FLUVIUS SYSTEM OPERATOR Group

Consolidated Financial Statements IFRS

1 January - 31 December 2022

Content

Financial Statements

Consolidated statement of profit or loss

(In thousands of EUR)	Notes	2022	2021
Operating revenue	**3**	**2,011,644**	**1,839,806**
Revenue from contracts with customers		1,943,672	1,762,323
Other operating income		67,972	77,483
Operating expenses		**-1,999,662**	**-1,824,892**
Cost of trade goods	4	-253,907	-204,564
Cost for services and other consumables	5	-1,083,894	-996,650
Employee benefit expenses	6	-645,989	-596,413
Depreciation, amortization, impairments and changes in provisions	7	-14,032	-26,080
Other operational expenses		-1,840	-1,185
Result from operations		**11,982**	**14,914**
Finance income	8	119,430	116,980
Finance costs	8	-124,182	-124,752
Profit before tax		**7,230**	**7,142**
Income tax expenses	9	-7,230	-7,142
Profit for the period		**0**	**0**

Consolidated statement of comprehensive income

(In thousands of EUR)	Notes	2022	2021
Profit for the period		**0**	**0**
Other comprehensive income			
Items not to be reclassified to profit or loss in subsequent periods			
Actuarial gains (losses) on long-term employee benefits	24	51,815	113,363
Actuarial gains (losses) on rights to reimbursement on post-employment employee benefits	24	-51,815	-113,363
Net other comprehensive income not being reclassified to profit or loss in subsequent periods		**0**	**0**
Total comprehensive income for the period		**0**	**0**

Consolidated statement of financial position

(In thousands of EUR)	Notes	2022	2021
Non-current assets		**5,324,371**	**5,031,755**
Intangible assets	10	429	988
Property, plant and equipment	11	1,928	2,473
Right-of-use assets	12	24,774	34,138
Investment in joint ventures and associates	13	17	17
Other investments	14, 26	863	828
Rights to reimbursement on post-employment employee benefits	15	154,869	196,584
Derivative financial instruments	16, 26	704	0
Long-term receivables, other	17, 26	5,140,787	4,796,727
Current assets		**1,565,396**	**1,466,053**
Inventories	18, 26	163,720	141,116
Short-term receivables, other	17, 26	700,000	500,000
Trade and other receivables	19, 26	333,702	344,715
Receivables cash pool activities	19, 26	277,027	417,318
Cash and cash equivalents	20, 26	79,144	62,904
Assets held for sale	21, 26	11,803	0
TOTAL ASSETS		**6,889,767**	**6,497,808**
EQUITY	**22**	**1,617**	**1,617**
Total equity attributable to owners of the parent		**1,517**	**1,517**
Contributions excluding capital, reserves and retained earnings		1,517	1,517
Non-controlling interest		**100**	**100**
LIABILITIES		**6,888,150**	**6,496,191**
Non-current liabilities		**5,277,248**	**5,036,071**
Interest bearing loans and borrowings	23, 26	5,105,241	4,810,494
Lease liabilities	12, 26	17,138	24,860
Employee benefit liabilities	24	154,869	195,263
Derivative financial instruments	16, 26	0	4,133
Provisions	24	0	1,321
Current liabilities		**1,610,902**	**1,460,120**
Interest bearing loans and borrowings	23, 26	1,053,036	963,078
Lease liabilities	12, 26	8,601	10,099
Trade payables and other current liabilities	25, 26	399,994	330,606
Liabilities cash pool activities	19, 26	146,235	154,030
Current tax liabilities	9, 26	3,036	2,307
TOTAL EQUITY AND LIABILITIES		**6,889,767**	**6,497,808**

Consolidated statement of changes in equity

(In thousands of EUR)	Contribu- tions excluding capital	Reserves	Retained earnings	Equity attributable to owners of the parent	Non- controlling interest	Total
Balance at 1 January 2021	**1,284**	**213**	**20**	**1,517**	**100**	**1,617**
Result for the period	0	0	0	**0**	0	**0**
Other comprehensive income	0	0	0	**0**	0	**0**
Subtotal	**0**	**0**	**0**	**0**	**0**	**0**
Balance at 31 December 2021	**1,284**	**213**	**20**	**1,517**	**100**	**1,617**
Balance at 1 January 2022	**1,284**	**213**	**20**	**1,517**	**100**	**1,617**
Result for the period	0	0	0	**0**	0	**0**
Other comprehensive income	0	0	0	**0**	0	**0**
Subtotal	**0**	**0**	**0**	**0**	**0**	**0**
Balance at 31 December 2022	**1,284**	**213**	**20**	**1,517**	**100**	**1,617**

*Further information is disclosed in the note 'Equity'.

Consolidated statement of cash flows

(In thousands of EUR)	Notes	2022	2021
Profit for the period		0	0
Amortization of intangible assets	7, 10	629	610
Depreciation on property, plant and equipment and right-of-use assets	7, 11	12,490	13,023
Change in provisions (Reversal -; Recognition +)	7, 24	-1,321	-115
Impairment current assets (Reversal -; Recognition +)	7, 26	2,234	12,562
Gains or losses on realization receivables		1,185	386
Net finance costs		9,588	9,639
Change in fair value of derivative financial instruments	16	-4,836	-1,867
Gains or losses on sale of property, plant and equipment		-7	-7
Income tax expense	9	7,230	7,142
Change in inventories	18	-34,407	-43,820
Change in trade and other receivables		27,843	76,969
Change in trade payables and other current liabilities		56,638	-94,828
Change in employee benefits	24	1,321	115
Interest paid		-106,674	-125,179
Interest received		101,444	132,857
Financial discount on debts		183	176
Income tax paid (received)	9	-6,499	-7,039
Net cash flow from operating activities		**67,041**	**-19,376**
Proceeds from sale of property, plant and equipment		7	7
Purchase of intangible assets		-70	-93
Purchase of property, plant and equipment		-380	-241
Proceeds from sale of companies and other investments		0	100
Net investments in long-term receivables		11	-89
Net cash flow used in investing activities		**-432**	**-316**
Repayment of borrowings	23	-503,500	-503,500
Proceeds from borrowings	23	349,650	199,800
Proceeds from bonds/borrowings	23	695,381	1,191,244
Payment of finance lease liabilities	12	-12,884	-12,825
Change in current financial liabilities	23	-160,120	-87,480
Change in cash pool	19	132,496	193,667
Provide long-term loans	17	-1,051,392	-1,400,000
Repayment long-term loans		500,000	500,000
Net cash flow from/used in financing activities		**-50,369**	**80,906**
Net increase/decrease in cash		**16,240**	**61,214**
Cash and cash equivalents at the beginning of period	**20**	**62,904**	**1,690**
Cash and cash equivalents at the end of period	**20**	**79,144**	**62,904**

Notes to the consolidated financial statements

1 Corporate information

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

Fluvius System Operator Group’s consolidated financial statements for the year ended 31 December 2022 contain the information of the parent company Fluvius System Operator cv and its subsidiary, investments in joint ventures and associates - De Stroomlijn cv, Atrias cv and Synductis cv - and together they form the 'Group'.

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

Fluvius carries out these tasks on behalf of and for the account of its shareholders, eleven intermunicipal associations or ‘**Mission Entrusted Associations’** (MEAs): Fluvius Antwerpen, Fluvius Limburg, Fluvius West, Gaselwest, Imewo, Intergem, Iveka, Iverlek, PBE, Riobra and Sibelgas.
The grid assets themselves remain under the ownership of the MEAs. The MEAs, active in the distribution of electricity and gas are also the holders of the licences to distribute electricity and gas granted by the Flemish energy regulatory authority, VREG.

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

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

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

The Flemish energy regulator VREG has granted permission to the distribution system operators for energy Fluvius Antwerpen, Fluvius Limburg, Fluvius West, Gaselwest, Imewo, Intergem, Iveka, Iverlek, PBE and Sibelgas to call on the services of the **operating company** Fluvius System Operator for electricity and gas. These authorisations shall apply until 25 September 2026 (electricity) and 14 October 2027 (gas) respectively. The term ‘distribution system operator’ (DSO) refers to MEAs that provide the regulated activities for the distribution of electricity and/or gas, under the supervision of VREG.
The Flemish Energy Decree stipulates that each MEA can call on only one operating company. All MEAs of the 'Economic Group Fluvius' have chosen Fluvius System Operator cv for this purpose.

The latter can carry out its tasks with its own staff and can call upon statutory (permanent) staff via secondment.
On 1 April 2019, all contractual staff of the ex-Infrax MEAs and ex-Integan were taken over by Fluvius System Operator cv. In order to have the secondment take place via one company, all statutory staff of the ex-Infrax MEAs and ex-Integan were transferred to Fluvius OV.

The Group **employed** on average 4,986 persons during 2022 and called on 788 persons on average that are employed in Fluvius OV.

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

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

This financial report for the financial year ended 31 December 2022 was approved on 29 March 2023 by the Board of Directors.

2 Summary of significant accounting policies

2.1 Statement of compliance and basis of presentation

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

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

2.2 Principles of consolidation

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

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

Investments in associates are companies in which a significant influence is exercised over the financial and operational policy, but over which there is no control. There is a rebuttable presumption of significant influence when 20% or more of the voting shares are held directly or indirectly.

Joint ventures are companies over which joint control is exercised. These investments 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. Realised and unrealised results are allocated to group and minority interests even if this would result in negative minority interests.

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 are applied consistently compared to last year's accounting.

a) Revenue recognition

Revenue from contracts with customers
The main revenue stream of the Group results from the *passing on of costs to mission entrusted associations* in the context of its role.
The revenue from passing these costs on to the mission entrusted associations is recognised when the costs are incurred. The costs incurred are charged on a monthly basis to the mission entrusted associations, being the shareholders.

The revenue stream from *construction works for third parties* includes various works performed for third parties for investment works and operating 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 Group recognizes revenue once the performance obligations have been met, namely when the control is transferred to the customer. Revenue recognition follows the specific five-step model. Step 1 in this model is the identification of the contracts with the client; step 2 the identification of the obligations in the performance contracts; step 3 the determination the transaction price; step 4 the allocation of the transaction price to the performance obligations and revenue recognition and step 5 when the performance obligations have been fulfilled.

Other operating income
Other operating income includes various service recoveries and recovery of general expenses. For the recovery of services, revenue is recognised when the products are delivered to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

Finance income
Finance income includes mainly interest realized from lending on funds from the bond issuances and from the cash pool activities. This interest is recognized when acquired and for the period to which it refers (taking into account the asset's effective interest rate), unless collectability is doubtful.

b) Expenses

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

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

c) Intangible assets

Intangible assets are measured at cost less any accumulated amortizations and impairment losses. Intangible assets with a finite useful life are amortized on a straight-line basis over the expected useful life.

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

Licences and similar rights	20.00%
Capitalized development costs	20.00%

d) Property, plant and equipment

Property, plant and equipment is measured at historical cost less accumulated depreciation and impairment losses. The historical cost comprises the initial purchase price and any costs directly attributable to bringing the asset to the condition necessary for it to be operational in the manner intended by management.

Depreciation

Depreciation is recognized on a monthly basis in the statement of profit or loss on a straight-line basis as of the month following the date of bringing into use. Depreciation is calculated over the estimated useful life of each component of an item of property, plant and equipment and depreciation is assessed for reasonableness each year.

