursement amount to 15.461 k EUR at the end of December 2022 (2021: 208.061 k EUR).

Actuarial risks
The defined benefit plans expose the Group to various actuarial risks:

Investment risk
The present value of the defined benefit plan liability is calculated using a discount rate determined to high quality corporate bond yields. If the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment which is reported in the table below ‘Classification of the plan investments on the balance sheet date’.

Due to the long-term nature of the plan liabilities, the pension fund’s board considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities to leverage the return generated by the funds.

Interest rate risk
A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan’s debt investments.

Longevity risk
The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan’s liability.
Prospective mortality tables were used to reflect improvements in life expectancy in the future, as defined in the IAS 19 standard.

Salary risk
The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The major actuarial assumptions used at balance sheet date to determine the provision for employee benefits and other allowances are summarized below.
Depending on the status of the staff members, the pension plans and the related discount rates differ, as do the expected salary increases and staff turnover.

	2022	2021
Discount rate - pensions DB, cash balance, other contributions	3,64%	0,47%
Discount rate - pensions DC, health benefits, tariff advantages, leave	3,75%	1,02%, 1,14%
Discount rate - others	3,64%	0,19%, 0,46%
Expected average salary increase (inflation excluded) - old*	0,40%, 0,70%, 1,05%	0,40%, 0,70%
Expected average salary increase (inflation excluded) - new**	2,08%, 2,35%	1,91%, 2,15%
Expected average salary increase (inflation excluded) - additional	1,90%	1,75%
Expected average salary increase (inflation excluded) - additional statutory staff	1,62%	1,05%
Expected inflation	1,90%	1,75%
Expected increase of health benefits (inflation included)	2,90%	2,75%
Expected increase of tariff advantages	1,90%	1,75%
Average assumed retirement age	63	63
Mortality table used	IA|BE Prospective Tables	IA|BE Prospective Tables
Turnover - old*	0,45%, 0,35%	0,36%, 0,54%
Turnover - new**	1,78%, 3,07%	2,20%, 2,85%
Turnover - statutory staff	0,00%	0,00%
Life expectancy in years of a pensioner retiring at age 65:		
For a Person aged 65 at closing date:		
- Male	20	20
- Female	24	24
For a Person aged 65 in 20 years:		
- Male	22	22
- Female	26	26

* Old: relates to executive staff recruited before 1 January 2002 and management staff recruited before 1 May 1999
** New: relates to executive staff hired after 1 January 2002 and management staff hired after 1 May 1999

Accounting treatment
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 issue. The implementation of this plan was for the most part carried out in 2021 ad was completed in 2022.

The figures of 31 December 2021 took into account this renewed pension plan and its terms, but there remains a small part for which no agreement has been reached. These remaining anticipatory benefits amount for 1.321 k EUR at 31 December 2021 and were not recorded as a provision for employee benefits 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.

The notes below include for 2022 and 2021 only the provision for employee benefits according to IAS19.

The movements of the other provisions (1.321 k EUR for 2022 and 115 k EUR for 2021) generate only a movement through the statement of profit or loss and is included in the note ‘Depreciation and amortization, changes in provisions’.

Furthermore, an amount of 15.461 k EUR at the end of 2022 (2021: 208.061 k EUR) was recognized as a ‘**Reimbursement right’,** as it can be recovered through future tariffs.

Amounts recognized in comprehensive income

(In thousands of EUR)	2022	2021
Current Service cost (employer only) - tax on service cost included	-66.596	-68.405
Interest expense	-21.856	-7.718
Interest income - interest income from asset ceiling excluded	12.927	4.057
Past service cost	-5.318	0
Actuarial gains and (losses) recognised immediately in profit or loss	9.089	-8.129
Total costs included in profit or loss	**-71.755**	**-80.195**
Actuarial (gains) losses on liabilities:		
changes in financial assumptions	-688.237	-229.483
changes in demographic assumptions	1.632	1.343
effect of experience adjustments	225.354	-29.922
Actuarial (gains) losses on assets	184.600	-129.685
Effect of variation of the asset ceiling	-1.463	14.120
Total costs included in other comprehensive income	**-278.114**	**-373.628**

Amounts recognized in the balance sheet

(In thousands of EUR)	Present value of funded defined benefit obligation	Fair value of plan assets	Total
Pensions - funded status	1.268.065	-1.337.194	-69.129
Pensions - unfunded status	71.554	0	71.554
Healthcare costs, tariff benefits - unfunded status	143.334	0	143.334
Other long-term employee benefits - funded status	20.612	-25.057	-4.445
Other long-term employee benefits - unfunded status	114.122	0	114.122
Impact on minimum funding requirement/effect of asset ceiling	0	34.941	34.941
Total defined benefit obligation and long-term employee benefits at 31 December 2022	**1.617.687**	**-1.327.310**	**290.377**
Pensions - funded status	1.639.873	-1.538.265	101.608
Pensions - unfunded status	75.730	0	75.730
Healthcare costs, tariff benefits - unfunded status	211.062	0	211.062
Other long-term employee benefits - funded status	25.626	-21.112	4.514
Other long-term employee benefits - unfunded status	130.282	0	130.282
Impact on minimum funding requirement/effect of asset ceiling	0	36.234	36.234
Total defined benefit obligation and long-term employee benefits at 31 December 2021	**2.082.573**	**-1.523.143**	**559.430**

Changes in the present value of the obligation

(In thousands of EUR)	2022	2021
Total at 1 January	-2.082.573	-2.340.113
Actuarial gains (losses) - financial assumptions	724.693	234.588
Actuarial gains (losses) - demographic assumptions	-1.152	-1.134
Actuarial gains (losses) - experience adjustments	-253.203	16.479
Acquisitions/disposals	0	-112
Current service cost & taxes included	-66.596	-68.405
Participant contributions	-2.088	-2.120
Interest cost	-21.856	-7.718
Benefit payments & taxes included	90.406	85.962
Past service cost	-5.318	0
Total at 31 December before tax on unfunded obligations	**-1.617.687**	**-2.082.573**
Taxes on unfunded obligations	0	0
Total at 31 December	**-1.617.687**	**-2.082.573**

Changes in the fair value of the plan assets

(In thousands of EUR)	2022	2021
Total at 1 January	1.559.377	1.455.712
Actuarial gains (losses) - correction on assets at 1 January	-2.101	31.053
Return on plan assets (excluding interest income)	-182.499	98.632
Additions/disposals	0	94
Interest income	13.097	4.057
Employer contributions & taxes included	36.317	33.705
Participant contributions	2.088	2.120
Benefit payments & taxes included	-64.029	-65.996
Total at 31 December	**1.362.251**	**1.559.377**
Irrecoverable surplus (effect of asset ceiling)	-34.941	-36.234
Total at 31 December	**1.327.310**	**1.523.143**

Changes in asset ceiling

(In thousands EUR)	2022	2021
Total at 1 January	36.234	22.114
Interest income	170	0
Changes in asset ceiling	-1.463	14.120
Total at 31 December	**34.941**	**36.234**

Changes in other comprehensive income

(In thousands EUR)	2022	2021
Total at 1 January	113.023	486.651
Other comprehensive loss (gain)	-278.114	-373.628
Total at 31 December	**-165.091**	**113.023**

Classification of the plan investments on the balance sheet date

The classification of the plan investments in function of the major category at the end of 2022

