Report of the Board of Directors

English translation of the
French-language report.
In legal matters, the French original
prevails as the official version.

To the General Meeting of Shareholders of 21 June 2022

On the activities of the financial year 2021

Contents

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Ladies and Gentlemen,

In accordance with the law and the articles of association, we have the honour of reporting to you on the activities of our company during its 40th financial year and submit for your approval the balance sheet, the income statement as at 31 December 2021, the notes to the accounts and the distribution of profits as required by Article 40 of the articles of association. This report is drawn up in accordance with Articles 3:5 and 3:6 of the Companies and Associations Code (CSA).

I. Preliminary remarks

Although Sibelga is reporting on its activities for its 39th financial year, this is in fact the 18th financial year in its configuration resulting from the grouping of distribution network management activities in the Brussels-Capital Region and the 14th in a fully deregulated environment.

- Following the complete deregulation of the electricity and gas market, the intermunicipal company focuses on its business as a distribution network operator and its turnover now consists almost exclusively of grid fees paid by suppliers.

- It is important to note that the private company associated with the intermunicipal company withdrew from it on 31 December 2012. Since then, the associated public authorities have held all the shares representing the capital.

- Finally, it should be noted that an Ordinance amending the Electricity and Gas Ordinances, notably with a view to organising a new framework for distribution tariffs, was adopted by the Brussels Parliament on 25 April 2014. It came into force, as regards the provisions introduced on tariff methodology and tariffs, on 1 July 2014, the date of entry into force of Article 19 of the special law of 6 January 2014 on the Sixth State Reform, which transfers competence for distribution tariffs to the regions.

  Under this ordinance, the power to establish a tariff methodology for the distribution of electricity and gas, as well as the power to approve distribution tariffs established in accordance with this methodology, is vested in Brugel, the Brussels regulator of the electricity and gas markets.

II. Regulatory framework

Following the consultation with the network operator and the official consultation, the regulator Brugel approved at its Board of Directors meeting of 7 March 2019 the decisions on the electricity and gas tariff methodologies that are applicable for the regulatory period 2020–24. These decisions were taken in accordance with the application of Art. 9quater of the Electricity Ordinance and Art. 10bis of the Gas Ordinance.

The new tariff methodologies leave several elements unchanged from the previous tariff period, including:

- 5-year tariff period;
- "cost +" system with a distinction between manageable and non-manageable costs;
- maintaining the parameters for the return on capital;
- maintaining incentive regulation on cumulative manageable costs capped at a specified amount with a 50/50 split between shareholders and tariffs;
- the regulator's decision not to allocate all tariff balances to a tariff reduction in 2020–24.

However, other elements were introduced from the 2020 financial year onwards:

- Project costs are separated into four groups.
- Projects related to network investments, projects related to public service missions or innovative projects are considered as non-manageable;
- Other IT projects (including Smartrias) are considered as manageable;
- Creation of a target-based incentive regulation (KPI) that can yield up to €1 million/year in favourable circumstances;
- A cap on manageable costs based on the 2017 budget excluding controllable IT projects – incentive regulation on 2017 costs (down by nearly €4.7 million) + indexation + real 2017 IT projects (with a cap of 85% for Smartrias);
- Efficiency factor on manageable costs of 0.75% per year excluding indexation as from 2021;
- Brugel's intention to move towards a revenue cap by 2025.

The regulatory framework is therefore evolving in such a way as to make Sibelga increasingly responsible for costs and service quality.

The tariff proposals under this new framework were validated by the regulator on 18 December 2019.

The regulatory framework applicable to the financial year results from the following decisions:

1. Decisions

1.1 Decisions (BRUGEL-DECISIONS-20191218-122A AND 123A) concerning the approval of the electricity and gas tariffs

As part of the new tariff methodologies, Sibelga submitted tariff proposals for 2020–24 in September 2019. In mid-December 2019, Brugel validated Sibelga's tariffs for five years, through its decisions 20191218-122bis and 123bis.

1.2 Decisions (BRUGEL-DECISIONS-20191127-124 AND 20191218-126) concerning the performance trajectories of the KPIs and concerning the entry into force of the performance indicators (KPIs) relating to Sibelga's service quality incentive pricing mechanism

From the financial year 2020 onwards, an incentive regulation on service quality has been put in place. In this context, and following various exchanges between Sibelga and Brugel, the latter has set performance thresholds and trajectories for each of the monitoring indicators. The list of KPIs that came into force in 2020 at Sibelga's request has been validated by Brugel. There were no additional KPIs in 2021.

1.3 Decisions (BRUGEL-DECISIONS-20201028-148 and 20201028-149) concerning the approval of Sibelga's specific electricity and gas tariff adjustment proposals for the year 2021

In accordance with the electricity and gas tariff methodology, Sibelga has introduced specific tariff proposals aimed at adjusting the "public service obligation" tariffs, the surcharge for corporation tax and the surcharge for the municipal fees for occupation of the public domain. At the end of October 2020, Brugel validated Sibelga's adjusted tariffs for 2021, through its decisions 20201028-148 and 149.

1.4 Decision (BRUGEL-DECISION-20210108-155) on the adjustment of the tariffs for charging the costs of using the transmission system

In accordance with the electricity and gas tariff methodology, Sibelga has recalculated the transmission tariffs for the year 2021.

1.5 Decision (BRUGEL-DECISION-20210511-159) on the approval of Sibelga's request for the financing of innovative projects using the regulation funds.

In accordance with the electricity and gas tariff methodology, Sibelga has proposed two innovative projects to be financed via the regulation funds. Brugel decided in May 2021 in its decision 20210511-159 to approve the financing of the innovative Hydrogen to Grid National Living Lab (H2GridLab) project for €485,806 and the innovative Facilitation of Collective Self-Consumption (ACC) project for €486,344.

2. Summary

The tariff proposal consists of a forecast tariff budget and forecast distributed quantities. The tariffs for the regulatory period are the result obtained by dividing the budget by the quantities.

The tariff budget consists of three main elements:

- manageable costs;
- non-manageable costs;
- fair margin.

The fair margin is calculated on the basis of the forecast RAB (network value) and a return formula based on a forecast risk-free rate (10-year OLO) and forecast equity. The optimal return on equity is achieved when the ratio of equity to RAB (S) is 40%. Above this 40% ratio, the RAB financed by equity is remunerated at the risk-free rate + 100 basis points1 (b.p.), provided it does not exceed 80%.

Costs are categorised as manageable and non-manageable according to the methodology. The OPEX over which the DSO has control are considered manageable. Taxes, losses, interest charges, depreciation and write-offs, public service missions, unfunded pension charges, exceptional charges are the main unmanageable costs.

The tariff proposal, consisting of the tariff budget, the forecast quantities and the tariffs, is submitted to the regulator for approval and analysis. At the end of the procedure, the proposal, adjusted if necessary, is approved.

[1] basis point corresponds to 0.01% on the principal

The DSO's actual remuneration consists of three elements:

- the actual fair margin calculated on the basis of the actual RAB (average of the year), the actual equity (average of the year) and the actual risk-free rate of the year channelled in a tunnel ranging from 2.20% to 5.20%,
- the incentive on manageable costs,
- incentives on service quality targets (KPIs).

The differences between the various forecast and actual items are categorised into **3 balances**:

- the balance of manageable costs,
- the balance of non-manageable costs (which includes the difference between the actual and the forecast fair margin),
- the volume balance.

The balance of manageable costs is the basis for the manageable cost incentive. However, this is limited (both upwards and downwards) to 50% of 10% of manageable costs.

The non-manageable balances, the volume balance and the manageable balance not included in the manageable cost incentive are integrated into the Tariff Regulation Fund. If there is an accumulated debt (overpayment), it can be used to reduce or smooth tariffs and/or to cover specific non-manageable costs. If there is an accumulated claim (underpayment), this claim is added in full to the costs charged to customers when the tariff proposal for the next tariff period is drawn up.

3. Extracts and comments

3.1 Total revenue and fair margin

Total revenue

a. Composition of the total revenue

The total revenue includes all expenses less the revenue the network operator incurs in the course of carrying out its regulated activities. These costs are made up of manageable costs on the one hand, and non-manageable costs on the other.

The total revenue for the electricity and gas activities together amounts to €315.9 million for the 2021 tariff proposal.

b. Manageable costs

Manageable costs are the expenses and revenues relating to the safety, efficiency, reliability of the network or quality of service to customers, over which the network operator has direct control. These amount to €127.2 million for the 2021 tariff proposal.

c. Non-manageable costs

Non-manageable costs are the expenses and revenues relating to the safety, efficiency, reliability of the network or quality of service to customers, over which the network operator has no direct control.

Among these, the main ones are:

- costs of purchasing grid losses or covering them with the grid operator's own production facilities;
- unfunded supplementary pension costs;
- taxes;
- fees, contributions and remuneration;
- depreciation (including capital gains depreciation);
- decommissioning;
- financial expenses;
- costs for public service obligations;
- transmission costs charged by Elia;
- exceptional expenses and revenues imposed by a change in the legal or regulatory framework or in the rules and processes supporting the organisation or proper functioning of the deregulated electricity market.

These amount to €150.6 million for the 2021 tariff proposal (excluding fair margin).

d. Fair margin

This is fixed each year by applying the percentage return set out below to the average of the initial value (on 1 January) of the regulated assets and the final value of the regulated assets (on 31 December) of the financial year in question, the regulated assets being calculated and evolving annually in accordance with the rules set out below.

The fair margin is a net remuneration, after application of Corporate and Legal Entity Tax, but before application of the withholding tax on dividends.

This amounts to €38.2 million for the 2021 tariff proposal.

Regulated assets (RAB)

a. Initial value of the regulated assets

The initial value of the regulated assets corresponds to the value of the regulated tangible fixed assets as at 31 December 2018, increased, where applicable, by certain intangible assets related to the activation of certain IT projects, as approved by Brugel.

On 3 April 2019, Brugel approved the initial value of the regulated assets as at 31 December 2018. This amounts to €1,197.6 million.

b. Changes in regulated assets over time

The value of the regulated assets changes each year since 1 January 2019 through:

- the addition of the acquisition value of new regulated tangible fixed assets. These investments include those contained in the investment plans approved by the Government;
- the addition of the acquisition value of new computer software or developments, recorded as regulated intangible assets during the year concerned;
- the deduction of the net book value of regulated tangible and intangible fixed assets retired from active use during the year concerned;
- the deduction of depreciation, write-downs or write-offs of the RAB capital gain, at the rate of the underlying assets, recorded during the year concerned;
- the deduction of depreciation of regulated tangible and intangible fixed assets, recorded during the year concerned;
- the deduction of third-party commitments relating to regulated tangible and intangible fixed assets, recorded during the year in question;
- the deduction of subsidies relating to regulated tangible and intangible fixed assets, recorded during the year in question;
- the deduction of depreciation (write-backs) of subsidies, at the rate of the underlying assets, recorded during the year concerned.

The result of the above recognition determines the final value of the RAB of year N and can be taken as the initial value of the regulated assets of year N+1 (see evolution below).

c. Depreciation percentage

The annual amount of depreciation referred to in the previous point is determined on the basis of the historical acquisition value and the depreciation percentages approved by the regulator.

Percentage return to be applied to the regulated assets

The applicable formula for calculating the percentage return (R) is derived from the Capital Asset Pricing Model (CAPM) and is as follows:

Equation I: Percentage return to be applied to the regulated assets

- If $S \leq 40\% \rightarrow R = 40\% * (t_{OLO} + (RP \times ß))$
- If $S > 40\% \rightarrow R = [40\% * (t_{OLO} + (RP \times ß)) + [(S - 40\%) * (t_{OLO} + 100\ bp)]$

With:
- S = ratio between the average value of the equity of the year in question and the average value of the regulated assets (%)
- t_{OLO} = risk-free interest rate (%)
- RP = risk premium (%)
- ß = beta factor which captures the specific risk associated with the DSO

These different parameters are specified below.

a. Risk-free interest rate

The risk-free interest rate is determined each year on the basis of the average real return of ten-year OLO bonds issued in that year by the Belgian authorities. The average real return percentage published by the National Bank of Belgium is taken as a reference, more precisely the average reference rate calculated on the basis of daily data of linear bonds calculated on the basis of the yield of Belgian bonds on the secondary market.

For the tariff budget, the risk-free interest rates used in the tariff proposal are those provided as "long-term interest rate (10 years)" by the Federal Planning Bureau in the latest edition of the macroeconomic outlook.

Thus, the interest rates included in the tariff proposal for the 2020–24 regulatory period are those of the 2019–24 economic outlook, published in February 2019.
Brugel has determined an acceptability interval for the OLO rate by setting limit values for the ex post recalculation. A minimum threshold of 2.2% and a maximum threshold of 5.2% were determined.

This results in the following rates for the period:

2020 ↓ 2,20[2] %

2021 ↓ 2,20 %

2022 ↓ 2,20 %

2023 ↓ 2,20 %

2024 ↓ 2,20 %

2 The Federal Planning Bureau published values of 1.1% for 2020 and 1.6% for 2021. The minimum threshold of 2.2% therefore applies for the risk-free interest rate. For 2022, the Federal Planning Bureau forecast was 2.2%.

The addition of a tunnel in which the OLO rate will have to evolve is a technique which makes it possible to limit the impact of the OLO rate on the fair margin. This tunnel also provides the distribution system operator with greater stability and predictability in financing its activities over the tariff period.

b. Risk premium

The market risk premium is the factor that reflects the extra return expected by investors in other companies in the market compared to the risk-free interest rate.

Notwithstanding what is stated below, the risk premium is set at 4.50%.

c. Beta factor

The beta coefficient is the factor that captures the specific risk associated with the DSO. As the DSO is not listed on the stock exchange, the beta does not correspond to the theoretical beta, but also reflects the illiquidity linked to this non-listing.

Notwithstanding what is said below, the beta factor (€) is set at 0.7.

d. S-factor

The S-factor is the ratio of the average value of equity in the relevant year to the average value of regulated assets (%). The S-factor therefore represents the proportion of the regulated assets that is financed from equity. Its complement, 1-S, represents the share of the regulated assets financed by debt.

Both the equity value and the value of regulated assets are calculated for the corresponding year as the arithmetic mean of the final value after allocation of the result of the year preceding the corresponding year and the final value after allocation of the result of the corresponding year.

Brugel considers that the optimal value of S is 40%. The return t OLO + (RP x €) is therefore only allowed for S < 40%. Beyond this optimal value, Brugel considers that the optimum is no longer achieved and that the allowable remuneration should therefore be lower, while approaching the cost of the debt for the DSO.

Brugel sets the return on equity above 40% at OLO + 100 b.p. However, if S > 80%, the return on equity above 80% will be zero.

e. Calculation rules

At the end of each year of the regulatory period, the system operator recalculates the OLO and S parameters according to the values applicable to the year in question in accordance with the provisions of the above points, including the ex-post calculation of the financial structure on the basis of the actual balance sheet after allocation of the result and not on the basis of the forecast balance sheets used in the budget.

The grid operator and Brugel take these recalculated parameters into account when determining the difference between the fair margin actually granted to the grid operator and the fair margin estimated in the approved budget, as referred to in the tariff methodology.

f. Review of the parameters

The above parameters of the formula for calculating the percentage return (R) are fixed for the entire duration of the regulatory period. If, on the basis of objective and transparent data, it appears that the percentage of return obtained on the basis of these parameters no longer leads, in the light of an international comparison, to a normal return on the capital invested in the regulated assets by the grid operator, Brugel may review the parameter(s) to be taken into account for the next regulatory period, in compliance with Article 9 quater § 3 of the Electricity Ordinance and Article 10 bis § 3 of the Gas Ordinance.

3.2 Balances

Definition

The balances are the differences observed for each of the five years of the regulatory period between the forecast costs in the approved budget and the reported costs on the one hand, and the forecast income in the approved budget and the actual income recorded on the other.

The balance for each year is broken down into two types of balances:

- **The "manageable costs" balance:** the difference between the actual manageable costs and the forecast costs corrected ex post by the national consumer price index.

- **The balance of "non-manageable costs":**
  - The difference between the actual indexation coefficient and the forecast indexation coefficient applied to the forecast costs;
  - The difference between actual and forecast non-manageable costs;
  - The difference between the forecast fair margin included in the approved budget of the network operator and the fair margin actually granted to the network operator;

- **The "volume" balance:** which is the difference between the actual revenue (from the periodic tariffs) and the forecast revenue resulting, among other things, from the difference between the actual volumes distributed and the forecast volumes included in the approved budget.

Management and allocation of balances

The allocation of balances depends on the type of balance:

- **The "manageable costs"** balance is allocated to the accounting result of the network operator and/or to the Tariff Regulation Fund, in line with the principles of incentive regulation.
- **The "non-manageable costs"** balance is transferred to the accruals and deferred income in the balance sheet under a specific heading "Tariff Regulation Fund".

    - If this fund has a debt (operating surplus or bonus) at the time when the network operator has to submit a tariff proposal for the next regulatory period, this proposal must contain a proposal to allocate all or part of the amounts in the Tariff Regulation Fund to reducing or smoothing tariffs in general and/or to covering specific non-manageable costs.
    - If it has a claim (operating deficit or penalty) at the time when the system operator has to submit a tariff proposal for the next regulatory period, this claim shall be added in full to the costs charged to customers in the tariffs for that regulatory period.

- For the gas business, there is **a specific "gas volume" fund** which evolves according to the volume balance and for which automatic mechanisms are provided for allocating the Tariff Regulation Fund.

3.3 Cost control and service quality – incentive regulation

Cost incentive regulation

Brugel has decided to encourage the distribution network operator to continue its good management by encouraging it to control and manage its costs, thanks to the introduction of an incentive regulation system.

Since the 2017 financial year, regardless of whether the accumulated "manageable costs" balance is positive or negative, the portion of this balance that exceeds 10% of the manageable costs budget for the operating year concerned is considered uncontrollable and is automatically transferred to the electricity/gas tariff regulation fund.

For the portion not exceeding 10% of the manageable costs budget, half of this accumulated balance is allocated to the accounting result of the network operator and the other half transferred to the electricity/gas tariff regulation fund. The allocation to the accounting result and the transfer to the electricity/gas tariff regulation fund is verified annually as part of the ex-post control performed by Brugel.

This puts the maximum incentive for Sibelga for 2021 at €6.36 million (50% of 10% of €127.2 million)[3].

[3] €127.2 million = manageable costs of the tariff proposal for 2021

Target-based incentive regulation

The introduction of a target-based incentive regulation system (KPI) aims to encourage the network operator to improve the quality of services offered to network users and market players, by setting performance thresholds for three families of indicators covering its three main missions:

- Management of electricity and gas networks
- Market facilitator
- General provision of services to network users

For the regulatory period 2020-24, the incentive amount is measured annually by applying a percentage of 2.75% to the value of the fair margin. The overall annual bonus amount is calculated according to the number of indicators that have come into force before 1 January each year for the remainder of the tariff period, with each KPI representing a certain predefined weight within this amount.

The result of each target compared to the threshold set by the regulator is used to calculate the resulting bonus or penalty. Where applicable, the amounts of the penalty calculated for the indicators are deducted from the bonuses. If the sum of the penalties of all indicators is greater in absolute value than the sum of the bonuses, then the incentive for the DSO will be zero.

