



# **FLUVIUS ECONOMIC GROUP**

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

**30 June 2023**

**Translation - Dutch Version is binding**



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# Interim Financial Statements

## Consolidated statement of profit or loss

(In thousands of EUR)	Notes	30 June 2023	30 June 2022
<b>Operating revenue</b>	<b>4</b>	<b>1.639.913</b>	<b>1.664.925</b>
Revenue from contracts with customers		1.185.916	1.256.128
Other operating income		61.622	82.859
Own construction, capitalized		392.375	325.938
<b>Operating expenses</b>		<b>-1.503.753</b>	<b>-1.416.906</b>
Cost of trade goods	5	-609.450	-550.845
Cost for services and other consumables	6	-378.193	-277.046
Employee benefit expenses	7	-324.562	-302.454
Depreciation, amortization, impairments and changes in provisions	8	-285.952	-267.702
Other operational expenses		-61.945	-57.440
Regulated transfers	9, 35	156.349	38.581
<b>Result from operations</b>		<b>136.160</b>	<b>248.019</b>
Finance income	10	10.212	51.629
Finance costs	11	-105.712	-69.754
<b>Profit before tax</b>		<b>40.660</b>	<b>229.894</b>
Income tax expenses	12	-18.221	-63.346
<b>Profit for the period</b>		<b>22.439</b>	<b>166.548</b>



## Consolidated statement of comprehensive income

(In thousands of EUR)	Notes	30 June 2023	30 June 2022
<b>Profit for the period</b>		<b>22.439</b>	<b>166.548</b>
<b>Other comprehensive income</b>			
<b>Items not to be reclassified to profit or loss in subsequent periods</b>			
Actuarial gains (losses) on long-term employee benefits	25	-126.829	277.321
Actuarial gains (losses) on rights to reimbursement on post-employment employee benefits	25	108.258	-185.069
Fair value other investments	17	-189.115	315.169
Deferred tax gains (losses)	12	9.608	-18.033
<b>Net other comprehensive income not being reclassified to profit or loss in subsequent periods</b>		<b>-198.078</b>	<b>389.388</b>
<b>Total comprehensive income for the period</b>		<b>-175.639</b>	<b>555.936</b>



## Consolidated statement of financial position

(In thousands of EUR)	Notes	30 June 2023	31 December 2022
<b>Non-current assets</b>		<b>15.704.186</b>	<b>15.390.010</b>
Intangible assets	13	121.712	113.541
Property, plant and equipment	14	12.629.194	12.340.362
Right-of-use assets	15	27.431	27.869
Investment in joint ventures and associates	16	17	2.017
Other investments	17, 31	2.709.995	2.789.354
Rights to reimbursement on post-employment employee benefits	25	118.710	15.461
Derivative financial instruments	26, 31	2.289	1.890
Long-term receivables, other	18, 31	94.838	99.516
<b>Current assets</b>		<b>2.232.409</b>	<b>1.852.487</b>
Inventories	19	175.800	163.720
Trade and other receivables	20, 31	1.308.502	952.355
Current tax assets	30, 31	14.647	8.362
Cash and cash equivalents	21, 31	61.757	80.229
Assets held for sale	22	671.703	647.821
<b>TOTAL ASSETS</b>		<b>17.936.595</b>	<b>17.242.497</b>
<b>EQUITY</b>	<b>23</b>	<b>7.624.980</b>	<b>7.823.207</b>
<b>Total equity attributable to owners of the parent</b>		<b>7.624.880</b>	<b>7.823.107</b>
Contributions excluding capital, other		2.762.304	2.762.203
Contributions excluding capital, issue premiums		130.074	127.411
Reserves		1.781.994	1.768.794
Other comprehensive income		1.773.326	1.971.404
Retained earnings		1.177.182	1.193.295
<b>Non-controlling interest</b>		<b>100</b>	<b>100</b>
<b>LIABILITIES</b>		<b>10.311.615</b>	<b>9.419.290</b>
<b>Non-current liabilities</b>		<b>8.420.872</b>	<b>7.375.115</b>
Interest bearing loans and borrowings	24, 31	7.250.767	6.335.497
Lease liabilities	15, 31	21.081	21.055
Employee benefit liabilities	25	407.558	290.376
Derivative financial instruments	26, 31	1.250	2.076
Provisions	27	9.407	9.425
Deferred tax liability	12	353.734	362.504
Government grants	28	377.075	354.182
<b>Current liabilities</b>		<b>1.890.743</b>	<b>2.044.175</b>
Interest bearing loans and borrowings	24, 31	989.476	1.277.516
Lease liabilities	15, 31	9.804	10.558
Trade payables and other current liabilities	29, 31	886.708	749.849
Current tax liabilities	30, 31	3.671	5.687
Liabilities directly associated with the assets held for sale	22	1.084	565
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>17.936.595</b>	<b>17.242.497</b>



## Consolidated statement of changes in equity

(In thousands of EUR)	Contributions excluding capital	Reserves	Other compre- hensive income	Retained earnings	Total equity attributable to equity holders	Non- controlling interest	Total
<b>Balance at 1 January 2022</b>	<b>2.876.660</b>	<b>1.734.714</b>	<b>1.533.143</b>	<b>1.102.744</b>	<b>7.247.261</b>	<b>100</b>	<b>7.247.361</b>
Total comprehensive income for the period	0	0	389.388	166.548	<b>555.936</b>	0	<b>555.936</b>
Addition/decrease reserves	0	16.527	0	-16.527	<b>0</b>	0	<b>0</b>
Dividends paid	0	0	0	-57.584	<b>-57.584</b>	0	<b>-57.584</b>
<b>Balance at 30 June 2022</b>	<b>2.876.660</b>	<b>1.751.241</b>	<b>1.922.531</b>	<b>1.195.181</b>	<b>7.745.613</b>	<b>100</b>	<b>7.745.713</b>
<b>Balance at 1 January 2023</b>	<b>2.889.614</b>	<b>1.768.794</b>	<b>1.971.404</b>	<b>1.193.295</b>	<b>7.823.107</b>	<b>100</b>	<b>7.823.207</b>
Total comprehensive income for the period	0	0	-198.078	22.439	<b>-175.639</b>	0	<b>-175.639</b>
Repayment of equity	0	-3.218	0	0	<b>-3.218</b>	0	<b>-3.218</b>
Equity directly associated with the assets held for sale	0	0	0	-507	<b>-507</b>	0	<b>-507</b>
Proceeds from contribution excluding capital	2.764	0	0	0	<b>2.764</b>	0	<b>2.764</b>
Addition/decrease reserves	0	16.555	0	-16.555	<b>0</b>	0	<b>0</b>
Dividends paid	0	-137	0	-21.490	<b>-21.627</b>	0	<b>-21.627</b>
<b>Balance at 30 June 2023</b>	<b>2.892.378</b>	<b>1.781.994</b>	<b>1.773.326</b>	<b>1.177.182</b>	<b>7.624.880</b>	<b>100</b>	<b>7.624.980</b>

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



## Consolidated statement of cash flows

(In thousands of EUR)	Notes	30 June 2023	30 June 2022
Profit for the period		22.439	166.548
Amortization of intangible assets	8	21.673	20.752
Depreciation on property, plant and equipment and right-of-use assets	8	255.283	245.990
Change in provisions (Reversal -; Recognition +)	8	-18	-1.703
Impairment current assets (Reversal -; Recognition +)	8	9.014	2.663
Gains or losses on realization receivables		6.566	7.133
Net finance costs		100.225	42.776
Change in fair value of derivative financial instruments	26	-1.226	-21.262
Gains or losses on sale of property, plant and equipment		46.077	46.411
Movement in government grants	28	-3.499	-3.389
Income tax expense	12	18.221	63.346
Change in inventories		-13.945	-13.759
Change in trade and other receivables		-384.800	-51.154
Change in trade payables and other current liabilities		92.624	43.565
Change in employee benefits		-4.638	-10.844
Interest paid		-52.486	-40.256
Interest received		3.954	17.318
Financial discount on debts		131	92
Income tax paid (received)	12	-25.684	-34.967
<b>Net cash flow from operating activities</b>		<b>89.911</b>	<b>479.260</b>
Proceeds from sale of property, plant and equipment		777	1.402
Purchase of intangible assets	13	-29.449	-22.441
Purchase of property, plant and equipment	14	-592.392	-480.896
Acquisition of companies and other investments	17	-116.318	0
Proceeds from sale of companies and other investments		0	5
Net investments in long-term receivables		34	-7
Receipt of a government grant	28	26.392	13.162
<b>Net cash flow used in investing activities</b>		<b>-710.956</b>	<b>-488.775</b>



(In thousands of EUR)	Notes	30 June 2023	30 June 2022
Proceeds from contributions excluding capital		2.764	0
Repayment of borrowings	24	-30.973	-41.411
Proceeds from borrowings	24	0	149.850
Proceeds from bonds/borrowings	24	934.428	0
Payment of finance lease liabilities	15	-7.476	-8.841
Change in current financial liabilities	24	-278.009	-34.228
Repayment long-term loans	20	3.466	3.714
Dividends paid	23	-21.627	-54.250
<b>Net cash flow from/used in financing activities</b>		<b>602.573</b>	<b>14.834</b>
<b>Net increase/decrease in cash</b>	<b>21</b>	<b>-18.472</b>	<b>5.319</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>21</b>	<b>80.229</b>	<b>89.336</b>
<b>Cash and cash equivalents at the end of period</b>	<b>21</b>	<b>61.757</b>	<b>94.655</b>



## Selected explanatory notes

### Basis of preparation

#### 1 Corporate information

The condensed consolidated interim financial statements of the Economic Group Fluvius comprise the accounts of the **eleven mission entrusted associations** (MEAs) Gaselwest, Imewo, Intergem, Iveka, Iverlek, Sibelgas, Fluvius West, Fluvius Limburg, Fluvius Antwerpen, PBE and Riobra - as well as the accounts of their subsidiary being the operating company Fluvius System Operator cv with its subsidiaries, joint ventures and associates. In addition, the accounts of the company Fluvius OV (VAT BE0201.311.226) are also included in the Economic Group Fluvius.