Category	Elgabel %	Pensiobel %	Insurance companies %	Powerbel and Enerbel %	Other %	Total %
Investments quoted in an active market	**92,19**	**92,45**	**85,19**	**92,39**	**89,11**	**90,62**
Shares (Eurozone)	14,68	14,48	5,17	12,70	17,31	15,69
Shares (Outside eurozone)	19,19	13,44	0,00	17,15	13,12	15,19
Government bonds (Eurozone)	0,00	0,00	15,52	6,55	30,81	16,47
Other bonds (Eurozone)	24,55	27,83	60,37	24,86	20,18	22,90
Other bonds (Outside eurozone)	33,77	36,40	4,13	31,13	7,69	20,37
Unquoted investments	**7,81**	**7,85**	**14,81**	**7,61**	**10,89**	**9,38**
Real estate	2,04	1,29	0,83	2,16	4,52	3,23
Cash and cash equivalents	5,34	4,44	4,31	4,94	6,37	5,71
Other	0,42	2,13	9,67	0,51	0,00	0,44
Total in %	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**
Total (In thousands of EUR)	**357.127**	**137.859**	**7.056**	**171.988**	**688.223**	**1.362.251**

The classification of the plan investments in function of the major category at the end of 2021

Category	Elgabel %	Pensiobel %	Insurance companies %	Powerbel and Enerbel %	Other %	Total %
Investments quoted in an active market	**78,04**	**81,80**	**84,85**	**82,80**	**89,11**	**84,52**
Shares (Eurozone)	16,44	9,04	12,52	12,45	17,31	15,56
Shares (Outside eurozone)	20,63	1,35	24,68	18,72	13,12	14,64
Government bonds (Eurozone)	0,00	21,29	0,00	13,65	30,81	19,04
Other bonds (Eurozone)	25,76	47,23	30,51	25,89	20,18	25,43
Other bonds (Outside eurozone)	15,20	2,90	17,15	12,34	7,69	9,85
Unquoted investments	**21,96**	**18,20**	**15,15**	**16,94**	**10,89**	**15,48**
Real estate	2,41	4,08	2,27	2,40	4,52	3,62
Cash and cash equivalents	4,06	1,36	3,08	4,38	6,37	4,93
Other	15,50	12,76	9,80	10,16	0,00	6,94
Total in %	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**
Total (In thousands of EUR)	**430.579**	**171.244**	**10.525**	**182.543**	**764.486**	**1.559.377**

Breakdown of the defined benefit obligation by type of plan participants and by type of benefits

(In thousands of EUR)	2022	2021
Breakdown of defined benefit obligation by type of plan participants	**-1.617.687**	**-2.082.573**
Active plan participants	-1.328.642	-1.878.557
Terminated plan participants with deferred benefit entitlements	-216.619	-156.550
Retired plan participants and beneficiaries	-72.427	-305.006
Breakdown of defined benefit obligation by type of benefits	**-1.617.687**	**-2.082.573**
Retirement and death benefits	-1.360.231	-1.982.505
Other post-employment benefits (medical and tariff reductions)	-143.334	-241.082
Jubilee bonuses (Seniority payments)	-114.122	-116.526

The results of the **sensitivity analysis** are included below to explain the impact of the assumptions.

(In thousands of EUR)	Effect: increase (-) / decrease (+)
Discount rate (+0,25%)	56.640
Inflation (+0,25%)	-50.743
Salary increase (+0,10%)	-7.571
Healthcare increase (+0,10%)	-208
Tariff advantages (+0,50%)	-1.328
Employee turnover (+0,50%)	4.984
Life expectancy of pensioners (+1 year)	-33.178

The annual balance of the defined benefit lump sum is financed by the Group through a recurrent allocation expressed as a percentage of the total payroll. This percentage is defined by the aggregate cost method and is reviewed annually. This method of financing is used to smooth out future costs over the remaining period of the plan. The costs are estimated on projected bases (salary growth and inflation taken into account).
The assumptions related to salary increase, inflation, employee turnover and age-term are defined on the basis of historical statistics of the Group. The mortality tables used are the ones corresponding to the observed experience within the financing vehicle. The discount rate is set up with regard to the investment strategy of the company.
These assumptions are challenged on a regular basis.
Exceptional events (such as modification of the plan, change of assumptions, insufficient coverage...) can eventually lead to additional payments by the Group.

The average duration of the defined benefit obligation at 31 December 2022 is 14 years (2021: 17 years) and for the defined contribution obligation at 31 December 2022 18 years (2021: 15 years).

The Group estimates to contribute 40.591 k EUR to the defined benefit pension plans in 2023 and 12.229 k EUR to the defined contribution plans.

26 Derivative financial instruments

The Group has entered into interest rate swaps in order to convert the variable interest rate on long-term loans into a fixed interest rate.
Derivative financial instruments amount to 2.076 k EUR at 31 December 2022 and 41.776 k EUR at 31 December 2021, a decrease of 39.700 k EUR.
At 31 December 2022, the derivative financial instruments recognised as an asset amount to 1.890 k EUR (2021: 0 k EUR).

The fair value of derivative financial instruments entered into for hedging the interest rate risk is calculated on the basis of the discounted expected future cash flows taking into account current market interest rates and the yield curve for the instrument's remaining maturity.
The changes in the fair value are recognized in the income statement (see note 'Financial results').

Overview of the derivative financial instruments
A Linear Constant Maturity swap within the framework of the original 200 million EUR loan with a maturity of 20 year concluded in December 2004 entered into force in December 2009.
A Bonus Range Accrual within the framework of the original 250 million EUR loan with a maturity of 20 year loan concluded in December 2006 entered into force in December 2011.

A Varifix within the framework of the original 250 million EUR loan with a maturity of 20 year concluded in December 2007 entered into force in October 2010.
A forward fixing IRS swap was concluded in July 2013 within the framework of a loan subscribed to in December 2013 for an amount of EUR 150 million over 10 years.

Overview of the acquired derivative financial instruments from ex-Infrax:
An Interest rate swap within the framework of the original 40 million EUR loan with a maturity of 10 year concluded in November 2012 entered into force in November 2012*.
An Interest rate swap within the framework of the original 20 million EUR loan with a maturity of 10 year concluded in November 2012 entered into force in November 2012*.
An Interest rate swap within the framework of the original 58,6 million EUR loan with a maturity of 20 year concluded in May 2013 entered into force in September 2016.
An Interest rate swap within the framework of the original 30 million EUR loan with a maturity of 10 year concluded in November 2012 entered into force in November 2012*.
An Interest rate swap within the framework of the original 10 million EUR loan with a maturity of 10 year concluded in November 2012 entered into force in November 2012*.
An Interest rate swap within the framework of the original 10 million EUR loan with a maturity of 10 year concluded in November 2012 entered into force in November 2012*.
An Interest rate swap within the framework of the original 70 million EUR loan with a maturity of 20 year concluded in September 2011 entered into force in September 2011.

* Expired in 2022

27 Provisions, other

(In thousands of EUR)	Site remediation	Other	Total
Total at 1 January 2021	**7.316**	**1.456**	**8.772**
Used	-397	-135	**-532**
Total at 31 December 2021	**7.919**	**1.321**	**9.240**
Additions	3.067	0	**3.067**
Used	-1.561	-1.321	**-2.882**
Total at 31 December 2022	**9.425**	**0**	**9.425**

The provisions comprise the obligations recognized for the **remediation** of the former gas factory sites and other contaminated sites. The MEAs own several gas factory sites on which soil and groundwater have been polluted in the past. Tackling this pollution has already started on a voluntary basis and a framework agreement with OVAM was concluded in 2001. Meanwhile, the number of such sites has been reduced. In a new agreement with OVAM, it has been determined what the spread in time, the budget, the order of priority and the modalities of execution of the works for rehabilitating the soil, and possibly other measures, will be.
In 2022, an amount of 6.346 k EUR (2021: 6.346 k EUR) was pledged to OVAM.

