Economic Group Fluvius

Consolidated Financial Statements IFRS

Year end 31 December 2019

Content

Financial Statements

Consolidated statement of profit or loss

(In thousands of EUR)	Notes	2019	2018
Operating revenue	**6**	**3.472.010**	**3.498.860**
Revenue from contracts with customers		2.991.498	2.943.748
Other operating income		84.456	248.556
Own construction, capitalized		396.056	306.556
Operating expenses		**−2.954.901**	**−3.102.333**
Cost of trade goods	7	−1.414.554	−1.250.241
Cost for services and other consumables	8	−463.369	−409.430
Employee benefit expenses	9	−589.852	−441.689
Depreciation, amortization, impairments and changes in provisions	10	−449.171	−406.581
Other operational expenses	11	−63.044	−52.017
Regulated transfers	12	25.089	−542.375
Result from operations		**517.109**	**396.527**
Finance income	13	107.040	88.238
Finance costs	13	−208.309	−189.585
Profit before tax		**415.840**	**295.180**
Income tax expenses	14	−84.925	−104.275
Profit for the period		**330.915**	**190.905**

Consolidated statement of comprehensive income

(In thousands of EUR)	Notes	2019	2018
Profit for the period		**330.915**	**190.905**
Other comprehensive income			
Items not to be reclassified to profit or loss in subsequent periods			
Actuarial gains (losses) on long-term employee benefits	26	−201.023	−58.563
Actuarial gains (losses) on rights to reimbursement on post-employment employee benefits	26	144.014	−4.421
Fair value other investments	19	326.974	107.194
Deferred tax gains (losses)	14	25.609	30.865
Net other comprehensive income not being reclassified to profit or loss in subsequent periods		**295.574**	**75.075**
Total comprehensive income for the period		**626.489**	**265.980**

The total comprehensive income of the period 2018 amounts to 75.075 k EUR. As the Economic Group Fluvius expanded during this period, comprehensive income was included on initial recognition for: the incorporation of the ex-Infrax companies in the consolidation (as from 1 July 2018) for an amount of 146.221 k EUR and the incorporation of the financing associations (as from 1 April 2018) for an amount of 775.940 k EUR.
As a result of the acquisition in 2019 of ex-Integan, 40 k EUR was recognized in other comprehensive income (see note 'Expansion of the Economic Group Fluvius).

Consolidated statement of financial position

(In thousands of EUR)	Notes	2019	2018
Non-current assets		**14.190.941**	**13.373.430**
Intangible assets	15	95.850	72.343
Property, plant and equipment	16	11.407.129	11.182.304
Right-of-use assets	17	45.959	0
Investment in joint ventures and associates	18	2.016	2.016
Other investments	19	1.709.053	1.372.860
Rights to reimbursement on post-employment employee benefits	26	353.605	255.491
Long-term receivables, other	18	577.329	488.416
Current assets		**964.552**	**971.213**
Inventories	21	78.542	68.088
Trade and other receivables	22, 32	802.413	800.684
Current tax assets	31	19.009	65.758
Other investments		0	14.989
Cash and cash equivalents	23, 32	64.588	21.694
TOTAL ASSETS		**15.155.493**	**14.344.643**
EQUITY	**24**	**6.407.595**	**5.918.671**
Total equity attributable to owners of the parent		**6.407.495**	**5.910.823**
Capital		2.678.818	2.545.877
Issue premiums		126.884	126.884
Reserves		1.737.309	1.687.856
Other comprehensive income		792.661	497.047
Retained earnings		1.071.823	1.053.159
Non-controlling interest		**100**	**7.848**
LIABILITIES		**8.747.898**	**8.425.972**
Non-current liabilities		**6.948.800**	**7.190.368**
Interest bearing loans and borrowings	25, 32	5.413.841	5.817.461
Lease liabilities	17	35.563	10.619
Employee benefit liabilities	26	773.954	566.234
Derivative financial instruments	27	74.726	80.538
Provisions	28	22.110	41.496
Deferred tax liability	14	358.929	434.455
Government grants	29	269.677	239.565
Current liabilities		**1.799.098**	**1.235.604**
Interest bearing loans and borrowings	25, 32	874.951	292.730
Lease liabilities	17	12.435	2.826
Trade payables and other current liabilities	30, 32	894.020	918.988
Current tax liabilities	31	17.692	21.060
TOTAL EQUITY AND LIABILITIES		**15.155.493**	**14.344.643**

Consolidated statement of changes in equity

(In thousands of EUR)	Share Capital and Issue premiums	Reserves	Other compre-hensive income	Retained earnings	Total equity attributable to equity holders	Non-controlling interest	Total
Balance at 1 January 2018	**1.262.948**	**820.345**	**−500.189**	**672.135**	**2.255.239**	**93**	**2.255.332**
Total comprehensive income for the period	0	0	75.075	190.905	**265.980**	0	**265.980**
Repayment of equity	−4.394	−10.676	0	0	**−15.070**	0	**−15.070**
Merger by absorption of Infrax cvba	0	83	0	0	**83**	0	**83**
Incorporation ex-Infrax MEAs in the consolidation	1.243.442	837.354	146.221	362.405	**2.589.422**	8.365	**2.597.787**
Incorporation financing associations	161.069	99.194	775.940	35.390	**1.071.593**	0	**1.071.593**
Share capital increase	9.696	−164	0	0	**9.532**	0	**9.532**
Change in consolidation scope	0	−480	0	1.090	**610**	−610	**0**
Addition/decrease reserves	0	−57.800	0	57.800	**0**	0	**0**
Dividends paid	0	0	0	−266.566	**−266.566**	0	**−266.566**
Balance at 31 December 2018	**2.672.761**	**1.687.856**	**497.047**	**1.053.159**	**5.910.823**	**7.848**	**5.918.671**
Balance at 1 January 2019	**2.672.761**	**1.687.856**	**497.047**	**1.053.159**	**5.910.823**	**7.848**	**5.918.671**
Total comprehensive income for the period	0	0	295.574	330.915	**626.489**	0	**626.489**
Repayment of equity	−48.370	−5.863	0	−6.107	**−60.340**	0	**−60.340**
Incorporation ex-Infrax MEAs in the consolidation	66.707	30.104	40	11.180	**108.031**	0	**108.031**
Share capital increase	114.604	−6.872	0	0	**107.732**	0	**107.732**
Change in consolidation scope	0	0	0	0	**0**	−7.748	**−7.748**
Addition/decrease reserves	0	32.084	0	−32.084	**0**	0	**0**
Dividends paid	0	0	0	−285.240	**−285.240**	0	**−285.240**
Balance at 31 December 2019	**2.805.702**	**1.737.309**	**792.661**	**1.071.823**	**6.407.495**	**100**	**6.407.595**

The above information is disclosed in the notes ‘Expansion Economic Group Fluvius’, 'Equity' and as regards ‘other comprehensive income’ in the notes ‘Income tax expenses’ and 'Employee benefit liabilities'.

Consolidated statement of cash flows

(In thousands of EUR)	Notes	2019	2018
Profit for the period		330.915	190.905
Amortization of intangible assets	10	27.337	26.867
Depreciation on property, plant and equipment and right-of-use assets	10	418.499	345.669
Change in provisions (Reversal -; Recognition +)	10	−19.459	30.357
Impairment current assets (Reversal -; Recognition +)		22.794	3.688
Gains or losses on realization receivables		11.874	6.723
Net finance costs		111.888	125.457
Change in fair value of derivative financial instruments	13	−5.681	−21.645
Gains or losses on sale of property, plant and equipment		41.920	39.033
Movement in government grants	29	−4.938	−2.465
Income tax expense	14	84.925	104.276
Operating cash flow before change in working capital and provisions for employee benefits		**1.020.074**	**848.865**
Change in inventories		−8.083	−376
Change in trade and other receivables		−44.575	552.731
Change in trade payables and other current liabilities		−31.573	−13.705
Change in employee benefits		50.223	−90.856
Net operating cash flow		**−34.008**	**447.794**
Interest paid		−205.382	−209.162
Interest received		81.132	60.229
Financial discount on debts		413	455
Income tax paid (received)		−94.442	−127.913
Net cash flow from operating activities		**767.787**	**1.020.268**
Proceeds from sale of property, plant and equipment		74.001	4.917
Purchase of intangible assets	15	−50.743	−28.673
Purchase of property, plant and equipment	16	−649.928	−530.049
Acquisition of business combinations	3	17.002	5.279
Proceeds from sale of companies and other investments		222	−28
Net investments in long-term receivables		0	27
Receipt of a government grant		37.284	19.655
Net cash flow used in investing activities		**−571.862**	**−528.872**
Proceeds from issue of shares	24	326	9.536
Repayment of share capital	4, 24	−60.340	−15.070
Change in non-controlling interest	24	7	0
Repayment of borrowings	25	−259.827	−242.029
Proceeds from borrowings	25	2.343	0
Payment of finance lease liabilities		−12.755	−2.058
Change in current financial liabilities	25	439.544	24.956
Change in short-term investments		14.989	−14.986
Repayment long-term loans		11.921	5.110
Dividends paid	24	−289.239	−266.566
Net cash flow from/used in financing activities		**−153.031**	**−501.107**
Net increase/decrease in cash	**23**	**42.894**	**−9.711**
Cash and cash equivalents at the beginning of period	**23**	**21.694**	**31.405**
Cash and cash equivalents at the end of period	**23**	**64.588**	**21.694**

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 (merger company of Inter-energa with Inter-aqua and Inter-media), Fluvius Antwerpen (merger company of Iveg with IMEA and the company Integan, taken over at 1 April 2019, and some municipalities of Iveka), PBE (merger company of PBE with Intergas) and Riobra, as well as 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 companies Fluvius OV are also included in the Economic Group Fluvius (see note 'List of group entities included in the consolidation').

The MEAs are being managed centrally by their operating company Fluvius System Operator cv.

All companies of the Group are registered in the Flemish Region (Belgium). The aforementioned MEAs are mission entrusted associations according to the provisions of the Flemish Decree on Intermunicipal Cooperation of 22 December 2017. 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.
A distribution system operator (DSO) is recognized by the Flemish Regulator as a system operator for electricity and/or gas (See note 'Operating in a regulated environment'). The company Riobra should be considered a MEA not a DSO.

The statutory aim of the MEAs is the distribution system operation as understood by the Flemish Energy Decree with respect to the distribution of networks for electricity and gas, as well as the operations of (cable) distributions and installations in order to expand to an interactive electric fibre communication network, the treatment and purification of sewerage, carrying out peripheral activities such as public lighting and district heating. The Group can also carry out other activities such as energy services to local authorities (ESLA). At the request of the local public authorities (municipalities, cities, …) an offer can be made for support at cost price aiming to support local energy policies.

Fluvius System Operator has chosen to obtain a rating from the rating agencies 'Moody's Investor Services Ltd.' ("Moody's") and 'Creditreform Rating AG ("Creditreform")'. On 1 July 2018, the rating received from Moody's was A3 with a positive outlook and on 25 July 2019 the outlook was changed to stable. On 15 October 2018, Creditreform granted to all bonds of Fluvius the rating A+ with stable outlook and on 2 August this rating was confirmed.

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

Fluvius System Operator cv operates in all cities and municipalities in the Flemish Region (Belgium) and until the end of 2018 also in 4 municipalities of the Walloon Region.
The Group employed on average 5.425 persons during 2019.

This financial report for the financial year ended 31 December 2019 has been established by the Management Committee on 2 April 2020.

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 2019.

The consolidated financial statements were 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 govern 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 Fluvius System Operator, 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 for 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 except for the one that refers to the newly adopted standards on leases (see note 'Summary of changes in accounting policies applicable as from 2019') and as a result of the expansion of the Economic Group Fluvius.

a) Operating income

Goods sold and services rendered

Revenue from sales of goods and services are recognized if the following conditions are met: the Group has transferred the goods and/or services to the customer; the Group has transferred the control over the goods and/or services to the customer; the customer has control from the moment he receives and consumes all of the benefits related to the transaction.

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 network remuneration (energy transport) – Social function (energy supply)

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.

The invoicing to the energy suppliers is performed each month and revenue is then recognized.

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.

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 plus 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 park of the municipalities.

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 include no 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 determining the transaction price; step 4 the allocation of the transaction price to the performance obligations and revenue recognition and step 5 when the performance obligations have been fulfilled.

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 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 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 (*Infra-X/Fluvius Net)* 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.

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.

Government grants are recognized in the balance sheet as soon as it is reasonably certain that the grant will be received and that all of the conditions attached to it will be complied with.
Grants related to an asset are included in the balance sheet item 'Government grants' and will be recognized in the statement of profit or loss on a systematic basis over the expected useful life of the related asset.
Grants related to expenses are systematically presented in the statement of profit or loss as 'Other operating income' in the same period in which the costs are included.
Due to the uncertain character on both the receipt, its timing and the amount of the subsidy granted, the government grants related to sewerage works are recognized when received.

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 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 cost to the fair value and the solidarity contribution on the certificates for green energy (see note 'Trade and other receivables') are included as well.

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 such as installing insulation, high-efficiency glazing, solar water heater, and others. These premiums are evaluated every year in consultation with the Flemish government and can vary in size and application. An RUE action plan is agreed on per calendar year.

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) will 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.

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 was 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.

Until 2014, amortization is recognized in profit or loss on a straight-line basis as of the date of bringing the asset into use and over the estimated useful life of each component of an item of intangible assets.
As from 2015 the MEAs are subject to corporate income tax and the amortization is calculated, in accordance with the tax rules, on a pro rata temporis basis during the year in which the asset is brought into use. This means that amortization starts in the month after the month during which the asset is brought into use.
Another amortization method is only used if the expected consumption pattern of the future economic benefits of the asset is better reflected.
Intangible assets are not revalued.
If the carrying amount of an intangible asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The following amortization percentages are used in the calculation of depreciation:

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.

As from 2015, the costs of the networks not yet completed are classified as 'Assets under construction'. The investments reported are not depreciated.
Until 2014, depreciation is recognized in profit or loss on a straight-line basis as of the year of bringing into use and over the estimated useful life of each component of an item of property, plant and equipment.
As from 2015, the MEAs (with the exception of Inter-aqua and Riobra) are subject to corporate income tax and the depreciation is calculated, in accordance with the tax rules, on a pro rata temporis basis during the year in which the asset is brought into use. This means that depreciation starts in the month after the month during which the asset is brought into 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%
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

In the opening balance sheet (as per 1 January 2007 for the ex-Eandis MEAs) the Belgian GAAP carrying amount, as accepted by the CREG (Commissie voor de Regulering van de Elektriciteit en het Gas), was taken as the opening value for IFRS.

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

As a result of the implementation of IFRS 16 as from 1 January 2019 onwards, the following rules for financial reporting of the Group were applied.

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

Investments are accounted for at trade date and are valued according to the equity method.
These investments are at initial recognition measured at fair value, unless the fair value cannot be reliably determined in which case they are measured at cost.

An impairment is recognized if the carrying amount exceeds the expected realizable value.

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.
The investments are classified as financial assets and are initially measured at fair value plus any transaction costs. The fair value gains or losses are reflected 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 is recognized if the carrying amount exceeds the expected realizable value.

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.

An allowance for doubtful debt is recognized if the collection of the receivable becomes doubtful and after comparison with the realizable value.
In the case of a bankruptcy or judicial reorganization, the receivable is immediately impaired and the value-added tax recovered on the basis of a certificate obtained from the curator or a publication of the closing of the bankruptcy in the annexes to the Belgian Official Gazette.
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, which are overdue for more than 6 months are recognized as doubtful and are therefore impaired at 100,00% (excluding VAT).
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 12 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, it is possible that 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) Share capital

The share capital is represented by shares without nominal value.
The capital consists of a fixed part that is fully placed and fully paid up. The variable part of the capital varies as a result of the entry or exit (accompanied with a return of shares) of the participants, or as a result of a capital increase or a capital reduction. The capital is not indexed.

The shares are indivisible and composed of shares and/or profit certificates. Furthermore, shares are assigned to their activity.
Dividends are recognized as a liability in the period in which they are approved.

If there are components of the results that originate in the captive period (before 1 July 2003) and that would have affected the outcome of the relevant period, then this part of the result is assigned to the participants according to the terms that were applicable with respect to the distribution of net profit realized in the years preceding the first effects of liberalization.

l) 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.

m) 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. Up to 2015, these kinds of pension plans were valued by using the intrinsic value and any individual difference between the mathematical reserve and the minimum guaranteed amount was recorded as a liability in the financial statements.

As from 2016, the guaranteed yield has been changed to a variable yield (see note 'Pensions and other post-employment benefit plans'). Hence, the provision for defined contribution pension plans is valued according to the 'Projected Unit Credit'-method (PUC) without projection of the future premiums. As from 2018, the employers' 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'. The actuarial gain or loss has been included in other comprehensive income.

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 pension or the pension 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.

n) 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.

The derivatives do not qualify for hedge accounting.

o) 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.

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.

p) Trade and other liabilities

Trade and other liabilities have been measured at amortized cost.

q) 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 2019

The new and amended standards and interpretations applicable from 1 January 2019 do not materially affect the Group's consolidated financial statements. These new and amended standards and interpretations applicable for the accounting year beginning on 1 January 2019 were the following:

- Amendments to IFRS 9 *Financial Instruments* - Prepayment Features with Negative Compensation
- Amendments to IAS 19 *Employee Benefits* - Plan Amendments, Curtailment or Settlement
- Amendments to IAS 28 *Investments in Associates and Joint Ventures* - Long-term Interests on Associates and Joint Ventures
- IFRIC 23 *Uncertainty over Income Tax Treatments*
- Annual Improvements Cycle – 2015-2017

IFRS 16 *Lease*, applicable from 1 January 2019, has the following **changes in accounting policies**

IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases*-Incentives and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the *modified retrospective approach – option 2* with the date of initial application of 1 January 2019. Under this method, the cumulative effect is recognized at the start date of applying the standard, effecting the opening balance sheet by recognizing the right of use assets and similar lease obligations.

The Group has elected to use the transition practical expedients for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The effect of adopting IFRS 16 as at 1 January 2019 is as follows:

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of property, vehicles and other (IT) equipment. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

Upon adoption of IFRS 16, the Group is obliged to apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e. the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 have been applied to these leases from 1 January 2019.

