Economic Group Fluvius

Consolidated Financial Statements IFRS

Year end 31 December 2023

Translation - Dutch Version is binding

Content

Financial Statements

Consolidated statement of profit or loss

(In thousands of EUR)	Notes	2023	2022
Operating revenue	**4**	**3.749.621**	**3.249.064**
Revenue from contracts with customers		2.325.920	2.400.414
Other operating income		671.069	206.082
Own construction, capitalized		752.632	642.568
Operating expenses		**-3.205.176**	**-2.824.971**
Cost of trade goods	5	-1.246.733	-1.161.151
Cost for services and other consumables	6	-756.476	-531.059
Employee benefit expenses	7	-663.270	-662.017
Depreciation, amortization, impairments and changes in provisions	8	-560.163	-551.306
Other operational expenses	9	-121.462	-105.783
Regulated transfers	10, 35	142.928	186.345
Result from operations		**544.445**	**424.093**
Finance income	11	74.862	149.937
Finance costs	11	-245.007	-163.733
Share of profit (loss) of associates and joint ventures		10.178	0
Profit before tax		**384.478**	**410.297**
Income tax expenses	12	-24.153	-64.549
Profit for the period		**360.325**	**345.748**

Consolidated statement of comprehensive income

(In thousands of EUR)	Notes	2023	2022
Profit for the period		**360.325**	**345.748**
Other comprehensive income			
Items not to be reclassified to profit or loss in subsequent periods			
Actuarial gains (losses) on long-term employee benefits	24	-153.538	278.114
Actuarial gains (losses) on rights to reimbursement on post-employment employee benefits	24	137.676	-198.553
Fair value other investments	17	-230.860	368.565
Deferred tax gains (losses)	12	14.257	-9.865
Net other comprehensive income not being reclassified to profit or loss in subsequent periods		**-232.465**	**438.261**
Total comprehensive income for the period		**127.860**	**784.009**

Consolidated statement of financial position

(In thousands of EUR)	Notes	2023	2022
Non-current assets		**17.027.820**	**15.390.010**
Intangible assets	13	128.763	113.541
Property, plant and equipment	14	12.959.111	12.340.362
Right-of-use assets	15	73.873	27.869
Investment in joint ventures and associates	16	847.657	2.017
Other investments	17, 30	2.667.078	2.789.354
Rights to reimbursement on post-employment employee benefits	24	141.291	15.461
Derivative financial instruments	25, 30	0	1.890
Long-term receivables, other	18, 30	210.047	99.516
Current assets		**1.595.715**	**1.852.487**
Inventories	19	190.475	163.720
Short-term receivables, other	18, 30	25.804	7.735
Trade and other receivables	20, 30	1.292.209	944.620
Current tax assets	29, 30	25.601	8.362
Cash and cash equivalents	21, 30	61.626	80.229
Assets held for sale		0	647.821
TOTAL ASSETS		**18.623.535**	**17.242.497**
EQUITY	**22**	**7.784.725**	**7.823.207**
Total equity attributable to owners of the parent		**7.784.625**	**7.823.107**
Contributions excluding capital, other		2.786.536	2.762.203
Contributions excluding capital, issue premiums		132.230	127.411
Reserves		2.094.767	1.768.794
Other comprehensive income		1.738.939	1.971.404
Retained earnings		1.032.153	1.193.295
Non-controlling interest		**100**	**100**
LIABILITIES		**10.838.810**	**9.419.290**
Non-current liabilities		**9.306.031**	**7.375.115**
Interest bearing loans and borrowings	23, 30	8.063.135	6.335.497
Lease liabilities	15, 30	74.815	21.055
Employee benefit liabilities	24	434.628	290.376
Derivative financial instruments	25, 30	2.354	2.076
Provisions	24	9.371	9.425
Deferred tax liability	12	339.326	362.504
Government grants	27	382.402	354.182
Current liabilities		**1.532.779**	**2.044.175**
Interest bearing loans and borrowings	23, 30	738.583	1.277.516
Lease liabilities	15, 30	11.714	10.558
Trade payables and other current liabilities	28, 30	777.852	749.849
Current tax liabilities	29, 30	4.630	5.687
Liabilities directly associated with the assets held for sale		0	565
TOTAL EQUITY AND LIABILITIES		**18.623.535**	**17.242.497**

Consolidated statement of changes in equity

(In thousands of EUR)	Contributions excluding capital	Reserves	Other comprehensive income	Retained earnings	Total equity attributable to equity holders	Non-controlling interest	Total
Balance at 1 January 2022	**2.876.660**	**1.734.714**	**1.533.143**	**1.102.744**	**7.247.261**	**100**	**7.247.361**
Total comprehensive income for the period	0	0	438.261	345.748	**784.009**	0	**784.009**
Repayment of equity	-4.345	0	0	0	**-4.345**	0	**-4.345**
Issue of Equity	17.299	-97	0	0	**17.202**	0	**17.202**
Addition/decrease reserves	0	34.177	0	-34.177	**0**	0	**0**
Dividends paid	0	0	0	-221.020	**-221.020**	0	**-221.020**
Balance at 31 December 2022	**2.889.614**	**1.768.794**	**1.971.404**	**1.193.295**	**7.823.107**	**100**	**7.823.207**
Balance at 1 January 2023	**2.889.614**	**1.768.794**	**1.971.404**	**1.193.295**	**7.823.107**	**100**	**7.823.207**
Total comprehensive income for the period	0	0	-232.465	360.325	**127.860**	0	**127.860**
Repayment of equity	-3	-3.218	0	0	**-3.221**	0	**-3.221**
Issue of Equity	29.155	-307	0	0	**28.848**	0	**28.848**
Addition/decrease reserves	0	329.635	0	-329.960	**-325**	0	**-325**
Dividends paid	0	-137	0	-191.507	**-191.644**	0	**-191.644**
Balance at 31 December 2023	**2.918.766**	**2.094.767**	**1.738.939**	**1.032.153**	**7.784.625**	**100**	**7.784.725**

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

The column 'Contributions excluding capital' contains the contribution outside capital, other amounting to 2.786.536k EUR (2022: 2.762.203 k EUR) and the contribution outside capital, issue premium amounting to 132.230 k EUR (2022: 127.411 k EUR) (see note 'Equity').

Consolidated statement of cash flows

(In thousands of EUR)	Notes	2023	2022
Profit for the period		360.325	345.748
Amortization of intangible assets	8, 13	45.097	42.166
Depreciation on property, plant and equipment and right-of-use assets	8, 14, 15	512.737	492.445
Change in provisions (Reversal -; Recognition +)	8	-54	185
Impairment current assets (Reversal -; Recognition +)	8, 30	2.383	16.510
Gains or losses on realization receivables	4, 9	13.901	11.783
Net finance costs		175.281	62.225
Share of profit (loss) of associates and joint ventures	16	-10.178	0
Change in fair value of derivative financial instruments	25	2.167	-41.590
Gains or losses on non-current assets		-209.285	87.292
Movement in government grants	27	-7.303	-6.840
Income tax expense	12	24.153	64.549
Change in inventories		-28.620	-34.407
Change in trade and other receivables		-373.644	55.247
Change in trade payables and other current liabilities		2.389	-149.394
Change in employee benefits		2.560	3.107
Interest paid		-189.908	-146.160
Interest received		63.313	88.905
Financial discount on debts	11	314	183
Income tax paid (received)	12	-51.370	-83.010
Net cash flow from operating activities		**334.258**	**808.944**
Proceeds from sale of property, plant and equipment		16.266	2.981
Purchase of intangible assets	13	-60.319	-37.694
Purchase of property, plant and equipment	14	-1.211.898	-1.010.285
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		-106	11
Receipt of a government grant	27	35.523	24.864
Net cash flow used in investing activities		**-1.336.852**	**-1.020.118**

(In thousands of EUR)	Notes	2023	2022
Proceeds from contributions excluding capital		29.155	17.202
Repayment of contributions excluding capital		-3	-4.345
Repayment of borrowings	23	-957.275	-710.574
Proceeds from borrowings	23	500.000	599.650
Proceeds from bonds/borrowings	23	1.427.225	695.381
Payment of finance lease liabilities	15	-15.186	-16.467
Change in current financial liabilities	23	215.988	-165.717
Provide long-term loans		-32.000	0
Repayment long-term loans		7.731	7.957
Dividends paid	22	-191.644	-221.020
Dividends received		0	0
Net cash flow from/used in financing activities		**983.991**	**202.067**
Net increase/decrease in cash	**21**	**-18.603**	**-9.107**
Cash and cash equivalents at the beginning of period	**21**	**80.229**	**89.336**
Cash and cash equivalents at the end of period	**21**	**61.626**	**80.229**

* In 2023, the item ‘Gains or losses on non-current assets' also includes the results related to the Wyre transaction for 286.827 k EUR (see note 'Investments in joint ventures and associates').

Notes to the consolidated financial statements

1 Reporting entity

The consolidated financial statements of the Economic Group Fluvius comprise - apart from the accounts of the **eleven Flemish mission entrusted associations** (MEAs) Gaselwest, Imewo, Intergem, Iveka, Iverlek, Sibelgas, Fluvius West, Fluvius Limburg, Fluvius Antwerpen, PBE and Riobra - the accounts of its subsidiaries, the working company Fluvius System Operator cv with its subsidiaries, joint ventures and associates. In addition, the accounts of the company Fluvius OV (VAT BE0201.311.226) and Interkabel Vlaanderen cv (VAT BE 0458.440.014) (until 30 June 2023) are also included in the Fluvius Economic Group.

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

All companies of the Group are registered in the Flemish Region (Belgium). The aforementioned MEAs are **regulated** according to the Flemish Decree on Local Government of 22 December 2017 (as amended). A mission entrusted association is an intermunicipal legal entity which the participating municipalities have entrusted with the management of certain public utilities. The duration of the MEAs of the Economic Group Fluvius has been determined until 29 March 2037, for Riobra, the extension of the duration until this date was approved by the General Meeting 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 (See note 'Operating in a regulated environment'). The company Riobra should be considered as a MEA, not as an energy DSO.

The **statutory aim** of the MEAs is the distribution system operation as understood by the Flemish regulations (the 'Energy Decree' with the technical regulations) with respect to the distribution of electricity and gas, the transport of signals via electronic communication networks; the management and purification of wastewater and rainwater, the exercise of any ancillary activity, such as public lighting, district heating, , the management of (strategic) participations and the infrastructure for public lighting. As of 1 July 2023, the activities related to the public electronic communications networks were transferred to Wyre bv (see note 'Investments in joint ventures and associates').

Fluvius has chosen to obtain **a rating** from the rating agency 'Moody's Investor Services Ltd.' (Moody's) and decided to no longer actively pursue a rating with 'Creditreform Rating AG' (Creditreform). Further information was included in the note 'Financial instruments: policy'.

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

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

The Economic Group employed on average 5.831 persons during 2023.

This financial report for the financial year ended 31 December 2023 has been established by the operating company's Management Committee on 14 March 2024.

2 Summary of significant accounting policies

2.1 Statement of compliance and basis of presentation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as published by the International Accounting Standard Board (IASB) and endorsed by the European Union. The Group has not early adopted any new IFRS standard that is effective after 2023.

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

2.2 Principles of consolidation

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

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

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

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

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

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

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

2.3 Significant accounting policies

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

a) Operating income

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

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

Revenue from contracts with customers

Distribution and transport grid revenue (energy transport)

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

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

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

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

Sale of energy – Social function (energy supply)

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

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

Construction works for third parties

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

The proceeds from construction works for third parties are valued on the basis of the remuneration which the Group expects to be entitled to as a result of the contract. The contracts do not include variable elements.

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

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

Ex-Infrax MEAs and ex-Integan owned the cable network. In 2008, this cable network was given as a ground lease to Telenet. However, a part of the network could be used by the companies of ex-Infrax Group for a limited number of services. Such services (*Fluvius Net / Infra-X)* were provided to the municipalities for internet (internet service provider) and telephony (operator) and were invoiced and recognized as revenue on a monthly basis. As a result of the Wyre transaction, this leasehold and services from the Group have been discontinued as of 30 June 2023.

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

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

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

Own construction, capitalized
Costs related to investments are periodically settled and capitalized under the item Own construction, capitalized'. This process ensures that these items cannot be regarded as income from the business activities.

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

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

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

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

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

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

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

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

c) Intangible assets

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

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

Intangible assets with definite useful lives are amortised using the straight-line method over their expected useful lives. Amortisation starts from the moment of commissioning.
If the carrying amount of an intangible asset exceeds its recoverable amount, the carrying amount is reduced to reflect the impairment.

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

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

d) Property, plant and equipment

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

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

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

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

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

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

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

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

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

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

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

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

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

e) Leasing

Right-of-use assets

The annual depreciation percentages of leasing are as follows:

Buildings	11,11% to 33,33%
Installation, machinery and equipment	20,00%
Furniture and vehicles	20,00%

Lease liabilities

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date and that do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases with a value below 5.000 euro.

Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

f) Investments in joint ventures and associates

Investments in joint ventures and associates are accounted for using the equity method and are initially recognised at cost. Unrealised gains and losses arising from transactions between the Group and the joint venture or associate shall be eliminated to the extent of the interest in the associate or joint venture.

The carrying amounts of the investments are adjusted to reflect changes in the Group's share of the net assets of the joint venture or associate since the acquisition date.

The Group's share in the results of a joint venture and associate is recognised in the Group's income statement and will be reported on “Share of profit (loss) of associates and joint ventures”. This share in the results is not part of the operating profit and represents the profit/loss for the reporting period of the joint venture and associate.

g) Other investments

All investments are accounted for at trade date.

Investments in equity instruments consist of interests in entities in which the Group does not have significant influence or control. This is the case in companies where the Group has less than 20% of the voting rights.

These investments are classified as financial assets and are measured at fair value. The effects of revaluations are recognised in the profit or loss statement (fair value through profit or loss) if these are held for trading purposes and through other comprehensive income for the other strategic investments (fair value through comprehensive income).

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

h) Inventories

Inventories have been measured at purchase cost. Their value has been determined using the moving weighted average method.

An impairment is carried out on inventories if, due to their obsolescence, they are no longer usable or if their carrying amount exceeds the estimated sales price. If items of inventory have not been used for more than one year, an impairment of 100,00% is recorded.

This impairment loss is recognized as an expense in the statement of profit or loss.

i) Trade and other receivables

Trade and other receivables are measured at amortized cost.

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

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

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

j) assets held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuous use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.
The criteria for held-for-sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group are available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.
Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.
Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

k) Contribution outside capital, other

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

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

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

l) Loans and borrowings

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

m) Employee benefit liability

Pension plans and other post-employment benefits

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

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

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

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

Past service costs are recognized in the statement of profit or loss in the period of a plan amendment.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability.

The amounts recognized in the statement of profit or loss comprise service costs (including current service costs, past service costs, gains and losses on other long-term employee benefits as well as curtailments and settlements), net interest expense or income and remeasurement.

The Group presents the first two components of the defined benefit costs in the statement of profit or loss on the line item 'Employee benefit expenses' and 'Financial expenses'.

Other long-term employee benefits contain provisions for retirement and jubilee bonuses, deferred leave and overtime.

These benefits are treated in the same manner as pension plans. However, past service costs and actuarial gains and losses have immediately been recognized in the statement of profit or loss.

All pension liabilities are annually valued by a qualified actuary.

Right to reimbursement on post-employment employee benefits

The Energy Decree of 2009 (as amended) defined and the current tariff methodology confirms that the stranded costs, which consist of the charges for the unfunded pensions or the pensions of the public sector, are eligible for inclusion in the tariffs. Since it is virtually certain that these costs will be borne by third parties, a reimbursement right on post-employment employee benefits was recognized as an asset.

The reimbursement rights are therefore recognized at the same value as the recognized employee benefit liabilities (fair value). The adjustments are recognized in the same period in both profit and loss and other comprehensive income to reflect changes in assumptions or experience adjustments.

n) Derivative financial instruments

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

o) Provisions, other

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

p) Trade and other liabilities

Trade and other liabilities have been measured at amortized cost.

q) Income tax expense

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

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

2.4 Summary of changes in accounting policies applicable as from 2023

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

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies

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

2.5 Use of estimates and judgments

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

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

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

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

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

estimates which implementation and configuration costs are eligible to be capitalised. This takes into account the IFRIC decision of April 2021, which provided clarification regarding these costs.

Fair value of financial instruments

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

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

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

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

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

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

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

Impairment of trade and other receivables

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

Deferred taxes

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

As from 2015 onwards, the MEAs (with the exception of Inter-aqua – now Fluvius Limburg - and Riobra) have to pay corporate income tax, as was the case for Fluvius System Operator, its subsidiary, investments in joint ventures and associates. Since 2019, Inter-aqua and in the future possibly Riobra are also subject to corporate income tax (see note 'Income taxes'). However, for the calculation of deferred taxes, the current ruling was taken into account and no deferred taxes were calculated on temporary differences that arose in the past.

Conflict in Ukraine

The Group has no operations in Ukraine or Russia, so there are no direct financial consequences. As a result of the war in Ukraine, the energy transition was accelerated, increasing the demand for materials and equipment and decreasing the supply of materials and equipment. Fluvius makes every effort to make good agreements with suppliers and contractors and strives for a long-term perspective.

Energy transition and climate objectives

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

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

In Belgium, the federal decision was reached to limit the tax deductibility of company cars to electric cars as from 2026. In Flanders, two policy frameworks have been developed to achieve the climate objectives: the Climate Strategy 2050 with a vision to evolve towards a climate-neutral society and the Flemish Energy and Climate Plan as it was developed by the Flemish Government at the end of 2021 with concrete sectoral measures (related to mobility, heating, industry, etc.) to reduce greenhouse gases by 2030. The Flemish government is focusing mainly on electrification.