On certain sites already sold, remediation duties still remain for an amount of 710 k EUR in 2022 and 710 k EUR in 2021 (see note ‘Contingencies’).

The increase of the provision for site remediation was due to an additional amount for an existing remediation compensated by the uses (decontamination carried out) and more specific elements that allowed estimating the clean-up costs.

The Soil Decree (Article 31) requires an exploratory soil survey to be carried out for uninvestigated land with a potential for historical soil contamination. One of the important objectives of the soil policy is to have started the remediation of all historical soil contamination by 2036.
In order to achieve the objective of research and decontamination of land with historical soil pollution by 2036, the amendment to the decree provides for an instrument to also inventory the unexamined risk land so that the soil quality of all land with historical risk activities is known.
Since the period from exploratory soil investigations to the soil decontamination works can take up to eight years, it is important to complete the soil investigations by 2028.
In order to spread the implementation of these exploratory soil surveys over time, an amending decree provides for a phased implementation of the obligation to carry out exploratory soil surveys by the end of 2021, the end of 2023 and the beginning of 2027.
The Group will do what is necessary to comply with this obligation to carry out exploratory soil investigations and will take the necessary measures in this respect, if necessary.

The provision **'Other'** relates to recognition of employee benefits. Within the framework of working longer, some advantages previously granted are no longer eligible as a provision for employee benefits. The Group developed a "renewed" pension plan to address this. The implementation of this plan partly took place in 2021 and was finalised in 2022. At the end of 2022, no further provision was still necessary.

28 Government grants

(In thousands of EUR)	**2022**	**2021**
Total at 1 January	336.661	294.726
Received during the year	24.864	48.128
Released to the income statement	-6.840	-6.193
Liabilities directly associated with the assets held for sale	-503	0
Total at 31 December	**354.182**	**336.661**

Government grants amount to 354.182 k EUR at 31 December 2022 and 336.661 k EUR at 31 December 2021, an increase of 17.521 k EUR. The increase results from the additional received government grants.
The Flemish Region (Vlaams Gewest) and the Flemish Energy and Climate Agency have granted capital subsidies to the MEAs for various projects. These support measures are part of the projects 'green energy' and sewerage investment activities. The Flemish Decree on government grants states which types of investment costs are eligible for obtaining a government grant for sewerage activities. The amount of the grant equals 75% of the effective costs related to the construction and improvements of sewerage, and the related spring facilities for rainwater. Because of the uncertainty with respect to the receipt, the timing and the amount of the grants awarded for sewerage, they are recognized at the moment the actual cash is received.

29 Trade payables and other liabilities

(In thousands of EUR)	2022	2021
Trade debts	291.492	353.828
VAT and other taxes payable	39.492	36.168
Remuneration and social security	107.776	90.385
Advances Soclev clients and other	80.169	50.240
Transfer tariff	0	185.793
Other current liabilities	230.920	170.447
Total	**749.849**	**886.861**

Trade payables and other current liabilities amount to 749.849 k EUR at 31 December 2022 and 886.861 k EUR at 31 December 2021, a decrease of 137.012 k EUR. The decrease is mainly explained by the decrease of transfers (see note ‘Working in a regulated environment’) and in trade debts.

The transfer tariffs amount to 185.793 k EUR at the end of 2021 and at the end of 2022 an asset was recorded for 15.376 k EUR (see note ‘Trade and other receivables’).
The item related to the transfer tariffs reflects the corrections to revenue that qualify to be recognised as recovery via the distribution network tariff in subsequent years. (See note 'Working in a regulated environment - The settlement mechanism').

The item trade payables decreases by 62.336 k EUR due to the decrease mainly in outstanding payables to suppliers (2022: 171.612 k EUR; 2021: 195.656 k EUR) and invoices to be received (2022: 116.290 k EUR; 2021: 152.085 k EUR).

The VAT payable and other tax liabilities mainly include VAT payable (2022: 11.044 k EUR; 2021: 23.090 k EUR), withholding tax (2022: 28.103 k EUR; 2021: 12.947 k EUR).

Debts relating to employee benefits increase (2022: 107.776 k EUR; 2021: 90.385 k EUR) due to rising inflation during 2022 and the consequently larger outstanding debt for holiday pay and social security contributions.

The item advances Soclev clients and others increases by 29.991 k EUR at the end of 2022 compared to the end of 2021 mainly due to prepayments received on consumption.

The other current liabilities mainly include the accrued costs (2022: 106.496 k EUR; 2021: 70.050 k EUR) of which the financial costs for the bond loans (2022: 47.858 k EUR; 2021: 35.414 k EUR), the other debts to the municipalities (2022: 65.561 k EUR; 2021: 57.126 k EUR) including the dividends that have not yet been approved and the costs still to be paid to the pension funds (2022: 13.779 k EUR; 2021: 32 k EUR).

The terms and the conditions for the debts are as follows:
For the standard trade debts the average payment term amounted to 30 days. Debts for VAT and withholding tax are paid respectively 20 and 15 days after the end of the month. All debts are paid by the maturity date.

30 Current tax liabilities

(In thousands of EUR)	2022	2021
Current income tax expenses	87.749	94.174
Advances paid	-68.297	-74.927
Deductible witholding tax	-16.833	-16.539
Tax liability/(asset) current year	**2.619**	**2.708**
Tax liabilities/(assets)	**-5.294**	**-10.624**
Current tax liabilities/(assets)	**-2.675**	**-7.916**

The net amount of taxes to be received amounts to 2.675 k EUR at the end of 2022 and 7.916 k EUR at the end of 2021. At the end of 2022, a receivable of 8.362 k EUR was recorded (2021: 11.845 k EUR) and 5.687 k EUR as a tax liability (2021: 3.929 k EUR).
During 2022, a total of 83.010 k EUR (2021: 106.500 k EUR) taxes were paid.

Financial instruments

31 Financial instruments: Risks and fair value

Risks
It is the Group's intention to understand all risks separately, as well as their mutual connections, and to define strategies in order to manage the economic impact on the Group's results. The Audit Committee is responsible for reviewing the risk analysis, for the approval of the recommended risk management strategies, and for compliance with the guidelines on risk management and reporting.

Equity structure
The Group's equity structure consists of equity and the financial liabilities.
Apart from the legally (Belgian) required minimum levels for equity that are applicable, the mission charged associations are also subject to the Flemish Decree on Local Government. This decree (22 December 2017) stipulates that a legal person governed by private law may participate in the capital of the associations under certain conditions.

The purpose of the Group is to maintain a strong balance sheet structure and to ensure that the Fluvius Group can retain a 'good' investment grade rating from the credit rating offices.

As the Group works within a regulated environment with a guaranteed remuneration (fair remuneration/profit and a guaranteed return/dividend), the risk is rather limited.
During 2022 and 2021, the Group fulfilled all 'expected' obligations.

The Group has called upon long and short-term funding to support its capital structure.
The Group monitors its solvency. Solvency means the degree to which the Group, in case of liquidation, can meet its financial obligations towards the providers of debt capital.

Credit risk
The credit risk comprises the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Group pursues a credit policy whereby the credit risk is scrutinized and diversification of counterparties is necessary.
The maximum credit risk is each financial asset's balance sheet value.