The MEAs are being managed centrally by their **operating company** Fluvius System Operator cv. The operating company and its subsidiaries publish IFRS accounts: **Fluvius System Operator Group**.

All companies of the Group are registered in the Flemish Region (Belgium). The aforementioned MEAs are **regulated** according to the Flemish Decree on Local Government of 22 December 2017 (as amended). A mission entrusted association is an intermunicipal legal entity which the participating municipalities have entrusted with the management of certain public utilities. The duration of the MEAs of the Economic Group Fluvius has been determined until 29 March 2037. As for Riobra, the extension of its duration until this date has been approved by the General Assembly on 28 June 2023.

A distribution system operator (DSO) is recognized by the Flemish energy regulator as a system operator for electricity and/or gas. The company Riobra should be considered as a MEA, not as an energy DSO.

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

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

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

The Economic Group employed an average of 5.695 people during 2022.

For more information, visit the website [www.fluvius.be](http://www.fluvius.be)

These condensed consolidated interim financial statements for the six months ended 30 June 2023 have been established by the Management Committee on 31 August 2023 and have been reviewed in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".



## 2 Significant accounting policies

### 2.1 Statement of compliance

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

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

### 2.2 Summary of significant accounting policies

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

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

- Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 - *Making Materiality Judgements* - Disclosure of Accounting Policies

The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. The amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies.

The Group will further examine and apply this to the 31 December 2023 accounts.

- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* - Definition of Accounting Estimates
- Amendments to IAS 12 International Tax Reform - Pillar Two Model Rules\*
- Amendments to IAS 12 *Income Taxes*: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IFRS 17 *Insurance Contracts*: Initial application of IFRS 17 and IFRS 9 – Comparative Information
- IFRS 17 *Insurance Contracts*

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

- Amendments to IAS 1 *Presentation of Financial Statements* - Classification of Liabilities as Current or Non-current (2020 and 2021 amendments), effective 1 January 2024\*
- Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial instruments: Disclosures*, effective 1 January 2024\*



- Amendments to IFRS 16 *Leases*: Lease Liability in a Sale and Leaseback, effective 1 January 2024\*

\* Not yet endorsed by the EU

### 2.3 Use of estimates and judgements

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

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

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

#### Conflict in Ukraine

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

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

#### Energy transition and climate targets

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

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

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

In this context, Fluvius has evaluated its activities and on **8 June 2022** developed an investment plan for the electricity grid based on the societal context outlined above. The additional investments are estimated at four billion EUR for the period 2023-2032 on top of the planned investments that would be necessary without the energy transition. As far as gas distribution is concerned, the distribution network will hardly expand and customers will eventually have to switch to alternatives (green gas - biomethane, green hydrogen - and power-to-gas). Investments in gas will therefore be limited to almost half by 2032, to 88 million EUR.

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

On **7 June 2023**, the annual update of the 2024-2033 investment plan was published for consultation. Assumptions such as the expectation of 1,5 million electric vehicles in Flanders by 2030 and an acceleration in the growth of solar and wind energy, are still valid a year later. To this end, the plan still foresees upgrading 40 per cent of the low-voltage grid and 13 per cent of the medium-voltage grid by 2032. In addition, wind turbines and solar panels are expected to be much



more numerous by 2030 than predicted a year ago, and the e-truck appears to be preferred to hydrogen or other gas-powered trucks in the coming years. The impact on the investment plan (of Fluvius) may be limited by the clear innovation shown by the business community, optimising its own energy consumption and deploying self-generated energy from solar and wind combined with batteries.

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

For the gas networks, this 2024-2033 investment plan also foresees no more major expansions. Of course, it remains very important that the existing infrastructure remains safe and of good quality. Fluvius expects a further decrease to 63 million EUR in 2033 due, among other things, to the discontinuation of construction in allotments. Fluvius also continues to reserve budget for research and participation in pilot projects on new CO<sub>2</sub>-neutral gas forms, such as biomethane and green hydrogen.

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

### **Economic volatility**

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

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



## Segment information

### 3 Segment information

The Management Committee, responsible for the day-to-day management and the operational functioning of Fluvius System Operator (Fluvius SO), its subsidiaries, joint ventures and associates and the Flemish MEAs, reviews the financial data on the basis of a reporting in accordance with Belgian accounting standards.

This reporting is presented for the MEAs **per energy component** electricity and gas, as this is the best reflection of the nature and the financial profile of the activities. This segmentation also reflects the framework within which should be reported to the regulator VREG. It also forms the basis for the calculation of the distribution network tariffs for the electricity and gas activities. As a result, these tariffs are distinguished from each other and each has its own cost drivers, specificities and risks.

The MEAs also report a segment '**Other**' in which the non-regulated activities are included such as the activities which took place before the liberalisation of the energy market (2003) the activities for the energy services for local authorities (ESCO), the activity for district heating (within the authorized legal framework) and other activities (the so-called spin-ins are projects in Consulting, Third Party Networks, Public Lighting, Telecom and Vertical Infrastructure) but since the acquisition of ex-Infrac also the water and sewerage activities.

Each of the MEAs operates in a separate territory and each applies separate network tariffs for its regulated activities. The information per legal entity can be consulted, for the individual financial statements of the MEAs, at the Central Balance Sheet Office of the National Bank of Belgium.

The activities of the operating company Fluvius System Operator and its subsidiaries, joint ventures and associates are reported separately and on a consolidated basis. However, no segmentation per energy component is reported. All costs of these companies are recharged at cost price to mainly the MEAs where a breakdown by activity is performed based on an allocation system. Therefore the financial results of the operating companies (Fluvius System Operator Group) are always 'zero'. The Group continuously carries out works and investments, so that the activities do not show a seasonal or cyclical character on a half-yearly basis.

In accordance with IFRS 8, the Group reported at 30 June 2023 and at 30 June 2022 the following financial segmented information on the basis of the Belgian GAAP.

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



Statement of profit or loss at 30 June 2023

(In thousands of EUR) - Belgian GAAP	Electricity	Gas	Other	Fluvius SO consolidated	Aggregated total
Turnover	962.535	316.485	114.120	1.165.034	2.558.174
Other income	37.740	17.173	50.586	34.860	140.359
Operating costs	-949.997	-250.238	-191.612	-1.191.493	-2.583.340
<b>Operating profit (loss)</b>	<b>50.278</b>	<b>83.420</b>	<b>-26.906</b>	<b>8.401</b>	<b>115.193</b>
Financial income	-702	3.596	11.053	70.459	84.406
Financial costs	-56.588	-26.796	-5.597	-75.386	-164.367
<b>Profit (loss) of the period before taxes</b>	<b>-7.012</b>	<b>60.220</b>	<b>-21.450</b>	<b>3.474</b>	<b>35.232</b>
Transfer from/transfer to deferred taxes	15	1	341	0	357
Transfer from/transfer to untaxed reserves	46	1	1	0	48
Income taxes	-2.580	-17.582	6.253	-3.474	-17.383
<b>Profit for the period</b>	<b>-9.531</b>	<b>42.640</b>	<b>-14.855</b>	<b>0</b>	<b>18.254</b>

For the electricity segment, there are three customers to whom in total 70% was invoiced; for the segment gas, there are also three customers to whom in total 73% was billed.



Statement of financial position at 30 June 2023

(In thousands of EUR) - Belgian GAAP	Electricity	Gas	Other	Fluvius SO consolidated	Aggregated total
Tangible and intangible fixed assets	6.981.171	3.812.667	2.100.577	1.747	12.896.162
Financial fixed assets	1.224	494	558.188	1.537	561.443
<b>FIXED ASSETS</b>	<b>6.982.395</b>	<b>3.813.161</b>	<b>2.658.765</b>	<b>3.284</b>	<b>13.457.605</b>
Amounts receivable after more than one year	45.035	21.757	354.079	6.079.575	6.500.446
Stocks and contracts in progress	0	0	34.185	189.468	223.653
Amounts receivable within one year	585.355	325.562	191.462	1.118.142	2.220.521
Cash at bank and in hand	851	6	14.973	65.952	81.782
Deferred charges and accrued income	508.671	182.576	9.475	263.178	963.900
<b>CURRENT ASSETS</b>	<b>1.139.912</b>	<b>529.901</b>	<b>604.174</b>	<b>7.716.315</b>	<b>9.990.302</b>
<b>Total Assets</b>	<b>8.122.307</b>	<b>4.343.062</b>	<b>3.262.939</b>	<b>7.719.599</b>	<b>23.447.907</b>
Contribution excluding capital, other	945.205	622.714	1.218.942	1.284	2.788.145
Contribution excluding capital, share premium	109.127	0	20.961	127	130.215
Revaluation surplus	731.490	350.944	36.687	0	1.119.121
Reserves	874.260	456.283	470.354	86	1.800.983
Retained earnings and result of the period	66.716	125.492	12.337	20	204.565
Government grants	128	56	330.173	0	330.357
<b>EQUITY</b>	<b>2.726.926</b>	<b>1.555.489</b>	<b>2.089.454</b>	<b>1.517</b>	<b>6.373.386</b>
<b>MINORITY INTEREST</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100</b>	<b>100</b>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	<b>4.189</b>	<b>9.730</b>	<b>66.803</b>	<b>156.405</b>	<b>237.127</b>
Amounts payable after more than one year	3.902.349	2.636.800	782.795	6.039.422	13.361.366
Amounts payable within one year	1.245.848	97.536	311.620	1.395.332	3.050.336
Accrued charges and deferred income	242.995	43.507	12.267	126.823	425.592
<b>AMOUNTS PAYABLE</b>	<b>5.391.192</b>	<b>2.777.843</b>	<b>1.106.682</b>	<b>7.561.577</b>	<b>16.837.294</b>
<b>Total Liabilities</b>	<b>8.122.307</b>	<b>4.343.062</b>	<b>3.262.939</b>	<b>7.719.599</b>	<b>23.447.907</b>