Leases previously accounted for as operating leases
The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of the interest rate (interest rate implicit in the contract or if not known, the incremental borrowing rate) at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Applied the short-term leases exemptions to leases with a lease term that ends within 12 months at the date of initial application
- Applied the exemption to assets with a value lower than 5.000 euro
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

The new accounting policies of the Group applied upon adoption of IFRS 16 are described in the note 'Significant accounting policies'.

Judgement in determining the lease term of contracts with renewal options
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, or any periods covered by an option to terminate the lease, if it is reasonably certain not 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 judgement 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.

Reconciliation of the operating lease liability as of 31 December 2018 to the lease liability at 1 January 2019 Nature of the effect of adoption of IFRS 16

(in thousands EUR)	2019
Operating lease commitments at 31 December 2018	**23.181**
Adjustments related cost to operating rent	12.125
Practical expedients for short term leases	−1.907
Practical expedients for leases for low-value assets	−670
Adjustments due to lease extensions, applied indexes, numbers	13.842
Other adjustments	−27
Gross lease liabilities at 1 January 2019	**46.544**
Discounting	−2.736
Present value of lease liabilities at 1 January 2019	**43.808**

Further information is included in the note ‘Right-of-use asset and lease liabilities’.

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’.

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 analyzed.

Right-of-use assets and lease liabilities
This information was included in the chapter 'Summary of changes in accounting policies applicable as from 2019' in the post IFRS16, Leases.

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 and Riobra) will 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.

Expansion of the Economic Group Fluvius
Infrax cv, the MEAs of ex-Infrax and other entities in the scope of consolidation were recorded at fair value at the date of merger or incorporation (see note 'Expansion of the Economic Group Fluvius).

2.6 Standards issued but not yet effective

Standards, amendments to standards and interpretations that have been issued but are not yet effective at the date of publication of the Group's consolidated financial statements and that are not expected to have a significant impact on the Group's consolidated financial statements, are set out below. The Group intends to adopt the new and amended standards and interpretations when they become applicable.

- *Amendments to References to the Conceptual Framework* in IFRS Standards. The Conceptual Framework sets out the fundamental concepts of financial reporting that guides the Board in developing IFRS Standards. The amendments apply to entities using IFRS as from 1 January

2020, while the IASB will immediately apply the revised Conceptual Framework for the development of new or revised standard and interpretations.

- Amendments to IFRS 3 *Business Combinations* – Definition of a business, effective 1 January 2020
- Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* - Interest Rate Benchmark Reform
- Amendments to IAS 39 *Financial Instruments: Recognition and measurement* and IFRS 7 *Financial Instruments: Disclosures* - Interest Rate Benchmark Reform
- IFRS 17 *Insurance Contracts*, effective 1 January 2021
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of material, effective 1 January 2020

Modifications to the structure and activities of the Economic Group Fluvius

3 Expansion of the Economic Group Fluvius

During 2018 several transactions took place that resulted in an expansion of the Economic Group Fluvius.

- **Merger by absorption of Infrax cv**

Eandis System Operator cv and Infrax cv are both operating companies of the Flemish distribution grid operators with the same company profile. The Flemish Government expressed the wish to combine the strengths of these companies that will result in annual savings of at least 110 million euro.

On 1 July 2018, the new operating company Fluvius System Operator cv was created out of the merger between Eandis System Operator cv and Infrax cv. From a legal standpoint, it was opted to absorb Infrax into Eandis System Operator, with Eandis System Operator cv changing its name to Fluvius System Operator cv. The legal transaction chosen, being a merger by absorption, offers the most advantages in the integration of the two operating companies in the areas of human resources, current financial obligations and legal aspects.
Consequently, this business combination concerns a merger by absorption and shares are issued to the former shareholders of ex-Infrax. Hence, equity increased but no goodwill was created.
The valuation and determination of the exchange ratio was calculated based on equity (according to the Belgian Statutory Accounts) in combination with the number of EANs (European Article Numbering), which are the access points for energy supply or the connection points for sewerage and cable television. The shares thus created were divided into voting and non-voting shares. Initially, 203.053.670 Eandis shares (of which 8.711.831 voting shares and 194.341.839 non-voting shares) were received in exchange for 470.000 Infrax shares. Following the capital decrease on 28 June 2018, 42.528.869 non-voting shares were cancelled due to the re-establishment of the fixed share capital of the newly created entity Fluvius System Operator.
According to the Belgian accounting rules, the merger by absorption took place retrospectively to 1 January 2018. According to IFRS, the merger by absorption took place on 1 July 2018. All items were checked for their fair value and the valuation at their net asset value was expressed in accordance with IFRS. The financial information of the opening balance on 1 July 2018 and in accordance with IFRS is summarized below:

(In thousands of EUR)	Opening balance
Intangible assets	2.683
Property, plant and equipment	13.648
Investment in joint ventures and associates	5
Other investments	13
Long-term receivables, other	456.318
Inventories	34.066
Trade and other receivables	107.939
Receivables cash pool activities	58.130
Cash and cash equivalents	18.206
Assets	**691.008**
Share capital, reserves and retained earnings	9.401
Interest bearing loans and borrowings, long-term	541.840
Lease liabilities, long-term	6.872
Derivative financial instruments	5.831
Interest bearing loans and borrowings, short-term	3.500
Lease liabilities, short-term	1.689
Trade payables and other current liabilities	61.334
Liabilities cash pool activities	60.523
Current tax liabilities	18
Liabilities	**691.008**
Total net at fair value	−18.206
Cash and cash equivalents received	18.206
Total acquisition of business combination	**0**

Further explanations on the balance sheet items in detail are included in the IFRS consolidated financial statements of the Fluvius System Operator Group which can be consulted on the website www.fluvius.be.

- **Incorporation of MEAs and other companies in the consolidation**

The above merger leads to the extension of the Economic Group Eandis to the Economic Group Fluvius. The seven MEAs of ex-Infrax, together with its subsidiaries, joint ventures, investments, Fluvius OV and Intergas are integrated in the IFRS reporting.
Since the above mentioned companies did not prepare IFRS financial statements, the impact as per 1 July 2018, date of the first consolidation, is disclosed below.

(In thousand of EUR)	Infrax cv	Incorporation ex-Infrax MEAs	Eliminations	Total
Non-current assets	**472.667**	**4.004.181**	**−465.147**	**4.011.701**
Intangible assets	2.683	3.702	0	6.385
Property, plant and equipment	13.648	3.211.660	0	3.225.308
Investment in joint ventures and associates	5	11.318	−9.318	2.005
Other investments	13	227.006	0	227.019
Rights to reimbursement on post-employment employee benefits	0	232.700	0	232.700
Long-term receivables, other	456.318	317.795	−455.829	318.284
Current assets	**218.341**	**412.089**	**−134.413**	**496.017**
Inventories	34.066	0	0	34.066
Trade and other receivables	107.939	318.785	−15.760	410.964
Current tax assets	0	287	0	287
Other investments	0	3	0	3
Receivables cash pool activities	58.130	60.523	−118.653	0
Cash and cash equivalents	18.206	32.491	0	50.697
TOTAL ASSETS	**691.008**	**4.416.270**	**−599.560**	**4.507.718**
EQUITY	**9.401**	**2.597.787**	**−9.318**	**2.597.870**
Total equity attributable to owners of the parent	**9.401**	**2.589.422**	**−9.318**	**2.589.505**
Capital	9.259	1.127.853	−9.259	1.127.853
Issue premiums	59	115.589	−59	115.589
Reserves	83	837.354	0	837.437
Other comprehensive income	0	146.219	2	146.221
Retained earnings	0	362.407	−2	362.405
Non-controlling interest	**0**	**8.365**	**0**	**8.365**
LIABILITIES	**681.607**	**1.818.483**	**−590.242**	**1.909.848**
Non-current liabilities	**554.543**	**1.432.526**	**−455.829**	**1.531.240**
Interest bearing loans and borrowings	541.840	679.366	−450.000	771.206
Lease liabilities	6.872	3.917	0	10.789
Employee benefit liabilities	0	354.996	0	354.996
Derivative financial instruments	5.831	14.179	0	20.010
Provisions	0	1.540	0	1.540
Other non-current liabilities	0	5.850	−5.829	21
Deferred tax liability	0	153.217	0	153.217
Government grants	0	219.461	0	219.461
Current liabilities	**127.064**	**385.957**	**−134.413**	**378.608**
Interest bearing loans and borrowings	3.500	40.846	0	44.346
Lease liabilities	1.689	−213	0	1.476
Trade payables and other current liabilities	61.334	282.747	−15.760	328.321
Liabilities cash pool activities	60.523	58.130	−118.653	0
Current tax liabilities	18	4.447	0	4.465
TOTAL EQUITY AND LIABILITIES	**691.008**	**4.416.270**	**−599.560**	**4.507.718**

All different items in the balance sheet were recognised at fair value.

Mentioned below is an overview of the incorporation of the ex-Infrax MEAs:

Intangible assets
This section contains the investments of mainly the 'smart projects'.

Property, Plant and Equipment
This section contains the investments in the distribution networks of electricity, gas, sewerage and cable television. The recorded net book value corresponds to the fair value of the grids of ex-Infrax MEAs.
The Group makes use of a finance lease under IAS 17 *Leases* for their renting contracts related to trucks. An asset will be recognised as being the present value of the future lease payments.
In addition, a lease liability is recognised on short and long term.

Investments in joint ventures and associations
The ex-Infrax MEAs were shareholder in ex-Infrax cv. In the consolidation, this participation is eliminated (9.318 k EUR).
The investment in joint ventures and associations contains the participation in S-Lim (2.000 k EUR).

Other investments
Other investments mainly contain the participations held in the holdings Publi-T (15,37%) by the ex-Infrax MEAs. The participation is held as a strategic participation.
Participations in other companies are also included in this section (see note 'Other investments'). They are recorded at fair value.

Reimbursement right om employee benefit liabilities
The staff of ex-Infrax have either a statutory or a contractual status. For all staff members, both statutory and contractual employees, employee benefits are recorded.
On the basis of the Energy Decree and tariff methodology, the costs for the unfunded public sector pension or supplementary pension can be recharged under certain conditions through the tariffs. For this portion of the employee benefits a reimbursement right was recorded.

Long-term receivables, other
The elimination of the amount of 450.000 k EUR concerns the amount that is lent on by ex-Infrax cv to the ex-Infrax MEAs, as well as the recharge of the derivatives at fair value (5.831 k EUR) and the valuation at fair value of the shares held in a company (2 k EUR).
This section 'Long-term receivables, other' contains the following elements:
Inter-media, PBE, Infrax West, Integan and Interkabel have signed collaboration agreements in 1996 and in 2008 regarding the contribution of their business activity of digital and analogue customers and cable television products to a telecommunication company.
The incorporation of this segment matches the conditions of a financial lease and hence the Group operates as a lessor resulting in the recording of a long-term receivable. The income is calculated at the discounted cash flow generated in the future and contains the original and yearly investments as well as the client fee (see note ' Long term receivables, other ').
Furthermore, amounts referring to other investments (5.000 k EUR) have been included in this line. This latter concerns contributions to S-Lim above the fixed capital (2.000 k EUR) for which renouncement was given in an agreement and thus has the character of a long-term receivable (see note 'Investments in joint ventures and associations').

Trade and other receivables include mainly the receivables from distribution grid activities, social customers and others.

They were adjusted as a result of netting for the cost and income of projects, the inclusion of the impairment on the receivables and the various short-term receivables with the telecommunications company Telenet.

Interest bearing loans and borrowings
The elimination of the amount of 450.000 k EUR concerns the amount that is lent on by ex-Infrax cv to the ex-Infrax MEAs.
This section contains the bank loans of the ex-Infrax MEAs (see note ‘Interest bearing loans and borrowings’).

Employee benefit liability
In accordance with IAS 19, the employee benefits for the acquired employees of ex-Infrax have been calculated at initial recognition. A defined benefit plan for statutory employees, a defined contribution plan and other long term liabilities for statutory and contractual employees was recorded.
All calculations are performed by a certified actuary.

Derivative financial instruments
The Group uses derivative financial instruments to hedge the exposure to interest rate risks that arise from its financing activities and for embedded loans (embedded derivatives). Derivative financial instruments are initially recognized at fair value. The fair value of the interest rate swaps was 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.

Provisions, other
This item contains provisions with respect to the rehabilitation of contaminated gas sites (1.365 k EUR) and a provision for disputes (175 k EUR).

Deferred taxes
The amount recorded as deferred tax liability results from the differences between taxable profit and the adjustment to IFRS. These mainly stem from the adjustment for employee benefit liabilities and other provisions, government grants, revaluation surplus, derivative financial instruments and the receivables.
They were processed through retained earnings or other comprehensive income, depending on their recording.

Government grants
The deferred taxes on government grants are for IFRS included in the section and hence the entire government grant is shown on the balance sheet.

Trade payables and other current liabilities
The adjustment mainly concerns the recording of projects: a trade payable is recorded as a result of netting for the income and the cost of projects.

The consolidated IFRS financial statements for the financial year ending at 31 December 2018 contains the figures of the last six months after the incorporation at 1 July 2018. The result of the acquired companies for the first semester of 2018 amounts to 39.351 k EUR and was recorded, in accordance with the Belgian accounting legislation, in equity as retained earnings.

- **Incorporation of financing associations**

On 1 April 2018, the split of the intermunicipal financing associations (FIVs) Figga, Finea, Finiwo, Fingem and Finilek was implemented and the activities were partly subdivided into the respective MEAs Gaselwest, Imea, Imewo, Intergem and Iverlek. These activities consist of the strategic participations in the transmission system operators (via the Publi-T and Publigas holdings), shares in Elia, and in the Telenet Group Holding as well as a number of other activities. The activities relating to environmentally friendly energy generation were transferred to a newly established company Zefier cv, which is not part of this Group.

The takeover by the MEAs was approved by their boards of directors in December 2017. The amendments to the articles of association implemented by the extraordinary general meetings on 28 March 2018 have also been ratified by the Flemish Minister of Interior Affairs.
According to the Belgian accounting rules, the incorporation took place retrospectively to 1 January 2018. At that time, the fair value determination was made for each FIV and the number of new shares to be issued was calculated (determination of the exchange ratio).
Shares were created for a total amount of 151.677 k euro that were allocated to this segment (see note 'Issued capital and reserves').
According to the IFRS, the incorporation was recorded as from 1 April 2018, despite the implementation date of 28 March 2018. As a result of which the valuation was carried out on 1 April 2018. All items were checked for their fair value and the valuation at their net asset value was expressed.
The different elements of the balance sheet of the FIVs were calculated at fair value:
The financial assets included in the item 'Other investments' contain the strategic participations held in Publi-T and Publigas, as well as the shares directly held in the company Elia. The fair value of Publi-T starts from the last available balance sheet and is adjusted for the investments in Elia by recording on the basis of the share price. The fair value of Publigas also starts from the last available balance sheet and is adjusted for the investments held in Fluxys by recording on the basis of a calculated share price (external valuation report). The shares held directly in the company Elia were included by recording based on the share price.

The receivables and liabilities that have been accounted for, are the result of a borrowing and lending of these financial debts to mainly the municipalities. These were checked for their fair value. The Group expects to be able to collect these receivables.
All other elements were examined and their book value approximates the fair value, so no adjustments are necessary. No conditional compensation of assets for indemnification was identified.

The MEAs individually hold between 4% and 9% of the shares in Publi-T and between 3% and 7% of the shares in Publigas, as a result of which each individual MEA holds less than 20% of the shares. The MEA does not have a majority in the Board of Directors, nor is there a cooperation agreement between the MEAs. As a result, the MEAs do not have any separate control and cannot exert any significant influence. These acquired participations in Publi-T and Publigas are held as strategic participations. They are included in the item 'Other investments' at fair value with recognition of changes in value in other comprehensive income (fair value through other comprehensive income) as well as the participation held in the company Elia which is recorded via the profit or loss account (fair value through profit or loss).

The financial information of the opening balance sheet, processed at fair value, on 1 April 2018 is summarised below:

(In thousands of EUR)	Opening balance
Other investments	1.034.654
Long-term receivables, other	89.449
Trade and other receivables	32.354
Current tax assets	14.453
Cash and cash equivalents	45.552
Assets	**1.216.462**
Capital	151.680
Issue premiums	9.389
Reserves	99.194
Other comprehensive income	775.940
Retained earnings	35.390
Interest bearing loans and borrowings, long-term	41.595
Interest bearing loans and borrowings, short-term	699
Trade payables and other current liabilities	11.605
Liabilities	**1.125.492**
Total net at fair value	90.970
Cash and cash equivalents received	−45.552
Total acquisition of business combination	**45.418**

The total consideration acquired at 1 April 2018 amounts to -45.418 k EUR: cash amounts were received for 45.552 k EUR and financing was provided by the Group as payments of short-term liabilities needed to be performed for the financing associations for -90.970 k EUR in total.
The recognition at fair value on 1 April 2018 has an effect of 775.876 k EUR that was recognized through 'Other comprehensive income'.

These interim condensed consolidated IFRS financial statements contain the results of this transaction for 3 months since the recording date on 1 April 2018. These consist mainly of the fair value adjustment of the investments (251.842 k EUR) and the shares held (2.997 k EUR). If the combination would have taken place on 1 January 2018, a loss of 61 k EUR and operating income of 0 k EUR would have been recognized for the first half of the 2018 financial year.

During 2019, the following transactions took place that had an impact on the structure of the Group. These adjustments took place because the Energy Decree obliges MEAs to have a geographically contiguous area by 1 January 2021 and obliges municipalities to have the same MEA for electricity and natural gas activities on their territory. This necessitated a rescheduling of municipalities to other MEAs and mergers of the Group's MEAs.
On 19 October 2019, however, a political agreement was reached to postpone the decree initiative on compulsory area exchanges by 1 January 2021 to 1 April 2025. The pending mergers between MEAs were placed 'on hold' in anticipation of a total restructuring of the MEAs to be achieved by the next legislature (April 2025).
Only for the municipalities where there was already a municipal council decision, in Deinze, Malle, Ranst, Wommelgem and Zoersel, the area exchange will continue.
The proposed merger into Fluvius Zenne-Dijle has been stopped.