Trade debtors
Movements in accumulated impairments on trade receivables

(In thousands of EUR)	2022	2021
Balance at 1 January	**-155.439**	**-131.288**
Other	0	-46
Charge of impaired receivables	-24.778	-33.410
Write-back of impaired receivables	8.268	9.305
Balance at end of the period	**-171.949**	**-155.439**

Currency risk
The Group is not substantially exposed to currency risks, since transactions in currencies other than the euro are limited.

Liquidity risk
The liquidity risk implies the risk that the Group will encounter difficulties in meeting its obligations associated with financial liabilities. The Group limits this risk by continually scrutinizing cash flows and by taking care that a sufficient number of credit facilities are available.

The Group can call upon several banks to attract resources on short term. It has the possibility to issue commercial paper within the framework of a treasury bill programme. The commercial papers and the fixed loans have a maturity of one day up to twelve months. The fixed loans (straight loans) can have a maturity of one day or one month to twelve months, whereby the minimum maturity depends on the borrowing bank. Fixed advances can be requested with a duration from one week to twelve months. All loans have fixed interest rates except for the bank overdraft that has a variable interest rate.
These funds are mainly drawn to finance a negative cash pool balance (see note ' Interest bearing loans and borrowings').

The Group borrows on a long-term basis mainly to finance its ongoing investments in the distribution grids including the roll-out of the digital meter, the realisation of the energy transition, the maintenance and replacement of grids (electricity, gas and also sewerage), the realisation of district heating grids, the acquisition and replacement of the public lighting infrastructure, to finance shareholdings, to refinance loans, to pay interests and for working capital purposes. During 2014, the collected cash of these debentures was also used to pay the exit fee relating to Electrabel's exit from the Eandis MEAs' equity.

In 2010, the first bond loans were issued for private investors in Belgium and the Grand Duchy of Luxembourg.

To diversify and broaden its funding resources, so that a safe, reliable, efficient and innovative distribution of energy to the customers can be assured, a rating was requested.
In October 2011, 'Moody's Investors Service Ltd.' ("Moody's") granted Eandis System Operator a rating. Fluvius has chosen in 2018 to obtain a **rating** from the rating agencies Moody's and 'Creditreform Rating AG' (Creditreform).
To determine the creditworthiness of Fluvius, the accounts of the distribution system operators were also taken into account, given its high level of connection with its shareholders. As a result, the assessment is made on the basis of the financial statements of the 'Fluvius Economic Group'.

Since October 2021, Moody's confirmed the A3 rating with a **stable outlook**. This assessment was based on the fact that Fluvius was able to take measures to counter the lower allowed income of the MEAs for the regulatory period 2021-2024, implement a change in dividend policy as from 2022 and obtain an allocation of EUR 22 million as advances from the Flemish energy regulator for the investments in digital meters. The assessment of the overall credit risk of Fluvius also took into account the fact that the Flemish Community (Aa3 stable as of 9 December 2021) has a strong interest in maintaining a solid financial strength of the MEAs, given their essential role in the Flemish economy.
On 19 September 2022, this rating was **confirmed** by Moody's. Moody's also assigned an ESG (Environmental, Social and Governance) Credit Impact Score (CIS) of 3 (on a scale of 5). Fluvius' CIS-3 reflects a moderately negative exposure to social and environmental risks and a neutral to low risk for governance. The impact of those considerations on the rating is mitigated by the Group's supportive regulatory framework.
Since January 2017, the rating with Creditreform is A+ with stable outlook. Creditreform also adjusted the rating outlook to **negative** on 27 October 2020 and confirmed this on 28 October 2021. On 16 August 2022, Creditreform revised the rating to **'A' with stable outlook**. This decision was based on the combined effect of the stricter 2021-2024 tariff methodology (from the MEAs, shareholders of Fluvius System Operator) and a more volatile economic context with rapidly rising inflation and rising interest rates. According to Creditreform, this could cause the tension between

the allowed income and financing costs to have a negative impact on the company's short-term results.

Fluvius, via Eandis, successfully issued bonds in the framework of its 5.000.000 k EUR Euro Medium Term Note (**EMTN) programme** launched in 2011 and which ran through 2021. At the end of 2019, an amount of 2.980.500 k EUR or 59,61% had been issued. Since year end 2014 no more bonds were issued under this programme.
On top of this, Fluvius, via Infrax, issued in the framework of its 500.000 k EUR EMTN programme launched in 2013. A first part was issued for 250.000 k EUR in 2013 (to mature in 2023) and a second part of 250.000 k EUR was launched in 2014 (to mature in 2029). This EMTN programme was therefore fully utilised.
On 1 July 2020, a **new** 5.000.000 k EUR EMTN programme was launched by Fluvius System Operator cv that has a maturity of 10 years, extendable by Fluvius for 24 months. The current bond loans are issued within this programme. The issues are guaranteed by the Group's eleven MEAs and will have a minimum maturity of one year.
At the end of 2022, an amount of 2.500.000 k EUR or 50,00 % of the programme's total amount had already been issued.

The EMTN Base Prospectus also provides for the possibility to issue **green bonds**, whereby the net proceeds of an issue are used to finance (or refinance) eligible Green Projects. For this purpose, Fluvius has prepared a Green Financing Framework which contains a description of investment projects that are eligible for green financing, how the climate and sustainability benefits will be measured, and how verification and reporting will be undertaken.
An overview of the loans is included in the note 'Interest-bearing loans and borrowings'.

The following schedule shows the maturity schedule of the different loans.
At the end of 2022

(In thousands of EUR)	2022	1 year or less	2-3 year	4-5 year	More than 5 year
Bond issue - retail	200.000	0	200.000	0	0
Bond issue - EMTN	4.660.500	750.000	0	400.000	3.510.500
Bond issue - private	450.000	10.000	0	50.000	390.000
Bank loans - fixed interest rate	1.741.113	128.260	241.200	557.024	814.628
Bank loans - floating interest rate	7.708	2.886	3.323	560	938
Bank loans - with derivative instrument	257.029	67.363	90.331	59.851	39.483
Total	**7.316.350**	**958.509**	**534.854**	**1.067.435**	**4.755.549**
Total bullet payment	**5.891.343**	**760.000**	**219.682**	**811.161**	**4.100.500**
Total excluded bullet payment	**1.425.007**	**198.509**	**315.172**	**256.274**	**655.049**

At the end of 2021

(In thousands of EUR)	2021	1 year or less	2-3 year	4-5 year	More than 5 year
Bond issue - retail	200.000	0	0	200.000	0
Bond issue - EMTN	4.460.500	500.000	750.000	400.000	2.810.500
Bond issue - private	450.000	0	10.000	0	440.000
Bank loans - fixed interest rate	1.276.576	152.900	279.563	214.391	629.722
Bank loans - floating interest rate	12.215	4.508	5.885	648	1.174
Bank loans - with derivative instrument	332.762	76.651	118.022	78.292	59.797
Total	**6.732.053**	**734.059**	**1.163.470**	**893.331**	**3.941.193**
Total bullet payment	**5.341.343**	**500.000**	**760.000**	**630.843**	**3.450.500**
Total excluded bullet payment	**1.390.710**	**234.059**	**403.470**	**262.488**	**490.693**

Information concerning the repayment schedule of the lease obligations

(In thousands of EUR)	Lease Liabilities total	1 year or less	1-3 year	3-5 year	More than 5 year
2022	31.612	10.518	12.543	4.711	3.840
2021	41.473	12.094	18.172	6.670	4.537

Interest rate risk

The Group has entered into long-term loans with a fixed and variable interest rate.
A part of the loans with variable interest was swapped to a fixed interest rate (see note ‘Derivative financial instruments’). For certain loans, forward swap contracts, were concluded. All other loans were initially at a fixed interest rate.

