



Visit our website at www.fluvius.be

Regulated information

Melle, 27 September 2023

HALF-YEARLY FINANCIAL REPORT OF THE FLUVIUS-GROUP¹ AS PER 30 JUNE 2023²

HIGHLIGHTS

- Operations focused on the energy transition: 2nd edition of energy transition capex plan launched for public consultation.
- Consumption volumes for electricity and especially gas have been trending downwards since 2018 due to the increased energy prices, a greater awareness among end consumers about their own energy consumption pattern and a variety of measures promoting energy efficiency.
- Digital meter roll-out progresses well: already more than 2,5 million meters installed.
- Wyre, the joint venture established by Fluvius and telecom operator Telenet for building a fast and reliable data network in Flanders, kicked off its operational activities on 3 July 2023. Previously, this initiative had obtained approvals by the Belgian Competition Authority and the European Commission.
- Two major financing transactions under the company's EMTN programme in the first half of 2023: the issuance of an EMTN institutional bond of EUR 700 million and a green retail bond of EUR 240 million.
- Fluvius's headcount: 5.536 employees as per 30 June 2023, i.e. +1,8% compared to the 31 December 2022 figure of 5.437 employees.
- Financial developments (Fluvius group, IFRS figures): year-on-year increase of revenues by 21,4% and operating costs by 20,8%. The balance sheet total grew by 12,4% during the first half of 2023 to EUR 7,7 billion.
- No profit or loss, since all costs are fully passed on to the company's shareholders as a result of the 'operations at cost' principle.

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

² All comparisons are with the figures reported as per 30 June 2022, unless stated otherwise.

MANAGEMENT REPORT

Macroeconomic and geopolitical circumstances and their impact on energy consumption

On the macroeconomic and geopolitical front, the past few years have been characterised by growing instability and uncertainty. This situation was mainly fuelled by the war in Ukraine and the resulting sharp price increases in the energy market. It was also exacerbated by the abrupt end of the period with - partly due to central bank policies - extremely low interest rates and rising inflation.

Flemish energy consumers have adapted to the changed context. Consumption volumes for electricity and natural gas demonstrate this. Fluvius recorded the following consumption figures for the years 2018-2023, each time for the period January until June:

Electricity: average daily consumption January-June of households without solar panels (kWh)

	2018	2019	2020	2021	2022	2023
volumes	57,12	55,66	54,29	49,5	47,13	45,75
y-o-y evolution (%)		-2,6	-2,5	-8,8	-4,8	-2,9

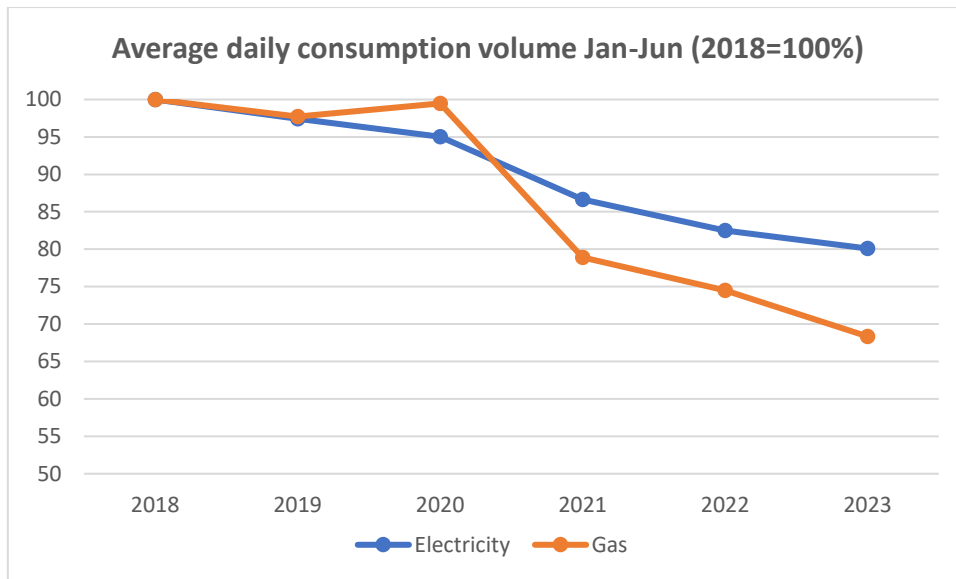
The decrease in consumption between 2018 and 2023 is 19,9%.

Gas: average normalised³ daily consumption January-June of households (kWh)

	2018	2019	2020	2021	2022	2023
volumes	312,85	305,75	311,25	246,79	233,04	213,83
y-o-y evolution (%)		-2,3	+1,8	-20,7	-5,6	-8,2

The decrease in consumption between 2018 and 2023 is 31,7%.

³ normalized consumption: consumption volumes adapted to a normal (= average 1991-2020) number of degree days to exclude the impact of temperature differences



WYRE: the Fluvius/Telenet partnership for the fast data network of the future

Fluvius and telecom operator Telenet started negotiations for a partnership on the CATV/FTTH activity back in 2020. On 19 July 2022, both parties announced that they had reached an agreement on the establishment of a jointly held infrastructure company (provisionally called ‘NetCo’) that would be charged with building and managing the data network of the future in Flanders and part of Brussels. This network would be largely based on fibre-to-the-home (FTTH) technology. NetCo would offer an open-access and non-discriminatory network for the entire Flemish population in a level playing field approach. It was also agreed between both parties that NetCo would become a self-funding entity.

Due to the scale of the planned operational activities at NetCo, its establishment was subject to the prior approval by the Belgian Competition Authority (*‘Belgische Mededingingsautoriteit’ – BMA*) and the European Commission. In the procedure with BMA, Fluvius and Telenet accepted to implement a number of informal and contractually binding measures, focused on information sharing, compliance, communication and the role of the supervising auditor. These measures would be in place for a period of seven years. On 18 April 2023, BMA declared its investigation into NetCo closed. In the other procedure, the European Commission granted an official clearance on 31 May 2023. These approvals paved the way for NetCo to launch its operations.

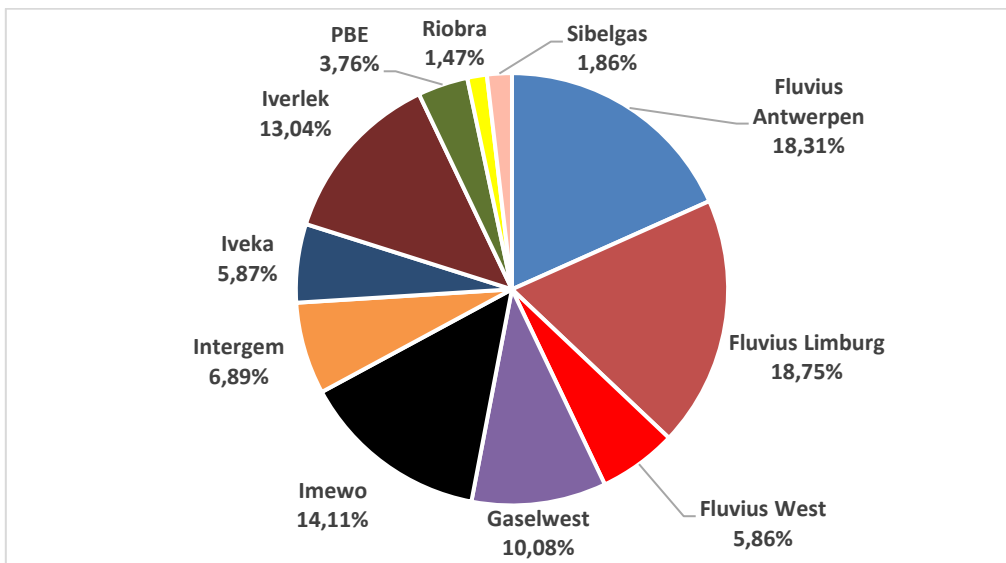
Telecom company Proximus filed an application for annulment at the Flemish Agency for the Interior of the decisions taken by the ten DSOs involved to adapt their Articles of Association. On 31 March 2023, the Flemish Minister for the Interior decided to declare all of Proximus’s grievances unfounded or inadmissible. Then Proximus filed ten actions for annulment with the Council of State (*“Raad van State”*) against these same decisions by the DSOs. The Council of State has already rejected these complaints in summary proceedings.



Early June 2023, it was announced that the working name NetCo was rebaptized into “Wyre”. The company’s tagline is “Wyre: Your network. Our work”. Wyre realized its first fibre connection in the city of Mechelen. The planning is to have 100.000 homes connected by the end of 2023.

For Fluvius Economic Group, all of this means that its former operational role in CATV/FTTH is replaced by a purely financial participation (33,2% of shares) in the newly established holding company above Wyre. Since the closing of the ‘Wyre’ transaction took place on 1 July 2023, all relevant assets, items of stock, receivables and liabilities as per 30 June 2023, being the closing date of the half-yearly accounts, have been registered in the IFRS accounts as ‘assets held for sale’. As from the second half of 2023, Fluvius System Operator’s participation in (the holding company above) Wyre will, for consolidation purposes, be registered in the IFRS financial reporting as an associated company. The Fluvius Economic Group will, as from the second half of 2023, no longer have to invest in the further development of the CATV network in Flanders.