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

The annual depreciation rates based on the expected useful life are as follows:

<u>Installation, machinery and equipment</u>	
Equipment and machinery	10.00%
<u>Furniture and vehicles</u>	
Furniture	10.00%
Office equipment	20.00%
Hardware	20.00% and 33.33%
<u>Others</u>	
Leasehold improvement	11.12%
Test equipment (Electronic Vehicles in Action)	50.00%

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

Gains and losses on sale

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

Impairment

For each of the Group’s property, plant and equipment it is assessed on each statement of financial position date whether there are any indications of impairment for a particular asset. If any such indications exist, the recoverable amount of the asset has to be estimated.

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

e) Leasing

Right-of-use asset

The Group recognizes right-of-use assets at the commencement date of the lease (i.e. the date on which the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

The annual depreciation rates are as follows:

Buildings	11.11% up to 33.33%
Installations, machinery and equipment	20.00%
Furniture and vehicles	20.00%

Lease liabilities

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

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

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date and which 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 recognized as expenses on a straight-line basis over the lease term.

f) Investments in joint ventures and associates

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

Investments are accounted for at trade date.
Investments in equity securities are undertakings in which the Group does not have significant influence or control. This is the case for companies where the Group holds less than 20% of the voting rights. Those investments are classified as financial assets and are measured at fair value. The effects of remeasurement are accounted for in the statement of profit or loss.

h) Inventories

Inventories include only raw materials and consumables.
The cost of inventories includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.
Inventories are measured at purchase cost. Their value is determined using the moving weighted average method.
An impairment is carried out for consumption goods or necessities that, due to their obsoleteness, are no longer usable for operational purposes or of which the estimated sale price is below the net realizable value. If items of inventory have not been used for more than a year, an impairment loss 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 their amortized cost.

The Group has a relatively low risk regarding invoices to Mission Entrusted Associations due to the support they receive from the Flemish Government. These receivables do not contain a financing component. For these receivables and the long-term and short-term receivables from the Mission Entrusted Associations, an alternative approach is used to calculate a possible write-down. This involves evaluating the probability of default of the counterparty - to which the receivable relates - multiplied by the potential non-recoverable loss. This percentage is applied to the outstanding receivables to determine a possible write-down.

For the external customer group, a provision for doubtful debts is accrued based on the expected future losses and from the moment the receivable arises. The Group applies the simplified approach (simplified approach over 12 months) for calculating the expected credit loss (ECL). Receivables for which the risk of non-recovery is higher are analysed at their full maturity.

The impairment losses are recognized in the statement of profit or loss.

j) Cash and cash equivalents

Cash and cash equivalents comprise the readily available cash resources, deposits that can be immediately withdrawn from credit institutions and other short-term, highly liquid investments (with a maximum maturity of 3 months), that are readily convertible to known amounts of cash. They are stated at face value, which approximates their fair value. For the purpose of the cash flow statement, they are presented as cash and cash equivalents.

k) Assets held for sale

The Group classifies assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. 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 the classification 'held for sale' is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.
Assets and liabilities classified as 'held for sale' are presented separately as current items in the statement of financial position.

l) Loans and borrowings

Interest-bearing loans are recognized initially at their fair value less related transaction expenses. Subsequent to initial recognition, interest-bearing loans are valued 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.
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
A right of reimbursement on post-employment employee benefits has been recognized as an asset, since it is absolutely certain that another party (the shareholders, Mission Entrusted Associations) will take over all obligations relating to the personnel rights of the company's employees or retired employees.
The reimbursement rights are therefore recognized at the same value as the recognized employee benefit liabilities (fair value). The adjustments in the period as a result of changes in the assumptions or experience adjustments are all recognized as other comprehensive income as well as these adjustments for the reimbursement rights.

n) Derivative financial instruments

The Group uses derivative financial instruments (Interest Rate Swaps - IRS) 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 swap was the estimated amount the Group would receive or pay to end the swap at the balance sheet date, taking into account the actual interest rate and the creditworthiness of the counterparty. The Group does not qualify for hedge accounting.

o) Trade and other liabilities

Trade and other liabilities are initially measured at their fair value and after initial recognition at amortized cost.

p) Taxes

Taxes payable include the expected tax liability on the year's taxable income and adjustments to tax liabilities of previous years. For the calculation of the taxes on the taxable income of the year, the tax rates used were those enacted (or substantially enacted) by the end of the reporting period.

Taxes on the result of the financial *year* comprise the tax expense payable. Income tax is recognized in the income statement. Current tax expense is the expected tax payable on the taxable income for the year, based on tax rates prevailing on the balance sheet date, and any adjustment to tax payable in prior years.

2.4 Summary of changes in accounting policies applicable as from 2022

The new standards and interpretations that are applicable from 1 January 2022 and do **not affect** the consolidated financial statements of the Group were the following:

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

2.5 Use of estimates and judgments

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

The estimates and the underlying assumptions have been based on past experience and several other factors that are believed to be reasonable given the circumstances. The results thereof form

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

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

Right-of-use assets and lease liabilities: defining the lease period of contracts with renewal options
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease, if it is reasonably certain to be exercised.
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.

Fair value of financial instruments
The following methods and assumptions have been used to estimate the fair values (see note 'Financial instruments: risks and fair value'):
Cash and short-term deposits, trade receivables (after deduction of provisions), 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.
The derivative financial instruments are interest rate swaps. The valuation techniques are swap models that use fair 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 the quoted bond loans is based on the indicative quotations on Bloomberg (Bloomberg is a prominent provider of business and financial market news. It delivers world economic news, quotes for stock futures, stocks and other) at the reporting date.

Conflict in Ukraine
The Group has no operations in Ukraine or Russia, so there are no direct financial consequences. However, all companies and individuals are experiencing the economic consequences of increasing volatility in the financial and energy markets. This is reflected in rising inflation and interest rates, and in sharp price increases for electricity and especially gas.
For Fluvius, the aforementioned developments mean, among other things:
- ✓ that (re)financing borrowed for the entities of the Fluvius Economic Group has become more expensive than was the case in the recent past when interest rates were at very low levels;
- ✓ that the fair value of the pension funds has declined sharply compared to the year-end 2021, but that the value of the pension liabilities has fallen substantially due to the rising discount rate.

In response to the energy crisis and high inflation and to support consumption, the federal and Flemish governments have taken temporary measures for the benefit of citizens, including a VAT

reduction for electricity to 6%, extension of the social tariff, granting a basic energy package through price intervention for electricity and gas.
It was also decided to speed up the implementation of the digital meter and the completion of the public lighting system's switch to LED. At the request of the municipalities, public lighting was also dimmed during certain hours of the night.
Fluvius supports herewith the municipalities but also facilitates energy-saving measures for companies and individuals. New rules to obtain premiums for rational energy use were issued on 1 July 2022 and a new application platform for premiums was launched on 1 October 2022 in cooperation with Wonen Vlaanderen (website Mijn Verbouwpremie).

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

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

Energy transition and climate objectives
During the international climate summit (late 2019), a 'European Green Deal plan' was developed by the European Commission. This plan has the ambition to make Europe climate neutral by 2050. This plan is therefore 'the' great challenge of the future.
In order to meet these ambitious targets, Europe wants to take the following steps: developing a climate law, adjusting the climate target to at least 50% carbon dioxide emissions by 2030, revising the climate directives and energy taxes, developing a circular economy and introducing a carbon tax. The necessary funding will be required to realise these plans.
In Belgium, the federal decision was reached to limit the tax deductibility of company cars to electric cars as from 2026. In Flanders, two policy frameworks have been developed to achieve the climate objectives: the Climate Strategy 2050 with a vision to evolve towards a climate-neutral society and the Flemish Energy and Climate Plan as it was developed by the Flemish Government at the end of 2021 with concrete sectoral measures (related to mobility, heating, industry, etc.) to reduce greenhouse gases by 2030. The Flemish government is focusing mainly on electrification.
In this context, Fluvius has evaluated its activities and developed an investment plan for the electricity grid based on the societal context outlined above. The additional investments are estimated at four billion EUR for the period 2023-2032 on top of the planned investments that would be necessary without the energy transition. Following a public consultation, the Flemish energy regulator VREG must decide whether Fluvius' investment plan will be approved. This approval process is ongoing (see note 'Interest bearing borrowings and loans').
As far as gas distribution is concerned, the distribution network will hardly expand and customers will eventually have to switch to alternatives (green gas - biomethane, green hydrogen - and power-to-gas). Investments in gas will therefore be limited to almost half by 2032, to EUR 88 million.

2.6 Standards issued but not yet effective

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

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

* Not yet endorsed by the EU at 22 December 2022

2.7 Segment reporting

The Management Committee, responsible for the day-to-day management and operational operation of Fluvius System Operator (Fluvius SO) and its subsidiary, joint ventures and associates, is informed of the financial data on the basis of reporting in accordance with Belgian accounting standards. This reporting includes all costs generated by the operating company for the Flemish Mission Entrusted Associations.
Through a new allocation system these costs, passed on to the Flemish MEAs and invoiced to third parties, can be broken down by product type as electricity, gas and other (including sewerage, telecom, public lighting). The segmentation of the operating income as shown below, is based on Belgian accounting standards.

(In thousands of EUR)	Electricity	Gas	Other	BEGAAP consolidated	IFRS
31 December 2022	1,200,411	397,556	340,333	1,938,300	1,943,672

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

Performance of the year

3 Operating revenue

(In thousands of EUR)	2022	2021
Recharge of costs to the distribution system operators	1,785,915	1,613,464
Construction works for third parties	157,757	148,859
Revenue from contracts with customers	**1,943,672**	**1,762,323**
Other operating revenue	**67,972**	**77,483**
Total	**2,011,644**	**1,839,806**

Operating revenue amounts to 2,011,644 k EUR at 31 December 2022 and 1,839,806 k EUR at 31 December 2021, an increase of 171,838 k EUR.

Revenue from contracts with customers
The income from recharging costs to the MEAs amounted to 1,785,915 k EUR at the end of 2022 and 1,613,464 k EUR at the end of 2021, an increase of 172,451 k EUR. This increase is the result of the increased costs (see notes 4 to 7), which are passed on in full to mainly the MEAs.
Indeed, within the framework of the main assignment of Fluvius System Operator, tasks are performed for its shareholding, MEAs and the associated costs are passed on to these shareholders at cost. Revenues therefore reflect the costs resulting from this transaction (see note 'Related parties').

The billing of **'Construction works for third parties**' amounts to 157,757 k EUR (2021: 148,859 k EUR) and contain mainly the interventions for investment works for third parties and various works executed by De Stroomlijn for its shareholders.

Below is the detail of the pass-through to the major customers (mainly MEAs) generating more than 10% during the period:

	2022		2021	
Company	**Revenue in k EUR**	**% relative to revenue**	**Revenue in k EUR**	**% relative to revenue**
Gaselwest	206,201	10.6%	181,646	10.3%
Imewo	300,896	15.5%	275,280	15.6%
Iverlek	261,147	13.4%	219,972	12.5%
Fluvius Limburg	318,405	16.4%	279,642	15.9%
Fluvius Antwerpen	271,863	14.0%	263,617	15.0%
Other	585,160	30.1%	542,166	30.7%
Total	**1,943,672**	**100.0%**	**1,762,323**	**100.0%**

The **'Other operating revenue'** mainly comprises recoveries (2022: 50,537 k EUR; 2021: 60,400 k EUR) from operating activities, including connections (2022: 24,037 k EUR; 2021: 24,049 k EUR), the recovery of overheads such as the installation of the digital meter whereby the other utility companies are charged for their respective share (2022: 15,481 K EUR; 2021: 22,718 k EUR) as well as recoveries from employees (2022: 11,493 k EUR; 2021: 10,985 k EUR). Furthermore, this item includes recoveries for grid-related costs as groundworks in synergy, supervision, site coordination and public service obligations (2022: 1,316 k EUR; 2021: 2,059 k EUR) and insurance (2022: 8,172 k EUR; 2021: 6,963 k EUR).