The interest payment for the following years, calculated on the basis of the current interest rate, is as follows:

(In thousands of EUR)	2022	2021
In 2022	0	161.389
In 2023	137.839	131.499
In 2024	117.358	110.542
In 2025	86.501	79.873
In 2026	80.355	74.045
In 2027	72.004	65.889
In 2028 and beyond	366.621	339.038
Total	**860.678**	**962.274**

Other
More information about the risks of the Group and its shareholders is included in the EMTN base prospectus edition 2022 concerning the issue of a bond loan and the investor presentation of September 2022. These documents can be consulted on the website www.fluvius.be.

Fair value
The fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties that are independent in 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.

The following methods and assumptions have been used to estimate the fair values:
Cash and short-term deposits, trade receivables (net of impairment), trade payables and other current liabilities approximate the carrying amounts because of the short-term maturity of these instruments.
The fair value of the unquoted other investments is based on the latest available information with distinction for the following investments:

- Publi-T: fair value based on latest available financial statement with adjustment for the investment held in Elia which is stated at the stock price of Elia on reporting date
- Publigas: fair value based on an external valuation report
- Elia: fair value based on the stock price of Elia on reporting date
- Other companies: fair value based on latest available year information.

The fair value of the certificates for green energy and cogeneration certificates is the guaranteed amount, as stipulated in the decision of the Flemish Government amending the Energy Decree.
The derivative financial instruments are interest rate swaps. The valuation techniques are swap models that use value calculations. The models include various kinds of input including forward prices, yield curves that are obtained on the basis of market interest rates and derivatives from market prices of various financial products that are requested with various market participants.
The fair value of quoted bonds was obtained on the basis of the indicative quotations on Bloomberg (Bloomberg is a prominent provider of business and financial market news. On the reporting date it delivers world economic news, quotes for stock futures, stocks and other).

The fair value of the quoted bonds, issued for a total amount of 4.860,5 million EUR varies according to the market interest rate. The fair value at 31 December 2022 amounts to 4.370,0 million EUR and differs from the amount that will be reimbursed and the carrying value.

The fair values as at 31 December 2022 are as follows:

(In thousands of EUR)	Fair value Level 1	Level 2	Level 3	Book value
Other investments	53.076	2.731.059	5.219	2.789.354
Derivative financial instruments	0	1.890	0	1.890
Long-term receivables, other	99.516	0	0	99.516
Green energy and cogeneration certificates (GEC & CGC)	363.727	0	0	363.727
Trade and other receivables excluding GEC and CGC	588.628	0	0	588.628
Short-term receivables, other	8.362	0	0	8.362
Cash and cash equivalents	80.229	0	0	80.229
Total	**1.193.538**	**2.732.949**	**5.219**	**3.931.706**
Loans on short-term	1.278.412	0	0	1.277.516
Loans on long-term	5.906.216	0	0	6.335.497
Lease liabilities	31.613	0	0	31.613
Derivative financial instruments	0	2.076	0	2.076
Total current liabilities, other	755.536	0	0	755.536
Total	**7.971.777**	**2.076**	**0**	**8.402.238**

The fair values as at 31 December 2021 are as follows:

(In thousands of EUR)	Fair value Level 1	Level 2	Level 3	Book value
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
Total	**1.784.831**	**2.363.494**	**4.992**	**4.153.317**
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
Total	**8.386.635**	**41.776**	**0**	**8.170.147**

The other investments included in level 3 concern business centres and other companies. The fair value is based on their latest available Belgian financial statements which were published with the Central Balance Sheet Office of the National Bank of Belgium. The calculation of the fair value is based on this information, taking into account the share percentage in the company.

Other information

32 Related parties

Transactions between the MEAs and their subsidiaries (the associated parties) have been eliminated in the consolidation process and are therefore not included in this note.

The remunerations paid to the directors are attendance fees and transport fees for an amount of 328.083,05 EUR for 2022 and 295.292,36 EUR for 2021.
The total remunerations paid to the management committee and the directors (Fluvius System Operator Group) amounted to 4.167.718 EUR for 2022 and 4.264.522 EUR for 2021. The post-employment benefits included in the total remuneration mentioned amounted to 211.540 EUR for 2022 and 205.203 EUR for 2021. There are no other benefits in kind, share options, credits or advances in favour of the directors.

Transactions of the Group with companies with a non-controlling interest (Farys/TMVW) and De Watergroep (starting 2019) were as follows:

(In thousands of EUR)	**2022**	**2021**
Amount of the transactions		
Recharge of costs to non-controlling interest companies	81.674	89.292
Recharge of costs from non-controlling interest companies	5.066	1.864
Amount of outstanding balances		
Trade receivables	9.968	2.892
Trade payables	3.842	5

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

(In thousands of EUR)	**2022**	**2021**
Amount of the transactions		
Recharge of costs to associates	2.853	2.198
Recharge of costs from associates	33.520	25.401
Amount of outstanding balances		
Trade receivables	42.125	46.570
Trade payables	3.543	2.757

Membership of professional organisations
Fluvius System Operator is a member of Synergrid vzw, which is the Belgian common interest federation of the electricity and gas transport and distribution grid operators.
Fluvius System Operator is a member of the European Distribution System Operators for Smart Grids (EDSO for Smart Grids).

During 2022, the fees to the statutory auditor amount to 187 k EUR, an amount for legal mandates of 225 k EUR and for tax and other advice an amount of 163 k EUR. The fee for other assignments was approved by the Audit Committee.

33 Contingencies

(In thousands of EUR)	2022	2021
Rent deposits, buildings	1.442	1.442
Other bank guarantees	884	884
Pledge trade receivables	6.346	6.346
Total guarantees given	**8.672**	**8.672**
Guarantees obtained from contractors and suppliers	100.110	80.805
Goods held by third parties in their own name but at risk for the Group	733	183
Obligation to purchase property, plant and equipment	3.524	3.431
Obligation to sell property, plant and equipment	159	142
Obligation to remediate	710	710

Committed orders in 2022 amounted to 70.611 k EUR (2021: 50.071 k EUR).
Furthermore, there are also legal disputes pending between the MEAs and various parties (for a total of 27.880 k EUR in 2022; 27.249 k EUR in 2021).

Also a dispute between Telenet and Proximus should be reported:
Following the acquisition of the customer base of cable television and the establishment of a ground lease on the cable network by Telenet, Proximus claimed in the Court of First Instance of Antwerp to have the contracts annulled. This claim was rejected at first instance (judgment of 6 April 2009). Proximus then appealed to the Court of Appeal of Antwerp. The claim of Proximus was the disclosure of the full documents relating to the agreement between Telenet, Interkabel and the cable companies. They also claimed to have these agreements annulled and on the basis of a report, drafted by experts claimed damages of 1,4 billion EUR.
The aforementioned agreements contain a safeguard mechanism chargeable to Telenet, thus limiting the liability for the cable companies. On the basis of the agreements with Telenet, the Group is - in the case of a negative outcome - only liable for a maximum amount of 20.000 k EUR.
As at 18 December 2017, the Court of Appeal of Antwerp rejected the claim of Proximus entirely.
At the end of June 2019, Proximus filed an appeal in cassation against this judgment.
On 22 January 2021, the Court of Cassation ruled on this appeal and decided that the judgment of the Court of Appeal of Antwerp should be partially annulled.
The partial annulment only relates to the point that the Court of Appeal of Antwerp did not sufficiently justify the annulment of the agreement between Telenet and the MEAs but does not express an opinion on this point. In order to examine and rule on this, the case is sent to the Court of Appeal of Brussels.
On 16 June 2021, Proximus sued Telenet and the cable operators in appeal after cassation. By means of these proceedings, Proximus claimed the nullity of the agreements between Telenet and the cable companies. In addition, Telenet again claims damages (provisionally estimated at 1 euro) for the erroneous conclusion and maintenance of the agreements. Furthermore, Proximus seeks the cessation of the execution of the agreements and asks for a preliminary ruling in the event that it is considered that no legal remedy/indemnity would be possible for Proximus due to the violation of the principles of equality and transparency. In the first notice of appeal filed by Proximus after the appeal in cassation, its provisional claim for damages had not yet been estimated. Also in