Another consequence of this transaction is that, as of 1 July 2023, minor changes to the shareholding of Fluvius System Operator will apply. All differences in the proportion of shareholding before and after this transaction are below 1%. The new situation is as follows:



Investment plan for the energy transition

Since 2022, Fluvius has to draw up rolling 10-year investment plans for electricity & gas, and each time submit them for public consultation. The first such plan, covering the period 2023-2032, was established mid-2022, and was approved by the energy regulator VREG on 31 March 2023. To be clear: the “Energy Transition” plans come on top of the planned and budgeted regular investments by the DSOs.

On 7 June 2023, Fluvius presented its updated capex plan covering the period 2024-2033. The main assumptions in this latest Energy Transition capex plan are: (1) a 1,5% annual growth in electric cars on the Flemish market and complete electrification with 3,85 million cars by 2050; (2) an increased use of residual heat by district heating grids; (3) electrification for heating new premises and thoroughly renovated buildings by using electric heat pumps; (4) an accelerated growth of solar and wind energy; (5) increased electricity consumption and increased peak demands in the industry: electricity consumption on the distribution level would grow from 32 TWh to approximately 50 TWh in 2035.

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

For gas, the investment plan is construed as a 'keep it running' scenario, with a clear focus on continuing safety and reliability, but moving away from large-scale expansion investments. The updated plan envisages an gradual reduction in investments in the gas grids to a level of EUR 63 million by 2033, which is even lower than the amount put forward in the first edition of the investment plan.

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

Launch of the capacity-based distribution grid tariff

Since 1 January 2023 part of the distribution grid fee is based on a consumer's peak capacity of electricity consumption (kW), rather than on consumption volumes (kWh). This so-called capacity tariff, combined with the consumption data provided by digital metering, enables consumers to better monitor their energy consumption and thus to adapt their consumption behaviour if necessary. For the grid operators, the capacity tariff has the potential to reduce the need for grid reinforcements through a more efficient and more flexible use of the electricity distribution grid.

Dedicated cost reduction programme "Fluvia" finalised

At the creation of Fluvius System Operator (mid-2018), a synergy plan was launched under the name of "Fluvia". This plan, containing no less than 169 synergy-related initiatives, aimed at cost reductions for a total amount of EUR 101,1 million by the end of 2024. 92 initiatives were in the realm of staff-related items, while 77 initiatives focused on processes and systems. Almost all projects and initiatives have now been finalized and implemented. As per 1 March 2023, total cost reductions were estimated at EUR 111,9 million, of which EUR 76,95 million already realized by the end of 2022. Additional cost reductions are expected to be realized in 2023 (EUR 9,86 million) and 2024 (EUR 25,07 million).

Changes within the Fluvius Economic Group

On 28 June 2023, the shareholders of the mission entrusted company Riobra decided to prolong the statutory duration of the company until 29 March 2037. The previous duration of Riobra would have expired on 24 November 2023.

The General Assemblies of nine DSOs (not Intergem and Riobra) have approved a restructuring of DSOs, which will take effect on 1 January 2025. These restructurings were initiated to be compliant with Flemish regulation. They will entail transfers of municipalities from one DSO to another and the merger of certain DSOs. However, the aggregate impact of these restructurings on the Fluvius Economic Group is highly limited.

On 27 April 2023, the municipality of Hamont-Achel (14.436 inhabitants on 1 January 2023, province of Limburg) decided to transfer its sewerage activity to Fluvius Limburg as from 31 December 2023. As such, Hamont-Achel will become the 87th municipality served by Fluvius System Operator for sewerage.

The General Assembly of the DSO Fluvius Limburg decided on 27 June 2023 in favour of a partial split-up, in which the activities related to 'smart city' applications will be carved out of Fluvius Limburg and for which a new service delivery association "s-Lim" will be established. The relevant activities include the installation of sensors, cameras or other infrastructure on the public domain and the delivery of associated services to the local authorities. This decision is fully in line with the idea that DSOs have to divest a number of non-grid related services. The financial impact of this split-up on both Fluvius Limburg and the Fluvius Economic Group is marginal.

The General Assembly of Fluvius System Operator (24 May 2023) decided to grant EY Bedrijfsrevisoren a new three-year mandate as the company's auditor. EY's new assignment covers the financial years 2023 until 2025.

LED in public lighting: a third supplier of materials on board

Switching the entire infrastructure for public lighting to LED technology is a major investment programme for Fluvius with a substantial direct positive impact on energy efficiency and carbon emissions. It was decided – at the request of the local municipalities – to speed up the roll-out of LED in public lighting with the end date now set at year-end 2028 (originally year-end 2030). In this context, Fluvius System Operator entered into a contract with a third supplier, which will give Fluvius the headroom to implement the accelerated roll-out.

The current status of the LED roll-out programme: 40,75% (or 480.952 lighting points) are already LED-equipped.

Digital meter roll-out

At the end of April 2023, Fluvius installed the 2,5 millionth digital energy meter in Flanders. This important milestone is a testimony of the speed with which the roll-out programme is progressing. In the first six months of 2023, 525.877 digital meters have been installed, while for the comparable figure for the same period in 2022 was 467.808 meters installed. Of the total amount of digital meters now in place, 1.571.788 (58,3%) are electricity meters and 1.123.980 (41,7%) gas meters. The

June 2023 total represents a year-on-year growth in the installation rate of +58.069 meters or +12,4%.



The 2,5 millionth digital meter was installed in Ravels (province of Antwerp)

The Flemish Energy Decree stipulates that an end consumer cannot refuse the installation of digital meters. In the case of a refusal, Fluvius has to follow a step-by-step procedure in order to have digital metering installed after all. The first step is a formal reminder by registered mail. If no positive result follows, the Fluvius Legal Department sends out a formal notice of default to the consumer involved; this already goes with a cost to the consumer. Next step is that a lawyer, appointed by Fluvius, tries to solve the problem. If not successful, the case is finally brought before a court. We point out that the end consumer can at any time intervene and halt this process by accepting the digital meter(s).

Alongside the installation of digital meters, it is also important to note that more and more end consumers pick up the possibility to consult their own energy consumption (on a 15-minute basis for electricity; on an hourly basis for gas). We now have registered well over half a million active users on “Mijn Fluvius”, which roughly corresponds to a third of end consumers with a digital meter. This is a clear sign that end consumers want to actively steer their energy consumption.

fluvius.

Welkom bij Mijn Fluvius

Jouw gratis online gebruikerszone

- ✓ Snel en gemakkelijk
- ✓ Betrouwbaar en veilig

Hoe start je?

Registreer je als [particulier](#) of als [organisatie](#). Alle info vind je op onze website.

Vragen?

Bekijk de [FAQ](#) of klik op het vraagteken rechts onderaan je scherm.

Registreer of meld je aan als

Particulier Organisatie

Maak een account aan of meld je aan met

eID en kaartlezer of token itsme®

Of gebruik je bestaande Fluvius account

E-mailadres

E-mailadres

Wachtwoord

Wachtwoord

Aanmelden [Wachtwoord vergeten?](#)

The welcome screen of the online client portal Mijn Fluvius

In the meantime, the collaboration of Fluvius with the major drinking water distributors⁴ in Flanders for the simultaneous roll-out of digital metering for electricity, gas and water has now become a regular programme. After a successful test period, the parties involved have decided to continue their collaboration. This approach in synergy across three utilities results in lower installation costs and is more customer-friendly because the end consumer is only bothered once for the installation of three digital meters.

Financing transactions

In the course of the first half of 2023, Fluvius executed two financing transactions under its ongoing EMTN programme.

First, on 9 May 2023, a EUR 700 million institutional bond was issued with a 10-year maturity (2023-2033) at a fixed annual coupon of 3,875%. Next, on 28 June 2023, Fluvius issued a green retail bond for an amount of EUR 240 million at a fixed annual coupon of 4,000%. The maturity of this bond is four years (2023-2027). This is the one of the largest retail bonds ever in the Belgian market. This bond's proceeds will specifically contribute towards financing the energy transition in Flanders and investments in the sustainable sewerage activity.

In order to enable the green bond issue, Fluvius updated its Green Finance Framework. A Second Party Opinion (SPO) on this Framework was delivered by ISS. Both documents can be found on the company website: <https://over.fluvius.be/en/investor-relations/green-financing>

Corporate ratings

Fluvius System Operator is rated by Moody's and Creditreform Rating. Throughout the first six months of 2023, both of these ratings, as well as their outlooks, remained unchanged: at Moody's A3 with a stable outlook, at Creditreform Rating A with a stable outlook.