4 Cost of trade goods

Trade goods, raw materials and consumables amount to 253,907 k EUR on 31 December 2022 and 204,564 k EUR on 31 December 2021, an increase of 49,343 k EUR.

(In thousands of EUR)	**2022**	**2021**
Purchase of consumables	291,504	248,375
Inventory movements	-37,867	-43,663
Other	270	-148
Total	**253,907**	**204,564**

Purchases of consumables increased by 43,129 k EUR or 17.4% following increasing activities and rising prices during 2022 (rising inflation).

5 Cost for services and other consumables

(In thousands of EUR)	**2022**	**2021**
Cost contractors for grid construction and maintenance	598,612	544,235
Cost for direct purchases	70,433	83,454
Fee for usage of installations including charges	87,555	84,340
Advertising, information, documentation, receptions a.o.	8,048	5,085
Subsidy for rational use of energy (RUE)	94,269	70,903
Contracts and administration costs	34,428	26,579
Consultancy and other services	127,463	133,817
Other	63,086	48,237
Total	**1,083,894**	**996,650**

Cost for services and other consumables amount to 1,083,894 k EUR at 31 December 2022 and 996,650 k EUR at 31 December 2021, an increase of 87,244 k EUR.

The increase of this section is mainly due to the increase of the item ‘Cost contractors for grid construction and maintenance’ of networks by 54,377 k EUR and the item ‘Subsidy for rational energy’ consumption by 23,366 k EUR compensated by the decrease of the item ‘Cost for direct purchases’ by 13,022 k EUR.

Cost contractors for grid construction and maintenance of grids increases due to the accelerated roll-out of digital meters.

The item ‘Cost for direct purchases’ decreases due to the decrease in grid-related purchases (2022: 29,318 k EUR; 2021: 36,424 k EUR). and lower purchases of non-grid related materials (2022: 32,523 k EUR; 2021: 41,368 k EUR) such as purchase of mobile equipment, IT materials, fixtures and other.

The item ‘Fees including the use of installations and charges’ amounts to 87,555 k EUR in 2022 and 83,340 k EUR for 2021. The nature of these costs is as follows:
recharged costs of office equipment, warehouses, distribution installations and various fixed assets, including short term leases (2022: 34,231 k EUR; 2021: 34,612 k EUR);
contractual fees for support, service fee, maintenance and IT costs (2022: 10,843 k EUR; 2021: 16,218 k EUR);
IT-related fees related to platform management by third parties and licence fees to be considered as service costs (2022: 23,100 k EUR; 2021: 18,315 k EUR) and
fees (retributions) paid for the use of the public domain in the context of works carried out (2022: 19,381 k EUR; 15,195 k EUR).

The item *Rational Use of Energy (RUE)* paid to private 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 (installing insulation, high-efficiency glazing, relighting) and renewable energy applications (solar water heater, heat pump, heat pump boiler). These premiums are evaluated every year in consultation with the Flemish government and can vary in size and application. A RUE action plan is agreed on per calendar year.
Subsidy for rational use of energy (RUE) amounts to 94,269 k EUR at 31 December 2022 and 70,903 k EUR at 31 December 2021, an increase of 23,366 k EUR.

These costs reflect the payment of premiums for RUE requested by individuals and companies.

In 2022, premiums could be applied for insulation (roofs, walls, floor and glazing), renewable energy premiums (solar water heater, heat pump, heat pump boiler) and additional premiums for protected customers or vulnerable tenants. Since 1 October 2022, a new website was made available for these energy premiums and the renovation premium on www.Mijnverbouwpremie.be.
During 2021, premiums could be requested for insulation (roof, floor and basement), high-efficiency glazing, heat pump, heat boiler and solar water heater.

The item ‘Other’ mainly comprises utility costs (2022: 18,662 k EUR; 2021: 4,738 k EUR), costs for communication (2022: 11,310 k EUR; 2021: 11,561 k EUR), transportation (2022: 5,372 k EUR; 2021: 5,432 k EUR), insurance (2022: 4,896 k EUR; 2021: 4,436 k EUR); costs for studies and analyses (2022: 5,893 k EUR; 2021: 5,278 k EUR) and other.

All of these costs have been recharged mainly to the Mission Entrusted Associations.

6 Employee benefit expenses

(In thousands of EUR)	2022	2021
Remunerations	375,731	341,711
Social security contributions	90,578	81,982
Contributions to defined benefit plans and other insurances	51,182	44,909
Other personnel costs	128,498	127,811
Total	**645,989**	**596,413**

Employee benefit expenses amount to 645,989 k EUR at 31 December 2022 and 596,413 k EUR at 31 December 2021, an increase of 49,576 k EUR

The items ‘Remunerations’ and ‘Social security contributions’ increase with an amount of 34,050 k EUR and 8,596 k EUR each or with 10%. This increase reflects the inflation during 2022 since the remunerations are adjusted on a monthly basis for incurred inflation.
The ‘Contributions to defined benefit plans and other insurances’ increase with 6,273 k EUR to an amount of 51,182 K EUR. This increase is due to additional contributions in the pension plans as a result of the redetermination of the financing rates.

The Energy Decree stipulates that every MEA can rely on only one operating company. All MEAs, shareholders of the Group, have selected Fluvius System Operator cv to carry out their assignments with its own personnel. Fluvius System Operator can appeal to statutory (permanent) staff via secondment.
In order for the secondment to take place via a single company, all statutory staff of the ex-Infrax MEAs and ex-Integan have been transferred to Fluvius OV. This company passes on its costs to Fluvius System Operator cv.
The item ‘Other personnel costs’ includes these personnel costs as well as costs charged through by third parties.

The average number of employees amounted to 4,986 persons in 2022.

7 Depreciation, amortization, impairment and changes in provisions

(In thousands of EUR)	2022	2021
Amortization of intangible assets	629	610
Depreciation of property, plant and equipment and right-of-use assets	12,490	13,023
Total amortization and depreciation	**13,119**	**13,633**
Impairment of trade receivables	**2,234**	**12,562**
Changes in provisions	**-1,321**	**-115**
Total	**14,032**	**26,080**

The depreciation contains the depreciations of intangible assets (2022: 629 k EUR; 2021: 610 k EUR), property, plant and equipment (2022: 925 k EUR; 2021: 1,193 k EUR) and also of the right-of-use assets (2022: 11,565 k EUR; 2021: 11,830 k EUR).

The impairment losses on trade receivables include both additions and reversals of impairment losses. See notes 'Trade and other receivables' and 'Financial instruments: policy'.

The item ‘Changes in provisions’ includes the write back of the provision, other (see note ‘Employee benefit provisions’) regarding pension benefits that do not qualify for recognition under IAS19.

8 Financial results

(In thousands of EUR)	**2022**	**2021**
Interest income Mission Entrusted Associations	112,942	114,207
Interest income banks	161	1
Interest income, derivative financial instruments	4,836	1,867
Other financial income	1,491	905
Total financial income	**119,430**	**116,980**
Interest expenses Mission Entrusted Associations	1,309	917
Interest expenses banks	4,669	1,903
Interest expenses bond loans	110,082	115,006
Interest expenses, derivative financial instruments	0	0
Other financial expenses	8,122	6,926
Total financial expenses	**124,182**	**124,752**

The interest income was principally realized from the interest on the loans to the Mission Entrusted Associations, as well as the interest on the cash pool activities with the Mission Entrusted Associations.

Other financial income mainly comprises financial discounts (183 k EUR in 2022 176 k EUR in 2021).

The interest expenses were the result of the interest on the bond loans, loans with the banks and partly from the cash pool activities with the Mission Entrusted Associations.
Bank interest expenses rise from 1,903 k EUR at the end of 2021 to 4,669 k EUR following rising interest rates in the financial markets.
The other financial expenses mainly comprise costs for issuing loans (3,235 k EUR in 2022; 4,236 k EUR in 2021), interest on leasing (1,463 k EUR in 2022; 1,113 k EUR in 2021), interest costs on defined benefits liabilities (3,096 k EUR in 2022; 1,151 k EUR in 2021).

9 Income tax expenses

(In thousands of EUR)	2022	2021
Current income tax expenses	-6,891	-6,950
Current income tax expenses on previous year result	-339	-192
Total income tax expenses	**-7,230**	**-7,142**

Income tax expenses on the result amount to 7,230 k EUR on 31 December 2022 and 7,142 k EUR on 31 December 2021, an increase of 88 k EUR.

The current tax liabilities amount to 3,036 k EUR at the end of 2022 (2021: 2,307 k EUR).

The statutory Belgian corporate tax rate is 25.00% and is calculated on the taxable base. This includes the result of the financial year as well as costs that, according to taxation, cannot be deducted from the result. These non-deductible costs thus include rejected expenses mainly related to car expenses (2022: 1,619 k EUR; 2021: 1,753 k EUR) and social and employee benefits (2022: 17,482 k EUR; 2021: 17,201 k EUR).

These income tax expenses consist of prepaid taxes and withholding taxes for the financial year 2022 (5,569 EUR; 2021: 5,575 k EUR), the estimated income taxes for 1,322 k EUR (2021: 1,375 k EUR) and a regularisation for the previous financial years for 339 k EUR (2021: 192 k EUR).
In total, 6,499 k EUR of taxes were paid during 2022 (2021: 7,039 k EUR) relating on the one hand to previous financial years (2022: 930 k EUR; 2021: 1,464 k EUR) and on the other hand to prepaid taxes (2022: 5,569 k EUR; 2021: 5,575 k EUR).

Assets

10 Intangible assets

(In thousands of EUR)	Licences and similar rights	Development costs	Total
Acquisition value at 1 January 2022	5,024	2,806	**7,830**
Acquisitions	70	0	**70**
Other	-3,102	3,102	**0**
Acquisition value at 31 December 2022	**1,992**	**5,908**	**7,900**
Amortization and impairment at 1 January 2022	4,884	1,958	**6,842**
Amortization	67	562	**629**
Other	-3,102	3,102	**0**
Amortization and impairment at 31 December 2022	**1,849**	**5,622**	**7,471**
Net book value at 31 December 2022	**143**	**286**	**429**

(In thousands of EUR)	Licences and similar rights	Development costs	Total
Acquisition value at 1 January 2021	4,931	2,806	**7,737**
Acquisitions	93	0	**93**
Acquisition value at 31 December 2021	**5,024**	**2,806**	**7,830**
Amortization and impairment at 1 January 2021	4,834	1,398	**6,232**
Amortization	50	560	**610**
Amortization and impairment at 31 December 2021	**4,884**	**1,958**	**6,842**
Net book value at 31 December 2021	**140**	**848**	**988**

11 Property, plant and equipment

(In thousands of EUR)	Installation, machinery and equipment	Furniture and vehicles	Others	Total
Acquisition value at 1 January 2022	199	94,616	2,996	**97,811**
Acquisitions	0	379	1	**380**
Sales	0	0	-90	**-90**
Disposals	-1	-1	-58	**-60**
Acquisition value at 31 December 2022	**198**	**94.994**	**2.849**	**98.041**
Depreciation and impairment at 1 January 2022	114	93,300	1,924	**95,338**
Depreciation	20	594	311	**925**
Sales	0	0	-90	**-90**
Disposals	0	0	-60	**-60**
Depreciation and impairment at 31 December 2022	**134**	**93,894**	**2,085**	**96,113**
Net book value at 31 December 2022	**64**	**1,100**	**764**	**1,928**

(In thousands of EUR)	Installation, machinery and equipment	Furniture and vehicles	Others	Total
Acquisition value at 1 January 2021	185	94,479	2,919	**97,583**
Acquisitions	14	137	90	**241**
Acquisitions from third parties	0	0	30	**30**
Sales	0	0	-43	**-43**
Acquisition value at 31 December 2021	**199**	**94,616**	**2,996**	**97,811**
Depreciation and impairment at 1 January 2021	95	92,443	1,620	**94,158**
Depreciation	19	857	317	**1,193**
Acquisitions from third parties	0	0	30	**30**
Sales	0	0	-43	**-43**
Depreciation and impairment at 31 December 2021	**114**	**93,300**	**1,924**	**95,338**
Net book value at 31 December 2021	**85**	**1,316**	**1,072**	**2,473**

During the years 2022 and 2021, no impairment had to be taken.