In this context, Fluvius has evaluated its activities and developed an investment plan 2023-2032 on **8 June 2022**, based on the societal context outlined above. The additional investments in the electricity grid are estimated at four billion EUR for the period 2023-2032 on top of the planned investments that are 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 gases – biomethane, green hydrogen – and power-to-gas). Investments in gas will therefore be limited to almost halve to 88 million EUR on an annual basis by 2032.

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

On **7 June 2023**, the annual update of the investment plan 2024-2033 was published for consultation. Principles 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 provides for an adjustment of 40 percent of the low-voltage grid and 13 percent of the medium-voltage grid by 2032. In addition, it is expected that by 2030 there will be many more wind turbines and solar panels than was predicted a year ago. The impact on the investment plan (of Fluvius) can be limited by the clear innovation shown by the business community, by optimising its own energy consumption and by using self-produced solar and wind energy in combination with batteries.

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

For the gas networks, this investment plan 2024-2033 also does not foresee any major expansions. Of course, it remains very important that the existing infrastructure remains safe and of good quality. Fluvius expects a further decline in annual investments in gas infrastructure to 63 million EUR in 2033 due to the halting of construction in subdivisions, among other things.

The Flemish government has already taken a number of policy measures that will lead to a decrease in natural gas consumption, but there are no legal indications towards a complete phase-out of natural gas. The future of the gas network depends on future policy choices. Fluvius is investigating various scenarios in order to map out the technical and financial consequences for the gas activity and to consult with stakeholders. Fluvius will also continue to reserve a budget for research and participation in pilot projects in the field of new CO2-neutral gases, such as biomethane and green hydrogen.

After the public consultation that ran until 23 July 2023, this investment plan 2024-2033 was submitted for approval to the Flemish energy regulator VREG in October 2023 (In Dutch: 'Consultatie Investeringsplan 2024-2033').

Economic volatility
Economic conditions, with high inflation and interest rate increases in 2022, have an impact on interest rates for (re)financing. The impact on interest rate swaps entered into in the past has a positive effect in 2022 and stabilised in 2023.
The Group has taken into account the effects of high inflation and high interest rates on the provision for employee benefits, among others.

2.6 Standards issued but not yet effective

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

- Amendments to IAS 1 *Presentation of Financial Statements* – Classification of Liabilities as Current or Non-current (the 2020 amendments and 2022 amendments), effective 1 January 2024*
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures, effective 1 January 2024*
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability, effective 1 January 2025*
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback, effective 1 January 2024

* Not yet endorsed by the EU at 20 December 2023

Segment information

3 Segment information

The Management Committee, responsible for the day-to-day management and the operational functioning of Fluvius System Operator (Fluvius SO), its subsidiary, investments in joint ventures and associates as well as the Flemish Mission Entrusted Associations, reviews the financial data on the basis of a report in accordance with Belgian accounting standards.
This reporting is presented for the MEAs per energy component electricity and gas, as this is the best reflection of the nature and the financial profile of the activities. This segmentation also reflects the framework within which should be reported to the regulator VREG and it also forms the basis for the calculation of the distribution network tariffs for the electricity and gas activities. As a result, they are distinguished from each other and each has its own cost drivers, specificities and risks.
The MEAs also report a segment 'Other' in which the non-regulated activities are included such as the activities which took place before the liberalisation of the energy market (2003); the activities for the energy services for local authorities (ESLA), the district heating activity (within the permitted legal framework) and other activities (the so-called spin-ins are projects in Consulting, Grids for Third Parties, Public Lighting, Public Electronic Communication Networks (Cable networks until the end of June 2023) and Vertical Infrastructure) and due to the merger of ex-Infrax the activities water and sewerage.
The MEAs are organized by region and each applies separate network tariffs. The information per legal entity can be consulted, for the individual financial statements of the MEAs, at the Central Balance Sheet Office of the National Bank of Belgium.
The activities of the operating company Fluvius System Operator and its subsidiary, investments in joint ventures and associates are reported separately in the column ‘Fluvius SO consolidated’ without segmentation per energy component. All costs of these companies are recharged at cost price to mainly the MEAs where a breakdown by activity is performed based on an allocation system. Therefore, the result of the operating company (Fluvius System Operator Group) is always 'null', with the exception of the participation in Wyre Holding bv for the public electronic communications networks activities.

In accordance with IFRS 8, the Group reported on 31 December 2023 and 31 December 2022 the following financial segmented information on the basis of the Belgian GAAP (BE-GAAP).
All transactions of the Group take place in Flanders, Belgium.

Statement of profit or loss 2023

(In thousands of EUR) - Belgian GAAP	Electricity	Gas	Other	Fluvius SO consolidated	Aggregated total
Turnover	1.743.273	595.151	229.678	2.364.198	4.932.300
Other income	343.210	34.445	102.583	73.930	554.168
Operating costs	-1.962.899	-470.422	-421.654	-2.417.214	-5.272.189
Operating profit (loss)	**123.584**	**159.174**	**-89.393**	**20.914**	**214.279**
Financial income	-2.484	9.287	165.891	736.732	909.426
Financial costs	-127.978	-54.343	-15.269	-170.230	-367.820
Profit (loss) of the period before taxes	**-6.878**	**114.118**	**61.229**	**587.416**	**755.885**
Transfer from/transfer to deferred taxes	32	3	764	0	799
Transfer from/transfer to untaxed reserves	92	1	1	0	94
Income taxes	-7.378	-33.600	16.820	-8.916	-33.074
Profit for the period	**-14.132**	**80.522**	**78.814**	**578.500**	**723.704**

Statement of financial position 2023

(In thousands of EUR) - Belgian GAAP	Electricity	Gas	Other	Fluvius SO consolidated	Aggregated total
Tangible and intangible fixed assets	7.188.144	3.815.909	2.152.213	1.626	13.157.892
Financial fixed assets	1.232	494	1.036.243	951.584	1.989.553
FIXED ASSETS	**7.189.376**	**3.816.403**	**3.188.456**	**953.210**	**15.147.445**
Amounts receivable after more than one year	34.756	16.648	82.844	6.709.125	6.843.373
Stocks and contracts in progress	0	0	46.188	190.475	236.663
Amounts receivable within one year	610.200	147.011	235.160	603.907	1.596.278
Cash at bank and in hand	-508	6	15.193	66.348	81.039
Deferred charges and accrued income	300.912	168.076	4.447	236.971	710.406
CURRENT ASSETS	**945.360**	**331.741**	**383.832**	**7.806.826**	**9.467.759**
Total Assets	**8.134.736**	**4.148.144**	**3.572.288**	**8.760.036**	**24.615.204**
Contribution excluding capital, other	945.513	622.715	1.224.700	497.767	3.290.695
Contribution excluding capital, share premium	109.127	0	23.103	127	132.357
Revaluation surplus	719.836	345.635	28.701	0	1.094.172
Reserves	815.366	447.947	463.744	495.880	2.222.937
Retained earnings and result of the period	58.607	93.656	67.440	20	219.723
Government grants	125	51	333.336	0	333.512
EQUITY	**2.648.574**	**1.510.004**	**2.141.024**	**993.794**	**7.293.396**
MINORITY INTEREST	**0**	**0**	**0**	**100**	**100**
PROVISIONS FOR LIABILITIES AND CHARGES	**3.773**	**9.691**	**68.474**	**153.342**	**235.280**
Amounts payable after more than one year	4.537.936	2.744.451	909.975	6.564.501	14.756.863
Amounts payable within one year	803.472	-147.098	446.964	961.384	2.064.722
Accrued charges and deferred income	140.981	31.096	5.851	86.915	264.843
AMOUNTS PAYABLE	**5.482.389**	**2.628.449**	**1.362.790**	**7.612.800**	**17.086.428**
Total Liabilities	**8.134.736**	**4.148.144**	**3.572.288**	**8.760.036**	**24.615.204**

The reconciliation of the financial data 2023 mentioned above based on Belgian GAAP to IFRS is as follows:

(In thousands of EUR)	Assets	Equity and minority interest	Liabilities	Proft / (Loss) for the period
Aggregated total BE-GAAP	**24.615.204**	**7.293.496**	**17.321.708**	**723.704**
Eliminations of balances and transactions	-7.874.217	-517.165	-7.357.052	-97.539
Reclassifications	-33.383	-333.512	300.129	0
Recording of other investments and long-term receivables	2.017.471	2.017.471	0	-272.047
Adjustments for employee benefits	-94.702	-366.179	271.477	13.259
Recording of deferred taxes	0	-339.326	339.326	8.921
Others as recording of derivative financial instruments, provisions and impairment and lease recognition	-6.838	29.940	-36.778	-15.973
Total IFRS	**18.623.535**	**7.784.725**	**10.838.810**	**360.325**

For the electricity segment, two customers achieved together 60% of the turnover and for the gas segment there were also two customers that together achieved 60% of the turnover.

Statement of profit or loss 2022

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

Statement of financial position 2022

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

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

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

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

Performance of the year

4 Operating revenue

(In thousands of EUR)	2023	2022
Distribution and transport grid revenue	1.985.494	2.153.323
Sale of energy	207.098	110.560
Construction works for third parties	52.079	28.774
Other sales	81.249	107.757
Total revenue from contracts with customers	**2.325.920**	**2.400.414**
Recuperations	343.077	178.390
Other	327.992	27.692
Other operating income	**671.069**	**206.082**
Own construction, capitalized	**752.632**	**642.568**
Total operating revenue	**3.749.621**	**3.249.064**

Total revenue from contracts with customers
Revenue from contracts with customers amounts to 2.325.920 k EUR at 31 December 2023 and 2.400.414 k EUR at 31 December 2022, a decrease of 74.494 k EUR.

The revenue from the distribution and transport of electricity and gas via its networks and the sale of energy is recognized on a monthly basis. The proceeds from the billing of works to third parties are recognized at some point in time. The other sales for the activity sewerage are recognized on the one hand for the performance recognition of maintenance on the moment in time and, on the other hand, it is spread over the period for the investment. Hence, the remediation contribution is recognized over the period of the works performed.
The Group has realized most of its revenue from the remuneration of the distribution of electricity and gas via its networks. This revenue should be evaluated together with the regulatory transfers and balances. The distribution and transmission grid fee is set based on the tariff methodology prepared by the VREG for the period 2021 to 2024 (see note 'Working in a regulated environment').
The distribution and transmission grid fee amounts to 1.985.494 k EUR at the end of 2023 and 2.153.323 k EUR at the end of 2022.
The distribution and transport grid fee for electricity amounts to 1.564.188 k EUR at the end of 2023 and 1.700.504 k EUR at the end of 2022.
The distribution grid fee for gas decreases and amounts to 421.306 k EUR at the end of 2023 and 452.818 k EUR at the end of 2022.
On 21 November 2022, VREG published the distribution network tariffs for 2023. These electricity and gas tariffs, which determine the allowed income of the distribution system operators, increase compared to 2022 (see note 'Working in a regulated environment'). This increase is mainly due to rising inflation throughout 2022. In 2023, the impact of the end consumer being more economical with energy consumption played a role, resulting in lower distribution grid fee being invoiced than anticipated.

Energy sales are mainly the deliveries of energy to individuals who do not find an energy supplier on the market due to payment difficulties. This item increased by 96.538 k EUR at the end of 2023 compared to the end of 2022 because of an even higher intake by Fluvius of customers who were previously served by an energy supplier but ran into payment difficulties due to high energy prices. he effects of inflation and higher energy costs also played a role here.

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

The other sales reflect the revenue of the remediation of wastewater (2023: 79.217 k EUR; 2022: 71.081 k EUR) by means of a municipal wastewater treatment contribution charged by the water companies (see note ‘‘Working in a regulated environment).

Following the Wyre transaction, there are no revenues from the cable television distribution activity in 2023 (2022: 31.251 k EUR). Revenues for the first half of the year related to Infra-GIS and Infra-X-net are the only ones recorded (2023: 2.032 k EUR; 2022: 5.426 k EUR).

Other operating income
The recuperations amount to 343.077 k EUR in 2023 and 178.390 k EUR in 2022. This item contains compensations for operating activities performed at customers (2023: 45.356k EUR; 2022: 65.418 k EUR), reimbursements of general expenses by contractors, insurances or various operating subsidies and recoveries from employees and reimbursement for subsidies for the rational use of energy from VEKA (2023: 269.844 k EUR; 2022: 63.717 k EUR) (see note ‘Cost for services and other consumables’) and for the minimum electricity and natural gas deliveries to individuals in payment difficulties (2023: 5.877 k EUR; 2022: 1.710 k EUR)..

The other operating income amounts to 327.992 k EUR in 2023 and 27.692 k EUR in 2022 and mainly comprises allowances for damages and recoveries for grid related costs and public service obligations amounting to 13.940 k EUR at the end of 2023 (2022: 12.036 k EUR). Also gains on allowances recorded in previous periods on trade receivables (2023: 1.535 k EUR; 2022: 347 k EUR) as well as gains on the sale of property, plant and equipment (2023: 11.472 k EUR; 2022: 2.285 k EUR) are included here. And for 2023, there is also the result of 286.827 k EUR from the Group’s contribution of its their HFC networks, leasehold rights, and other assets related to cable infrastructure activities to Wyre bv and the sale of 2,1% of Wyre bv shares to Telenet (see note ‘Investments in joint ventures and associated companies’).

Own construction, capitalized
All costs related to distribution activities have been registered as operational costs. Periodically, a settlement has been recorded and certain costs related to investments have been activated through the item ‘Own construction, capitalized’. As a result, this revenue cannot be considered as an operating income. This item also contains the contributions received from customers (154.910 k EUR in 2023 and 152.856 k EUR in 2022) which are also deducted as own construction, capitalized (-154.910 k EUR in 2023 and -152.856 k EUR for 2022).

5 Cost of trade goods

(In thousands of EUR)	2023	2022
Cost for transportation	379.837	400.418
Purchase of energy	124.734	53.836
Purchase of goods for resale	323.494	253.448
Purchase of grid losses	118.705	51.901
Certificates for green energy and cogeneration	299.963	401.548
Total	**1.246.733**	**1.161.151**

The increase in cost of trade goods is driven by the increase in costs for the purchase of energy, the purchase of grid losses and the purchase of goods for resale.
The costs for the purchase of certificates (green energy certificates (GEC) and cogeneration certificates (CHP)) decreased from 401.548 k EUR at the end of 2022 to 299.963 k EUR at the end of 2023, a decrease of 101.585 k EUR.

The cost for green energy and cogeneration certificates (CHP) decreased compared to the end of 2022 due to lower purchases in 2023 and because of the decision by the Flemish government in 2022 and 2023 to reduce the cost of the public service obligation in the electricity bill for the end customer by 117 million EUR in 2022 and 148 million EUR in 2023. In 2022, this was achieved by purchasing 147 million EUR of green energy certificates (at 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 was directly deducted from the costs for purchasing green energy certificates (Energy Decree 6.4.14/2 and 6.4.14/3).This reduces the costs at the distribution system operators thus passed-through to the end customer (see note 'Trade and other receivables').
Furthermore, the cost of the number of purchased certificates was recorded (in 2023: 2.046.367 GEC and 4.160.494 CHP; in 2022: 2.682.717 GEC and 4.296.034 CHP), as well as the result on the sale of certificates (see note ‘Trade and other receivables’).

The cost related to electricity and gas purchases for social and dropped customers and the costs related to purchase grid losses increased by 70.898 k EUR and 66.804 k EUR respectively due to rising energy prices, as well as due to the increased number of customers for energy purchases.
The increase in purchases of trade goods by 49.006 k EUR compared to the end of 2022 is due to the rising cost of raw materials.
The increase in the purchase of goods for resale by 70.046 k EUR compared to the end of 2022 is a result of the rising purchase cost and increased investment and operational activities in the context of the energy transition and public lighting.

6 Cost for services and other consumables

(In thousands of EUR)	2023	2022
Cost of purchase network grids	154.090	126.650
Cost for direct purchases	33.388	33.886
Fee for usage of installations and retributions	67.788	68.064
Advertising, information, documentation, receptions a.o.	10.715	8.401
Subsidy for rational use of energy (RUE)	268.910	94.269
Contracts and administration costs	47.517	36.487
Consultancy and other services	110.057	99.026
Other	64.011	64.277
Total	**756.476**	**531.059**

Cost for services and other consumables amounts to 756.476 k EUR at 31 December 2023 and 531.059 k EUR at 31 December 2022, an increase of 225.417 k EUR.

The item '*Subsidy for Rational Use of Energy (RUE)'* paid out to individuals and companies is recognized as an expense in the statement of profit or loss.
These premiums are granted to individuals and companies that invest in energy efficient applications and renewable energy. Since 1 October 2022, a new website has been made available for energy premiums and the renovation premium at www.Mijnverbouwpremie.be. A number of the former Fluvius energy premiums (insulation premiums, solar water heater, heat pump, heat pump boiler) can be applied for here. In addition, there are also premiums that must be applied for directly via 'Mijn Fluvius' (photovoltaic panel, EPC-label premium, control of electric heating, asbestos removal, relighting, etc.). These premiums are set out in the Energy Decree and are subject to regular changes.
Subsidy for rational use of energy (RUE) amounts to 268.910 k EUR at 31 December 2023 and 94.269 k EUR at 31 December 2022, an increase of 174.641 k EUR. These costs reflect the payment of subsidies for RUE requested by individuals and companies. The increase is primarily due to the tremendous success of the installation of photovoltaic panels and the great success of the various energy premiums applied for through the 'My Renovation Premium' portal. At VEKA, for these energy efficiency premiums, 269.844 k EUR in 2023 and 63.717 k EUR in 2022 were recovered (see note 'Operating Revenue').