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

District heating

Fluvius has taken a major step towards the realization of a district heating grid in Wielsbeke (province of West-Flanders) by signing a formal letter of intent together with the local municipality, the project developer Groep Huyzentruyt and the green energy plant A&U Energie. The latter would deliver heat from the incineration of wood waste. In the months to come, these four parties will investigate the feasibility of building a district heating grid connecting approximately 1.000 households, the local swimming pool and some public buildings.

In the city of Antwerp, the municipal council approved the plan for “Roadmap Antwerp South”, for rolling out district heating grids in the southern part of the city. It should become part of a city-wide heating grid that aims at connecting 33.000 housing units by 2030 and up to 200.000 by 2050. The building of a second grid in the city districts Luchtbal and Rozemaai in the northern part of the city of Antwerp, will get underway.

BioBlue project

In the city of Ypres (province of West-Flanders) the preparations for the largest biomethane injection project in Flanders are finished. The company BioBlue is building a fermentation plant which will transform organic/biological waste into sustainable biomethane that can be injected directly into the gas distribution grid. A peak capacity of 2000 m³ biomethane per hour is being planned.



The biomethane injection installation in Ypres

The operational start is planned in the summer of 2023. Fluvius, for its part, has built a new installation for green gas injection at the site. This installation shall check the biomethane composition before it is injected into the grid.

Workforce evolution

On 30 June 2023, Fluvius⁵ had 5.536 employees or 5.304,80 full-time equivalents (FTE). This number of employees is above the total of 5.437 employees at year-end 2022 (5.218,03 FTE). So we registered an increase by 86,77 FTE (+1,7%) compared to 31 December 2022. The entire consolidated Fluvius Group⁶ employed a total of 5.910 employees (year end 2022: 5.798 employees), which represents an increase by 112 employees or +1,9%.

Fluvius is searching for a lot of new employees to cope with the huge challenge of the energy transition: we plan to extra hire 250 to 300 new employees by 2025. That's why Fluvius puts a lot of effort into a multi-faceted recruitment campaign. And successfully so. In the first half of 2023, 690 internal and external job applications were launched (compared to 460 in the first half of 2022), an increase by 50%. No less than 728 job vacancies were filled in the first half of 2023, compared to 433 in the same period of 2022 (+68,1%). These figures clearly indicate that Fluvius is and remains an attractive employer who also focuses on internal mobility.

Fine imposed by VREG

On 4 April 2023, the energy regulator VREG imposed an administrative fine on the DSOs for electricity and gas distribution due to their non-compliance with the Technical Regulations Distribution Electricity and Gas, more in particular the stipulations about providing informative monthly consumption data in the case of remote meter readings at consumers with a digital meter. Fluvius had decided to give priority to solving the urgent problem of the blocked data of approximately 20.000 end consumers after the introduction of the energy sector's central database at Atrias; and Fluvius wanted to further test the system for providing the informative monthly data to avoid potential start-up problems causing a destabilization of the energy market. Nevertheless, VREG maintained its position and imposed the fine. The aggregate amount of this fine was EUR 1 million, and was paid on 2 June 2023. This fine does not impact the consumers' energy bill, since it is entirely borne by the DSOs' shareholders.

Legal proceedings

As previously reported, Fluvius was found guilty with suspension of sentence by the Antwerp Court of First Instance in the legal proceedings concerning the September 2019 gas explosion in Wilrijk (Antwerp). Fluvius has lodged an appeal against this conviction. The Antwerp Court of Appeal has appointed a new expert. The Court of Appeal is scheduled to deliver its verdict in November 2023, taking into account this expert's report.

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

⁶ excluding interim employees at De Stroomlijn

Financial participations: Publi-T takes part in the Elia capital increase

In 2022, the transmission grid operator Elia executed a capital increase for a total amount of EUR 590,11 million. Publi-T, in which nine DSOs of the Fluvius Economic Group are participating for a total of 44,82% of Elia shares, decided to take part in this capital increase for an amount of EUR 264,51 million, in proportion to its current part of shareholding. The share purchase by Publi-T was provisionally financed through loans. Final financing of Publi-T's part of the capital increase was realized by issuing new shares for an amount of EUR 257,63 million. By the end of June 2023, EUR 116,32 million of additional shares was raised by seven of the nine DSOs.

Health & safety

The safety results for the first half of 2023 show a mixed picture. The frequency rate came out at 6,17 (HY 2022: 7,64) while the norm is set at 4,50. The severity rate for the first six months of 2023 was 0,09 (HY 2022: 0,10), the norm for the severity rate being 0,09. We registered 374 lost labour days (2021: 417). We registered three fluidum accidents⁷, while the standard for this parameter is zero accidents (HY 2022: four fluidum accidents).

Sustainability and social commitment

Fluvius remains unwavering in its commitment to sustainability in all its facets. Our structured policy mainly focuses on these focus areas:

- the energy transition: how are we going to consume less energy and how can we efficiently integrate into our energy system alternative and renewable energy sources?
- climate adaptation: how can we use the sewerage system for a more sustainable use of water?
- data and digitisation: how can data and a more advanced digitisation of grid management lead to more efficiency and support the energy transition/climate adaptation? How can we share which useful data with third parties?
- sustainable work: how can Fluvius make sustainability even more pervasive in its own operations (mobility, energy, circular economy, remote working, etc)?
- sustainable promises: how do we ensure satisfied customers?
- a heart for one another: we do not forget charities - Kom Op Tegen Kanker [Fight against Cancer] and Voedselbanken [Food Banks] are our preferred partners

An appropriate governance structure for Fluvius's sustainability strategy and our sustainability policies is in place.

In the "LED for public lighting" investment programme, we pay utmost attention to circularity. To correctly dismantle the old luminaires and to recycle the materials, we work together with a sheltered workshop, which is a plus for the environment and for social employment. In doing so, we have already processed over 50 tonnes of recycling materials. And we created employment for 6 full-time employees at the sheltered workshop.

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

The reporting requirements on sustainability and other non-financial information are currently going through a fast and thorough evolution. Fluvius is preparing itself for the upcoming CSRD reporting⁸. A gap analysis (where does Fluvius stand today compared to CSRD requirements?) has been finalized and a double materiality analysis, as required by CSRD, was almost completed at the reporting date.

Fluvius's performance on sustainability and corporate social responsibility have been recently evaluated independently by specialized agencies such as Ecovadis (general score of 45/100), ISS ESG (C+ rating, prime status) and Sustainable Fitch. And Fluvius has once again become a laureate of the VOKA Charter Sustainable Business.

FINANCIAL RESULTS

For Fluvius consolidated group (IFRS), operating revenues for the first half of the year, compared to the same period of 2022, have increased to EUR 1.187,5 million (+21,4%). Operating expenses have increased as well to EUR 1.176,0 million (+20,8%). The increase of the operating profit of EUR 4,4 million to EUR 11,5 million has been largely eliminated at the pre-tax profit level by a faster increase of the financial expenses (+43,6% to EUR 78,6 million) than the increase of the financial gains (+31,4% to EUR 70,5 million).

The balance sheet as per 30 June 2023 shows a total of assets and liabilities of EUR 7.745,8 million (+12,4% compared to the balance sheet total of EUR 6.889,8 million as per end 2022). Non-current assets increased by 17,7% tot EUR 6.264,6 million; current assets totaled EUR 1.481,2 million (-5,4%). The current liabilities of the Fluvius consolidated group decreased to EUR 1.530,5 million (-5,0%), while the non-current liabilities increased to EUR 7.744,2 million (+17,7%). The equity remained unchanged.

For Fluvius Economic Group (IFRS), operating revenues for the first half of the year, compared to the same period of 2022, have decreased slightly to EUR 1.639,9 million (-1,5%). Operating expenses have increased to EUR 1.503,8 million (+6,1%). This resulted in a decrease of the operating profit of EUR 248,0 million to EUR 136,2 million (-45,1%). The net financial result amounted to EUR -95,5 million, compared to EUR -18,1 million as per 30 June 2022.

Fluvius Economic Group's balance sheet as per 30 June 2023 shows a total of assets and liabilities of EUR 17.936,6 million (+4,0% compared to the balance sheet total of EUR 17.242,5 million as per end 2022). Non-current assets increased by 2,0% to EUR 15.704,2 million; current assets totaled EUR 2.232,4 million (+20,5%). The current liabilities of the Fluvius Economic Group decreased to EUR 1.890,7 million (-7,5%), while the non-current liabilities increased to EUR 8.420,9 million (+14,2%). Finally, the equity decreased marginally to EUR 7.625,0 million (-2,5%).

⁸ CSRD: Corporate Sustainability reporting Directive (Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting

RISK FACTORS

The fundamental risk factors as included in the Fluvius System Operator 2022 Annual Report and the company's EMTN base prospectus, dated 6 June 2023, have been valid up until the reporting date.

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

MAJOR EVENTS AFTER REPORTING DATE

On 9 August 2023, the rating agency Moody's published an updated Credit Opinion on Fluvius. In it, the A3 rating with stable outlook was confirmed. For more information, check <https://over.fluvius.be/en/investor-relations/ratings-and-bonds/ratings>

At the end of August 2023, the General Assemblies of four DSOs (Intergem, Iverlek, PBE and Sibelgas) took decisions that should lead to the creation on 1 January 2025 of the DSO Fluvius Halle-Vilvoorde. This DSO will consist of the current Sibelgas shareholding municipalities and municipalities belonging today to one of the other listed DSOs.