As of 31 December 2022 and 2021, there were no limitations on ownership and on property, plant and equipment which serve as guarantee for obligations.

There were no commitments for the acquisition of property, plant and equipment at the end of 2022 and 2021.

12 Right-of-use assets and lease liabilities

(In thousands of EUR)	Land and buildings	Installation, machinery and equipment	Furniture and vehicles	Total
Acquisition value at 1 January 2022	24,280	1,705	35,599	61,584
Acquisitions	2,305	0	6,321	8,626
Disposals	-641	-202	-5,073	-5,916
Other	-5,578	0	-454	-6,032
Acquisition value at 31 December 2022	**20,366**	**1,503**	**36,393**	**58,262**
Depreciation and impairment at 1 January 2022	7,014	1,215	19,219	27,448
Depreciation	4,500	202	6,864	11,566
Sales and disposals	-641	-203	-4,682	-5,526
Depreciation and impairment at 31 December 2022	**10,873**	**1,214**	**21,401**	**33,488**
Net book value at 31 December 2022	**9,493**	**289**	**14,992**	**24,774**

(In thousands of EUR)	Land and buildings	Installation, machinery and equipment	Furniture and vehicles	Total
Acquisition value at 1 January 2021	22,750	1,182	31,896	55,829
Acquisitions	6,990	523	4,598	12,111
Disposals	-5,460	0	-895	-6,355
Acquisition value at 31 December 2021	**24,280**	**1,705**	**35,599**	**61,585**
Depreciation and impairment at 1 January 2021	7,298	906	12,411	20,615
Depreciation	3,952	308	7,570	11,830
Disposals	-4,236	0	-762	-4,997
Depreciation and impairment at 31 December 2021	**7,014**	**1,215**	**19,219**	**27,447**
Net book value at 31 December 2021	**17,267**	**491**	**16,380**	**34,138**

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

(in thousands EUR)	2022	2021
Lease liabilities at 1 January	**34,959**	**35,917**
Additions	2,206	10,754
Accretion of interest	1,463	1,113
Payments	-12,889	-12,825
Lease liabilities at 31 December	**25,739**	**34,959**
Non-current lease liabilities	17,138	24,860
Current lease liabilities	8,601	10,099

The lease liabilities as at 31 December 2022 related to land and buildings amounted to 9,778 k EUR (2021: 17,529 k EUR, installations, machinery and equipment for 293 k EUR (2021: 494 k EUR) and furniture and vehicles for 15,668 k EUR (2021: 16,936 k EUR).

The following discount rates have been used to determine the lease liability:

- For buildings: 2.00% and 3.08%
- For IT equipment: 2.00%
- For vehicles: between 3.00% and 6.00%

13 Investments in other companies

Investments in joint ventures and associates amount to 17 k EUR at the end of 2022 and 17 k EUR at the end of 2021. They are held in Atrias cv and Synductis 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 is charged with the development of a Message Implementation Guide (MIG), the development of a clearing house application, and the management and maintenance of this application. MIG describes how the communication flow between the various players of the energy market should happen.
The Group has acquired 50% (2021: 50%) of the shares representing an amount of 9 k EUR (2021: 9 k EUR).
Atrias is an unlisted company and has no official price quotation.

Synductis cv was founded on 21 December 2012 and aims to coordinate the infrastructure works by various utility companies in the Flemish cities and municipalities and so reduce nuisance of the works.
Fluvius System Operator participates in Synductis for an amount of 8 k EUR and the share percentage amounts to 34.38% at the end of 2022 and 34.47% at the end of 2021.
Synductis is an unlisted company and has no official price quotation.

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

14 Other investments

Other investments amount to 863 k EUR at 31 December 2022 and 828 k EUR at 31 December 2021.
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) and Imewo (business centres Bruges and Ghent).

During 2021 the business centre Ostend was sold. The effect of this transaction (3 k EUR loss) was recognised in the financial result.

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

15 Rights to reimbursement on post-employment employee benefits

The costs related to the employee benefit liabilities are recoverable from the Mission Entrusted Associations. Rights to reimbursement on post-employment employee benefits amount to 154,869 k EUR at 31 December 2022 and 196,584 k EUR at 31 December 2021 (see note 'Pensions and other post-employment benefit plans').

16 Derivative financial assets

The Group has entered into an interest rate swap in order to convert the variable interest rate on long-term loans into a fixed interest rate.

Derivative financial instruments amount to 704 k EUR at 31 December 2022 and at 31 December 2021 a liability was recorded amounting to 4,133 k EUR.

The changes in the fair value are recognized in the income statement (see note 'Financial results').

The fair value of derivative financial instruments entered into for hedging the interest rate risk is calculated on the basis of the discounted expected future cash flows taking into account current market interest rates and the yield curve for the instrument's remaining maturity.

Overview of the derivative financial instruments as per 31 December 2022 and 2021
An interest rate swap within the framework of the original 70,000 k EUR loan with a maturity of 20 years concluded in September 2011 entered into force in September 2011.

17 Short- and long-term receivables, other

(In thousands of EUR)	2022	2021
Receivable from MEA following lending-on funds from issuance bonds with European institutional investors (EMTN programme*)	700,000	500,000
Total short-term receivables	**700,000**	**500,000**
Receivable from MEA following lending-on funds from issuance bonds with private investors (retail)	200,000	200,000
Receivable from MEA following lending-on funds from issuance bonds with European institutional investors (EMTN programme*)	3,910,500	3,909,108
Receivable from MEA following lending-on funds from issuance bonds with institutional investors (stand alone)	440,000	440,000
Receivable from MEA following lending-on funds from bank loan with fixed interest rate)	550,000	200,000
Other	40,287	47,619
Total long-term receivables	**5,140,787**	**4,796,727**

*Euro Medium Term Note (EMTN) programme – see note 'Financial instruments'

The item 'Short-term and long-term receivables' includes the receivables to the MEAs following lending on the funds received from the issuance of the bond loans by the operating company since 2010.
The terms of the long-term loans to the Mission Entrusted Associations were identical to those of the respective bond loans (see note 'Interest bearing loans and borrowings').

The long-term receivables from the MEAs increase with 351,392 k EUR. During 2022 new bond loans of 700,000 k EUR and a bank loan of 350,000 k EUR were on-lent to the MEAs, increasing the receivables. Also, two bond loans for a total of 700,000 k EUR will come to maturity in 2023 and therefore were moved to short-term.
The item 'Other' of the long-term receivables merely contains the financing lent on to a subsidiary (see note 'Related parties'), as well as receivables arising from recharged revenues and costs to the MEAs and guarantees.

18 Inventories

(In thousands of EUR)	2022	2021
Raw materials and consumables	171,347	146,331
Accumulated impairment on inventories	-7,627	-5,215
Total	**163,720**	**141,116**

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

The part of the inventory relating to the activity that will be discontinued amounts to 11,803 k EUR and was included in the item 'Assets held for sale' (see note 'Assets held for sale').

The net write-back on impairment losses amounted to 2,412 k EUR in 2022 (2021: 194 k EUR net write-back). These amounts have been included in the profit or loss account.

19 Trade and other receivables, receivables cash pool activities

(In thousands of EUR)	2022	2021
Trade receivables - gross	296,384	331,940
Impairments on trade receivables	-40,654	-38,419
Trade receivables - net	**255,730**	**293,521**
Other receivables	**77,972**	**51,194**
Total trade and other receivables	**333,702**	**344,715**
Receivables cash pool activities	**277,027**	**417,318**

The **'gross trade receivables**' amount to 296,384 k EUR at the end of 2022 and 331,940 k EUR at the end of 2021, a decrease of 35,556 k EUR.
The trade receivables mainly consist of receivables with the Mission Entrusted Associations and energy suppliers. These trade receivables amounted to 193,669 k EUR at the end of 2022 and 244,752 k EUR at the end of 2021. The receivables from the MEAs are the result of passing on the costs of the operating company to the MEAs for which no settlement had yet taken place.
Besides, receivables are recorded relating to an external customer group. These receivables arise from the invoicing for work carried out (connections, installation of electricity and gas pipelines), damage claims, invoicing for Energy Services to Local Authorities and Energy Service Companies (EDLB/ESCO), maintenance of public lighting and invoicing to Ministries. These receivables remain at the same level as last year. It was necessary to recognise additional impairments (2022: 40,654 k EUR; 2021: 38,419 k EUR). This increased impairment was the result of incorrectly requested contributions for green certificates (see note 'Depreciation, amortization, impairment and changes in provisions' and 'Financial instruments: risks and fair value').
At 31 December 2022 no credit notes were issued (-4,384 k EUR at 2021)

The '**Other receivables**' amount to 77,972 k EUR at the end of 2022 and 51,194 k EUR at the end of 2021. These receivables mainly include the amount of VAT for an amount of 17,104 k EUR at the end of 2022 (2021: 5,895 k EUR) and the accrued interest to be received from the MEAs in relation to the on-lending of the bonds for an amount of 44,825 k EUR (2021: 31,896 k EUR).

The item '**Receivables cash pool activities**' comprises the positive balances on the accounts of the Mission Entrusted Associations related to the cash pool and should be evaluated together with the item 'Liabilities cash pool activities' where the negative balances are included.

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

Payment terms
The payment terms for private and professional customers are 30 days, for municipalities 60 days and Ministries 90 days.

20 Cash and cash equivalents

Cash and cash equivalents amount to 79,144 k EUR at 31 December 2022 and 62,904 k EUR at 31 December 2021. These comprise bank deposits, cash resources and fund investments that are readily exchangeable into cash.
Due to the borrowing during the year 2022 and 2021, these ‘surpluses’ of cash were temporarily held as cash.
All resources are reported in EUR.

21 Assets held for sale

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

Both companies will establish a new independent self-financing infrastructure company (working name "NetCo") that will bring together the fixed network assets of both companies. Telenet will own 66.8% and Fluvius 33.2% of the new entity, through a joint holding company.

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

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

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

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

The assets in this transaction are the inventory assets as held for these activities. On 31 December 2022, the value of these amounted to 11,803 k EUR.

Liabilities

22 Equity

The separate components of shareholders' equity and the movements therein from 1 January 2021 until 31 December 2022 are included in the 'Statement of changes in equity'.

Equity amounts to 1,284 k EUR at 31 December 2022 and 1,284 k EUR at 31 December 2021. This capital is represented by A shares without nominal value. These A shares carry voting rights and are entitled to dividends. The contribution outside capital, other was fully issued and paid up.

The shares are nominative in the name of the Flemish Mission Entrusted Associations.

Below is the breakdown of the Contribution excluding capital, other per MEA.