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

7 Employee benefit expenses

(In thousands of EUR)	2023	2022
Remunerations	476.350	446.471
Social security contributions	125.824	118.164
Contributions to defined benefit plans and other insurances	30.024	70.169
Other personnel costs	31.072	27.213
Total	**663.270**	**662.017**

Employee benefit expenses amount to 663.270 k EUR at 31 December 2023 and 662.017 k EUR at 31 December 2022, an increase of 1.253 k EUR.

The lines for remunerations and social security contributions have increased by 29.879 k EUR and 7.660 k EUR respectively, representing an increase of 6,6%. Remunerations are adjusted for inflation on a monthly basis. In 2023, the increase is mainly due to a rise in the number of staff members.
The charges for defined benefit plans and other insurances decrease by 40.145 k EUR to 30.024 k EUR. In 2022, an additional provision was made to the pension fund as a result of the redetermination of funding rates.

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

The average number of employees amounted to 5.831 during 2023 and 5.695 during 2022.

8 Amortization, depreciation, impairments and changes in provisions

(In thousands of EUR)	2023	2022
Amortization of intangible assets	45.097	42.166
Depreciation of property, plant and equipment and right-of-use assets	512.737	492.445
Total amortization and depreciation	**557.834**	**534.611**
Impairment of trade receivables	2.383	16.510
Changes in provisions	-54	185
Total	**560.163**	**551.306**

The amortization and depreciation amounts to 557.834 k EUR at 31 December 2023 and 534.611 k EUR at 31 December 2022, an increase of 23.223 k EUR.

From 2015 onwards, the calculation of the provision for doubtful debts takes into account the principles of the Belgian fiscal rules and, hence, it is based on statistical data obtained from the

payment pattern of this category of clients (social suppliers) as from the liberalisation of the energy market.
The impairment of trade receivables in 2023 included additional provisions for unjustified claims for green certificates. Additional provisions were also recognised for energy suppliers experiencing payment difficulties and impairments on social suppliers have been recognised (see note ‘Trade and other receivables’ and ‘Financial instruments: Risks and fair value’).

The item 'Changes in provisions' includes the movement for the provision for remediation costs, a net decrease of 54 k EUR for 2023. The increase in 2022 is mainly due to the recognition of a provision for additional remediation costs of 1.506 EUR and the decrease in provisions is attributed to the utilizations and specific factors that allowed for a reduction in the estimated remediation costs (see note 'Provisions, other').
In 2022, the movement of the provision for employee benefits that could not be recognized under the IAS 19 standard was fully phased out at the end of 2022, resulting in a reversal of 1.321 k EUR.

9 Other operational expenses

(In thousands of EUR)	2023	2022
Loss on disposal/retirement of fixed assets	89.014	89.578
Loss on realization receivables	15.436	12.130
Other	17.012	4.075
Total	**121.462**	**105.783**

Other operational expenses amount to 121.462 k EUR at 31 December 2023 and 105.783 k EUR at 31 December 2022, an increase of 15.679 k EUR. This increase is a result of the impairment on the realisation of trade receivables, which increased for the category of ordinary trade receivables and the category of social and dropped customers. In the 'Other' item, the movement of the restitution right on provisions for employee benefits at 11.846 k EUR is the main reason for the increase. Furthermore, this item encompasses various business taxes.

10 Regulated balances and transfers

Since 2011, the Group reports the additions, recoveries and regularisations for transfers in this separate section as ‘Operating expenses’.
The Group believes that the balance between actual income and expenses and the budgeted income and expenses is not part of revenue, since the recovery through tariffs will occur in a subsequent period.

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

The regulated balances and transfers are as follows:

(In thousands of EUR)	2023	2022
Additional transfers	-130.616	-144.972
Recuperation of transfers	-12.312	-41.373
Total	**-142.928**	**-186.345**

The item 'Addition transfers' represents a revenue in 2023 and in 2022.

11 Financial results

(In thousands of EUR)	2023	2022
Interest income	1.647	167
Interest income, derivative financial instruments	18	46.720
Other financial income	73.197	103.050
Finance income	**74.862**	**149.937**
Interest expenses, non-current loans	188.451	148.218
Interest expenses, current loans and other borrowings	10.235	1.449
Other financial expenses	44.154	14.066
Finance costs	**245.007**	**163.733**

Finance income amounts to 74.862 k EUR at 31 December 2023 and 149.937 k EUR at 31 December 2022, a decrease of 75.075 k EUR. This decrease is mainly due to the decrease of interest income from derivative financial instruments. These include the changes in fair value (2023: 0 k EUR; 2022: 41.590 k EUR) as well as the recognition over time of the proceeds from the derivatives that were sold (2023: 18 k EUR; 2022: 4.836 k EUR).
In 2023, interest income includes 516 k EUR in accrued interest for the receivable of 32.000 k EUR from Wyre bv (see note 'Long-term and short-term receivables, other').
The other financial income contains dividends received and revaluations of participations and shares obtained via the other investments (2023: 57.004 k EUR and 1.318 k EUR; 2022: 54.908 k EUR and 6.826 k EUR). Furthermore, the allowances received from the telecommunication company Telenet were recognized for 1.007 k EUR at the end of 2023; 32.273 k EUR at the end of 2022. (including income from the leasehold agreement) and for 1.861 k EUR in interest due to the receivable from Telenet for the sale of 2,1% of Wyre bv shares (see note 'Long-term and short-term receivables, other'). Additionally, government grants (2023: 7.303 k EUR; 2022: 6.840 k EUR) and also financial discounts received from suppliers (314 k EUR at the end of 2023; 183 k EUR at the end of 2022) are included.

Interest expenses from non-current loans increased by 40.233 k EUR in comparison to 2022 due to increased borrowings and higher interest rates.

Interest expenses from current loans increased by 8.786 k EUR compared to 2022 as a result of rising interest rates and increased financing held throughout 2023. Other financial expenses amounted to 44.154 k EUR at the end of 2023, primarily comprising interest costs on defined benefit pension obligations (2023: 15.827 k EUR; 2022: 3.661 k EUR), interest costs of leasing (2023: 1.830 k EUR; 2022: 1.633 k EUR), debt issuance costs, and various banking fees. In 2023, a financial expense of 13.516 k EUR was recorded due to the discounting of the receivable from Telenet for the sale of 2,1% of Wyre bv shares (see note 'Long-term and short-term receivables, other').

12 Income taxes

(In thousands of EUR)	2023	2022
Current income tax expenses	-32.697	-87.749
Current income tax expenses on previous year result	-377	-502
Deferred income tax benefits (+) / expenses (-)	8.921	23.702
Total income tax expenses	**-24.153**	**-64.549**

Current income tax expense on the result

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

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

(In thousands of EUR)	2023	2022
Taxable profit (loss)	756.779	335.182
At the statutory Belgian corporate tax rate of 25,00%	-189.195	-83.796
Effect portion subject to legal entity tax	743	405
Effect non-deductible expenses	-21.233	-19.763
Effect exempt revenues Wyre-transaction	144.626	0
Effect non-taxable dividends	38.539	14.612
Effect non-taxable government grants	878	793
Tax losses carried forward	-7.055	0
Total current income tax expenses	**-32.697**	**-87.749**

The statutory Belgian corporate tax rate is at 25,00% and is calculated on the taxable base. This includes the result of the financial year as well as costs that, according to taxation, cannot be deducted from the result and exempt revenues. The non-deductible costs thus include rejected expenses mainly for revaluation capital gains (2023: 54.524 k EUR; 2022: 53.448 k EUR), as well as social and employee benefits (2023: 21.213 k EUR; 2022: 21.210 k EUR).

The Pillar two legislation (Act of December 19, 2023, implementing a minimum tax for multinational enterprises and substantial domestic groups) has been adopted in the jurisdiction where Fluvius System Operator and its subsidiaries ("the Group") are active. This legislation is effective for the fiscal year of the Economic Group starting on 1 January 2024, as well as the impact of the amendments to IAS 12, which were introduced in response to the OECD's Pillar two model rules. The Economic Group has conducted an analysis of the potential impact of the Pillar two legislation based on the most recent available, historical financial data of the Economic Group's members.
Based on the outcome of this analysis, the Pillar two regulations are currently not applicable to the Economic Group as a whole because, under the legislation on the consolidated annual accounts (Belgian Code of Companies and Associations - Art. 3.23), the Economic Group is not required to prepare consolidated annual accounts.

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

During the period 2015-2016 various rulings for the MEAs of ex-Eandis and ex-Infrax were requested from the Federal Public Service Finance to obtain its decision on the correct fiscal treatment of, amongst others, the revaluation of fixed assets, the notional interest deduction, government grants, the impairment losses of trade receivables and the deductibility of impairment losses on final write-offs of receivables.
These rulings were valid through fiscal year 2019 and were extended or modified, as needed, through fiscal year 2024.

During 2015, a separate ruling was requested for Inter-aqua and Riobra, and a prior decision was made allowing Inter-aqua and Riobra to remain subject to the legal entity tax in accordance with article 220, 3 ° of the 1992 Code on the Income Tax. This prior decision will also apply to the tax year 2020.
In the meantime, a new ruling was obtained for Riobra which confirmed that Riobra is still subject to the legal entity tax (and not to corporate tax) up to and including the financial year 2024.
Inter-aqua has, (accounting and tax-wise since 1 January 2019, and legally since 1 April 2019), merged into Fluvius Limburg.
When Riobra merges with one or more other ex-Eandis and/or ex-Infrax MEAs, whereby the sewerage activity will be hosted in a MEA that is subject to corporate income tax, the submission to the legal entity tax will normally be lost as well, and hence sewerage will be subject to the corporate income tax.
Regarding the merger by absorption of Inter-aqua (legal entity tax) by Inter-energa (corporate income tax), a ruling was requested to obtain a prior decision concerning the tax consequences of this proposed merger. On 26 March 2019, a prior decision was obtained confirming that the merger would not affect the legal entity tax of Inter-aqua, the capital of Inter-aqua qualifies as taxable paid-up capital, reserves and government grants built up under the legal entity tax qualify as taxed reserves, the fiscal value of the acquired assets on behalf of Inter-energa is equal to the actual value of the assets and the fact that the merger is with retroactive effect will have no effect on the accounting (BE-GAAP).
If in the future Riobra ends up in a similar situation of corporate income tax restructuring, a similar prior examination would be performed.

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

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

(In thousands of EUR)	2023	2022
Property, plant & equipment	-433.555	-447.186
Derivative financial instruments	622	22
Employee benefit liabilities	91.545	90.894
Provisions	-5.543	-5.810
Other	7.605	-424
Net deferred tax asset/(liability)	**-339.326**	**-362.504**

The movements in the statement of profit or loss and other comprehensive income are as follows At the end of 2023:

(In thousands of EUR)	Movements via P&L	Movements via OCI*
Property, plant & equipment	3.340	10.291
Derivative financial instruments	600	0
Employee benefit liabilities	-3.315	3.966
Provisions, rehabilitation gas sites	267	0
Impairment on trade receivables	8.029	0
Deferred tax benefit/(expense)	**8.921**	**14.257**
Net movement during the year	**23.178**	

* OCI = Other Comprehensive Income

At the end of 2022

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

*OCI = Other Comprehensive Income

The main temporary differences relate to the revaluation of property, plant & equipment and the provisions for employee benefit liabilities. A deferred tax liability of 433.555 k EUR was recorded (2022: 447.186 k EUR) related to the revaluation of property, plant & equipment since, according to Belgian tax law, the costs are not deductible. Concerning the provisions for employee benefit liabilities, the costs will be deductible according to the Belgian tax law, and therefore a deferred tax asset was recorded of 91.545 k EUR (2022: 90.894 k EUR).
Until 2021, deferred tax on 'Reveivables' was recorded for the recognition of future receivables with Telenet. As this receivable was to be recognised at the end of the financial year 2022 as an asset for sale and taking into account the tax ruling obtained, the deferred tax previously recorded needed to be reversed. For the 'Derivative financial instruments', following the impact of interest rates, an increase in the debt was recognised (see note 'Derivative financial instruments') resulting in a increase in the deferred tax asset.

Deferred taxes on right-of-use assets and lease liabilities are netted and recorded under the 'Other' item as a tax receivable (2023: 2.473 k EUR; 2022: 263 k EUR). These can be broken down into a deferred tax liability for the right-of-use assets (2023: 964 k EUR; 2022: 6.509 k EUR) and a deferred tax asset for lease liabilities (2023: 3.437 k EUR; 2022: 6.772 k EUR).

The net deferred tax liability is composed of:

(In thousands of EUR)	**2023**	**2022**
Deferred tax asset	99.772	90.916
Deferred tax liability	-439.098	-453.420
Deferred tax liability, net	**-339.326**	**-362.504**

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

(In thousands of EUR)	**2023**	**2022**
Total as at 1 January	**-362.504**	**-376.341**
Tax income/(expense) recognised in profit or loss	8.921	23.702
Tax income/(expense) recognised in OCI	14.257	-9.865
Total at end of reporting period	**-339.326**	**-362.504**

Assets

13 Intangible assets

(In thousands of EUR)	Licences and similar rights	Development costs	Total
Acquisition value at 1 January 2023	1.992	552.271	**554.263**
Acquisitions	0	60.714	**60.714**
Other	0	-397	**-397**
Acquisition value at 31 December 2023	**1.992**	**612.588**	**614.580**
Amortization and impairment at 1 January 2023	1.849	438.873	**440.722**
Amortization	47	45.050	**45.097**
Other	0	-2	**-2**
Amortization and impairment at 31 December 2023	**1.896**	**483.921**	**485.817**
Net book value 31 December 2023	**96**	**128.667**	**128.763**

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

The intangible assets category includes capitalized amounts for development costs related to Hydronaut modeling (a study for sizing the global sewerage network) and regarding 'New-Foundations': since the formation of the integrated company Fluvius System Operator cv, these are the costs to address new developments in the energy landscape (including integrated systems). Since 2023, capitalized development costs for the energy transition have also been included. Energy transition projects refer to the adjustment of IT systems for more flexible energy use, such as modifications for energy sharing, quarter-hour values, and for public lighting for light management and geomatching.

In the year 2023, new investments are mainly under the New Foundations and energy transition category. Investments during 2022 mainly concern New Foundations, and during 2021 primarily New Foundations, a public-neutral FTTH (Fibre to the Home) broadband network, and sewerage studies.

During 2023 and 2022, no costs for research were recorded.
There were no intangible assets with an indefinite useful life.

14 Property, plant and equipment

(In thousands of EUR)	Land and buildings	Installation, machinery and equipment	Furniture and vehicles	Others	Assets under con-struction	Total
Acquisition value at 1 January 2023	440.461	19.830.339	292.101	20.495	997.666	21.581.062
Acquisitions	12.772	181.432	32.761	266	945.141	1.172.372
Acquisitions from third parties	0	39.131	0	0	0	39.131
Sales	-9.449	-1.335	-4.484	0	0	-15.268
Disposals	-161	-287.457	-3.526	-1.021	-80	-292.245
Transfer to others	0	789.666	0	0	-789.269	397
Acquisition value at 31 December 2023	**443.623**	**20.551.776**	**316.852**	**19.740**	**1.153.458**	**22.485.449**
Depreciation and impairment at 1 January 2023	156.284	8.829.754	235.380	19.282	0	9.240.700
Depreciation	7.886	466.755	24.440	259	0	499.340
Acquisitions from third parties	0	1	0	0	0	1
Sales	-5.323	-733	-4.432	0	0	-10.488
Disposals	-40	-198.982	-3.363	-832	0	-203.217
Transfer to others	0	2	0	0	0	2
Depreciation and impairment at 31 December 2023	**158.807**	**9.096.797**	**252.025**	**18.709**	**0**	**9.526.338**
Net book value at 31 December 2023	**284.816**	**11.454.979**	**64.827**	**1.031**	**1.153.458**	**12.959.111**

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

The acquisitions for investments during 2023 and 2022 primarily involved investments in metering equipment, including the installation of digital electricity and gas meters. Additionally, in the electricity segment, investments were mainly noted for the low-voltage and medium-voltage networks. In the gas segment, investments in the network decreased compared to 2022. Besides investments in digital gas meters, investments were primarily focused on low-pressure and medium-pressure installations. In 2023, higher investments were also recorded for public lighting and sewarage.
The decommissionings in 2022 and 2023 mainly concern the demolitions of old electricity or gas networks during redevelopment or relocations, as well as the dismantling of analog meters (both for electricity and gas) as they are replaced by digital meters.

The commitments for the acquisition of property, plant and equipment at the end of 2023 amounted to 5.611 k EUR and 3.524 k EUR at the end of 2022.

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

As per 31 December 2023 and 2022, there are no restrictions on title and property, plant and equipment serving as pledge for liabilities.

15 Right-of-use assets and lease liabilities

Below is an overview of the right-of-use assets at 31 December 2023:

(In thousands of EUR)	Land and buildings	Installation, machinery and equipment	Furniture and vehicles	Total
Acquisition value at 1 January 2023	22.242	2.678	53.255	78.175
Acquisitions	9.777	37.958	12.519	60.254
Disposals	-8.199	-1.024	-7.326	-16.549
Other	0	0	-88	-88
Acquisition value at 31 December 2023	**23.820**	**39.612**	**58.360**	**121.792**
Depreciation and impairment at 1 January 2023	12.343	1.534	36.428	50.305
Depreciation	3.374	1.182	8.841	13.397
Sales and disposals	-8.199	-994	-6.590	-15.783
Depreciation and impairment at 31 December 2023	**7.518**	**1.722**	**38.679**	**47.919**
Net book value at 31 December 2023	**16.302**	**37.890**	**19.681**	**73.873**

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

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

Below are the lease liabilities and the movements during 2023 and 2022:

(In thousands EUR)	2023	2022
Lease liabilities at 1 January	**31.613**	**41.473**
Additions	68.106	4.782
Accretion of interest	1.996	1.830
Payments	-15.186	-16.472
Lease liabilities at 31 December	**86.529**	**31.613**
Non-current lease liabilities	74.815	21.055
Current lease liabilities	11.714	10.558

The lease liabilities at 31 December 2023 related to land and buildings for 17.597 k EUR (2022 11.122 k EUR), installation, machinery and equipment for 46.208 k EUR (2022: 297 k EUR) and furniture and vehicles for 22.722 k EUR (2022: 20.194 k EUR).
As a result of the new leasehold agreement entered into with the Wyre transaction, the Group will use fibre-optic connections made available through Wyre for the management of the distribution networks. The right-of-use asset recorded as of 1 July 2023 amounted to 35.718 k EUR, with a lease liability of 44.423 k EUR. The additional fibre-optic connections made available after 1 July 2023 amounted to 1.496 k EUR.