For the year 2021, 12 KPIs (out of a total of 18) came into force representing 72.3% of the incentive amount, i.e. a maximum bonus of €0.8 million.

Incentives are assessed and granted annually during the ex-post control of year N and are recorded in year N+1, as provided for in the tariff methodology. The result of the 2021 incentive regulation will therefore be recorded in principle in 2022, once Brugel has determined its value. The result of the 2020 incentive regulation was recorded in 2021, following Brugel decisions 20211207- 179 and 180 on the electricity and gas tariff balances for the 2020 operating year for €0.2 million.

III. Highlights

1. The COVID-19 crisis

The global crisis that is taking shape in the wake of the COVID-19 (Coronavirus) pandemic has undoubtedly had an impact on Sibelga's activities in 2021 as it did in 2020.

In the context of this crisis, energy distribution being an essential service, Sibelga and its subsidiary BNO, which employs all personnel, have taken all the necessary steps in 2021 to ensure service continuation.

The staff who could work from home continued to do so during the year in accordance with the National Security Council's (CNS) instructions and the rules introduced by the various CODECOs.

Given the regulatory framework in which Sibelga operates, the financial impacts of the crisis are expected to be as follows:

Impact on non-manageable balances

As in 2020, the pandemic had an impact on the quantities of energy distributed and therefore on Sibelga's invoicing to energy suppliers. This has an impact on our turnover with a delay effect for customers with an annual statement who receive their breakdown and the adjustment of their instalments after the statement has been issued. However, the downward impact is offset by regulatory balances, as these revenues are considered non-manageable. As a consequence, the decline in "cash in" has led to an acceleration of external funding requirements in the 2021 financial year, resulting in a new bank loan of €24 million.

Impact on manageable costs

As in 2020, even though Sibelga had to face additional costs directly linked to the pandemic (in particular costs of adapting the IT infrastructure to allow working from home and hybrid meetings, costs of purchasing masks, hand sanitiser and other protection for workers, additional cleaning costs, etc.), other controllable costs were saved, mainly in terms of personnel and therefore the BNO bill. These include the costs of staff training, staff meetings organised by the company, catering and other consumables on site, and fuel costs for company cars for managers.

Impact on 2021 remuneration

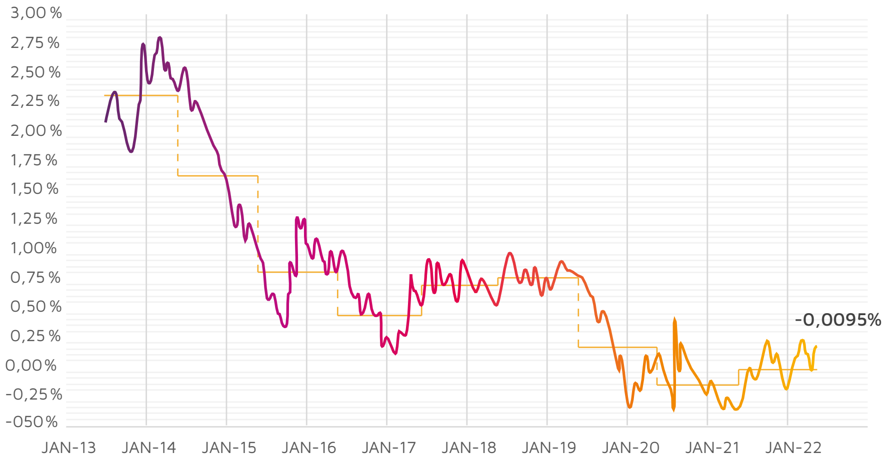
In view of the regulatory framework applicable to Sibelga, the fair return on invested capital has not been affected by the crisis. On the other hand, the incentive regulation, which in principle makes it possible to improve the fair remuneration, has ultimately led to a result that is, admittedly, reduced, but still positive.

2. Evolution of the 10-year OLO rate

The 10-year OLO rate is an essential parameter in the remuneration formula of the invested capital.

The following graph shows the evolution of the 10-year OLO rate over the last few years.

10-year OLO rate
2013-2021



As a reminder, the estimated 10-year OLO rate in the 2020-24 multiannual tariff proposal was 1.6% for the 2021 financial year (ex ante), corrected for the remuneration at the minimum threshold of 2.2% provided for by the tariff methodologies.
In absolute terms, a variation in the 10-year OLO rate of 1% (i.e. 100 b.p.) leads to a variation in the fair remuneration corresponding to 1% of the equity (upwards or downwards), i.e. €8.6 million.

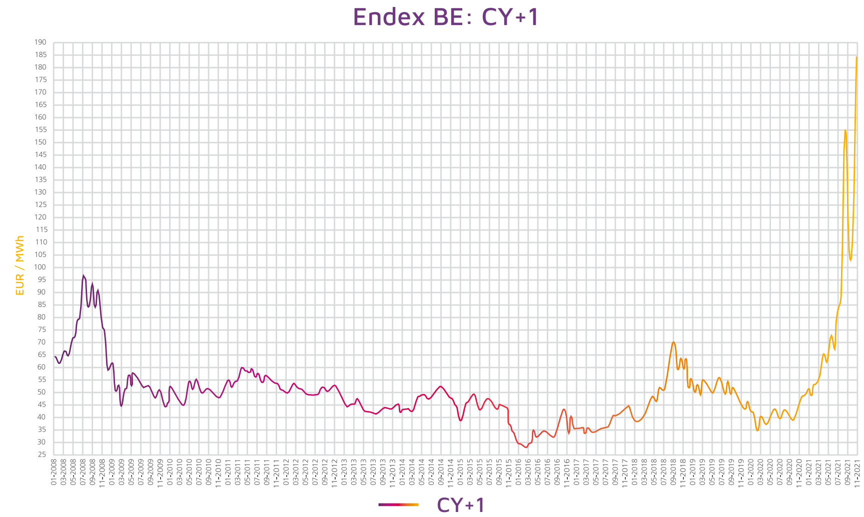
The mathematical result of the ex-post calculation of the 10-year OLO rate for 2021 is -0.0095%. There is therefore a slight increase compared to 2020.

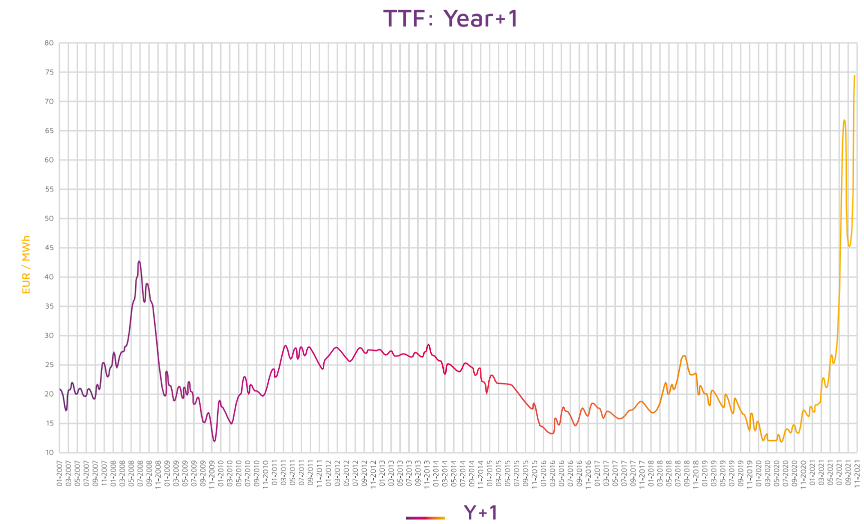
However, the 10-year OLO rate of -0.0095% (ex post) has been reduced to the minimum threshold of 2.2% in the calculation of the fair remuneration.

The consequence is positive for the shareholders (associated public authorities) who are less exposed to extreme movements in the 10-year OLO rate.

3. The sharp hike in energy prices

Energy prices rose sharply during 2021, ending the year at all-time highs. The following graphs show us that the one-year prices for electricity (Endex) and gas (TTF) ended 2021 at values close to double the highest values since 2007, the year that saw the complete deregulation of the electricity and gas markets, and at values almost four times higher than the end-2020 values.





However, the impact on Sibelga's energy purchase costs in 2021 is zero, as Sibelga purchased all its energy in 2021 on the basis of prices set in previous years. The same applies to the public authorities, which joined the energy buying groups organised by Sibelga.

The very strong hike in energy prices has also had a significant impact on energy suppliers, creating a very significant pressure on their cash flow, resulting in the bankruptcy of the supplier Energy2business in September and the withdrawal of the access contracts of the suppliers Octa+ and Watz (for gas supply only) at the end of 2021.

However, the three cases are distinct in that Energy2business was a bankruptcy. In the case of Watz, the contract with its gas shipper (i.e. importer) was terminated, effectively preventing the supply of gas and forcing Sibelga to withdraw the access contract. Octa+ wrote to Sibelga that it could no longer supply its customers. A conciliation procedure was initiated with the regulator, which found that Sibelga should withdraw the Octa+ access contract. However, the consequences for customers were the same, namely an automatic transfer to the default supplier, i.e. Engie in the Brussels region. This meant that customers saw no interruption to supply.

The outstanding payments for Sibelga are limited because Energy2business was a small supplier, for which we also had a guarantee. Sibelga's receivables from Watz and Octa+ were classified as bad debt out of caution, but we did not resort to any write-downs in 2021 because Watz continued to pay and Octa+ made a commitment to the regulator to settle its outstanding debts during 2022. It is also important to remember that the regulatory framework stipulates that supplier arrears are considered non-manageable and therefore have no impact on Sibelga's results.

It should be noted that the financial risk remains valid for other suppliers, especially for small suppliers who do not have sufficient cash flow to finance very high energy prices.

There is also concern about the impact of this very significant price hike on the quantities distributed. However, in 2021 we did not see a change in the trend compared to previous years, as it is impossible to distinguish the causes of the changes in the quantities distributed from one another (COVID, energy prices, decarbonisation, self-consumption, energy-saving measures, etc.).

4. The launch of the new central data platform (CMS)

The Belgian electricity and gas sector now uses a new central data platform. This platform ("CMS" for Central Market System) offers various advantages to the customer and facilitates the energy transition by opening up new possibilities. In addition to the platform, the market is now using new communication protocols (MIG6) that will allow new possibilities to be exploited in the future. The new system was delivered on 13 December, followed by an intensive follow-up phase. Today, we can speak of a successful delivery.

This new data platform has been developed over the past few years by Atrias, a subsidiary of the Belgian distribution system operators, in close cooperation with the energy suppliers. As all parties will now use the same data exchange system (CMS) and communication standard (MIG6), the mutual exchange of data (e.g. meter readings and billing data) and market processes (e.g. supplier changes and relocations) will become even faster, more transparent and more accurate.

5. Resignation and appointment of the CEO

In May 2021, Marie-Pierre Fauconnier resigned as CEO. Raphaël Lefere was appointed CEO ad interim while the selection procedure for the appointment of a new CEO took place. Inne Mertens was appointed CEO in October 2021, with a starting date of 1 February 2022.

6. RenoClick programme

Since 2016, Sibelga has been coordinating two initiatives led by the Region and enshrined as public service missions in Article 24 of the 2018 Ordinance:

- the installation of solar panels on the buildings of Brussels' regional and local authorities (SolarClick project);
- the setting up of a regional facilitator for the same Brussels public authorities to support energy efficiency. This second project, based on the energy accounting tool already developed by Sibelga, was named NRClick.

The NRClick and SolarClick programmes, in this form, ended at the end of 2020. However, in accordance with the terms of the 2019-24 regional policy statement, a new programme with the same missions but with an extended scope has taken over; this extension of scope is enshrined in the new management contract concluded and in an ordinance in preparation.

In accordance with the new 2021-23 management contract concluded between the Region and Sibelga, the objective of the programme – renamed RenoClick for the occasion – is therefore to set up a "one-stop shop" for local and regional authorities with a view to identifying, structuring, phasing and coordinating the actions of their energy plan (energy efficiency, production of renewable energy, renovation of buildings, monitoring, etc.) The aim is to provide support to regional and local authorities within the framework of the regional project for the renovation of their buildings and the deployment of renewable energy sources on their sites, through information, advice, help in identifying opportunities, technical and administrative support and the organisation of a buying group.

To this end, Sibelga must provide the beneficiary Brussels public authorities with the necessary assistance to:

- identify the actions to be undertaken to meet the objectives expressed in the "strategy for reducing the environmental impact of existing buildings in the Brussels region";
- group these actions together in order to benefit from attractive funding offers and to attract European subsidies;
- provide and coordinate partners for the implementation of the work. Sibelga must therefore aggregate and facilitate the use of various effective financing tools that will make it possible to activate potential European levers, mobilise investors and promote economies of scale, thereby giving each beneficiary access to a complete service offering.

Under the supervision of the Region, Sibelga is responsible for developing and coordinating the entire programme by providing a complete service from the preparation phase to implementation, including:

- identification of beneficiaries among the applicants and their follow-up;
- building up a portfolio of projects with these beneficiaries;
- the conclusion and management of public contracts to be awarded for the completion of the programme and relations with the successful tenderers;
- feasibility and profitability analysis of projects (business case);
- preparation, ordering, monitoring and acceptance of works;
- support for the beneficiary public authorities with the necessary administrative procedures;
- support with the operation and maintenance of technical installations.

In order to enable Sibelga to carry out its tasks, the Region has undertaken, for the duration of the management contract, to provide it with an annual subsidy, based on the approved action plan and budget, to cover the personnel costs of its operating subsidiary, consultancy and operating costs, as well as the supplies, works and services necessary to perform its mission.

7. Support for electric mobility

The 2018 Electricity Ordinance introduced a new public service mission for Sibelga under Article 24bis, 12°. This mission is described as follows: "In accordance with the procedures and funding decided by the Government, support for regional and local authorities in the deployment of infrastructure for the distribution of alternative fuels, through advice, help in identifying opportunities and administrative and technical support."

On the strength of this mission, Sibelga wishes to provide impetus for the transition towards more environmentally friendly mobility in the Brussels region and to support local and regional authorities in their efforts to promote alternative mobility. The Brussels Code on Air, Climate and Energy Management (COBRACE) effectively specifies that the authorities have an exemplary role to play in promoting cleaner transport. To this end, obligations are laid down for regional and local authorities in the field of mobility.

In this context, Sibelga has two separate projects: MobiClick, which concerns the development of charging infrastructure for local and regional authorities on private land and support for the conversion of their vehicle fleet, and ChargyClick, which concerns the deployment of charging infrastructure on roads or in locations accessible to the public.

MobiClick is designed to support local and regional authorities and enable them to set up the charging infrastructure and tools needed to manage their fleet of alternative fuel vehicles. This initiative should enable public authorities to meet their obligations to set an example and facilitate their transition to more sustainable mobility. In this context, Sibelga has already set up a buying group to centralise the network operator's vehicle purchasing activities with local and regional authorities. The public service mission referred to here and in the decree implementing the 2018 Ordinance more specifically concerns the organisation and conclusion, through the existing buying group, of public contracts or framework agreements for works, supplies or services relating to the deployment of infrastructure on private land for the distribution of alternative fuels, as well as the organisation and monitoring of the works. In 2021, the public contract for the supply, installation on private land, connection and maintenance of universal electric charging stations was awarded. On the basis of this contract, in 2022 Sibelga will support local and regional authorities with their project roll-out.

MobiClick is partially subsidised. The implementing decree provides that: "The Region grants the distribution system operator a subsidy (...) to finance this mission. The funding will cover the full costs for regional public authorities and 50% of the costs for local authorities. (...) The costs not covered by the subsidy shall be borne by the public authorities receiving the subsidy. " In accordance with these provisions, the application for liquidation of the subsidy will cover only the services eligible for the subsidy, the remaining costs being borne by Sibelga on behalf of the local authorities.

The ChargyClick project aims to fulfil the regional vision on the deployment of a charging infrastructure for electric vehicles, in which Sibelga is assigned a key role in coordinating the deployment of electric charging points on the (regional and municipal) roads in the Brussels region. The aim is to provide all Brussels citizens with easy-to-use, accessible and affordable charging solutions through concessions granted to operators. As such, Sibelga's role is in particular to organise the award of these concessions and, if necessary,

play the role of operator of last resort. In view of the time needed to make changes to the existing legislative framework, in order to best prepare this role and the organisation of the future concession (of batches) of charging stations, the Government's vision note specifies that "it is necessary to set up a transitional system following the period of exclusivity of installation of the current concession. This transitional system will make it possible to optimise the maximum development of on-street charging stations and to test certain operational hypotheses, particularly in terms of administrative simplification." For the purposes of this transition, the implementing decree stipulates that Sibelga, in collaboration with the local and regional authorities, will draw up a plan for the installation of a minimum of 400 charging points. These charging points will be installed in on-street parking spaces and distributed evenly throughout the region, taking into account the potential use of charging points in the available locations and the Region's mobility and parking policy. On the basis of this deployment plan, defined by Brussels Environment, in 2021 Sibelga organised a first tender for the public space concession, allowing the installation of these charging points from 2022. The latter, awarded in early 2022, provides for a one-year period for the installation of the charging stations.

The coordination task carried out by Sibelga with a view to deploying an on-road infrastructure for charging electric vehicles, as described above, is charged entirely to the budget for public service missions.

8. External funding

In June 2021, Sibelga took recourse to external funding worth €24 million, whereas it had not taken recourse to external funding since 2013. This can be put down to two factors:

- on the one hand, the fact that investments exceed depreciation, particularly for electricity;
- and secondly, the regulator's decision to use the regulation fund to reduce the burden of tariffs. These two elements led to a funding requirement, foreseen in the tariff proposal, which materialised in June.

Sibelga therefore put banking institutions and investors in competition with each other via its MTN (Medium Term Notes) programme and finally opted for two traditional bank loans of €12 million over 10 and 15 years, as these offered the most favourable interest rates for Sibelga.

IV. Risks and uncertainties

1. Risks related to the uncertainty of the regulatory framework

Within the scope of its jurisdiction, the regulator Brugel has established the gas and electricity tariff methodologies for the period 2020-24. These have been drawn up by Brugel following a procedure agreed with the distribution system operator on the basis of an explicit, transparent and non-discriminatory agreement.

Brugel's aim was to keep a stable regulatory framework as far as possible and to maintain a "Cost +"-type system introduced by the previous competent authority, while adding a newly established incentive regulation. The fundamental principles of transparency and non-discrimination have guided Brugel in the establishment of all regulatory mechanisms.