On 11 September 2023, Fluvius System Operator successfully issued an EMTN institutional bond – with a guarantee by the DSOs – of EUR 500 million. This bond has a fixed annual coupon of 3,875% and a maturity of 7,5 years (i.e. until 18 March 2031). The first coupon payment is due on 18 March 2024.

OUTLOOK

The top challenge for the DSOs and their operating company Fluvius System Operator is the evolution towards a sustainable energy transition. This fits entirely within the need to steer the economic system towards a low-carbon system, so as to counter climate change and its consequences. Within that evolution, further electrification, a comprehensive digitization and all kinds of flexibility in the energy consumption are key.

For distribution system operators, this means that substantial investments will have to be made in the coming years to respond to several social trends such as (1) the electrification of the vehicle fleet, (2) the further breakthrough of large- and small-scale energy production, (3) the phasing out of gas for heating purposes and replacing it with electrical applications such as heat pumps.

On the level of finances, Fluvius is now faced with more elevated interest rates. Financing and refinancing have now become significantly more expensive than a few years ago.

The regulatory framework (technical, financial-economic and tariff-related) in which the DSOs and Fluvius System Operator are operating must take the elements mentioned above sufficiently into account. If not, their core mission of offering an efficient, affordable and future-oriented distribution grid management to the Flemish society and economy could become compromised and the much needed energy transition would be realized with difficulty.

Barring unforeseen economic, regulatory or other developments, Fluvius expects there to be no substantial deviations from its financial and budgetary objectives in the second half of 2023. The company will continue to closely monitor all relevant financial, economic and regulatory developments. Management expects to be able to continue to keep the Fluvius Economic Group's costs and its overall and company specific risks strictly under control.

REPORTING STATUS

These condensed financial statements for the period ended 30 June 2023 were approved for publication by Fluvius's Board of Directors on 27 September 2023.

On 27 September 2023, Fluvius's statutory auditor EY Bedrijfsrevisoren, represented by Mr. Marnix Van Dooren, issued its report on the limited review of the consolidated half-year financial information for the six-month period ended 30 June 2023. In this report the auditor states that the interim financial information in all its material aspects has been prepared in accordance with the International Accounting Standard IAS 34, "Interim Financial Reporting" as approved for application within the European Union.

STATEMENT BY THE RESPONSIBLE PERSONS

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

- *the condensed interim financial statements of Fluvius System Operator cv and its subsidiaries as of 30 June 2023 have been prepared in accordance with the International Financial Reporting Standards (IFRS), and give a true and fair view of the assets and liabilities, financial position and results of the whole of the companies included in the consolidation; and*
- *the interim management report gives a fair overview of the information required to be included herein.*

Melle, 27 September 2023.

Frank VANBRABANT, CEO

David TERMONT, CFO

ANNEX

Condensed interim IFRS financial statements for the six-month period ended 30 June 2023:

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

PROFILE OF THE REPORTING ENTITY

Fluvius System Operator cv and its consolidated subsidiaries De Stroomlijn cv, Atrias cv and Synductis cv (together the 'Fluvius Group' or the 'Group') is the independent company that carries out operations and public service obligations for 11 intermunicipal utility companies: Fluvius Antwerpen, Fluvius Limburg, Fluvius West, Gaselwest, Imewo, Intergem, Iveka, Iverlek, PBE, Riobra and Sibelgas. Fluvius is thus responsible for building, managing and maintaining distribution networks for electricity, gas, sewerage and district heating, and it manages the municipal public lighting. In total, the company manages more than 200.000 km of utility lines and 7 million connections. Fluvius has operations in all of the 300 Flemish cities and municipalities.

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

CONTACT

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

VAT number: BE 0477.445.084

Press:

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

Investor Relations:

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



FLUVIUS SYSTEM OPERATOR GROUP

Condensed Consolidated Interim IFRS Financial Statements

30 June 2023

Translation – Dutch version is binding



Content

INTERIM FINANCIAL STATEMENTS	3
Consolidated statement of profit or loss	3
Consolidated statement of comprehensive income	4
Consolidated statement of financial position	5
Consolidated statement of changes in equity	6
Consolidated statement of cash flows	7
SELECTED EXPLANATORY NOTES	8
Basis of preparation	8
1 Corporate information	8
2 Significant accounting policies	9
2.1 Statement of compliance	9
2.2 Summary of significant accounting policies	9
2.3 Use of estimates and judgements	10
2.4 Segment reporting	11
PERFORMANCE OF THE PERIOD	13
3 Operating revenue	13
4 Cost of trade goods	14
5 Cost for services and other consumables	14
6 Employee benefit expenses	14
7 Depreciation, amortization, impairments and changes in provisions	14
8 Financial results	14
9 Income tax expenses	15
ASSETS	16
10 Intangible assets	16
11 Property, plant and equipment	16
12 Right-of-use assets and lease obligations	16
13 Investment in joint ventures and associates	16
14 Other investments	16
15 Rights to reimbursement on post-employment employee benefits	16
16 Long-term receivables and short-term-receivables, other	16
17 Inventories	17
18 Trade and other receivables	17
19 Receivables and liabilities cash pool activities	17
20 Cash and cash equivalents	18
21 Assets held for sale	18
LIABILITIES	19
22 Equity	19
23 Interest bearing loans and borrowings, current and non-current	20
24 Employee benefit liabilities	23
25 Trade payables and other current liabilities	23
FINANCIAL INSTRUMENTS	24
26 Financial instruments: risks and fair value	24
OTHER INFORMATION	26
27 Related parties	26
28 Commitments and contingencies	26
29 Events after the reporting date	26
AUDITOR'S REPORT	27



Interim Financial Statements

Consolidated statement of profit or loss

(In thousands of EUR)	Notes	30 June 2023	30 June 2022
Operating revenue	3	1.187.508	977.965
Revenue from contracts with customers		1.154.167	945.636
Other operating income		33.341	32.329
Operating expenses		-1.175.984	-973.540
Cost of trade goods	4	-155.859	-126.764
Cost for services and other consumables	5	-697.335	-544.472
Employee benefit expenses	6	-316.103	-293.976
Depreciation, amortization, impairments and changes in provisions	7	-5.988	-7.397
Other operational expenses		-699	-931
Result from operations		11.524	4.425
Finance income	8	70.516	53.647
Finance costs	8	-78.566	-54.698
Profit before tax		3.474	3.374
Income tax expenses	9	-3.474	-3.374
Profit for the period		0	0



Consolidated statement of comprehensive income

(In thousands of EUR)	Notes	30 June 2023	30 June 2022
Profit for the period		0	0
Other comprehensive income			
Items not to be reclassified to profit or loss in subsequent periods			
Actuarial gains (losses) on long-term employee benefits	24	-12.275	69.629
Actuarial gains (losses) on rights to reimbursement on post-employment employee benefits	24	12.275	-69.629
Net other comprehensive income not being reclassified to profit or loss in subsequent periods		0	0
Total comprehensive income for the period		0	0



Consolidated statement of financial position

(In thousands of EUR)	Notes	30 June 2023	31 December 2022
Non-current assets		6.264.651	5.324.371
Intangible assets	10	122	429
Property, plant and equipment	11	1.625	1.928
Right-of-use assets	12	25.388	24.774
Investment in joint ventures and associates	13	17	17
Other investments	14, 26	889	863
Rights to reimbursement on post-employment employee benefits	15	156.405	154.869
Derivative financial instruments	26	733	704
Long-term receivables, other	16, 26	6.079.472	5.140.787
Current assets		1.481.180	1.565.396
Inventories	17, 26	175.800	163.720
Short-term receivables, other	16, 26	700.000	700.000
Trade and other receivables	18, 26	441.595	333.702
Receivables cash pool activities	19, 26	86.613	277.027
Current tax assets	9	2.907	0
Cash and cash equivalents	20, 26	60.597	79.144
Assets held for sale	21, 26	13.668	11.803
TOTAL ASSETS		7.745.831	6.889.767
EQUITY	22	1.617	1.617
Total equity attributable to owners of the parent		1.517	1.517
Contributions excluding capital, reserves and retained earnings		1.517	1.517
Non-controlling interest		100	100
LIABILITIES		7.744.214	6.888.150
Non-current liabilities		6.213.727	5.277.248
Interest bearing loans and borrowings	23, 26	6.039.422	5.105.241
Lease liabilities	12, 26	17.900	17.138
Employee benefit liabilities	24	156.405	154.869
Current liabilities		1.530.487	1.610.902
Interest bearing loans and borrowings	23, 26	783.338	1.053.036
Lease liabilities	12, 26	8.333	8.601
Trade payables and other current liabilities	25, 26	432.110	399.994
Liabilities cash pool activities	19, 26	305.384	146.235
Current tax liabilities	9	1.322	3.036
TOTAL EQUITY AND LIABILITIES		7.745.831	6.889.767