No lease agreements were entered into for which the use did not commence in 2023.

The following discount rates were used in determining the lease obligations:
- For buildings: 2,00%, 3,08% and 7,00%
- For installation, machinery and equipment: 2,00% en 3,255%
- For furniture and vehicles: between 3,00% and 6,00%

Expenses recognised in relation to rental obligations amount to 5.375 k EUR at 31 December 2023 (2022: 3.700 k EUR) and they include 4.281 k EUR of low value and short-term rental costs (2023: 2.284 k EUR) and 1.094 k EUR of rent and service costs (2022: 1.416 k EUR). These expenses were included in the note 'Cost for services and other consumables'.

16 Investments in joint ventures and associates

Investments in joint ventures and associates amount to 847.657 k EUR at the end of 2023 and 2.017 k EUR at the end of 2022. These investments are being held in Wyre Holding bv, Atrias cv, Synductis cv and S-Lim cv (until 27 June 2023).

Atrias cv
On 9 May 2011, Atrias cv was established as a joint initiative of Belgium's largest energy distribution operators Fluvius, Ores, Sibelga and RESA.
Atrias is a central clearing house for the Distribution System Operators and charged with the development of a Message Implementation Guide (MIG), the development of a clearing house application, and the management and maintenance of this application. MIG describes how the communication flow between the various players of the energy market should happen.

The Group has acquired 50% (2022: 50%) of the shares representing an amount of 9 k EUR (2022: 9 k EUR).
Atrias is an unlisted company and has no official price quotation.

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

Synductis cv

Synductis cv was founded on 21 December 2012 and aims to coordinate the infrastructure works by various utility companies in the Flemish cities and municipalities and so reduce nuisance caused by the works.
Fluvius System Operator participates for an amount of 8 k EUR, which represents a share percentage of 34,38 % at the end of 2023 and at the end of 2022.
Synductis is an unlisted company and has no official price quotation.

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

S-Lim cv

S-Lim cv (Smart Region Limburg) was founded on 7 Augustus 2017 by Fluvius Limburg (ex Inter-media), Nuhmeris and Nuhma with the mission to create a better and more attractive environment in Limburg by investing in technology and innovation. S-Lim accompanies municipalities by means of translating their administrative and social requirements into technological and software related applications. The Group held an investment of 2.000 k EUR (50%) at the end of 2022
The investment held in the cooperative company S-Lim has been transferred to the mission entrusted association S-Lim through a partial demerger. The financial effects of this transaction have been directly processed in the reserves, amounting to 3.218 k EUR, and have had an impact of 1.218 k EUR on the financial result. This partial demerger was approved during the General Assembly of Fluvius Limburg on 27 June 2023.

Wyre Holding bv

On 1 July 2023, the Wyre transaction between Fluvius and Telenet, concerning the partnership around the 'data network of the future' in Flanders, was completed. Wyre bv is an independent self-financing infrastructure company, in which the fixed data network assets of Fluvius and Telenet have been brought together. Wyre bv's goal is to 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 is expected to cover up to 78% of all homes in Flanders and parts of Brussels. Wyre will operate a network with fully open access and without discriminatory conditions and provide wholesale access to other interested telecom operators, including Telenet and Orange.

At the end of December 2022, these assets that met the conditions of IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' were classified as 'Assets Held for Sale' (see the 'Consolidated Annual IFRS Financial Statements' of the 'Economic Group' for the year ending 31 December 2022).

This carve-out took place by means of a number of legal steps which entered into force simultaneously, but with a legal chronology.
Initially, the MEAs contributed their HFC networks, leasehold rights and other assets related to cable infrastructure activities (including the participation in Interkabel Vlaanderen cv) to Fluvius System Operator. Immediately following this contribution, a silent merger took place between Fluvius System Operator cv and Interkabel Vlaanderen cv. Subsequently, Fluvius contributed the stock, assets, leasehold rights related to cable infrastructure activities as well as a loan of 32.000

k EUR (see note 'Long-term and short-term receivables, other') to Wyre bv, for which a transfer of shares of 35,3% of the total number of shares, with a value of 1.010.000 k EUR, took place. Immediately after this contribution, Fluvius sold 2,1% of its shares in Wyre bv to Telenet for 120.000 k EUR in the context of a 'synthetic dividend', which reflects a deferred payment over 6 years (see notes 'Equity' and 'Long- and short-term receivables, other'). As a result of this entire transaction, the Group realized a profit of 286.827 k EUR, taking into account the elimination of 112.453 k EUR for the Group's own gain on the contribution of the assets.

In a final phase, both Fluvius and Telenet BV contributed their shares in Wyre bv to Wyre Holding bv. In this joint holding company, Telenet bv and Fluvius System Operator cv will hold 66,8% and 33,2% of the shares respectively. This holding company in turn owns 100% of Wyre bv.
The Group's stake in Wyre Holding bv amounts to 959.545 k EUR with a share percentage of 33,2% at the end of 2023.

The Group’s interest in Wyre Holding bv is accounted for using the equity method in the consolidated financial statements.
Summarised preliminary financial information of the associate is based on its IFRS financial statements. These statements will be further refined over the next 12 months following the final accounting treatment of the business combination. Reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

(In thousands of EUR)	31 December 2023	1 July 2023
Current assets	276.021	39.294
Non-current assets	5.667.101	5.706.817
Current liabilities	210.474	20.468
Non-current liabilities	2.840.246	2.863.858
EQUITY	**2.892.402**	**2.861.785**
of which non-controlling interests	557	594
of which equity attributable to owners of the parent	2.891.845	2.861.191
Group's share in equity - 33,2%	**960.093**	**949.915**
Adjustment for Fluvius Group	-112.453	-112.453
Group's carrying amount of the investment	**847.640**	**837.462**
Operating revenue	346.776	0
Operating expenses	-243.549	0
Finance income	2.289	0
Finance costs	-60.806	0
Profit before tax	**44.710**	**0**
Income tax expenses	-13.465	0
Profit for the period	**31.245**	**0**
Net other comprehensive income not being reclassified to profit or loss in subsequent periods	-628	0
Total comprehensive income for the period	**30.617**	**0**
of which attributable to non-controlling interests	-37	0
of which attributable to owners of the parent	30.654	0
Group's share of profit for the year - 33,2%	**10.178**	**0**

Wyre Holding bv needs the consent of both shareholders to distribute its profits. The Group does not foresee any distribution on the reporting date.
Wyre Holding bv has no contingent liabilities as at 31 December 2023.

With a view to the operational migration to Wyre bv, the Group will continue to provide transition services to Wyre from 1 July 2023 regarding:

- HFC works for a period of up to one year, on the basis of a migration schedule per area of operation. In 2023, the area of operation of Fluvius Antwerp was transferred to Wyre;
- Fibre optic works were carried out by the Group from 1 July 2023 to 16 October 2023, with aftercare until the end of 2023;
- Electronic communications services offered under the name 'FluviusNet' will be performed by the Group for a period of one year;
- IT migration of the data related to the telecom activities that have been transferred to Wyre.

(See note 'Related parties').

17 Other investments

Other investments amount to 2.667.078 k EUR at 31 December 2023 and 2.789.354 k EUR at 31 December 2022, a decrease of 122.276 k EUR.

The other investments in 2023 and 2022 comprise the **participations held in Publi-T** (2023: 47,83%; 2022: 48,03%) and **Publigas** (30,36%).
At 31 December 2023, the fair value recognition of those participations and the **shares held in Elia** amounted to 2.661.800 k EUR with recognition through other comprehensive income for 230.860 k EUR and 7.794 k EUR through finance income.
At 31 December 2022, the fair value recognition of those participations and the shares held in Elia amounted to 2.784.135 k EUR with recognition through other comprehensive income for 368.565 k EUR and 6.594 k EUR through finance income.
The MEAs Fluvius Antwerpen, Fluvius Limburg, Gaselwest, Imewo, Fluvius West, Intergem, Iveka Iverlek and PBE together own 47,83% of the share capital of Publi-T, the reference shareholder in the Belgian electricity transmission system operator Elia.
In June 2022, Elia carried out a capital increase for a total amount of 590,11 million EUR. Publi-T subscribed to this capital increase for 264,51 million EUR. Financing was provided temporarily through loans from two shareholders, with a bridging loan from the bank and using 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 other investments comprise the participations held by the Group in the **business centres** situated in the distribution area of Gaselwest (business centres Kortrijk, Flemish Ardennes and Waregem), Imewo (business centres Bruges and Ghent) and PBE (business centres Leuven and Tienen).
In addition, participations in **companies** are held by Fluvius West (service company Leiedal, West-Vlaamse Intercommunale and Intercommunale Centrum voor Informatica (CEVI) VZW), by Fluvius Limburg and Fluvius Antwerpen (service company Cipal) and by the Group in the companies EthiasCo, Duwolim cv and Poolstok.
The fair value recognition of these investments amounts to 5.278 k EUR at 31 December 2023 (2022: 5.219 k EUR) with recognition of fair value change amounting to 99 k EUR through finance income and 40 k EUR via financial cost (2022: 232 k EUR is recognized through finance income and 5 k euro through finance costs).

18 Short- and Long-term receivables, other

The 'Short- and long-term receivables, other' amount to 235.851 k EUR at 31 December 2023 and 107.251 k EUR at 31 December 2022, an increase of 128.600 k EUR.
This increase is the result of the Wyre transaction (see note 'Investments in joint ventures and associated entities'). Firstly, in relation to the financing contributed to Wyre bv amounting to 32.000 k EUR. Secondly, the receivable from Telenet, resulting from the sale of 2,1% of Fluvius's stake in Wyre bv, for 108.344 k EUR. This receivable will be repaid in annual instalments of 20.000 k EUR over a period of 6 years, with a final repayment date of 30 June 2029. Of this amount, 18.107 k EUR is due within a short-term period by the end of 2023.

Furthermore in this note, receivables towards municipalities are recorded in function of loans borrowed in the framework of the acquired financing associations (2023: 52.115 k EUR; 2022: 59.886 k EUR), to the Energy Service Company (2023: 5.542 k EUR; 2022: 5.948 k EUR) and to the company Atrias cv (2023: 36.625 K EUR; 2022: 40.300 k EUR) (see note ‘Related parties’).

At the end of 2022, from the long-term receivables, other, for the receivables on the telecommunications company Telenet, an amount of 444.406 k EUR was classified under the item Assets Held for Sale (see note 'Investments in joint ventures and associated entities').

19 Inventories

(In thousands of EUR)	2023	2022
Raw materials and consumables	200.127	171.347
Accumulated impairment on inventories	-9.652	-7.627
Total	**190.475**	**163.720**

The inventory increased as a result of the build-up of materials following the roll-out of digital meters, the installation of led for public lighting and the inventory of grid-related goods.Energy transition was anticipated by building sufficient stock.

The net write-back on impairment losses amounted to 2.025 k EUR in 2023 (2022: 2.412 k EUR net write-back). These amounts have been included in the profit or loss account.

At the end of 2022, the portion of the inventory relating to the Wyre transaction (11.803 k EUR) was recognised as ‘Assets held for sale'.

20 Trade and other receivables

(In thousands of EUR)	2023	2022
Trade receivables - gross	594.521	570.437
Impairment	-174.332	-171.949
Total trade receivables - net	**420.189**	**398.488**
Total other receivables	872.020	546.132
Total trade and other receivables	**1.292.209**	**944.620**

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

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

(In thousands of EUR)	2023	2022
Trade receivables from distribution grid activities		
Outstanding debt	269.958	249.550
Impairment	-9.461	-8.431
Trade receivables social customers		
Outstanding debt	149.684	127.355
Impairment	-102.484	-81.459
Other trade receivables		
Outstanding debt	129.345	164.738
Construction works for third parties	25.522	12.123
Impairment	-62.387	-82.059
Trade receivables public authorities, state and country	**7.114**	**9.014**
Other	**12.898**	**7.657**
Total trade receivable - net	**420.189**	**398.488**

Net trade receivables related to the distribution network fees increase by 19.378 k EUR to 260.497 k EUR As a result of the energy crisis since 2021 (see note 'Estimates and assumptions'), impairment charges were recognised for energy suppliers experiencing payment difficulties. In addition, a provision was also recognised in accordance with the principles of IFRS 9 'Financial instruments' – expected credit losses.

The net amount of trade receivables from social customers remains practically unchanged and amounts to 47.200 k EUR in 2023 and 45.897 k EUR in 2022.
The 'Other trade receivables' include amounts related to bad debts from the period before the energy market's liberalization, as well as receivables related to finished construction works and services rendered and costs still to be billed related to works for third parties. The debt amounts related to the sale of green energy certificates are also recorded in this line item.

In the context of improperly requested payments, additional provisions had to be included for the sales of GECs.

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

(In thousands of EUR)	2023	2022
VAT receivable	3.666	17.619
Receivables municipalities	7.653	1.767
Green energy and cogeneration certificates	444.691	363.727
Receivables options	4.743	3.266
Other current receivables	59.251	20.715
Transfer tariff	158.034	15.376
Complement to annual energy sales	93.116	89.798
Financial reconciliation	81.766	19.510
Deferred charges	17.785	13.779
Accrued income	1.315	575
Total other receivables	**872.020**	**546.132**

Total other receivables amount to 872.020 k EUR at the end of 2023 and 546.132 k EUR at the end of 2022, an increase of 325.888 k EUR.
This increase was mainly due to an increase of the receivables for unsold green energy certificates and cogeneration certificates (GEC and CHPC) amounting to 80.964 k EUR, 'Other current receivables' by 38.536 k EUR, DSO rate transfers by 142.658 k EUR and financial reconciliation by 62.256 k EUR, offset by the decrease in VAT to be recovered by 13.953 k EUR.

The **GECs and CHPCs** amount to 444.691 k EUR at the end of 2023 compared to 363.7272 k EUR at the end of 2022.

The MEAs are required on the basis of the Energy Decree (article 7.1.6 and article 7.1.7) to buy renewable energy certificates, which are offered by the owners of solar panels, cogeneration plants and other producers of renewable energy. The minimum support for solar panels varies between 450 EUR and 90 EUR; for cogeneration support amounts to between 27 EUR and 31 EUR.
The electricity suppliers are obliged to deliver a specific quantity of green electricity and cogeneration certificates to the regulator; the exact quantity of certificates is determined in relation to a certain percentage of the energy delivered to their end customers. Hence, the MEAs can offer these certificates to the energy suppliers.
The sales price in this market, however, is significantly lower than the minimum paid out by the MEAs for the certificates.
From June 2019 onwards, the Flemish Government decided to value the GECs at 93 EUR (previously 88 EUR) and the CHPCs at 27 and 31 EUR (which is equal to the minimum support in function of the period to which they relate) (previously 20 EUR).
The resulting cost is included in the post 'Cost of trade goods'.
Due to this adjustment in the Energy Decree those certificates should as from 2018 be sold at least once a year instead of several times a year.

In 2023, sales were organized through three auctions that took place in the first, second (extra auction at the request of the government and VREG for GECs) and the third quarter. GECs were sold for an amount of 251.206 k EURs and CHPCs for an amount of 1.105 k EUR. The average price for a GECs was 98,63 EUR and for a CHPCs 24,36 EUR.
In December 2023, the Group received an amount of 148.000 k EUR from the 'Vlaams Energie- en Klimaatagentschap' (VEKA); this amount was fully deducted from the costs.

In 2022, sales were organized via two auctions in the first and third quarter. GECs were sold for the amount of 176.693 k EUR and CHPCs for the amount of 8.470 k EUR. The average price for a GECs was 95,61 EUR and for a CHPCs 24,71 EUR.
Mini-competitions were also organised where only GECs were sold for an amount of 8.393 k EUR.
In December 2022, the Group received an amount of 148.000 k EUR as a result of the purchase and destruction of GECs and CHPCs by VEKA and VREG. Of this, 117.413 k EUR were deducted from the costs.

The **other current receivables** mainly include a receivable from 'Wonen in Vlaanderen' in the context of paid 'my renovation premiums' paid out for 41.552 k EUR at the end of 2023. In addition, this item also contains a claim under the basic energy package, being a compensation from the government for the high gas and electricity prices on the sales of energy as a social supplier.
At the end of 2022, the receivable from telecommunications company Telenet amounted to 50.843 k EUR, this was included under assets held for sale (see note 'Investments in joint ventures and associates').

For regulatory **transfers**, a receivable of 158.034 k EUR was recognised at the end of 2023 and a of 15.376 k EUR at the end of 2022 (see note 'Trade and other payables'). These items relate to corrections to sales that are eligible to be recognised as recoveries through the grid fee in subsequent years. (See note Working in a regulated environment - The settlement mechanism).

The **complement to the annual energy sales** (2023: 93.116 k EUR; 2022: 89.798 k EUR) concerns the estimate of energy supplied but not yet invoiced to social customers.