Mission entrusted associations	Amount in euro of voting shares	Amount of voting shares
Gaselwest	133,227	2,687,523
Fluvius Antwerpen	222,546	4,688,069
Fluvius Limburg	231,332	4,666,524
Imewo	186,744	3,767,084
Fluvius West	67,277	1,357,143
Intergem	91,258	1,840,902
Iveka	87,688	1,570,114
Iverlek	172,853	3,486,875
PBE	46,855	945,183
Riobra	19,551	394,394
Sibelgas	24,644	497,124
Total	**1,283,975**	**25,900,935**

The **reserves and the available contribution, issuance premium** remain unchanged and amount to 213 k EUR at 31 December 2022 and 31 December 2021.
The reserve was formed out of profits to be distributed at a rate of 5,00% up to a maximum of 10.00% of the assigned capital.

The Group's **results** are in all cases without profits or losses, since all operational costs can be billed through to mainly the Mission Entrusted Associations.

Contributions excluding capital, reserves and retained earnings amounts to 1,517 k EUR at 31 December 2022 and 1,517 k EUR at 31 December 2021.
The non-controlling interest comprises the participation held by Farys/TMVW in De Stroomlijn cv and also the participation of De Watergroep in De Stroomlijn cv (7 k EUR).

23 Interest-bearing loans and borrowings

(In thousands of EUR)	2022	2021
Long-term loans	**5,105,241**	**4,810,494**
Current portion of long-term loans	753,036	502,958
Short-term loans	300,000	460,120
Short-term loans	**1,053,036**	**963,078**
Total	**6,158,277**	**5,773,572**

Long and short-term loans amount to 6,158,277 k EUR at 31 December 2022 and 5,773,572 k EUR at 31 December 2021, an increase of 384,705 k EUR.

This increase is primarily due to new long-term financing for a total nominal value of 1,050,000 k EUR, the repayment of long-term financing for 503,500 k EUR, the borrowing of short-term financing for 300,000 k EUR and the repayment of short-term financing for 460,120 k EUR. The cash and cash equivalents that had not yet been allocated at 31 December were held provisionally as cash.

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

(In thousands of EUR)	2022		2021	
	Cash	**Non-cash**	**Cash**	**Non-cash**
Total as at 1 January	**5,773,572**		**4,969,925**	
Movements on non-current loans (LT)				
Proceeds of non-current loans	1,045,031	0	1,391,044	0
Change in non-current loans	0	2,648	0	3,314
Transfer of short-term portion of LT loan to ST	0	-752,932	0	-502,896
Movements on current loans (ST)				
Proceeds of current loans	300,000	0	460,120	0
Transfer of short-term portion from LT loan to ST	0	752,932	0	502,896
Change in current loans	0	646	0	269
Repayment of short-term portion of long-term loan	-503,500	0	-503,500	0
Repayment current loans	-460,120	0	-547,600	0
Total movements	**381,411**	**3,294**	**800,064**	**3,583**
Total at end of reporting period	**6,158,277**		**5,773,572**	

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

Loans on long-term

This item contains the debts relating to the issue of private placements, bond loans since 2010 and the borrowing of bank loans.

The following additional loans were taken during 2021 and 2022:

(In thousands of EUR)	2022	2021	Initial amount	Interest rate %	Maturity
Bank loans - Fixed interest rate	149,868	0	150,000	1.57	2027
Bond issue - EMTN*	496,046	0	500,000	4.00	2032
Bond issue - EMTN*	49,909	0	50,000	4.28	2034
Bond issue - EMTN*	49,799	0	50,000	4.78	2042
Bond issue - EMTN*	49,908	0	50,000	4.63	2034
Bond issue - EMTN*	14,961	0	15,000	4.61	2034
Bank loans - Fixed interest rate	199,805	0	200,000	3.25	2027
Bond issue - EMTN*	34,858	0	35,000	4.25	2042
Total 31 December 2022	**1,045,154**		**1,050,000**		
Bond issue - EMTN*	99,631	99,595	100,000	0.81	2033
Bond issue - EMTN*	497,124	496,597	500,000	0.25	2028
Bond issue - EMTN*	595,879	595,416	600,000	0.63	2031
Bank loans - Fixed interest rate	199,848	199,820	200,000	0.14	2028
Total 31 December 2021	**1,392,483**	**1,391,429**	**1,400,000**		

*EMTN = Euro Medium Term Note programme

During 2022, long-term financing for a nominal amount of 1,050,000 k EUR was raised.
Institutional bond loans and private placements were issued under the EMTN programme of Fluvius for respectively 500,000 k EUR and a total of 200,000 k EUR. These funds were used to refinance a 500,000 k EUR bond loan that came to maturity in 2022 and to enable new investments.

Furthermore, two tranches of a loan were obtained from the European Investment Bank (EIB) for a total amount of 350,000 k EUR
At the end of 2021, an agreement was reached with the EIB on a second loan contract for 150,000 k EUR. This is a first tranche within a total loan facility of 350,000 k EUR made available by the EIB, which was drawn by Fluvius in June 2022. In May 2022, it was agreed with the EIB that the second tranche of 200,000 k EUR could be drawn, which took place in November 2022.
Fluvius is borrowing the amounts to finance investment works for the energy transition for its shareholders in the period 2022-2026. These investments should further prepare the Flemish grid infrastructure for the grid management of the future. With this, the European Investment Bank (EIB) wants to further support the green and sustainable transformation in Europe, which fits into the framework of the EU Green Deal.
The EIB loan is guaranteed by the ten individual MEAs of Fluvius S.O. with electricity activities each in proportion to the share that the relevant association holds in the total contribution but corrected for the exclusion of Riobra, which has no electricity activities.
The amounts drawn must never exceed 50% of the estimated total cost of the investment programme.

For all other the bond loans, the **principle** applies that, each of the MEAs is **guarantor** on a several but non-joint basis, limited to its proportional share in the contribution of its former working company

(ex-Eandis or ex-Infrax). The portion in the contribution was set 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) dated 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 the issues under the 2020 EMTN-programme, the principle is that all MEAs belonging to the 'Fluvius Economic Group' will each act as guarantor on a non-committed and non-solidary basis but limited to the proportional share in the 'contribution excluding capital' of the operating company.

The composition of the loans on long-term was as follows:
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*	4,641,740	4,660,500	0.25 - 4.78	2023 - 2042
Bond issue - private**	436,471	440,000	2.60 - 3.55	2027 - 2044
Bank loans - with derivative instrument	30,625	70,000	3.31 - 3.31	2031 - 2031
Bank loans - with fixed interest rate	549,521	550,000	0.14 - 3.25	2027 - 2028
Total	**5,858,276**	**5,920,500**		
Current portion of long-term debt	-753,036	0		
Total long-term loans	**5,105,241**	**5,920,500**		

At the end of 2021

(In thousands of EUR)	2021	Initial amount	Current interest rate %	Maturity
Bond issue - retail	199,886	200,000	2.00 - 2.00	2025 - 2025
Bond issue - EMTN*	4,443,387	4,460,500	0.25 - 3.95	2022 - 2033
Bond issue - private**	436,233	440,000	2.60 - 3.55	2027 - 2044
Bank loans - with derivative instrument	34,125	70,000	3.31 - 3.31	2031 - 2031
Bank loans - with fixed interest rate	199,820	200,000	0.14 - 0.14	2028 - 2028
Total	**5,313,451**	**5,370,500**		
Current portion of long-term debt	-502,958	0		
Total long-term loans	**4,810,493**	**5,370,500**		

* 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)

The return at issue price represents the gross actuarial yield at issue.

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

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

All but 50,000 k EUR of the bond loans were **on-lent to the MEAs** under the same conditions as the issued bond loans. The resulting receivables for the Group are included in the item 'Long-term receivables, other'.
One bank loan (with derivative structure) was not on-lent and the EIB loans are not on-lent to Riobra.

The capital of the debenture and the green loans is repayable at maturity.
The bank loan (with derivative structure) has monthly maturities, whereby the variable interest rate was converted into a fixed interest rate via an **Interest Rate Swap**. This derivative was included in a separate item on the balance sheet and expressed at fair value amounting to an asset of 704 k EUR at 31 December 2022 and a liability of 4,133 k EUR at 31 December 2021.

Loans on short-term
The loans on short-term contain the portion of the long-term loans which are repayable within one year (749,554 k EUR related to bond loans and 3,500 k EUR of a bank loan at the end of 2022; 499,449 k EUR of a bond loan and 3,500 k EUR of a bank loan at the end of 2021) and the loans drawn with financial institutions (300,000 k EUR at 31 December 2022 and 460,120 k EUR at 31 December 2021).

The Group has the following credit facilities:

(In thousands of EUR)	Maturity	Available amounts	Amounts used	Amounts not used	Average interest rate*
Commercial paper	(1)	500,000	300,000	200,000	2.09%
Fixed advances	NA	200,000	0	200,000	NA
Fixed loans/Bank overdraft	Daily	200,000	0	200,000	NA
Fixed loans	NA	25,000	0	25,000	NA
Total at 31 December 2022		**925,000**	**300,000**	**625,000**	
Commercial paper	(1)	500,000	300,000	200,000	-0.35%
Fixed advances	NA	200,000	0	200,000	NA
Fixed loans/Bank overdraft	Daily	200,000	160,120	39,880	0.40%
Fixed loans	NA	25,000	0	25,000	NA
Total at 31 December 2021		**925,000**	**460,120**	**464,880**	

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

All short-term loans are subscribed by Fluvius System Operator cv in the name and on behalf of the Mission Entrusted Associations who stand surety for their part and act as joint co-debtor except for the bank overdrafts.

The fair value of the loans is included in the note 'Financial instruments: policy'.

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 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 was 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 plan is evaluated 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 have been 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.

The Group also grants **post-retirement allowances** being the reimbursement of healthcare costs and tariff benefits.
The **other long-term employee benefits** contain provisions for retirement, jubilee bonuses, holidays carried over and 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
Since the expenses related to the employee benefits are reclaimable from the Mission Entrusted Associations, rights of reimbursement, equal to the employee benefit liability reported in the balance sheet, are recognized.

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

	2022	2021
Discount rate - pensions DB, cash balance, other contributions	3.64%	0.47%
Discount rate - pensions DC, health benefits, tariff advantages, leave	3.75%	1.02%
Expected average salary increase (inflation excluded) - old*	0.40%, 0.70%	0.40%, 0.70%
Expected average salary increase (inflation excluded) - new**	2.08%, 2.35%	1.91%, 2.15%
Expected average salary increase (inflation excluded) - additional	1.90%	1.75%
Expected inflation	1.90%	1.75%
Expected increase of health benefits (inflation included)	2.90%	2.75%
Expected increase of tariff advantages	1.90%	1.75%
Average assumed retirement age	63	63
Mortality table used	IA|BE Prospective Tables	IA|BE Prospective Tables
Turnover - old*	0.45%, 0.35%	0.36%, 0.54%
Turnover - new**	1.78%, 3.07%	2.20%, 2.85%
Life expectancy in years of a pensioner retiring at age 65:		
For a Person aged 65 at closing date:		
- Male	20	20
- Female	24	24
For a Person aged 65 in 20 years:		
- Male	22	22
- Female	26	26

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

Accounting treatment
In the context of working longer, certain benefits granted for early retirement can no longer be recognized as a provision for employee benefits. The Group has developed a 'renewed' pension plan to address this. The implementation of this plan merely took place in 2021 and was completed in 2022.

The figures of 31 December 2021 took into account this renewed pension plan and its modalities, but there remained a small part for which no agreement was reached. These remaining anticipatory benefits amount to 1,321 k euro at 31 December 2021 and were not recorded as a provision for employee benefit, but were recorded as a liability on the balance sheet item 'Provisions, other'. At 30 June 2022, the renewed plan was further completed, as a result of which no further 'Provisions, other' had to be recorded.