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

(In thousands of EUR)	Assets	Equity and minority interest	Liabilities	Profit / (Loss) for the period
<b>Aggregated total BE-GAAP</b>	<b>23.447.907</b>	<b>6.373.486</b>	<b>17.074.421</b>	<b>18.254</b>
Eliminations of balances and transactions	-7.708.422	-39.336	-7.669.086	-4.760
Reclassifications	-25.801	-330.357	304.556	0
Recording of other investments and long-term receivables	2.326.511	2.326.511	0	-4.752
Adjustments for employee benefits	-127.218	-370.411	243.193	11.736
Recording of deferred taxes	0	-353.734	353.734	-838
Others as recording of derivative financial instruments, provisions and impairment and lease recognition	23.618	18.821	4.797	2.799
<b>Total IFRS</b>	<b>17.936.595</b>	<b>7.624.980</b>	<b>10.311.615</b>	<b>22.439</b>

In accordance with IFRS 8, the Group reported at 30 June 2022 the following financial segmented information on the basis of the Belgian GAAP.

#### Statement of profit or loss at 30 June 2022

(In thousands of EUR) - Belgian GAAP	Electricity	Gas	Other	Fluvius SO consolidated	Aggregated total
Turnover	953.927	287.920	130.864	956.587	2.329.299
Other income	39.406	16.634	29.252	109.866	195.157
Operating costs	-846.819	-206.674	-181.264	-1.060.513	-2.295.269
<b>Operating profit (loss)</b>	<b>146.515</b>	<b>97.880</b>	<b>-21.148</b>	<b>5.940</b>	<b>229.187</b>
Financial income	1.137	506	20.000	50.512	72.156
Financial costs	-44.242	-20.739	-3.981	-53.078	-122.041
<b>Profit (loss) of the period before taxes</b>	<b>103.410</b>	<b>77.647</b>	<b>-5.129</b>	<b>3.374</b>	<b>179.302</b>
Transfer from/transfer to deferred taxes	15	1	321	0	337
Transfer from/transfer to untaxed reserves	45	1	1	0	47
Income taxes	-30.244	-22.052	2.220	-3.374	-53.450
<b>Profit for the period</b>	<b>73.226</b>	<b>55.597</b>	<b>-2.587</b>	<b>0</b>	<b>126.236</b>

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



Statement of financial position at 31 December 2022

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



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

(In thousands of EUR)	Assets	Equity and minority interest	Liabilities	Profit / (Loss) for the period
<b>Aggregated total BE-GAAP</b>	<b>21.702.644</b>	<b>6.331.319</b>	<b>15.371.325</b>	<b>126.236</b>
Eliminations of balances and transactions	-6.697.820	-27.044	-6.670.776	-3.590
Reclassifications	-67.520	-313.336	245.816	0
Recording of other investments and long-term receivables	2.520.378	2.520.378	0	6.680
Adjustments for employee benefits	-235.971	-363.576	127.605	19.924
Recording of deferred taxes	0	-362.504	362.504	-9.896
Others as recording of derivative financial instruments, provisions and impairment and lease recognition	20.786	37.970	-17.184	27.194
<b>Total IFRS</b>	<b>17.242.497</b>	<b>7.823.207</b>	<b>9.419.290</b>	<b>166.548</b>



## Performance of the period

### 4 Operating revenue

(In thousands of EUR)	30 June 2023	30 June 2022
Distribution and transport grid revenue	994.677	1.140.286
Sale of energy	126.968	61.271
Construction works for third parties	23.968	14.411
Other sales	40.303	40.160
<b>Total revenue from contracts with customers</b>	<b>1.185.916</b>	<b>1.256.128</b>
Recuperations	49.114	55.149
Other	12.508	27.710
<b>Other operating income</b>	<b>61.622</b>	<b>82.859</b>
<b>Own construction, capitalized</b>	<b>392.375</b>	<b>325.938</b>
<b>Total operating revenue</b>	<b>1.639.913</b>	<b>1.664.925</b>

#### Revenue from contracts with customers

Revenue from contracts with customers amounts to 1.185.916 k EUR at 30 June 2023 and to 1.256.128 k EUR at 30 June 2022, which equals a decrease of 70.212 k EUR.

The distribution and transport grid revenue amounts to 1.140.286 k EUR at 30 June 2022 and 994.677 k EUR at 30 June 2023, a decrease of 145.609 k EUR. This decrease is mainly due to the lower consumption in the first half of 2023 compared to the first half of 2022.

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

Other revenues from contracts with customers include sales of energy to dropped (social) customers, invoicing of works for third parties and sales related to sewerage and other activities. Energy sales amounted to 126.968 k EUR at 30 June 2023 and 61.271 k EUR at 30 June 2022, an increase of 65.697 k EUR mainly due to the increase in energy prices.

#### Other operating income

Other operating income amounted to 61.622 k EUR at 30 June 2023 and 82.859 k EUR at 30 June 2022. This item includes various recoveries related to connections, personnel costs, etc.

The part of the other operating income amounts to 12.508 k EUR on 30 June 2023 and 27.710 k EUR on 30 June 2022 and mainly includes compensation for claims (+376 k EUR) and recovery of



costs for grid-related costs and public service obligations (-16.056 k EUR). Also included here are recoveries of costs of trade receivables recognized in previous periods (+1.327 k EUR) as well as capital gains on the realization of property, plant and equipment (-936 k EUR).

#### **Own construction capitalized**

The own construction capitalized increases to 392.375 k EUR at 30 June 2023 from 325.938 k EUR at 30 June 2022 or +66.437 k EUR.

All costs relating to distribution activities have been registered as operational costs. Periodically, a settlement has been recorded and certain costs related to investments have been activated through the item 'Own construction, capitalized'. As a result of increasing investments, this item is increasing (see note 'Property, plant and equipment'). This item also contains the contributions received from customers (74.143 k EUR at 30 June 2023 and 74.015 k EUR at 30 June 2022) which are also deducted as own construction, capitalized (-74.143 k EUR at 30 June 2023; -74.015 k EUR at 30 June 2022).

### **5 Cost of trade goods**

The cost of trade goods amounts to 609.450 k EUR at 30 June 2023 and 550.845 k EUR at 30 June 2022, an increase of 58.605 k EUR.

The increase is due to the rising costs of purchasing energy for electricity and gas for social and 'dropped' customers and the costs of grid losses. Similarly, the cost of purchases of trade goods increases mainly as a result of price increases and higher consumption in connection with increased investments.

This increase is offset by a decrease in costs for the transmission grid fee (of electricity to Elia) from 201.823 k EUR at 30 June 2022 to 189.632 k EUR at 30 June 2023 or 12.191 k EUR and the decrease in costs of purchasing the green power certificates (GPC) and cogeneration certificates (CGC) from 167.893 k EUR at 30 June 2022 to 121.726 k EUR at 30 June 2023 or 46.167 k EUR. The Flemish Government decided to reduce the cost of the public service obligation in the electricity bill for end customers by 116,6 million EUR in 2022 and 148,0 million EUR in 2023. In 2022, this was done by purchasing 147 million euros in green certificates (with a book value of 93 EUR) and removing them from the market (Energy Decree 6.4.14/2 §2). In 2023, 148,0 million EUR will be deducted directly from the cost of buying up green power certificates (Energy Decree article 6.4.14/2 and 6.4.14/3). This reduces the costs for the distribution system operators and the recharge to the end customers. On 30 June 2022 and 30 June 2023, half of these amounts was processed and as a result, the costs decreased by these same amounts (see note 'Trade and other receivables').

### **6 Cost for services and other consumables**

Cost for services and other consumables amounts to 378.193 k EUR at 30 June 2023 and 277.046 k EUR at 30 June 2022, an increase of 101.147 k EUR.

The subsidy for rational use of energy (RUE) amounts to 123.716 k EUR at 30 June 2023 and 56.298 k EUR at 30 June 2022, an increase of 67.418 k EUR. due to the huge success of installing solar panels eligible for subsidy. All other costs increased but especially contract and management costs (17.079 k EUR).

### **7 Employee benefit expenses**

Employee benefit expenses amount to 324.562 k EUR at 30 June 2023 and 302.454 k EUR at 30 June 2022, an increase of 22.108 k EUR.

This increase is mainly the result of the increase of the item 'Remunerations' with 20.435 k EUR following the increase in the wage index (6,50%) and social security contribution with 4.357 k EUR, compensated by mainly the 'Contributions to defined benefit plans and other insurances' that decreased from 16.603 k EUR at 30 June 2022 to 13.011 k euro at 30 June 2023.



The Energy Decree stipulates that every MEA can make use of only one operating company. All the MEAs of the Group have chosen Fluvius System Operator cv, which can fulfill its tasks with its own personnel and can make use of secondment of statutory (permanently employed) personnel. On 1 April 2019, the entire contractual staff of the former Infrax MEAs and ex-Integan was taken over by Fluvius System Operator cv. To organize the secondment from a single company, all the statutory staff members of the former Infrax MEAs were boarded into Fluvius OV.