- The growing differences between the Flemish and Walloon region have led to a shift in which the **Walloon municipalities**, currently being part of the Flemish MEAs, join ORES Assets cv per January 2019, the Walloon distribution system operator. Because of this, a **partial demerger** by acquisition of the activity electricity and gas of Gaselwest on the municipal territory of Celles, Comines-Warneton, Ellezelles and Mont-de-l'Enclus has taken place. The valuation and determination of the exchange ratio was calculated based on the figures per 30 June 2018. This exchange ratio was then finally applied to the financial figures per 31 December 2018.
  The total assets transferred amounted to 40.024 k EUR. On 14 January 2019, an advance amount was received of 29.613 k EUR; the remainder was included in the statement of financial position in the item 'Trade and other receivable'. The sale was definitively settled in 2019 and the proceeds were reported in the various items of the cash flow statement of which the main ones are: proceeds from the sale of property, plant and equipment for 63.814 k EUR; repayment of share capital for 7.515 k EUR.

- As provided by decree, **the province** of Limburg left the MEAs Inter-energa and Inter-media (now Fluvius Limburg) as from 1 January 2019. The effect of this exit is included in the note 'Equity'.

On 1 April 2019, the following changes occurred within the Fluvius Economic Group

- In the Antwerp region IVEG merged with IMEA together with the acquired INTEGAN (Interkommunale voor Teledistributie van het Gewest Antwerpen), active in the management of cable infrastructure. Together, these three entities now form **Fluvius Antwerpen**, with activities in energy distribution (electricity and gas), sewerage and the management of cable infrastructure.
  This transaction is a merger through the acquisition of Integan and IMEA by IVEG. The entire assets of the companies Integan and IMEA were taken over by IVEG resulting in their dissolution without liquidation. The merger of IMEA with IVEG did not have any financial impact. For Integan, the determination of the exchange ratio for the shares was based on the ratio of the value of the shares determined on the basis of the shareholders' equity (according to the Belgian annual accounts) on 31 December 2017. This exchange ratio was fixed, based on the figures of 31 March 2019. As a result, the share capital of IVEG/Fluvius Antwerpen increased by 192.777 k EUR, represented by 29.613.093 shares. The share capital of Integan contained 66.707 k EUR and represented 8.338.338 shares.

  According to IFRS, the MEA **Integan** was included as from 1 April 2019 in the consolidation as a business combination. All items of the balance sheet were checked for their fair value and the validation at their net asset value was expressed in accordance with IFRS. As a result, an increase in equity was recognized but no goodwill.

The financial information of ex-Integan on 1 April 2019 and according to the IFRS is summarized below:

(In thousands of EUR)	Opening balance
Property, plant and equipment	1.576
Right-of-use assets	1.395
Investment in joint ventures and associates	6.320
Other investments	139
Long-term receivables, other	83.485
Inventories	2.371
Trade and other receivables	12.218
Cash and cash equivalents	17.002
Assets	**124.506**
Capital	66.707
Reserves	30.104
Other comprehensive income	40
Retained earnings	11.180
Lease liabilities, long and short term	1.395
Employee benefit liabilities	2.374
Provisions	73
Deferred tax liability	803
Trade payables and other current liabilities	9.653
Current tax liabilities	2.177
Liabilities	**124.506**
Total net at fair value	−17.002
Cash and cash equivalents received	17.002
Total acquisition of business combination	**0**

The various elements of the balance sheet have been included at their fair value.

Tangible fixed assets
In the BE-GAAP, investments under construction that will be charged to Telenet are included. For the IFRS, these investments were recorded as long-term receivables.

Right-of-use assets
According to standard IFRS 16, lease, the eligible lease obligations must be recognized as an asset and a corresponding short and long-term liability.

Other investments
The participation held in the company Cipal was recognized at fair value with recognition through other comprehensive income and recording of deferred taxes.

Provisions for employee benefits
On the date of acquisition, the employee benefits for staff employed by Integan (contractual staff) were calculated in accordance with IAS 19. These rewards include defined contribution

plans and other long-term obligations. These were processed through retained earnings with a calculation of the effect on deferred taxes (asset).

Provision, other
This item includes provisions that meet the definition of provisions in accordance with IFRS. All other provisions have not been included and have been corrected via retained earnings.

Trade and other debts
In this item, mainly the debt related to dividends payable were corrected. As these dividends have not yet been approved by the General Meeting of Shareholders, they have not been retained as debt for IFRS.

These consolidated interim IFRS financial statements on 30 June 2019 contain the figures of this transaction for nine months after the incorporation at 1 April 2019. The result, according to Belgian accounting legislation, of this company for the first quarter of 2019 amounted to 5.989 k euros and was recognized in equity as retained earnings.

- In addition, other companies of the Group have also merged. These transactions did not impact these financial statements.
  In the province of Limburg, the MEA Inter-energa (distribution of electricity and gas), Inter-aqua (sewer management) and Inter-media (cable infrastructure) merged into the MEA **Fluvius Limburg**.

- Also on 1 April 2019 the MEA **PBE** merged with Intergas.

4 Expansion of activities

- **From classic lighting to LED lighting**

To install LED lighting in Flanders by 2030 at the latest, the MEAs have worked out a 'renewed' offer to the public authorities to take over the public lighting and to provide as much relief as possible for the cities and municipalities. By the end of 2019, 175 cities and municipalities had already adopted the proposal.

The proposal contains an adapted regulation whereby a more extensive service will be offered by establishing a 12-year investment plan for, among other things, the (smart) LED technology of Public Lighting.
The MEAs will take over the investments according to the agreed multi-annual investment plan/annual action plan as well as maintenance according to a predetermined settlement. The settlement of the actual costs of the investments, the depreciation, the maintenance and the revenues will be carried out per local authority via the electricity result and has positive effects in terms of transparency and settlement (such as for corporation tax). For certain MEAs, this means that the drawing rights regulation (drawing rights are investment funds available to municipalities that can be used (for 50%) to carry out public lighting works), valid until 31/12/2019 for public lighting, will expire as of 1/1/2020 and that all municipalities will adopt **a uniform 'Fluvius' working method**.

The municipalities have expressed to be willing to contribute and transfer to the MEAs their lighting equipment, light sources and supports of public lighting and, if necessary, the semi-public lighting installations and/or the applications mounted on the public lighting installations. This **contribution (in kind)** and the related capital increase (of the variable capital) took effect as from the second half of 2019.
A valuation of the installations was carried out for the contribution of the existing assets. The remuneration of the contribution value was partially in cash (maximum 25 percent of the contribution

value) and partially in non-voting and non-dividend entitled shares-public lighting (minimum 75 percent of the contribution value). The issue of these Aov shares was at an issue price of 25 euros per share. The number of new shares to be issued is equal to the sum of the individual numbers of shares to be issued to the respective contributors.
The amount of the capital increase is equal to 107.406 k EUR; the amount in cash is 32.246 k EUR (see note 'Equity'). On the other hand, the contribution in kind (Tangible fixed assets) amounts to 139.652 k EUR.

- **Core tasks debate**

The determination of the strategic choices of the Fluvius Group has been included in the note 'Events after the balance sheet date'.

Segment information

5 Segment information

The Management Committee, responsible for the day-to-day management and the operational functioning of Fluvius System Operator, 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 the activities water and sewerage.
The eleven 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 and on a consolidated basis. However, no segmentation per energy component is reported. All costs of these companies are recharged at cost price to mainly the MEAs where a breakdown by activity is performed based on an allocation system. Therefore, the result of the operating company (Fluvius System Operator Group) is always 'null'.

In accordance with IFRS 8, the Group reported at 31 December 2018 and 31 December 2019 the following financial segmented information on the basis of the Belgian GAAP (BE-GAAP). The acquisition of the ex-Infrax entities, dated 1 July 2018, is processed retrospectively to 1 January 2018 in accordance to the Belgian accounting rules and therefore, contains the results over the 12 month period.
All transactions of the Group take place in Flanders, Belgium.

Statement of profit or loss of 2019

(In thousands of EUR) - Belgian GAAP	Electricity	Gas	Other	Fluvius SO consolidated	Aggregated total
Turnover	2.357.775	559.301	236.347	1.653.391	4.806.814
Other income	71.933	16.192	70.099	32.510	190.734
Operating costs	−2.096.270	−380.532	−302.223	−1.673.373	−4.452.398
Operating profit (loss)	**333.438**	**194.961**	**4.223**	**12.528**	**545.150**
Financial income	1.734	−114	83.357	124.855	209.832
Financial costs	−119.104	−52.516	−13.180	−128.635	−313.435
Profit (loss) of the period before taxes	**216.068**	**142.331**	**74.400**	**8.748**	**441.547**
Transfer from/transfer to deferred taxes	2	3	361	0	366
Profit for the period	146.319	94.682	65.279	0	306.280

Statement of financial position of 2019

(In thousands of EUR) - Belgian GAAP	Electricity	Gas	Other	Fluvius SO consolidated	Aggregated total
Tangible and intangible fixed assets	6.123.050	3.741.848	1.684.138	7.601	11.556.637
Financial fixed assets	1.273	489	385.279	1.627	388.668
FIXED ASSETS	**6.124.323**	**3.742.337**	**2.069.417**	**9.228**	**11.945.305**
Amounts receivable after more than one year	6.227	5.866	394.795	3.784.076	4.190.964
Stocks and contracts in progress	44.360	11	14.072	78.542	136.985
Amounts receivable within one year	369.432	64.210	112.540	954.175	1.500.357
Cash at bank and in hand	169.197	−79.507	94.416	29.851	213.957
Deferred charges and accrued income	329.571	88.579	19.442	299.924	737.516
CURRENT ASSETS	**918.787**	**79.159**	**635.265**	**5.146.568**	**6.779.779**
Total Assets	**7.043.110**	**3.821.496**	**2.704.682**	**5.155.796**	**18.725.084**
Capital	945.725	622.714	1.134.936	1.284	2.704.659
Equity premium	109.127	0	17.772	127	127.026
Revaluation surplus	807.961	388.365	31.744	0	1.228.070
Reserves	881.926	427.968	445.965	86	1.755.945
Retained earnings and result of the period	22.634	11.093	68.203	20	101.950
Government grants	173	93	248.355	0	248.621
EQUITY	**2.767.546**	**1.450.233**	**1.946.975**	**1.517**	**6.166.271**
MINORITY INTEREST	**0**	**0**	**0**	**100**	**100**
PROVISIONS FOR LIABILITIES AND CHARGES	**14.490**	**13.310**	**44.273**	**258.499**	**330.572**
Amounts payable after more than one year	3.621.343	1.517.540	213.487	3.821.108	9.173.478
Amounts payable within one year	323.706	708.682	491.590	1.020.314	2.544.292
Accrued charges and deferred income	316.025	131.731	8.357	54.258	510.371
AMOUNTS PAYABLE	**4.261.074**	**2.357.953**	**713.434**	**4.895.680**	**12.228.141**
Total Liabilities	**7.043.110**	**3.821.496**	**2.704.682**	**5.155.796**	**18.725.084**

The reconciliation of the financial data 2019 mentioned above based on Belgian GAAP to IFRS

(In thousands of EUR) - Belgian GAAP	Aggregated total	IFRS	Difference
Turnover	4.806.814	2.991.498	−1.815.316
Profit (loss) of the period before taxes	441.547	415.840	−25.707
Total Assets	18.725.084	15.155.655	−3.569.429
Total Liabilities	18.725.084	15.155.655	−3.569.429
Equity	6.166.270	6.407.595	241.325

These differences can be explained as the result of:

- The elimination of all the transactions and balances between the members of the Economic Group Fluvius as a result of the consolidation
- Reclassifications and adjustments/netting off
- The employee benefit liability is processed in the IFRS result
- The BE-GAAP deferred pension capitals are fully included in IFRS
- Adjustments for the provisions that do not meet the IFRS criteria are included, as well as adaptations to existing provisions
- The derivative financial instruments are recorded at fair value and an adjustment is recorded for the accrued interest
- Balance sheet items are recorded at their fair value
- Deferred taxes are recorded.

For the electricity segment, two customers achieved together 55% of the turnover and for the gas segment there were four customers that together achieved 64% of the turnover.

Statement of profit or loss 2018

(In thousands of EUR) - Belgian GAAP	**Electricity**	**Gas**	**Other**	**Fluvius SO consolidated**	**Aggregated total**
Turnover	2.263.624	600.332	229.541	1.637.245	4.730.742
Other income	179.684	47.272	60.519	72.915	360.390
Operating costs	−2.216.715	−513.767	−269.095	−1.695.991	−4.695.568
Operating profit (loss)	**226.593**	**133.837**	**20.965**	**14.169**	**395.564**
Financial income	1.147	−195	74.454	125.460	200.866
Financial costs	−123.525	−57.769	−11.538	−129.435	−322.267
Profit (loss) of the period before taxes	**104.215**	**75.873**	**83.881**	**10.194**	**274.163**
Transfer from/transfer to deferred taxes	12	4	301	0	317
Income taxes	−34.510	−25.319	−9.437	−10.194	−79.460
Profit for the period	**69.717**	**50.558**	**74.745**	**0**	**195.020**

Statement of financial position of 2018

(In thousands of EUR) - Belgian GAAP	Electricity	Gas	Other	Fluvius SO consolidated	Aggregated total
Tangible and intangible fixed assets	5.934.504	3.812.039	1.543.074	11.327	11.300.944
Financial fixed assets	3.897	2.079	384.318	1.699	391.993
FIXED ASSETS	**5.938.401**	**3.814.118**	**1.927.392**	**13.026**	**11.692.937**
Amounts receivable after more than one year	42	66	310.149	3.945.528	4.255.785
Stocks and contracts in progress	52.939	21	12.316	68.088	133.364
Amounts receivable within one year	672.935	−14.475	−60.471	426.353	1.024.342
Cash at bank and in hand	196.727	−76.912	117.420	3.877	241.112
Deferred charges and accrued income	439.914	105.605	−97.412	292.309	740.416
CURRENT ASSETS	**1.362.557**	**14.305**	**282.002**	**4.736.155**	**6.395.019**
Total Assets	**7.300.958**	**3.828.423**	**2.209.394**	**4.749.181**	**18.087.956**
Capital	973.641	653.466	952.070	10.174	2.589.351
Equity premium	107.729	1.398	17.772	127	127.026
Revaluation surplus	813.214	409.935	47.555	0	1.270.704
Reserves	823.339	426.349	456.495	86	1.706.269
Retained earnings and result of the period	23.057	12.282	65.496	20	100.855
Government grants	2.628	87	223.397	0	226.112
EQUITY	**2.743.608**	**1.503.517**	**1.762.785**	**10.407**	**6.020.317**
MINORITY INTEREST	**0**	**0**	**0**	**93**	**93**
PROVISIONS FOR LIABILITIES AND CHARGES	**14.655**	**13.804**	**27.272**	**256.730**	**312.461**
Amounts payable after more than one year	3.791.843	1.711.205	232.978	3.991.963	9.727.989
Amounts payable within one year	341.420	384.923	278.240	436.287	1.440.870
Accrued charges and deferred income	409.432	214.974	−91.881	53.701	586.226
AMOUNTS PAYABLE	**4.542.695**	**2.311.102**	**419.337**	**4.481.951**	**11.755.085**
Total Liabilities	**7.300.958**	**3.828.423**	**2.209.394**	**4.749.181**	**18.087.956**

The reconciliation of the financial data 2018 mentioned above based on Belgian GAAP to IFRS

(In thousands of EUR) - Belgian GAAP	Aggregated total	IFRS	Difference
Turnover	4.730.742	2.943.748	−1.786.994
Profit (loss) of the period before taxes	274.163	295.180	21.017
Total Assets	18.087.956	14.344.643	−3.743.313
Total Liabilities	18.087.956	14.344.643	−3.743.313
Equity	6.020.317	5.918.671	−101.646

For the electricity segment, one customer achieved 42% of the turnover and for the gas segment there were three customers that together achieved 64% of the turnover.

Performance of the year

As a result of the merger of ex-Infrax with ex-Eandis that took place on 1 July 2018, the statement of profit or loss of the Group for 2019 includes the results for the full year 2019 of these companies. Also included were the results of the last 9 months of 2019 of the company Integan acquired on 1 April 2019.
The statement of profit or loss for 2018 includes the results of the former companies of the Economic Group Eandis as well as the results of the last six months of 2018 of the companies of the ex-Infrax Group, Fluvius OV, Intergas and Interkabel.

6 Operating revenue

(In thousands of EUR)	2019	2018
Distribution and transport grid revenue	2.800.651	2.785.463
Sale of energy	57.537	44.157
Construction works for third parties	60.301	74.225
Other sales	73.009	39.903
Total revenue from contracts with customers	**2.991.498**	**2.943.748**
Recuperations	45.563	149.963
Other	38.893	98.593
Other operating income	**84.456**	**248.556**
Own construction, capitalized	**396.056**	**306.556**
Total operating revenue	**3.472.010**	**3.498.860**

Total revenue from contracts with customers
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 increase in distribution and transmission grid fee is due to the tariff methodology of the VREG for the period 2017 to 2020 and the additional adjustments to these tariffs during the years 2018 and 2019 (see note 'Working in a regulated environment').

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 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 12 months is allowed to the customer. This is a standard warranty that is not seen as a separate performance obligation.

Public lighting
The contracts 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 (2019: 67.748 k EUR; 2018: 35.504 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 distribution cable television mainly consist of the proceeds relating to cable television, Infra-X-net and Infra-GIS.

Other operating income
The recuperations relate to fees charged for operating activities performed at customers, reimbursements of general expenses by contractors, insurances or various operating subsidies and recoveries from employees and reimbursement rights (2019 a refund: -45.900 k EUR and in 2018 an addition of 27.212 k EUR).

The other operating income mainly comprises allowances for damages and operations, connection works, works carried out in synergy, subsidies and gains on allowances recorded in previous periods on trade receivables (268 k EUR in 2019 and 247 k EUR in 2018) and gains on the sale of property, plant and equipment (6.764 k EUR in 2019 and 4.255 k EUR in 2018). Also recoveries for RUE premiums (2019: 2.757 k EUR and in 2018: 62.025 k EUR) are included.