Proximus' latest claim filed in December 2022, its claimed damages have still not been quantified and its claim remains limited to EUR 1 provisional. Proximus requests that the debate on the exact extent of the damages be left to a second stage, following an interlocutory judgment by the Court on the liability of Telenet and/or the cable operators. Subordinately, Proximus asks for the appointment of a court expert with the task of giving an opinion on the damages. The Fluvius-DNBs must file their final claim by no later than 27 February 2023. The pleading date is not yet known.

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 the company was convicted of all civil claims. This conviction has since been appealed and the appeal hearing took place on 18 May 2022. Following this hearing, the Court of Appeal decided on 1 June 2022 to also appoint an expert from the civil proceedings for the criminal aspect. He must submit his report by 31 January 2023. The pleading is now scheduled for March 29, 2023.

The Group is involved in legal disputes for which the risk of loss is possible but not likely and for which, as a result, no provisions have been set up. Currently, the possible timing of the settlements cannot be estimated reliably.

34 Events after the reporting date

No material events occurred after the balance sheet date that would require disclosure or amendments of the financial statements at 31 December 2022.

35 List of group entities included in the consolidation

Below the list of group entities included in the consolidation:

At 31 December 2022

Subsidiary	Office	Number of shares owned %	Voting rights %
Mission entrusted associations *			
Fluvius Antwerpen	Antwerpsesteenweg 260, 2660 Antwerpen-Hoboken		
Fluvius Limburg	Trichterheideweg 8, B-3500 Hasselt		
Gaselwest	President Kennedypark 12, B-8500 Kortrijk		
Imewo	Brusselsesteenweg 199, B-9090 Melle		
Fluvius West	Noordlaan 9, B-8820 Torhout		
Intergem	Administratief Centrum (AC), Franz Courtensstraat 11, B-9200 Dendermonde		
Iveka	Koningin Elisabethlei 38, B-2300 Turnhout		
Iverlek	Aarschotsesteenweg 58, B-3012 Wilsele-Leuven		
PBE	Diestsesteenweg 126, B-3210 Lubbeek		
Riobra	Oude Baan 148, B-3210 Lubbeek		
Sibelgas	Stadhuis, Grote Markt, 1800 Vilvoorde		
Subsidiaries			
Fluvius System Operator cv	Brusselsesteenweg 199, B-9090 Melle	100,00	100,00
De Stroomlijn cv	Brusselsesteenweg 199, B-9090 Melle	62,17	62,17
Interkabel Vlaanderen cv	Trichterheideweg 8, B-3500 Hasselt	100,00	100,00
Investment in joint ventures and associates			
Atrias cv	Kanselarijstraat 17a, B-1000 Brussel	50,00	50,00
Synductis cv	Brusselsesteenweg 199, B-9090 Melle	34,38	34,38
S-Lim cv	Trichterheideweg 8, B-3500 Hasselt	50,00	50,00
Other companies			
Fluvius OV	Trichterheideweg 8, B-3500 Hasselt	N/A	N/A

*Contact address: Brusselsesteenweg 199, B-9090 Melle

At 31 December 2021

Subsidiary	Office	Number of shares owned	Voting rights
Mission entrusted associations *			
Fluvius Antwerpen	Antwerpsesteenweg 260, 2660 Antwerpen-Hoboken		
Fluvius Limburg	Trichterheideweg 8, B-3500 Hasselt		
Gaselwest	President Kennedypark 12, B-8500 Kortrijk		
Imewo	Brusselsesteenweg 199, B-9090 Melle		
Fluvius West	Noordlaan 9, B-8820 Torhout		
Intergem	Administratief Centrum (AC), Franz Courtensstraat 11, B-9200 Dendermonde		
Iveka	Koningin Elisabethlei 38, B-2300 Turnhout		
Iverlek	Aarschotsesteenweg 58, B-3012 Wilsele-Leuven		
PBE	Diestsesteenweg 126, B-3210 Lubbeek		
Riobra	Oude Baan 148, B-3210 Lubbeek		
Sibelgas	Stadhuis, Grote Markt, 1800 Vilvoorde		
Subsidiaries			
Fluvius System Operator cv	Brusselsesteenweg 199, B-9090 Melle	100,00	100,00
De Stroomlijn cv	Brusselsesteenweg 199, B-9090 Melle	62,17	62,17
Interkabel Vlaanderen cv	Trichterheideweg 8, B-3500 Hasselt	100,00	100,00
Investment in joint ventures and associates			
Atrias cv	Kanselarijstraat 17a, B-1000 Brussel	50,00	50,00
Synductis cv	Brusselsesteenweg 199, B-9090 Melle	34,47	34,47
S-Lim cv	Trichterheideweg 8, B-3500 Hasselt	50,00	50,00
Other companies			
Fluvius OV	Trichterheideweg 8, B-3500 Hasselt	N/A	N/A

*Contact address: Brusselsesteenweg 199, B-9090 Melle

The Fluvius Economic Group also contains the company **Fluvius OV.** As from 1 April 2019, all statutory employees of the ex-Infrax companies are employed by this company. These employees are seconded to Fluvius System Operator cv. All ex-Infrax municipalities are shareholder in Fluvius OV.

The company Fluvius System Operator cv together with its subsidiaries De Stroomlijn, Atrias and Synductis form the (legal) **'Fluvius System Operator group'**. This group reports its IFRS results, which can be consulted on the website www.fluvius.be.

Operating in a regulated environment

36 Electricity and gas

Renewal of permission to call on the operating company
The Flemish energy regulator VREG has by its decision of 24 February 2015 granted permission to the MEAs to call on the services of Fluvius System Operator cv as operating company for electricity. This authorisation applies as from 5 September 2014 and is valid for a period of twelve years.
Following the structural changes, the VREG gave permission on 26 June 2018 to the distribution system operators Gaselwest, IMEA, Imewo, Intergem, Iveka, Iverlek, Sibelgas, Infrax West, Inter-energa, IVEG and PBE to call on the services of operating company Fluvius System Operator cv and this up to 25 September 2026.

Recognition of the distribution system operators
The Flemish energy regulator VREG reported, by letter of 6 February 2015, its decision of 3 February 2015 to renew the recognition of the abovementioned MEAs as electricity distribution system operators. This designation is valid for a period of 12 years starting from 5 September 2014. On 29 September 2015, the VREG decided to renew the term for the abovementioned MEAs (except for PBE that does not distribute gas) for gas distribution for a period of 12 years beginning on 14 October 2015.