The **financial reconciliation** concerns an amount that is recoverable in respect of costs incurred for RUE premiums (2023: 70.000 k EUR, 2022: 0 k EUR) (see note 'Cost for services and other consumables') and a balance to be recovered for energy supplies at the social taiff (2023: 11.687 k EUR; 2022: 19.510 k EUR).

The **costs to be carried forward** mainly relate to the invoices received with costs for trade goods and services for (2023: 13.652 k EUR; 2022: 9.784 k EUR).

The item **accrued income** item (2023: 1.311 k EUR; 2022: 576 k EUR) mainly includes the interest still to be received on long-term loans granted.

21 Cash and cash equivalents

Cash and cash equivalents amount to 61.626 k EUR at 31 December 2023 and 80.229 k EUR at 31 December 2022, a decrease of 18.603 k EUR.
Cash and cash equivalents comprise bank deposits, cash resources and fund investments that are readily exchangeable into cash.Due to the borrowing during the year 2023 and 2022, these 'surpluses' of cash were temporarily held as cash.
All resources are reported in EUR.

Liabilities

22 Equity

Equity amounts to 7.784.725 k EUR at 31 December 2023 and 7.823.207 k EUR at 31 December 2022, a decrease of 38.482 k EUR.
The various components of equity and the movements from 1 January 2022 to 31 December 2023 were reflected in the ‘Statement of changes in equity’.

Contributions excluding capital, other
Contributions excluding capital, other amount to 2.786.536 k EUR at 31 December 2023 and 2.762.203 k EUR at 31 December 2022, an increase of 24.333 k EUR.

The table below gives an overview of the contributions of each MEA at the end of 2023 and 2022.

MEA	Contributions excluding capital, other Number	Contributions excluding capital, other (in thousands of EUR)	Contributions excluding capital, other Number	Contributions excluding capital, other (in thousands of EUR)
	31 December 2023	31 December 2023	31 December 2022	31 December 2022
Gaselwest	32.199.729	360.732	32.199.679	360.730
Imewo	28.849.688	361.136	28.849.650	361.135
Intergem	17.225.663	131.458	17.082.942	127.890
Iveka	11.364.266	134.184	11.342.834	133.648
Iverlek	41.694.433	292.779	41.694.383	292.778
Sibelgas	3.264.367	70.924	3.264.362	70.924
Fluvius OV	984	24	984	24
Fluvius West	9.995.780	249.895	9.983.468	249.587
Fluvius Limburg	24.298.819	600.882	23.539.450	581.914
Fluvius Antwerpen	30.918.769	432.951	30.884.865	432.103
PBE	2.593	8	2.573	8
Riobra	6.113.881	151.563	6.109.812	151.462
Total	**205.928.972**	**2.786.536**	**204.955.002**	**2.762.203**

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

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

The shares are divided by activity: electricity, gas, sewerage, cable networks, (replaced since 1 July 2023 by public electronic communication networks), heat, strategic participations and public lighting. Each participant must subscribe and to pay up at least one share per activity they are joining.
The distribution system operators that only carry out regulated activities for electricity and natural gas distribution are Gaselwest, Fluvius Antwerpen, Imewo, Fluvius West, Fluvius Limburg,

Intergem, Iveka, Iverlek, PBE (only electricity) and Sibelgas. These MEAs also carry out district heating.
The MEAs that carry out sewerage activities are Fluvius West, Fluvius Limburg, Fluvius Antwerpen and Riobra.
The MEAs that carry out the cable television activities are Fluvius West, Fluvius Limburg, Fluvius Antwerpen and PBE.

The MEAs issued shares and profit participation certificates (not for the public lighting activity). With the exception of those for sewerage and public lighting, shares and profit participation certificates are subject to a right to dividends.
The shares are divided into preference shares (471.315 shares at Fluvius Antwerp), non-preference shares (198.676.566 shares) and non-voting shares (6.781.091 shares).

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

The evolution of the **Contributions excluding capital, other** during 2023 and 2022 is as follows:

(In thousands of EUR)	Contributions excluding capital, other	Contributions excluding capital, issue premiums	Total
1 January 2022	**2.749.249**	**127.411**	**2.876.660**
Public lighting	-139	0	-139
Sewerage	-4.206	0	-4.206
Repayment of equity	**-4.345**	**0**	**-4.345**
Incorporation of unavailable reserves	97	0	97
Public lighting	17.202	0	17.202
Proceeds from contributions excluding capital	**17.299**	**0**	**17.299**
31 December 2022	**2.762.203**	**127.411**	**2.889.614**
Sewerage	-3	0	-3
Repayment of equity	-3	0	-3
Incorporation of unavailable reserves	307	0	307
Public electronic communication networks	8	0	8
Sewerage	19.069	4.819	23.888
Proceeds from contributions excluding capital	**24.336**	**4.819**	**29.155**
31 December 2023	**2.786.536**	**132.230**	**2.918.766**

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

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

- Transactions in 2022

A net increase of 17.063 k EUR in 'contributions excluding capital, other' with regard to the **public lighting** is the result of a reduction due to the renewed choice of the municipality of Kapellen as a result of area exchanges to convert the shares in accordance with the municipalities of that area into a part of the cash (25% or 139 k EUR) and an increase of 17.202 k EUR as a result of the contributions in kind of the public lighting by the cities of Antwerp and Herentals and the municipalities of Knokke-Heist and Wommelgem.

- Transactions in 2023

'Contributions excluding capital, other' with regard to the **public lighting** have increased by 4.952 k EUR following the contributions in kind of the public lighting by the city of Aalst and the municipality of Brasschaat.

A net increase 'contributions excluding capital, other' relating to sewerage activity of 19.069 k EUR, following, on the one hand, the provisional contributions in kind of 19.066 k EUR for the municipalities of Hamont-Achel and Tessenderlo and the final valuation of the sewerage infrastructure previously contributed by Sint-Pieters-Leeuw and, and on the other hand, the exit by the municipality of Nijlen (3 k EUR).

Contributions excluding-capital, issue premiums
The 'contributions excluding capital, issue premiums' amounts to 132.230 k EUR on 31 December 2023 and 127.411 k EUR on 31 December 2022.
During 2023, this item increased by 4.819 k EUR as a result of the accession of the municipalities of Tessenderlo and Sint-Pieters-Leeuw to the **sewerage activity**.

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

(In thousands of EUR)	Unavailable reserves	Available reserves	Total
Total at 1 January 2022	**559.026**	**1.175.688**	**3.488.622**
Movements to the reserves	**-97**	**0**	**-97**
Movements regarding the profit distribution	0	992	992
Movement of revaluation surplus value	33.326	0	33.326
Movements to the reserves	-497	356	-141
Addition/decrease reserves	**32.829**	**1.348**	**34.177**
Total at 31 December 2022	**591.758**	**1.177.036**	**1.768.794**
Movements to the reserves	**-307**	**0**	**-307**
Movements regarding the profit distribution	-16.000	311.645	295.645
Movement of revaluation surplus value	33.340	0	33.340
Partial demerger S-Lim cv	0	-3.218	-3.218
Movements to the reserves	-288	801	513
Addition/decrease reserves	**17.052**	**309.228**	**326.280**
Total at 31 December 2023	**608.503**	**1.486.264**	**2.094.767**

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

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

(In thousands of EUR)	Notes	2023	2022
Related to employee benefit liabilities	24	11.553	165.091
Related to rights to reimbursement on post-employment employee benefits	24	-62.368	-200.044
Related to fair value other investments	17	2.104.778	2.335.638
Related to deferred tax liabilities	12	-315.024	-329.281
Total other comprehensive income		**1.738.939**	**1.971.404**

The movement in other comprehensive income (2023: 232.465 k EUR; 2022: 438.261 k EUR) stems from the movements during the accounting period (see ‘Statement of comprehensive income’).

Non-controlling interest
The non-controlling interest amounts to 100 k EUR at 31 December 2023 (2022: 100 k EUR) and was included for the participation held by Farys/TMVW in De Stroomlijn cv and the participation taken during 2019 by De Watergroep in De Stroomlijn cv (7 k EUR).

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

Dividend policy 2021-2024 and pay-out scheme
As of the 2022 financial year, a uniform distribution between interim dividend and balance dividend will be introduced. Both dividends from the regulated and non-regulated activities over a given financial year are paid 90% as interim dividends in December of that year and 10% as balances in June of the following year. However, public lighting lump sum are deducted in full from their interim dividend.
For the disbursement, the amount agreed for the 2022 budget was paid out from the profit for the financial year and retained earnings or, in the event of insufficient funds, as a cash advance.

During the 2023 financial year, 191.644 k EUR were paid as dividends, of which 170.154 k EUR were dividends from 2023 and 21.490 k EUR came from a dividend that was approved but not paid in 2022.
During the 2022 financial year, 221.020 k EUR were paid as dividends, of which 163.436 k EUR were dividends from 2022 and 57.584 k EURs came from a dividend that was approved but not paid in 2021.

The table below shows the approved and paid out dividends per MEA in 2023 and 2022.

MEA (In thousands of EUR)	2023	2022
Gaselwest	31.483	34.531
Imewo	28.879	34.142
Intergem	14.429	16.240
Iveka	9.880	10.773
Iverlek	22.689	26.601
Sibelgas	1.356	1.525
Fluvius West	10.701	15.711
Fluvius Limburg	37.890	38.310
PBE	8.270	9.636
Fluvius Antwerpen	26.067	33.551
Total	**191.644**	**221.020**

After the balance sheet date, the Board of Directors of each of the MEAs has formulated a dividend proposal. At their MEA's General Assembly, the shareholders have approved the payment of these dividend balances. According to IFRS, these dividends are only reported in the year in which the dividends have been approved. The dividend balance for 2023 amounted to 29.340 k EUR and will be included in the 2024 accounts, the dividend balance for 2022 amounted to 21.490 k EUR and was included in the 2023 accounts. The amounts mentioned are the net dividends before withholding tax.

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

23 Interest bearing loans and borrowings

(In thousands of EUR)	2023	2022
Long-term loans	**8.063.135**	**6.335.497**
Current portion of long-term loans	203.083	958.004
Short-term loans	535.500	319.512
Short-term loans	**738.583**	**1.277.516**
Total	**8.801.718**	**7.613.013**

Long and short-term loans amount to 8.801.718 k EUR at 31 December 2023 and 7.613.013 k EUR at 31 December 2022, an increase of 1.188.705 k EUR.

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

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During 2023, two institutional bonds of 700.000 k EUR and 500.000 k EUR and a retail bond of 240.000 k EUR were issued to the MEAs and two bank loans with a total value of 500.000 k EUR were taken down by the MEAs to repay bank loans, refinance two maturing bonds and realize replacement investments and expansion investments, among other things. Almost 70% of this new funding was allocated to the electricity activity, 16% to the gas activity, 5% to public lighting, 8% to sewerage and 1% to the heat activity

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

(In thousands of EUR)	**2023**		**2022**	
	Cash	**Non-cash**	**Cash**	**Non-cash**
Total as at 1 January	7.613.013		7.196.108	
Movements on non-current loans (LT)				
Proceeds of non-current loans	1.927.225	0	1.295.031	0
Change in non-current loans	0	3.537	0	2.648
Transfer of short-term portion of LT loan to ST	0	-203.124	0	-939.547
Movements on current loans (ST)				
Proceeds of current loans	535.500	0	319.512	0
Transfer of short-term portion from LT loan to ST	0	203.124	0	939.547
Change in current loans	0	-770	0	-4.484
Repayment of short-term portion of long-term loan	-957.275	0	-710.574	0
Repayment current loans	-319.512	0	-485.228	0
Total movements	**1.185.938**	**2.767**	**418.741**	**-1.836**
Total at end of reporting period	**8.801.718**		**7.613.013**	

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

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

All outstanding loans are expressed in EUR.

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

For all the bond loans, each of the MEAs is a **guarantor** on a non-joint and non-inclusive basis but limited to its proportional share in the contribution of its former working company (ex-Eandis or ex-Infrax). The portion in the share capital was fixed at the moment of issuance and remains fixed over the remaining term of the bond loans.

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

Overview of the long-term loans by category.
At the end of 2023

(In thousands of EUR)	2023	Initial amount	Current interest rate %	Maturity
Bond issue - retail	439.817	440.000	2,00 - 4,00	2025 - 2027
Bond issue - EMTN*	5.082.730	5.110.500	0,25 - 4,78	2026 - 2042
Bond issue - private**	436.710	440.000	2,60 - 3,55	2027 - 2044
Bank loans - fixed interest rate	2.112.472	2.243.914	0,14 - 4,57	2024 - 2038
Bank loans - floating interest rate	4.822	37.403	-0,39 - 4,61	2024 - 2033
Bank loans - with derivative instrument	189.667	844.322	2,84 - 4,41	2024 - 2036
Total	**8.266.218**	**9.116.139**		
Current portion of long-term debt	-203.083			
Total long-term loans	**8.063.135**	**9.116.139**		

At the end of 2022

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

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

Overview of the long-term loans borrowed during 2023 and 2022:

(In thousands of EUR)	2023	2022	Initial amount	Interest rate %	Maturity
Bond issue - EMTN* - May 2023	694.933		700.000	3,88	2033
Bond issue - Retail (Green) - June 2023	239.866		240.000	4,00	2027
Bond issue - EMTN* - September 2023	493.073		500.000	3,88	2031
Bankloans - Fixed interest rate - October 2023	250.000		250.000	3,88	2033
Bankloans - Fixed interest rate - October 2023	250.000		250.000	3,97	2038
Total 31 December 2023	**1.927.872**		**1.940.000**		
Bankloans - Fixed interest rate - June 2022	149.898	149.868	150.000	1,57	2027
Bond issue - EMTN* - July 2022	496.553	496.148	500.000	4,00	2032
Bond issue - EMTN* - July 2022	49.919	49.911	50.000	4,28	2034
Bond issue - EMTN* - October 2022	49.809	49.799	50.000	4,78	2042
Bond issue - EMTN* - November 2022	49.916	49.908	50.000	4,63	2034
Bond issue - EMTN* - November 2022	14.965	14.961	15.000	4,61	2034
Bankloans - Fixed interest rate - December 2022	199.845	199.805	200.000	3,25	2027
Bond issue - EMTN* - December 2022	34.865	34.858	35.000	4,25	2042
Bankloans - Fixed interest rate - December 2022	236.981	250.000	250.000	3,44	2037
Total 31 December 2022	**1.282.750**	**1.295.258**	**1.300.000**		

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

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

During 2023, a nominal amount of 1.940.000 k EUR in long-term financing was raised: all bonds were issued through the operating company and two bank loans were raised through the commissioning associations:

- ✓ An institutional bond was issued in the amount of EUR 700.000 k EUR with an issue price of 99,350%, with a maturity of 10 years, at a fixed coupon rate of 3,875% and fully repayable on 9 May 2033.
- ✓ A retail bond was issued in the value of 240.000 k EUR with an issue price of 101,625%, with a maturity of 4 years, at a fixed coupon rate of 4,00% and fully repayable on 28 June 2027.
- ✓ An institutional bond was issued with a value of EUR 500.000 k EUR with an issue price of 98,705%, with a maturity of 7,5 years, at a fixed coupon rate of 3,875% and fully repayable on 18 March 2031.
- ✓ The MEAs, except Riobra, took out a loan with a total value of 250.000 k EUR, with a term of 10 years, at a fixed interest rate of 3,883% with annual capital repayments and interest payments.
- ✓ Finally, with the exception of Riobra, the MEAs have taken out a loan, with a total value of 250.000 k EUR, with a term of 15 years, at a fixed interest rate of 3,971% with annual capital repayments and interest payments.

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

- ✓ An institutional bond was issued worth 500.000 k EUR with an issue price of 99,190%, with a maturity of 10 years, at a fixed coupon rate of 4,00% and fully repayable on maturity 6 July 2032.
- ✓ Five private placements were issued for:
    - o 50.000 k EUR at an issue price of 99,820%, with a term of 12 years at a fixed coupon rate of 4,278% and fully repayable on maturity 20 September 2034;
    - o 50.000 k EUR at an issue price of 99,600%, with a term of 20 years, at a fixed coupon rate of 4,778% and fully repayable on maturity 28 October 2042;
    - o 50.000 k EUR at the issue price of 99,820%, with a term of 12 years, at a fixed coupon rate of 4,625% and fully repayable at maturity 7 November 2034;
    - o 15.000 k EUR at issue price of 99,760%, with a maturity of 12 years, at a fixed coupon rate of 4,610% and fully repayable on maturity 15 November 2034 and
    - o 35.000 k EUR at issue price of 99,600%, with a maturity of 20 years, at a fixed coupon rate of 4,254% and fully repayable on maturity 15 December 2042.
- ✓ Two tranches of a loan with the European Investment Bank (EIB) were taken up for a total of 350.000 k EUR. At the end of 2021, an agreement was reached with the EIB for a second loan contract of 150.000 k EUR. This is a first tranche within a total loan facility of 350.000 k EUR which was drawn in June 2022. In May 2022, it was agreed with the EIB that the second tranche of 200.000 k EUR could be drawn. This drawdown took place in November 2022. The first tranche was contracted with a term of 5 years, at a fixed interest rate of 1,574% and is fully repayable on maturity 1 June 2027.The second tranche was entered into with a term of 5 years, at a fixed interest rate of 3,254% and is repayable in full on maturity 15 November 2027. Finally, the MEAs, except for Riobra, entered into a credit, with a total value of 250.000 k EUR, with a term of 15 years, at a fixed interest rate of 3,435% with annual capital repayments and interest payments.

Furthermore, in 2022 the MEAs carried out a restructuring of some existing loans for which the (IFRS 9) principle of 'loan modification' was applied.
The MEAs had several loans outstanding with a bank amounting to EUR 267,0 million. The weighted average interest rate was 3,33% (highest 4,764% and lowest 1,567%) and the average remaining maturity was still 7 years (with the longest maturities remaining until 2036). These loans were restructured into one loan for each MEA at an interest rate of 3,02%, semi-annual repayments and a maturity of 10 years. This improved the average financing cost and by extending the maturity, the interest burden was spread more proportionally.