## **8 Amortization, depreciation, impairment and changes in provisions**

The total of amortization and depreciation amounts to 276.956 k EUR at 30 June 2023 and 266.742 k EUR at 30 June 2022, an increase of 10.214 k EUR.

The impairment on trade receivables at 30 June 2023 amounts to 9.014 k EUR (30 June 2022: 2.663 k EUR) (see note 'Trade and other receivables').

The changes in provisions to 30 June 2023 relate to a write-back of -18 k EUR (30 June 2022: write-back of -382 k EUR) related to costs for the remediation of polluted gas sites and -1.321 k EUR at 30 June 2022 (0 k EUR at 30 June 2023) for the provision for the employee benefits that do not fall under the application of IAS 19.

## **9 Regulated transfers**

The Group has been reporting the additions, recoveries and regularisation for transfers in this separate section as 'Operating expenses'.

The Group believes that the balance between actual income and expenses and the budgeted income and expenses is not part of revenue, since the recovery through tariffs will occur in a subsequent period.

In total, an amount of 156.349 k EUR was recognised as income in the period up to 30 June 2023 (in the period up to 30 June 2022: -38.581 k EUR as income). The detail of these movements is included in the note 'Working in a regulated environment'.

## **10 Financial income**

Finance income amounts to 10.212 k EUR at 30 June 2023 and 51.629 k EUR at 30 June 2022, a decrease of 41.417 k EUR.

At 30 June 2022, an amount of 22.915 k EUR was recognized as a result of the positive fair value adjustment of the derivative financial instruments and at 30 June 2023 an amount of 1.244 k EUR (see note 'Derivative financial instruments').

The other financial income amounts to 8.100 k EUR at 30 June 2023 and 28.713 k EUR at 30 June 2022. This item mainly includes the allowances received from the telecommunication company Telenet (1.007 k EUR; 30 June 2022: 15.681 k EUR), the capital gains such as the fair value calculated on the other investments (1.254 k EUR; 30 June 2022: 7.739 k EUR), capital grants received, financial discounts received from suppliers and interest income received or to be received from the banks.

## **11 Financial costs**

Finance costs amount to 105.712 k EUR at 30 June 2023 and 69.754 k EUR at 30 June 2022, an increase of 35.958 k EUR.

The interest expense on the long-term financing amounts to 84.163 k EUR (30 June 2022: 63.469 k EUR).

The interest expense on the short-term financing amounts to 4.497 k EUR (30 June 2022: 345 k EUR).

Other financial charges amounted to 17.052 k EUR at 30 June 2023 and 5.940 k EUR at 30 June 2022. They primarily include the interest expense recognized on employee benefit obligations (7.689 k EUR at 30 June 2023; 30 June 2022: 3.770 k EUR), capital losses such as the expression



at fair value of the other investments (6.598 k EUR; 30 June 2022: 0 k EUR) as well as the cost of debt and miscellaneous bank charges.

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

## **12 Tax expenses**

The tax expenses amount to 18.221 k EUR at 30 June 2023 and 63.346 k EUR at 30 June 2022, a decrease of 45.129 k EUR.

These tax expenses at 30 June 2022 comprise the current income tax expenses amounting to 17.385 k EUR (53.311 k EUR at 30 June 2022) and the deferred taxes of 838 k EUR (9.896 k EUR at 30 June 2022). Via equity, a tax expense of 9.608 k EUR was recorded at 30 June 2023 (30 June 2022: 18.033 k EUR).

### **Current income tax expenses**

Based on the Programme Act of 19 December 2014, the MEAs are subject to the corporate income tax as from the accounting year 2015.

The total current income tax expense for the Group amounts to 17.383 k EUR for the period up to 30 June 2023 (53.450 k EUR at 30 June 2022 of which a part was already prepaid (15.847 k EUR, 30 June 2022: 38.911 k EUR), a regularisation (-2 k EUR; 30 June 2022: 139 k EUR) and the remainder of estimated taxes on the result of the year (946 k EUR; 30 June 2022: 13.905 k EUR). In addition, settlements were included or other items as withholding tax.

The tax rate for the companies is 25,00%.

In 2016, a ruling for the DSOs was requested from the Federal Public Service Finance to obtain its decision on the correct fiscal treatment of, amongst others, the revaluation of fixed assets, the notional interest deduction and the impairment losses of trade receivables. These rulings are limited in time and therefore an extension was requested and obtained.

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

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

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

### **Deferred income tax**

The Group accounts for deferred taxes for temporary differences calculated on the difference between the tax values of assets and liabilities and the carrying amounts for financial reporting purposes, in accordance with IAS 12 Income Tax. They are recognized through the profit or loss account and through unrealized results.



The main temporary differences relate to the revaluation of property, plant and equipment, the provisions for pensions and other post-employment benefits as well as for recorded future revenue and receivables. A deferred tax liability of 440.561 k EUR (453.845 k EUR at 30 June 2022) was recognized for the revaluation of property, plant and equipment since, under Belgian tax law, this cost is not deductible. For the provisions for employee benefits, the expense will be deductible under Belgian tax law, resulting in a deferred tax asset of 92.603 K EUR (83.301 k EUR at 30 June 2022). A deferred tax liability of 0 k EUR (30.524 k EUR at 30 June 2022) was recognized for the recognized revenues and receivables as the revenues will become taxable in the future under Belgian tax law.

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

(In thousands of EUR)	30 June 2023	31 December 2022
Property, plant & equipment	-440.561	-447.186
Derivative financial instruments	-286	22
Employee benefit liabilities	92.603	90.894
Provisions	-5.643	-5.810
Other	153	-424
<b>Net deferred tax asset/(liability)</b>	<b>-353.734</b>	<b>-362.504</b>

The movements in the profit or loss account and the equity for the period up to 30 June 2023 are as follows:

(In thousands of EUR)	Movements via P&L	Movements via OCI*
Property, plant & equipment	1.660	4.965
Derivative financial instruments	-308	0
Employee benefit liabilities	-2.934	4.643
Provisions, rehabilitation gas sites	167	0
Impairment on trade receivables	577	0
<b>Deferred tax benefit/(expense)</b>	<b>-838</b>	<b>9.608</b>
<b>Net movement during the year</b>	<b>8.770</b>	

\*OCI= Other comprehensive income



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

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

The net deferred tax liability is composed as follows:

(In thousands of EUR)	30 June 2023	31 December 2022
Deferred tax asset	92.756	90.916
Deferred tax liability	-446.490	-453.420
<b>Deferred tax liability, net</b>	<b>-353.734</b>	<b>-362.504</b>

The movements of the deferred tax liability are as follows:

(In thousands of EUR)	30 June 2023	31 December 2022
<b>Total as at 1 January</b>	<b>-362.504</b>	<b>-376.341</b>
Tax income/(expense) recognised in profit or loss	-838	23.702
Tax income/(expense) recognised in OCI	9.608	-9.865
<b>Total at end of reporting period</b>	<b>-353.734</b>	<b>-362.504</b>



## Assets

### 13 Intangible assets

The intangible assets amount to 121.712 k EUR at 30 June 2023 and 113.541 k EUR at 31 December 2022, an increase of 8.171 k EUR due to acquisitions and compensated for by the amortization.

During the first six months of 2023, acquisitions were recorded for an amount of 29.449 k EUR and 22.441 k EUR during the first six months of 2022.

The acquisitions during the first six months of 2023 mainly relate to the capitalized amounts with respect to Hydronaut (study for the dimensioning of the global sewerage network), also costs relating to 'New Foundations' (the new ERP system) and costs for the energy transition.

The acquisitions during the first six months of 2022 mainly relate to the capitalized amounts with respect to Fibre-to-the-home (fibre to the home roll-out), Hydronaut (study for the dimensioning of the global sewerage network), Smallworld GIS (graphic information system for the grid) and also costs with respect to New Foundations.

### 14 Property, plant and equipment

Property, plant and equipment amount to 12.629.194 k EUR at 30 June 2023 and 12.340.362 k EUR at 31 December 2022, an increase of 288.832 k EUR.

Acquisitions during the first six months of 2023 amount to 592.392 k EUR and 480.986 k EUR during the first six months of 2022.

The acquisitions for the investments during the first six months of 2023, as well as during the first six months of 2022 concern the roll-out of smart meters for electricity and gas, and the construction of the underground electricity grid.

The movement of property, plant and equipment also includes the depreciation (see note 'Amortization, depreciation, impairment and changes in provisions') and the decommissioning of fixed assets for an amount of 46.361 k EUR (31 December 2022: 47.631 k EUR) (included in the item 'Other operational expenses').

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

The right-of-use assets amount to 27.431 k EUR at 30 June 2023 and 27.869 k EUR at 31 December 2022. This decrease of 438 k EUR is mainly due to of the discontinuation of existing contracts for -104 k EUR, adjustments to the duration of existing contracts for mainly vehicles for -22 k EUR, the recognition of 6.294 k EUR of new or extended contracts and -6.606 k EUR of depreciation.

The resulting non-current lease obligations amount to 21.081 k EUR at 30 June 2023 and 21.055 k EUR at 31 December 2022, the current lease obligations amount to 9.804 k EUR at 30 June 2023 and 10.558 k EUR at 31 December 2022.

During the first six months of 2023, 6.168 k EUR lease obligations were recorded, 7.476 k EUR payments were recorded, 581 k EUR interest and 6.141 k EUR was transferred from non-current to current lease liabilities.

### 16 Investments in associates and joint ventures

These investments amount to 17,000 k EUR at 30 June 2023 and 2.017 k EUR at 31 December 2022. These investments are held in Atrias cv (9 k EUR), Synductis cv (8 k EUR). The investment held in the cooperative society S-Lim cv (2.000 k EUR on 31 December 2022) was transferred through a partial demerger to the mission entrusted association S-Lim. The impact of this transaction was directly recognised in the reserves for 3.218 k EUR and 1.218 k EUR in the financial result.