Consolidated statement of changes in equity

(In thousands of EUR)	Contributions excluding capital	Reserves	Retained earnings	Equity attributable to owners of the parent	Non-controlling interest	Total
Balance at 1 January 2022	1.284	213	20	1.517	100	1.617
Result for the period	0	0	0	0	0	0
Other comprehensive income	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0
Balance at 30 June 2022	1.284	213	20	1.517	100	1.617
Balance at 1 January 2023	1.284	213	20	1.517	100	1.617
Result for the period	0	0	0	0	0	0
Other comprehensive income	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0
Balance at 30 June 2023	1.284	213	20	1.517	100	1.617



Consolidated statement of cash flows

(In thousands of EUR)	Notes	30 June 2023	30 June 2022
Profit for the period		0	0
Amortization of intangible assets	7, 10	307	314
Depreciation on property, plant and equipment and right-of-use assets	7, 11	5.883	6.319
Change in provisions (Reversal -; Recognition +)	7	0	-1.321
Impairment current assets (Reversal -; Recognition +)	7	-202	2.085
Gains or losses on realization receivables		315	588
Net finance costs		8.080	4.150
Change in fair value of derivative financial instruments		-29	-3.099
Gains or losses on sale of property, plant and equipment		0	-7
Income tax expense	9	3.474	3.374
Change in inventories	17	-13.945	-13.759
Change in trade and other receivables		-70.253	56.123
Change in trade payables and other current liabilities		-4.550	-4.092
Change in employee benefits		0	1.321
Interest paid		-39.689	-30.796
Interest received		33.855	30.372
Financial discount on debts		131	92
Income tax paid (received)	9	-8.095	-6.451
Net cash flow from operating activities		-84.718	45.213
Proceeds from sale of property, plant and equipment		0	7
Purchase of intangible assets		0	-70
Purchase of property, plant and equipment		-73	-174
Net investments in long-term receivables		34	-7
Net cash flow used in investing activities		-39	-244
Repayment of borrowings	23	-1.750	-1.750
Proceeds from borrowings	23	0	149.850
Proceeds from bonds/borrowings	23	934.428	0
Payment of finance lease liabilities	12	-6.034	-6.535
Change in current financial liabilities	23	-269.997	-35.120
Change in cash pool	19	349.563	30.766
Provide long-term loans	16	-940.000	-151.392
Net cash flow from/used in financing activities		66.210	-14.181
Net increase/decrease in cash		-18.547	30.788
Cash and cash equivalents at the beginning of period	20	79.144	62.904
Cash and cash equivalents at the end of period	20	60.597	93.692



Selected explanatory notes

Basis of preparation

1 Corporate information

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

The condense consolidated interim financial statements of Fluvius for the period ended 30 June 2023 contain the information of the company, its subsidiaries, investment in joint ventures and associates - De Stroomlijn cv, Atrias cv and Synductis cv - and together they form the 'Group'.

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

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

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

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

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

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

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

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



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

The Group **employed** on average 4.986 persons during 2022 (2021: 4.892 persons) and calls on 709 persons on average (2021: 788 persons) that are employed in Fluvius OV.

Fluvius has chosen to obtain a **rating** from the rating agencies 'Moody's Deutschland GmbH' (Moody's) and 'Creditreform Rating AG' (Creditreform). On 9 August 2023, the rating agency Moody's confirmed the A3 rating with stable outlook for Fluvius. Since 16 August 2022, the rating at Creditreform has been A with a stable outlook.

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

These condensed consolidated interim financial statements for the six months ended 30 June 2023 were approved for publication by the Board of Directors on 27 September 2023 and have been reviewed in accordance with the International Standard on Review Engagements 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'.

2 Significant accounting policies

2.1 Statement of compliance

These condensed consolidated interim IFRS statements for the six-month period ended 30 June 2023 have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union.

They do not contain all the necessary information for a full set of financial statements and should therefore be read in conjunction with the financial statements of the Group for the year ended on 31 December 2022.

2.2 Summary of significant accounting policies

The accounting policies used in the preparation of the condensed consolidated interim financial statements are consistent with the accounting policies applied in consolidated financial statements for the year ended 31 December 2022 except for new IFRS standards or interpretations issued and effective since 1 January 2023.

The new standards and interpretations that are applicable from 1 January 2023 do **not materially affect** the condensed consolidated interim financial statements of the Group. They were the following:

- Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 - *Making Materiality Judgements* - Disclosure of Accounting Policies
- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* - Definition of Accounting Estimates
- Amendments to IAS 12 International Tax Reform - Pillar Two Model Rules*
- Amendments to IAS 12 *Income Taxes*: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IFRS 17 *Insurance Contracts*: Initial application of IFRS 17 and IFRS9 – Comparative Information
- IFRS 17 *Insurance Contracts*



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

- Amendments to IAS 1 *Presentation of Financial Statements* - Classification of Liabilities as Current or Non-current (2020 and 2021 amendments), effective 1 January 2024*
- Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial instruments: Disclosures*, effective 1 January 2024*
- Amendments to IFRS 16 *Leases: Lease Liability in a Sale and Leaseback*, effective 1 January 2024*

*Not yet approved in the EU.

2.3 Use of estimates and judgements

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

The actual results could differ from these estimates and management judgements and changes may have a material impact on the consolidated financial statements.

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

Conflict in Ukraine

The Group takes into account the impact of this conflict in its financial reporting (see Annual Report 2022 'Use of estimates and judgements').

As a result of the war in Ukraine the energy transition accelerated, increasing demand for materials and equipment with decreasing supply. Fluvius makes every effort to reach proper agreements with suppliers and contractors and aims for a long-term perspective.

Energy transition and climate targets

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

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

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 last year 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 on **8 June 2022** 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. 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.

Following a public consultation during 2022, the Flemish energy regulator VREG has approved on 31 March 2023 the 2023-2032 investment plan of Fluvius with some clarifications for the next edition of the investment plan.

On **7 June 2023**, the annual update of the 2024-2033 investment plan was published for consultation. Assumptions such as the expectation of 1,5 million electric vehicles in Flanders by 2030 and an acceleration in the growth of solar and wind energy, are still valid a year later. To this end, the plan still foresees upgrading 40 per cent of the low-voltage grid and 13 per cent of the medium-voltage grid by 2032. In addition, wind turbines and solar panels are expected to be much more numerous by 2030 than predicted a year ago, and the e-truck appears to be preferred to hydrogen or other gas-powered trucks in the coming years. The impact on the investment plan (of Fluvius) may be limited by the clear innovation shown by the business community, optimising its own energy consumption and deploying self-generated energy from solar and wind combined with batteries.

Fluvius emphasises three crucial elements for the impact of the energy transition on the distribution networks: close consultation with all stakeholders, digitization and timely reinforcement of electricity networks in the light of the evolution of renewable energy.

For the gas networks, this 2024-2033 investment plan also foresees no more major expansions. Of course, it remains very important that the existing infrastructure remains safe and of good quality. Fluvius expects a further decrease to 63 million EUR in 2033 due, among other things, to the discontinuation of construction in allotments. However, at the moment there are no indications for possible write-down of assets related to the gas activity. Fluvius also continues to reserve budget for research and participation in pilot projects on new CO₂-neutral gas forms, such as biomethane and green hydrogen.

Following this public consultation, the Flemish energy regulator VREG will decide in autumn 2023 whether to approve Fluvius's new 2024-2033 investment plan.

Economic volatility

The current economic conditions with high inflation and interest rate increases have an impact on interest rates for (re)financing. The impact on the interest rate swap concluded in the past has a positive effect.

As in 2022, the Group has taken into account the effects of high inflation and high interest rates on the provision for employee benefits, among other things.

2.4 Segment reporting

The Management Committee, responsible for the day-to-day management and operational operation of Fluvius System Operator (Fluvius SO) and its subsidiary, joint ventures and associates, is informed of the financial data on the basis of reporting in accordance with Belgian accounting standards. This reporting includes all costs generated by the operating company for the Flemish Mission Entrusted Associations.

Through a new allocation system these costs, passed on to the Flemish MEAs and invoiced to third parties, can be broken down by product type as electricity, gas and other (including sewerage, telecom, public lighting). The segmentation of the operating income as shown below, is based on Belgian accounting standards. The Group continuously carries out works and investments for its shareholders, hence the activities do not show a seasonal or cyclical character on a half-yearly basis.



The segmentation of the operating income below is based on Belgian accounting.

(In thousands of EUR)	Electricity	Gas	Other	BEGAAP consolidated	IFRS
30 June 2023	761.265 65%	203.592 17%	200.178 17%	1.165.035 100%	1.154.167
30 June 2022	62%	21%	17%	100%	945.636

The revenue difference between the Belgian GAAP figures 1.165.035 (30 June 2022: 954.896 k euro) and the IFRS revenue 1.154.167 k euro (30 June 2022: 945.636 k euro) amounts to -10.868 (30 June 2022: -9.260 k euro). This turnover difference is mainly due to the adjustments recognized under IFRS for employee benefits, derivative financial instruments, recognition of other investments at fair value and rental contracts.