Short-term loans

The loans on short-term contain the portion of the long-term loans which are repayable within one year (203.083 k EUR at year end 2023, 958.004 k EUR at year end 2022) and the loans drawn with financial institutions as reported below:

(In thousands of EUR)	Maturity	Available amounts	Amounts used	Amounts not used	Average interest rate*
Commercial paper	(1)	500.000	425.000	75.000	4,16%
Fixed advances	(2)	300.000	100.000	200.000	4,20%
Fixed loans/Bank overdraft	Daily	200.000	0	200.000	NA
Fixed loans	NA	25.000	0	25.000	NA
Loans from third parties	NA	10.500	10.500	0	3,00%
Total at 31 December 2023		**1.035.500**	**535.500**	**500.000**	
Commercial paper	(1)	500.000	300.000	200.000	0,25%
Fixed advances	NA	200.000	0	200.000	NA
Fixed loans/Bank overdraft	Daily	200.000	12	199.988	9,01%
Fixed loans	NA	25.000	0	25.000	NA
Loans from third parties	NA	19.500	19.500	0	0,84%
Total at 31 December 2022		**944.500**	**319.512**	**624.988**	

* The average interest rate of the used amounts at the end of the period
(1) At 31 December 2023: maturities between 4 January 2024 and 12 February 2024; at 31 December 2022: maturities between 30 January 2022 and 28 February 2023
(2) Maturity date on 4 January 2024
NA Not Applicable

All short-term loans, except loans from third parties, are subscribed by Fluvius System Operator in the name and on behalf of the MEAs. No collateral is given in respect to the bank overdrafts (no straight-loan contract and overdraft on current accounts on 31 December 2023).
Concerning the other loans, the MEAs guarantee their contribution to the capital and act in solidarity as joint debtors.

IBOR reform

A fundamental reform of the major interest rate benchmarks is to be implemented, with some interbank offered rates (IBORs) being replaced by alternative near-risk-free rates.
The Group has financial instruments that will be reformed as a result of this global initiative. The main IBOR used by the Group at the reporting date is the EURIBOR (Euro Interbank Offered Rate). In addition, the Eonia is also used. The alternative reference rate for the Eonia is known and will be the €STER. For the Euribor, its administrator, the European Money Markets Institute (EMMI), initiated a transition to a new methodology for calculating Euribor in 2019. Since the end of 2019, Euribor is calculated using a new hybrid methodology based on a combination of transactions in the market and quotes from banks. The manager believes that the new calculation of Euribor does not change the underlying interest rate. Since 2 July 2019, EMMI has been licenced by the Belgian regulator. Obtaining this licence confirms that EMMI meets the requirements of the European Benchmark Regulation and is also included in the European register of ESMA (European Securities and Markets Authority), allowing the benchmark to be used beyond 1 January 2020. EURIBOR is therefore intended to be retained for the time being. The ‘Working Group on Euro Risk-Free Rates’ is currently examining suitable fallback options based on €STR in case EURIBOR ceases to exist

or is no longer representative. The banks also monitor developments in the market and will inform their clients in a timely manner if necessary. The Authority for the Financial Markets supervises the implementation of the EU Benchmark Regulation by the banks.

Evaluation of the conversion
There is no longer a contract related to Eonia. One contract is related to the reference interest rates €STR, and several other contracts are related to Euribor. As there is currently no concrete decision to stop using the Euribor, the risk of contracts being converted or terminated is considered very low in the period until 2024. After 2024, this currently concerns the short-term loans (the Commercial Paper programme, the straight loan contract) and the bank loans with derivative structure.

Below is the overview of the long and short-term loans on 31 December 2023 and 31 December 2022 that are Euribor-related and are not yet at maturity:

(In thousands of EUR)	31 December 2023	31 December 2022	Issuance	Interest rate %	Maturity
Bank loans - with derivative structure	55.322	72.199	250.000	4,18	2026
Bank loans - with derivative structure	55.541	69.427	250.000	3,55	2027
Bank loans - with derivative structure	38.074	41.003	74.000	2,84	2036
Bank loans - with derivative structure	27.125	30.625	70.000	3,31	2031
Total	**176.063**	**213.253**	**644.000**		

The long-term portion of these loans on 31 December 2023 amounts to 138.090 k EUR (31 December 2022: 176.063 k EUR).

24 Employee benefit liabilities

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

As of 2018, the employer contributions with respect to O.F.P. Enerbel are calculated according to the PUC method with projection of future contributions. The employee contributions are still be valued according to the PUC method without projection of future contributions because those are independent to seniority.

The guaranteed interest is variable and each year aligned to 85% of the average return over the last 24 months of linear bonds of the Belgian State (OLOs) with a duration of 10 years (at least 1,75% and maximum 3,75%).
The applied interest rate starting from 2016 is 1,75% and is applied, according to the vertical method, for all contributions paid to the pension funds and in the insurance company (products of TAK 21 with interest guarantee).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Right of reimbursement
The Energy Decree of 2015 stipulates and the current tariff methodology confirms that the stranded costs which consist of the charges for the unfunded public sector pension or supplementary pension, are eligible for inclusion in the tariffs. Since it is virtually certain that these costs will be borne by third parties, a reimbursement right for the employee benefits was recognised and recorded as an asset.
The reimbursement rights are therefore recorded at the same value as the corresponding value for the liability for employee benefits (i.e. fair value). The adjustments in the period to date are - as a result of the changes in the assumptions or experience adjustments - all recognised as other comprehensive income as well as adjustments for the reimbursement rights.
The rights of reimbursement amount to 141.291 k EUR at the end of December 2023 (2022: 15.461 k EUR).

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

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

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

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

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

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

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

	2023	**2022**
Discount rate - pensions DB, cash balance, other contributions	3,06%	3,64%
Discount rate - pensions DC, health benefits, tariff advantages, leave	3,25%	3,75%
Discount rate - others	3,06%	3,64%
Expected average salary increase (inflation excluded) - old*	0,45%, 0,67%, 1,04%	0,40%, 0,70%, 1,22%
Expected average salary increase (inflation excluded) - new**	2,02%, 2,42%	2,08%, 2,35%
Expected average salary increase (inflation excluded) - additional	0,00%	0,40%
Expected average salary increase (inflation excluded) - additional statutory staff	1,04%	1,62%
Expected inflation	2,10%	1,90%
Expected increase of health benefits (inflation included)	3,10%	2,90%
Expected increase of tariff advantages	2,10%	1,90%
Average assumed retirement age	63	63
Mortality table used	IA|BE Prospective Tables	IA|BE Prospective Tables
Turnover - old*	0,41%, 0,40%	0,45%, 0,35%
Turnover - new**	1,73%, 3,91%	1,78%, 3,07%
Turnover - statutory staff	0,00%	0,00%
Life expectancy in years of a pensioner retiring at age 65:		
For a Person aged 65 at closing date:		
- Male	20	20
- Female	24	24
For a Person aged 65 in 20 years:		
- Male	22	20
- Female	26	24

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

Accounting treatment
The notes below include the provision for employee obligations under IAS19 for 2023 and 2022. The movement in the 'Employee Benefits Provisions' in 2023 is mainly due to rising inflation, reduced discount rates and experience adjustments.

Furthermore, an amount of 141.291 k EUR at the end of 2023 (2022: 15.461 k EUR) was recognized as a '**Reimbursement right',** as it can be recovered through future tariffs.

Amounts recognized in comprehensive income

(In thousands of EUR)	2023	2022
Current Service cost (employer only) - tax on service cost included	-50.969	-66.596
Interest expense	-63.847	-21.856
Interest income - interest income from asset ceiling excluded	48.020	12.927
Past service cost	-1.844	-5.318
Actuarial gains and (losses) recognised immediately in profit or loss	-16.685	9.089
Total costs included in profit or loss	**-85.325**	**-71.755**
Actuarial (gains) losses on liabilities:		
changes in financial assumptions	107.675	-688.237
changes in demographic assumptions	7.199	1.632
effect of experience adjustments	65.731	225.354
Actuarial (gains) losses on assets	-19.681	184.600
Effect of variation of the asset ceiling	-7.386	-1.463
Total costs included in other comprehensive income	**153.538**	**-278.114**

Amounts recognized in the balance sheet

(In thousands of EUR)	Present value of funded defined benefit obligation	Fair value of plan assets	Total
Pensions - funded status	1.449.959	-1.396.093	53.866
Pensions - unfunded status	72.432	0	72.432
Healthcare costs, tariff benefits - unfunded status	150.989	0	150.989
Other long-term employee benefits - funded status	21.566	-23.822	-2.256
Other long-term employee benefits - unfunded status	130.771	0	130.771
Impact on minimum funding requirement/effect of asset ceiling	0	28.826	28.826
Total defined benefit obligation and long-term employee benefits at 31 December 2023	**1.825.717**	**-1.391.089**	**434.628**
Pensions - funded status	1.268.065	-1.337.194	-69.129
Pensions - unfunded status	71.554	0	71.554
Healthcare costs, tariff benefits - unfunded status	143.334	0	143.334
Other long-term employee benefits - funded status	20.612	-25.057	-4.445
Other long-term employee benefits - unfunded status	114.122	0	114.122
Impact on minimum funding requirement/effect of asset ceiling	0	34.941	34.941
Total defined benefit obligation and long-term employee benefits at 31 December 2022	**1.617.687**	**-1.327.310**	**290.377**

Changes in the present value of the obligation

(In thousands of EUR)	2023	2022
Total at 1 January	-1.617.687	-2.082.573
Actuarial gains (losses) - financial assumptions	-112.594	724.693
Actuarial gains (losses) - demographic assumptions	-5.444	-1.152
Actuarial gains (losses) - experience adjustments	-79.251	-253.203
Current service cost & taxes included	-50.969	-66.596
Participant contributions	-2.160	-2.088
Interest cost	-63.847	-21.856
Benefit payments & taxes included	108.079	90.406
Past service cost	-1.844	-5.318
Total at 31 December before tax on unfunded obligations	**-1.825.717**	**-1.617.687**
Taxes on unfunded obligations	0	0
Total at 31 December	**-1.825.717**	**-1.617.687**

Changes in the fair value of the plan assets

(In thousands of EUR)	2023	2022
Total at 1 January	1.362.251	1.559.377
Actuarial gains (losses) - correction on assets at 1 January	-23.878	-2.101
Return on plan assets (excluding interest income)	43.559	-182.499
Interest income	49.292	13.097
Employer contributions & taxes included	63.898	36.317
Participant contributions	2.160	2.088
Benefit payments & taxes included	-77.367	-64.029
Total at 31 December	**1.419.915**	**1.362.251**
Irrecoverable surplus (effect of asset ceiling)	-28.826	-34.941
Total at 31 December	**1.391.089**	**1.327.310**

Changes in asset ceiling

(In thousands EUR)	2023	2022
Total at 1 January	34.941	36.234
Interest income	1.271	170
Changes in asset ceiling	-7.386	-1.463
Total at 31 December	**28.826**	**34.941**

Changes in other comprehensive income

(In thousands EUR)	2023	2022
Total at 1 January	-165.091	113.023
Other comprehensive loss (gain)	153.538	-278.114
Total at 31 December	**-11.553**	**-165.091**

Classification of the plan investments on the balance sheet date

The classification of the plan investments in function of the major category at the end of 2023

Category	Elgabel %	Pensiobel %	Insurance companies %	Powerbel and Enerbel %	Other %	Total %
Investments quoted in an active market	**94,52**	**93,73**	**100,00**	**90,87**	**88,76**	**91,07**
Shares (Eurozone)	11,23	7,44	0,00	9,71	14,35	12,21
Shares (Outside eurozone)	23,37	20,26	0,00	18,88	12,40	16,80
Government bonds (Eurozone)	0,00	0,00	50,00	6,71	30,36	16,56
Other bonds (Eurozone)	25,60	28,90	50,00	24,67	21,86	24,01
Other bonds (Outside eurozone)	34,33	37,14	0,00	30,90	9,80	21,50
Unquoted investments	**5,48**	**6,27**	**0,00**	**9,13**	**11,24**	**8,93**
Real estate	2,26	1,46	0,00	2,77	1,48	1,85
Cash and cash equivalents	2,52	2,58	0,00	2,62	6,04	4,31
Other	0,70	2,23	0,00	3,74	3,72	2,77
Total in %	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**
Total (In thousands of EUR)	**373.633**	**128.601**	**7.425**	**190.189**	**720.067**	**1.419.915**

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

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

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

(In thousands of EUR)	2023	2022
Breakdown of defined benefit obligation by type of plan participants	**-1.825.717**	**-1.617.686**
Active plan participants	-1.436.961	-1.322.687
Terminated plan participants with deferred benefit entitlements	-111.209	-107.824
Retired plan participants and beneficiaries	-277.547	-187.176
Breakdown of defined benefit obligation by type of benefits	**-1.825.717**	**-1.617.687**
Retirement and death benefits	-1.543.957	-1.360.231
Other post-employment benefits (medical and tariff reductions)	-150.989	-143.334
Jubilee bonuses (Seniority payments)	-130.771	-114.122

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

(In thousands of EUR)	Effect: increase (-) / decrease (+)
Discount rate (+0,25%)	47.524
Inflation (+0,25%)	-49.799
Salary increase (+0,10%)	-6.024
Healthcare increase (+0,10%)	-148
Tariff advantages (+0,50%)	-3.090
Employee turnover (+0,50%)	12.897
Life expectancy of pensioners (+1 year)	-32.683

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

The average duration of the defined benefit obligation at 31 December 2023 is 11 years (2022: 14 years) and for the defined contribution obligation at 31 December 2023 15 years (2022: 18 years).

The Group estimates to contribute 30.351 k EUR to the defined benefit pension plans in 2024 and 12.931 k EUR to the defined contribution plans.

25 Derivative financial instruments

The Group has entered into interest rate swaps in order to convert the variable interest rate on long-term loans into a fixed interest rate.
Derivative financial instruments amount to 2.354 k EUR at 31 December 2023 and 2.076 k EUR at 31 December 2022, an increase of 278 k EUR.
At 31 December 2022, the derivative financial instruments recognised as an asset amount to 1.890 k EUR.

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

Overview of the derivative financial instruments

- A Linear Constant Maturity swap within the framework of the original 200 million EUR loan with a maturity of 20 year concluded in December 2004 entered into force in December 2009.

- A Bonus Range Accrual within the framework of the original 250 million EUR loan with a maturity of 20 year loan concluded in December 2006 entered into force in December 2011.
- A Varifix within the framework of the original 250 million EUR loan with a maturity of 20 year concluded in December 2007 entered into force in October 2010.
- A forward fixing IRS swap was concluded in July 2013 within the framework of a loan subscribed to in December 2013 for an amount of EUR 150 million over 10 years**.

Overview of the acquired derivative financial instruments from ex-Infrax:

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

* Expired in 2022
** Expired in 2023

26 Provisions, other

(In thousands of EUR)	Site remediation	Other	Total
Total at 1 January 2022	**7.919**	**1.321**	**9.240**
Additions	3.067	0	**3.067**
Used	-1.561	-1.321	**-2.882**
Total at 31 December 2022	**9.425**	**0**	**9.425**
Used	-54	0	**-54**
Total at 31 December 2023	**9.371**	**0**	**9.371**

The provisions comprise the obligations recognized for the **remediation** of the former gas factory sites and other contaminated sites. The MEAs own several gas factory sites on which soil and groundwater have been polluted in the past. Tackling this pollution has already started on a voluntary basis and a framework agreement with OVAM was concluded in 2001. Meanwhile, the number of such sites has been reduced. In a new agreement with OVAM, it has been determined what the spread in time, the budget, the order of priority and the modalities of execution of the works for rehabilitating the soil, and possibly other measures, will be.
In 2023, an amount of 5.661 k EUR (2022: 6.346 k EUR) was pledged to OVAM.

On certain sites already sold, remediation duties still remain for an amount of 710 k EUR in 2023 and 710 k EUR in 2022 (see note ‘Contingencies’).

The increase of the provision for site remediation in 2022 was due to an additional amount for an existing remediation compensated by the uses (decontamination carried out) and more specific elements that allowed estimating the clean-up costs.

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

The Group expects that the provision for the remediation will decrease by a maximum of 1.500 k EUR in 2024, that the largest works will be carried out in the period 2025 to 2027, which can be estimated at 7.192 k EUR, and that the remediation will be completed by 2030.

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

27 Government grants

(In thousands of EUR)	**2023**	**2022**
Total at 1 January	354.182	336.661
Received during the year	35.523	24.864
Released to the income statement	-7.303	-6.840
Liabilities directly associated with the assets held for sale	0	-503
Total at 31 December	**382.402**	**354.182**

Government grants amount to 382.402 k EUR at 31 December 2023 and 354.182 k EUR at 31 December 2022, an increase of 28.220 k EUR. The increase results from the additional received government grants.
The Flemish Region (Vlaams Gewest) and the Flemish Energy and Climate Agency have granted capital subsidies to the MEAs for various projects. These support measures are part of the projects 'green energy' and sewerage investment activities (see note ‘Operating in a regulated

environment'). The Flemish Decree on government grants states which types of investment costs are eligible for obtaining a government grant for sewerage activities. The amount of the grant equals 75% of the effective costs related to the construction and improvements of sewerage, and the related spring facilities for rainwater. Because of the uncertainty with respect to the receipt, the timing and the amount of the grants awarded for sewerage, they are recognized at the moment the actual cash is received.