- **<u>Regulated tariff methodology</u>**

The Group operates in a regulated environment whereby the Energy Decree establishes the guidelines. As a result of the Sixth State Reform the VREG – Flemish Regulator of the electricity and gas markets - has as from 1 July 2014, retrieved the competence of the federal regulator CREG to determine the tariff methodology for electricity and gas distribution in the Flemish region.
The distribution system operators must submit their tariff proposals within this framework. Every year, the regulator sets the allowed income that the MEA can derive from the distribution grid tariffs. This fixed income is then converted by the MEA into tariff proposals.
The regulator supervises the correct application.

Every year, all MEAs must report to the VREG their current non-exogenous and exogenous costs. This report is reviewed by the auditor.

The endogenous costs are the costs of expanding and managing the distribution grid. The MEA has control over these costs. These costs include operating costs, depreciation and the cost of capital. The difference between the revenue from the distribution grid tariffs for the endogenous costs and the actual endogenous costs constitutes the profit for the MEA. This profit can be used to remunerate the shareholders for their contribution (dividend distribution) and to finance investments. However, the income from the distribution grid tariffs is capped, creating an incentive to efficiently use the available resources. The allowed income from the endogenous costs is determined on the basis of this efficiency incentive and a trend calculation. The difference between the actual endogenous costs and income can be either a bonus or a malus for the grid operator.
The exogenous costs are costs over which the MEA has no control. They mainly include Elia's transmission grid tariffs as well as the costs of transit, fees to be paid to cities and municipalities, RUE premiums, costs (including capital cost reimbursement) to buy the GECs and CHPs, reduction of the regulatory asset/liabilities and the costs of non-capitalised supplementary pensions. These costs are passed on in the distribution grid tariffs. The allowed income of the exogenous costs is equal to the expected amount of costs. The difference between the actual exogenous costs and revenues is settled later (in a subsequent tariff period).

Regulated tariff methodology 2021-2024
The Energy Decree stipulates that the regulator must consult with the system operator before deciding on a new tariff methodology.
Formal consultation between Fluvius and the VREG started in the first half of 2020. The VREG is holding public market consultations and will decide whether or not to take account of the comments on the new tariff methodology for the 2021-2024 period.

On 13 August 2020, the VREG published the tariff methodology for the distribution of electricity and natural gas for the period 2021-2024.
The VREG proposed an adjustment to the tariff structure so that, in future, it will better reflect the costs of using the grid and allocate the costs to the grid users in a more balanced way. As a result, the grid costs from 2023 onwards will be charged on the basis of capacity (kW peak) instead of volume (kWh consumed).

Measures and effects of the 2021-2024 tariff methodology
The new tariff methodology for the period 2021-2024 has a negative impact on the DSOs' regulated revenues and their profitability. The reasons for this are the decrease in the Weighted Average Cost of Capital (WACC) and the decrease in the remuneration base. This is because the remuneration on the surplus value on the Regulated Asset Base (RAB) will be phased out over a period of eight years. As a result, the DSOs receive fewer resources to carry out their tasks and assignments and the dividend to the shareholders is reduced.
The Group worked out actions in different areas to be able to preserve the 'financial health' of the DSOs. Several **mitigating measures** were taken, including the application for an **advance payment scheme**. As the Allowed Income was determined by VREG on the basis of the trend in endogenous costs in the period 2015-2019, a discrepancy between the costs incurred and the corresponding revenues arises in the event of an accelerated cost increase. This is particularly the case when large new projects are started up, such as the roll-out of the digital meters.
The VREG acknowledged this problem and, by means of advances, increased the endogenous income of 2021 by 42.830 k EUR (14.040 k EUR for electricity and 28.790 k EUR for gas). Each year, the VREG will determine the amount of the advances. The repayment method still has to be worked out.
Furthermore, the Group has developed additional financial criteria for **capital expenditure** and a programme has been initiated to achieve the **cost savings** imposed by VREG of 150 million EUR by 2024.
In order to keep the equity of the various DSOs and the Group as strong as possible, a modified **dividend policy** (for the electricity and gas segment) has been developed on the basis of the ratio (calculations using BE-GAAP figures) of Equity to Regulated Asset Base. This innovation will be applied from 2022 onwards (see also note 'Equity').

Tariffs 2021
On 8 October 2020, the VREG decided on the determination of the allowed income of the electricity and natural gas distribution system operators from their periodic distribution grid tariffs 2021 in accordance with the 2021-2024 tariff methodology.
On 15 December 2020, the VREG approved the distribution grid rates for electricity and natural gas for Flanders for the period from 1 January 2021 to 31 December 2021.
The reduction in the distribution grid rates is the result of the lower reimbursement of the cost of capital, the adjustment in the remuneration for revaluation surpluses and the savings imposed as a result of the merger.

Tariffs 2022
On 22 December 2021, the VREG published the distribution grid tariffs for 2022. These tariffs for electricity and gas, which determine the Allowed Income of the DSOs, are lower than in 2021. This decrease was made possible by government decisions on the sale of GEC, charging for public service obligations and the transformation of federal surcharges into special excise duties.

From 1 July 2022, tariffs for electricity would be based on capacity with the tariff largely based on the average highest monthly power instead of the kWh consumed per year (delayed to 1 January 2023).

On 7 October 2022, VREG defined the allowed income for the year 2023.
The allowed income for the DSOs fell for five years in a row but in 2023 the allowed income for electricity rises by 2% and for gas by 11%. This increase is mainly due to rising inflation during 2022. The increase for electricity was limited by additional measures obtained from the Flemish government (an allowance of 148 million EUR as compensation for the purchase of certificates) and extra efforts by Fluvius (repaying the assigned advances amounting to 72 million EUR early) and not requesting new advances for 2023 (for electricity and energy transition).
On 21 November 2022, VREG approved the network tariffs for 2023.

From 1 January 2023, electricity distribution will be charged using the capacity tariff which is based on charging largely the average highest monthly quarterly power instead of kilowatt-hours consumed per year.

On 6 July 2022, VREG decided to impose a fine on the distribution system operators in response to non-compliance with the obligation to send monthly usage data to suppliers to inform their customers. This fine will take effect from 1 April 2023.
Fluvius is making every effort to take remedial measures as soon as possible to avoid the fine. A proposal was submitted to VREG.

- **Accounting treatment**

The regulatory transfers are recognised on specific balance sheet accounts and are called 'regulatory balances' since the tariff methodology is determined by the VREG. 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 (see note ‘Trade and other receivables’ and ‘Trade and other short-term liabilities’).

(In thousands of EUR)	2022	2021
Transfers 2021	0	-14.824
Transfers 2022	270	0
Total federal contribution	**270**	**-14.824**
Balances from 2016	0	38
Balances from 2017	0	-1.234
Balances from 2018	0	-37.519
Balances from 2019	0	-9.140
Balances from 2020	5.504	5.904
Balances from 2021	-135.116	-129.018
Balances from 2022	144.718	0
Total regulatory balances	**15.106**	**-170.969**
Total amount recoverable	**15.376**	**-185.793**
of which reported as Current assets/(liabilities)	**15.376**	**-185.793**

Reconciliation of the settlement mechanism.