The notes below include for 2022 and 2021 only the provision for employee benefits according to IAS19.
The movements of the other provisions (1,321 k euro for 2022 and 115 k euro for 2021) generate only a movement through the statement of profit or loss which is included in the note 'Depreciation and amortization, changes in provisions'.

Amounts recognized in the statement of comprehensive income

(In thousands of EUR)	2022	2021
Current Service cost (employer only) - tax on service cost included	-37,561	-37,388
Interest expense	-7,243	-1,642
Interest income - interest income from asset ceiling excluded	4,147	491
Past service cost	-5,318	0
Actuarial gains and (losses) recognised immediately in profit or loss	8,308	-8,341
Total costs included in profit or loss	**-37,667**	**-46,881**
Actuarial (gains) losses on liabilities:		
changes in financial assumptions	-225,693	-43,156
changes in demographic assumptions	1,632	1,343
effect of experience adjustments	76,830	-19,695
Actuarial (gains) losses on assets	96,879	-65,975
Effect of variation of the asset ceiling	-1,463	14,120
Total costs included in other comprehensive income	**-51,815**	**-113,363**

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	543,039	-648,972	-105,933
Pensions - unfunded status	28,779	0	28,779
Healthcare costs, tariff benefits - unfunded status	109,489	0	109,489
Other long-term employee benefits - funded status	20,612	-25,057	-4,445
Other long-term employee benefits - unfunded status	92,038	0	92,038
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	**793,957**	**-639,088**	**154,869**
Pensions - funded status	641,297	-773,778	-132,481
Pensions - unfunded status	30,586	0	30,586
Healthcare costs, tariff benefits - unfunded status	159,006	0	159,006
Other long-term employee benefits - funded status	25,626	-21,112	4,514
Other long-term employee benefits - unfunded status	97,404	0	97,404
Other	0	36,234	36,234
Total defined benefit obligation and long-term employee benefits at 31 December 2021	**953,919**	**-758,656**	**195,263**

Changes in the present value of the obligation

(In thousands of EUR)	2022	2021
Total at 1 January	-953,922	-1,026,940
Actuarial gains (losses) - financial assumptions	258,088	47,664
Actuarial gains (losses) - demographic assumptions	-1,152	-1,134
Actuarial gains (losses) - experience adjustments	-101,395	6,636
Acquisitions/disposals	0	-112
Current service cost & taxes included	-37,561	-37,388
Participant contributions	-2,088	-2,120
Interest cost	-7,243	-1,642
Benefit payments & taxes included	56,635	61,114
Past service cost	-5,318	0
Total at 31 December before tax on unfunded obligations	**-793,956**	**-953,922**
Taxes on unfunded obligations	0	0
Total at 31 December	**-793,956**	**-953,922**

Changes in the fair value of the plan assets

(In thousands of EUR)	2022	2021
Total at 1 January	794,891	762,095
Actuarial gains (losses) - correction on assets at 1 January	-4,486	2,945
Return on plan assets (excluding interest income)	-92,393	63,029
Acquisitions/disposals	0	94
Interest income	4,317	491
Employer contributions & taxes included	12,107	12,375
Participant contributions	2,088	2,120
Benefit payments & taxes included	-42,496	-48,259
Total at 31 December	**674,029**	**794,891**
Irrecoverable surplus (effect of asset ceiling)	-34,941	-36,234
Total at 31 December	**639,088**	**758,657**

Changes in the asset ceiling

(In thousands EUR)	2022	2021
Total at 1 January	36,234	22,114
Interest income	170	0
Changes in asset ceiling	-1,463	14,120
Total at 31 December	**34,941**	**36,234**

Changes in other comprehensive income

(In thousands EUR)	2022	2021
Total at 1 January	105,839	219,202
Other comprehensive loss (gain)	-51,815	-113,363
Total at 31 December	**54,024**	**105,839**

Classification of the plan investments on the balance sheet date

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

Category	Elgabel %	Other %	Pensiobel %	Insurance companies %	Powerbel and Enerbel %	Total %
Investments quoted in an active market	**92.02**	**93.20**	**92.15**	**85.19**	**92.39**	**92.16**
Shares (Eurozone)	14.67	14.75	14.48	5.17	12.70	14.03
Shares (Outside eurozone)	19.17	19.28	13.44	0.00	17.15	17.29
Government bonds (Eurozone)	0.00	0.00	0.00	15.52	6.55	1.83
Other bonds (Eurozone)	24.49	24.92	27.83	60.37	24.86	25.68
Other bonds (Outside eurozone)	33.69	34.25	36.40	4.13	31.13	33.32
Unquoted investments	**7.98**	**6.80**	**7.85**	**14.81**	**7.61**	**7.84**
Real estate	2.04	2.05	1.29	0.83	2.16	1.91
Cash and cash equivalents	5.42	4.91	4.44	4.31	4.94	5.04
Other	0.52	-0.16	2.12	9.67	0.51	0.89
Total in %	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**
Total (In thousands of EUR)	**306,823**	**50,303**	**137,859**	**7,056**	**171,988**	**674,029**

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

Category	Elgabel %	Other %	Pensiobel %	Insurance companies %	Powerbel and Enerbel %	Total %
Investments quoted in an active market	**78.28**	**76.70**	**81.80**	**84.85**	**83.06**	**80.09**
Shares (Eurozone)	16.29	17.28	9.04	12.52	12.45	13.88
Shares (Outside eurozone)	20.60	20.80	1.35	24.68	18.72	16.09
Government bonds (Eurozone)	0.00	0.00	21.29	0.00	13.65	7.72
Other bonds (Eurozone)	25.94	24.76	47.23	30.51	25.89	30.48
Other bonds (Outside eurozone)	15.45	13.87	2.90	17.15	12.34	11.92
Unquoted investments	**21.72**	**23.30**	**18.20**	**15.15**	**16.94**	**19.91**
Real estate	2.41	2.38	4.08	2.27	2.40	2.76
Cash and cash equivalents	3.71	5.96	1.36	3.08	4.38	3.54
Other	15.60	14.96	12.76	9.80	10.16	13.61
Total in %	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**
Total (In thousands of EUR)	**363,757**	**66,822**	**171,244**	**10,525**	**182,543**	**794,891**

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

(In thousands of EUR)	2022	2021
Breakdown of defined benefit obligation by type of plan participants	**-793,957**	**-953,919**
Active plan participants	-575,406	-653,326
Terminated plan participants with deferred benefit entitlements	-216,619	-139,468
Retired plan participants and beneficiaries	-1,932	-161,126
Breakdown of defined benefit obligation by type of benefits	**-793,957**	**-953,919**
Retirement and death benefits	-592,430	-695,181
Other post-employment benefits (medical and tariff reductions)	-109,489	-159,006
Jubilee bonuses (Seniority payments)	-92,038	-99,735

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%)	19,978
Inflation (+0.25%)	-12,433
Salary increase (+0.10%)	-5,614
Healthcare increase (+0.10%)	-161
Tariff advantages (+0.50%)	-247
Employee turnover (+0.50%)	4,984
Life expectancy of pensioners (+1 year)	-7,914

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 established with regard to the investment strategy of the companies.
These assumptions are challenged on a regular basis.
Exceptional events (such as modification of the plan, change of assumptions, too short degree of coverage...) can eventually lead to additional payments by the Group.

The **average duration** of the defined benefit obligation at 31 December 2022 is 8 years (2021: 8 years) and 18 years at 31 December 2022 for the defined contribution obligations (2021: 17 years).

The Group estimates to contribute 16,380 k EUR to the defined benefit pension plans in 2023 and 12,519 k EUR to the defined contribution plans.

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.

From 2015 onwards, new prospective mortality tables are being used to reflect the improved life expectations in the future as proposed by the Institute of Actuaries in Belgium (IA|BE).

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.

25 Trade payables and other liabilities, liabilities cash pool activities, current tax liabilities

(In thousands of EUR)	2022	2021
Trade debts	131,037	121,692
Invoices to be received	57,399	66,745
Subtotal	**188,436**	**188,437**
VAT	42	33
Taxes payable on remuneration	24,537	9,535
Remuneration and social security	97,771	81,831
Other current liabilities	89,208	50,770
Other current liabilities	**211,558**	**142,169**
Total trade payables and other current liabilities	**399,994**	**330,606**
Liabilities cash pool activities	**146,235**	**154,030**
Current tax liabilities	**3,036**	**2,307**

Trade payables and other current liabilities amount to 399,994 k EUR at 31 December 2022 and 330,606 k EUR at 31 December 2021, an increase of 69,388 k EUR.

The items trade debts and invoices to be received remain almost equal to the end of 2021

The trade payables on the MEAs amounted to 13,569 k EUR at the end of 2022 and 16,613 k EUR at the end of 2021.

The 'other current liabilities' for an amount of 89,208 k EUR at the end of 2022 (2021: 50,770 k EUR) contain mainly accrued costs relating to the finance costs for issuing bonds, the car fleet and Information & Communication Technology projects (2022: 75,727 k EUR; 2021: 48,214 k EUR).

Liabilities related to employee benefits increase (2022: 97,771 k EUR; 2021: 81,831 k EUR) due to rising inflation during 2022 and consequently a larger outstanding liability for holiday pay and taxes on employee expenses (2022: 24,537 k EUR; 2021: 9,535 k EUR).

The **payable cash pool activities** amount to 146,235 k EUR at the end of 2022 and 154,030 k EUR at year end of 2021 (see note 'Trade and other receivables).

The **payment term and conditions for these payables** are as follows:

For the standard trade contracts, the average payment term was 30 days. The Value Added Tax payable and the withholding tax payable were due 20 and 15 days respectively after the end of the month. All amounts were paid on their expiry date.

Financial instruments

26 Financial instruments: policy

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, for compliance with the guidelines on risk management and reporting.

The Group's functioning as the operating company for the Mission Entrusted Associations limits to a large degree the risks and their possible negative impact.

Equity structure
The Group's equity structure consists of equity and the financial liabilities.
Apart from the legally required minimum levels for equity that are applicable for Fluvius System Operator and its subsidiaries, investments in joint ventures and associates, the Group is not subject to any externally required qualifications for its capital structure.

Within the Group short-term financing has been called upon to support the working capital. The long-term loans are contracted by Fluvius to finance the MEAs and are lent through at the same conditions as the contracted loans.

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 maximum credit risk is each financial asset's balance sheet value.
The Group recharges its costs mainly to its shareholders, its non-controlling interests and the associates.
As regards the on-lending of funds from the issuance of bond loans – and the recognition as short- and long-term receivables from the Mission Entrusted Associations - the principle applies that each MEAs guarantees on a non-principal and non-solidary basis but limited to the proportional share of its contribution (see note 'Long-term and short-term loans').
The credit risk for this category of customers is limited and the calculations did not give rise to a recognition of impairment losses. These calculations also took into account the Flemish government's support that can be called upon in case of credit problems.

Impairments are recognised for receivables from external customers. These receivables include receivables recognised as a result of invoices to private and professional customers for work carried out (construction of cable infrastructure, gas pipelines, connections, etc.); damage claims; invoicing for work in connection with maintenance of public lighting for municipalities (which have not joined the 'renewed' public lighting offer); and invoicing for work carried out for Ministries.

Movements in accumulated impairments on trade receivables

(In thousands of EUR)	**2022**	**2021**
Total at 1 January	-38,420	-25,857
Charge of impaired receivables	-9,486	-16,031
Write-back of impaired receivables	7,252	3,468
Total at 31 December	**-40,654**	**-38,420**

The receivables amounting to 58,362 k EUR recognised at the end of 2022 for the external customer group have the following due dates: 40,513 k EUR are not past due; 8,835 k EUR are past due for more than one day and maximum two months; 2,278 k EUR are past due for more than two months and less than six months and 6,735 k EUR are past due for more than six months.