With the current methodology, the risks related to regulatory uncertainty are reduced:

- Sibelga's fair remuneration is based on a model inspired by the Capital Asset Pricing Model (CAPM) in which the risk-free rate of return plays a central role. The 10-year OLO rate was taken as the benchmark for the risk-free rate.
- Changes in the 10-year OLO rate and the resulting increasingly unfair remuneration led Brugel to rework the undesired effects of the methodology by setting a minimum and a maximum for this rate. This results in a reduction of the risk for the intermunicipal company since the 2017 financial year, confirmed by the methodology in force for the 2020-24 tariff period.
- The cost-based incentive regulation presents both an opportunity and a risk for Sibelga to increase or reduce its income. If Sibelga manages to reduce its manageable costs, this mechanism makes it possible to build up a bonus on the savings made (up to a maximum of 10% of the manageable cost budget, although the share of this bonus accruing to the shareholder is always limited to 50%). Conversely, if Sibelga's manageable costs exceed the planned budget, a penalty will be applied (again limited to 10% of the budget, of which 50% is attributable to the shareholder).
- The target-based incentive regulation (KPI), as introduced by the new methodologies, does not present any risk for Sibelga because it can never be to Sibelga's disadvantage.

2. Financial risks

2.1. Description of the main features of the internal control and risk management systems of the company in the financial reporting process

The financial reporting process includes a number of internal controls, which are proportionate and designed to ensure the reliability, integrity, relevance and availability of financial information. These controls are defined and implemented according to the risks identified and may be subject to change as necessary. Among the different characteristics of internal controls in the financial reporting process, we can mention:

- preventive controls: segregation of duties, four-eyes principle, management and access controls to IT systems involved in financial processes;
- detective controls: interim reporting;
- corrective controls: error analysis, data backup procedures and redundancies in computer systems;
- directive controls: clearly defined roles and responsibilities, existence of procedures and manuals, ongoing training of staff.

Moreover, as Sibelga is obliged to appoint an auditor, the latter will provide reasonable assurance, in particular on the reliability, completeness and compliance of the financial information. Its work is generally based on the analysis of the existence, adequacy and effectiveness of the internal controls described above.

2.2. Interest rate risk

Sibelga operates in a regulated sector. The regulatory framework applicable for the current regulatory period provides that all costs related to the financing policy (interest and other charges) are covered by the regulatory tariff budget. However, since the tariffs are fixed for multiannual periods of five years, changes in interest charges during a given tariff period will not be reflected in the tariffs until the following tariff period.

Sibelga does not use "swap" or "cap"-type hedging derivatives. Interest rate positions are reviewed periodically and whenever new financing is raised.

With regard to possible excess liquidity, Sibelga faces the problem of negative interest rates. Sibelga's financial policy is to limit these surpluses within the framework of cash pooling within the group and to spread them over several banking establishments in order to limit their effects.

2.3. Liquidity and credit risk

Liquidity and credit risk is linked to Sibelga's need to obtain the external funding required, among other things, to carry out its investment programme and to refinance existing financial debts. Sibelga's liquidity is also based on continuing confirmed credit availability and facilities.

The sensitive situation on the European credit or capital market could, if it were to deteriorate, adversely affect Sibelga's activities, financial situation and results.

Sibelga's diversified and adapted financing policy aims to limit this liquidity and credit risk. The bond issue carried out in 2013 is fully in line with this policy, as is the restructuring of equity capital carried out in 2014 and the more recent active debt management operations.

However, part of Sibelga's funding is provided by the regulatory balances and the regulator has requested that these be reduced in the 2020–24 tariff proposal. In addition, investments are globally higher than depreciation, which creates a need for additional funding.

Furthermore, the regulator encourages Sibelga to increase its debt by proposing a lower rate of return for equity capital exceeding 40% of the RAB, whereas Sibelga's equity capital is slightly above 70% of the RAB.

In order to broaden the range of funding tools available, Sibelga extended its €100 million CP (Commercial Papers) programme to a €200 million MTN (Medium Term Notes) programme during the 2020 financial year. Sibelga will thus be able to use this tool in addition to calls for traditional bank loans to raise finance.

As a result, Sibelga has had recourse to external financing during the 2021 financial year (see above) and will still have to resort to financing in the future. This means that, in 2023, Sibelga will have to refinance its €100 million bond issue and take out an additional loan estimated at €50 million. Management has already taken measures to prepare for this. Given the current market context, Sibelga's low risk profile, as regards the low level of debt and the regulated nature of the core business, the risk of not obtaining credit is very small. This was confirmed by the funding proposals obtained during the June 2021 financing round, which saw Sibelga receive offers that were far in excess of its requirements, both for traditional bank loans and via the MTN programme.

2.4. Risk on commercial transactions – Concentration risk – Bankruptcy of a supplier

Within the framework of the risk policy linked to its commercial activities, Sibelga has, for the majority of its activities, the option of requesting a bank guarantee from its counterparties who lack sufficient solvency criteria. Sibelga applies a policy of rigorous monitoring of its trade receivables and systematically assesses the financial capacity of its counterparties. This limits the risk of default.

Nevertheless, given that the number of Sibelga's debtors is limited – only one debtor (Engie- Electrabel) accounts for 57% of turnover and the three largest debtors account for 86% of turnover – the risk linked to the solvency of Sibelga's debtors is highly concentrated.

It should be noted, however, that the costs resulting from the bankruptcy of a "supplier" debtor are in principle considered to be non-manageable. This means that these are eventually neutralised via the regulatory balances and that only the transitory impact on cash would have to be taken into account.

Note the default of the debtor Belpower International during the 2018 financial year. The latter has been dissolved and consequently exists only for the purposes of its liquidation. The amounts remaining open in Sibelga are insignificant and have been written down by up to 95%.

As mentioned above, the risk of default by an energy supplier has increased considerably as a result of the sharp rise in energy prices, especially for smaller suppliers without the necessary cash or own production facilities. This was reflected in 2021 (see above) by the withdrawal of access contracts from three suppliers in the Brussels region, including one bankruptcy.

As a result of this increased risk, Sibelga is in frequent contact both with energy suppliers to assess their difficulties and with the regulator to act very quickly in the event of an actual or expected default, in order to limit unpaid bills for Sibelga as much as possible. In addition, in order to reduce this transitional impact, Sibelga is able to diligently identify the customer portfolio of a bankrupt debtor and transfer it to the substitute supplier designated by the Government.

2.5. Pension risk

Prior to 1993, the pension plan for employees (or their dependants) charged to Sibelga consisted of annuities. The annual payments under these pensions are gradually decreasing as the number of beneficiaries is declining. In 2021, the amounts actually disbursed for unfunded pension costs amounted to €5,168,876.91.

Annuities paid out are charged as operating costs at the time of payment and are invoiced by the subsidiary BNO to Sibelga. These annuity charges (like other personnel costs) are passed on by Sibelga in the distribution tariffs.

It should be pointed out that, in accordance with Belgian accounting standards, the actuarial value of these commitments for future payments is not recognised as a financial liability. This actuarial value of future pension payments is estimated, taking into account certain assumptions, including the discount rate and residual life expectancy, at an amount of €30 503 621,83. This estimate is subject to change depending on the assumptions made.

In 1993, the staff benefiting from the pension scheme were offered the possibility of opting for a lump sum pension at retirement age. To this end, the necessary provisions have been made by Electrabel NV (back service) on its books. In the context of the deregulation of the sector, the pension commitments associated with these employees were the subject of a settlement between Electrabel NV and the subsidiary BNO. Belgian accounting standards (BGAAP) allow DSOs to spread the assumption of these commitments over time, which are fully reflected in the distribution tariffs, recorded as accruals on the assets side and constituting a bank debt on the liabilities side. The unamortised amount of these commitments at the end of the 2016 financial year, but before the closing operations, amounted to €58,095,643.73 (including annuities that were subsequently capitalised).

The regulator Brugel has asked Sibelga to record this pension capital in the accounts at 31 December 2016 and to use all the regulatory balances allocated to this item. This has significantly reduced pension risk.

It should be noted that pension expenses are covered by a tariff surcharge approved by the regulator in accordance with the "Electricity" and "Gas" Ordinances and methodologies.

In addition, the residual financial risk in the event of a change in the legal or regulatory framework is covered,

- on the one hand, by the Synatom credit line which took over Electrabel's commitments after the latter's withdrawal from Sibelga's capital at the end of 2012,
- and, on the other hand, by Interfin, for its share, which has recorded in its accounts an unavailable reserve specially dedicated to this purpose. This reserve is adjusted each year by Interfin’s Annual General Meeting according to changes in this risk.

2.6. Tax risk

Until 2014, Sibelga, as an intermunicipal company, was, on the basis of Article 180 of the Income Tax Code (Code des impôts sur les revenus – CIR), subject to income tax on legal entities and not, as is the case for its subsidiary, to corporate income tax. The income tax on legal entities system, as described in Articles 220 et seq. of the CIR, is a more favourable system than the corporate income tax system.

The framework legislation of 19 December 2014 and the remedial legislation of 10 August 2015 have made intermunicipal companies such as Sibelga subject to corporate income tax since 2015.

The Law on Corporate Tax Reform adopted on 25 December 2017 introduced further changes to the existing tax framework.

However, the impact of these measures for Sibelga is limited, as the taxes for which it is liable are passed on in the tariffs in accordance with the Ordinance of 8 May 2014.

2.7. Sibelga's additional debts

The debt ratio is currently quite low within Sibelga, despite the new financing in 2021. In the future, Sibelga may choose to increase its debt burden. However, any possible increase would, in view of the role assigned to it, be mainly intended to finance its investments in its networks. The investment programme is subject to a five-year plan that is updated every year. If the financing of investments is done through loans and with unchanged equity, the tariff budget will normally have to increase. Irrespective of the investments, if the loan offsets a reduction in equity, the increase in the financial burden will be offset by a reduction in fair remuneration at the level of the tariff budget.

Sibelga could eventually aim to achieve a ratio of shareholders' equity to invested capital of no less than 40%, depending on the fiscal and regulatory context.

2.8. Macroeconomic and cyclical risks

The economic turbulence we are experiencing could have an impact on the demand for gas and electricity. However, a decrease in volumes, compared with those provided for in the tariff proposal, due to macroeconomic or cyclical factors, is a risk that Sibelga does not bear, since under the current regulatory regime, the loss of revenue resulting from volume reductions can be recovered in the context of the approval of balances at the end of the regulatory period and can therefore be passed on in the tariffs for the next regulatory period. The same applies to inflation.

3. Technical and operational risks

The management of these risks is organised in five areas:

- Risks related to the physical integrity of the installations
- Facility performance risks
- Risks related to the security of information systems
- Risks related to the management of well-being in the workplace
- Major corporate risks

The first four areas of risk are intended to be dealt with on a continuing basis, whereas the major corporate risks are intended, at least for some of them, to be present only temporarily in risk management, depending in particular on the company's changing situation.

In general, the various risk areas are not all of equal importance or relevance. The security of information systems, for example, is a major area of growing importance and will require increasingly substantial resources. The management of physical facilities is, however, a more cyclical area linked to the risks of intrusion, fire or attack.

Monitoring the development and evaluation of the areas is an essential part of the company's effective risk management. This activity is carried out within the internal management bodies identified in this respect by the Management Committee or by the Board of Directors. In addition to monitoring the evolution of risks and their (re)assessment, the effectiveness of mitigation plans is also addressed. The objective is to put in place effective and proportionate actions to reduce the consequences of the occurrence of a risk to an acceptable level for the company. Responsibility for implementing mitigation actions lies with the operational lines.

3.1. Risks related to the physical integrity of the installations

Sibelga manages its networks so that they are as reliable as possible. However, they are not immune to incidents that could lead to a local or general interruption of distribution. These incidents may be due to natural phenomena, unintentional damage or malicious acts (sabotage, theft of copper, etc.). Insurance policies are in place to partially cover the financial consequences of these risks, and measures are taken to secure our facilities.

3.2. Facility performance risk

In order to achieve the performance objectives of its installations, Sibelga must be able to control the impact of an incident or a number of similar incidents that occur on its networks. To this end, Sibelga analyses incidents, studies their causes and proposes remedies. These are formalised in the five-year investment plan, in preventive maintenance policies and in the gas safety plan.

3.3. Risks related to the security of information systems

In the context of increasing use of digital solutions in its operational activities, Sibelga must manage the risks associated with information and telecommunications technologies (ICT), including:

- the continuity of the implemented IT solutions, in that any malfunction, even short-lived, leads to unavailability that prevents the staff concerned from carrying out their daily activities or potentially generates errors that are damaging to Sibelga's operational activities;
- the security of information systems and more particularly the protection of the data processed and/or stored therein.

To manage these risks, in addition to the measures announced and taken in the past, Sibelga has:

- defined an information systems security governance which provides for the activities to be carried out on a recurring basis to ensure the required level of security, and which defines the roles: an Information Security Board responsible for supervising the security of information systems and a Data Privacy Officer responsible for ensuring the confidentiality of private data;
- defined a multi-year action plan and awareness campaign on "Information Systems Security";
- expanded the safety management team in recent years;
- continued its Business Continuity Plan/Disaster Recovery Plan (BCP/DRP) in 2021 with the aim of defining and implementing availability targets for each IT system.

3.4. Risks related to the management of well-being in the workplace

This area concerns the identification of factors influencing the well-being of workers in the performance of their work, in terms of safety, health, work stressors, ergonomics, hygiene, workplace improvements, environmental measures. The initiatives to be put in place to ensure the well-being of workers are formalised in a five-year plan called the "Global Prevention Plan". This is set out in an annual plan to ensure its implementation and monitoring.

3.5. Major corporate risks

The first four risk areas mentioned above are dealt with on a continuing basis, while the Major Corporate Risks identified are, at least for some of them, only temporarily present in the company's global risk management system.

Risk of blackout

The volatile European energy market and the large-scale development of intermittent distributed generation are likely to increase the risk of blackouts in the national or international power system. Although measures are being taken at various levels to reduce this risk (increased cooperation between countries, incentives for investment in generation capacity, increasing demand management), the distribution system operator is entirely dependent on the national transmission system that feeds it and manages its stability.

The consequences of a blackout for the distribution system operator are a potential risk to reputation as regards users and the challenge of being able to restore its network quickly in close coordination with the transmission system operator (TSO). Sibelga has identified this risk and has taken various measures to deal with it where necessary.

Various internal measures have been implemented: reinforcement of the telecommunications network, increase battery capacity in electricity substations, improved reliability of the IT infrastructure for remote monitoring and control.

A special internal organisational plan has been drawn up, specifying the roles to be played by the various actors. Validation tests of this plan have been carried out and a process for updating it has been described, including staff training, regular monitoring of contacts with the TSO and consultation with various sectoral players in this area.

L/H conversion risk

The conversion of the low calorific value (L) gas network into a high calorific value (H) gas network in the Brussels Region was, in principle, planned between 2020 and 2023. An optimisation of the conversion allowing its completion in 2022 has, however, been planned. The first stages of the conversion were completed in 2020 and 2021 without major difficulties. In order to carry out this conversion, Sibelga has finalised a major investment to reinforce its network in the south of Brussels with a view in particular to ensuring security of supply during the conversion.

Risks of failure of the telecommunication network

Controlling communications with our key infrastructures under all circumstances, especially in the event of a blackout, is crucial. This is why Sibelga has decided to set up its own secure communication network. Optical fibre has been chosen for this network, in order to anticipate and handle our future needs and the introduction of new technologies (Smart metering, "Smart" distribution network). This optical fibre will not be open to the external Internet, and Sibelga will be the owner, in order to ensure both proper control of business continuity and proper protection against external attacks.

Risks of failure of the dispatching tools

In order to ensure the proper management of its network, Sibelga has equipped its dispatching centre with new IT tools for real-time imaging and communication between the various key elements of its network. Sibelga also has a back-up dispatching.

Risks relating to the General Data Protection Regulation (GDPR)

New privacy legislation has been in effect since 25 May 2018. It aims to harmonise data protection across the European Union by imposing strict rules on the collection, storage and processing of personal data. To this end, Sibelga is putting in place the necessary actions to meet the requirements of this legislation, in particular as regards the design of computer systems, data processing and the reporting of data breaches to the supervisory authority.

By carrying out these actions, Sibelga wishes to demonstrate to its customers that it takes care of their personal data, and that it handles their data with the care and transparency necessary to offer them an efficient service in line with our mission.

3.6. Risks of legal disputes

The risk of legal disputes is inherent in Sibelga's activities. Where appropriate, adequate provisions have been or will be made to cover this risk.

3.7. Risk coverage and insurance

In general, Sibelga ensures that there is as much risk transfer as possible on the insurance market.

As such, Sibelga has, since 1 January 2013 and jointly with Fluvius and Ores, had a policy covering its civil liability up to €150 million for all ranks, depending on the case per claim and/or per insurance year. The first rank, which is the subject of a policy specific to each company, offers cover of up to €5 million per claim with a ceiling of €10 million per year, while the following ranks offer cover of €145 million through a policy common to all three operators. The environmental risk is also covered by a specific insurance policy for an amount of €20 million. This policy covers accidental pollution as well as gradual pollution, own damage and damage to biodiversity, as does the operating liability policy above.

Sibelga has also had an "all risks except" policy covering its real estate assets and other major assets since 1 January 2017.

Since 2018, Sibelga has taken out "cyber risks" insurance.

V. Gap analysis between the 2021 actuals and the budget/tariff standard

Income for the year amounts to €39,367,744.35. It results from our network management activities:

- non-regulated: - €89 532.01. This result, which is not significant, can be broken down as follows:

  - remaining balance of the ex-supply activity for + €64 954.57;
  - "radiator rental" activity for - €34,086.45;
  - "MobiClick" project for - €120,400.13.

The MobiClick project is not a non-regulated activity in the strict sense of the term, since it is a public service mission (see above), but the part of this activity not financed by subsidies is borne by the intermunicipal company and therefore does not fall within the scope of the tariffs and can therefore be considered as non-regulated in the financial sense of the term.

- regulated: + €39,457,276.36 constituting our core business. This regulated result (after recognition of non-controllable balances) breaks down as follows according to the activities:

	Electricity	**Gas**	**Total**
Fair remuneration 2021	€ 23,230,733.32	€ 14,907,842,05	€ 38,138,575.37
Cost-based incentive regulation Target-based incentive regulation on KPI (*)	€ 616,720.47 € 135,322.39	€561,844,80 € 90,429,88	€ 1,178,565.27 € 225,752.27
Correction of regulatory balances 2020 (*)	- € 68,279.49	- € 17,337,06	- € 85,616.55
Total "regulated"	**€ 23,914,496.69**	**€ 15,542,779,67**	**€ 39,457,276.36**

* cfr. Brugel decisions 20211207-179 and 180 concerning the 2020 financial year

1. Comments on the headings

The fair remuneration is determined by the formula set out in the tariff methodology approved by Brugel.

The incentive regulation grants Sibelga 50% of the difference in controllable costs between the actual situation and the budget/tariff standard. The incentive is a maximum of 10% of the indexed budgeted controllable costs. The controllable balances not included in the incentive regulation are transferred to the regulation fund.

As a reminder, since the regulation incentive on quality of service (KPI) is only recorded in year N+1 following the regulator's ex-post control, no result is recognised by Sibelga for the year 2021. On the other hand, the result on the KPI relating to the 2020 financial year was validated by Brugel in 2021 and could therefore be recognised and accounted for in 2021.