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 (149.539 k EUR in 2019 and 120.474 k EUR in 2018) which are also deducted as own construction, capitalized (-149.539 k EUR in 2019 and -120.474 k EUR for 2018).

7 Cost of trade goods

(In thousands of EUR)	2019	2018
Cost for transportation	666.149	569.452
Purchase of energy	40.418	23.096
Purchase of goods for resale	150.214	114.164
Purchase of grid losses	66.386	22.327
Certificates for green energy and cogeneration	491.387	521.202
Total	**1.414.554**	**1.250.241**

Apart from the transmission cost of electricity invoiced by the Transmission System Operator (TSO – Elia), the cost for transportation contains the costs of the federal contribution. This contribution is used to finance certain public service obligations, the obligations for denuclearization, the reduction of emissions of greenhouse gases (Kyoto) and the costs relating to the regulation and control of the energy market. The MEAs recharge these costs in their tariffs to the end users, through the suppliers i.e. in a cascade mechanism. These recharged costs are part of the item 'Distribution and transmission grid revenue' (see note 'Operating revenue' line item 'Distribution and transmission grid revenue').

The costs for green energy and cogeneration certificates mainly include the cost of the number of purchased certificates (6.268.725 in 2019 and 5.581.415 in 2018), the cost of the solidarisation between all Flemish distribution system operators and the possible incurred costs of sales (see note 'Trade and other receivables').

8 Cost for services and other consumables

(In thousands of EUR)	2019	2018
Cost of purchase network grids	135.953	112.908
Cost for direct purchases	32.327	35.372
Fee for usage of installations and retributions	52.375	64.283
Advertising, information, documentation, receptions a.o.	10.034	9.565
Subsidy for rational use of energy (RUE)	65.354	51.197
Contracts and administration costs	28.239	13.386
Consultancy and other services	79.317	68.253
Other	59.770	54.467
Total	**463.369**	**409.430**

The cost for services and other consumables increased with 53.939 k EUR from 409.430 k EUR at the end of 2018 to 463.369 k EUR at the end of 2019.

The costs for the rational use of energy (RUE) amount to 65.354 k EUR in 2019 and 51.197 k EUR in 2018. These costs reflect the payment of premiums for RUE requested by individuals and companies.

For 2019, premiums could be applied for insulation (roof, floor and basement), high-efficiency glazing, relighting, heat pump, solar water heater. For 2018, mainly premiums related to roof insulations were requested.

The item ‘Other’ comprises the costs for rent, communication, transport, insurance and other.

9 Employee benefit expenses

(In thousands of EUR)	2019	2018
Remunerations	390.460	320.530
Social security contributions	110.408	86.570
Contributions to defined benefit plans and other insurances	62.659	10.645
Other personnel costs	26.325	23.944
Total	**589.852**	**441.689**

The employee benefit expenses amounted to 589.852 k EUR in 2019, an increase of 148.163 k EUR compared to 441.689 k EUR in 2018.
This increase is mainly due to the employee benefits expense of the ex-Infrax MEAs that were recognized in 2019 for a full year and in 2018 for 6 months and the movements in the provision for employee benefits, partially recognized through the statement of profit or loss (2019: 13.339 k EUR; 2018: -50.871 k EUR).

The average number of employees amounted to 5.425 during 2019.

10 Amortization, depreciation, impairments and changes in provisions

(In thousands of EUR)	2019	2018
Amortization of intangible assets	27.337	26.867
Depreciation of property, plant and equipment	418.499	345.669
Total amortization and depreciation	**445.836**	**372.536**
Impairment of trade receivables	22.794	3.688
Changes in provisions	−19.459	30.357
Total	**449.171**	**406.581**

The amortization and depreciation amount to 445.836 k EUR at the end of 2019, an decrease of 73.300 k EUR compared to 372.536 k EUR at the end of 2018. This increase is the result of the ex-Infrax MEAs included in the consolidation for 6 months in 2018 and for the full year in 2019. Also in 2019, depreciation on the right of use assets (IFRS 16 leasing standard) for 10.996 k EUR have been recognised for the first time.

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 customers) as from the liberalisation of the energy market.

In 2019, the impairment of trade receivables include an amount for undue receivables for green certificates (13.657 k EUR).

As from 2018, the changes in provisions for liabilities and charges also includes the recognition of the provision for employee benefits for 32.143 k EUR that cannot be recognized under the IAS 19 standard (see note 'Provisions for employee benefits'). In 2019, this provision decreased, resulting in a reversal of 19.268 k EUR.

Furthermore, a net decrease of 191 k EUR for 2019 and 1.787 k EUR for 2018 was recorded for the provision for remediation costs. The decrease of the provisions is due to the uses (remediation and sale of land) and specific elements that reduced the estimate of the remediation costs (see note 'Provisions, other').

11 Other operational expenses

(In thousands of EUR)	2019	2018
Loss on disposal/retirement of fixed assets	48.709	43.288
Loss on realization receivables	12.142	6.970
Other	2.193	1.759
Total	**63.044**	**52.017**

12 Regulated balances and transfers

Since 2011, the Group reports the additions, recoveries and regularisations for transfers in this separate section as ‘Operating expenses’, where previously they were reported as ‘Revenue'.
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 revenue of the items ‘Addition and recuperation transfers’ relate to the additional revenue registration 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)	2019	2018
Decision VREG 28 August 2018	0	267.162
Additional transfers	36.392	102.544
Recuperation of transfers	−61.481	172.669
Total	**−25.089**	**542.375**

In pursuance of the decision made by the VREG on 28 August 2018 and the judgment made by the Court of Appeal on 27 February 2019, an amount of 267.162 k EUR was added to the tariffs (see note 'Working in a regulated environment').

13 Financial results

(In thousands of EUR)	2019	2018
Interest income, banks	31	2.884
Interest income, derivative financial instruments	11.901	21.645
Other financial income	95.108	63.709
Finance income	**107.040**	**88.238**
Interest expenses, non-current loans	180.238	175.772
Interest expenses, current loans and other borrowings	1.418	2.023
Other financial expenses	26.653	11.789
Finance costs	**208.309**	**189.585**

Financial income increases from 88.238 k EUR at end December 2018 to 107.040 k EUR at the end of December 2019.
This increase is mainly due to the other financial income containing dividends received and revaluations of participations and shares acquired as part of the incorporation of the financing associations (2019: 50.811 k EUR and 9.563 k EUR; 2018: 49.378 k EUR and 3.613 k EUR). Furthermore, the allowances received from the telecommunication company Telenet were recognized for 28.539 k EUR (see note 'Long-term receivables, other'), capital grants and also financial discounts received from suppliers.
The increase in interest income from derivatives comes from the fair value adjustment (5.681 k EUR) and the recognition over time of the proceeds from the derivatives that were sold (6.220 k EUR).

The other financial charges amount to 26.653 k EUR at the end of 2019 and mainly include interest expenses on defined benefit obligations, impairment losses on financial assets, debt issuance costs, interest expense on leases (2019: 1.582 k EUR) and miscellaneous bank charges.

The interest expenses on non-current and current loans and borrowings increase with 18.724 k EUR in comparison to 2018 as a result of the acquired financing activities.
The other financial expenses amount to 26.653 k EUR at the end of December 2019 and mainly contain the interest expenes on the defined benefit pension plans,impairment losses on financial assets, incurred issuance costs for loans, interest expense on leases (2019: 1.582 k EUR) and miscellaneous bank costs.

14 Income taxes

(In thousands of EUR)	2019	2018
Current income tax expenses	−136.294	−62.010
Current income tax expenses on previous year result	649	1.176
Deferred income tax benefits (+) / expenses (-)	50.720	−43.441
Total income tax expenses	**−84.925**	**−104.275**

Current income tax expense on the result

Based on the Programme Act of 19 December 2014, the MEAs (except those operating in 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.

(In thousands of EUR)	2019	2018
Taxable profit (loss) according to BE-GAAP	441.924	216.505
Portion subject to legal entity tax	−1.569	−7.232
Effect non-deductible expenses	20.407	882
Effect deductible expenses	0	−518
Tax basis	**460.762**	**209.637**
Total current income tax expenses	**−136.294**	**−62.010**

* Subject to the legal Belgian tax rate of 29,58% for financial year 2019 and 2018

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 and the impairment losses of trade receivables.
Concerning the impairment losses of trade receivables related to the ex-Eandis MEAs, the deduction of the recorded provision for doubtful debts as at 31 December 2014 as deductible costs in the income tax declaration of the tax years 2016 up to 2019 was requested. It is based on the principle, as defined in the aforementioned Programme Act and amended on 10 August 2015, article 92, 4° that the provision for impairment losses, that is recorded during the period the company was subject to legal entity tax, is deductible as a professional cost to the extent that the conditions laid down in article 49 of the Code of the Income Tax of 1992 are fulfilled.
The total amount of impairment amounted to 77.109 k EUR at 31 December 2014 and was processed for the first time at 25,00% in the tax assessment of the year 2016.
The ruling will be applicable until the year 2020 (cf. the standard term of five years in application of article 23 of the law of 24 December 2002 amending the corporate system of income taxes and establishing a system of prior rulings for fiscal matters).

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.
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 to 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 would end up in a similar situation of corporate income tax restructuring, a similar prior examination will be performed. In an unchanged situation during tax year 2021, if and when necessary, a new ruling request in connection with further submission to the legal entity tax will be investigated by Riobra.

On 22 December 2017, the Federal Parliament approved the corporate income tax reform that will lead to a step-by-step reduction of the current tax rate of 33,99% from 2018 onwards. The tax rate will be 29,58% as from tax year 2019 (financial year 2018) and 25,00% as from tax year 2021 (financial year 2020). Compensatory measures were also introduced, as this reform had to be budget neutral.
This reform has a significant impact on deferred taxes and other comprehensive income. The effect of this is included below.

The deferred taxes are a result of the following items and trigger the following movements on the balance sheet, the income statement and equity. The movements through retained earnings are a result of the mergers (2019: Integan, 2018: Infrax group).

(In thousands of EUR)	**2019**	**2018**
Property, plant & equipment	−487.080	−542.694
Derivative financial instruments	17.994	20.025
Employee benefit liabilities	141.793	117.032
Provisions, rehabilitation gas sites	−441	−402
Provisions, other	−11.703	−10.268
Government grants	−1.563	−1.306
Receivables	−20.780	−21.573
Other	2.850	4.731
Net deferred tax asset/(liability)	**−358.929**	**−434.455**

At end 2019

(In thousands of EUR)	Movements via P&L	Movements via OCI*	Movements via retained earnings
Property, plant & equipment	41.263	14.351	0
Derivative financial instruments	−2.031	0	0
Employee benefit liabilities	12.910	11.258	594
Provisions, rehabilitation gas sites	−39	0	0
Provisions, other	−52	0	−1.383
Government grants	−257	0	0
Receivables	793	0	0
Other	−1.867	0	0
Deferred tax benefit/(expense)	**50.720**	**25.609**	**−789**
Net movement during the year	**75.540**		

*OCI = Other Comprehensive Income

At the end of 2018

(In thousands of EUR)	Movements via P&L	Movements via OCI*	Movements via retained earnings
Property, plant & equipment	1.923	12.125	−162.774
Derivative financial instruments	−11.279	0	4.779
Employee benefit liabilities	−26.418	18.740	30.574
Provisions, rehabilitation gas sites	−402	0	341
Provisions, other	−8.123	0	−3.523
Impairment on trade receivables	−5.703	0	0
Government grants	786	0	0
Receivables	379	0	−21.952
Other	5.396	0	−664
Deferred tax benefit/(expense)	**−43.441**	**30.865**	**−153.219**
Net movement during the year	**−165.795**		

*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 487.080 k EUR (542.694 k EUR in 2018) 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 141.793 k EUR (117.032 k EUR in 2018).

The net deferred tax liability is composed of:

(In thousands of EUR)	2019	2018
Deferred tax asset	162.637	141.788
Deferred tax liability	−521.566	−576.243
Deferred tax liability, net	**−358.929**	**−434.455**

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

(In thousands of EUR)	2019	2018
Total as at 1 January	**−434.455**	**−268.662**
Tax income/(expense) recognised in profit or loss	50.720	−43.964
Tax income/(expense) recognised in OCI	25.609	30.865
Tax income/(expense) recognised in retained earnings	−789	0
Total at end of reporting period	**−358.929**	**−434.455**

Assets

15 Intangible assets

(In thousands of EUR)	Licences and similar rights	Development costs	Total
Acquisition value at 1 January 2019	4.768	361.279	**366.047**
Acquisitions	46	50.697	**50.743**
Other	117	2	**119**
Acquisition value at 31 December 2019	**4.931**	**411.978**	**416.909**
Amortization and impairment at 1 January 2019	4.580	289.124	**293.704**
Amortization	152	27.185	**27.337**
Other	18	0	**18**
Amortization and impairment at 31 December 2019	**4.750**	**316.309**	**321.059**
Net book value 31 December 2019	**181**	**95.669**	**95.850**

(In thousands of EUR)	Licences and similar rights	Development costs	Total
Acquisition value at 1 January 2018	4.768	305.596	**310.364**
Merger by absorption of Infrax cv	0	28.431	**28.431**
Incorporation ex-Infrax MEAs in the consolidation	0	24.095	**24.095**
Acquisitions	0	28.673	**28.673**
Other	0	−25.516	**−25.516**
Acquisition value at 31 December 2018	**4.768**	**361.279**	**366.047**
Amortization and impairment at 1 January 2018	4.299	241.460	**245.759**
Merger by absorption of Infrax cv	0	25.747	**25.747**
Incorporation ex-Infrax MEAs in the consolidation	0	20.394	**20.394**
Amortization	281	26.586	**26.867**
Other	0	−25.063	**−25.063**
Amortization and impairment at 31 December 2018	**4.580**	**289.124**	**293.704**
Net book value 31 December 2018	**188**	**72.155**	**72.343**

The investments for the projects smart metering, smart grids, smart users (as from 2012) and district heating (as from 2014) are recorded as ‘Development costs’.
For the projects 'smart metering' and 'smart grids', the development phase is completed (no new acquisitions since 2017), as the new technology is implemented. As from the second half of 2019, the digital energy meter will be rolled out step by step and an innovative network management

system has been built that, together with smart electronics in cabins, ensures that the network can be actively monitored and controlled.

Within the 'smart users' project, additional costs related to adaptations to the Group's systems and market processes within the framework of MIG 6 (Market Implementation Guide) have been recorded during the financial year 2019.
The 'Fluvia roadmap' has been in place since the summer of 2018. It is a multi-year plan setting out the actions to be taken together as to achieve the Fluvia objectives: a single Fluvius organisation by the end of 2022 and the achievement of the envisaged synergy savings of at least € 110 million annually from the end of 2022.
Fluvius is also on the dawn of an evolution in ICT, the transition to a single IT platform (SAP). These 'New Foundations' will be tackled in phases, starting with the roll-out of a standard that will be optimised in phases. This will translate into several releases over time.

During 2019 and 2018, no costs for research were recorded.
There were no intangible assets with an indefinite useful life.

16 Property, plant and equipment

(In thousands of EUR)	Land and buildings	Installation, machinery and equipment	Furniture and vehicles	Leasing and similar rights	Others	Assets under con-struction	Total
Acquisition value at 1 January 2019	406.207	18.548.578	289.200	30.887	20.520	664.369	**19.959.761**
Acquisitions	7.249	204.320	23.461	0	108	521.896	**757.034**
Merger by absorption of Integan	46	25.511	6.559	0	0	0	**32.116**
Sales and disposals	−6.715	−276.741	−11.136	0	−41	−5.692	**−300.325**
Transfer to others	22.734	388.578	−2.863	−30.887	0	−408.549	**−30.987**
Acquisition value at 31 December 2019	**429.521**	**18.890.246**	**305.221**	**0**	**20.587**	**772.024**	**20.417.599**
Depreciation and impairment at 1 January 2019	153.834	8.341.548	244.790	18.962	18.323	0	**8.777.457**
Depreciation	7.036	382.269	16.143	0	388	0	**405.836**
Merger by absorption of Integan	0	25.489	5.051	0	0	0	**30.540**
Sales and disposals	−7.936	−165.464	−10.992	0	−9	0	**−184.401**
Transfer to others	−59	1.285	−1.226	−18.962	0	0	**−18.962**
Depreciation and impairment at 31 December 2019	**152.875**	**8.585.127**	**253.766**	**0**	**18.702**	**0**	**9.010.470**
Net book value at 31 December 2019	**276.646**	**10.305.119**	**51.455**	**0**	**1.885**	**772.024**	**11.407.129**

(In thousands of EUR)	Land and buildings	Installation, machinery and equipment	Furniture and vehicles	Leasing and similar rights	Others	Assets under con-struction	Total
Acquisition value at 1 January 2018	257.106	13.039.956	193.615	0	19.018	336.435	**13.846.130**
Acquisitions	6.126	54.908	23.340	2.060	514	467.016	**553.964**
Merger by absorption of Infrax cv	0	0	26.245	8.003	1.165	0	**35.413**
Incorporation ex-Infrax MEAs in the consolidation	143.131	5.254.417	52.249	20.824	0	293.886	**5.764.507**
Sales and disposals	−359	−167.649	−6.249	0	−177	−65.819	**−240.253**
Transfer to others	203	366.946	0	0	0	−367.149	**0**
Acquisition value at 31 December 2018	**406.207**	**18.548.578**	**289.200**	**30.887**	**20.520**	**664.369**	**19.959.761**
Depreciation and impairment at 1 January 2018	86.897	5.711.810	170.632	0	17.719	0	**5.987.058**
Depreciation	5.482	326.616	11.809	1.447	315	0	**345.669**
Merger by absorption of Infrax cv	0	0	21.299	465	0	0	**21.764**
Incorporation ex-Infrax MEAs in the consolidation	61.721	2.426.518	47.097	17.047	465	0	**2.552.848**
Sales and disposals	−266	−123.393	−6.047	0	−176	0	**−129.882**
Transfer to others	0	−3	0	3	0	0	**0**
Depreciation and impairment at 31 December 2018	**153.834**	**8.341.548**	**244.790**	**18.962**	**18.323**	**0**	**8.777.457**
Net book value at 31 December 2018	**252.373**	**10.207.030**	**44.410**	**11.925**	**2.197**	**664.369**	**11.182.304**

The commitments for the acquisition of property, plant and equipment at the end of 2019 amounted to 6.478 k EUR and 4.326 k EUR at the end of 2018. A commitment to sell property, plant and equipment existed at the end of 2019 for 3.426 k EUR and 2.700 k EUR at the end of 2018.