28 Trade payables and other liabilities

(In thousands of EUR)	2023	2022
Trade debts	313.649	291.492
VAT and other taxes payable	29.884	39.492
Remuneration and social security	110.388	107.776
Advances Soclev clients and other	76.376	80.169
Transfer tariff	0	0
Other current liabilities	247.555	230.920
Total	**777.852**	**749.849**

Trade payables and other current liabilities amount to 777.852 k EUR at 31 December 2023 and 749.849 k EUR at 31 December 2022, an increase of 28.003 k EUR.

The item trade payables increases by 22.157 k EUR due to the increase mainly in outstanding payables to suppliers (2023: 192.519 k EUR; 2022: 175.202 k EUR) and invoices to be received (2023: 121.130 k EUR 2022: 116.290 k EUR).

The VAT payable and other tax liabilities mainly include VAT payable (2023: 12.622 k EUR; 2022: 11.044 k EUR), withholding tax (2023: 15.507 kEUR; 2022: 28.103 k EUR).

Debts relating to employee benefits increase (2023: 110.388 k EUR; 2022: 107.776 k EUR) due to rising inflation during 2022 and the consequently larger outstanding debt for holiday pay and social security contributions.

The item advances Soclev clients and others decreases by 3.793 k EUR at the end of 2023 compared to the end of 2022 mainly due to prepayments received on consumption.

The other current liabilities mainly include the accrued costs (2023: 138.544 k EUR; 2022: 106.496 k EUR) of which the financial costs for the bond loans (2023: 72.874 k EUR; 2022: 47.858 k EUR), the other debts to the municipalities (2023:69.511 k EUR; 2022: 64.581 k EUR) and the personnel costs still to be paid (2023: 126 k EUR; 2022: 13.779 k EUR).

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

29 Current tax liabilities

(In thousands of EUR)	2023	2022
Current income tax expenses	32.697	87.749
Advances paid	-12.915	-68.297
Deductible witholding tax	-18.191	-16.833
Tax liability/(asset) current year	**1.591**	**2.619**
Tax liabilities/(assets)	**-22.562**	**-5.294**
Current tax liabilities/(assets)	**-20.971**	**-2.675**

The net amount of taxes to be received amounts to 20.971 k EUR at the end of 2023 and 2.675 k EUR at the end of 2022. At the end of 2023, a receivable of 25.601 k EUR was recorded (2022: 8.362 k EUR) and 4.630 k EUR as a tax liability (2022: 5.687 k EUR).
During 2023, a total of 51.370k EUR (2022: 83.010 k EUR) taxes were paid.

Financial instruments

30 Financial instruments: Risks and fair value

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

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

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

As the Group works within a regulated environment with a guaranteed remuneration (fair remuneration/profit and a guaranteed return/dividend), the risk is rather limited.
During 2023 and 2022, the Group fulfilled all 'expected' obligations.

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

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

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

Trade debtors
Movements in accumulated impairments on trade receivables

(In thousands of EUR)	2023	2022
Balance at 1 January	**-171.949**	**-155.439**
Charge of impaired receivables	-38.999	-24.778
Write-back of impaired receivables	36.616	8.268
Balance at end of the period	**-174.332**	**-171.949**

The outstanding receivables for the external customers for which no impairment was recorded amount to 420.189 k EUR recognised at the end of 2023. They have the following maturities:

325.575 k EUR are not past due; 14.217 k EUR are past due for more than one day and maximum two months; 36.020 k EUR are past due for more than two months and less than six months and 44.377 k EUR are past due for more than six months.

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

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

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

The Group borrows on a long-term basis mainly to finance its ongoing investments in the distribution grids including the roll-out of the digital meter, the realisation of the energy transition, the maintenance and replacement of grids (electricity, gas and also sewerage), the realisation of district heating grids, the acquisition and replacement of the public lighting infrastructure, to finance shareholdings, to refinance loans, to pay interests and for working capital purposes.

In 2010, the first bond loans were issued for private investors in Belgium and the Grand Duchy of Luxembourg. This step allowed to diversify and broaden the funding resources, so that a safe, reliable, efficient and innovative distribution of energy to the customers remains assured. To facilitate access to the market of institutional investors, a credit rating was requested.
In October 2011, ‘Moody's Investors Service Ltd.’ (“Moody’s”) granted Eandis System Operator a rating. Subsequently, a rating was also acquired from 'Creditreform Rating AG' (Creditreform). To determine the creditworthiness of Fluvius, the accounts of the distribution system operators were also taken into account, given the high level of the latter’s connection with Fluvius. As a result, the assessment for the ratings is made on the basis of the financial statements of the 'Fluvius Economic Group'.

Since October 2021, **Moody's confirmed the A3 rating** for Fluvius with a **stable outlook**. This assessment was based on the fact that in spring of 2021, Fluvius was able to take measures to counter the lower allowed income of the MEAs for the regulatory period 2021-2024, implement a change in dividend policy as from 2022 and obtain an allocation of advances from the Flemish energy regulator for the investments in smart meters. The assessment of the overall credit risk of Fluvius also took into account the fact that the Flemish Community (Aa3 stable as of 9 December 2021) has a strong interest in maintaining a solid financial strength of the MEAs, given their essential role in the Flemish economy.
On 19 September 2022 and 9 August 2023, this rating was **confirmed** by Moody's. Moody's also assigned an ESG (Environmental, Social and Governance) Credit Impact Score (CIS) of 3 (on a scale of 1 to 5). Fluvius's CIS-3 reflects a moderately negative exposure to social and environmental risks and a neutral to low risk for governance. The impact of those considerations on the rating is mitigated by the Group's supportive regulatory framework.

Since 16 August 2022, the rating with **Creditreform** is **'A' with stable outlook**. This decision was based on the combined effect of the stricter 2021-2024 tariff methodology (from the MEAs, shareholders of Fluvius System Operator) and a more volatile economic context with rapidly rising inflation and rising interest rates. According to Creditreform, this could cause the tension between the authorised income and financing costs to have a negative impact on the company's short-term results.
In mid-2023, Fluvius decided to cease its active participation in the rating procedure at Creditreform. From that date onwards, all rating information published by Creditreform is therefore on a non-solicited basis.

Fluvius System Operator, via 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. At the end of 2019, an amount of 2.980.500 k EUR or 59,61% had been issued. Since year end 2014 no more bonds were issued under this programme.
On top of this, Fluvius, via Infrax, issued bonds in the framework of its 500.000 k EUR EMTN programme launched in 2013. A first bond part was issued for 250.000 k EUR in 2013 (to mature in 2023) and a second one of 250.000 k EUR was launched in 2014 (to mature in 2029). This EMTN programme was therefore fully utilised. The bond maturing on 30 October 2023 has since been repaid to bondholders.
On 1 July 2020, a **new** 5.000.000 k EUR EMTN programme was launched by Fluvius System Operator cv that has a maturity of 10 years, extendable by Fluvius for 24 months. The current bond loans are issued within this programme. The issues are guaranteed by the Group's eleven MEAs and will have a minimum maturity of one year.
At the end of 2023, an amount of 3.940.000 k EUR or 78,80% of the programme's total amount had already been issued.

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

The following schedule shows the maturity schedule of the different loans.
At the end of 2023

(In thousands of EUR)	2023	1 year or less	2-3 year	4-5 year	More than 5 year
Bond issue - retail	440.000	0	200.000	240.000	0
Bond issue - EMTN	5.110.500	0	400.000	554.500	4.156.000
Bond issue - private	440.000	0	0	50.000	390.000
Bank loans - fixed interest rate	2.112.853	148.537	316.546	803.311	844.459
Bank loans - floating interest rate	4.822	2.970	631	554	667
Bank loans - with derivative instrument	189.667	51.576	78.292	26.743	33.056
Total	**8.297.842**	**203.083**	**995.469**	**1.675.108**	**5.424.182**
Total bullet payment	**6.571.343**	**0**	**630.843**	**1.394.500**	**4.546.000**
Total excluded bullet payment	**1.726.499**	**203.083**	**364.626**	**280.608**	**878.182**

At the end of 2022

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

Information regarding the repayment schedule of the lease obligations of the undiscounted payments of the lease liabilities.

(In thousands of EUR)	Lease Liabilities total	1 year or less	1-3 year	4-5 year	More than 5 year
2023	113.914	14.356	28.527	14.858	56.173
2022	35.840	11.500	16.697	5.104	2.539

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

- Related to Wyre bv
  As at 31 December 2023, the Group has long-term receivables for 32.000 k euro collectible on 18 July 2028, as a result of financing contributed in the Wyre transaction.
- Related to Telenet
  As at 31 December 2023, the Group has a discounted long-term and short-term receivable for a total of 108.344 k EUR, of which 20.000 k EUR are collectible over 6 years with a maturity date of 30 June 2029.This following the sale of 2,1% of the Wyre bv shares to Telenet

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

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

(In thousands of EUR)	2023	2022
In 2023	0	164.773
In 2024	200.771	133.474
In 2025	205.226	129.096
In 2026	195.968	121.174
In 2027	183.725	110.345
In 2028	158.906	96.823
In 2029 and beyond	707.299	449.469
Total	**1.651.894**	**1.205.153**

Other
More information about the risks of the Group and its shareholders is included in the EMTN base prospectus (edition June 2023) concerning the issue of a bond loan and the Investor Presentation of February 2024. These documents can be consulted on the website of Fluvius System Operator www.fluvius.be.

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

Fair value hierarchy
The Group uses the following fair value hierarchy classification to determine and classify the fair value of the financial instruments by a valuation technique:
Level 1: valuation is based on quoted (unadjusted) prices in an active market for identical assets or liabilities
Level 2: other techniques for which all input with a significant impact on the recorded fair value can be observed either directly or indirectly
Level 3: techniques that use input with a significant impact on the recorded fair value that is not based on observable market data.

The following methods and assumptions have been used to estimate the fair values:
Cash and short-term deposits, trade receivables (net of impairment), trade payables and other current liabilities approximate the carrying amounts because of the short-term maturity of these instruments.
The fair value of the unquoted other investments is based on the latest available information with distinction for the following investments:
- ✓ Publi-T: fair value based on latest available financial statement with adjustment for the investment held in Elia which is stated at the stock price of Elia on reporting date
- ✓ Publigas: fair value based on an external valuation report
- ✓ Elia: fair value based on the stock price of Elia on reporting date
- ✓ Other companies: fair value based on latest available year information.

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

The fair value of the quoted bonds, issued for a total amount of 5.550,5 million EUR varies according to the market interest rate. The fair value at 31 December 2022 amounts to 5.283,7 million EUR and differs from the amount that will be reimbursed and the carrying value.

The fair values as at 31 December 2023 are as follows:

(In thousands of EUR)	Fair value Level 1	Level 2	Level 3	Book value
Other investments	45.282	2.616.518	5.278	2.667.078
Long-term receivables, other	210.047	0	0	210.047
Green energy and cogeneration certificates (GEC & CGC)	444.691	0	0	444.691
Trade and other receivables excluding GEC and CGC	847.518	0	0	847.518
Short-term receivables, other	51.405	0	0	51.405
Cash and cash equivalents	61.626	0	0	61.626
Total	**1.660.569**	**2.616.518**	**5.278**	**4.282.365**
Loans on short-term	736.327	0	0	738.583
Loans on long-term	7.830.235	0	0	8.063.135
Lease liabilities	86.529	0	0	86.529
Derivative financial instruments	0	2.354	0	2.354
Total current liabilities, other	782.482	0	0	782.482
Total	**9.435.573**	**2.354**	**0**	**9.673.083**

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

(In thousands of EUR)	Fair value Level 1	Level 2	Level 3	Book value
Other investments	53.076	2.731.059	5.219	2.789.354
Derivative financial instruments	0	1.890	0	1.890
Long-term receivables, other	99.516	0	0	99.516
Green energy and cogeneration certificates (GEC & CGC)	363.727	0	0	363.727
Trade and other receivables excluding GEC and CGC	580.893	0	0	580.893
Short-term receivables, other	16.097	0	0	16.097
Cash and cash equivalents	80.229	0	0	80.229
Total	**1.193.538**	**2.732.949**	**5.219**	**3.931.706**
Loans on short-term	1.278.412	0	0	1.277.516
Loans on long-term	5.906.216	0	0	6.335.497
Lease liabilities	31.613	0	0	31.613
Derivative financial instruments	0	2.076	0	2.076
Total current liabilities, other	755.536	0	0	755.536
Total	**7.971.777**	**2.076**	**0**	**8.402.238**

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

Other information

31 Related parties

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

The remunerations paid to the directors are attendance fees and transport fees for an amount of 341.318,57 EUR for 2023 and 328.083,05 EUR for 2022.
The total remunerations paid to the management committee and the directors (Fluvius System Operator Group) amounted to 4.071.959 EUR for 2023 and 4.167.718 EUR for 2022. The post-employment benefits included in the total remuneration mentioned amounted to 234.817 EUR for 2023 and 211.540 EUR for 2022. There are no other benefits in kind, share options, credits or advances in favour of the directors.

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

(In thousands of EUR)	2023	2022
Amount of the transactions		
Recharge of costs to non-controlling interest companies	86.798	81.674
Recharge of costs from non-controlling interest companies	3.389	5.066
Amount of outstanding balances		
Trade receivables	9.748	9.968
Trade payables	971	3.842

Transactions of the Group with other companies (Atrias, Synductis, Wyre Holding and S-Lim (until June 2023) were as follows:

(In thousands of EUR)	2023	2022
Amount of the transactions		
Recharge of costs to associates	15.400	2.853
Recharge of costs from associates	40.554	33.520
Amount of outstanding balances		
Trade receivables	51.285	42.125
Trade payables	4.829	3.543

Membership of professional organisations
Fluvius System Operator is a member of several professional organisations, including:

- AquaFlanders, a non-profit organisation with the objective of supporting the Flemish water companies and sewer managers
- The Association of European Smart Grid Distribution System Operators (EDSO for Smart Grids ivzw)

- Vzw Flux50, the member organisation for innovation in energy transition and energy renovation in Flanders
- ODE Vlaanderen vzw (Organisation for Sustainable Energy Flanders)
- Synergrid vzw, a joint interest group of the operators of networks in Belgium of transmission of electricity, of transport of natural gas and of the distribution of electricity and natural gas
- VLARIO vzw, acting as a consultation platform and knowledge centre for the sewerage and wastewater treatment sector in Flanders
- Vzw VVSG (Association of Flemish Cities and Municipalities) that represents the interests of the local authorities, sharing knowledge and creating network opportunities.

During 2023, the fees to the statutory auditor, for the MEAs, Fluvius OV and Fluvius System Operator amount to 346 k EUR, an amount for legal mandates of 797 k EUR and for tax and other advice an amount of 209 k EUR. The fee for other assignments was approved by the Audit Committee.

32 Contingencies

(In thousands of EUR)	2023	2022
Rent deposits, buildings	1.508	1.442
Other bank guarantees	743	884
Pledge trade receivables	5.661	6.346
Total guarantees given	**7.912**	**8.672**
Guarantees obtained from contractors and suppliers	216.714	100.110
Goods held by third parties in their own name but at risk for the Group	400	733
Obligation to purchase property, plant and equipment	5.611	3.524
Obligation to sell property, plant and equipment	14	159
Obligation to remediate	710	710

Committed orders in 2023 amounted to 93.374 k EUR (2022: 70.611 k EUR).
Furthermore, there are also legal disputes pending between the MEAs and various parties (for a total of 2.501 k EUR in 2023; 27.880 k EUR in 2022).

Also a dispute between Telenet and Proximus should be reported:
Following the acquisition of the customer base of cable television and the establishment of a ground lease on the cable network by Telenet, Proximus claimed in the Court of First Instance of Antwerp to have the contracts annulled. This claim was rejected at first instance (judgment of 6 April 2009). Proximus then appealed to the Court of Appeal of Antwerp. Proximus claimed the disclosure of the full documents relating to the agreement between Telenet, Interkabel and the cable companies. They also claimed to have these agreements annulled and on the basis of a report, drafted by experts claimed damages of 1,4 billion EUR.
The aforementioned agreements contain a safeguard mechanism chargeable to Telenet, thus limiting the liability for the cable companies. On the basis of the agreements with Telenet, the Group is - in the case of a negative outcome - only liable for a maximum amount of 20.000 k EUR.
As at 18 December 2017, the Court of Appeal of Antwerp rejected the claim of Proximus entirely.
At the end of June 2019, Proximus filed an appeal in cassation against this judgment.

On 22 January 2021, the Court of Cassation ruled on this appeal and decided that the judgment of the Court of Appeal of Antwerp should be partially annulled.
The partial annulment only relates to the point that the Court of Appeal of Antwerp did not sufficiently justify the annulment of the agreement between Telenet and the MEAs but does not express an opinion on this point. In order to examine and rule on this, the case is sent to the Court of Appeal of Brussels.
On 16 June 2021, Proximus sued Telenet and the cable operators in appeal after cassation. By means of these proceedings, Proximus claimed the nullity of the agreements between Telenet and the cable companies. In addition, 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' latest claim filed in December 2022, its claimed damages have still not been quantified and its claim remains limited to EUR 1 provisional. Proximus requests that the debate on the exact extent of the damages be left to a second stage, following an interlocutory judgment by the Court on the liability of Telenet and/or the cable operators. Subordinately, Proximus requested the appointment of a court expert with the task of giving an opinion on the damages. The Fluvius DSOs had to file their final conclusion by 27 February 2023 at the latest, which they did in good time.
Due to the merger that has now intervened through the acquisition of Interkabel Vlaanderen by Fluvius System Operator in the context of the Wyre operation, a resumption of proceedings by Fluvius System Operator may have to take place prior to the hearing. The hearing date has not yet been announced.