There are two types of balances on the liabilities side of the balance sheet:

- The transfer to the regulation fund of the part of the controllable balances not included in the incentive regulation. In this case, the controllable balances are positive, which means that, in both the "electricity" and "gas" businesses, the actual expenses remained below the authorised tariff budget;
- The non-controllable balances, which mainly concern
    - extraordinary income and expenses
    - (financial expenses) embedded costs
    - depreciations
    - the fair profit margin
    - the public service obligations
    - supplements and withdrawals such as taxes and pension charges
    - volume differences (revenues)
    - the cost of losses

In this case, the non-controllable balances of the "electricity" and "gas" businesses for the year 2021 amount to a total of €14,197,044.73, which constitutes an overpayment (debt) in relation to the contract.

In addition,

- Sibelga used balances from the past in 2021 for an amount of €18,533,212.55
- After analysing the 2020 result, Brugel decided to ask Sibelga to make a correction of €85,616.55 on the 2020 balance, which directly impacts the result and increases the 2021 balances.

2. Comments on trends

Fair remuneration is very slightly below expectations. The level of the OLO rate, a key parameter in the fair remuneration formula, has had no impact given the minimum threshold of 2.2% set by the tariff methodologies.

The fair remuneration basis (the RAB), although slightly lower than the forecasts, has increased slightly overall compared to 2020. For the electricity business, it increased due to investments exceeding depreciation. In the gas segment, it decreased to a lesser extent with depreciation and write-offs exceeding investments.

Incentive regulation allows us, in accordance with the methodology, to achieve an additional result in the wake of controllable costs slightly below the budget and the achievement of service quality objectives.

Incentive regulation is mainly generated by the following elements:

- control of the wage bill;
- increased efficiency of the services provided by the intermunicipal company;
- quality services that provide an incentive for service quality.

In addition, the analysis of the non-controllable balances reveals some significant elements:

- favourable for the balances:

- reconciliations of consumption for past financial years have enabled the intermunicipal company to recover what is owed to it from the market players;
- the share of the savings on controllable costs that exceeds the maximum set in the regulatory framework is paid into the regulation fund;
- the depreciation charge is lower than expected due to a lower level of cumulative investments than foreseen in the tariff proposal;
- revenue from distribution tariffs was higher than expected;

- unfavourable for the balances:

- public service mission costs were higher than forecast, which is explained by the fact that the 2021 forecast reflected the situation in 2019 and that costs increased between 2019 and 2021, in line with the MSP programme;
- unfunded pension costs were higher than forecast, as the price index moved faster than expected while the decrease in the number of beneficiaries was slower than expected;
- cost indexation has evolved faster than expected, leading to a correction on the indexation of manageable costs.

3. In summary

In our analytical approach, the result for the year 2021 is constructed as follows:

Fair compensation	€ 38,138,575.37	
Incentive regulation	€ 1,404,317.54	1
Correction of regulatory balances 2020	- € 85,616.55	
Regulated result	€ 39,457,276.36	
Non-regulated result	- € 89,532.01	2
Result of the financial year	€ 39,367,744.35	3

1 The fair remuneration provides a return of 4.45% on average equity excluding capital subsidies.

2 If the positive impact of incentive regulation is taken into account, the return increases to 4.61%.

3 The result for the year including the non-regulated part brings the return to 4.60%.

VI. Continuation of the annual report referred to in articles 3:5 and 3:6 of the Companies and Associations Code

1. Comments on the annual accounts in order to give a true and fair view of the development of the business and the position of the company

1.1. Balance sheet accounts

The balance sheet total amounts to € 1,406,557,057.56 compared to €1,364,374,976.59 in the previous financial year i.e. an increase of €42,182,080.97.

The following are brief comments on the most significant headings and movements.

Assets

Fixed assets: €1,254,624,613.76 (+ €19,584,149.34)

- **Tangible fixed assets: €1,250,583,702.19 (+ €19,584,689.34)**

Almost the entire heading relates to the value of our networks or "Regulatory Asset Base" (RAB).
This forms the basis of the fair remuneration.

The increase is mainly due to the implementation of the investment programme after deduction of depreciation and withdrawals.

The main investments in 2021 can be summarised as follows:

- network rehabilitation work to ensure continuity of service and control of operating costs as well as to improve safety. Examples include the renewal of transformer stations and interconnection points and the replacement of obsolete cables;
- work carried out to discharge legal obligations. One example is the replacement of meters as required by new measuring technology;
- work at the request of third parties such as extensions, reinforcements, new connections and relocations of pipes or installations following road renewal or for tramway extensions for the STIB;
- investments in optical fibres as part of the "Backbone" project with the construction of 11 km of infrastructure for the placement of these optical fibres and the laying of 42 km of optical fibres;
- investments for the takeover of the management of the centralised remote control from Elia. These investments are part of a multi-year project. They involve the installation of centralised remote controls (CRC) at each interconnection point with the transmission system. In the year 2021, 18 of Elia's facilities were permanently decommissioned.

The evolution of net investments 2017-21 (= gross investments – customer interventions – subsidies) is as follows:

Net investments

€	Electricity distribution	Gas distribution	RA	Non-regulated assets
Realised 2017	54,350,010	29,525,506	83,875,516	78,560
Realised 2018	48,057,214	14,194,380	62,251,594	82,000
Realised 2019	54,594,516	18,164,478	72,758,994	58,920
Realised 2020	63,215,218	19,584,062	82,799,280	83,938
Realised 2021	68,224,478	15,958,221	84,182,699	91,552

Changes to the RAB and incidentally to some non-regulated assets is as follows:

RAB

Book value (€)	Electricity distribution	Gas distribution	RAB	Non-regulated assets
as at 31/12/2017	705,333,729	489,642,997	1,194,976,726	178,250
as at 31/12/2018	717,375,640	480,267,658	1,197,643,298	173,181
as at 31/12/2019	733,981,234	474,345,814	1,208,327,048	169,436
as at 31/12/2020	757,992,102	469,725,744	1,227,717,846	184,193
as at 31/12/2021	785,099,328	461,196,020	1,246,295,348	199,543

The RAB and non-regulated assets correspond to tangible assets from which subsidies and deferred taxes have been deducted.

Book value (€)	Tangible assets	Subsidies & Deferred Taxes	Total
as at 31/12/2017	1,197,526,749	- 2,371,773	1,195,154,976
as at 31/12/2018	1,200,143,007	- 2,326,528	1,197,816,479
as at 31/12/2019	1,211,788,464	- 3,291,980	1,208,496,484
as at 31/12/2020	1,230,999,013	- 3,096,974	1,227,902,039
as at 31/12/2021	1,250,583,702	- 4,088,811	1,246,494,891

- **Financial fixed assets: €4,040,911.57 (- €540.00)**

The heading mainly relates to Sibelga's stake in its subsidiary Brussels Network Operations (BNO).

The slight downward variation is explained by the takeover of guarantees.

Current assets: €151,932,443.80 (+ €22,597,931.63)

- **Stocks and contracts in progress: €14,762,371.30 (+ €245,188.03)**

The item covers supplies relating to "electricity", "gas", "mixed" and since 2015 "road lighting" activities.
Movements in "electricity" supplies (+€0.3 million), "gas" supplies (+€0.2 million) and "road lighting" supplies are up, while "mixed" supplies (-€0.3 million) are down.

- **Amounts receivable within one year: €121,688,379.33 (+ €35,121,905.08)**

Most of the heading concerns trade receivables, amounting to €104,351,912.79.

This amount, taken as a whole, is up by €39,679,391.86. The big increase in the amount is due to the fact that the CMS was launched at the end of 2021, leading to a delay in the invoicing of the month of November which could only be invoiced at the very end of the year, resulting in a delay in payments and an increase in trade receivables. In addition, as the new system operates on a "pay-as-you-go" basis and became fully operational at the end of the year, the invoices for the grid fee disappeared and were billed directly.

The breakdown expressed in € million is as follows:

89,2 M€	for billing the grid fee and works (+ 41.9)
38,8 M€	for the invoicing of miscellaneous and ancillary services (- 3.5)
0,7 M€	for invoices to be issued (+ 0.3)
-24,3 M€	for write-downs on receivables within the framework of the ruling obtained by the Anticipated Decisions Service (ADS) of the FPS Finance (+ 1.1)
104,4 M€	

This heading also includes miscellaneous receivables in the amount of €17,336,466.54. This amount is down by €4,557,486.78. The breakdown expressed in € million is as follows:

2,0 M€	for taxes and withholding taxes to be recovered (s.q.)
0,0 M€	for VAT recovery (- 3.1)
8,2 M€	for cash advances in Atrias (s.q.)
5,4 M€	for the enablement of "public service missions" and subsidies (+ 0.5)
0,4 M€	for a claim on Bruxelles Environnement as part of the SolarClick programme (- 1.3)
0,0 M€	for an Elia fee (- 1.1)
1,3 M€	for damage to networks (+ 0.4)
17,3 M€	

- **Current investments and cash at bank and in hand: €7,891, 951.10 (- €12,827,680.19)**

These are term investments of €1.0 million (- €10.4 million) and cash at bank and in hand of €6.9 million (- €2.4 million).

As is the case for the increase in trade receivables, the strong decrease in cash investments is mainly linked to the launch of the CMS at the end of the year and the delay that this caused in the invoicing of November 2021.

- **Deferred charges and accrued income: €7,589,742.07 € (+ €58,518.71)**

As a reminder, this heading, although stable, was reduced to much smaller proportions following the offsetting of prepaid pension capital (deferred charges) by part of the regulatory balances (deferred income) at the end of 2016.

The remaining amounts are mainly related to:

- charges to be deferred on multi-year invoices for €5.2 million, in compliance with accounting and tax law (€1.2 million);
- €0.6 million (+ €0.3 million) in revenue from work carried out;
- subsidies from the CREG for the special social tariff for €0.9 million (+ €0.6 million);
- subsidies from Brussels Environment for €0.3 million (- €2.5 million)
- miscellaneous accrued income of €0.5 million (+ €0.3 million).

Liabilities

Equity: €859,756,896.14 (+ €743,877.56)

After the restructuring of equity in the context of the transition from the IPM to the ISoc, the headings under equity have changed only slightly.

- **Unavailable non-capital contribution (ex - Capital): €580 000 000.00 (s.q.)**

The latter is represented by:
2,170,000 A shares with a value of €217,000,000.00
3,630,000 E-shares with a value of €363,000,000.00

- **Revaluation surpluses: €187,965,267.86 (- €6,700,664.79)**

This decrease results from the recognition of the write-down of the Regulatory Asset Base (RAB) recorded under tangible fixed assets.

- **Statutory unavailable reserve (ex - Legal reserve): €200 000.00 (s.q.)**

This was set up in the past in accordance with Article 428 of the former Companies Code, with a limit of 10% of the fixed part of the share capital.

- **Other unavailable reserves: €88,725,020.01 (+ €6,700,664.79)**

These are determined in application of the derogation on the revaluation of tangible fixed assets, corresponding to the depreciation on the surplus value of these fixed assets, as well as to the revaluation gains on decommissioned installations with reference to opinion 113/6 of the Accounting Standards Commission (Commission des Normes Comptables (CNC)) and in accordance with the regulatory methodology.

The increase in these reserves is the counterpart to the decrease in revaluation gains (see above).

- **Available reserves: €0.00 (s.q.)**

These were distributed as part of the transition from IPM to ISoc. This measure was taken to avoid taxation in case of subsequent distribution under the scope of the ISoc as included in the programme law initially drafted before correction. Since the switch to ISoc, Sibelga has distributed its profits in full.

- **Capital grants: €3,066,608.27 (+ €743,877.56)**

This heading includes subsidies from the Brussels region for work to relocate pipes and 'energy' premiums from Brussels Environment.

Under the ISoc, a 25.00% share of the subsidies is transferred to "Deferred taxes" (see below).

Provisions and deferred taxes: €18,098,589.86 (- €1,104,700.98)

- **Provisions for risks and charges: €17,076,387.18 (- €1,352,660.23)**

As a general rule, the coverage of identified risks and charges is adjusted on an ongoing basis. The "Provisions for risks and charges" heading in the accounts still contains three items:

- Site remediation: €2.8 million (near s.q.). This provision comes under environmental obligations. The small downward adjustment results from use during the year. The balance is maintained according to the risk to be covered and the work to be carried out.
- Rest term: €13.2 million (- €1.3 million). It is the financial coverage of the difference between the allocated energy volumes (ex ante) and the measured energy volumes (ex post) in reconciliation.
- Cogeneration: €1.1 million (s.q.). This provision covers non-routine maintenance and repairs to our cogeneration facilities.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- **Deferred taxes: €1,022,202.68 (+ €247,959.25)**

Under the ISoc, in view of the Corporate Tax Reform Act, a 25.00% share of the capital grants is charged to "Deferred Taxes". This is subsequently reduced at the rate of depreciation of the underlying asset financed by the subsidy.

Debts: €528,701,571.56 (+ €42,542,904.39)

Amounts payable after more than one year: €129 227 829.28 (+ €21 479 122.93)

The heading consists of the following items:

- the bond issue: €100 million (s.q.). This will expire in May 2023;
- bank loans: €24 million (+ €24 million). In June 2021, Sibelga obtained funding for €24 million (see above), €12 million of which will mature in June 2031 and €12 million in June 2036;
- the "pensions" credit line: €5.2 million (- €2.5 million). This is the credit line with Synatom granted at a variable interest rate, which will mature in December 2026;
- guarantees received in cash: €0.1 million (s.q.).

The increase in the heading is therefore due to the June refunding, slightly tempered by the decrease in the "pensions" credit line.

Amounts payable within one year: €146,869,925.15 (+ €25,444,807.75)

The heading is essentially made up of four elements:

- debts payable after more than one year falling due within the year: €2.5 million (- €0.4 million);
- trade debts: €81.7 million (+ €14.4 million);
- tax, remuneration and social security debts: €8.3 million (+ €7.2 million);
- other debts: €54.4 million (+ €4.2 million).

The debts payable after more than one year falling due within the year are reduced by the transfer of the share of long-term debts to short-term debts. These decrease as a result of the reduction in debts payable after more than one year (see comments above).

Trade payables are up mainly under the suppliers item: €54.0 million (+ €8.4 million). Invoices and credit notes receivable: €26.7 million (+ €4.9 million) complete the heading.
The tax liabilities relate to an adjustment of the estimated tax burden and VAT payable.

The other debts cover mainly the dividends to the associates rounded up to: €39.4 million (- €0.6 million), the balance of the municipal fees for occupation of the public domain due to the municipalities: €8.4 million (+ €2.4 million), the share due to Brussels Environment for the Energy Guidance Fund and the Energy Policy Fund: €5.2 million (+ €1.1 million), an amount of €0.1million (s.q.) as part of the lighting plan and an amount of €1.2 million for the balance of the GRT fee due to Elia (+€1.2 million).

The significant movements under this heading are the result of two elements. In the context of negative interest rates, Sibelga has been working since 2020 to limit these, in particular by speeding up payments to its suppliers and to the State by paying before the due date, which is why commercial and tax debts were very low in 2020. At the end of 2021 (see above), the launch of the CMS caused a delay in invoicing in November, which temporarily increased Sibelga's liquidity requirement. In order to make up for this delay without having to provide additional external financing in the short term, Sibelga therefore limited its payment policy before the deadline at the end of 2021.

- **Deferred charges and accrued income liabilities: €252,603,817.13 (- €4,381,026.29)**

The heading is broken down into:

- expenses to be charged: €2.6 million (+€0.6 million) relating to financial charges;
- deferred income: €250.0 million (- €5.0 million) relating almost exclusively to the regulatory debt for non-controllable activities (= regulatory balances).

The detail of the balances expressed in € million is as follows:

Activities	Electricity	Gas	Total
To be	28,5 (+ 9,3)	89,0 (+ 4,5)	117,6 (+ 13,8)
Innovative projects	1,2 (- 0,3)	0,4 (+ 0,4)	1,6 (+ 0,1)
Accelerated depreciation of meters	6,3 (- 2,1)	-	6,3 (- 2,1)
Meter depreciation reserve	18,7 (s.q.)	-	18,7 (s.q.)
MSP differences	0,3 (- 5,7)	0,9 (- 1,3)	1,2 (- 7,0)
Quality incentive regulation "20–24"	1,6 (- 0,1)	0,8 (- 0,1)	2,4 (- 0,2)
Tariff smoothing "20–24"	33,7 (- 7,9)	-	33,7 (- 7,9)
Tariff reserve "25–29"	33,4 (s.q.)	-	33,4 (s.q.)
Gas volumes	-	16,6 (s.q.)	16,6 (s.q.)
L/H Conversion	-	17,6 (- 0,9)	17,6 (- 0,9)
Total	**123,7 (- 6,9)**	**125,4 (+ 2,6)**	**249,1 (- 4,3)**

Comment:

This year, the balances have slightly decreased at the end of 2021. The regulator's intention is to reduce them over time.
For the electricity business, substantial amounts were used in 2021 for the smoothing of "2020-24" tariffs (€7.9 million), accelerated meter depreciation (€2.1 million) and MSP differences (€5.7 million). Similarly, but for smaller amounts, the balances for innovative projects and "quality" incentive regulation were used. In addition, the 2021 financial year created €9.3 million of unallocated balances.

For the gas business, substantial amounts were used in 2021 for the L/H conversion (€0.9 million) and MSP differences (€1.3 million). Similarly, but for smaller amounts, the balances for innovative projects and "quality" incentive regulation were used. In addition, FY 2021 created €5.0 million of unallocated balances and €0.5 million of balances were allocated to innovative projects. A significant amount remains to be allocated and discussions with the regulator are ongoing. Sibelga would like to be able to allocate these regulatory balances to the problem of potential stranded gas assets following the expected decarbonisation in 2050.

The balance of the heading, amounting to €1.5 million (-€0.2 million), concerns income to be carried forward relating to subsidies for €0.6 million (-€1.0 million), works and rents for €0.3 million (+€0.2 million), as well as expenses to be charged relating to gas purchase estimates for cogeneration and gas delivery to protected customers for €0.5 million (+€0.5 million), miscellaneous operating expenses for €0.1 million (+€0.1 million) and financial expenses for €2.0 million (+€2.0 million)

Overall, debts are up from €486,158,667.17 at the end of 2020 to €528,701,571.56 by the end of 2021, i.e. an increase of €42,542,904.39.

1.2. Income statement

Overall, Sibelga shows a profit of €39,367,744.35 for the year 2021
compared with €39,959,880.02 in the previous year, a decrease of €592,135.67. This is explained in the comments below.

Sales and services: €362,148,836.33 (+ €21,317,743.61) These are impacted:

- by turnover (€341.6 million/+ €20.3 million)
- by other operating income (€20.5 million/+€1.0 million)
- by non-recurring operating income (€0.1 million/s.q.)

Turnover

This item mainly concerns the invoicing of the grid fee to energy suppliers for an amount of €325.2 million (+ €11.4 million).

This amount was increased by €4.3 million (+ €5.5 million) as part of the recognition of regulatory balances. This amount has been deducted from "deferred income" in the accruals and deferred income accounts (see above).