All transactions take place in Flanders, Belgium.



Performance of the period

3 Operating revenue

(In thousands of EUR)	30 June 2023	30 June 2022
Recharge of costs to the distribution system operators	1.075.838	869.265
Construction works for third parties	78.329	76.371
Revenue from contracts with customers	1.154.167	945.636
Other operating revenue	33.341	32.329
Total	1.187.508	977.965

Operating revenue amounts to 1.187.508 k EUR at 30 June 2023 and 977.965 k EUR at 30 June 2022, an increase of 209.543 k EUR.

Revenue from contracts with customers

Revenue from contracts with customers amounts to 1.154.167 k EUR at 30 June 2023 and 945.636 k EUR at 30 June 2022, an increase of 208.531 k EUR.

Revenue from contracts with customers reflects the incurred costs that are passed on mainly to the MEAs, shareholders. As costs increase - mainly in the items 'Cost for services and other consumables' by 152.863 k EUR and 'Costs of trade goods' by 29.095 k EUR and 'Employee benefits' by 22.127 k EUR (see relevant notes) - the recharges and thus revenues also increases.

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

Company	30 June 2023		30 June 2022	
	Revenue in k EUR	% relative to revenue	Revenue in k EUR	% relative to revenue
Gaselwest	132.287	11,5%	100.592	10,6%
Imewo	190.192	16,5%	143.095	15,1%
Iverlek	148.836	12,9%	131.379	13,9%
Fluvius Limburg	187.732	16,3%	152.199	16,1%
Fluvius Antwerpen	148.911	12,9%	135.627	14,3%
Other	346.209	29,9%	282.744	30,0%
Total	1.154.167	100,0%	945.636	100,0%

Other operating revenue

Other operating income amounts to 33.341 k EUR at 30 June 2023 and 32.329 k EUR at 30 June 2022, an increase of 1.012 k EUR. This item mainly contains various recoveries. The increase is due to the 'federal aid measure - employer contribution reduction competitiveness' of 1.307 k euro.



4 Cost of trade goods

Trade goods, raw materials and consumables amount to 155.859 k EUR on 30 June 2023 and 126.764 k EUR on 30 June 2022, an increase of 29.095 k EUR.

This increase is mainly due to the increase in grid-related consumables amounting to 30.345 k EUR - for the roll-out of digital meters for electricity and gas and for the energy transition -, the increase in energy purchases of 426 k EUR compensated by the increased inventory movement of 1.676 k EUR.

5 Cost for services and other consumables

Cost for services and other consumables amount to 697.335 k EUR at 30 June 2023 and 544.472 k EUR at 30 June 2022, an increase of 152.863 k EUR.

Subsidy for rational use of energy (RUE) amounts to 123.716 k EUR at 30 June 2023 and 56.298 k EUR at 30 June 2022, an increase of 67.418 k EUR.

The largest increases are caused by the increase in the items 'Cost contractors for grid construction and maintenance' (+42.692 k EUR) as part of the roll-out of digital meters, sewerage investments and energy transition, 'Direct operations purchases' (+9.825 k EUR), 'Contracts and administration costs' (+17.412 k EUR) due to public service obligations, 'Consultancy and other services' (+8.576 k EUR) and 'Fees for usage of installations' (+4.314 k EUR) due to ICT, asset management and other.

6 Employee benefit expenses

Employee benefit expenses amount to 316.103 k EUR at 30 June 2023 and 293.976 k EUR at 30 June 2022, an increase of 22.127 k EUR.

This increase is mainly due to the increase in 'Remunerations' and 'Social Security' (+23.094 k EUR) following the increase in the wage index (6,50%) compensated by a decrease in the item 'Contributions to defined benefit plans and other insurances' of (-2.686 k EUR) including the movement of the item 'Employee benefit liability'.

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

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

7 Depreciation, amortization, impairments and changes in provisions

Depreciation, amortization, impairment and changes in provisions amount to 5.988 k EUR at 30 June 2023 and 7.397 k EUR at 30 June 2022.

This item consists of an amount for depreciation of 6.190 k EUR (30 June 2022: 6.633 k EUR), an impairment related to trade receivables -202 k EUR (30 June 2022: 2.085 k EUR) and a reversal of provisions related to the provision for employee benefits 0 k EUR on 30 June 2023 (-1.321 k EUR 30 June 2022).

8 Financial results

Financial income amounts to 70.516 k EUR at 30 June 2023 and 53.647 k EUR at 30 June 2022. This item contains mainly the interest to be received on loans granted to the MEAs (30 June 2023: 68.670 k EUR; 30 June 2022: 49.704 k EUR).

The financial costs amount to 78.566 k EUR at 30 June 2023 and 54.698 k EUR at 30 June 2022.



These costs contain the interest payable on the bond loans (30 June 2023: 61.130 k EUR; 30 June 2022: 49.562 k EUR), interest paid on other financial obligations with banks and cash pool activities with the MEAs.

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

The increase in financial income and expenses was partly influenced by the current economic conditions, with high inflation and interest rate increases, in addition to increased level of financing.

9 Income tax expenses

Income tax expenses amount to 3.474 k EUR at 30 June 2023 and 3.374 k EUR at 30 June 2022, an increase of 100 k EUR.

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

In the period up to 30 June 2023, a tax amount of 3.218 k EUR (30 June 2022: 3.374 k EUR) was prepaid and the estimated tax amounted to 0 k EUR (30 June 2022: 0 k EUR).

During the period up to the end of June 2023, an amount of 1.715 k EUR in taxes was paid in respect of previous financial years and prepayments from the past amounting to 2.907 k EUR were recorded as a tax asset.

The recognised net tax asset at 30 June 2023 of 1.585 k EUR is composed of this tax asset of 2.907 k EUR and a tax liability of 1.322 k EUR (31 December 2021: 3.036 k EUR tax liability).



Assets

10 Intangible assets

The Group reports intangible assets for 122 k EUR at 30 June 2023 and 429 k EUR at 31 December 2022, a decrease of 307 k EUR. This decrease is mainly the result of the amortization for 307 k EUR at 30 June 2023 and 314 k EUR at 30 June 2022.

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

11 Property, plant and equipment

Property, plant and equipment amounts to 1.625 k EUR at 30 June 2023 and 1.928 k EUR at 31 December 2022. This decrease of 303 k EUR is mainly due to depreciation.

12 Right-of-use assets and lease obligations

The **right-of-use assets** amount to 25.388 k EUR at 30 June 2023 and 24.774 k EUR at 31 December 2022. This increase of 614 k EUR is primarily due to the recognition of new or extended contracts for 6.246 k EUR and -5.506 k EUR depreciation, the termination of contracts for -104 k EUR and adjustments to the term of current contracts, especially for vehicles for -22 k EUR

The resulting non-current **lease obligations** amount to 17.900 k EUR at 30 June 2023 and 17.138 k EUR at 31 December 2022, the current lease obligations amount to 8.333 k EUR at 30 June 2023 and 8.601 k EUR at 31 December 2022.

A total of 6.120 k EUR of increases in lease obligations were recorded, 6.034 k EUR payments, 408 k EUR interest and an amount of 5.358 k EUR was transferred from non-current lease obligations to current lease obligations.

13 Investment in joint ventures and associates

Investment in joint ventures and associates amount to 17 k EUR at 30 June 2023 and 17 k EUR at 31 December 2022.

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

14 Other investments

Other investments amount to 889 k EUR at 30 June 2023 and 863 k EUR at 31 December 2022, an increase of 26 k EUR.

The other investments comprise the participations still held by the Group in the business centres situated in the distribution area of Gaselwest (business centres Kortrijk, Roeselare, Flemish Ardennes and Waregem) and Imewo (business centres Bruges, Ghent and Meetjesland).

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

15 Rights to reimbursement on post-employment employee benefits

Rights to reimbursement on post-employment employee benefits amount to 156.405 k EUR at 30 June 2023 and 154.869 k EUR at 31 December 2022, an increase of 1.536 k EUR

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

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

The **long-term receivables, other** amount to 6.079.472 k EUR at 30 June 2023 and 5.140.787 k EUR at 31 December 2022.



The long-term receivables mainly contain the receivable from the MEAs for 6.039.488 k EUR at 30 June 2023 (31 December 2022: 5.099.504 k EUR) that originates from lending on funds (including costs) from the issuance of the bonds (stand-alone, retail and EMTN) by the operating company since 2010. The loans issued by the Group are lent on to the MEAs at the same conditions as the loans obtained by Fluvius System Operator (see note 'Interest-bearing loans and borrowings'). These long-term receivables increased by 939.945 k EUR compared to 31 December 2022 as in 2023, new loans for 940.000 k EUR in total (at nominal value) were issued and lent on to the MEAs. In addition, the item also includes financing recharged to a subsidiary for a total amount of 39.075 k EUR at 30 June 2023 (31 December 2022: 40.300 k EUR).