Currency risk
The Group is not substantially exposed to currency risk 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 calls upon several banks to attract resources on short term. Commercial paper was issued within the framework of a treasury bill programme. Fixed advances and commercial papers can be called on with a maturity of one week up to twelve months, as well as fixed loans (straight loans) with a maturity of one day or one month up to one year whereby the minimum maturity depends on the borrowing bank. Fixed advances can be requested with a maturity from one week to twelve months. All loans have a fixed interest rate during the term of the loan except for the bank overdraft which has a variable interest rate.
These funds are mainly drawn to finance a negative cash pool balance (see note 'Interest-bearing borrowings and loans').

The Group enters into long-term loans to finance the MEAs. These long-term loans were fully lent on at the same conditions as the contracted loans.
The MEAs use these resources to finance the investments in the distribution grids including the roll-out of the digital meter, the acquisition and replacement of the public lighting infrastructure, financing investments in other companies, to refinance loans and to pay interest as well as working capital. Ex-Eandis, however, also used a part of the net proceeds of these loans at the end of 2014 to pay the fee in the name and on behalf of the local authorities to Electrabel as part of the latter’s exit out of the MEAs of ex-Eandis.

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

To further diversify and broaden its funding resources, so that a safe, reliable, efficient and innovative distribution of energy to the customers can be assured, a rating was requested.
In October 2011, ‘Moody's Investors Service Ltd.’ (“Moody’s”) granted Eandis System Operator a rating. Fluvius has chosen to obtain a **rating** from the rating agencies Moody’s and ‘Creditreform Rating AG’ (Creditreform).

To determine the creditworthiness of Fluvius, the accounts of the distribution system operators were also taken into account, given its close connection with its shareholders. As a result, the rating is made on the basis of the financial statements of the 'Fluvius Economic Group'.
Since October 2021, Moody's confirmed the A3 rating with a **stable outlook**. This assessment was based on the fact that Fluvius was able to take measures to counter the lower allowed income of the MEAs for the regulatory period 2021-2024, implement a change in dividend policy as from 2022 and obtain an allocation of EUR 22 million as advances from the Flemish energy regulator for the investments in 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, this rating was confirmed by Moody's. Moody's also assigned an ESG (Environmental, Social and Governance) Credit Impact Score (CIS) of 3 (on a scale of 5). Fluvius' CIS-3 reflects a moderately negative exposure to social and environmental risks and a neutral to low risk for governance. The impact of those considerations on the rating is mitigated by the Group's supportive regulatory framework.
Since January 2017, the rating with Creditreform is A+ with stable outlook. Creditreform also adjusted the rating outlook to **negative** on 27 October 2020 and confirmed this on 28 October 2021. On 16 August 2022, Creditreform revised the rating to **'A' with stable outlook**. This decision was based on the combined effect of the stricter 2021-2024 tariff methodology (from the MEAs, shareholders of Fluvius S.O) 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.

Fluvius, via Eandis, successfully issued bonds in the framework of its 5,000,000 k EUR Euro Medium Term Note (**EMTN) programme** launched in 2011 and which runs through 2021. At the end of 2019, an amount of 2,980,500 k EUR or 59.61% had been issued. Since year end 2014 no more bonds were issued under this programme.
On top of this, Fluvius, via Infrax, issued in the framework of its 500,000 k EUR EMTN programme launched in 2013. A first part was issued for 250,000 k EUR in 2013 (to mature in 2023) and a second part of 250,000 k EUR was launched in 2014 (to mature in 2029). This EMTN programme was therefore fully utilised.
On 1 July 2020, a **new** 5,000,000 k EUR EMTN programme was launched by Fluvius System Operator cv that has a maturity of 10 years, extendable by Fluvius for 24 months. The current bond loans are issued within this programme. The issues are guaranteed by the Group's eleven MEAs and will have a minimum maturity of one year.
At the end of 2022, an amount of 2,500,000 k EUR or 50.00% of the programme’s total amount had already been issued.

The EMTN Base Prospectus also provides for the possibility to issue green bonds, whereby the net proceeds of an issue are used to finance (or refinance) eligible Green Projects. For this purpose, Fluvius has prepared a Green Financing Framework which contains a description of investment projects that are eligible for green financing, how the climate and sustainability benefits will be measured, and how verification and reporting will be undertaken.
All funds from the bond loans, except for 50,000 k EUR, were fully lent on to the MEAs at the same conditions as the bond loans. The resulting receivables for the Group are included in notes ‘Short-term receivables, other’ and ‘Long-term receivables, other’.
An overview of the loans is included in the note ‘Interest-bearing loans and borrowings’. The bank loan (2022: 30,625 k EUR; 2021: 34,125 k EUR) was not lent on.

The following schedule shows the maturity schedule (at nominal value) of the different loans.

At the end of 2022

(In thousands of EUR)	2022	1 year or less	2-3 year	4-5 year	More than 5 year
Bond issue - retail	200,000	0	200,000	0	0
Bond issue - EMTN	4,660,500	750,000	0	400,000	3,510,500
Bond issue - private	440,000	0	0	50,000	390,000
Bank loans - with derivative structure	30,625	3,500	7,000	7,000	13,125
Bank loans - fixed interest rate	550,000	0	0	350,000	200,000
Total	**5,881,125**	**753,500**	**207,000**	**807,000**	**4,113,625**

At the end of 2021

(In thousands of EUR)	2021	1 year or less	2-3 year	4-5 year	More than 5 year
Bond issue - retail	200,000	0	0	200,000	0
Bond issue - EMTN	4,460,500	500,000	750,000	400,000	2,810,500
Bond issue - private	440,000	0	0	0	440,000
Bank loans - with derivative structure	34,125	3,500	7,000	7,000	16,625
Bank loans - fixed interest rate	200,000	0	0	0	200,000
Total	**5,334,625**	**503,500**	**757,000**	**607,000**	**3,467,125**

Information regarding the repayment schedule of the lease obligations

(In thousands of EUR)	Lease Liabilities total	1 year or less	1-3 year	3-5 year	More than 5 year
2022	25,739	8,601	9,878	4,209	3,051
2021	34,959	10,099	14,487	6,601	3,772

Long-term receivables and short-term receivables, other than from the DSOs
The Group has long-term receivables and short-term receivables at 31 December 2022 totalling 5,840,800 k EUR (2021: 5,249,180 k EUR). Of these, 700,000 k EUR (2021: 500,000 k EUR) is receivable within one year, 200,000 k EUR (2021: 700,000 k EUR) is receivable within more than one to three years, 800,000 k EUR (2021: 600,000 k EUR) is receivable within more than three to five years and 4,100,500 k EUR (2021: 3,449,108 k EUR) is receivable after five years.

Interest rate risk
The Group has entered into long-term loans with a fixed and variable interest rate. The loans with a variable interest rate have been swapped to a fixed interest rate (see note ‘Derivative financial instruments’).

The resulting financial costs for Fluvius System Operator are all passed on to MEAs and are reported as a financial income except for the financial costs related to the EMTN bond loan of 50,000 k EUR and the bank loan of 30,625 k EUR, which were not lent through.

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

(In thousands of EUR)	2022	2021
In 2022	0	101,308
In 2023	125,331	87,441
In 2024	101,473	63,583
In 2025	101,349	63,459
In 2026	97,231	59,341
In 2027	90,114	59,341
In 2028 and beyond	474,427	268,362
Total	**989,925**	**702,835**

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

Fair value

The fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties that are independent in a transaction at arm’s length 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 fair value of the outstanding listed bonds, issued for a total amount of 4,860.5 million EUR varies according to the market interest rate. The fair value at 31 December 2022 amounts to 4,370.0 million EUR and differs from the amount that will be reimbursed and the carrying value.

The fair values at 31 December 2022 are as follows:

(In thousands of EUR)	Fair value Level 1	Fair value Level 2	Fair value Level 3	Book value
Other investments	0	0	863	863
Derivative financial instruments	0	704	0	704
Long-term receivables, other	5,140,787	0	0	5,140,787
Short-term receivables, other	700,000	0	0	700,000
Cash and cash equivalents	79,144	0	0	79,144
Inventories and other	175,523	0	0	175,523
Total receivables	333,702	0	0	333,702
Receivables cash pool activities	277,027	0	0	277,027
Total	**6,706,183**	**704**	**863**	**6,707,750**
Loans on long-term	4,675,959	0	0	5,105,241
Loans on short-term	1,053,932	0	0	1,053,036
Lease liabilities	25,739	0	0	25,739
Total current liabilities, other	403,030	0	0	403,030
Liabilities cash pool activities	146,235	0	0	146,235
Total	**6,304,895**	**0**	**0**	**6,733,281**

The item "Inventories and other" contains the part of the inventory held for sale and amounts to 11,803 k EUR.

The fair values at 31 December 2021 are as follows

(In thousands of EUR)	Fair value Level 1	Fair value Level 2	Fair value Level 3	Book value
Other investments	0	0	828	828
Long-term receivables, other	4,796,727	0	0	4,796,727
Short-term receivables, other	500,000	0	0	500,000
Cash and cash equivalents	62,904	0	0	62,904
Total receivables	344,715	0	0	344,715
Receivables cash pool activities	417,318	0	0	417,318
Total	**6,121,664**	**0**	**828**	**6,122,492**
Loans on long-term	5,057,647	0	0	4,810,494
Loans on short-term	974,190	0	0	963,078
Lease liabilities	34,959	0	0	34,959
Derivative financial instruments	0	4,133	0	4,133
Total current liabilities, other	332,913	0	0	332,913
Liabilities cash pool activities	154,030	0	0	154,030
Total	**6,553,739**	**4,133**	**0**	**6,299,607**

Other information

27 Related parties

Transactions between Fluvius System Operator and its subsidiaries have been eliminated in the consolidation process and are therefore not included in the present note.
The total remunerations paid to the management committee and the directors for 2022 amounted to 4,167,718 EUR and 4,264,522 EUR for 2021. The post-employment benefits included in the total remuneration mentioned amounted to 211,540 EUR for 2022 and 205,203 EUR for 2021. There are no other benefits in kind, share options, credits or advances in favour of the directors.

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

(In thousands of EUR)	**2022**	**2021**
Amount of the transactions		
Recharge of costs to non-controlling interest companies	81,674	89,292
Recharge of costs from non-controlling interest companies	5,066	1,864
Amount of outstanding balances		
Trade receivables	9,968	2,892
Trade payables	3,831	5

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

(In thousands of EUR)	**2022**	**2021**
Amount of the transactions		
Recharge of costs to associates	2,546	1,906
Recharge of costs from associates	33,520	25,401
Amount of outstanding balances		
Trade receivables	42,032	46,482
Trade payables	3,543	2,757

Transactions of the Group with its shareholders (Mission Entrusted Associations) were as follows:

(In thousands of EUR)	2022	2021
Amount of the transactions		
Recharge of costs to the Mission Entrusted Associations	1,785,915	1,613,464
Recharge of costs from the Mission Entrusted Associations	33,317	33,715
Interest income Mission Entrusted Associations	112,942	114,207
Interest expenses Mission Entrusted Associations	-1,271	-917
Amount of outstanding balances		
Non-current assets, employee benefits	154,869	196,584
Non-current assets, other	5,099,504	4,752.983
Short-term receivable, other	700,000	500,000
Trade receivables, invoices to be issued	193,690	244,752
Other receivables, cash pool	163,177	273,017
Other receivables, accrued financial income bond loan	44,530	31,955
Trade payables	13,597	16,613
Guarantees and securities received		
Concerning financial obligations	725,000	725,000

All invoices to and from the Mission Entrusted Associations are payable within 30 days after invoice date.