The "turnover" heading also includes (expressed in € million):

substation fees charged to Elia, Iverlek and Sibelgas	1,7 M€	(s.q.)
energy sales to protected customers	4,5 M€	(+ 2,3 M€)
sales of heat (cogeneration) and sales of green certificates	3,7 M€	(+ 0,4 M€)
work on behalf of third parties	1,1 M€	(+ 0,3 M€)
study costs invoiced	0,4 M€	(+ 0,1 M€)
costs charged to subsidiaries	0,7 M€	(+ 0,4 M€)
rental of gas equipment	0,1 M€	(s.q.)
	12,1 M€	(+ 3,5 M€)

Let's take a closer look at grid fee invoicing.

- **For the electricity business**, it covers 671,579 active supply points (ASPs).

The quantities invoiced were 4,125,938,494 kWh, which corresponds to a slight decrease of 0.09% compared to the previous year. It should be noted that metered energy (energy consumed but not read) has not been taken into account. It is also important to note that the quantities distributed during the financial year were at their lowest level since Sibelga was created in 2003. This observation is made in a context of rational use and saving of energy, in a context of an increasing number of solar panels allowing self-consumption and in the context of COVID-19 which, in 2021, still affected energy consumption.

These quantities enabled the intermunicipal company to invoice €213,558,843.39 (including the municipal fees for occupation of the public domain of €22,520,557.42), which is an increase of 1.7%. This increase in revenue, despite a slight decrease in quantities, can be explained by three main factors:

1. The distribution of consumption among the different customer categories (LV customers, accounting for 75% of revenues and having the highest proportional tariff, have seen their volumes increase by 2.5% compared to 2020).

2. The 2021 rates are slightly higher than the 2020 rates.

3. Part of the tariff is not linked to volume fluctuations:
   - The measurement and metering tariff is not linked to the volumes consumed
   - LV customers: the LV capacity tariff is not linked to volumes consumed

• **The gas activity** covers 431,196 active supply points (ASP).

The quantities invoiced were 10,281,383,679 kWh, which corresponds to an increase of 9.51%. Metered energy has not been taken into account.

The degree days for the year 2021 amount to 2,286. They are above the level of the previous year (1,867), i.e. an increase of 22%, which explains the increase in quantities. They are 2% above the tariff proposal standard (2,222).
These quantities enabled the intermunicipal company to invoice €111,621,638.85 (including the municipal fees for occupation of the public domain of €13,110,178.86), which is an increase of 7.6%.

The evolution of the quantities invoiced is marked by:

- a 0.2% decrease in quantities for customers consuming less than 5,000 kWh/year;
- a 7.0% increase in quantities for customers consuming between 5,000 and 150,000 kWh/year;
- an 18.9% increase in quantities for customers consuming between 150,000 and 1,000,000 kWh/year;
- a 10.1% increase in quantities for customers consuming 1 to 10 GWh/year;
- a 6.6% increase in quantities for customers consuming more than 10 GWh/year (remotely metered).

In summary, the turnover for the financial year 2021 is €341,565,041.64 compared to €321,275,155.37 for the previous financial year (after adjustments for non-controllable balances), i.e. an increase of €20,289,886.27, mainly due to

- the increase in grid fee revenues and movements in regulatory balances (see explanations above), and to
- the increase in gas sales to protected customers, which is explained by the fact that Sibelga, as part of its public service mission, had to supply customers in social housing in the Brussels region at the beginning of 2021, during the period when they were without an energy supplier.

Other operating income

The turnover is supplemented by other operating income, which amounted to €20,523,055.60 compared to €19,524,344.32 in the previous financial year, i.e. an increase of €998,711.28.

This other income mainly concerns (expressed in € million):

		Variation
invoicing of services (fairs and festivities, opening and closing of meters, work without provision, fraud and breaking of seals, repair of damage)	6,9 M€	(+ 1,8 M€)
recovery of administrative costs (fraud, breach of seals)	0,7 M€	(s.q.)
recovery of management fees	0,4 M€	(s.q.)
compensatory allowances (forgotten meters, fraud, breach of seals)	5,2 M€	(- 1,0 M€)
operating subsidies (NRClick and SolarClick programmes	3,6 M€	(+ 0,6 M€)
user fees and cost recovery	1,4 M€	(+ 0,4 M€)
capital gains on the disposal of tangible fixed assets	0,8 M€	(+ 0,4 M€)
claims recoveries	0,2 M€	(- 0,8 M€)
various recoveries	1,3 M€	(+ 0,4 M€)
	20,5 M€	**(+ 1,0 M€)**

Non-recurring operating income

The "non-recurring operating income" item (formerly extraordinary income) amounted to €60 739.09 compared to €31 593.03 in the previous financial year, an increase of €29,146.06. This year's amount relates mainly to the increased use of the provision for site remediation.

The turnover realised, supplemented by other operating income and non-recurring operating income, should enable the intermunicipal company to cover its costs.

Cost of sales and services: €304,552,070.28 (+ €20,703,981.24)

Supplies and goods: €35,366,404.40 (+ €4,945,981.46)

This increased heading covers purchases and changes in inventories.

In accordance with the law on public procurement, these purchases are awarded on the most favourable economic terms, taking into account the criteria set out in the specifications.

- **Purchases for inventory supplies,** amounting to €17.5 million, which decreased overall by €0.5 million. This decrease is mainly due to the decrease in "mixed" (- €0.1 million), "gas" (- €0.3 million) and "public lighting" (- €1.1 million) purchases, partially offset by the increase in "electricity" supplies (+ €1.1 million).

- **Energy purchases** complete the purchases heading for an amount of €18.1 million, an increase of €3.7 million.

They are broken down as follows (expressed in € million):

Activities	Electricity	Gas	Total	Variation
Reconciliation deregulated market	- 0,5	- 1,0	- 1,5	+ 0,7
Protected customers	1,5	5,1	6,6	+ 3,7
Network loss	4,2	-	4,2	- 0,6
Public lighting	6,3	-	6,3	- 0,2
Cogeneration	-	2,5	2,5	+ 0,2
Total	**11,5**	**6,6**	**18,1**	**+ 3,7**

The financial reconciliation between the players in the deregulated market for the financial years 2017 (final reconciliation), 2018 and 2019 (provisional reconciliation) enabled Sibelga to recover an amount of - €1.0 million for the "gas" activity compared with a recovery of - €1.7 million last year (delta + €0.7 million). For the financial reconciliation relating to the "electricity" activity, Sibelga recorded a recovery of - €0.5 million compared to a recovery of - €0.5 million last year (s.q.).

Electricity purchases for protected customers, network losses and public lighting amounted to €12.0 million, a decrease of €0.9 million compared with the previous year for all three items.

Gas purchases for protected customers and for cogeneration amounted to €7.6 million, an increase of €3.9 million, mainly for the
“protected customers” activity. This is due to the fact that Sibelga had to supply customers in social housing in the Brussels region at the beginning of 2021, when they were left without an energy supplier.

Lastly, changes in inventories represented a negative charge of €0.6 million compared with a negative charge of €2.2 million in the previous financial year, i.e. a decrease in negative charges of almost €1.6 million, which is found at the margin in the "electricity" and "gas" activities.

Services and other goods: €199,037,692.26 (+ €10,816,199.13)

This heading accounts for almost 2/3 of all operating expenses. Overall, it has increased by 5.75%.


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Let's look in more detail at the main items of the heading (expressed in € million) with the variation compared to the previous year:

Activities	Charges	Variation
Management invoices (BNO)	117,7	+ 8,1
Subcontractor (maintenance & repairs)	56,1	+ 3,5
Third-party services	53,4	+ 1,2
The municipal fees for occupation of the public domain	35,6	+ 1,6
Direct purchases	14,1	+ 0,7
Licences	7,3	+ 1,5
Telephone and postal charges	2,1	- 0,0
Miscellaneous fees	0,9	- 2,1
Insurance	0,8	+ 0,1
Energy for own use	0,7	- 0,1
Contributions	0,7	0,0
Announcements and information	0,5	0,0
Transport-related costs	0,8	+ 0,4
Fees transferred to tangible assets	- 94,2	- 4,4
Sub-total	196,5	+ 10,4
Other miscellaneous	2,5	+ 0,4
Total	**199**	**+ 10,8**

Comment:

- Management invoices (BNO)

These invoices represent the largest expense under this heading at €117.7 million, an increase of €8.1 million.

Note the following significant points:

- services and other goods factored in by BNO for €6.5 million, an increase of €0.9m compared to the previous year;
- remuneration, social security charges and pensions of €110.8 million were up by €6.6 million on the previous year.

The main reasons for this are as follows:

- BNO's workforce increased by 3.52% if we take into account the average number of employees over the whole financial year; the increase is mainly due to the (more expensive) "managerial" workforce and the decrease in fixed-term contracts (FTCs) more than compensated by the increase in (more expensive) open-ended contracts (OECs);
- the index increased by +5.2% during the year.

The two points mentioned above lead to a mechanical increase in the components of remuneration and social charges.

As far as pensioners are concerned, only (decreasing) pensions are still recognised by BNO.

- a provision made to cover the cost of long-service bonuses for active staff in BNO has been adjusted. The allocations fully covered the uses of the year, so the provision remained stable.
- the balance recognised concerns:
  taxes for €1.7 million, an increase of €0.2 million;
- recovered costs of - €1.4 million, an increase of €0.3 million.

- Subcontracting involved in **maintenance and repair work** for €56.1 million is an increase of €3.5 million.

This is mainly due to the cost of the investment programme being higher in 2021 than in 2020. The portion attributable to investments is also transferred to tangible fixed assets (see below).

- **Third-party services** remain an important item with an expense of €53.4 million, an increase of €1.2 million.

They mainly cover the use of IT consultancy;

- **Direct purchases** amounted to €14.1 million, an increase of €0.7 million. It should be noted that these direct purchases are attributable to both investments and operations. The portion attributable to investments is transferred to property, plant and equipment (see below);

- **The municipal fees** for occupation of the public domain amounted to €35.6 million, an increase of €1.6 million. We have seen above that the quantities distributed decreased by 0.09% for electricity, while they increased by 9.51% for gas.

It should be remembered that, in accordance with the ordinance of 1 April 2004 concerning the municipal fees for occupation of the public domain, an indexation is applied to the basic amounts.

This results in a breakdown of invoicing by fluid:

- €22.5 million for electricity, an increase of €0.3 million;
- €13.1 million for gas, an increase of €1.2 million;

- **Miscellaneous fees** for an amount of €0.9 million, down by €2.1 million. This large decrease is mainly due to the decrease in CRC fees in 2021;

- **Licences** for an amount of €7.3 million, an increase of €1.5 million;

- **Miscellaneous contributions** for an amount of €0.7 million, which remains stable;

- **Insurance** for an amount of €0.8 million, an increase of €0.1 million;

- **Telephone and postal charges** of €2.1 million, which remains stable;

- **Advertising and information costs** of €0.5 million, which remains stable;

- **Energy costs for own use** amounted to €0.7 million, a decrease of €0.1 million;

- **Transport costs** of €0.8 million, an increase of €0.4 million;

- **The costs transferred to tangible fixed assets** of - €94.2 million are up by - €4.4 million. They are related to the implementation of the investment programme and property acquisitions.

In addition to the most important items mentioned above, all other items represent an expense of €2.5 million, an increase of €0.4 million.

Remuneration, social security and pensions: €25,710.27 (+ €164.94)

This heading has become insignificant since the transfer of staff to the subsidiary BNO on 1 October 2009.

Depreciation and write-offs on tangible fixed assets: €63,127,901.59 (+ €2,138,097.49)

This corresponds to an increase of 3.5%. Let us assume that depreciation and write-offs are the self-financing of our investments. In relation to net investments (excluding subsidies), the self-financing deficit is €29.1 million for the "electricity" business. For the gas business, we have a bonus of €8.0 million. There is therefore a self-financing deficit linked to investment of €21.1 million.

It should be noted that the capitalisation of the RAB resulted in a capital gain. This is depreciated in line with the underlying assets.

It should also be noted that depreciation on the acquisition value of the RAB increased by €2.1 million. This is due to an increase in the depreciable base and a decrease in the average depreciation period without changing the valuation rules.

Write-downs on inventories and trade receivables: - €771,671.50 (- €955,930.75)

- **The stocks** are subject to a permanent valuation adjustment according to the activity of the intermunicipal company and the underlying economic reality. Movements during the year amounted to €0.3 million, corresponding to an increase in the charge of €0.2 million.

- **Trade receivables** make up almost the entire heading.

During the year, we recorded write-downs on trade receivables relating to our miscellaneous and ancillary activities amounting to €8.1 million, which reduced the charge by €1.1 million.

We also used and reversed previously recorded impairment losses of - €5.2 million and - €4.0 million respectively.

In summary, the movements on the write-downs on trade receivables constitute a negative charge of €1.1 million and are as follows:

(in € million)	2021	2020	Delta
Appropriations	8,1	9,2	- 1,1
Uses	- 5,2	- 2,6	- 2,6
Reversals	- 4,0	- 6,6	+ 2,6
Total	**- 1,1**	**0,0**	**- 1,1**

Provisions for risks and charges: - €1,310,314.38 (+ €1,499,920.43)

These represent a negative charge of - €1,310,314.38 compared to a negative charge of - €2,810,234.81 in the previous year.

This can be explained as follows:

- with regard to provisions, they relate exclusively to the coverage of the "rest term" risk for €0.4 million compared to €2.8 million during the previous financial year (rest term and site remediation);
- with regard to the use of provisions, they mainly concern the "rest term" for - €0.2 million (s.q.). It should be noted, however, that there was no use of cogeneration this year, compared with - €0.1 million in the previous year;
- with regard to the reversals of provisions, they concern exclusively the rest term for - €1.5 million, while in the previous year there was a reversal for the rest term of - €5.3 million.

In summary, the movements in provisions are as follows:

(in € million)	2021	2020	Delta
Appropriations	0,4	2,8	- 2,4
Uses	- 0,2	- 0,3	+ 0,1
Reversals	- 1,5	- 5,3	+ 3,8
Total	**- 1,3**	**- 2,8**	**+ 1,5**

Other operating expenses: €9,038,244.81 (+ €3,106,409.19)

This heading covers mainly two items:

- €2.7 million in losses on the disposal of tangible fixed assets, mainly due to demolitions. These remain stable;
- losses on the realisation of trade receivables, which are reversed for €6.2 million in accordance with accounting and tax law. These are up by €3.1 million. It should be remembered here that almost all of the charge relates to claims on miscellaneous and ancillary activities.

At this stage, we think it is useful to put into perspective the movements on trade receivables that have impacted the above headings:

(in € million)	2021	2020	Delta
Write downs	- 1,1	0,0	- 1,1
Other operating expenses	6,2	3,1	+ 3,1
Total	**5,1**	**3,1**	**+ 2,0**

Non-recurring operating expenses: €38,102.83 (- €846,860.55)

Non-recurring operating expenses decreased following a STIB case between Sibelga and the Brussels region in relation to a gas pipeline relocation project on Boulevard du Souverain in Auderghem (€865k), which had been recognised during the previous financial year. It should be noted that the latter was fully covered by our insurer. The income from this hedge was then included in "Other operating income".

This year, they concern almost exclusively the cleaning of sites, for €37k against €19k during the previous financial year.

The operating result amounts to €57,596,766.05 compared to €56,983,003.68 in the previous year.

This operating result increased by €613,762.37 million. The summary table below gives the main trends:

(in € million)	2021	2020	delta
Turnover	341,6	321,3	+ 20,3
Other income	20,5	19,5	+ 1,0
Non-recurring income	0,1	-	0,0
Subtotal income	362,1	340,8	21,3
Provisions	35,4	30,4	+ 4,9
Miscellaneous services and goods	199,0	188,2	+ 10,8
Depreciation	63,1	61,0	+ 2,1
Write downs	- 0,8	0,2	- 1,0
Movements on provisions	- 1,3	- 2,8	+ 1,5
Other expenses (losses)	9,0	5,9	+ 3,1
Non-recurring expenses	0,0	0,9	- 0,8
Sub-total expenses	304,5	283,8	20,7
Operating income	57,6	57,0	0,6

The financial result is an expense. This amounts to - €3,129,831.23 against €3,033,339.98 in the previous year.

The financial result decreased by €96,491.25 in a context of historically low interest rates.

Financial income fell from €457,072.21 to €254,797.82 (- €202,274.39). In addition to the (modest) income from cash investments and miscellaneous interest, the main items are interest on arrears claimed from customers (€58k), amortisation of capital subsidies (€116k) and interest income on debts (€37k).

Financial expenses decreased from €3,490,412.19 to €3,384,629.05 (- €105,783.14).

Most of the expenses are found in the debt expenses with the payment of the eighth coupon of the bond (€3.2 million), plus the interest on the bank loans contracted in June 2021 (€0.1 million).

It should be noted that both the financial expenses and income were impacted in 2020 by the above-mentioned case (via the expense on the one hand and the recovered insurance income on the other) and that this impact disappears in 2021, thus reducing both the financial expenses and income.

The profit for the year before tax amounts to €54,466,934.82 compared to €53,949,663.70 in the previous year.

Withdrawals from deferred taxes

This item amounts to €38,651.75 (- €10,099.99). It is generated at the same rate as the depreciation of tangible fixed assets that have been partially financed by an investment subsidy.

Income taxes

This heading amounts to €15,137,842.22 (+ €1,099,306.80). The content of the heading is explained by:

- (negligible) **chargeable withholding taxes**;
- **advance tax payments**, which amounted to €13.0 million, as in the previous year;
- the estimated **additional tax** for the past year is + €2.1 million, i.e. (+ €1.1 million) compared to the previous year.

The increase in the "income taxes" heading during the financial year is mainly due to the decrease in the use and reversal of IPM provisions and write-downs. This effect is further limited by the decrease in write-backs at higher historical rates and a slightly lower result (expressed in € million):

Use and reversal of IPM provisions and write-backs	+ 4,9 M€
“Historical rate" write-backs	+ 3,6 M€
Change in the accounting result for the year	- 0,6 M€
Difference in taxable base 2021 at standard rate	**+ 7,8 M€**
Tax on difference in taxable base	+ 2,2 M€
Decrease in write-backs taxed at historical rate	- 1,1 M€
Tax difference (rounded)	**- 1,1 M€**

The profit for the year amounts to €39,367,744.35 compared to €39,959,880.02 in the previous year.

Allocation of this profit

As the profit for the financial year is not influenced by movements in the reserves, the profit for the financial year to be allocated is €39,367,744.35.

It is proposed to the Ordinary General Meeting of 21 June 2022 to distribute a dividend of €39,367,744.35 corresponding to the profit for the year.

This proposal is in line with the Belgian Company and Associations Code (CSA) 6:114, 6:115 and 6:117 (net **asset test** to be reported separately). The distribution of the result for the financial year without any movements on reserves does not alter Sibelga's financial structure or net assets.

This proposal withstands the solvency test of prohibiting a dividend distribution if net assets are negative or would become negative as a result of such a distribution. Given the cash flow projections, this proposal also complies with CSA 6:116 (**liquidity test** to be reported separately).
Cash flow projections are not affected by this dividend proposal.

The payment of this amount will be made at the end of June 2022.

1.3. Financing table

This summary table represents all the resources mobilised during the financial year and the use made of them (expressed in € million).