The **short-term receivables, other** amount to 700.000 k EUR on 30 June 2023 and are unchanged compared to 31 December 2022. The amount includes a long-term receivable maturing in 2023 and is therefore reclassified to short-term receivables, others.

17 Inventories

Inventories amount to 175.800 k EUR at 30 June 2023 and 163.720 k EUR at 31 December 2022, an increase of 12.080 k EUR. This increase is explained by the further build-up of materials for the roll-out of the digital meters and the installation of led for public lighting as well as for the grid-related materials.

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 13.668 k EUR (31 December 2022: 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 at 30 June 2023 to 593 k EUR (31 December 2022: 2.412 k EUR net increase). These amounts have been included in the profit or loss account.

18 Trade and other receivables

The trade and other receivables amount to 441.595 k EUR at 30 June 2023 and 333.702 k EUR at 31 December 2022.

Trade receivables before impairment amount to 337.546 k EUR at 30 June 2023 and 296.384 k EUR at 31 December 2022.

The trade receivables consisted primarily of receivables from the MEAs. These trade receivables amounted to 240.501 k EUR at 30 June 2023 and 193.690 k EUR at the end of 2022. The receivables from the MEAs are the result of the costs in the operating company being passed on to the MEAs for which settlement had not yet taken place.

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

The write-downs on receivables amounts to 40.452 k EUR at 30 June 2023 and 40.654 k EUR at 31 December 2022, a decrease of 202 k EUR.

The **other receivables** amount to 144.501 k EUR at 30 June 2023 and 77.972 k EUR at 31 December 2022. These receivables primarily contain accrued interest from the MEAs as a result of passing on funds raised from issuing loans for 81.299 k EUR (31 December 2022: 44.825 k EUR), and deferred charges mainly related to invoices received with costs for trade goods and services for 25.428 k EUR (31 December 2022: 10.659 k EUR).

19 Receivables and liabilities cash pool activities

The 'Cash pool activities receivables' contains the positive balances on the accounts with the MEAs with regard to the cash pool and must be evaluated together with the item 'Cash pool activities payables' where the negative balances are recorded.



The receivable on the MEAs amounts to 86.613 k EUR at 30 June 2023 and 277.027 k EUR at 31 December 2022. The debts on the MEAs amount to 305.384 k EUR at 30 June 2023 and 146.235 k EUR at 31 December 2022.

20 Cash and cash equivalents

Cash and cash equivalents amount to 60.597 k EUR at 30 June 2023 and 79.144 k EUR at 31 December 2022, a decrease of 18.547 k EUR.

As a result of borrowings during the first half of 2023 and 2022, the excess funds were temporarily held as cash.

21 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.

To this end, both companies have established a new independent self-financing infrastructure company called Wyre, which will bring together the fixed network assets of both companies. Through a joint holding company, Telenet will own 66,8% and Fluvius 33,2% of the new entity.

Wyre will implement a hybrid network strategy to offer speeds of up to 10 Gbps to all its customers and ensure they enjoy the best possible network experience. The fibre optic network (FTTH) is expected to cover up to 78% of all homes in Flanders and parts of Brussels. The network will already pass most homes in the first eight years. In other zones, Wyre will further upgrade the Hybrid Fibre Coax network technology (HFC). Altogether, this represents an investment of up to two billion euro.

Wyre will operate a network with fully open access and no discriminatory conditions and provide wholesale access to other interested telecom operators, including Telenet and Orange.

Like most transactions of this size in the EU, Wyre was subject to prior approval by the European Commission. On 31 May 2023, Telenet and Fluvius have full approval of the transaction from the European Commission. Following this confirmation, the transaction between Telenet and Fluvius was completed on 1 July 2023.

On 23 December 2022, the articles of association of Fluvius S.O. were amended at the Extraordinary General Shareholders' Meeting and published in the Belgian Official Gazette on 19 July 2023. The amendments mainly relate to the transfer of the "public electronic communication networks" business to Wyre, in which Fluvius S.O. and Telenet will participate as shareholders through "Wyre Holding". The amended articles of association contain financial arrangements for the "K" shares related to this activity.

In accordance with the provisions of IFRS 5 'Non-current assets held for sale and discontinued operations', this transaction was recognised as 'Assets held for sale'.

The assets eligible under this transaction are the inventory assets as held for these activities. At 31 December 2022, the value of these amounted to 11.803 k EUR and increased to 13.668 k EUR at 30 June 2023.



Liabilities

22 Equity

Total equity amounted to 1.517 k EUR on 30 June 2023 and was unchanged from 31 December 2022.

Equity amounts to 1.284 k EUR at 30 June 2023 and 1.284 k EUR at 31 December 2022.

The total contribution outside capital is unchanged per MEA.

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

In addition, equity consists of **reserves, share premiums and retained earnings**. These items also remain unchanged compared to 31 December 2022.

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

Non-controlling interest amounts to 100 k EUR at 30 June 2023 and 100 k EUR at 31 December 2022.

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



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

(In thousands of EUR)	30 June 2023	31 December 2022
Long-term loans	6.039.422	5.105.241
Current portion of long-term loans	753.335	753.036
Short-term loans	30.003	300.000
Short-term loans	783.338	1.053.036
Total	6.822.760	6.158.277

Long and short-term loans amount to 6.822.760 k EUR at 30 June 2023 and 6.158.277 k EUR at 31 December 2022, an increase of 664.483 k EUR.

This increase is mainly due to the issuance of two long-term loan of a total nominal amount of 940.000 k EUR. This allowed Fluvius System Operator to partially repay the short-term loans (269.997 k EUR). These remaining financial resources after repayment of existing loans will be necessary and used to allow investments in infrastructure, including in the context of energy transition.

Cash not yet allocated at 30 June 2023 was provisionally held as cash.

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

(In thousands of EUR)	30 June 2023		31 December 2022	
	Cash	Non-cash	Cash	Non-cash
Total as at 1 January	6.158.277		5.773.572	
Movements on non-current loans (LT)				
Proceeds of non-current loans	934.428	0	1.045.031	0
Change in non-current loans	0	1.503	0	2.648
Transfer of short-term portion of LT loan to ST	0	-1.750	0	-752.932
Movements on current loans (ST)				
Proceeds of current loans	30.003	0	300.000	0
Transfer of short-term portion from LT loan to ST	0	1.750	0	752.932
Change in current loans	0	299	0	646
Repayment of short-term portion of long-term loan	-1.750	0	-503.500	0
Repayment current loans	-300.000	0	-460.120	0
Total movements	662.681	1.802	381.411	3.294
Total at end of reporting period	6.822.760		6.158.277	



Long-term loans

This item contains private placements and bond loans issued since 2010 as well as the bank loans. The increase of 934.181 k EUR compared to 31 December 2022 is due to the issuance of an institutional and a green private bond of 694.582 k EUR and 239.846 k EUR, respectively. The institutional bond was issued in May 2023 for a term of 10 years at a coupon of 3,875%. The private green bond was issued in June 2023 for a term of 4 years at a coupon of 4% and falls within the Fluvius Green Financing Framework. Also, an amount of 1.750 k EUR was transferred from a bank loan to the short-term and the transaction costs which are spread over the term of the bond loans amounting to 1.503 k EUR.

During the first six months of 2023 and during 2022, additional loans were taken up:

(In thousands of EUR)	2023	2022	Initial amount	Interest rate %	Maturity
Bond issue - EMTN* - May 2023	694.661		700.000	3,88	2033
Bond issue - EMTN* - Retail (Green) - June 2023	239.847		240.000	4,00	2027
Total 30 June 2023	934.507		940.000		
Bankloans - Fixed interest rate - June 2022	149.883	149.868	150.000	1,57	2027
Bond issue - EMTN* - July 2022	496.349	496.148	500.000	4,00	2032
Bond issue - EMTN* - July 2022	49.915	49.911	50.000	4,28	2034
Bond issue - EMTN* - October 2022	49.804	49.799	50.000	4,78	2044
Bond issue - EMTN* - November 2022	49.912	49.908	50.000	4,63	2034
Bond issue - EMTN* - November 2022	14.963	14.961	15.000	4,61	2034
Bankloans - Fixed interest rate - December 2022	199.825	199.805	200.000	3,25	2027
Bond issue - EMTN* - December 2022	34.861	34.858	35.000	4,25	2042
Total 31 December 2022	1.045.511	1.045.258	1.050.000		

*EMTN = EUR Medium Term Note-programme

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

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

A **new** 5.000.000 k EUR Fluvius EMTN programme for the issue of bonds started on 1 July 2020 and will have a maturity of 10 years, extendable by Fluvius by up to 24 months. Under this programme, Fluvius will issue bonds in the coming years. As at 30 June 2023, an amount of 3.440.000 k EUR of bonds or 68,8% had been issued under this programme.