## 17 Other investments

Other investments amount to 2.709.995 k EUR at 30 June 2023 and 2.789.354 k EUR at 31 December 2022, a decrease of 79.359 k EUR.

The other investments include the **participations in Publi-T** (47.83% at 30 June 2023; 48,03% at 31 December 2022), **Publigas** (30,36%) and in shares of **Elia**. In June 2022, Elia carried out a capital increase for a total amount of 590,11 million EUR. Publi-T subscribed to this capital increase for 264,51 million EUR. Financing was provided temporarily through loans from two shareholders, with a bridging loan from the bank and using its own available funds. On 27 March 2023, Publi-T's extraordinary general assembly proceeded to issue new Publi-T shares (133.210 shares, 257,63 million EUR). In June 2023, all MEAs except Iveka and Fluvius West, participating in Publi-T, subscribed to the proportionally reserved shares. As a result, 60.144 additional shares of Publi-T were acquired for a total of 116,32 million EUR.

The recognition at fair value of these participations and the shares amount in total to 2.704.744 k EUR at 30 June 2023 with the recognition of the fair value through other comprehensive income for 189.115 k EUR (income) and 6.594 k EUR through financial expense. At 31 December 2022, the fair value recognition of those participations and the shares held in Elia amounted to 2.784.135 k EUR with recognition through other comprehensive income for 368.565 k EUR and 6.594 k EUR through finance costs.

In addition, the Group holds **participations in business centres and other companies** for a total fair value of 5.251 k EUR at 30 June 2022 and 5.219 k EUR at 31 December 2022.

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

## 18 Long-term receivables, other

Long-term receivables, other amount to 94.838 k EUR at 30 June 2023 and 99.516 k EUR at 31 December 2022, a decrease of 4.678 k EUR.

These receivables mainly stem from the receivable from municipalities and other related parties.

## 19 Inventories

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

Furthermore, longer delivery periods were anticipated due to the raw material shortage as a result of the economic recovery after the pandemic and rising raw material and material costs due to rising inflation.

The part of the inventory relating to the activity that will be discontinued amounts to 13.668 k EUR and was included in the item 'Assets held for sale' (see note 'Assets held for sale').

The net increase in write-downs on inventories amounts to 593 k EUR at 30 June 2023 (2022: 2.412 k EUR net increase). These amounts were included in the profit and loss account.

## 20 Trade and other receivables

Trade and other receivables amount to 1.308.502 k EUR at 30 June 2023 and 952.355 k EUR at 31 December 2022. The increase of 356.147 k EUR was due to the lower outstanding trade receivables (-63.341 k EUR) offset by the increase in other receivables (419.488 k EUR).

The decrease in **trade receivables** is due to the inclusion at 30 June 2023 of a provision for grid fee to be paid to energy suppliers for the month of June as an other receivable (171.805 k EUR)

The trade receivables of social suppliers increase by 13.125 k EUR.

The remaining trade receivables at 30 June 2023 include an invoice to be issued amounting to 74 million EUR following a decision by the Flemish Government to reduce the cost in 2023 of the public service obligation of the electricity bill for the end customer by 148 million EUR through the buy-back of green energy certificates and their removal from the market (Energy Decree, articles



6.4.14/2 and 6.4.14/3). This also reduces the cost at the distribution system operators as well as the recharge to the end customers. As of 30 June 2023, 74 million EUR has already been processed therefore reducing the costs by this same amount (see note 'Cost of trade goods').

The write-down recognised on trade receivables amounts to -180.963 k EUR at 30 June 2023 and -171.949 k EUR at 31 December 2022, an increase of 9.014 k EUR. Including a provision recognized in accordance with the principles of IFRS 9 'Financial Instruments' – Expected Credit Losses. The increase is mainly due to the write-down for energy suppliers that went bankrupt or experienced payment difficulties (30 June 2023: 10.032 k EUR; 31 December 2022: 8.431 k EUR), the write-down for trade receivables due to incorrectly requested payments for green certificates (30 June 2023: 38.630 k EUR; 31 December 2022: 36.560 k EUR) and the write-downs on trade receivables from social suppliers (30 June 2023: 86.750 k EUR; 31 December 2022: 81.459 k EUR).

The **other receivables** include the green energy certificates and cogeneration certificates (GEC and CGC) for an amount of 393.692 k EUR at 30 June 2023 (363.727 k EUR at 31 December 2022), an increase of 29.965 k EUR.

On the basis of the Energy Decree (article 7.1.6), the DSOs are required to purchase renewable energy certificates which are offered by the owners of solar panels and combined heat and power plants, at a fixed price. This minimum support varies between 80 EUR and 450 EUR for GEC and amounts to 27 EUR or 31 EUR for CGC.

The Flemish Government decided to value the GEC as of June 2019 at 93 EUR (formerly 88 EUR per certificate) and the CGC at 27 and 31 EUR (which is equal to the minimum contribution in relation to the period to which they relate) - (formerly 20 EUR).

The DSOs in turn, can offer these certificates for sale to the energy suppliers.

The costs incurred and the difference between the selling price and the valuation price is included in the item 'Trade goods, raw materials and consumables'.

During the first half of 2023, 1.407.000 GEC and 29.375 CGC were sold for a total selling price of 139.758 k EUR. The GEC were sold at an average price of 98,82 EUR and the CGC at an average price of 24,50 EUR.

During the first half of 2022, 820.000 GEC and 287.800 CGC were sold for a total selling price of 83.663 k EUR. The GEC were sold at an average price of 93,35 EUR and the CGC at an average price of 24,72 EUR.

The item also includes miscellaneous receivables from the municipalities for 8.400 k EUR at 30 June 2023 (9.502 k EUR at 31 December 2022) a decrease of 1.102 k EUR, including a receipt of 3.466 k EUR.

In addition, this item has increased by 156.349 k EUR due to the regulatory transfers, 171.725 k EUR on 30 June 2023 (15.376 k EUR on 31 December 2022).

## 21 Cash and cash equivalents

Cash and cash equivalents amount to 61.757 k EUR at 30 June 2023 and 80.229 k EUR at 31 December 2022, a decrease of 18.472 k EUR.

## 22 Assets held for sale

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

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

Wyre will implement a hybrid network strategy to offer speeds of up to 10 Gbps to all its customers and ensure they enjoy the best possible network experience. The fibre optic network (FTTH) is



expected to cover up to 78% of all homes in Flanders and parts of Brussels. The network will already pass most homes in the first eight years. In other zones, Wyre will further upgrade the Hybrid Fibre Coax network technology (HFC). Altogether, this represents an investment of up to two billion EUR.

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

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

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

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

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



The assets eligible under this transaction are as follows:

(In thousands of EUR)	Notes	30 June 2023	31 December 2022
<b>Non-current assets</b>		<b>607.192</b>	<b>585.175</b>
Intangible assets	12	1.919	2.314
Property, plant and equipment	13	146.484	138.455
Long-term receivables, other	17	458.789	444.406
<b>Current assets</b>		<b>64.511</b>	<b>62.646</b>
Inventories	18	13.668	11.803
Trade and other receivables	19	50.843	50.843
<b>Assets held for sale</b>		<b>671.703</b>	<b>647.821</b>
<b>EQUITY</b>		<b>507</b>	<b>0</b>
<b>Total equity attributable to owners of the parent</b>		<b>507</b>	<b>0</b>
Retained earnings		507	0
<b>LIABILITIES</b>		<b>577</b>	<b>565</b>
Non-current liabilities		503	503
Interest bearing loans and borrowings		0	0
Government grants	27	503	503
Current liabilities		74	62
Trade payables and other current liabilities		74	62
<b>Liabilities directly associated with the assets held for sale</b>		<b>1.084</b>	<b>565</b>
<b>Net assets directly associated with disposal group</b>		<b>670.619</b>	<b>647.256</b>

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

Property, plant and equipment include assets for electricity waiting tubes, teletransmission networks, fibre optic networks, and investments for FTTH projects and increased to 146.484 k EUR at 30 June 2023 (31 December 2022: 138.455 k EUR).

The long-term receivables, other amounts to 458.789 k EUR on 30 June 2023 (31 December 2022: 444.406 k EUR) and the trade and other receivables on 30 June 2023 and 31 December 2022 amount to 50.843 k EUR and concern the receivables from the telecommunication company Telenet BV (here after Telenet).

The increase in these receivables is due to the recognition of consideration for further investments. The receivables were recognised within the framework of the following agreements.

On 24 June 1996, four Flemish cable intermunicipalities Inter-media ov (now called Fluvius Limburg ov), PBE ov, WVEM ov (now called Fluvius West ov) and Integan ov (now called Fluvius Antwerp ov) (all called Cable companies)), decided to combine their knowledge, which led to the foundation



of the network company Interkabel. All four intermunicipal companies contributed 5% of their cable network and their licences into the newly created company Interkabel. Negotiations between Interkabel and Telenet resulted in the transfer of those licences to Telenet. The right of use on those licences allowed Telenet to provide telecommunication and internet services to Flemish households. The revenues for the intermunicipal companies are received via Interkabel and are composed out of an annuity fee and a client fee.

The client fee is calculated based upon the number of connection points on the cable network. Also, for this revenue a long-term receivable is recorded, as those fees will generate a yearly revenue until 2046.

The annuity fee is related to investments made by the intermunicipal companies for which an allowance is received. Those annuities as well as the clientele fee are recorded as a finance lease because the investments are fully repaid over their economic lifetime. As a result, the investments are recorded as a long-term receivable.