	Breakdown	Total
Cash Flow "operating activities" Result for the year Undisbursed expenses Changes in working capital	 + 39,4 M€ + 61,7 M€ - 13,4 M€	
Cash flow from "operating activities" = (a)		+ 87,7 M€
Cash Flow "investment activities" Investments in the year Divestiture Désinvestissement	- 85,3 M€ + 2,6 M€	
Cash flow «activités d'investissements» = (b)		- 82,7 M€
Cash flow from "financing activities" Capital - increase - reduction Capital grants LT debts - increase - reimbursement	 0,0 M€ 0,0 M€ + 1,0 M€ 24,0 M€ - 2,9 M€	
Dividends paid	- 40,0 M€	
Cash flow from financing activities = (c)		- 17,9 M€
Net cash flow = (a) + (b) + (c)		- 12,8 M€
Cash and cash equivalents Start of period = (D) End of period = (F)		 20,7 M€ 7,9 M€
Delta = (F) — (D)		- 12,8 M€

2. Information on significant events after the year-end

The war in Ukraine, which started on 24 February 2022, has exacerbated instabilities in the energy market worldwide and in Europe in particular. Given Europe's dependence on Russian hydrocarbons, this war raises fears of disruptions to Europe's supply of natural gas in particular. It could also accelerate the decarbonisation process and consequently the shift to other types of gas as well as a greater electrification of uses within the European Union in general, and in Belgium in particular. The impact of these instabilities on Sibelga is currently difficult to estimate, but they will have to be monitored closely.

3. Information on circumstances that may have a significant influence on the company's development

3.1. New Electricity and Gas Ordinance

On 11 March 2022, the Brussels Parliament adopted an Ordinance amending the Electricity Ordinance of 19 July 2001 and the Gas Ordinance of 1 April 2004. In particular, it aims to transpose Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market in electricity and to partially transpose Directive 2018/2001 (EU) of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources.

Among other things, this Ordinance will have repercussions on the activities Sibelga is authorised to carry out, the public service tasks entrusted to it, particularly with regard to social supply and energy sharing between customers, and the practicalities for deploying connected meters.

3.2. Third-party investor(s)

As the private company Electrabel withdrew from the intermunicipal company on 31 December 2012, Sibelga's amended articles of association allow one or more third-party investors to acquire up to 30% of the share capital. However, this is not a short-term prospect.

The associated public authorities will, in any case, retain a minimum 70% stake in the share capital.

3.3. Optimisation of the balance sheet structure

In the current regulatory framework, the S coefficient of fair remuneration measures the ratio of equity to capital invested. Currently, it stands at 67.22% for the electricity business and 73.21% for the gas business. It is not out of the question that this coefficient S could eventually fall to around 40% depending on the fiscal and regulatory context as well as on the cash flow needs of the various fluids.

The impact would be threefold:

- a reduction in the absolute value of the fair remuneration envelope
- an increase in the rate of return on equity
- an increase in interest expenses

In addition to the fiscal and regulatory context, this development will depend on the arrival of a third-party investor (see above), but also, for Sibelga, on the funding conditions applicable to its activities and, for Interfin, on alternative investment opportunities. However, this is not a short-term prospect.

3.4. Risks and uncertainties

The aforementioned "Risks and Uncertainties" chapter also contains information on circumstances that could have a significant influence on the company's development.

4. Information on research and development activities

None.

5. Diversity policy

Sibelga is mindful of its diversity obligations. In this respect, since the last amendment of the articles of association at the General Meeting of 16 June 2020, each body of the company must set an example and aim for a male/female representation of at least 1/3–2/3 or even parity.

As the Board of Directors must aim for parity, municipalities are required to present candidates of different sexes if they have more than one mandate.

Currently, the Board of Directors is composed of 10 women and 18 men.

6. Information on the existence of branches of the company

None.

7. The balance sheet shows a loss carried forward or the income statement shows a loss for the year in two successive years.

None.

8. All information required to be included by the Companies and Associations Code

None.

9. Use of financial instruments by the company

The intermunicipal company still has cash surpluses during the financial year and has followed a policy of investing these surpluses in cash or bond mutual funds with extremely low risk (AAA or AA ratings) or in term accounts. An investment of €10.0 million was also made with the City of Brussels during part of the year.

In order to ensure the funding of its activities, if necessary, Sibelga has an MTN (Medium Term Notes) programme for an amount of €200 million.

This concludes our comments on the 2021 annual accounts.

In conclusion, we ask you to approve the annual accounts as presented.

VII. Management and oversight

1. Elections

During this Meeting, you will be asked to elect:

- a director to complete the mandate previously held by Mr Mustapha AMRANI, who has resigned; the City of Brussels has appointed Mr Anas BEN ABDELMOUMEN to replace him;
- a director to complete the mandate previously held by Mr Lotfi MOSTEFA, who has resigned, the municipality of Anderlecht has appointed Mr M'Hamed BENALLAL to replace him;
- a director to complete the mandate previously held by Mrs Valérie COPS, who has resigned; the municipality of Auderghem has appointed Ms Stéphanie PAULISSEN to replace her.

You will be asked to re-elect or replace EY SRL, currently represented by Mr C. D'Addario, auditor, whose term of office expires at the end of this Meeting. This mandate, which will be conferred in this way, will end immediately after the General Meeting of 2025.

2. Discharge

We kindly ask you to discharge your directors and auditors from their duties during the financial year 2021 by means of a special vote.

Bruxelles, le 10 mai 2022
Le Conseil d’administration

Independent auditor’s report to the general meeting of Sibelga CV for the year ended 31 December 2021

Free translation of French original

In the context of the statutory audit of the Annual Accounts of Sibelga CV (the “Company”), we report to you as statutory auditor. This report includes our opinion on the balance sheet as at 31 December 2021, the income statement for the year ended 31 December 2021 and the disclosures (all elements together the “Annual Accounts”) 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 17 June 2019, in accordance with the proposition by the Board of Directors following recommendation of the Audit Committee. Our mandate expires at the shareholders’ meeting that will deliberate on the Annual Accounts for the year ending 31 December 2021. We performed the statutory audit of the Annual Accounts of the Company during 9 consecutive years.

Report on the audit of the Annual Accounts

Unqualified opinion

We have audited the Annual Accounts of Sibelga CV, that comprise of the balance sheet on 31 December 2021, the income statement of the year and the disclosures, which show a balance sheet total of € 1.406.557.058 and of which the income statement shows a profit for the year of € 39.367.744.
In our opinion, the Annual Accounts give a true and fair view of the Company’s net equity and financial position as at 31 December 2021, and of its results for the year then ended, prepared in accordance with the financial reporting framework applicable in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA's"). Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the Annual Accounts" section of our report.
We have complied with all ethical requirements that are relevant to our audit of the Annual Accounts 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 Annual Accounts of the current reporting period.
These matters were addressed in the context of our audit of the Annual Accounts as a whole and in forming our opinion thereon, and consequently we do not provide a separate opinion on these matters.

Calculation of equitable remuneration
Description of the key audit point

As explained in the annual report of the board of directors, the result for the financial year is determined by applying the calculation method established by the regional regulator Brugel (the "tariff mechanism").
This tariff mechanism is based on complex calculation methods and requires the use of parameters (such as the average interest rate on government bonds "OLO"s, the Beta factor, the liquidity premium, the risk premium, the application of a coefficient taking into account the equity ratio), and accounting data linked to the regulated activities (regulated assets, regulated equity, investments, grants received). The tariff mechanism also distinguishes between costs and incomes according to their controllability, for each sector (gas and electricity). Variations in regulated costs and income classified as "non-controllable" will impact the future tariffs. The elements qualified as "controllable" are those that the Company controls and whose variations, upwards or downwards, are (partially) attributed to the owners of the Company. Therefore, the method to calculate the Company's net result is complex and requires management's assessment, especially with regard to the use of correct accounting data, operational data as well as parameters and formulas imposed by the regulator. The use of incorrect accounting and operating data, as well as changes in assumptions, can have a significant impact on the Company's net result.

Summary of audit procedures performed

We performed, among others, the following audit procedures:

- Evaluation of the design of key internal controls related to the calculation of net result, including those related to the completeness and accuracy of the underlying data used in the calculation as well as key internal controls over the appropriate authorizations of capitalizations of assets, compliance with the capitalization criteria in compliance with the accounting principles, classification of expenditure as either investments (CAPEX) or operating expenses (OPEX), and specific management review controls over the capitalization process;
- Testing of a sample of accounting transactions included in the income statement to assess the appropriateness of their classification as either "controllable/non-controllable" costs.
- Independent recalculation of the net result of the sectors (gas and electricity) based on both internal and external documentation and applying the formulas described in the tariff mechanism.
- Performing analytical procedures on investments (CAPEX) and operational expenses (OPEX) by comparing the data of the current financial year with budgeted data, as approved by the regulator;
- Testing of a sample of additions to property, plant and equipment by assessing on the one hand the compliance with the capitalization criteria in accordance with the financial reporting framework applicable in Belgium and on the other hand with the Company's accounting principles.
- Reading and assessing the accounting consequences of communications and decisions taken by the regulator Brugel;
- Assessment of the adequacy of the information included in the annual report of the Board of Directors.

Responsibilities of the Board of Directors for the preparation of the Annual Accounts

The Board of Directors is responsible for the preparation of the Annual Accounts that give a true and fair view in accordance with the financial reporting framework applicable in Belgium and for such internal controls relevant to the preparation of the Annual Accounts that are free from material misstatement, whether due to fraud or error.
As part of the preparation of Annual Accounts, 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 Annual Accounts

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

In performing our audit, we comply with the legal, regulatory and normative framework that applies to the audit of the Annual Accounts in Belgium. However, a statutory audit does not provide assurance about the future viability of the Company, nor about the efficiency or effectiveness with which the board of directors has taken or will undertake the Company'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 Annual Accounts, 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 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 Annual Accounts 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 Annual Accounts, and evaluating whether the Annual Accounts 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.

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 Annual Accounts 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 Annual Accounts, the compliance with the legal and regulatory requirements regarding bookkeeping, as well as compliance with the Code of companies and associations and with the Company's articles of association.

Responsibilities of the statutory auditor

In the context of our mandate and in accordance with the additional standard to the ISAs applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Directors' report on the Annual Accounts, the compliance with the legal and regulatory requirements regarding bookkeeping, as well as compliance with the Code of companies and associations and with the Company's articles of association, 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 Annual Accounts and has been prepared in accordance with articles 3:5 and 3:6 of the Code of companies and associations.

In the context of our audit of the Annual Accounts, 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 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.

Independence matters

Our audit firm and our network have not performed any services that are not compatible with the statutory audit of the Annual Accounts 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 Annual Accounts as referred to in article 3:65 of the Code of companies and associations were duly itemized and valued in the notes to the Annual Accounts.

Other communications

- Without prejudice to certain formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- The appropriation of the results proposed to the general meeting complies with the relevant requirements of the law and the Company’s articles of association.
- There are no transactions undertaken or decisions taken in breach of the articles of association or of the Code of companies and associations that we have to report to you.
- We have assessed the historical and prospective accounting and financial data of the report of the board of directors in the context of the distribution decided by the general meeting of 15 June 2021 in accordance with Article 6:116 of the Code of companies and associations and our decision communicated to the board of directors.
- This report is consistent with our supplementary declaration to the Audit Committee as specified in article 11 of the regulation (EU) nr. 537/2014.

EY Bedrijfsrevisoren BV
Statutory auditor
Represented by Carlo-Sébastien D'Addario *
Partner
*Acting on behalf of a BV

Diegem, 10 May 2022

23CSD0045

Annual accounts

Assets

	Codes	31/12/21	31/12/20
FIXED ASSETS	**21/28**	**1 254 624 613,76**	**1 235 040 464,42**
III. Tangible fixed assets	**22/27**	**1 250 583 702,19**	**1 230 999 012,85**
A. Land and buildings	22	69 732 201,97	69 253 028,71
B. Plant, machinery and equipment	23	1 127 491 872,27	1 111 723 180,97
C. Furniture and vehicles	24	53 160 084,90	49 838 610,15
E. Other tangible fixed assets	26	199 543,05	184 193,02
IIV. Financial fixed assets	**28**	**4 040 911,57**	**4 041 451,57**
A. Affiliated enterprises	280/1	4 018 873,24	4 018 873,24
1. Participating interests	*280*	*4 018 873,24*	*4 018 873,24*
B. Enterprises linked by participating interests	282/3	3 100,00	3 100,00
1. Participating interests	*282*	*3 100,00*	*3 100,00*
C. Other financial fixed assets	284/8	18 938,33	19 478,33
1. Shares	*284*	*288,33*	*288,33*
2. Amounts receivable and cash guarantees	*285/8*	*18 650,00*	*19 190,00*
CURRENT ASSETS	**29/58**	**151 932 443,80**	**129 334 512,17**
VI. Stocks and contracts in progress	**3**	**14 762 371,30**	**14 517 183,27**
A. Stocks	30/36	14 762 371,30	14 517 183,27
1. Raw materials and consumables	*30/31*	*14 762 371,30*	*14 517 183,27*
VII. Amounts receivable within one year	**40/41**	**121 688 379,33**	**86 566 474,25**
A. Trade debtors	40	104 351 912,79	64 672 520,93
B. Other amounts receivable	41	17 336 466,54	21 893 953,32
VIII. Current investments	**50/53**	**1 000 288,84**	**11 401 291,23**
B. Other current investments	51/53	1 000 288,84	11 401 291,23
IX. Cash at bank and in hand	**54/58**	**6 891 662,26**	**9 318 340,06**
X. Deferred charges and accrued income	**490/1**	**7 589 742,07**	**7 531 223,36**
TOTAL ASSETS	**20/58**	**1 406 557 057,56**	**1 364 374 976,59**

Notes on the assets

Tangible fixed assets

This heading records the value of tangible fixed assets, minus customer interventions and depreciations.

Financial fixed assets

Affiliated enterprises – Participating interests

Subscription to 189 shares in the capital of Brussels Network Operations.

Enterprises linked by participating interests – Participating interests

Subscription to 62 shares in the capital of Atrias.

Other financial fixed assets Shares

Subscription to 1 share in Laborelec.

Amounts receivable and cash guarantees

Various guarantees.

Stocks and contracts in progress

Stocks – Raw materials and consumables

Valuation of the stock at the shop located on Quai des Usines.

Amounts receivable within one year
Trade debtors

- Amounts receivable relating to "Access & Transit" (€86,563,306.12 / €47,005,579.52).
- Amounts receivable for electricity and gas, radiator rentals, works and miscellaneous (€4,652,565.05 / €5,824,561.15).
- Bad debt for the supply of electricity and gas, radiator rentals, works and miscellaneous (€35,711,168.61 / €36,812,613.71).
- Write-downs on bad debt (€ -24,328,580.89 / € -25,395,968.12).
- Various amounts still to be settled (€690,382.74 / €425,734.67).

Other amounts receivable

- For the enablement of financing for Public Service Missions by virtue of article 26 of the Electricity Ordinance of 19 July 2001 and article 20 septiesdecies of the Gas Ordinance of 1 April 2004 (€5,402,705.36 / €4,929,525.12).
- VAT still to be recovered (€0.00 / € 3,099,053.77).
- Energy contribution to be recovered (€5,268.59/€ 0.00).
- Deferred advance payments (€2,000,000.00 / €2,000,000.00).
- Cash advances in Atrias (€8,157,792.21 / €8,157,792.21).
- Cash advances in Bruxelles Environnement as part of the SolarClick project (€436,055.63 / €1,718,266.48).
- Amounts receivable for damage caused to the network (€1,300,573.88 / €892,121.64).
- Bad debt relating to damage (€100,752.43 / €133,062.80).
- Write-downs on bad debt for damage (€ -100,752.43 / € -132,912.49).
- Federal contribution to recover from the CREG (€0.00/ €39,301.13).
- TSO and connection fees, balance to recover from Elia (€0.00 / €1,056,112.36).
- Cash advances in Interfin (€32,417.69/€0.00).
- Various amounts still to be recovered (€1,653.18 / €1,630.30).

Current investments
Other current investments

Investments with banks.

Cash at bank and in hand

Current accounts with various banks.

Deferred charges and accrued income

- Deferred charges (€5,269,698.95 / €4,001,820.06).
- Accruals (€2,320,043.12 / €3,529,403.30).

Equity and liabilities

	Codes	31/12/21	31/12/20
EQUITY AND LIABILITIES	**10/15**	**859 756 896,14**	**859 013 018,58**
I. Contribution	**10/11**	**580 000 000,00**	**580 000 000,00**
A. Unavailable	111	580 000 000,00	580 000 000,00
III. Revaluation surpluses	**12**	**187 965 267,86**	**194 665 932,65**
IV. Reserves	**13**	**88 725 020,01**	**82 024 355,22**
A. Reserves not available	131	88 725 020,01	82 024 355,22
1. Reserves statutorily not available	1311	200 000,00	200 000,00
2. Other	1319	88 525 020,01	81 824 355,22
VI. Investment grants	**15**	**3 066 608,27**	**2 322 730,71**
PROVISIONS AND DEFERRED TAXES	**16**	**18 098 589,86**	**19 203 290,84**
VII. A. Provisions for liabilities and charges	**160/5**	**17 076 387,18**	**18 429 047,41**
4. Environmental obligations	*163*	*2 792 570,21*	*2 834 916,06*
5. Other liabilities and charges	*164/5*	*14 283 816,97*	*15 594 131,35*
B. Deferred taxes	**168**	**1 022 202,68**	**774 243,43**
AMOUNTS PAYABLE	**17/49**	**528 701 571,56**	**486 158 667,17**
VIII. Amounts payable after more than one year	**17**	**129 227 829,28**	**107 748 706,35**
A. Financial debts	170/4	124 000 000,00	100 000 000,00
2. Unsubordinated debentures	171	100 000 000,00	100 000 000,00
D. Other amounts payable	178/9	5 227 829,28	7 748 706,35

IX. Amounts payable within one year	**42/48**	**146 869 925,15**	**121 425 117,40**
A. Current portion of amounts payable after more than one year falling due within one year	42	2 520 877,07	2 895 078,61
C. Trade debts	44	81 704 027,45	67 317 212,55
1. Suppliers	440/4	81 704 027,45	67 317 212,55
D. Advances on contracts in progress	46	15 952,25	15 819,25
E. Taxes, remuneration and social security	45	8 274 089,28	1 042 967,49
1. Taxes	450/3	8 274 089,28	1 042 967,49
F. Other amounts payable	47/48	54 354 979,10	50 154 039,50
X. Deferred charges and accrued income	**492/3**	**252 603 817,13**	**256 984 843,42**
TOTAL LIABILITIES	**10/49**	**1 406 557 057,56**	**1 364 374 976,59**

Notes on the liabilities

Contribution
Unavailable non-capital contribution (ex – Capital)

This contribution is represented by 2,170,000 / 2,170,000 A shares (€ 217,000,000.00 / € 217,000,000.00) and 3,630,000 / 3,630,000 E shares (€ 363,000,000.00 / € 363,000,000.00).

Revaluation surpluses

Surpluses resulting from the revaluation of the book value of tangible fixed assets.

Reserves
Statutory unavailable reserve (ex – Legal reserve)

This was set up in the past in accordance with Article 428 of the former Companies Code, with a limit of 10% of the fixed part of the share capital.