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 2019 and 2018, there are no restrictions on title and property, plant and equipment serving as pledge for liabilities.

17 Right-of-use assets and lease liabilities

Below is an overview of the right-of-use assets at 31 December 2019:

(In thousands of EUR)	Land and buildings	Installation, machinery and equipment	Furniture and vehicles	Total
Acquisition value at 1 January 2019	21.328	804	43.926	66.058
Acquisitions	1.604	1.790	8.432	11.826
Sales and disposals	0	0	−11.529	−11.529
Other	−1.167	0	0	−1.167
	0	0	0	0
Acquisition value at 31 December 2019	**21.765**	**2.594**	**40.829**	**65.188**
Depreciation and impairment at 1 January 2019	0	0	18.962	18.962
Depreciation	3.761	477	8.425	12.663
Sales and disposals	0	0	−12.396	−12.396
	0	0	0	0
Depreciation and impairment at 31 December 2019	**3.761**	**477**	**14.991**	**19.229**
Net book value at 31 December 2019	**18.004**	**2.117**	**25.838**	**45.959**

Below are the lease liabilities and the movements during 2019:

(in thousands EUR)	2019
Lease liabilities at 1 January	**43.808**
Additions	14.730
Accretion of interest	1.074
Payments	−11.614
Lease liabilities at 31 December	**47.998**
Non-current lease liablity	35.563
Current lease liablity	12.435

The following interest rates were used in determining the lease obligations:
For buildings: 2,00%, 3,08% and 7,00%
For IT material: 2,00%
For vehicles: the interest rates used by the supplier

18 Investments in other companies

The investments in other companies amount to 2.016 k EUR at the end of 2019, unchanged compared to 2018. At 31 December 2019 the investments are held in Atrias cv, Synductis cv and in S-Lim cv.

On 9 May 2011, Atrias cvba 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% (2018: 50%) of the shares representing an amount of 9 k EUR (2018: 9 k EUR).
Atrias is an unlisted company and has no official price quotation.

Synductis cvba 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 of the works.
Fluvius System Operator participates in the 'implementation coordination' and 'planning coordination' sectors for an amount of 7 k EUR.
Due to changes in the shareholder structure and the participation of Pidpa into Synductis, the participation will change to 40,75% (previously 33,28%).
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 Inter-media), 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%).

19 Other investments

At the end of 2019, the other investments amount to 1.709.053 k EUR and 1.372.860 k EUR at the end of 2018.

The other investments comprise the participations held in **Publi-T** (48,03%) and **Publigas** (30,36%) as a result of the partial incorporation of the financing associations in the ex-Eandis MEAs, and the participation in Publi-T of the acquired companies.
The fair value recognition of those participations and the **shares** held amount to 1.369.418 k EUR at the end of 2018 whereby 1.027.781 k EUR is recognized in other comprehensive income (fair value through other comprehensive income) and 2.997 k EUR via financial income.
On 31 December 2019, the fair value of these participations and the shares amounted to 1.704.706 k EUR with fair value through other comprehensive income for 326.974 k EUR and 8.313 k EUR through finance 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 2019, Elia carried out a capital

increase for a total amount of €435 million. Publi-T subscribed to this capital increase for €195,11 million; Publi-T's Board of Directors financed this operation mainly through a capital increase of €165 million. For the time being, this was financed via a bridging bank loan.
The shareholders of Publi-T were asked to take a stand in the course of the third quarter of 2019. The relevant MEAs of the Fluvius Economic Group decided to approve the proposed capital increase of Publi-T, resulting in a joint investment of 79.253 k EUR, paid up on 29 January 2020.

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, Ghent and Ostend) and PBE (business centres Leuven, Zennevallei and Tienen).
In 2019 the business centre at Roeselare was sold and the business centre Meetjesland was dissolved. The effect of these transactions was included in the financial result.
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 amount to 3.771 k EUR at 31 December 2019 (2018: 3.442 k EUR) whereby 54 k EUR is recognized at first inception in other comprehensive income and 275 k EUR via financial income (2018: 2.099 k EUR is recognized at first inception in other comprehensive income and 163 k EUR via financial income).

20 Long-term receivables

The long-term receivables amount to 577.329 k EUR at the end of 2019 and 488.416 k EUR at the end of 2018.

The receivables on more than one year mainly consist of receivables towards the telecommunication company Telenet (2019: 434.212 k EUR; 2018: 344.993 k EUR) within the framework of the following arrangements. The increase in these receivables is mainly due to the merger with Integan, where also long-term receivables from Telenet were included.
On 24 June 1996, four Flemish cable intermunicipalities Inter-media, PBE, Fluvius West and Integan 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 licenses in the newly created company Interkabel. Negotiations between Interkabel and Telenet resulted in the transfer of those licenses to Telenet. The right of use on those licenses allowed Telenet to provide telecommunication and internet 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 annuity fee is related to investments made by the intermunicipal companies for which an allowance is received. Those annuities 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.
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.
Due to the increased digitalization, new agreements were contracted between Interkabel and Telenet. On 28 June 2008, both parties concluded on 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. This new agreement is called ‘Canonlease agreement’ and results in yearly recurring revenue on the initial value of the cable network and additional allowances for the yearly

investments made to the network (growing leasehold). All the investments made are reimbursed over a period of 15 years increased by a fair compensation.

Also in this note receivables towards municipalities are recorded in function of loans borrowed in the framework of the acquired financing associations (2019: 40.882 k EUR; 2018: 92.549 k EUR) and to the companies Atrias cv and S-Lim cv for a total amount of 48.523 k EUR at the end of 2019 and 45.028 k EUR at the end of 2018 (see note 'Related parties').

21 Inventories

(In thousands of EUR)	2019	2018
Raw materials and consumables	84.715	74.453
Accumulated impairment on inventories	−6.173	−6.365
Total	**78.542**	**68.088**

The impairment losses (addition) amounted to 192 k EUR in 2019 (2018 a write back: 1.049 k EUR). These amounts were included in the profit or loss account.

22 Trade and other receivables

(In thousands of EUR)	2019	2018
Trade receivables – gross	616.811	585.278
Impairment	−121.362	−98.738
Total trade receivables – net	**495.449**	**486.540**
Other receivables	184.441	218.133
Other receivables – Transfers	122.523	96.011
Total other receivables	**306.964**	**314.144**
Total trade and other receivables	**802.413**	**800.684**

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)	2019	2018
Trade receivables from distribution grid activities		
Outstanding debt	239.956	300.261
Impairment	0	0
Trade receivables social customers		
Outstanding debt	122.227	123.796
Impairment	−80.089	−76.352
Other trade receivables		
Outstanding debt	213.158	117.961
Construction works for third parties	33.850	39.178
Impairment	−41.273	−22.386
Trade receivables public authorities, state and country	**709**	**947**
Other	**6.911**	**3.135**
Total trade receivable - net	**495.449**	**486.540**

The trade receivables from distribution grid activities decrease with 60.305 k EUR to 239.956 k EUR.
The net amount of trade receivables from social customers amounts to 42.138 k EUR in 2019 and 47.444 k EUR in 2018.
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 certificates are also recorded in this line item.

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.
Write-down of these receivables is almost non-existent.

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

(In thousands of EUR)	2019	2018
VAT receivable	61.948	36.712
Receivables municipalities	10.684	9.888
Green energy and cogeneration certificates	58.663	115.093
Receivables options	1.630	1.781
Others	51.517	54.659
Other receivables	**184.441**	**218.133**
Complement to annual energy sales	66.497	62.396
Deferred charges	15.493	8.339
Accrued income	40.533	25.277
Other receivables - Transfers	**122.523**	**96.011**
Total other receivables	**306.964**	**314.144**

Total other receivables decreased from 314.144 k EUR at the end of 2018 to 306.964 k EUR at the end of 2019. This decrease was mainly due to the decrease of 56.430 k EUR in receivables for unsold green energy and combined heat and power certificates (GEC and CHP) offset by the increase of 25.236 k EUR in recoverable VAT and 15.256 k EUR in accrued income.

The **GECs and CHPCs** amount to 58.663 k EUR at the end of December 2019 compared to 115.093 k EUR at the end of December 2018.

The MEAs are required to buy renewable energy certificates, which are offered by the owners of solar panels and cogeneration plants, at a certain amount (minimum support for solar panels between 450 euro and 90 euro; for cogeneration 27 euro and 31 euro). The electricity suppliers have to deliver a certain quantity of green electricity and cogeneration certificates to the regulator which quantify in relation to a certain percentage of the delivered amount of energy. 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. The value of the unsold certificates of the MEAs was 88 euro per certificate for the non-guaranteed green energy certificates and 20 euro per certificate for the non-guaranteed cogeneration certificates. The resulting cost is included in the post 'Cost of trade goods'.

In 2018, the receivables from green energy and cogeneration certificates were high merely due to the merger and the ‘Dienst Algemeen Economisch Belang’ (DAEB) arrangements established by Vlaams Enegieagentschap (VEA) stating that no extra payout was allowed.
Due to this adjustment in the Energy Decree those certificates should be sold at least once a year instead of several times a year.
During 2018, two auctions took place. During the first and the last quarter of 2018, certificates were offered for sale on the market. Green energy certificates were sold for a total amount of 108.866 k EUR and cogeneration certificates for an amount of 19.039 k EUR. The resulting result (cost) from sale amounted to 12.178 k EUR and was also included in the item ‘Cost of trade goods’.
In November 2018, the Group received an amount of 130.000 k EUR as a result of a sale of green energy certificates to VEA on the basis of the DAEB arrangement issued in 2016.

From June 2019 onwards the Flemish Government decided to value the GEC at 93 euro and the CHPS at 27 and 31 euro (which is equal to the minimum support in function of the period to which they relate). This resulted in an estimated annual reduction in the electricity tariff in Flanders of €18,2 million for GECs and €30,6 million for CHPs. The certificates kept in stock were also revalued on 30 June 2019 at the above mentioned prices, resulting in a one-off decrease in the tariff (less costs) of 6.630 k EUR for GECs and 17.086 k EUR for CHPs.
At the end of 2019, GECs and CHPs inventory decreased mainly due to sales and the DAEB-arrangement.
The sales were organized through two auctions in the first and third quarter of 2019 and GECs were sold for a total amount of 233.520 k EUR and CHPs for an amount of 68.917 k EUR.
Mini-competitions were also organised by the 'Vlaams EnergieBedrijf' and 'Amsterdam Capital Trading' and GECs were sold for 19.815 k EUR and CHPs for 521 k EUR.
In December 2019, the Group received an amount of 100.000 k EUR as a result of the purchase and destruction of GECs and CHPs by VEA and VREG on the basis of the DAEB arrangement.

The **complement to the annual energy sales** concerns the estimate of the energy supplied to social customers but not yet invoiced.

The **deferred charges and accrued income** mainly concern the amounts to be settled on the purchase of energy and a payment still to be received regarding the Telenet contract (2019: 15.984 k EUR; 2018: 0 k EUR).

23 Cash and cash equivalents

Cash and cash equivalents comprise bank deposits, cash resources and fund investments that are readily exchangeable into cash. At the end of 2019, an amount of 64.588 k EUR was available and 21.694 k EUR at the end of 2018.
All resources are reported in euro.
As a result of the low (and even negative) interest rates on deposit accounts, the surplus of cash received is held as cash and cash equivalents.

Liabilities

24 Issued capital and reserves

The various components of equity and the movements from 1 January 2018 to 31 December 2019 were reflected in the ‘Statement of changes in equity’.

The **share capital** amounted to 2.678.818 k EUR at the end of 2019 and 2.545.877 k EUR at the end of 2018.
The fixed part of the share capital is fully subscribed, fully paid up. The variable part of the capital varies as a result of the entry or exit (accompanied with a return of shares) of participants, or as a result of a capital increase or a capital reduction.
Each participant must subscribe and pay at least one share per joined activity.

The capital of the Group represents the sum of the capitals of the MEAs and evolves as follows see also note ‘Expansion of the Economic Group Fluvius’):

Transaction	Amount in thousands of EUR
1 January 2018	1.262.948
Issue shares District Heating activity	2
Partial incorporation financing associations	151.680
Merger by incorporation of Infrax cv	1.127.853
Capital decrease - exit of provinces	−3.245
Incorporation of unavailable reserves	164
Exit of Brussels municipalities	0
Contribution sewerage activity of Neerpelt	7.625
Capital decrease - transfer to sewerage fund	−1.150
31 December 2018	**2.545.877**
Capital decrease - exit of Walloon municipalities (Gaselwest-Zuid)	−7.515
Capital decrease - exit of province Limburg	−38.357
Capital increase - Intergas, Fluvius Limburg	6
Merger by incorporation of Integan	66.707
Capital increase - Fluvius Antwerpen	320
Capital injection - public lighting	107.406
Capital decrease - transfer to sewerage fund	−2.447
Capital increase - create strategic participations	6.697
Incorporation of unavailable reserves	175
Capital decrease - delete shares	−51
31 December 2019	**2.678.818**

- Main transactions during 2018:

For the capital increase as a result of the **partial incorporation of financing associations** and **the merger by acquisition of Infrax cvba** we refer to the note 'Expansion of the Economic Group Fluvius'.

On 27 April 2016, the Flemish Parliament approved an adjustment to the Decree on Intermunicipal Cooperation whereby the provinces, shareholders of the MEAs, must exit no later than at the end of 2018.
The exit of West-Vlaanderen/West-Flanders led to a decrease in equity of 6.420 k EUR, of which 3.236 k EUR share capital, as the sale was accounted for as a purchase of own shares followed by the destruction of these shares.
An agreement was reached with the **province of Vlaams-Brabant**, participant of PBE, about its exit as per 31 December 2018 as a result of which the equity decreases with 7.500 k EUR, of which 9 k EUR share capital. A cash payment of 7.500 k EUR was provided in return for their shares in PBE, with a parallel destruction of their shares in PBE.
Following the exit of **the province of Waals-Brabant**, a payment was already foreseen at the end of 2017 and an extra settlement of 101 k EUR had to be made on 27 December 2018.

The **municipality of Neerpelt** has contributed its sewerage network per 31 December 2018. The values are still provisional and a further inventory needs to be determined in the course of 2019.

The **Regulations on sewerage funds** resulted in a capital decrease with respect to this fund whereby a negative balance in this fund resulted in a value decrease of those shares. This decrease is explained as follows.
The contribution by the municipalities of their sewerage activity in the MEA Riobra was accompanied by the creation of shares RB and RI. The RI-shares are part of the sewerage funds. On an annual basis and from the profit and loss statement the sewerage fund increases, which is recorded as a debt to the municipality. At Riobra, the sewerage fund comprises both the RI shares, and the amounts of this annual recording. At the moment of usage of the sewerage fund at Riobra this is charged to this debt. If consequently a debit balance arises on the debt account, a conversion of the RI-shares to the debt account is performed. The capital of RI-shares reduces **every year** as a result.

The incorporation into capital 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.

- Main transactions during 2019:

On 1 January 2019, the four **Walloon municipalities** exited and they are now served by a Walloon distribution system operator.

On the basis of the Decree on Intermunicipal Cooperation, the **province of Limburg** hasexited from Inter-energa and Inter-media (now Fluvius Limburg).

As a result of the **merger by acquisition of Integan cv**, a capital increase of 66.707 k EUR was recorded.

As part of the installation of the LED lighting project, 175 municipalities have decided to contribute their lighting equipment, light sources and supports for public lighting and, if necessary, semi-public lighting installations and/or applications mounted on **public lighting** installations to their respective MEA in 2019. On the basis of a valuation, the assets were transferred to the MEA and the municipalities concerned were remunerated partly in shares and partly in cash (of which 1.265 k

EUR was already paid in 2019 and 30.525 k EUR is still to be paid in 2020 - see note 'Trade and other payables').

As a result of the merger into Fluvius Antwerpen, ex-Iveg **capital** for the **Strategic Participations sector** had to be transferred from the reserves.

The table below gives an overview of the share capital of each MEA at the end of 2019.

	Shares	
MEA	**Number**	**Share Capital (in €)**
Gaselwest	32.756.318	358.498.559,12
Imewo	31.254.779	324.460.515,37
Intergem	16.581.274	115.396.965,52
Iveka	12.787.429	148.832.525,46
Iverlek	40.975.548	276.863.470,51
Sibelgas*	3.264.362	70.923.545,67
Fluvius OV	984	24.393,36
Fluvius West	9.572.492	239.312.300,00
Fluvius Limburg	23.544.250	604.199.859,76
Fluvius Antwerpen	28.603.724	389.613.304,81
PBE	2.573	7.976,30
Riobra	6.078.425	150.684.155,75
Total	**205.422.158**	**2.678.817.571,63**

* The shares in Sibelgas are shares C and 10.000 shares D, issued without representation in the share capital.

The shares are issued per segment/activity and are owned per MEA as follows:
The distribution system operators that only carry out regulated activities for electricity and natural gas distribution: Gaselwest, Fluvius Antwerpen (ex-IMEA and ex-Iveg), Imewo, Fluvius West, Fluvius Limburg (via ex-Inter-Energa), Intergem, Iveka, Iverlek, PBE and Sibelgas. They also carry out district heating.
The MEAs that carry out sewerage activities: Fluvius West, Fluvius Limburg (via ex-Inter-aqua), Fluvius Antwerpen (via ex-Iveg) and Riobra.
The MEAs that carry out the cable television: Fluvius West, Fluvius Limburg (via ex-Inter-Media), Fluvius Antwerpen (via ex-Integan) and PBE.

The table below shows the movements in the number of shares and profit certificates per category in the capital of each MEA at the end of 2018.