Due to the increased digitalization, new agreements were contracted between Interkabel and Telenet. On 28 June 2008, both parties concluded those new agreements in which it was established that the business areas of digital and analogue clients and cable television products were transferred to the telecommunication company and as such a leasehold was established for a period of 38 years until 2046. This new agreement – leasehold agreement - results in yearly recurring revenue on the initial value of the cable network and additional allowances for the yearly investments made to the network (accruing leasehold). All the investments made are reimbursed over a period of 15 years increased by a fair compensation.

Inventories classified for operations as held for sale at 30 June 2023 amount to 13.668 k EUR (31 December 2022: 11.803 k EUR).

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

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



## Liabilities

### 23 Total equity

Equity amounts to 7.624.980 k EUR at 30 June 2023 and 7.823.207 k EUR at 31 December 2022, a decrease of 198.227 k EUR.

The various components of equity and the movements are reflected in the 'Statement of changes in equity'.

- **Contribution excluding capital, other**

Contributions excluding capital, other amount to 2.762.304 k EUR at 30 June 2023 and 2.762.203 k EUR at 31 December 2022, an increase of 101 k EUR.

The increase of Contribution outside capital, other during 2022 and the period up to 30 June 2023 is the result of the transactions, described below in the table:

(In thousands of EUR)	Contributions excluding capital, other	Contributions excluding capital, issue premiums	Total
<b>1 January 2022</b>	<b>2.749.249</b>	<b>127.411</b>	<b>2.876.660</b>
Public lighting	-139	0	-139
Sewerage	-4.206	0	-4.206
<b>Repayment of equity</b>	<b>-4.345</b>	<b>0</b>	<b>-4.345</b>
Incorporation of unavailable reserves	97	0	97
Public lighting	17.202	0	17.202
<b>Proceeds from contribution excluding capital</b>	<b>17.299</b>	<b>0</b>	<b>17.299</b>
<b>31 December 2022</b>	<b>2.762.203</b>	<b>127.411</b>	<b>2.889.614</b>
Sewerage	101	2.663	2.764
<b>Proceeds from contribution excluding capital</b>	<b>101</b>	<b>2.663</b>	<b>2.764</b>
<b>30 June 2023</b>	<b>2.762.304</b>	<b>130.074</b>	<b>2.892.378</b>

For the transactions during the period 2022, please consult the consolidated financial statements of the Fluvius Economic Group as at 31 December 2022 in the section 'Total equity' on the website [www.fluvius.be](http://www.fluvius.be).

Transactions in the period from 1 January 2023 to 30 June 2023

The additional contribution excluding capital of 2.764 k EUR relates to the final valuation as at 28 June 2023 for the contribution of the sewerage infrastructure of the municipality of Sint-Pieters-Leeuw with Riobra on 1 January 2018.



The table below gives an overview of the number of shares in the contribution excluding capital, other / share capital of each DSO at 30 June 2023 and 31 December 2022.

MEA	Contribution excluding capital, other	Contribution excluding capital, other (in thousands of EUR)	Contribution excluding capital, other	Contribution excluding capital, other (in thousands of EUR)
	Number		Number	
	30 June 2023	30 June 2023	31 December 2022	31 December 2022
Gaselwest	32.199.679	360.730	32.199.679	360.730
Imewo	28.849.650	361.135	28.849.650	361.135
Intergem	17.082.942	127.890	17.082.942	127.890
Iveka	11.342.834	133.648	11.342.834	133.648
Iverlek	41.694.383	292.778	41.694.383	292.778
Sibelgas	3.264.362	70.924	3.264.362	70.924
Fluvius OV	984	24	984	24
Fluvius West	9.983.468	249.587	9.983.468	249.587
Fluvius Limburg	23.539.450	581.914	23.539.450	581.914
Fluvius Antwerpen	30.884.865	432.103	30.884.865	432.103
PBE	2.573	8	2.573	8
Riobra	6.113.881	151.563	6.109.812	151.462
<b>Total</b>	<b>204.959.071</b>	<b>2.762.304</b>	<b>204.955.002</b>	<b>2.762.203</b>

The shares in Sibelgas concern C shares.

- **Contributions excluding capital, issue premiums**

Contributions excluding capital, issue premiums amount to 130.074 k EUR on 30 June 2023 and increased by 2.663 k EUR compared to 31 December 2022 following the final valuation for the contribution of the sewerage infrastructure of the municipality of Sint-Pieters-Leeuw on 28 June 2023.

- **Reserves**

The reserves amount to 1.781.994 k EUR on 30 June 2023 and 1.768.794 k EUR on 31 December 2022, an increase of 13.200 k EUR.

This increase stems, on the one hand from the periodic allocation to the unavailable reserves for 16.555 k EUR, on the other hand, a decrease due to the partial demerger of S-Lim cv for 3.218 k EUR (see note 'Investments in joint ventures and associates') and the allocation of a dividend distribution during the financial year in PBE for 137 k EUR.



- **Other comprehensive income**

(In thousands of EUR)	30 June 2023	31 December 2022
Related to employee benefit liabilities	38.262	165.091
Related to rights to reimbursement on post-employment employee benefits	-91.786	-200.044
Related to fair value other investments	2.146.523	2.335.638
Related to deferred tax liabilities	-319.673	-329.281
<b>Total other comprehensive income</b>	<b>1.773.326</b>	<b>1.971.404</b>

- **Dividends**

The **dividend balance** for the financial year **2022, paid out during 2023** amounted to 21.490 k EUR and with regard to the financial year 2023 a dividend distribution in PBE for 137 k EUR was allocated.

The dividend balance for the financial year 2021, paid out during 2022 amounted to 54.250 k EUR. Regarding this period, a dividend of 3.334 k EUR still needs to be paid out in PBE. On 30 June 2022, a debt to the shareholders was recognized for this purpose. The payment took place at the beginning of July 2022.

MEA (In thousands of EUR)	30 June 2023	30 June 2022
Gaselwest	3.986	4.833
Imewo	3.473	5.490
Intergem	1.739	1.979
Iveka	1.207	1.271
Iverlek	2.842	4.047
Sibelgas	742	434
Fluvius West	1.144	6.003
Fluvius Limburg	2.145	23.949
PBE	838	0
Fluvius Antwerpen	3.511	6.244
<b>Total</b>	<b>21.627</b>	<b>54.250</b>

Amendments of the dividend policy and pay-out date have been elaborated for the regulatory activities of electricity and gas in the Consolidated Financial Statements IFRS of 31 December 2022 - see note 'Total equity'.

- **Retained earnings**

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

- **Non-controlling interest**

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



It comprises the participation held by Farys/TMVW in 'De Stroomlijn cv', by Synductis in 'De Stroomlijn cv' and the participation acquired during 2019 of De Watergroep in 'De Stroomlijn cv' (7 k EUR).

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

(In thousands of EUR)	30 June 2023	31 December 2022
<b>Long-term loans</b>	<b>7.250.767</b>	<b>6.335.497</b>
Current portion of long-term loans	947.973	958.004
Short-term loans	41.503	319.512
<b>Short-term loans</b>	<b>989.476</b>	<b>1.277.516</b>
<b>Total</b>	<b>8.240.243</b>	<b>7.613.013</b>

Long and short-term loans amount to 8.240.243 k EUR at 30 June 2023 and 7.613.013 k EUR at 31 December 2022, an increase of 627.230 k EUR.

This increase is mainly the result of, on the one hand, additional borrowings on long-term with a total nominal issuance of 940.000 k EUR and, on the other hand, the partial repayment of the short-term loans (278.009 k EUR) and the repayment of the short-term portion of long-term loans (30.973 k EUR). These remaining financial resources – after repayment of existing loans - will be needed and used to allow for investments in infrastructure, a.o. in the context of the energy transition and energy efficiency, water infrastructure, district heating grids, renewable energy etc..

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



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

(In thousands of EUR)	30 June 2023		31 December 2022	
	Cash	Non-cash	Cash	Non-cash
Total as at 1 January	7.613.013		7.196.108	
<b>Movements on non-current loans (LT)</b>				
Proceeds of non-current loans	934.428	0	1.295.031	0
Change in non-current loans	0	1.503	0	2.648
Transfer of short-term portion of LT loan to ST	0	-20.661	0	-939.547
<b>Movements on current loans (ST)</b>				
Proceeds of current loans	41.503	0	319.512	0
Transfer of short-term portion from LT loan to ST	0	20.661	0	939.547
Change in current loans	0	281	0	-4.484
Repayment of short-term portion of long-term loan	-30.973	0	-710.574	0
Repayment current loans	-319.512	0	-485.228	0
<b>Total movements</b>	<b>625.446</b>	<b>1.784</b>	<b>418.741</b>	<b>-1.836</b>
<b>Total at end of reporting period</b>	<b>8.240.243</b>		<b>7.613.013</b>	

### Long-term loans

This item contains the issuances since 2010 of bond loans and private placements and the registration of the bank loans.

The increase of 915.270 k EUR compared to 31 December 2022 is due to the issuance of an institutional and a green retail bond of 694.582 k EUR and 239.846 k EUR, respectively. The institutional bond was issued in May 2023 for a term of 10 years at a coupon of 3,875%. The retail green bond was issued in June 2023 for a term of 4 years at a coupon of 4% and falls within the Fluvius Green Financing Framework. Also, an amount of 20.661 k EUR was transferred from bank loans to short term and the transaction costs related to the issuance of loans which are spread over the term of the bond loans amounting to 1.503 k EUR.