Other unavailable reserves

Reserves determined in application of the derogation on the revaluation of tangible fixed assets, corresponding to the depreciation on the surplus value of these fixed assets, as well as to the revaluation gains on disposed installations.

Capital grants

Grants received for investments.

Provisions and deferred taxes
Provisions for contingencies and charges
Environmental obligations

Provision formed to cover site remediation costs.

Other risks and charges

- Rest-term provisions intended to cover the difference between the reconciliation and the allocation of distributed volumes, which is borne by the DSO (€13,189,068.55 / €14,449,382.93).
- Provision formed to cover the risks of breakdown affecting the various cogeneration facilities (€1,094,748.42 / €1,094,748.42).

Deferred taxes

Share of taxes owing on capital grants received for investments.

Amounts payable after more than one year
Financial debts
Unsubordinated debentures

Bond issue in the amount of €100,000.000.00 dated 23/05/2013 with a 10-year term.

Credit institutions

Belfius loan in the amount of €12,000,000.00 dated 25/06/2021 with a 15-year term.

BNP Paribas loan in the amount of €12,000,000.00 dated 23/06/2021 with a 10-year term.

Other debts

Credit line covering pre-paid pension capital (€5,157,975.98 / €7,678,853.05) as well as guarantees received in cash (€69,853.30 / €69,853.30).

Amounts payable within one year
Debts payable after more than one year 7 falling due within the year

Amounts payable before 31 December of the following financial year: on the credit line covering pre-paid pension capital (€2,520,877.07 / €2,895,078.61).

Trade debts – Suppliers

Invoices and credit notes for spending on investments, operating costs, materials and supplies as well as various amounts outstanding.

Instalments paid on orders

Instalments paid on orders for energy consumed during fairs and events.

Tax, remuneration and social security debts – Taxes

This heading indicates the adjustment to the income tax burden (€3,172,407.23 / €1,036,517.97), VAT payable (€5,099,996.27/€0.00) and outstanding energy contributiaons (€1,685.78/ €6,449.52).

Other debts

This heading includes:

- Outstanding dividends payable to the associates (€39,367,744.35 / €39,959,880.02);
- the balance of the municipal fees payable to the municipalities (€8,376,435.25 / €5,997,512.19);
- the balance of the income from "article 26 fee" of the Electricity Ordinance of 19 July 2001 and of "article 20 septiesdecies fee" of the Gas Ordinance of 1 April 2004 payable to the IBGE (€5,183,739.23/ €4,052,072.46);
- various outstanding amounts (€1,427,060.27 / €144,574.83).

Accruals and deferred income

This heading includes:

- provisions for financial charges (€1,958,118.50 / €1,955,068.50);
- balances that cannot be controlled for past regulatory financial years (adjusted bonus-malus) (€249,096,094.28 / €253.346.645.55);
- various amounts still to be adjusted (€1,413,104.35 / €1,683,129.37).

INCOME STATEMENT	Codes	31/12/21	31/12/20
I. Operating income	**70/76A**	**362 148 836,33**	**340 831 092,72**
A. Turnover	70	341 565 041,64	321 275 155,37
B. Other operating income	74	20 523 055,60	19 524 344,32
E. Non-recurring operating income	76A	60 739,09	31 593,03
II. Operating charges	**60/66A**	**-304 552 070,28**	**-283 848 089,04**
A. Raw materials and consumables	60	35 366 404,40	30 420 422,94
1.Purchases	*600/8*	*35 939 468,22*	*32 610 597,86*
2. Stocks (decrease +, increase -)	*609*	*-573 063,82*	*-2 190 174,92*
B. Services and other goods	61	199 037 692,26	188 221 493,13
C. Remuneration, social security costs + pensions	62	25 710,27	25 545,33
D. Depreciation of and other amounts written down formation expenses, intangible and tangible fixed assets	630	63 127 901,59	60 989 804,10
E. Amounts written down stocks, contracts in progress and trade debtors: Appropriations (write-backs) (+)/(-)	631/4	-771 671,50	184 259,25
F. Provisions for risks and charges (Appropriations (uses and write-backs) (+)/(-)	635/8	-1 310 314,38	-2 810 234,81
G. Other operating charges	640/8	9 038 244,81	5 931 835,62
I. Non-recurring operating charges	66A	38 102,83	884 963,48
III. Operating profit (loss)	**9901**	**57 596 766,05**	**56 983 003,68**
IV. Financial income	**75/76B**	**254 797,82**	**457 072,21**
A. Recurring financial income	75	254 797,82	281 567,88
1. Income from financial fixed assets	*750*	*1 011,15*	*1 011,15*
2. Income from current assets	*751*	*95 989,14*	*85 270,04*
3. Other financial income	*752/9*	*157 797,53*	*195 286,69*
B. Non-recurring financial income	76B	0,00	175 504,33

V. Financial charges	**65/66B**	**-3 384 629,05**	**-3 490 412,19**
A. Recurring financial charges	65	3 380 386,03	3 344 527,32
1. Debt charges	*650*	*3 320 811,15*	*3 230 697,14*
2. Other financial charges	*652/9*	*59 574,88*	*113 830,18*
B. Non-recurring financial charges	66B	4 243,02	145 884,87
VI. Gain (loss) for the period before taxes (+)/(-)	**9903**	**54 466 934,82**	**53 949 663,70**
VII. Transfer from deferred taxes	**780**	**38 651,75**	**48 751,74**
VIII. Income taxes (+)/(-)	**67/77**	**-15 137 842,22**	**-14 038 535,42**
A. Taxes	670/3	15 137 842,22	14 038 535,42
IX. Gain (loss) of the period (+)/(-)	**9904**	**39 367 744,35**	**39 959 880,02**
X Gain (loss) of the period available for appropriation (+)/(-)	**9905**	**39 367 744,35**	**39 959 880,02**

APPROPRIATION ACCOUNT AT:	Codes	31/12/21	31/12/20
A. Profit (loss) to be appropriated (+)/(-)		**39 367 744,35**	**39 959 880,02**
1. Profit (loss) brought forward (+)/(-)		*39 367 744,35*	*39 959 880,02*
F. Profit to be distributed (+)/(-)	**694/7**	**-39 367 744,35**	**-39 959 880,02**
1. Remuneration of the contribution	*694*	*-39 367 744,35*	*-39 959 880,02*

ANALYSIS OF ACTIVITY RESULTS AS AT:	31/12/21		31/12/20	
Distribution of gas and electricity	**Electricity**	**Gas**	**Electricité**	**Gaz**
(Income + / Charges -)	EUR	EUR	EUR	EUR
Operating income	**213 558 843,39**	**111 621 638,85**	**210 039 243,06**	**103 787 668,93**
Fees from the DSO network	213 558 843,39	111 621 638,85	210 039 243,06	103 787 668,93
Distribution costs	**-108 869 501,49**	**-56 693 782,18**	**-103 937 155,25**	**-52 160 759,39**
Maintenance	-15 074 121,58	-8 941 201,74	-14 364 868,17	-7 095 596,32
Technical services	-33 282 556,00	-19 459 800,10	-35 350 583,17	-20 461 941,42
General services (excl. pensions)	-62 019 182,75	-28 115 518,73	-56 798 691,32	-25 394 941,74
Customer and business services	-3 291 030,52	-1 799 666,96	-3 215 257,35	-1 774 718,17
Logistics services	-3 586 397,70	-1 956 786,16	-4 322 991,12	-2 250 297,41
System management	-7 065 929,61	-5 547 148,27	-6 016 550,68	-5 006 165,95
Measuring & metering	-6 075 880,04	-3 272 160,18	-5 807 957,09	-3 130 875,19
Municipal fees	-22 520 557,42	-13 110 178,86	-22 192 125,98	-11 875 750,31
Misc. fees	688 889,79	-362 879,41	-1 404 927,53	-350 463,14
Coverage for network losses	-4 068 346,59	0,00	-664 647,79	0,00
Work on behalf of third parties	-752 729,14	-70 624,80	-700 864,02	-75 099,22
Costs recovered and transferred	48 178 340,07	25 942 183,03	46 902 308,97	25 255 089,48

Depreciation and write-offs (regulated)	-39 695 583,84	-24 323 654,43	-38 115 377,33	-24 055 031,04
Pensions	-3 359 770,06	-1 809 106,85	-3 374 603,74	-1 817 094,29
Public service obligations (PSO)	-32 024 629,58	-3 592 904,67	-28 996 498,77	-2 270 995,58
Non-regulated activities	-68 727,76	-20 804,25	-15 133,83	-20 195,01
Tariff balances	6 844 736,89	-2 594 185,62	-1 542 759,17	315 313,78
Income and misc. charges	0,00	1 448 112,43	0,00	1 831 094,02
Embedded costs	-2 000 460,68	-1 313 863,49	-1 923 979,02	-1 344 958,06
Non-recurring result	-312 485,57	-591 978,88	-400 436,12	-481 040,69
Taxes	-10 226 652,37	-6 607 495,49	-8 508 231,00	-7 049 191,48
RESULT of the FINANCIAL YEAR	23 845 768,93	15 521 975,42	23 225 068,83	16 734 811,19

Total dividend amount to be distributed	39 367 744,35	39 959 880,02
Dividend to Interfin	39 367 258,33	39 959 383,74
Dividend to the associated municipalities	486,02	496,28

Notes to the accounts

STATEMENT OF TANGIBLE FIXED ASSETS	Codes	Period	Preceding period
LAND AND BUILDINGS			
Acquisition value at the end of the period	**8191P**	xxxxxxxxxxxxxxx	**107 588 045,66**
Movements during the period			
Acquisitions, including produced fixed assets	8161	2 169 207,20	
Sales and disposals	8171	1 996,80	
Transfers from one heading to another (+)/(-)	8181		
Acquisition value at the end of the period	**8191**	**109 755 256,06**	
Revaluation surpluses at the end of the period	**8251P**	xxxxxxxxxxxxxxx	**1 010 615,98**
Movements during the period			
Recorded	8211		
Acquisitions from third parties	8221		
Cancelled	8231	21 928,18	
Transferred from one heading to another (+)/(-)	8241		
Revaluation surpluses at the end of the period	**8251**	**988 687,80**	
Depreciations and amounts written down at the end of the period	**8321P**	xxxxxxxxxxxxxxx	**39 345 632,93**
Movements during the period			
Recorded	8271	1 666 242,62	
Written back	8281		
Acquisitions from third parties	8291		
Cancelled owing to sales and disposals	8301	133,66	
Transferred from one heading to another (+)/(-)	8311		
Depreciations and amounts written down at the end of the period	**8321**	**41 011 741,89**	
NET BOOK VALUE AT THE END OF THE PERIOD	**(22)**	**69 732 201,97**	

	Codes	Period	Preceding period
PLANT, MACHINERY AND EQUIPMENT			
Acquisition value at the end of the period	**8192P**	**xxxxxxxxxxxxxxx**	**1 751 076 792,69**
Movements during the period			
Acquisitions, including produced fixed assets	8162	67 691 253,54	
Sales and disposals	8172	11 000 540,74	
Transfers from one heading to another (+)/(-)	8182		
Acquisition value at the end of the period	**8192**	**1 807 767 505,49**	
Revaluation surpluses at the end of the period	**8252P**	**xxxxxxxxxxxxxxx**	**193 660 959,13**
Movements during the period			
Recorded	8212		
Acquisitions from third parties	8222		
Cancelled	8232	6 680 617,37	
Transferred from one heading to another (+)/(-)	8242		
Revaluation surpluses at the end of the period	**8252**	**186 980 341,76**	
Depreciations and amounts written down at the end of the period	**8322P**	**xxxxxxxxxxxxxxx**	**833 014 570,85**
Movements during the period			
Recorded	8272	42 600 770,45	
Written back	8282		
Acquisitions from third parties	8292		
Cancelled owing to sales and disposals	8302	8 359 366,32	
Transferred from one heading to another (+)/(-)	8312		
Depreciations and amounts written down at the end of the period	**8322**	**867 255 974,98**	
NET BOOK VALUE AT THE END OF THE PERIOD	**(23)**	**1 127 491 872,27**	

	Codes	Period	Preceding period
FURNITURE AND VEHICLES			
Acquisition value at the end of the period	**8193P**	**xxxxxxxxxxxxxxx**	**106 433 553,75**
Movements during the period			
Acquisitions, including produced fixed assets	8163	15 468 682,18	
Sales and disposals	8173	3 901 666,28	
Transfers from one heading to another (+)/(-)	8183		
Acquisition value at the end of the period	**8193**	**118 000 569,65**	
Revaluation surpluses at the end of the period	**8253P**	**xxxxxxxxxxxxxxx**	**100 178,16**
Movements during the period			
Recorded	8213	1 880,76	
Acquisitions from third parties	8223		
Cancelled	8233		
Transferred from one heading to another (+)/(-)	8243		
Revaluation surpluses at the end of the period	**8253**	**102 058,92**	
Depreciations and amounts written down at the end of the period	**8323P**	**xxxxxxxxxxxxxxx**	**56 695 121,76**
Movements during the period			
Recorded	8273	12 089 982,04	
Written back	8283		
Acquisitions from third parties	8293		
Cancelled owing to sales and disposals	8303	3 842 560,13	
Transferred from one heading to another (+)/(-)	8313		
Depreciations and amounts written down at the end of the period	**8323**	**64 942 543,67**	
NET BOOK VALUE AT THE END OF THE PERIOD	**(24)**	**53 160 084,90**	

	Codes	Period	Preceding period
OTHER TANGIBLE FIXED ASSETS			
Acquisition value at the end of the period	**8195P**	**xxxxxxxxxxxxxxx**	**389 370,51**
Movements during the period			
Acquisitions, including produced fixed assets	8165	91 551,69	
Sales and disposals	8175	63 908,71	
Transfers from one heading to another (+)/(-)	8185		
Acquisition value at the end of the period	**8195**	**417 013,49**	
Revaluation surpluses at the end of the period	**8325P**	**xxxxxxxxxxxxxxx**	**205 177,49**
Movements during the period		**70 241,69**	
Recorded	8275		
Acquisitions from third parties	8285		
Cancelled	8295	57 948,74	
Transferred from one heading to another (+)/(-)	8305		
Revaluation surpluses at the end of the period	8315	217 470,44	
Depreciations and amounts written down at the end of the period	**8325**		
NET BOOK VALUE AT THE END OF THE PERIOD	**(26)**	**199 543,05**	

STATEMENT OF FINANCIAL FIXED ASSETS	Codes	Period	Preceding period
AFFILIATED ENTERPRISES - PARTICIPATING INTERESTS AND SHARES			
Acquisition value at the end of the period	**8391P**	**xxxxxxxxxxxxx**	**4 018 873,24**
Movements during the period			
Acquisitions, including produced fixed assets	8361		
Sales and disposals	8371		
Transfers from one heading to another (+)/(-)	8381		
Acquisition value at the end of the period	**8391**	**4 018 873,24**	
NET BOOK VALUE AT THE END OF THE PERIOD	**(280)**	**4 018 873,24**	
ENTREPRISES LINKED BY A PARTICIPATING INTEREST – PARTICIPATING INTERESTS, AND SHARES			
Acquisition value at the end of the period	**8392P**	**xxxxxxxxxxxxx**	**3 100,00**
Movements during the period			
Acquisitions	8362		
Sales and disposals	8372		
Transferred from one heading to another (+)/(-)	8382		
Acquisition value at the end of the period	**8392**	**3 100,00**	
NET BOOK VALUE AT THE END OF THE PERIOD	**(282)**	**3 100,00**	
OTHER ENTERPRISES - PARTICIPATING INTERESTS AND SHARES			
Acquisition value at the end of the period	**8393P**	**xxxxxxxxxxxxx**	**288,33**
Movements during the period			
Acquisitions	8363		
Sales and disposals	8373		
Transferred from one heading to another (+)/(-)	8383		
Acquisition value at the end of the period	**8393**	**288,33**	
NET BOOK VALUE AT THE END OF THE PERIOD	**(284)**	**288,33**	

	Codes	Period	Preceding period
OTHER ENTERPRISES - AMOUNTS RECEIVABLE			
NET BOOK VALUE AT THE END OF THE PERIOD	**285/8P**	**xxxxxxxxxxxxx**	**19 190,00**
Movements during the period			
Additions	8583	2 025,00	
Repayments	8593	2 565,00	
Amounts written down	8603		
Amounts written back	8613		
Exchange differences (+)/(-)	8623		
Other movements (+)/(-)	8633		
NET BOOK VALUE AT THE END OF THE PERIOD	**(285/8)**	**18 650,00**	

Participating interests information

Participating interests and shares in other enterprises

List of both enterprises in which the partnership holds a participating interest (recorded in the heading 280 and 282 of the assets), and other enterprises in which the partnership holds rights (recorded in the heading 284 and 51/53 of the assets) in the amount of at least 10% of the capital, or of the equity or of some sort of shares of that partnership.

NAME, full address of the REGISTERED OFFICE and for an enterprise governed by Belgian law, the ENTERPRISE NUMBER	Participating interests held by				Information from the most recent period for which annual accounts are available			
	Nature	the enterprise (directly)		subsidiaries	Annual accounts	Cur-rency	Equity	Net result
		Nombre	%	%			(+) o (*in uf* (-) *nits*)	
1) BRUSSELS NETWORK OPERATIONS 706 Cooperative society BE 0881.278.355 Quai des Usines 16, 1000 Bruxelles-ville, Belgium	Fixe	189	97,93		31/12/2021	EUR	23 229,04	1 032,55
2) ATRIAS 706 Cooperative society BE 0836.258.873 Rue de la chancellerie 17 box A, 1000 Bruxelles-ville, Belgium	Variable	62	16,67		31/12/2021	EUR	18 600,00	

INVESTMENTS AND DEPOSITS, ALLOCATION DEFERRED CHARGES AND ACCRUED INCOME (ASSETS)	Codes	Period	Preceding period
OTHER INVESTMENTS AND DEPOSITS			
Fixed income securities	**52**		**10 000 000,00**
Fixed income securities issued by credit institutions	**8684**		
Term accounts with credit institutions	**53**	**1 000 288,84**	**1 401 291,23**
With residual term or notice of withdrawal			
up to one month	*8686*	*1 000 000,00*	*500 000,00*
between one month and one year	*8687*	*288,84*	*901 291,23*
over one year	8688		
Other investments not mentioned above	**8689**		

DEFERRED CHARGES AND ACCRUED INCOME	Period
Allocation of heading 490/1 of assets if the amount is significant	
1. Deferred charges	5 269 698,95
2. Accruals	2 320 043,12

STATEMENT OF CONTRIBUTION AND SHAREHOLDING STRUCTURE	Codes	Period	Preceding period
STATEMENT OF CONTRIBUTION			
Contribution			
Available at the end of the period	110P	xxxxxxxxxxxxxxx	
Available at the end of the period	-110		
Unavailable at the end of the period	111P	xxxxxxxxxxxxxxx	580 000 000,00
Unavailable at the end of the period	-111	580 000 000,00	

	Codes	Amounts	Number of shares
Changes during the period			
Registered shares	8702	xxxxxxxxxxxxxxx	5 800 000
Shares dematerialized	8703	xxxxxxxxxxxxxxx	5 800 000

Structure of shareholdings of the partnership at year-end closing date

as it appears from the statements received by the partnership in accordance with article 7: 225 of the Companies Code, article 14, 4th paragraph of the law of 2 May 2007 on the disclosure of major shareholdings or article 5 of the Royal Decree of August 21, 2008 containing further rules regarding certain multilateral trading facilities.