MEA	Shares Number	Shares Share Capital (in €)	Profit certificates C Number	Profit certificates C Share Capital (in €)	Total Number	Total Share Capital (in €)
Gaselwest	32.111.012	334.454.012,61	237	0,00	**32.111.249**	**334.454.012,61**
IMEA	21.904.342	160.381.073,95	27	0,00	**21.904.369**	**160.381.073,95**
Imewo	30.339.155	301.569.915,37	176	0,00	**30.339.331**	**301.569.915,37**
Intergem	16.246.949	107.038.840,52	122	0,00	**16.247.071**	**107.038.840,52**
Iveka	17.003.580	186.139.073,91	109	0,00	**17.003.689**	**186.139.073,91**
Iverlek	40.065.931	254.123.045,51	222	0,00	**40.066.153**	**254.123.045,51**
Sibelgas*	3.264.362	70.923.545,67	0	0,00	**3.264.362**	**70.923.545,67**
Fluvius OV	907	22.484,53	0	0,00	**907**	**22.484,53**
Fluvius West	9.510.872	237.771.800,00	0	0,00	**9.510.872**	**237.771.800,00**
Inter-aqua	15.589.597	389.739.925,00	0	0,00	**15.589.597**	**389.739.925,00**
Inter-energa	8.505.817	223.838.410,59	0	0,00	**8.505.817**	**223.838.410,59**
Inter-media	1.170.059	28.978.344,89	0	0,00	**1.170.059**	**28.978.344,89**
Iveg	39.091	97.710.175,00	0	0,00	**39.091**	**97.710.175,00**
PBE	6.353	54.848,30	0	0,00	**6.353**	**54.848,30**
Riobra	6.177.140	153.131.300,60	0	0,00	**6.177.140**	**153.131.300,60**
Total	**201.935.167**	**2.545.876.796,45**	**893**	**0,00**	**201.936.060**	**2.545.876.796,45**

* The shares in Sibelgas are shares C and 10.000 shares D, issued without representation in the share capital.

Share premiums

Following the incorporation of the financing associations (9.389 k EUR), merger by absorption of the ex-Infrax Group (115.589 k EUR) and the contribution of the sewerage activities of Neerpelt (1.906 k EUR), an amount of 126.884 k EUR was incorporated.

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

(In thousands of EUR)	Legal reserves	Unavailable reserves	Available reserves	Total
Total at 1 January 2018	1.052	63.007	756.286	**820.345**
Incorporation ex-Infrax MEAs in the consolidation	57.593	352.539	427.222	**837.354**
Incorporation of financing associations	11	0	99.183	**99.194**
Movements to the reserves	956	34.104	−104.180	**−69.120**
Total at 31 December 2018	**59.695**	**449.650**	**1.178.511**	**1.687.856**
Repayment of equity	−15	−511	−5.337	**−5.863**
Merger by absorption of Infrax cvba	6.671	5.649	17.784	**30.104**
Movements to the reserves	1.633	37.740	−14.161	**25.212**
Total at 31 December 2019	**67.984**	**492.528**	**1.176.797**	**1.737.309**

A *legal reserve* has been formed amounting to 67.984 k EUR at the end of 2019 (2018: 59.695 k EUR).

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.
During 2018, an amount of 837.437 k EUR and 99.194 k EUR respectively was added to reserves resulting from the merger and the incorporation of the financing associations and during 2019, as a result of the merger of Integan, 30.104 k EUR of reserves were recognized (see note 'Expansion of Economic Group Fluvius').
Also during 2019, reserves were distributed as a result of the exit of the Walloon municipalities and the province of Limburg and available reserves were incorporated into the share capital as a result of the creation of the 'strategic participations' sector (see above - share capital).

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

(In thousands of EUR)	**2019**	**2018**
Related to employee benefit liabilities	−401.214	−200.191
Related to rights to reimbursement on post-employment employee benefits	139.593	−4.421
Related to fair value other investments	1.356.369	1.029.355
Related to deferred tax liabilities	−302.087	−327.696
Total other comprehensive income	**792.661**	**497.047**

The movement in other comprehensive income from end 2018 to end 2019 amounts to 295.574 k EUR and stems from the movements during the accounting period (see ‘Statement of comprehensive income’). Also, 40 k EUR of other comprehensive income was recorded at the time of the merger of Integan into Fluvius Antwerp (see note 'Adjustments to the structure of the Economic Group Fluvius').

A **non-controlling interest** amounts to 100 k EUR at the end of December 2019 and 7.848 k EUR at the end of 2018, a decrease of 7.748 k EUR.
Apart from the interest held by Farys/TMVW in De Stroomlijn and the interest in 2019 obtained by De Watergroep in De Stroomlijn (7 k euro), the decrease can be explained by the merger of Integan, as a result of which this interest no longer had to be included.

Dividend
During the accounting year 2019, dividends amounting to 285.240 k EUR were paid out and the dividend of 3.999 k EUR from ex-Integan was approved by the General Meeting of Shareholders, but has not yet been distributed. During the financial year 2018, 266.566 k EUR were paid out.
The table below shows the approved and/or paid dividends per MEA in 2019 and 2018.

MEA (In thousands of EUR)	2019	2018
Gaselwest	48.280	55.018
IMEA	0	28.368
Imewo	47.783	55.318
Intergem	22.409	22.282
Iveka	19.836	24.382
Iverlek	46.006	46.864
Sibelgas	7.000	6.735
Fluvius West	8.955	5.864
Inter-energa	0	20.530
Fluvius Limburg	33.971	0
PBE	3.629	595
Fluvius Antwerpen	51.370	0
Interkabel Vlaanderen	0	610
Total	**289.239**	**266.566**

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 2019 amounted to 68.190 k EUR and will be included in the 2020 accounts, the dividend balance for 2018 amounted to 47.116 k EUR and was included in the 2019 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'.

25 Interest bearing loans and borrowings

(In thousands of EUR)	2019	2018
Long-term loans	**5.413.841**	**5.817.461**
Current portion of long-term loans	410.451	267.774
Short-term loans	464.500	24.956
Short-term loans	**874.951**	**292.730**
Total	**6.288.792**	**6.110.191**

At the balance sheet date of 2019, the total amount of loans and borrowings increases with 178.601 k EUR from 6.110.191 k EUR in 2018 to 6.288.792 k EUR in 2019.
The increase is mainly attributed to the negative cashpool balance at the end of 2019 which was financed by the available short-term credit facilities of 464.500 k EUR.

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

(In thousands of EUR)	2019		2018	
	Cash	**Non-cash**	**Cash**	**Non-cash**
Total as at 1 January	6.110.191		5.446.586	
Movements on non-current loans (LT)				
Incorporation of long-term loans Infrax cv	0	0	0	91.841
Incorporation of long-term loans ex-Infrax MEAs	0	0	0	679.366
Incorporation of long-term loans FIVs	0	0	0	41.595
Proceeds of non-current loans	2.343	0	0	0
Change in non-current loans	0	2.632	0	26.389
Transfer of short-term portion of LT loan to ST	0	−408.595	0	−257.134
Movements on current loans (ST)				
Proceeds of current loans	464.500	0	24.956	0
Incorporation of short-term loans Infrax cv	0	0	0	40.846
Incorporation of short-term loans ex-Infrax MEAs	0	0	0	3.500
Incorporation of short-term loans FIVs	0	0	0	699
Transfer of short-term portion from LT loan to ST	0	408.594	0	257.135
Change in current loans	0	−6.090	0	−3.559
Repayment of short-term portion of long-term loan	−259.827	0	−242.029	0
Repayment current loans	−24.956	0	0	0
Total movements	**182.060**	**−3.459**	**−217.073**	**880.678**
Total at end of reporting period	**6.288.792**		**6.110.191**	

Long-term loans
Overview of the long-term loans by category
At the end of 2019

(In thousands of EUR)	2019	Initial amount	Current interest rate %	Maturity
Bond issue - retail	369.806	370.000	2,00 - 4,25	2020 - 2025
Bond issue - EMTN*	3.147.906	3.160.500	1,75 - 4,50	2021 - 2033
Bond issue - private**	445.756	450.000	1,05 - 3,55	2023 - 2044
Bank loans - fixed interest rate	1.342.233	2.646.516	0,64 - 5,15	2019 - 2036
Bank loans - floating interest rate	21.210	70.578	0,00 - 1,88	2020 - 2033
Bank loans - with derivative instrument	497.380	1.185.692	2,07 - 5,27	2020 - 2036
Total	**5.824.292**	**7.883.287**		
Current portion of long-term debt	−410.451			
Total long-term loans	**5.413.841**	**7.883.287**		

At the end of 2018

(In thousands of EUR)	2018	Initial amount	Current interest rate %	Maturity
Bond issue - retail	369.760	370.000	2,00 - 4,25	2020 - 2025
Bond issue - EMTN*	3.145.559	2.662.085	1,75 - 4,50	2021 - 2033
Bond issue - private**	445.518	450.000	1,05 - 3,55	2023 - 2044
Bank loans - fixed interest rate	1.540.530	2.681.906	0,00 - 4,86	2019 - 2036
Bank loans - floating interest rate	9.552	20.721	0,11 - 1,94	2021 - 2029
Bank loans - with derivative instrument	574.316	1.200.160	1,71 - 5,27	2020 - 2036
Total	**6.085.235**	**7.384.872**		
Current portion of long-term debt	−267.774			
Total long-term loans	**5.817.461**	**7.384.872**		

* 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).

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 capital of Fluvius System Operator cv. The portion in the share capital was set fixed at the moment of issuance and remains fixed over the remaining term of the bond loans. Only the MEAs of ex-Infrax are guarantor with respect to the acquired EMTN bond loans registered on the name of ex-Infrax cv. The same methodology applies to the other bond loans registered on the name of ex-Eandis cv.

Overview of the long-term loans issued and borrowings during 2019 and the incorporation of long-term loans during 2018 resulting from the merger by absorption of ex-Infrax cv, the incorporation of the ex-Infrax MEAs and the incorporation of the financing associations:

(In thousands of EUR)	2019	2018	Initial amount	Interest rate %	Maturity
Bank loans - Fixed interest rate	0	0	22	1,15	2019
Bank loans - Variable rate	1.926	0	2.000	0,00 - 1,23	2020 - 2033
Bank loans - Variable swapped to fixed	275	0	322	4,75	2024
Total 2019	**2.202**	**0**	**2.343**		
Bond issue - EMTN*	499.229	499.053	500.000	2,63 - 3,75	2023 - 2029
Bond issue - Standalone**	10.000	10.000	10.000	1,05	2023
Bank loans - Fixed interest rate	129.400	146.133	306.349	0,08 - 4,86	2019 - 2031
Bank loans - Variable rate	7.745	9.552	20.721	0,11 - 1,94	2021 - 2029
Bank loans - Variable swapped to fixed	138.636	162.351	350.160	1,71 - 5,27	2020 - 2036
Total 2018	**785.010**	**827.089**	**1.187.230**		

* 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 (standalone)

Short-term loans

The loans on short-term contain the portion of the long-term loans which are repayable within one year (410.451 k EUR at year end 2019, 267.773 k EUR at year end 2018) 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	411.500	88.500	-0,15%
Fixed advances	NA	200.000	0	200.000	NA
Fixed loans/Bank overdraft	Daily	200.000	53.000	147.000	0,40%
Fixed loans	NA	25.000	0	25.000	NA
Total on 31 December 2019		**925.000**	**464.500**	**460.500**	
Commercial paper	NA	522.000	0	522.000	NA
Fixed advances	NA	200.000	0	200.000	NA
Fixed loans/Bank overdraft	Daily	200.000	24.956	175.044	0,006%
Fixed loans	NA	50.000	0	50.000	NA
Total on 31 December 2018		**972.000**	**24.956**	**947.044**	

* The average interest rate of the used amounts at the end of the period
(1) Maturities between 10 January 2020 and 31 March 2020
NA Not Applicable

All short-term loans 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 2018 in respect to the straightloan contract (Fixed loans) amounting to 25.000 k EUR). Concerning the other loans, the ex-Eandis MEAs gauarantee their contribution to the capital and act as in solidarity as joint debtors.

26 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 total of the accumulated sums in his account.

Until 2017, defined contribution plans were valued according to the Projected Unit Credit (PUC) method without projection of future contributions. As of 2018, the employer contributions with respect to O.F.P. Enerbel will be calculated according to the PUC method with projection of future contributions. The employee contributions will 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 65% 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, during 2016 the reserves and a compensation of the group insurance was transferred to a pension fund (OFP Powerbel/OFP Enerbel) as a cash-balance plan with a minimum guaranteed return of 3,25%.

Executives were offered the opportunity to move as from 2018 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.

For contractual employees taken over in 2018, defined contribution plans are also available that are taken at different insurers through group insurances and which cover various premiums per MEA. The financing is done only through employer contributions. These contribution plans were valued through the PUC-method without projection of the future premiums.

On April 1, 2019, the entire contractual staff of the ex-Infrax MEAs and of ex-Integan were taken over by Fluvius System Operator cv. 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 System Operator 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 System Operator status, retain their fixed contribution scheme at Ethias. Ex-Infrax executives will each year be given the option to switch to Fluvius System Operator 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% (cash-balance Best-off plan).

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 is 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 date of acquisition 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.

On 1 April 2019, the entire permanent 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 on the gas and electricity bill.
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. The 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 353.605 k EUR at the end of December 2019 and 255.491 k EUR at the end of December 2018.

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 future improvements in life expectancy, as defined in the IAS19 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:

	2019	2018
Discount rate - pensions DB	0,42%-0,93%	1,28%
Discount rate - pensions DC	0,96%	1,81%
Discount rate - others	0,20%-0,86%	1,80%
Expected average salary increase (inflation excluded)	0,43%-2,04%	0,14%-2,38%
Expected inflation	1,75%	1,75%
Expected increase of health benefits (inflation included)	2,75%	2,75%
Expected increase of tariff advantages	1,75%	1,75%
Average assumed retirement age	63 and 65	63
Mortality table used	IA|BE Prospective Tables	IA|BE Prospective Tables
Turnover	0% to 3,01%	0,28% to 1,55%
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

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. Notwithstanding the fact that the Group is working

on a 'renewed' pension plan, the timing of implementation cannot yet be stated with certainty. As a result, an amount of 12.875 k EUR (2018: 32.143 k EUR) was no longer included as a provision for employee benefits, but this same amount was recorded as a liability on the balance sheet item **'Provisions, other'**.

The notes below contain the total figures (balance sheet and income statement) of the provisions for employee benefits (2019: 786.829 k EUR; 2018: 598.377 k EUR) and the provisions, other (2019: 12.875 k EUR; 2018: 32.143 k EUR).
The movements of the other provisions generate only an accounting movement through the statement of profit or loss. Therefore, the actuarial changes have been classified as 'Change from employee benefits to other provisions' and are included in the note 'Depreciation and amortization, change in provisions'.
Furthermore, an amount of 353.604 k EUR at the end of 2019 (2018: 255.491 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)	**2019**	**2018**
Current Service cost (employer only) - tax on service cost included	−63.608	−50.249
Interest expense	−31.445	−18.482
Interest income - interest income from asset ceiling excluded	20.056	11.638
Curtailments	−2.344	−100
Past service cost	0	−18.131
Actuarial gains and (losses) recognised immediately in profit or loss	4.596	2.256
Total costs included in profit or loss	**−72.745**	**−73.068**
Actuarial (gains) losses on liabilities:	0	0
changes in financial assumptions	275.810	−4.962
changes in demographic assumptions	1.375	4.796
effect of experience adjustments	22.478	4.888
Actuarial (gains) losses on assets	−120.034	80.768
Taxes on unfunded employee benefit obligations	0	1.685
Effect of variation of the asset ceiling	−1.001	−28.611
Effect of transition from employee benefit to provision*	22.396	0
Total costs included in other comprehensive income	**201.023**	**58.563**

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	1.809.026	−1.459.883	349.143
Pensions - unfunded status	78.665	0	78.665
Healthcare costs, tariff benefits - unfunded status	235.563	0	235.563
Other long-term employee benefits - funded status	108.241	0	108.241
Impact on minimum funding requirement/effect of asset ceiling	0	15.217	15.217
Total defined benefit obligation and long-term employee benefits at 31 December 2019	**2.231.495**	**−1.444.666**	**786.829**
Pensions - funded status	1.414.390	−1.210.875	203.515
Pensions - unfunded status	61.830	0	61.830
Healthcare costs, tariff benefits - unfunded status	206.729	0	206.729
Other long-term employee benefits - funded status	110.290	0	110.290
Impact on minimum funding requirement/effect of asset ceiling	0	16.013	16.013
Total defined benefit obligation and long-term employee benefits at 31 December 2018	**1.793.239**	**−1.194.862**	**598.377**

Changes in the present value of the obligation

(In thousands of EUR)	2019	2018
Total at 1 January	−1.793.239	−871.663
Actuarial gains (losses) - financial assumptions	−287.160	7.395
Actuarial gains (losses) - demographic assumptions	1.724	−9.342
Actuarial gains (losses) - experience adjustments	−12.003	−519
Incorporation ex-Infrax MEAs in the consolidation	0	−922.523
Acquisitions/disposals	−133.432	0
Curtailments	−2.344	7.308
Current service cost & taxes included	−63.608	−50.249
Participant contributions	−2.111	−2.162
Interest cost	−31.445	−18.482
Benefit payments & taxes included	92.123	86.814
Past service cost	0	−18.131
Total at 31 December before tax on unfunded obligations	**−2.231.495**	**−1.791.554**
Taxes on unfunded obligations	0	−1.685
Total at 31 December	**−2.231.495**	**−1.793.239**

Changes in the fair value of the plan assets

(In thousands of EUR)	2019	2018
Total at 1 January	1.210.874	704.894
Actuarial gains (losses) - correction on assets at 1 January	1.559	−15.360
Return on plan assets (excluding interest income)	118.475	−65.408
Incorporation ex-Infrax MEAs in the consolidation	0	565.723
Additions/disposals	92.478	0
Curtailments	0	−7.408
Interest income	20.261	12.084
Employer contributions & taxes included	87.795	101.001
Participant contributions	2.111	2.162
Benefit payments & taxes included	−73.672	−86.814
Total at 31 December	**1.459.881**	**1.210.874**
Irrecoverable surplus (effect of asset ceiling)	−15.217	−16.013
Total at 31 December	**1.444.664**	**1.194.861**

Changes in asset ceiling

(In thousands EUR)	2019	2018
Total at 1 January	16.013	44.178
Interest income	205	446
Changes in asset ceiling	−1.001	−28.611
Total at 31 December	**15.216**	**16.013**