Additional loans were taken during the first six months of 2023 and during the year 2022:

(In thousands of EUR)	2023	2022	Initial amount	Interest rate %	Maturity
Bond issue - EMTN* - May 2023	694.661		700.000	3,88	2033
Bond issue - Retail (Green) - June 2023	239.847		240.000	4,00	2027
<b>Total 30 June 2023</b>	<b>934.507</b>		<b>940.000</b>		
Bankloans - Fixed interest rate - June 2022	149.883	149.868	150.000	1,57	2027
Bond issue - EMTN* - July 2022	496.349	496.148	500.000	4,00	2032
Bond issue - EMTN* - July 2022	49.915	49.911	50.000	4,28	2034
Bond issue - EMTN* - October 2022	49.804	49.799	50.000	4,78	2042
Bond issue - EMTN* - November 2022	49.912	49.908	50.000	4,63	2034
Bond issue - EMTN* - November 2022	14.963	14.961	15.000	4,61	2034
Bankloans - Fixed interest rate - December 2022	199.825	199.805	200.000	3,25	2027
Bond issue - EMTN* - December 2022	34.861	34.858	35.000	4,25	2042
Bankloans - Fixed interest rate - December 2022	250.000	250.000	250.000	3,44	2037
<b>Total 31 December 2022</b>	<b>1.295.511</b>	<b>1.295.258</b>	<b>1.300.000</b>		

\*EMTN = Euro Medium Term Note programme

The former Eandis System Operator successfully issued bonds in the framework of its 5.000.000 k EUR **Euro Medium Term Note (EMTN) programme** launched in 2011 and which ran through 2021.

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

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

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

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

For the issues under the 2020 EMTN programme, the principle is that all MEAs belonging to the 'Fluvius Economic Group' will each act as guarantor on a non-committed and non-solidary basis but limited to the proportional share in the 'Contribution excluding capital, other' of the operating company.

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

All outstanding loans are denominated in EUR.



The MEAs are using these funds primarily to fund their ongoing investments in their networks and the digital meter project as well as for refinancing purposes of bond loans, the participation in Publi-T and to implement the energy transition.

The capital of the bond loans and the green bond is **payable** on the maturity date. The bank loans have periodic due dates, usually on an annual basis but a few on a monthly basis.

**Derivative contracts** have been concluded for loans with a variable interest rate to swap the variable interest rate to a fixed rate (see note 'Derivative financial instruments').

### Loans, current

Current loans include the portion of the non-current loans that will expire and are repayable within the year (947.973 k EUR at 30 June 2023; 958.004 k EUR at 31 December 2022) ) and the loans drawn with financial institutions (41.503 k EUR at 30 June 2023; 319.512 k EUR at 31 December 2022). As at 30 June 2023, 30.000 k EUR of commercial papers were still outstanding in Fluvius System Operator and a short-term loan of 11.500 k EUR was outstanding in Sibelgas.

The Group can call on the following credit facilities:

(In thousands of EUR)	Maturity	Available amounts	Amounts used	Amounts not used	Average interest rate*
Commercial paper	(1)	500.000	30.000	470.000	3,83%
Fixed advances	NA	200.000	0	200.000	NA
Fixed loans/Bank overdraft	Daily	200.000	3	199.997	9,01%
Fixed loans	NA	25.000	0	25.000	NA
Loans from third parties	NA	19.500	11.500	8.000	2,57%
<b>Total at 30 June 2023</b>		<b>944.500</b>	<b>41.503</b>	<b>902.997</b>	
Commercial paper	(1)	500.000	300.000	200.000	0,25%
Fixed advances	NA	200.000	0	200.000	NA
Fixed loans/Bank overdraft	Daily	200.000	12	199.988	9,01%
Fixed loans	NA	25.000	0	25.000	NA
Loans from third parties	NA	25.000	25.000	0	0,84%
<b>Total at 31 December 2022</b>		<b>944.500</b>	<b>319.512</b>	<b>624.988</b>	

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

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

NA: Not applicable

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

### IBOR reform

Information regarding this reform, is available in the consolidated financial statements IFRS of year-end 2022 - note 'Interest bearing loans and borrowings' - as published and available on the website [www.fluvius.be](http://www.fluvius.be)



### Evaluation of the conversion

On 30 June 2023, no contracts are subject to the Eonia, new contracts were concluded at the new reference rate €STER.

As there is currently no concrete decision to stop using the Euribor, the risk of contracts being converted or terminated is considered very low in the period up to 2024. After 2024, this currently concerns short-term loans (the Commercial Paper programme) - through which 30.000 k EUR debt securities were issued at 30 June 2023 - and bank loans with a derivative structure.

Below is the overview of the bank loans with a derivative structure at 30 June 2023 and 31 December 2022 that will still be outstanding after 2024 and are related to Euribor.

(In thousands of EUR)	30 June 2023	31		Interest rate %	Maturity
		December 2022	Issuance		
Bank loans - with derivative structure	72.199	72.199	250.000	4,18	2026
Bank loans - with derivative structure	69.427	69.427	250.000	3,55	2027
Bank loans - with derivative structure	41.003	41.003	74.000	2,84	2036
Bank loans - with derivative structure	28.875	30.625	70.000	3,31	2031
<b>Total</b>	<b>211.503</b>	<b>213.253</b>	<b>644.000</b>		

The long-term portion of these loans on 30 June 2023 amounts to 174.313 k EUR (31 December 2022: 176.063 k EUR).

### 25 Employee benefit liabilities

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

As a result of the revision, the effects of the higher discount rates, experience adjustments and the increase in the fair value adjustments of the plan assets were recognised as actuarial differences in other comprehensive income.

The employee benefit liabilities amount to 407.558 k EUR at 30 June 2023 and 290.376 k EUR at 31 December 2022.

The total increase of 117.182 k EUR is mainly due to the rising inflation which has a major impact on the pension obligations of the statutory employees and adjustments to the assumptions, the increasing discount rate, experience adjustments and return on plan assets. This increase was recognized as an expense via the statement of profit or loss for a total of 9.647 k EUR and via other comprehensive income (loss) for 126.829 k EUR.

Furthermore, an amount of 118.710 k EUR at 30 June 2023 (15.461 k EUR at 31 December 2022) was recorded as a reimbursement right since it can be recovered through the future tariffs. The treatment was pro-rata the movement in provisions: in the statement of profit or loss (-5.009 k EUR as a net expense) and via the unrealized results (108.258 k EUR as a profit).

### 26 Derivative financial instruments

As a liability on the balance sheet the derivative financial instruments amount to 1.250 k EUR at 30 June 2023 and 2.076 k EUR at 31 December 2022, a decrease of 826 k EUR.

As an asset on the balance sheet the derivative financial instruments amount to 2.289 k EUR at 30 June 2023 and 1.890 k EUR at 31 December 2022, a decrease of 399 k EUR



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

### **27 Provisions**

Provisions decline from 9.425 k EUR at 31 December 2022 to 9.407 k EUR at 30 June 2023. These provisions include the provision for rehabilitation costs of various polluted gas factory sites for 9.407 k EUR (31 December 2022: 9.425 k EUR).

### **28 Government grants**

Government grants amount to 377.075 k EUR at 30 June 2023 and 354.182 k EUR at 31 December 2022, an increase of 22.893 k EUR.

The increase in capital grants can be mainly explained by the receipts for 26.392 k EUR (30 June 2022: 13.162 k EUR) and the processing (use) for 3.499 k EUR (30 June 2022: 3.389 k EUR).

### **29 Trade payables and other current liabilities**

Trade payables and other current liabilities amount to 886.708 k EUR at 30 June 2023 and 749.849 k EUR at 31 December 2022, an increase of 136.859 k EUR.

This increase is mainly the result of an increase in 'Other current liabilities' of 137.842 k EUR, an increase in 'Trade payables' by 18.688 k EUR and a decrease in 'VAT and other tax payables' by 25.024 k EUR.

The item 'Other current liabilities' mainly contains attributable costs (30 June 2023: 386.762 k EUR; 31 December 2022: 230.920 k EUR) of which the provisions for financial costs on debt (30 June 2023: 92.097 k EUR; 31 December 2022: 47.858 k EUR), the provision for transmission costs concerning transit via Elia (30 June 2023: 29.994 k EUR; 31 December 2022: 0 k EUR), the provision for grid losses (30 June 2022: 21.485 k EUR; 31 December 2022: 12.556 k EUR), a cash advance received from Publi-T and Publigas (30 June 2023: 39.356 k EUR; 31 December 2022: 0 k EUR), and the provisions for personnel costs and employee benefit expenses as well as payables concerning the sewerage funds.

### **30 Current tax liabilities**

The net tax liability at 30 June 2023 amounts to 10.976 k EUR (of which 14.647 k EUR tax asset and 3.671 k EUR tax liabilities) compared to a net tax asset of 2.765 k EUR at 31 December 2022. This item represents the outstanding income taxes payable related to previous financial periods and the estimated tax liability of the current financial year for the different companies of the Group.



## Financial instruments

### 31 Financial instruments: risks and fair value

#### Risks

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

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

#### Fair value

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

#### Fair value hierarchy

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

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3 inputs are unobservable inputs for the asset or liability.

The financial assets related to Publigas recognised as level 2 financial assets were valued based on an external valuation report that contains information about the company until 1 March 2023.

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

The fair value of the quoted bonds, issued for a total amount of 5.800,5 million EUR varies according to the market interest rate. The fair value at 30 June 2023 amounts to 5.335,6 million EUR and differs both from the amount that will be reimbursed and from the carrying value. The fair value was obtained based on the indicative quotations on Bloomberg (Bloomberg is a prominent provider of business and financial market news. It delivers world economic news, quotes for stock futures, stocks and other).