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 been appealed and the appeal hearing took place on 18 May 2022. Following this hearing, the Court of Appeal decided on 1 June 2022 to also appoint an expert from the civil proceedings for the criminal aspect. The expert had to submit his report to the Court by 31 January 2023. The debates were supposed to be reopened at the hearing on 29 March 2023, but were postponed as the expert report was not yet available. An additional expertise took place on 9 August 2023; the final report is expected early 2024. The court has set the hearing at 13 November 2024.

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

33 Events after the reporting date

After the close of the 2023 fiscal year on 31 December 2023, the following significant facts and evolutions have occurred.

Loan with EIB
On 22 January 2024, Fluvius drew 198 million EUR under a current loan facility with the European Investment Bank (EIB). A maturity of 13 years with annual capital repayments and an interest rate of 3,103% was agreed. This is the third tranche of a total loan facility of 425 million EUR, of which 200 million EUR had already been drawn in 2020 and 2021. Fluvius can use these loans to finance the roll-out of digital electricity meters. Thus, an outstanding balance of 27 million EUR remains under this facility.

Decision of the Flemish Government on compilation decree
On 19 January 2024, the Flemish Government once again approved the so-called compilation decree. This decree determines, among other things, which networks distribution system operators can own and operate. Specifically, it stipulates that, in addition to electricity and natural gas networks, distribution system operators and their operating companies may own, develop, manage and operate, directly or indirectly, the following networks: electronic communication networks, public lighting, public sanitation, thermal networks, hydrogen networks, CO2 networks. They may also develop, manage and operate water distribution networks.

Legislation on sewerage
In February 2024, the Flemish government took some decisions that will have an impact on Fluvius's sewerage activity. Thus, sewerage grid operators will have to draw up a multi-year plan indicating how they will reach the imposed sanitation targets. There will also be a requirement by decree to have municipal rainwater and drought plans as from 2025. This will also be a prerequisite for obtaining subsidies for municipal sewerage projects. Such projects should not conflict with the municipal rainwater and drought plan.

Participations in Publi-T
It is being considered that Fluvius Antwerpen, Gaselwest, Imewo, Intergem and Iverlek create a company (with a minimum share capital at the establishment date), which could eventually function as a holding company. The founders of this company might contribute their Publi-T and/or Publigas participations, dependent on the concrete financing needs of e.g. Publi-T and Elia in the framework of the energy transition. External partners/investors can be attracted without putting a financial burden on the Flemish municipalities or Fluvius and without abandoning the strategic anchoring of Elia (through Publi-T) and Fluxys (through Publigas).
Also, within the context of maintaining the Flemish (local) anchoring of Elia (through Publi-T) and the financing of the energy transition, it is being considered to contribute the Publi-T participation of Fluvius Limburg, Fluvius West and PBE into the regional financing entities of the municipalities involved and the Flemish Energy Holding (which already participates in Publi-T).

34 List of group entities included in the consolidation

Below the list of group entities included in the consolidation:

At 31 December 2023

Subsidiary	Office	Number of shares owned %	Voting rights %
Mission entrusted associations *			
Fluvius Antwerpen	Antwerpsesteenweg 260, 2660 Antwerpen-Hoboken		
Fluvius Limburg	Trichterheideweg 8, B-3500 Hasselt		
Gaselwest	President Kennedypark 12, B-8500 Kortrijk		
Imewo	Brusselsesteenweg 199, B-9090 Melle		
Fluvius West	Noordlaan 9, B-8820 Torhout		
Intergem	Administratief Centrum (AC), Franz Courtensstraat 11, B-9200 Dendermonde		
Iveka	Koningin Elisabethlei 38, B-2300 Turnhout		
Iverlek	Aarschotsesteenweg 58, B-3012 Wilsele-Leuven		
PBE	Diestsesteenweg 126, B-3210 Lubbeek		
Riobra	Oude Baan 148, B-3210 Lubbeek		
Sibelgas	Stadhuis, Grote Markt, 1800 Vilvoorde		
Subsidiaries			
Fluvius System Operator cv	Brusselsesteenweg 199, B-9090 Melle	100,00	100,00
De Stroomlijn cv	Brusselsesteenweg 199, B-9090 Melle	62,17	62,17
Investment in joint ventures and associates			
Atrias cv	Koning Albert II-laan 37, B-1030 Brussel	50,00	50,00
Synductis cv	Brusselsesteenweg 199, B-9090 Melle	34,38	34,38
Wyre Holding bv	Liersesteenweg 4, B-2800 Mechelen	33,20	33,20
Other companies			
Fluvius OV	Trichterheideweg 8, B-3500 Hasselt	N/A	N/A

*Contact address: Brusselsesteenweg 199, B-9090 Melle

At 31 December 2022

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

*Contact address: Brusselsesteenweg 199, B-9090 Melle

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

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

Operating in a regulated environment

35 Electricity and gas

Renewal of permission to call on the operating company

The Flemish energy regulator VREG has by its decision of 24 February 2015 granted permission to the MEAs to call on the services of Fluvius System Operator cv as operating company for electricity. This authorisation applies as from 5 September 2014 and is valid for a period of twelve years.

Following the structural changes, the VREG gave permission to the distribution system operators Gaselwest, IMEA, Imewo, Intergem, Iveka, Iverlek, Sibelgas, Infrax West, Inter-energa, IVEG and PBE to call on the services of operating company Fluvius System Operator cv and this up to 25 September 2026.

Recognition of the distribution system operators

The Flemish energy regulator VREG reported, by letter of 6 February 2015, its decision of 3 February 2015 to renew the recognition of the abovementioned MEAs as electricity distribution system operators. This designation is valid for a period of 12 years starting from 5 September 2014.

On 29 September 2015, the VREG decided to renew the term for the abovementioned MEAs (except for PBE that does not distribute gas) for gas distribution for a period of 12 years beginning on 14 October 2015.

Regulated tariff methodology

The Group operates in a regulated environment whereby the Energy Decree establishes the guidelines. As a result of the Sixth State Reform the VREG – Flemish Regulator of the electricity and gas markets - has as from 1 July 2014, retrieved the competence of the federal regulator CREG to determine the tariff methodology for electricity and gas distribution in the Flemish region.

The distribution system operators must submit their tariff proposals within this framework. Every year, the regulator sets the allowed income that the MEA can derive from the distribution grid tariffs. This fixed income is then converted by the MEA into tariff proposals.

The regulator supervises the correct application.

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

The endogenous costs are the costs of expanding and managing the distribution grid. The MEA has control over these costs. These costs include operating costs, depreciation and the cost of capital. The difference between the revenue from the distribution grid tariffs for the endogenous costs and the actual endogenous costs constitutes the profit for the MEA. This profit can be used to remunerate the shareholders for their contribution (dividend distribution) and to finance investments. However, the income from the distribution grid tariffs is capped, creating an incentive to efficiently use the available resources. The allowed income from the endogenous costs is determined on the basis of this efficiency incentive and a trend calculation. The difference between the actual endogenous costs and income can be either a bonus or a malus for the grid operator.

The exogenous costs are costs over which the MEA has no control. They mainly include Elia's transmission grid tariffs as well as the costs of transit, fees to be paid to cities and municipalities, RUE premiums, costs (including capital cost reimbursement) to buy the GECs and CHPs, reduction of the regulatory asset/liabilities and the costs of non-capitalised supplementary pensions. These costs are passed on in the distribution grid tariffs. The allowed income of the exogenous costs is equal to the expected amount of costs. The difference between the actual exogenous costs and revenues is settled later (in a subsequent tariff period).

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

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

Measures and effects of the 2021-2024 tariff methodology
The new tariff methodology for the period 2021-2024 has a negative impact on the DSOs' regulated revenues and their profitability. The reasons for this are the decrease in the Weighted Average Cost of Capital (WACC) and the decrease in the remuneration base. This is because the remuneration on the surplus value on the Regulated Asset Base (RAB) will be phased out over a period of eight years. As a result, the DSOs receive fewer resources to carry out their tasks and assignments and the dividend to the shareholders is reduced.
The Group worked out actions in different areas to be able to preserve the 'financial health' of the DSOs. Several **mitigating measures** were taken, including the application for an **advance payment scheme**. As the Allowed Income was determined by VREG on the basis of the trend in endogenous costs in the period 2015-2019, a discrepancy between the costs incurred and the corresponding revenues arises in the event of an accelerated cost increase. This is particularly the case when large new projects are started up, such as the roll-out of the digital meters.
The VREG acknowledged this problem and, by means of advances, increased the endogenous income of 2021 by 43 million euros (14 million euros for electricity and 29 million euros for gas).
For 2022, the endogenous electricity income was increased by an advance of 22 million euros. Each year, the VREG can determine the amount of the advances. In 2023, due to the demand to limit the impact of inflation on network tariffs, the advances obtained so far were fully repaid.
Furthermore, the Group has developed additional financial criteria for **capital expenditure** and a programme has been initiated to achieve the **cost savings** imposed by VREG of 150 million EUR by 2024.
In order to keep the equity of the various DSOs and the Group as strong as possible, a modified **dividend policy** (for the electricity and gas segment) has been developed on the basis of the ratio (calculations using BE-GAAP figures) of Equity to Regulated Asset Base. This innovation will be applied from 2022 onwards (see also note 'Equity').

Tariffs 2023
On 21 November 2022, the VREG approved the periodic network tariffs for electricity and gas for for the period from 1 January 2023 to 31 December 2023.
From then on, not only large companies, but also households and SMEs will pay a capacity tariff for electricity.
The rates for electricity and gas will increase compared to 2022. For both gas and electricity, this increase is mainly attributable to rising inflation during 2022.

On 4 October 2023, the allowed income of each electricity and natural gas distribution system operator from its periodic distribution network tariffs for the year 2024 was determined.
The allowed income for DSOs will increase by 7,4% for electricity and by 7,87% for gas compared to the allowed income of 2023. This increase is mainly due to the negative advance for the year

2023 that is now disappearing. An expected inflation rate for 2024 of 4,07% is also taken into account.
Furthermore, in the year 2024, the Flemish government will pay out 67 million EUR as compensation for the purchase of certificates, compared to 148 million euros in the year 2023.
The VREG may revise the permitted income for the year 2024 because ELIA's rates for 2024 may increase significantly.

Tariffs 2022
On 22 December 2021, the VREG published the distribution grid tariffs for 2022. These tariffs for electricity and gas, which determine the allowed income of the DSOs, are lower than in 2021. This decrease was made possible by government decisions on the sale of GEC, charging for public service obligations and the transformation of federal surcharges into special excise duties.
From 1 July 2022, tariffs for electricity would be based on capacity with the tariff largely based on the average highest monthly power instead of the kWh consumed per year (delayed to 1 January 2023).

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

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

On 6 July 2022, the VREG decided to impose a fine in April 2023 on the distribution system operators in response to non-compliance with the obligation to send monthly usage data to suppliers in order to inform their customers.
In the run-up to the effective date of 1 April 2023, Fluvius has thoroughly prepared to gradually provide informative monthly volumes to energy suppliers on that date. Despite all efforts, the activation could not be carried out, as market parties would experience problems and damage with a negative impact on customers/end users. After the decision and the recovery letters for the fines from the VREG, Fluvius adopted a positive attitude and continued to consult constructively with the VREG and the suppliers. The Group has started the Monthly Information Volumes gradually and in a controlled manner to start in 2023, without prejudice to the commitment to send these volumes to customers (with digital meter) from April 2024.

On **6 July 2022, VREG decided to impose a fine** on the distribution system operators in response to non-compliance with the obligation to send monthly usage data to suppliers to inform their customers.
In the run-up to the start date of 1 April 2023, Fluvius thoroughly prepared to gradually provide informative monthly volumes to energy suppliers from that date. Despite all efforts, the activation could not be implemented, as market participants would experience problems and damage with a negative impact on customers/end-users. Following the decision and the demand letters for the fines from the VREG, Fluvius adopted a positive stance and remained constructively in dialogue with the VREG and suppliers. The Group began to gradually and controlledly initiate the Informative Monthly Volumes in 2023, without compromising the commitment to dispatch these volumes to customers (with digital meters) from April 2024.

Accounting treatment

The regulatory transfers are recognised on specific balance sheet accounts and are called 'regulatory balances' since the tariff methodology is determined by the VREG. The movements of these accounts including the federal contribution (additions, recoveries and regularisations) constitute the regulatory transfers.

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

(In thousands of EUR)	2023	2022
Transfers 2022	0	270
Transfers 2023	52	0
Total federal contribution	**52**	**270**
Balances from 2020	0	5.504
Balances from 2021	-70.598	-135.116
Balances from 2022	98.824	144.718
Balances from 2023	129.756	0
Total regulatory balances	**157.982**	**15.106**
Total amount recoverable	**158.034**	**15.376**
of which reported as Current assets/(liabilities)	158.034	15.376

Reconciliation of the settlement mechanism.

(In thousands of EUR)	2023	2022
Regulatory assets/(liabilities) at 1 January	**15.376**	**-185.793**
Paid to/received from CREG	-270	14.824
Additional transfers from 2022	0	270
Additional transfers from 2023	52	0
Total movements federal contribution	**-218**	**15.094**
Additional transfers from 2021	0	-16
Additional transfers from 2022	808	144.718
Additional transfers from 2023	129.756	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	-5.504	-400
Recovered transfer from 2021	64.518	-6.082
Recovered transfer from 2022	-46.702	0
Total movements regulatory balances	**142.876**	**186.075**
Total movements	**142.658**	**201.169**
of which - movement through the income statement	142.928	186.345
of which - paid to/received from CREG federal contribution	-270	14.824
Regulatory assets/(liabilities) at the end of the reporting period	**158.034**	**15.376**

On 18 July 2023, the VREG approved the regulatory balances for electricity and gas relating to the financial year 2022, subject to an additional revenue of 808 k EUR to be recognised.
On 19 July 2022, the VREG approved the regulatory balances for electricity and gas concerning the 2021 financial year except for an additional cost of 16 k EUR.
We hereby draw attention to the fact that the regulatory balances with respect to each of the accounting periods were estimated, taking into account all available information. However, these amounts will only be final after approval of these balances by the VREG. This uncertainty includes the fact that the check by the regulator could still lead to additional differences which then need to be processed via adjustments to the regulatory assets/liabilities or the result of the next accounting year.

At the moment there are no specific IFRS guidelines as to the accounting treatment of the settlement mechanism in a regulated environment.
On 30 January 2014, the IASB published a new standard IFRS 14 Regulatory Deferral Accounts. This new standard is applicable for "first time adopters" and allows the recording of regulated assets and liabilities as separate items of the balance sheet and profit and loss account. This standard was not endorsed by the EU and is awaiting the final standard.

On 28 January 2021, the IASB published the ‘Exposure Draft ED/2021/1 *Regulatory Assets and Regulatory Liabilities’.* The company reviews the evolution of this exposure draft and will evaluate the effect with the used valuation and reporting method.
Following the feedback received, the IASB is working on the further development of the new standard. No date has yet been set to publish this standard.

36 Sewerage

Operation

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

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

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

Sewerage fund

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

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

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

Vision 2050
Fluvius has drawn up its vision paper on the development of sewerage and how the company can contribute to addressing the water problems caused by climate change and increasing population growth in Flanders.
Fluvius will work around four objectives which stipulate that drinking water consumption should decrease, water should be reusable with a maximum circular use and the (re)installation of the natural cycle for rainwater, the sewerage networks should be future-proof and the information from the sewerage system should be made available to the users of the system. Further action points for each of these objectives were developed.

Auditor’s report

Building a better working world

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Independent auditor's report to the shareholders of the Flemish distribution net owners on the consolidated financial statements of the Economical Group Fluvius as of and for the year ended 31 December 2023

We report to you as independent auditor on the consolidated financial statements of the Economical Group Fluvius ("the Company" or "the Group"). This report includes our opinion on consolidated statement of the financial position as at 31 December 2023, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows as at 31 December 2023 and the disclosures (all elements together the "Consolidated Financial Statements") as well as our report on other legal and regulatory requirements. These two reports are considered one report and are inseparable. The Consolidated Financial Statements of the Economical Group Fluvius consist of eleven Flemish Mission Entrusted Associations ("MEAs"): Gaselwest, Imewo, Intergem, Iveka, Iverlek, Sibelgas, Fluvius West, Fluvius Limburg, Fluvius Antwerpen, PBE and Riobra who have joint control over Fluvius System Operator CV and its subsidiaries (De Stroomlijn CV, Synductis CV, Atrias CV and Wyre Holding BV) and Fluvius OV.

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have audited the Consolidated Financial Statements of Economical Group Fluvius, that comprise of the consolidated statement of the financial position, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2023 and the disclosures, which show a consolidated balance sheet total of € 18.623.535 thousand and of which the consolidated income statement shows a profit for the year of € 360.325 thousand.

In our opinion, the Consolidated Financial Statements give a true and fair view of the consolidated net equity and financial position of the Group as at 31 December 2023, and of its consolidated results for the year then ended, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

Basis for the unqualified opinion

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

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

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

Emphasis of certain matters

Without qualifying our opinion, we would like to draw the attention to Note 35 of the Consolidated Financial Statements which describes the specificities of the regulatory framework and tariffs and the related accounting treatment, as well as the uncertainties related to the balances resulting from the tariff settlement mechanism that are not yet approved by the Flemish electricity and gas regulator, the VREG.

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

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

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

Our responsibilities for the audit of the Consolidated Financial Statements

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

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

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

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

However, future events or conditions may cause the Company to cease to continue as a going-concern;

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

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

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

Report on other legal and regulatory requirements

Independence matters

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

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

Gent, 27 March 2024

EY Bedrijfsrevisoren BV
Statutory auditor
Represented by

marnix van dooren
Digitally signed by marnix van dooren
DN: cn=marnix van dooren, email=marnix.van.dooren@be.ey.com
Date: 2024.03.27 21:35:32 +01'00'

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

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