Changes in other comprehensive income

(In thousands EUR)	2019	2018
Total at 1 January	200.191	141.628
Other comprehensive loss(gain)	201.023	58.563
Total at 31 December	**401.214**	**200.191**

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 2019

Category	Other %	Elgabel %	Pensiobel %	Insurance companies %	Powerbel and Enerbel %	Total %
Investments quoted in an active market	**89,55**	**78,37**	**83,40**	**81,68**	**84,46**	**84,88**
Shares (Eurozone)	18,34	15,36	18,16	8,50	12,00	16,67
Shares (Outside eurozone)	13,28	22,05	24,00	0	21,77	17,87
Government bonds (Eurozone)	31,58	0	0	22,54	7,00	15,75
Other bonds (Eurozone)	11,80	26,25	26,50	48,44	28,42	20,08
Other bonds (Outside eurozone)	14,56	14,70	14,73	2,21	15,27	14,52
Unquoted investments	**10,45**	**21,63**	**16,60**	**18,32**	**15,54**	**15,12**
Real estate	0,03	2,53	2,39	4,18	2,38	1,35
Cash and cash equivalents	0	3,24	3,58	1,24	2,69	0
Other	10,42	15,86	10,63	12,90	10,48	1,69
Total in %	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**
Total (In thousands of EUR)	**680.953**	**425.662**	**184.969**	**20.520**	**147.779**	**1.459.883**

The classification of the plan investments in function of the major category at the end of 2018

Category	Other %	Elgabel %	Pensiobel %	Insurance companies %	Powerbel and Enerbel %	Total %
Investments quoted in an active market	**95,15**	**77,96**	**78,80**	**77,33**	**84,13**	**86,14**
Shares (Eurozone)	17,27	16,06	17,77	9,10	13,73	16,64
Shares (Outside eurozone)	15,01	21,42	21,12	0	24,55	18,48
Government bonds (Eurozone)	28,14	0	0	20,85	0	12,74
Other bonds (Eurozone)	14,23	26,05	25,68	45,34	29,52	21,20
Other bonds (Outside eurozone)	20,50	14,43	14,23	2,04	16,33	17,07
Unquoted investments	**4,85**	**22,04**	**21,20**	**22,67**	**15,87**	**13,86**
Property	1,26	2,75	2,71	3,90	2,60	2,09
Cash and cash equivalents	3,53	3,42	2,84	6,06	2,92	3,37
Other	0,06	15,87	15,65	12,71	10,35	8,40
Total in %	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**
Total (In thousands of EUR)	**537.613**	**374.618**	**202.753**	**14.216**	**81.675**	**1.210.875**

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

(In thousands of EUR)	2019	2018
Breakdown of defined benefit obligation by type of plan participants	**−2.231.495**	**−1.793.239**
Active plan participants	−1.737.556	−1.491.551
Terminated plan participants with deferred benefit entitlements	−173.097	−24.571
Retired plan participants and beneficiaries	−320.843	−277.117
Breakdown of defined benefit obligation by type of benefits	**−2.231.495**	**−1.793.239**
Retirement and death benefits	−1.887.691	−1.476.220
Other post-employment benefits (medical and tariff reductions)	−235.563	−206.729
Jubilee bonuses (Seniority payments)	−108.241	−110.290

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%)	84.032
Inflation (+0,25%)	−87.474
Salary increase (+0,10%)	−10.635
Healthcare increase (+0,10%)	−226
Tariff advantages (+0,50%)	−8.049
Life expectancy of pensioners (+1 year)	−34.378

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, too short degree of coverage...) can eventually lead to additional payments by the Group.

The **average duration** of the defined benefit obligation at 31 December 2019 is 9 years (2018: 9 years) and for the defined contribution obligation at 31 December 2019 20 years (2018: 16 years).

The Group estimates to contribute 3.406 k EUR to the defined benefit pension plans in 2019 and 11.667 k EUR to the defined contribution plans.

27 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. The derivative financial instruments have been measured at fair value for 74.726 k EUR in 2019 and 80.538 k EUR in 2018.

The changes in the fair value are recognized in the income statement (see note 'Financial results'). During 2019, one contract was unwound with a term until the end of 2020 and during 2018, two contracts were unwound with a term until 2023 and 2024.

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.

Overview of the derivative financial instruments on 31 December 2018; with an indication (*) of the contract that was redeemed during 2019:
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.

(*) A Linear Constant Maturity swap within the framework of the original 24,8 million EUR loan with a maturity of 20 years concluded in October 2000 entered into force in July 2007.

The following contracts will be unwound in January/February 2020:
A Linear Constant Maturity swap within the framework of the original 55,7 million EUR loan with a maturity of 20 years concluded in February 2002 entered into force in February 2009.
A Linear Constant Maturity swap within the framework of the original 16 million EUR loan with a maturity of 20 years concluded in January 2003 entered into force in January 2007.
A Linear Constant Maturity swap within the framework of the original 4,8 million EUR loan with a maturity of 17 years concluded in January 2006 entered into force in January 2007.
A Linear Constant Maturity swap within the framework of the original 4,8 million EUR loan with a maturity of 17 years concluded in Januray 2006 entered into force in December 2008.

28 Provisions, other

(In thousands of EUR)	Site remediation	Other	Total
Total at 1 January 2018	**9.600**	**0**	**9.600**
Incorporation ex-Infrax MEAs in the consolidation	1.365	175	**1.540**
Additions	0	32.143	**32.143**
Used	−1.787	0	**−1.787**
Total at 31 December 2018	**9.178**	**32.318**	**41.496**
Incorporation ex-Integan in the consolidation	0	72	**72**
Additions	200	0	**200**
Used	−390	−19.268	**−19.658**
Transfer to others	175	−175	**0**
Total at 31 December 2019	**9.163**	**12.947**	**22.110**

The provisions comprise the obligations recognized for the **remediation** of the former gas factory grounds and other contaminated grounds. The MEAs own several gas factory grounds 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 grounds 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 2019 an amount of 11.597 k EUR (2018: 11.693 k EUR) was pledged to OVAM.

The Group is working on the possible sale of certain contaminated sites. In this context, several grounds have already been sold and letters of intent have been entered into with potential buyers. On certain grounds already sold, remediation duties still remain for an amount of 710 k EUR in 2019 and 710 k EUR in 2018 (see note 'Contingencies').

The decrease of the provision for site remediation was due executed remediation and more concrete elements for estimating of the clean-up costs.
The addition to the provision for remediation in 2019 amounts to 200 k EUR (2018: 1.540 k EUR); it concerns the provisions accounted for by ex-Integan (2018: ex-Infrax MEAs) for which the remediation work was completed during the year and for which 200 k EUR (2018:1.197 k EUR) was used.

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 inventorise 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 additions in the **provision 'Other'** relate 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. However, the Group is currently working on a 'new pension plan', the exact timing of its implementation is still unsure. An amount of 12.875 k EUR (2018: 32.143 k EUR) is no longer recorded as a provision for employee benefits. However a constructive obligation is recorded for the same amount on the item 'Provisions, other' (and in the statements of Profit or Loss on the item 'Changes in provisions').

29 Government grants

(In thousand of EUR)	**2019**	**2018**
Total at 1 January	239.565	3.136
Incorporation ex-Infrax MEAs in the consolidation	0	219.462
Received during the year	37.284	19.432
Write-back during the year	−2.234	0
Released to the income statement	−4.938	−2.465
Total at 31 December	**269.677**	**239.565**

The Flemish Region (Vlaams Gewest) and the Flemish Energy Agency (Vlaams Energieagentschap) have granted capital subsidies to the MEAs for various projects that need to be implemented. These support measures are part of the projects 'green energy' and sewerage investment activities.

The increase in 2018 is mainly due to the government grants for sewerage works obtained by the merger with the ex-Infrax MEAs. 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.

30 Trade payables and other liabilities

(In thousands of EUR)	2019	2018
Trade debts	327.491	298.979
VAT and other taxes payable	3.197	39.820
Remuneration and social security	95.553	91.572
Advances Soclev clients and other	51.607	47.437
Transfer tariff	210.566	258.359
Solidarity payables related to the certificates for green energy and cogeneration	36	0
Other current liabilities	205.570	182.821
Total	**894.020**	**918.988**

The items related to trade payables and other liabilities decrease with 24.968 k EUR from 918.988 k EUR at the end of 2018 to 894.020 k EUR at the end of 2019.

The decrease is mainly explained by the decrease of transfers (see note 'Working in a regulated environment') and the VAT payable offset by the increase mainly in trade and other current liabilities.

One of the items in the other current liabilities concerns the amount of 30.525 k EUR still to be paid to the municipalities and cities that have contributed their public lighting to their respective MEA. These payments were made early January 2020.
The other items under this heading include charges to be allocated relating to, among other things, the financial costs for the bond loans and other debts to the municipalities.

The transfer tariffs amount to 210.566 k EUR at the end of 2019 and 258.359 k EUR at the end of 2018. These amounts reflect 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 terms and the conditions for the debts are as follows:
For the standard trade debts the average payment term amounted to 39 days and for contractors 30 days after invoice date.
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.

31 Current tax liabilities

(In thousands of EUR)	2019	2018
Current income tax expenses	136.294	62.010
Advances paid	−110.575	−55.725
Deductible witholding tax	−15.543	−14.823
Tax liability/(asset) current year	**10.176**	**−8.538**
Tax liabilities/(assets) on previous years	**−11.493**	**−36.160**
Current tax liabilities/(assets)	**−1.317**	**−44.698**

The net amount of taxes to be received amounts to 1.317 k EUR at the end of 2019 (2018: 44.698 k EUR) of which 19.009 k EUR as a receivable and 17.692 k EUR as a tax liability (2018: 65.758 k EUR as a receivable and -21.060 k EUR as a tax liability).
During 2019, a total amount of 94.442 k EUR (2018: 127.913 k EUR) taxes were paid.

On 31 December 2018, a tax receivable was recorded for an amount of 65.758 k EUR as a result of the acquisition of the financing associations containing a tax receivable and also excess of tax prepayments. The latter was caused by the judgment made by the Court of Appeal on 27 February 2019, all regulated balances are considered as a cost (see note ‘Working in a regulated environment’).

Financial instruments

32 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 Intermunicipal Cooperation. This decree stipulates that by the end of 2018 at the latest no private partner/shareholder can participate in the share capital of mission charged associations (the principle of mixed mission charged associations companies will disappear). and that provinces should have exited the MEAs by the end of 2018 of the MEAs. As such, the last standing provinces departed (West-Flanders, Vlaams-Brabant and Waals-Brabant) per end of 2018.

The purpose of the Group is to maintain a strong balance sheet structure and to ensure that the Fluvius Group can retain a 'good' credit 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 2019 and 2018 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)	2019	2018
Balance at 1 January	−98.738	−85.115
Merger by absorption of Infrax cv	0	−9.807
Incorporation ex-Infrax MEAs in the consolidation	0	−128
Merger by absorption of Integan	−31	0
Exit of Walloon municipalities (Gaselwest-Zuid)	37	0
Other	164	0
Charge of impaired receivables	−28.557	−10.497
Write-back of impaired receivables	5.763	6.809
Balance at end of the period	**−121.362**	**−98.738**

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, to draw upon fixed advances with a maturity of one week up to twelve months and to take up straight loans with a maturity between one day up to one year. All loans have fixed interest rates except for the bank overdraft that has a variable interest rate.

The Group borrows on a long-term basis mainly to finance its ongoing investments in the distribution grid for electricity and gas, to refinance loans and to pay interest and yo have working capital.
During 2014, the collected cash of these debentures was also used to pay the exit fee relating to Electrabel’s exit from the MEAs’ equity of ex-Eandis.

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. On 14 December 2016 the rating was A3 with a stable outlook. On 29 June 2018, the rating agency Moody’s changed the outlook of the **A3-rating** from stable to positive. This change in outlook reflects the improved credit profile of Eandis System Operator and the influence on the credit profile of the announced merger of Eandis System Operator cv with its peer Infrax cvba to Fluvius System Operator cv that entered into force on 1 July 2018.
Fluvius System Operator cv has chosen in 2018 to obtain a rating from the rating agencies Moody’s and Creditreform.
On 25 July 2019 Moody’s changed the outlook to **stable**.

On 15 October 2018, Creditreform Rating AG granted an A+ rating with stable outlook to all bonds. On 2 August 2019 this rating was confirmed.

Fluvius successfully issued bonds in the framework of its 5.000.000 k EUR Euro Medium Term Note (EMTN) programme launched in 2011 and which runs through 2021.
At the end of 2019, an amount of 2.660.500 k EUR or 53,21% was issued. Since year end 2014 no more bonds were issued under this programme.
Fluvius has on top and via Infrax bonds 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).
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 2019

(In thousands of EUR)	2019	1 year or less	2-3 year	4-5 year	More than 5 year
Bond issue - retail	369.806	169.986	0	0	199.820
Bond issue - EMTN	3.147.906	0	997.788	747.849	1.402.249
Bond issue - private	445.756	0	0	10.000	435.696
Bank loans - fixed interest rate	1.354.485	157.609	299.222	267.632	630.023
Bank loans - floating interest rate	9.671	1.985	3.838	1.928	1.921
Bank loans - with derivative instrument	496.668	80.289	158.728	119.560	138.090
Total	**5.824.292**	**409.869**	**1.459.576**	**1.146.969**	**2.807.799**
Total bullet payment	**3.994.232**	**169.986**	**997.788**	**757.850**	**2.068.608**
Total excluded bullet payment	**1.830.060**	**239.883**	**461.788**	**389.119**	**739.191**

At the end of 2018

(In thousands of EUR)	2018	1 year or less	2-3 year	4-5 year	More than 5 year
Bond issue - retail	369.760	0	169.973	0	199.787
Bond issue - EMTN	3.145.559	0	499.307	1.244.915	1.401.337
Bond issue - private	445.518	0	0	10.000	435.518
Bank loans - fixed interest rate	1.540.530	184.449	303.131	323.505	729.445
Bank loans - floating interest rate	9.552	1.816	3.643	2.554	1.539
Bank loans - with derivative instrument	574.316	81.509	165.480	149.541	177.786
Total	**6.085.235**	**267.774**	**1.141.534**	**1.730.515**	**2.945.412**
Total bullet payment	**3.991.681**	**0**	**669.280**	**1.285.759**	**2.036.642**
Total excluded bullet payment	**2.093.554**	**267.774**	**472.254**	**444.756**	**908.770**

Information concerning the repayment schedule of the lease obligations
The Group has lease obligations at 31 December 2019 for a total amount of 47.998 k EUR. Of this, 12.435 k EUR is repayable within one year, 31.005 k EUR is payable within a period of 2 to 5 years and 4.558 k EUR is payable after 5 years.

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)	**2019**	**2018**
In 2019	0	178.351
In 2020	170.836	170.031
In 2021	156.437	155.637
In 2022	127.049	126.334
In 2023	106.264	104.564
In 2024	76.880	76.867
In 2025 and beyond	468.167	466.537
Total	**1.105.633**	**1.278.321**

Other
More information about the risks of the Group and its shareholders is included in the prospectus dated 2 June 2017 concerning the issue of a bond loan (retail) and the investor presentation of December 2018. 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 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 were 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 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 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).

The fair value of the quoted bonds, issued for a total amount of 3.530,5 million EUR varies according to the market interest rate. The fair value at 31 December 2019 amounts to 3.920,4 million EUR and differs from the amount that will be reimbursed and the carrying value.

The fair values as at 31 December 2019 are as follows

(In thousands of EUR)	Fair value Level 1	Level 2	Level 3	Book value
Other investments	31.614	1.673.092	3.771	1.709.053
Long-term receivables, other	577.329	0	0	577.329
Green energy and cogeneration certificates (GEC & CGC)	58.663	0	0	58.663
Trade and other receivables excluding GEC and CGC	743.750	0	0	743.750
Cash and cash equivalents	64.588	0	0	64.588
Total	**1.475.944**	**1.673.092**	**3.771**	**3.153.383**
Loans on short-term	878.513	0	0	874.951
Bond loans	4.224.461	0	0	3.821.108
Loans on long-term	1.592.733	0	0	1.592.733
Derivative financial instruments	0	74.726	0	74.726
Total current liabilities, other	924.242	0	0	924.242
Total	**7.619.949**	**74.726**	**0**	**7.287.760**

The fair values at 31 December 2018 are as follows:

(In thousands of EUR)	Fair value Level 1	Level 2	Level 3	Book value
Other investments	23.301	1.346.118	3.441	1.372.860
Long-term receivables, other	488.416	0	0	488.416
Green energy and cogeneration certificates (GEC & CGC)	115.093	0	0	115.093
Trade and other receivables excluding GEC and CGC	685.591	0	0	685.591
Short-term deposits	14.989	0	0	14.989
Cash and cash equivalents	21.694	0	0	21.694
Total	**1.349.084**	**1.346.118**	**3.441**	**2.698.643**
Loans on short-term	292.730	0	0	292.730
Bond loans (including short-term part)	4.412.435	0	0	3.991.963
Loans on long-term (including short-term part)	1.825.498	0	0	1.825.498
Derivative financial instruments	0	80.538	0	80.538
Total current liabilities, other	942.874	0	0	942.874
Total	**7.473.537**	**80.538**	**0**	**7.133.603**

The other investments included in level 3, concern business centres of ex-Eandis and other companies that were owned by ex-Infrax cv and the ex-Infrax MEAs. The fair value is based on the 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

33 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 516.676 EUR in 2019 and 647.695 EUR in 2018.
The total remunerations paid to the management committee and the directors (Fluvius System Operator Group) amounted to 4.558.255 EUR for 2019 and 4.015.511 EUR for 2018. The post-employment benefits included in the total remuneration mentioned amounted to 347.676 EUR for 2019 and 634.936 EUR for 2018. 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 Integan/Interkabel (until 31 March 2019) and De Watergroep (starting 2019) were as follows:

(In thousands of EUR)	2019	2018
Amount of the transactions		
Recharge of costs to non-controlling interest companies	81.585	5.787
Recharge of costs from non-controlling interest companies	2.377	908
Amount of outstanding balances		
Trade receivables	8.282	1.661
Trade payables	67	1.622

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

(In thousands of EUR)	2019	2018
Amount of the transactions		
Recharge of costs to associates	2.432	2.434
Recharge of costs from associates	16.324	11.202
Amount of outstanding balances		
Trade receivables	35.322	46.482
Trade payables	2.141	1.486

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 2019, the fees to the statutory auditor amount to 307 k EUR, an amount for legal mandates of 604 k EUR and for tax advice an amount of 236 k EUR.
The fee for other assignments was approved by the Audit Committee.