As of 30 June 2023 the fair values are:

(In thousands of EUR)	Fair value Level 1	Level 2	Level 3	Book value
Other investments	46.481	2.658.263	5.251	2.709.995
Derivative financial instruments	0	2.289	0	2.289
Long-term receivables, other	94.838	0	0	94.838
Green energy and cogeneration certificates (GEC & CGC)	393.692	0	0	393.692
Trade and other receivables excluding GEC and CGC	914.810	0	0	914.810
Short-term receivables, other	14.647	0	0	14.647
Cash and cash equivalents	61.757	0	0	61.757
<b>Total</b>	<b>1.526.225</b>	<b>2.660.552</b>	<b>5.251</b>	<b>4.192.028</b>
Loans on short-term	988.415	0	0	989.476
Loans on long-term	6.813.551	0	0	7.250.767
Lease liabilities	30.885	0	0	30.885
Derivative financial instruments	0	1.250	0	1.250
Total current liabilities, other	890.379	0	0	890.379
<b>Total</b>	<b>8.723.230</b>	<b>1.250</b>	<b>0</b>	<b>9.162.757</b>

As of 31 December 2022 the fair values are:

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



## Other information

### 32 Related parties

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

### 33 Contingencies

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

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

Following the acquisition of the customer base of cable television and the establishment of a ground lease on the cable network by Telenet, Proximus claimed in the Court of First Instance of Antwerp to have the contracts annulled. This claim was rejected at first instance (judgement of 6 April 2009). Proximus then appealed to the Court of Appeal of Antwerp. The claim of Proximus was the disclosure of the full documents relating to the agreement between Telenet, Interkabel and the cable companies. It 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 entire Proximus claim.

At the end of June 2019, Proximus filed an appeal in cassation against this judgement.

On 22 January 2021, the Court of Cassation ruled on this appeal and decided that the judgement of the Court of Appeal of Antwerp should be partially annulled.

The partial annulment only relates to the point that the Court of Appeal of Antwerp did not sufficiently justify the annulment of the agreement between Telenet and the MEAs but does not express an opinion on this point. In order to examine and rule on this, the case is sent to the Court of Appeal of Brussels.

On 16 June 2021, Proximus sued Telenet and the cable operators in appeal after cassation. By means of these proceedings, Proximus claimed the nullity of the agreements between Telenet and the cable companies. In addition, Proximus again claims damages (provisionally estimated at 1 euro) for the erroneous conclusion and maintenance of the agreements. Furthermore, Proximus seeks the cessation of the execution of the agreements and asks for a preliminary ruling in the event that it is considered that no legal remedy/indemnity would be possible for Proximus due to the violation of the principles of equality and transparency. In the first notice of appeal filed by



Proximus after the appeal in cassation, its provisional claim for damages had not yet been estimated. Also, in Proximus' s latest claim filed in December 2022, its claimed damages have still not been quantified and its claim remains limited to EUR 1 provisional. Proximus requests that the debate on the exact extent of the damages be left to a second stage, following an interlocutory judgement by the Court on the liability of Telenet and/or the cable operators. Subordinately, Proximus asks for the appointment of a court expert with the task of giving an opinion on the damages. All conclusions have since been filed. The pleading date is not yet known.

### **34 Events after the reporting date**

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



## Operating in a regulated environment

### 35 Operating in a regulated environment

#### 35.1 Electricity and gas

The Group operates in a regulated environment and, hence, revenue is based on tariffs approved by the regulator.

As a result of the sixth State Reform, the Flemish Government became responsible for setting the distribution tariff methodology for gas and electricity. This power was entrusted to the VREG - Flemish Electricity and Gas Market Regulator - which, as of 1 July 2014, took over the power from the CREG, the federal regulator.

- **Tariff methodology**

For the description of the regulated tariff methodology and the details on the tariff methodology for the period 2021-2024 and the tariffs for 2023, please refer to the 'Consolidated Financial statements of the Fluvius Economic Group' at 31 December 2022, chapter "Operating in a regulated environment" as published on the website [www.Fluvius.be](http://www.Fluvius.be).

- **Additional information**

On 6 July 2022, the VREG decided to impose a fine on the distribution system operators for non-compliance with the obligation to send monthly usage data to suppliers to inform their customers. In the run-up to the effective date of 1 April 2023, Fluvius has made thorough preparations to gradually provide informative monthly volumes to energy suppliers on that date.

Despite all efforts, the activation could not be implemented, as market parties would experience problems and damage with a negative impact on customers / end users.

After the decision and the collection letters for the fines from the VREG, Fluvius took a positive attitude and continued to consult constructively with the VREG and the suppliers. The Group aims to gradually start up Informative Monthly Volumes in a controlled manner in 2023, without prejudice to the commitment to send out these volumes for customers (with digital meter) in 2024.

- **Accounting treatment**

The regulatory transfers are booked on specific balance sheet accounts and are called 'regulatory balances' since the tariff methodology is determined by the VREG, in contrast to the differences that arose during previous tariff methodologies, determined by the CREG, which were called 'regulatory assets / liabilities'. The movements of these accounts including the federal contribution (additions, recoveries and regularisations) constitute the regulatory transfers.



Overview of the assets and liabilities of the settlement mechanism.

(In thousands of EUR)	30 June 2023	31 December 2022
Transfers 2022	270	270
Transfers 2023	64	0
<b>Total federal contribution</b>	<b>334</b>	<b>270</b>
Balances from 2020	2.752	5.504
Balances from 2021	-102.857	-135.116
Balances from 2022	121.367	144.718
Balances from 2023	150.129	0
<b>Total regulatory balances</b>	<b>171.391</b>	<b>15.106</b>
<b>Total amount recoverable</b>	<b>171.725</b>	<b>15.376</b>
of which reported as Current assets/(liabilities)	171.725	15.376



Reconciliation of the settlement mechanism.

(In thousands of EUR)	30 June 2023	31 December 2022
<b>Regulatory assets/(liabilities) at 1 January</b>	<b>15.376</b>	<b>-185.793</b>
Paid to/received from CREG	0	14.824
Recovered transfer	0	0
Additional transfers from 2022	0	270
Additional transfers from 2023	64	0
<b>Total movements federal contribution</b>	<b>64</b>	<b>15.094</b>
Additional transfers from 2021	0	-16
Additional transfers from 2022	0	144.718
Additional transfers from 2023	150.129	0
Recovered transfer from 2016	0	-38
Recovered transfer from 2017	0	1.234
Recovered transfer from 2018	0	37.519
Recovered transfer from 2019	0	9.140
Recovered transfer from 2020	-2.752	-400
Recovered transfer from 2021	32.259	-6.082
Recovered transfer from 2022	-23.351	0
<b>Total movements regulatory balances</b>	<b>156.285</b>	<b>186.075</b>
<b>Total movements</b>	<b>156.349</b>	<b>201.169</b>
of which - movement through the income statement	156.349	186.345
of which - paid to/received from CREG federal contribution	0	14.824
<b>Regulatory assets/(liabilities) at the end of the reporting period</b>	<b>171.725</b>	<b>15.376</b>

On 18 July 2022, the VREG approved the regulatory balances for electricity and gas concerning the 2022 financial year except for an additional income of 808 k EUR.

We hereby draw attention to the fact that the regulatory balances with respect to the accounting period up to June 2023 were estimated, taking into account all available information. However, these amounts will only be final after approval of these balances by the VREG. This uncertainty includes the fact that the control by the regulator could still lead to additional differences which then need to be processed via adjustments to the regulatory assets/liabilities or the result of the next accounting year.

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

On 30 January 2014, the IASB published a new standard IFRS 14 *Regulatory Deferral Accounts*. This new standard is applicable for "first time adopters" and allows the recording of regulated assets and liabilities as separate items of the balance sheet and profit and loss account. This standard was not endorsed by the EU and is awaiting the final standard. On 28 January 2021, the IASB published a draft for the regulated assets and liabilities 'Exposure Draft ED/2021/1 *Regulatory*



*Assets and Regulatory Liabilities*'. Based on the feedback received, the IASB is working on the further development of the new standard. No date has yet been set to publish this standard.

### **35.2 Other**

The operation and regulation of the **sewerage activity** has been described in the IFRS Consolidated Financial Statements of this Group for 2022. It can be consulted on the website [www.fluvius.be](http://www.fluvius.be).

For sewerage, Fluvius's income comes from subsidies from VMM (Vlaamse MilieuMaatschappij) for sewerage projects, from the municipal remediation contribution (GSB) and from any landowners. The GSB is charged by the water company to the consumer on the water bill and passed on to Fluvius.

There are agreements with Telenet for income related to **cable activities**. Fluvius is remunerated for both maintenance costs ('opex fee') based on an agreed amount that is indexed annually and for investments based on pre-approved investment budgets.

On 1 July 2023, the Fluvius group's public electronic communication networks activity was transferred to Wyre. Fluvius will, however, carry out certain maintenance (OPEX) and investment (CAPEX) work on behalf of Wyre during a transition period. These works and services will be invoiced to Wyre during the transition period.



## Auditor's report



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

#### **Introduction**

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

#### **Scope of Review**

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

#### **Conclusion**

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

Besloten vennootschap  
Société à responsabilité limitée  
RPR Brussel - RPM Bruxelles - BTW-TVA BE0446.334.731-IBAN N° BE71 2100 9059 0069  
\*handelend in naam van een vennootschap/agissant au nom d'une société

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#### Emphasis of matter

We draw the attention to Note 35 "Operating in a regulated environment" to the Interim Condensed Consolidated Financial Statements which describes the specificities of the regulatory framework as well as tariffs and related accounting treatment. The information also clarifies the uncertainties related to the financial balances resulting from tariff settlement mechanisms which are still to be approved by the responsible regulators. Our conclusion is not qualified in respect of this matter.

Ghent, 27 September 2023

EY Bedrijfsrevisoren BV  
Statutory auditor  
represented by

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

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