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

During 2022, the parent company Fluvius System Operator paid fees of 81 k EUR to the statutory auditor supplemented with additional (legal) assignments as an extension of the mandate as auditor and with other assignments amounting in total 476 k EUR as well as with other assignments carried out by related persons amounting to 566 k euro. The other assignments were approved by the Audit Committee.

28 Commitments and contingencies

(In thousands of EUR)	2022	2021
Rent deposits, buildings	1,442	1,442
Total guarantees given	**1,442**	**1,442**
Guarantees obtained from contractors and suppliers	**72,171**	**65,593**

Committed orders at 31 December 2022 amounted to 70,611 k EUR (2021: 50,071 k EUR).

The Group is involved in legal disputes for which the risk of loss is possible, but not likely. Currently, the possible timing of the settlements cannot be estimated reliably.

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. He must submit his report by 31 January 2023. The plea is now scheduled for March 29, 2023.

29 Events after the reporting date

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

30 List of group entities included in the consolidation

At 31 December 2022

Subsidiary	Office	Number of shares owned %	Voting rights %
Parent			
Fluvius System Operator cv	Brusselsesteenweg 199, B-9090 Melle		
Subsidiary			
De Stroomlijn cv	Brusselsesteenweg 199, B-9090 Melle	62.17	62.17
Investment in joint ventures and associates			
Synductis cv	Brusselsesteenweg 199, B-9090 Melle	34.38	34.38
Atrias cv	Kanselarijstraat 17a, B-1000 Brussel	50.00	50.00

At 31 December 2021

Subsidiary	Office	Number of shares owned %	Voting rights %
Parent			
Fluvius System Operator cv	Brusselsesteenweg 199, B-9090 Melle		
Subsidiary			
De Stroomlijn cv	Brusselsesteenweg 199, B-9090 Melle	62.17	62.17
Investment in joint ventures and associates			
Synductis cv	Brusselsesteenweg 199, B-9090 Melle	34.47	34.47
Atrias cv	Kanselarijstraat 17a, B-1000 Brussel	50.00	50.00

Information concerning the parent company

The following information is extracted from the statutory Belgian GAAP financial statements of the parent company, Fluvius System Operator cv and is presented in abridged form.
These statutory financial statements, together with the report of the Board of Directors to the General Assembly of Shareholders as well as the auditor's report, will be filed with the National Bank of Belgium within the legally foreseen time limits according to the Belgian company code. These documents are also available as from 30 March 2023 on the website www.fluvius.be or on request at the following address: Brusselsesteenweg 199, 9090 Melle.

The statutory auditor's report is unqualified and certifies that the financial statements of Fluvius System Operator cv are prepared in accordance with Belgian GAAP.

Condensed balance sheet **In thousands of EUR**	**2022**	**2021**
Fixed assets	**2,488**	**3,408**
Intangible fixed assets	285	847
Tangible fixed assets	496	845
Financial fixed assets	1,707	1,716
Current assets	**6,862,176**	**6,453,852**
Amounts receivable after more than one year	5,140,800	4,791,858
Stocks and contracts in progress	175,523	141,116
Amounts receivable within one year	1,253,204	1,218,651
Cash at bank and in hand	82,411	65,916
Deferred charges and accrued income	210,238	236,311
Total assets	**6,864,664**	**6,457.260**
Equity	**1,517**	**1,517**
Contributions, other	1,284	1,284
Other equity components: reserves, share premiums, retained earnings	233	233
Provisions for liabilities and charges	**154,869**	**196,584**
Amounts payable	**6,708,278**	**6,259,159**
Amounts payable after more than one year	5,105,240	4,810,494
Amounts payable within one year	1,527,441	1,400,451
Accrued charges and deferred income	75,597	48,214
Total liabilities	**6,864,664**	**6,457,260**

Condensed income statement **In thousands of EUR**	**2022**	**2021**
Turnover	1,934,712	1,744,358
Operating profit (loss)	13,097	15,116
Financial result	-6,022	-8,118
Income taxes	-7,075	-6,998
Profit for the period	**0**	**0**

Auditor’s report

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

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

Independent auditor's report to the general meeting of Fluvius System Operator CV for the year ended 31 December 2022

In the context of the statutory audit of the Consolidated Financial Statements of Fluvius System Operator CV (the "Company") and its subsidiaries (together the "Group"), we report to you as statutory auditor. This report includes our opinion on the consolidated statement of the financial position as at 31 December 2022, the consolidated statement of profit or loss, the consolidated statement of comprehensive income as at 31 December 2022, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2022 and the disclosures (all elements together the "Consolidated Financial Statements") as well as our report on other legal and regulatory requirements. These two reports are considered one report and are inseparable.

We have been appointed as statutory auditor by the shareholders' meeting of 27 May 2020, in accordance with the proposition by the Board of Directors following recommendation of the Audit Committee and following recommendation of the workers' council. Our mandate expires at the shareholders' meeting that will deliberate on the Consolidated Financial Statements for the year ending 31 December 2022. We performed the audit of the Consolidated Financial Statements of the Group during 12 consecutive years.

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have audited the Consolidated Financial Statements of Fluvius System Operator CV, that comprise of the consolidated statement of the financial position on 31 December 2022, the consolidated statement of profit or loss, the consolidated statement of comprehensive income as at 31 December 2022, the consolidated statement of changes in equity and the consolidated statement of cash flows of the year and the disclosures, which show a consolidated balance sheet total of € 6.889.767 thousands and of which the consolidated income statement shows a profit for the year of € 0.

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

Basis for the unqualified opinion

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

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

We have obtained from the Board of Directors 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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current reporting period.

These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon, and consequently we do not provide a separate opinion on these matters.

Employee benefit liability

Description of the key audit matter
The employee benefit net liability amounts to € 154,9 million as at 31 December 2022. The Group recognizes the provision for the long-term employee benefits based on the requirements of IAS19. The plans of the Group are described in note 24 of the Consolidated Financial Statements.

The valuation of this provision is complex and requires judgments of management. Due to its complexity, the Company is assisted by an external actuary for the calculation of the provision. The valuation of the provision is based on the personnel data included in the pension plans and to which certain actuarial assumptions are applied such as expected inflation, discount rates, projected average salary increases and personnel turnover. A change in these assumptions or the use of incorrect personnel data would have a material impact on the Consolidated Financial Statements. Therefore, the valuation of the employee benefit liability is a key audit matter in our audit.

Summary of the procedures performed
Our audit procedures included, amongst others:

- An analysis of the existing plans within the Group and discussion with management of potential changes to these plans.
- Testing of the underlying personnel data by means of an analytical review compared to prior year and by a reconciliation (of s.a. gender, salary, age and gender) of a sample of personnel data to underlying documentation.
- Assessing the competence and independence of the external actuary.
- Involving our internal actuarial specialists to assess the appropriateness of the actuarial models used in accordance with IAS19 and to assess the reasonableness of the significant assumptions used to value the provision (expected inflation, discount rates, projected average salary increases, mortality tables and personnel turnover).
- Assessment of the adequacy and completeness of the Group's disclosures in note 24 of the Consolidated Financial Statements.

Financing activities

Description of the key audit matter
The balance sheet of the Group is significantly affected by the Group's financing activity. As at 31 December 2022, the long term interest bearing loans and borrowings of the Group amount to € 5.105,24 million (74,4% of total equity and liabilities) and the short term interest bearing loans and borrowings to € 1.053,0 million (15,3% of total equity and liabilities), as described in note 23 of the Consolidated Financial Statements.

These interest bearing loans and borrowings are subsequently used to grant interest bearing loans to the Distribution System Operators ("DSO's"), for a total amount of € 5.140,8 million classified as long term receivable outstanding and of € 700,0 million classified as short term receivable, as described in note 17 of the Consolidated Financial Statements. Given the magnitude of these amounts compared to total assets and total liabilities on the one hand and the follow-up and the assessment of management regarding the repayment capacity of the DSO's on the other hand, this is considered as a key audit matter for our audit.

Summary of the procedures performed
We performed following procedures:

- Assessing the accounting treatment of the interest bearing loans and receivables and corresponding transaction costs.
- Reconciling the nominal amounts of the loans with underlying contracts, confirmations and payments.

- Reviewing the long term financing plan for the Group, including those of the Distribution System Operators in order to determine the repayment capacities of the latter based on the underlying long term financing targets of the DSO's as well as discussions with management and those charged with governance.
- Assessing the adequacy and completeness of notes 17 and 23 of the Consolidated Financial Statements.

Responsibilities of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors 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 Board of Directors 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 Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors 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 board of directors 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 board of directors 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 Board of Directors as well as the underlying information given by the Board of Directors;

- conclude on the appropriateness of the Board of Directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going-concern;
- evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and evaluating whether the Consolidated Financial Statements reflect a true and fair view of the underlying transactions and events.

We communicate with the Audit Committee within the Board of Directors 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.

We provide the Audit Committee within the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee within the Board of Directors, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our report, unless the law or regulations prohibit this.

Report on other legal and regulatory requirements

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and the content of the Board of Directors' report on the Consolidated Financial Statements.

Responsibilities of the auditor

In the context of our mandate and in accordance with the additional standard to the ISA's applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Directors' report on the Consolidated Financial Statements, the non-financial information attached to the Board of Directors' report, as well as to report on these matters.

Aspects relating to Board of Directors' report

In our opinion, after carrying out specific procedures on the Board of Directors' report, the Board of Directors' report is consistent with the Consolidated Financial Statements and has been prepared in accordance with article 3:32 of the Code of companies and associations.

In the context of our audit of the Consolidated Financial Statements, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Board of Directors' report and other information included in the annual report, being:

- Information concerning the parent company

contain any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, there are no material inconsistencies to be reported.

The non-financial information required by article 3:32, § 2, of the Code of companies and associations has been included in the Board of Directors' report on the Consolidated Financial Statements. The Company has prepared this non-financial information based on the Global Reporting Initiative ("GRI") Standards. However, we do not comment on whether this non-financial information has been prepared, in all material respects, in accordance with the Global Reporting Initiative ("GRI") Standards.

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.

European single electronic format ("ESEF")

In accordance with the standard on the audit of the conformity of the financial statements with the European single electronic format (hereinafter "ESEF"), we have carried out the audit of the compliance of the ESEF format with the regulatory technical standards set by the European Delegated Regulation No 2019/815 of 17 December 2018 (hereinafter: "Delegated Regulation").

The board of directors is responsible for the preparation, in accordance with the ESEF requirements, of the consolidated financial statements in the form of an electronic file in ESEF format (hereinafter 'the digital consolidated financial statements') included in the annual financial report available on the portal of the FSMA (https://www.fsma.be/en/data-portal).

It is our responsibility to obtain sufficient and appropriate supporting evidence to conclude that the format and markup language of the digital consolidated financial statements comply in all material respects with the ESEF requirements under the Delegated Regulation.

Based on the work performed by us, we conclude that the format and tagging of information in the digital consolidated financial statements of Fluvius System Operator CV per 31 December 2022 included in the annual financial report available on the portal of the FSMA (https://www.fsma.be/en/data-portal) are, in all material respects, in accordance with the ESEF requirements under the Delegated Regulation.

Other communications.

- This report is consistent with our supplementary declaration to the Audit Committee as specified in article 11 of the regulation (EU) nr. 537/2014.

Gent, 30 March 2023

EY Bedrijfsrevisoren BV
Statutory auditor
Represented by

marnix van dooren

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

23MVD0135