(In thousands of EUR)	2022	2021
Regulatory assets/(liabilities) at 1 January	**-185.793**	**-107.374**
Paid to/received from CREG	14.824	11.478
Recovered transfer	0	2.231
Additional transfers from 2021	0	-14.824
Additional transfers from 2022	270	0
Total movements federal contribution	**15.094**	**-1.115**
Additional transfer from 2020	0	-1.243
Additional transfer from 2021	-16	-129.018
Additional transfer from 2022	144.718	0
Recovered transfer from 2015	0	50
Recovered transfer from 2016	-38	-36
Recovered transfer from 2017	1.234	885
Recovered transfer from 2018	37.519	37.820
Recovered transfer from 2019	9.140	9.135
Recovered transfer from 2020	-400	5.103
Recovered transfer from 2021	-6.082	0
Total movements regulatory balances	**186.075**	**-77.304**
Total movements	**201.169**	**-78.419**
of which - movement through the income statement	186.345	-89.897
of which - paid to/received from CREG federal contribution	14.824	11.478
Regulatory assets/(liabilities) at the end of the reporting period	**15.376**	**-185.793**

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 EUR.
We hereby draw attention to the fact that the regulatory balances with respect to the accounting period 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 check 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 the ‘Exposure Draft ED/2021/1 *Regulatory Assets and Regulatory Liabilities’.* The company reviews the evolution of this exposure draft and will evaluate the effect with the used valuation and reporting method.

Following the feedback received, the IASB is working on the further development of the new standard. No date has yet been set to publish this standard.

37 Sewerage

Operation

The sewerage activity of the Group is stipulated in the **Water Decree,** now included in the so-called Water Code (Decree on integrated water policy).
This Decree states that the remediation obligation of the municipalities can be entrusted to a Mission Entrusted Association or intermunicipal cooperation. The Decree was amended in 2005 and led to the introduction of the municipal remediation contribution (drinking water consumers) and in 2006 to the municipal remediation fee (own water winners). The Decree states that the remediation contribution/fee is intended for the financing of the remediation obligation. The municipal sewerage contribution and sewerage fee respectively, should be used for investment or maintenance costs after having billed a municipal remediation contribution or remediation fee in the municipality concerned and to the extent that the expenses are not being subsidized or financed by the Flemish Region.

The participating municipalities of the Group contributed all of their sewerage infrastructure, rights and obligations (capex) to the DSOs (Fluvius Limburg, Fluvius West, Riobra and Fluvius Antwerpen). As a consequence, the Group is responsible for the execution of all works (capex and opex) on the sewerage grid.

The proceeds from the sewerage activity can be divided into three broad categories.
The first category are the **remediation contributions** received from the water companies. In accordance with the circular (LNE2013/2), these contributions and reimbursements can only be used for investments in the sewerage grid or maintenance expenditures related to the sewerage grid. In the period 2023-2027, the maximum applicable rate is necessary to finance increasing investment projects.
The second category are the **contributions** in the case of new connections. This contribution will be obtained by the land owner if the existing roads are used and sewerage was already installed in the past. If land is allotted and no roads existed before, the land owner must finance the sewerage infrastructure himself and then transfer it to the Group free of charge.
A third category are **capital grants**. If the projects are considered a priority by the Flemish Region, via the Flemish Environment Agency (Vlaamse Milieumaatschappij - VMM) as regulator, a grant can be obtained that amounts to 75% of the allowed investments, the so-called ‘subsidisable works’. The Group carries out the works and collects the grant from the Flemish Region. After completion of 20% of the works, a first tranche of 80% of the subsidy can be applied for. The balance of the subsidy is paid at the time of final delivery. If Flemish subsidies cannot be obtained, a municipality can decide to start the project and can subsidize the investments itself.

Sewerage fund

The interventions of the municipalities do not always result in an actual cash exchange because the municipalities can call upon the usage of the sewerage fund. This fund has been established to reduce the impact of sewerage investments on the municipal budgets.
The proceeds of the sewerage fund can only be used within the guidelines set out in the Ministerial circular for the municipal remediation contribution and compensation.

Regulation

The sewerage activity is subject to the supervision by the Flemish Environment Agency (VMM), which acts as a regulator for both economic and environmental monitoring.

The municipal remediation contribution and compensation is legally capped at 1,4 times the intermunicipal contribution.
Both the intermunicipal and the municipal remediation contributions and compensations are part of the integral water invoice. The Group charges the water contributions and fees invoiced by the water companies, retaining a certain percentage. This deduction is the fee for administration and operating costs for the water companies.

Vision 2050

Fluvius has drawn up its vision paper on the development of sewerage and how the company can contribute to addressing the water problems caused by climate change and increasing population growth in Flanders.
Fluvius will work around four objectives which stipulate that drinking water consumption should decrease, water should be reusable with a maximum circular use and the (re)installation of the natural cycle for rainwater, the sewerage networks should be future-proof and the information from the sewerage system should be made available to the users of the system. Further action points for each of these objectives were developed.

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Independent auditor's report to the shareholders of the Flemish distribution net owners on the consolidated financial statements of the Economical Group Fluvius as of and for the year ended 31 December 2022

We report to you as independent auditor on the consolidated financial statements of the Economical Group Fluvius. This report includes our opinion on consolidated statement of the financial position as at 31 December 2022, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows as at 31 December 2022 and the disclosures (all elements together the "Consolidated Financial Statements") as well as our report on other legal and regulatory requirements. These two reports are considered one report and are inseparable. The Consolidated Financial Statements of the Economical Group Fluvius consist of eleven Flemish Mission Entrusted Associations (MEAs): Gaselwest, Imewo, Intergem, Iveka, Iverlek, Sibelgas, Fluvius West, Fluvius Limburg, Fluvius Antwerpen, PBE and Riobra who have joint control over Fluvius System Operator CV and its subsidiaries (De Stroomlijn CV, Synductis CV and Atrias CV) and Fluvius OV (all together "the Companies").

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have audited the Consolidated Financial Statements of Economical Group Fluvius, that comprise of the consolidated statement of the financial position, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2022 and the disclosures, which show a consolidated balance sheet total of € 17.242.497 thousand and of which the consolidated income statement shows a profit for the year of € 345.748 thousand.

In our opinion, the Consolidated Financial Statements give a true and fair view of the consolidated net equity and financial position as at 31 December 2022, and of its consolidated results for the year then ended, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA's") applicable in Belgium. In addition, we have applied the ISA's approved by the International Auditing and Assurance Standards Board ("IAASB") that apply at the current year-end date and have not yet been approved at national level. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the Consolidated Financial Statements" section of our report.

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

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

Emphasis of certain matters

Without qualifying our opinion, we would like to draw the attention to Note 36 of the Consolidated Financial Statements which describes the specificities of the regulatory framework and tariffs and the related accounting treatment, as well as the uncertainties related to the balances resulting from the tariff settlement mechanism that are not yet approved by the Flemish electricity and gas regulator, the VREG.

Responsibilities of the Management Committee for the preparation of the Consolidated Financial Statements

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

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

Our responsibilities for the audit of the Consolidated Financial Statements

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

In performing our audit, we comply with the legal, regulatory and normative framework that applies to the audit of the Consolidated Financial Statements in Belgium. However, a statutory audit does not provide assurance about the future viability of the Company and the Group, nor about the efficiency or effectiveness with which the Management Committee has taken or will undertake the Company's and the Group's business operations. Our responsibilities with regards to the going concern assumption used by the Management Committee are described below.

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

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

disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going-concern;

- evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and evaluating whether the Consolidated Financial Statements reflect a true and fair view of the underlying transactions and events.

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

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

Report on other legal and regulatory requirements

Independence matters

Our audit firm and our network have not performed any services that are not compatible with the audit of the Consolidated Financial Statements and have remained independent of the Company during the course of our mandate.

The fees related to additional services which are compatible with the audit of the Consolidated Financial Statements as referred to in article 3:65 of the Code of companies and associations were duly itemized and valued in the notes to the Consolidated Financial Statements.

Ghent, 30 March 2023

EY Bedrijfsrevisoren BV
Statutory auditor
Represented by

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

Ref. 23MVD0131