34 Contingencies

(In thousand of EUR)	2019	2018
Rent deposits, buildings	1.391	1.619
Other bank guarantees	200	318
Pledge trade receivables	11.597	11.349
Total guarantees given	**13.188**	**13.286**
Guarantees obtained from contractors and suppliers	36.646	62.962
Goods held by third parties in their own name but at risk for the Group	79	65
Obligation to purchase property, plant and equipment	6.478	4.326
Obligation to sell property, plant and equipment	3.426	6.000
Obligation to remediate	710	710

Outstanding orders in 2019 amounted to 11.188 k EUR (2018: 9.267 k EUR).
Furthermore, there is also a legal dispute pending between the MEAs and Essent concerning free distribution of green electricity (3.533 k EUR for 2019 and 2018), with Infrabel and the Flemish Region on grid displacements (93 k EUR in 2019 and 2018) and disputes with various parties (for a total of 2.832 in 2019 and 5.088 k EUR in 2018.

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 has claimed in the Court of First Instance of Antwerp to have the contracts annulled as well. This claim was rejected at first instance (judgment of 6 April 2009). Proximus has 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. Proximus still has the possibility to lodge an appeal.
At the end of June 2019, Proximus filed an appeal in cassation against this judgment. A judgement of the Court of Cassation is only expected by the end of 2020 - early 2021.

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.

On September 3, 2019, a gas explosion occurred in Wilrijk, Ridderveld. Regrettably, one person died. The judicial investigation in this file is ongoing.

35 Events after the reporting date

On 1 January 2020, four municipalities from the province of Antwerp (Malle, Ranst, Wommelgem and Zoersel) withdrew from the MEA Iveka and joined the MEA Fluvius Antwerpen.
Following this switch, the membership of the operating company Fluvius System Operator was reviewed, which led to a limited shift in the shareholding between the two MEAs involved.

On 22 January 2020, the Board of Directors approved the strategic choice for Fluvius regarding its **core tasks**: "Fluvius wants to be the multi-utility manager of (public) networks in the public domain, in order to achieve maximum synergy", and this in four sectors:
• energy (electricity, gas and heat)
• public lighting (street and square lighting, monument lighting, light-as-a-service)
• water (drinking water and/or sewage, if regional opportunities arise)
• telecom (fiber, FTTH/5G, cable, ...) with the intention of setting up partnerships with the telecom operators.
This includes setting up and managing the data platforms that are directly connected to the various utilities.
In addition Fluvius will implement the imposed public service obligations and Fluvius will continue to provide the ESCO / EDLB service to support local authorities to realize energy savings in municipal buildings.

On January 24, 2020, the Board of Directors of Aquafin decided to become a full partner of Synductis.

As of 1 January 2020, the municipality of Pittem has decided to entrust its sewerage system to Fluvius, being the largest sewerage system operator in Flanders. Pittem will thus join Fluvius West, the system operator for the sewerage activity. This makes it the 85th municipality for the Group's sewerage activity.

As of 1 January 2020, the following cities and municipalities have decided to contribute and transfer their lighting equipment, light sources and supports for public lighting and, if necessary, semi-public lighting installations and/or applications mounted on the public lighting installations to their MEA Fluvius West: Diksmuide, Gistel, Harelbeke, Hooglede, Jabbeke, Kortemark, Ledegem, Lendelede, Oudenburg, Torhout and Vosselaar. The amount of the capital increase amounts to 6.873 k EUR.

The outbreak of the coronavirus in early 2020 and the results of the measures taken to contain the virus could impact our 2020 financial performance and the measurement of certain assets and liabilities. Accordingly, we may thus possibly need to record material adjustments in our accounts during 2020 as certain assets might be negatively impacted such as the pension assets or the fair value of the strategic participations in Publi-T and Publigas. Based on the facts known as of today, we have currently no knowledge of financial impacts on the 2019 financial statements."

36 List of group entities included in the consolidation

Below the list of group entities included in the consolidation:
At 31 December 2019

Subsidiary	Registered office	Number of shares owned	Voting rights
Mission entrusted associations *			
Fluvius Antwerpen	Antwerpsesteenweg 260, 2660 Antwerpen		
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 cvba	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	33,28	32,82
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

The Economic Group Fluvius 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.

At 31 December 2018

Subsidiary	Registered office	Number of shares owned	Voting rights
Mission entrusted associations *			
Gaselwest	President Kennedypark 12, B-8500 Kortrijk		
IMEA	Merksemsesteenweg 233, B-2100 Deurne		
Imewo	Brusselsesteenweg 199, B-9090 Melle		
Intergem	Administratief Centrum (AC), Franz Courtensstraat 11, B-9200 Dendermonde		
Iveka	Koningin Elisabethlei 38, B-2300 Turnhout		
Iverlek	Aarschotsesteenweg 58, B-3012 Wilsele-Leuven		
Sibelgas	Gemeentehuis St. Joost-Ten-Node, Sterrenkundelaan 12, B-1210 Brussel		
Infrax West	Noordlaan 9, B-8820 Torhout		
Inter-aqua	Trichterheideweg 8, B-3500 Hasselt		
Inter-energa	Trichterheideweg 8, B-3500 Hasselt		
Inter-media	Trichterheideweg 8, B-3500 Hasselt		
IVEG	Antwerpsesteenweg 260, B-2660 Antwerpen		
PBE	Diestsesteenweg 126, B-3210 Lubbeek		
Riobra	Oude Baan 148, B-3210 Lubbeek		
Subsidiaries			
Fluvius System Operator cv	Brusselsesteenweg 199, B-9090 Melle	100,00	100,00
De Stroomlijn cv	Brusselsesteenweg 199, B-9090 Melle	64,03	64,03
Interkabel Vlaanderen cv	Trichterheideweg 8, B-3500 Hasselt	70,41	70,41
Investment in joint ventures and associates			
Atrias cv	Ravensteingalerij 4 bus 2, B-1000 Brussel	50,00	50,00
Synductis cv	Brusselsesteenweg 199, B-9090 Melle	33,28	32,82
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
Intergas Intercommunale cv	Diestsesteenweg 126, B-3210 Lubbeek	99,98	49,80

Operating in a regulated environment

37 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, Fluvius 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.
No amendments were made to the distribution grid tariffs as a result of the changes in the structure of the MEAs. The VREG decided that the distribution grid tariffs of the MEAs prior to the unbundling/merger remain applicable during the regulatory period (until 31 December 2020).

- **Regulated tariff methodology**

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 distribution in the Flemish region.
The distribution system operators must submit their tariff proposals within this framework. Every year, the regulator sets the eligible 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 eligible 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 eligible 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).

Tariff methodology 2017-2020

On 24 August 2016, the VREG published the tariff methodology for the Flemish electricity and natural gas distribution system operators for the period 2017-2020.
The tariff methodology includes among others

- Adjustments to the parameters for the remuneration for the cost of capital (i.e. a compensation for the resources that the shareholders have invested): equity to 5,24 % (before tax 7,94%), the cost of debt capital to 3,04% and a gearing of 60,00% (ratio equity/liabilities 40/60). Overall, the weighted average capital reimbursement is 5,00%. Due to the amendments to the tax rate of corporate income tax, the WACC was adapted to 4,9% for the accounting year 2018 and 4,8% for 2019.
- Further recuperation of the regulatory assets/liabilities for the period 2010-2014 over 5 years (until 2020)
- the new regulatory balances can be recuperated according to an annual percentage of cumulated balance: exogenous costs (60,00%), volume differences 75,00% (electricity) and 40,00% (gas), corporate income tax (100,00%), indexation of endogenous cost (50,00%)
- There will be reports on the quality of service (Q-factor): for example power cuts and intervention time for connectivity. The financial settlement will take place via a bonus or malus starting from the next regulatory period. During this tariff period the MEAs only need to report to the regulator.

Tariffs 2018

On 9 October 2017, the VREG announced the eligible incomes for electricity and gas for the period 2018, which were determined on the basis of the tariff methodology for the period 2017-2020.
For electricity (including transmission) the income is 3,40% lower than the income of 2017 and for gas the income is 1,90% higher than in 2017.
On 12 December 2017, the VREG approved the distribution tariffs for electricity and natural gas for 2018 in Flanders.

Tariffs 2019

On 4 October 2018, the VREG decided on the 2019 eligible income of the electricity and gas distribution system operators from their periodic distribution grid rates according to the tariff methodology 2017-2020. The eligible income, which serves as a basis for the determination of the tariffs, has dropped by 7,95% on electricity and natural gas by 6,63%. The cause of this decrease is mainly the decision by the VREG on the destination of the manageable balances, which have to be returned. This causes a significant drop in the distribution grid tariffs.
On 14 December 2018, the VREG approved the distribution system tariffs for electricity and natural gas for Flanders for the period from 1 January 2019 up to and including 31 December 2019.

For the regulatory period 2017-2020, the VREG decided to change the tariff methodology for the distribution of electricity and natural gas for 'Prosumers with a reverse counter'. It defined which charges could be billed to prosumers that switch from a reversing counter to a digital meter. The decision applied from 1 July 2019.

Tariffs 2020

On 8 October 2019, the VREG decided on the determination of the eligible income of the electricity and natural gas distribution system operators from their periodic distribution grid tariffs 2020 in accordance with the tariff methodology 2017-2020. The allowable income, which serves as the basis for determining the tariffs, falls by 3,70 % for electricity and by 2,90 % for natural gas.

On 16 December 2019, the VREG approved the distribution grid rates for electricity and natural gas for Flanders for the period from 1 January 2020 to 31 December 2020. The reduction in the distribution grid rates is the result of the lower expectation of the costs of the public service obligations and the reduction of the historical surpluses (in favour of the final consumers).

- **Additional information**

In April 2018, the VREG formulated a proposal to allocate for the first time the balances of the manageable costs for the period 2010-2014 to the tariffs (customers). The distribution system operators have formulated a counterproposal whereby the transfers from 2010 up to 2012 would be to the benefit of the DSOs' shareholders and for the transfers of 2013-2014 the average of the bonuses relating to 2009-2012 will be returned to the tariffs. This counterproposal was submitted to the VREG.
At the end of August 2018, the VREG, following a public consultation, decided about the size and destination of the regulatory balances for the period 2010-2014.
The Board of Directors could not, however, agree with the proposed treatment of the balances of the controllable costs. In September 2018, it was decided to appeal to have the decisions by the VREG annulled.
On 27 February 2019, the Brussels Court of Appeal declared the DSO's demand to annul the VREG decision of August 2018 on the size and destination of the regulatory 2010-2014 admissible but unfounded.
Pursuing the latter, these balances were included as cost with processing in the regulatory balances. The annual result of 2018 was significantly affected in a negative way by this decision.

On July 6, 2018, the VREG took a first decision to change the tariff methodology for electricity and natural gas distribution during the regulatory period 2017-2020. This change mainly focused on a reduction in the distribution grid tariffs for electricity and natural gas in order to take into account efficiency gains as a result of the merger of the operating companies (so-called x'-factor). In its second decision of 20 September 2018, the total annual net savings for the years 2019 and 2020 that have to be cleared in the so-called x'-factor were set. This decision led to higher cost savings than the original amounts.
Fluvius has objected and asked the VREG if they were willing to review the decision in the short term. In order to protect itself against the decision by the VREG, an appeal was filed at the Court of Appeal in Brussels. At the hearing of 10 April 2019, the Court of Appeal declared this appeal admissible but unfounded and accordingly confirmed the VREG's decision.

Settlement of the federal contribution electricity in 2018 and 2019
The distribution system operators, together with the CREG and VREG, have agreed on the repayment of an amount of the federal contribution. The repayment will start from 1 July 2018 and run over a period of one and a half years. The repayment is done partly in the form of a settlement via the current tariffs for the federal contribution for electricity and partly through a settlement via the CREG.

- **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, in contrast to the differences that arose during previous tariff methodologies, determined by the CREG, which were called 'regulatory assets / liabilities'. The movements of these accounts including the federal contribution (additions, recoveries and regularisations) constitute the regulatory transfers.

Overview of the assets and liabilities of the settlement mechanism (see note ‘Trade and other receivables’ and ‘Trade and other short-term liabilities’).

(In thousands of EUR)	2019	2018
Transfers 2008 – 2009	0	64
Transfers 2010 – 2014	−1.922	−3.818
Total regulatory assets	**−1.922**	**−3.754**
Transfers 2009 – 2017	0	−56.544
Transfers 2018	−395	−17.958
Transfers 2019	−14.287	0
Total federal contribution	**−14.682**	**−74.502**
Balances from 2015	50	15.799
Balances from 2016	8.182	33.696
Balances from 2017	−18.080	−69.638
Balances from 2018	−161.104	−159.960
Balances from 2019	−23.010	0
Total regulatory balances	**−193.962**	**−180.103**
Total amount recoverable	**−210.566**	**−258.359**
of which reported as Current assets/(liabilities)	**−210.566**	**−258.359**

Reconciliation of the settlement mechanism.

(In thousands of EUR)	2019	2018
Assets at 1 January	**−258.359**	**273.322**
Incorporation ex-Infrax MEAs in the consolidation	0	133.336
Decision VREG 28 August 2018	0	−267.162
Recovered transfers from 2008 – 2009	0	−27
Recovered transfers from 2010 – 2014	1.922	−104.969
Transfer to third parties	−90	−1.567
Total movements regulatory assets	**1.832**	**−240.389**
Incorporation ex-Infrax MEAs in the consolidation	0	−19.706
Recovered transfers from 2009 – 2017	56.544	33.880
Additional transfers from 2018	0	−17.958
Paid to/received from CREG	17.564	0
Additional transfers from 2019	−14.287	0
Total movements federal contribution	**59.821**	**−3.784**
Incorporation ex-Infrax MEAs in the consolidation	0	−102.876
Additional transfer from 2015	0	119
Additional transfer from 2017	0	−1.925
Additional transfer from 2018	905	−88.427
Additional transfer from 2019	−23.010	0
Recovered transfer from 2015	−17.645	−80.085
Recovered transfer from 2016	−26.872	−13.333
Recovered transfer from 2017	49.921	−2.488
Recovered transfer from 2018	−2.388	0
Transfer to third parties	5.230	1.507
Total movements regulatory balances	**−13.859**	**−287.508**
Total movements	**47.794**	**−531.681**
of which - movement through the income statement	25.089	−542.375
of which - transfer with third parties	5.140	10.694
of wich paid to/received from CREG federal contribution	17.564	0
Regulatory assets/(liabilities) at the end of the reporting period	**−210.566**	**−258.359**

As from 2016 onwards, and in accordance with the tariff methodology, 20,00% of the regulatory transfers was taken back.

We hereby draw attention to the fact that the transferred balances with respect to the accounting year 2019 were estimated, taking into account all available information. However, certainty about these amounts will only be created after the final approval of these balances by the VREG. This uncertainty includes that the control by the regulator could still lead to additional differences which still 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.

38 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 of 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 (opex) on the sewerage grid.

The proceeds from the sewage 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, these contributions and reimbursements can only be used for investments in the sewerage grid or maintenance expenditures related to the sewerage grid.
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 Milieu Maatschappij - VMM) as regulator, a grant can be obtained that amounts to 75% of the eligible 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 of 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.

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Free translation from the Dutch original

Report of the independent auditor 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 2019

We report to you as independent auditor on the consolidated financial statements of the Economical Group Fluvius. This report includes our opinion on the consolidated statement of the financial position as at 31 December 2019, 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 2019 and the disclosures (all elements together the "Consolidated Financial Statements") and includes as well our report on other legal and regulatory requirements. These two reports are considered as one report and are inseparable. The Consolidated Financial Statements of the Economical Group Fluvius consist of twelve Flemish Mission Entrusted Associations (MEAs): Gaselwest, Imewo, Intergem, Iveka, Iverlek, Sibelgas, Fluvius West, Fluvius Limburg, Fluvius Antwerpen, Fluvius, PBE and Riobra who have joint control over Fluvius System Operator CV and its subsidiaries (De Stroomlijn CV, Synductis CV and Atrias CV) (all together "the Companies").

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have audited the Consolidated Financial Statements of the Economical Group Fluvius, which consist of the consolidated statement of the financial position as at 31 December 2019, 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 2019 and the disclosures, which show a consolidated balance sheet total of € 15.155.493 thousands and of which the consolidated income statement shows a profit of the year of € 330.915 thousands.

In our opinion, the Consolidated Financial Statements of the Group give a true and fair view of the consolidated net equity and financial position as at 31 December 2019, as well as its consolidated results and its consolidated cash flows for the year then ended 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 ("ISAs"). 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 of independence.

We have obtained from the management committee and the officials of the Companies the explanations and information necessary for the performance of our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter paragraph

Without qualifying our opinion, we draw the attention to note 37 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. This responsibility includes: designing, implementing and maintaining internal control which the management committee determines to be necessary to enable 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 the Consolidated Financial Statements, the management committee is responsible for assessing the Companies' ability to continue as a going concern, and for providing, if applicable, information on matters that impact 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 Companies 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 about whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, 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 ISAs 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.

As part of an audit, in accordance with ISAs, 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 is larger when these misstatements are due to fraud, 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 Group'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 Board of Directors;
- Conclude on the appropriateness of management committee's use of the going-concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to event or conditions that may cast significant doubt on the Companies 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 Group to cease to continue as a going-concern;

- Evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and of whether these financial statements reflect the underlying transactions and events in a true and fair view.

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 auditor's office and our network has not performed any services that are not compatible with the statutory audit of the Consolidated Financial Statements and has remained independent of the Companies during the course of our mandate.

The fees related to additional services which are compatible with the statutory 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, 2 April 2020

EY Bedrijfsrevisoren BV
Statutory auditor
Represented by

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

Ref. : 20MVD0172