NAME of the people that own participating interests in the partnership, stating the ADDRESS (of the head office, if it concerns an entity) and the ENTERPRISE NUMBER, if it concerns an enterprise governed by Belgian Law	Nature	Participating interests held by		
		Associated with shares	Not associated with shares	%
1) Interfin SC BE 0222.944.897 quai des Usines 16, 1000 Bruxelles, Belgique	Parts A et E	5 799 962		99,99
2) The 19 municipalities of Brussels BE 0000.009.797 Maison communale 9999, 1000 Bruxelles-ville, Belgique	Parts A	38		0,01

PROVISIONS FOR OTHER LIABILITIES AND CHARGES	Period
ANALYSIS OF HEADING 164/5 OF LIABILITIES IF THE AMOUNT IS SIGNIFICANT	
1) Rest-term provision	13 189 068,55
2) Cogeneration provision	1 094 748,42

STATEMENT OF AMOUNTS PAYABLE AND ACCRUED CHARGES AND DEFERRED INCOME (LIABILITIES)	Codes	Period
BREAKDOWN OF AMOUNTS PAYABLE WITH AN ORIGINAL PERIOD TO MATURITY OF MORE THAN ONE YEAR, ACCORDING TO THEIR RESIDUAL TERM		
Current portion of amounts payable after more than one year falling due within one year		
Other amounts payable	8901	2 520 877,07
Total current portion of amounts payable after more than one year falling due within one year	**(42)**	**2 520 877,07**
Amounts payable with a remaining term of more than one but not more than five years		
Financial debts	8802	100 000 000,00
Unsubordinated debentures	*8822*	*100 000 000,00*
Other loans	8902	5 227 829,28
Total amounts payable with a remaining term of more than one but not more than five years	**8912**	**105 227 829,28**
Amounts payable with a remaining term of more than five years		
Financial debts	8803	24 000 000,00
Credit institutions	8843	24 000 000,00
Total amounts payable with a remaining term of more than five years	**8913**	**24 000 000,00**

	Codes	Period
TAXES, REMUNERATION AND SOCIAL SECURITY		
Taxes (headings 450/3 and 179 of the liabilities)		
Outstanding taxes payable due to tax authorities	9072	
Accruing taxes payable	9073	5 101 682,05
Estimated taxes payable	450	3 172 407,23
Remuneration and social security (headings 454/9 and 179 of liabilities)		
Amounts due to the National Social Security Office	9076	
Other amounts payable in respect of remuneration and social security	9077	

DEFERRED CHARGES AND ACCRUED INCOME	**Period**
Allocation of heading 492/3 of liabilities if the amount is significant	
1) bonus/malus regulator	249 096 094,28
2) Interest on loans	1 958 118,50
3) Others	1 549 604,35

OPERATING RESULTS	Codes	Period	Preceding period
OPERATING INCOME			
Net turnover			
Allocation by categories of activity			
1) Electricity		229 079 228,57	216 242 074,31
2) Gas		112 485 813,07	105 033 081,06
Allocation into geographical markets			
1) Belgium		341 565 041,64	321 275 155,37
Other operating income			
Operating subsidies and compensatory amounts received from public authorities	740	3 594 242,60	3 034 748,05
OPERATING CHARGES			
Personnel costs			
Retirement and survivors' pensions	624	25 710,27	25 545,33
Amounts written off			
Stocks and contracts in progress			
Recorded	9110	327 875,79	165 756,93
Written back	9111		
Trade debts			
Recorded	9112	8 084 561,83	9 229 888,05
Written back	9113	9 184 109,12	9 211 385,73
Provisions for liabilities and charges			
Appropriations	9115	439 438,34	2 796 828,86
Used and written back	9116	1 749 752,72	5 607 063,67
Other operating charges			
Taxes related to operations	640	95 279,59	79 706,94
Other costs	641/8	8 942 965,22	5 852 128,68

FINANCIAL RESULTS	Codes	Period	Preceding period
Other financial income			
Subsidies granted by public authorities and recorded as income for the period			
Investment grants	9125	115 955,42	146 255,11
Interest subsidies	9126		
Allocation of other financial income			
1) Miscellaneous		41 842,11	49 031,58
INCOME AND CHARGE OF EXCEPTIONAL SIZE OR INCIDENCE			
NON RECURRING INCOME	**76**	**60 739,09**	**207 097,36**
Non-recurring operating income	**(76A)**	**60 739,09**	**31 593,03**
Write-back of depreciation and of amounts written off intangible and tangible fixed assets	760		
Write-back of provisions for non-recurring operating liabilities and charges	7620	42 345,85	31 593,03
Capital gains on disposal of intangible and tangible fixed assets	7630		
Other non-recurring operating income	764/8	18 393,24	
Non-recurring financial income	**(76B)**		**175 504,33**
Write-back of amounts written down financial fixed assets	761		
Write-back of provisions for non-recurring financial liabilities and charges	7621		
Capital gains on disposal of financial fixed assets	7631		
Other non-recurring financial income	769		175 504,33

	Codes	Period	Preceding period
NON-RECURRING EXPENSES	**66**	**42 345,85**	**1 030 848,35**
Non-recurring operating charges	**(66A)**	**38 102,83**	**884 963,48**
Non-recurring depreciation of and amounts written off formation expenses, intangible and tangible fixed assets	660		
Provisions for non-recurring operating liabilities and charges: Appropriations (uses) (+)/(-)	6620		
Capital losses on disposal of intangible and tangible fixed assets	6630		
Other non-recurring operating charges	664/7	38 102,83	884 963,48
Non-recurring operating charges carried to assets as restructuring costs (-)	6690		
Non-recurring financial charges	**(66B)**	**4 243,02**	**145 884,87**
Amounts written off financial fixed assets	661		
Provisions for non-recurring financial liabilities and charges: Appropriations (uses) (+)/(-)	6621		
Capital losses on disposal of financial fixed assets	6631		
Other non-recurring financial charges	668	4 243,02	145 884,87
Non-recurring financial charges carried to assets as restructuring costs	6691		

INCOME TAXES AND OTHER TAXES	Codes	Period
INCOME TAXES		
Income taxes on the result of the current period	9134	15 137 842,22
Income taxes paid and withholding taxes due or paid	9135	13 001 952,96
Excess of income tax payments and withholding taxes paid included in assets	9136	
Estimated additional taxes	9137	2 135 889,26
Income taxes on the result of prior periods	9138	
Additional income taxes due or paid	9139	
Additional income taxes estimated or provided for	9140	
In so far as taxes of the current period are materially affected by differences between the profit before taxes as stated in annual accounts and the estimated taxable profit		
1) Non-deductible expenditure		*44 756,66*
2) Changes to prov., depr. and write-downs (taxed)		*5 497 401,81*
Status of deferred taxes		
Deferred taxes representing assets	**9141**	
Accumulated tax losses deductible from future taxable profits	9142	
Other deferred taxes representing assets	9142	
1) Provisions for risks and charges (taxed)		*13 648 190,26*
2) Redemption of values/trade receivables (taxed)		*20 562 987,93*
Deferred taxes representing liabilities	**9144**	
Allocation of deferred taxes representing liabilities		
1) Revaluation gain on tangible assets		*187 965 267,86*

	Codes	Period	Preceding period
VALUE ADDED TAXES AND OTHER TAXES BORNE BY THIRD PARTIES			
Value added taxes charged			
To the partnership (deductible)	9145	90 129 561,37	82 270 888,76
By the partnership	9146	118 103 407,35	106 082 115,79
Amounts withheld on behalf of third party			
For payroll withholding taxes	9147	27 054,21	18 977,33
For withholding taxes on investment income	9148		

RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET	Period
COMMITMENTS RELATING TO TECHNICAL GUARANTEES IN RESPECT OF SALES OR SERVICES	
1) Guarantees provided to the region	517 418,50
2) Guarantees provided to various suppliers	9 476 569,96
3) Guarantees provided to various suppliers	1 070 007,00
4) Interfin guarantees for pension costs	22 451 921,31
5) Customer commitments for rental equipment	246 249,10
6) Agreements, mission letters and miscellaneous	9

Amount, nature and form concerning litigation and other important commitments

Supplement retirements or survivors pension plans in favour of the personnel or the executives of the enterprise

Brief description
Pension commitments in respect of directors and former intermunicipal auditors

RELATIONSHIPS WITH AFFILIATED ENTERPRISES AND ENTERPRISES LINKED BY PARTICIPATING INTERESTS	Codes	Period	Preceding period
AFFILIATED ENTERPRISE			
Financial fixed assets	**(280/1)**	**4 018 873,24**	**4 018 873,24**
Participating interests	-280	4 018 873,24	4 018 873,24
Subordinated amounts receivable	9271		
Other amounts receivable	9281		
Amounts receivable	**9291**	**505 611,76**	**488 741,84**
Over one year	9301		
Within one year	9311	505 611,76	488 741,84
Amounts payable	**9351**	**27 382 941,62**	**21 229 398,67**
Over one year	9361		
Within one year	9371	27 382 941,62	21 229 398,67
Financial results			
Income from financial fixed assets	9421	1 011,15	1 011,15
OTHER ENTERPRISES LINKED BY PARTICIPATION			
Financial fixed assets	9252	3 100,00	3 100,00
Participating interests	9262	3 100,00	3 100,00
Subordinated amounts receivable	9272		
Other amounts receivable	9282		
Amounts receivable	9292	8 195 829,77	8 190 012,15
Over one year	9302		
Within one year	9312	8 195 829,77	8 190 012,15

Transactions with enterprises linked by participating interests out of market conditions

Mention of these transactions if they are significant, including the amount of the transactions, the nature of the link, and all information about the transactions which should be necessary to get a better understanding of the situation of the enterprise.

In the absence of legal criteria making it possible to list transactions with related parties that would be concluded at non-market conditions, no other transactions have been included in the notes.

FINANCIAL RELATIONSHIPS	Codes	Period
WITH DIRECTORS, MANAGERS, INDIVIDUALS OR BODIES CORPORATE WHO CONTROL THE PARTNERSHIP WITHOUT BEING ASSOCIATED THEREWITH OR OTHER ENTERPRISES CONTROLLED BY THESE PERSONS		
Amount of direct and indirect remunerations and pensions, included in the income statement, as long as this disclosure does not concern exclusively or mainly, the situation of a single identifiable person		
To directors and managers	9503	60 578,92
To former directors and former managers	9504	5 281,31
WITH AUDITORS OR PEOPLE THEY ARE LINKED TO		
Auditor(s)' fees	**9505**	**37 570,00**
Fees for exceptional services or special missions executed in the partnership by the auditor(s)		
Other attestation missions	95061	2 500,00
Tax consultancy	95062	
Other missions external to the audit	95063	4 500,00

Mentions related to article 3:64, §2 and §4 of the Companies Code

Information relating to consolidated accounts

Information to disclose by each partnership that is subject to company law on the consolidated accounts

The partnership has prepared neither consolidated accounts nor a consolidated report since it is exempt because of one of the following reasons:

- The partnership itself is a subsidiary of a partnership which does prepare and publish consolidated accounts in which annual accounts of the partnerships are included.

If yes, justification of the compliance with all conditions for exemption set out in article 3:26, §2 and §3 of the Companies Code:

With reference to Article 3:26 CSA we declare that SC INTERFIN, holding 99.9993% of the contribution, consolidates the elements relating to our intercommunal company in its consolidated accounts by the global integration method.

Name, full address of registered office and, for a partnership governed by Belgian Law, the enterprise number of the parent partnership preparing and publishing the consolidated accounts required:

INTERFIN SC
BE 0222 944 897
Quai des Usines 16, 1000 Brussels Belgium

Information to disclose by the reporting partnership being a subsidiary or a joint subsidiary

Name, full address of the registered office and, for a partnership governed by Belgian Law, the enterprise number of the parent partnership(s) and the specification whether the parent partnership(s) prepare(s) and publish(es) consolidated accounts in which the annual accounts of the partnership are included:

INTERFIN SC
BE 0222 944 897
Quai des usines 16, 1000 Brussels, Belgium

The parent partnership prepares and publishes the consolidated accounts.
Information is provided by the largest entity.

Valuation rules

1. Intangible fixed assets

Development or software costs are recorded in the period in which they are paid or received.

2. Tangible assets

In view of the accounting constraints arising from the special control regime to which companies in our sector are subject, the Ministry of Economic Affairs has authorised us, by virtue of Article 15 of the Law of 17 July 1975 relating to the accounting and annual accounts of companies, to adapt the headings for tangible fixed assets in the balance sheet.

This amendment consists essentially of a transfer of:

- civil engineering, from heading 22 to heading 23;
- tools, from heading 23 to heading 24;
- residential houses, from heading 26 to heading 22.

Acquisition value

Tangible fixed assets are recorded as assets in the balance sheet at their acquisition or production cost, or at their contribution value.

Ancillary costs

Ancillary costs are included in the acquisition value of the relevant tangible fixed assets. These include the non-deductible VAT which was charged on investments up to 30 June 1980. Ancillary costs are depreciated at the same rate as the facilities to which they relate.

Third-party commitments

Commitments by third parties to the financing of tangible fixed assets are deducted from the acquisition values of the latter. They are also deducted from the depreciation base of the said facilities.

Depreciation

Depreciation is calculated using the straight-line method. The facilities subject to depreciation are those existing at 31 December of the year in question.

The depreciation rates to be considered are as follows:

- 0% on land listed under codes 22
- 3% on industrial buildings listed under codes 22
- 2% on other constructions listed under codes 22
- 2% on low and high voltage cables listed under codes 23
- 2% on low and medium pressure pipes listed under codes 23
- 3% on substations, control rooms and points, listed under codes 23
- 3% on connections listed under codes 23
- 3% on non-smart gas measuring devices listed under codes 23
- 6% on non-smart electricity measuring devices listed under codes 23
- 6.67% on meters at gas receiving stations listed under codes 23
- 10% on other fixed assets included under codes 23
- 20% vehicles listed under codes 24
- 33.33% on computer and office equipment listed under codes 24
- 10% on other fixed assets included under codes 24
- 20% on radiators rented under codes 26.

Initial difference between the RAB and the book value of tangible fixed assets

Until the end of 2009, tangible fixed assets were valued on the assets side of the balance sheet on the basis of the book value (i.e. the acquisition value less the depreciation fund) revalued in accordance with the exemption obtained from the Ministry of Economic Affairs on 22 November 1985.

The initial capital investment value (iRAB) was determined on the basis of a technical inventory of the tangible fixed assets valued at their economic value on 31.12.2001 for electricity fixed assets and on 31.12.2002 for gas fixed assets.

The tariff decrees require that the RAB evolve according to the following formula: RABn = iRAB + investments n - depreciation n - decommissionings n.

The regulator requires that the RAB introduced in the tariff proposals can be reconciled with the DSO's accounting statements at any time.

Sibelga has decided to record the RAB in its accounts from 2010 and has therefore:

- cancelled the historical capital gains in its accounts,
- recorded the difference between the RAB and the carrying amount of the tangible fixed assets (not revalued) as at 31/12/2009. This difference, referred to as the RAB gain, is recorded under separate headings of tangible fixed assets.

Article 5 §1 of the Royal Decree of 2 September 2008 stipulates that the part of the RAB added value relating to equipment taken out of service in the course of the year concerned must be deducted annually from the RAB. This capital gain deduction is included in the costs at a rate of 2% per year in the first regulatory period (2009–12).

Sibelga applied this provision from the 2010 financial year onwards and following the freezing of tariffs for the years 2013 and 2014, the 2% rate was maintained.

Since 2015, Sibelga has been following the methodology introduced by the Regulator Brugel, which requires the RAB capital gain to be amortised at the rate of the underlying asset, in accordance with accounting law.

3. Stocks

Stock withdrawals are valued at the weighted average price.
Articles other than those for street lighting that have not been moved for a period exceeding 12 months are subject to routine examination:

- if they are not usable, they will be completely discarded;
- if they are usable but the quantity stored exceeds five years of consumption, they will be subject to a minimum 50% write-down.

Due to their unique characteristics, items intended for street lighting that have not been moved for a period exceeding 12 months are subject to routine examination:

- if they are not usable, they will be completely discarded;
- In other cases, the items retain their original value.

4. Amounts receivable within one year

The receivables under this heading are included at their nominal value. They include amounts receivable from customers and municipalities for energy supplies, works and miscellaneous. They are reduced by those considered irrecoverable, including those relating to known bankruptcies.
These bad debts result in write-downs which are charged to the profit and loss account (write-downs on inventories, contracts in progress and trade debtors code 631/4 and also more precisely in note 6.10 code 9112). When part of the debt is subsequently recovered, the amount recovered is credited to the profit and loss account (write-downs on inventories, contracts in progress and trade debtors code 631/4 and also more specifically in annex 6.10 codes 9113 or Other operating income under code 74).

For trade receivables relating to activities ancillary to the main activity of managing the gas and electricity distribution networks in the Brussels-Capital Region, namely:

a) the compulsory supply of gas and electricity to “protected customers”
b) “breach of seals" situations
c) situations of "fraud"
d) other specific situations:
    - radiator rentals
    - fairs and events
    - consumption without a contract (excluding fraud and breach of seals)
    - miscellaneous services (minor works)

Sibelga has obtained a ruling from the Department of Advance Tax Rulings allowing it to book write-downs on these various categories of receivables. This ruling is based on a methodology that allows for tax deductibility in accordance with the provisions of Article 48 of the Income Tax Code (CIR) and Articles 22, 23 and 27 of the CIR Implementing Decree (AR/CIR).
The methodology consists of booking write-downs by category of receivables based on historical bad debt statistics for the years preceding the year under review.
This rate is adjusted each year according to the actual situation measured.

The Other receivables heading (class 41) includes an amount of short-term receivables from the affiliated company Atrias. This receivable has been maintained as short-term, given that it is a current account advance system set up with Atrias and that there is no information available to the Sibelga Board of Directors to establish a long-term/short-term reclassification.

5. Capital grants

The grants under this heading are depreciated at the same rate as the installations listed under the "Tangible fixed assets" item for which the grants were obtained.

6. Provisions for risks and charges

These provisions are created on the basis of identified risks and are calculated in accordance with the decisions taken by the Board of Directors.

7. Amounts payable after more than one year and within one year

The amounts under these headings are included at their nominal value.

8. Regularisation accounts (Deferred charges and accrued income)

The regularisation accounts on the liabilities side mainly include the regulatory balances that cannot be controlled. These will be allocated according to arrangements to be made by the relevant regulator.

The KPI incentives are evaluated and granted annually during the ex-post control of year N and are recorded in year N+1, in accordance with the tariff methodology established by Brugel. The result of the incentive regulation on KPIs for year N will therefore be recorded in principle in year N+1, once the regulator has determined its value.

Sibelga

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