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

Only the MEAs of the former Infrac are guarantor with respect to the EMTN bond loans registered on the name of the former Infrac. The same methodology applies to the other bond loans registered on the name of the former Eandis System Operator. For the issues under the 2020 EMTN-



programme, the principle is that all MEAs belonging to the 'Fluvius economic group' will each act as guarantor on a non-committal and non-solidary basis but limited to the proportional share in the 'contribution excluding capital' of the operating company.

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

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

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

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

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

The bank loan (with derivative structure) has monthly due dates, and its variable interest rate has been converted into a fixed interest rate via an **Interest Rate Swap**. This derivative has been included in a separate section on the statement of financial position and is expressed at its fair value amounting to 733 k EUR at 30 June 2023 (704 k EUR at 31 December 2022).

Loans, current

Current loans include the portion of the non-current loans that will expire and are repayable within the year (499.888 k EUR and 249.947 k EUR of two bond loan and 3.500 k EUR of a bank loan; (499.686 k EUR and 249.850 k EUR of two bond loan and 3.509 k EUR of a bank loan at 31 December 2022), and loans withdrawn with financial institutions (30.003 k EUR; 300.000 k EUR at 31 December 2022).

The Group can call on the following credit facilities:

(In thousands of EUR)	Maturity	Available amounts	Amounts used	Amounts not used	Average interest rate*
Commercial paper	(1)	500.000	30.000	470.000	3,83%
Fixed advances	NA	200.000	0	200.000	NA
Fixed loans/Bank overdraft	Daily	200.000	0	200.000	NA
Fixed loans	NA	25.000	0	25.000	NA
Total at 30 June 2023		925.000	30.000	895.000	
Commercial paper	(1)	500.000	300.000	200.000	2,09%
Fixed advances	NA	200.000	0	200.000	NA
Fixed loans/Bank overdraft	Daily	200.000	0	200.000	NA
Fixed loans	NA	25.000	0	25.000	NA
Total at 31 December 2022		925.000	300.000	625.000	

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

(1) At 30 June 2023: maturity at 28 September 2023 and at 31 December 2022: maturity between 30 January 2023 and 28 February 2023

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



24 Employee benefit liabilities

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

The employee benefit liabilities amount to 156.405 k EUR at 30 June 2023 and 154.869 k EUR at 31 December 2022.

The increase of 1.536 k EUR is mainly due to an actuarial loss of 12.275 k EUR offset by the higher contributions compared to the service costs of the year.

The increase was recognised as income through the income statement as personnel expense totalling 14.019 k EUR, as financial cost of 3.280 k EUR and via other comprehensive income (loss) for 12.275 k EUR as a result of the Januari 1 revisions and assumption adjustments.

25 Trade payables and other current liabilities

Trade payables and other current liabilities amount to 432.110 k EUR at 30 June 2023 and 399.994 k EUR at 31 December 2022, an increase of 32.116 k EUR.

This item contains, on the one hand, trade payables for 193.502 k EUR on 30 June 2023 (188.436 k EUR on 31 December 2022) and, on the other hand, other payables for 238.608 k EUR on 30 June 2023 (211.558 k EUR on 31 December 2022).

The increase in trade payables is mainly due to the increase of invoices to be received (+6.559 k EUR) partly offset by the decrease in payables to suppliers (-1.493 k EUR).

The other payables consist primarily of interest payable on bond loans for 80.978 k EUR (31 December 2022: 44.312 k EUR), liabilities for related personnel expenses amounting to 101.729 k EUR (97.771 k EUR at 31 December 2022) and taxes on employee debts for 6.076 k EUR (24.537 k euro on 31 December 2022).



Financial instruments

26 Financial instruments: risks and fair value

Risks

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

More detailed information about the risks of the Group and its shareholders is included in the IFRS consolidated financial statements of 31 December 2022, the base prospectus of 6 June 2023 concerning the EMTN programme and the Investor Presentation of May 2023. These documents can be consulted on the website of Fluvius System Operator www.fluvius.be.

Fair value

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

Fair value hierarchy

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

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

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

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

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

The fair value of the quoted and not refunded bonds, issued for a total amount of 5.800,5 million EUR, varies according to the market interest rate. The fair value at 30 June 2023 amounts to 5.335,6 million EUR and differs from the amount that will be reimbursed and from the carrying value. The fair value was obtained based on the indicative quotations on Bloomberg (Bloomberg is a prominent provider of business and financial market news. It delivers world economic news, quotes for stock futures, stocks and other).



At 30 June 2023, the fair values are as follows:

(In thousands of EUR)	Fair value Level 1	Fair value Level 2	Fair value Level 3	Book value
Other investments	0	0	889	889
Derivative financial instruments	0	733	0	733
Long-term receivables, other	6.079.472	0	0	6.079.472
Short-term receivables, other	700.000	0	0	700.000
Cash and cash equivalents	60.597	0	0	60.597
Inventories and other	189.468	0	0	189.468
Total receivables	441.595	0	0	441.595
Receivables cash pool activities	86.613	0	0	86.613
Total	7.557.745	733	889	7.559.367
Loans on long-term	5.602.205	0	0	6.039.422
Loans on short-term	782.278	0	0	783.338
Lease liabilities	26.233	0	0	26.233
Total current liabilities, other	433.432	0	0	433.432
Liabilities cash pool activities	305.384	0	0	305.384
Total	7.149.532	0	0	7.587.809

At 31 December 2022, the fair values are as follows:

(In thousands of EUR)	Fair value Level 1	Fair value Level 2	Fair value Level 3	Book value
Other investments	0	0	863	863
Derivative financial instruments	0	704	0	704
Long-term receivables, other	5.140.787	0	0	5.140.787
Short-term receivables, other	700.000	0	0	700.000
Cash and cash equivalents	79.144	0	0	79.144
Inventories and other	175.523	0	0	175.523
Total receivables	333.702	0	0	333.702
Receivables cash pool activities	277.027	0	0	277.027
Total	6.706.183	704	863	6.707.750
Loans on long-term	4.675.959	0	0	5.105.241
Loans on short-term	1.053.932	0	0	1.053.036
Lease liabilities	25.739	0	0	25.739
Total current liabilities, other	403.030	0	0	403.030
Liabilities cash pool activities	146.235	0	0	146.235
Total	6.304.895	0	0	6.733.281



Other information

27 Related parties

The nature of the transactions with the Management Committee, the directors and other related parties during the first six months of 2023 does not substantially differ from the transactions included in the annual report of 2022.

28 Commitments and contingencies

The Group has pending litigation and legal proceedings for which the risk of loss is possible, but not probable. At this stage, the likely timing of settlement cannot be estimated and therefore no provision has been recognised.

On 3 September 2019, a gas explosion occurred in Wilrijk, Ridderveld. One fatality is regretted. At the hearing before the Antwerp Correctional Court on 17 March 2021, the Public Prosecutor asked for the acquittal of both managers (CEO and Director 'Grid operations'), because the Public Prosecutor believes that they cannot be held responsible for the events. For Fluvius System Operator itself, the Prosecutor demanded a simple declaration of guilt. Fluvius itself argued extensively to show that the company, its managers and employees were not at fault in these tragic events. The court judged on 27 April 2021, acquitting both managers criminally. Criminal suspension of sentence was pronounced for Fluvius System Operator and Fluvius was convicted of all civil claims. This conviction has since been appealed. The appeal hearing continued on 18 May 2022. At 1 June 2022, the Antwerp Court of Appeal issued a judgment declaring (among other things) the appeal of Fluvius was admissible and appointed a court expert to give an opinion on the cause of the explosion that occurred in Wilrijk. The expert was to submit his report to the Court by 31 January 2023. The debates were to be reopened at the hearing on 29 March 2023, but since the report was not yet available, the case was postponed to 8 November 2023.

29 Events after the reporting date

On 11 September 2023, Fluvius System Operator successfully issued an EMTN institutional bond – with a guarantee by the DSOs – of EUR 500 million. This bond has a fixed annual coupon of 3,875% and a maturity of 7,5 years (i.e. until 18 March 2031). The first coupon payment is due on 18 March 2024.



Auditor's report



EY Bedrijfsrevisoren
EY Réviseurs d'Entreprises
Pauline van Pottelsbergheleen 12
B - 9051 Gent

Tel: +32 (0) 9 242 51 11
ey.com

Statutory auditor's report of Fluvius System Operator Group on the review of the condensed consolidated interim financial information as of 30 June 2023 and for the six-month period then ended

Introduction

We have reviewed the accompanying consolidated statement of financial position of Fluvius System Operator Group as of 30 June 2023, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes ("the condensed consolidated interim financial information"). The board of directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as of 30 June 2023 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Ghent, 27 September 2023

EY Bedrijfsrevisoren BV
Statutory auditor
represented by

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

24MVD0026

Besloten vennootschap
Société à responsabilité limitée
RPR Brussel - RPM Bruxelles - BTW-TVA BE0446.334.711-IBAN N° BE1 2100 9059 0069
*handelend in naam van een vennootschap/agissant au nom d'une société

A member firm of Ernst & Young Global Limited