Report of the board of directors

To the General Meeting of Shareholders of 20 June 2023

On the activities of the financial year 2022

Contents

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To the general meeting of shareholders of 20 june 2023
For the activities of the year 2022

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 41st financial year and submit for your approval the balance sheet, the income statement as at 31 December 2022, 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 41st financial year, this is in fact the 20th financial year in its configuration resulting from the grouping of distribution network management activities in the Brussels Capital Region, and the 16th 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.

- Moreover, 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.

- The electricity and gas ordinances were last amended by an ordinance published in the Belgian Official Gazette on 20 April 2022 and entered into force on 30 April 2022. Among other things, it reshapes the framework applicable to the deployment of smart meters and transposes the new European obligations relating to electricity and gas, particularly with regard to energy sharing.

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 2020–24 regulatory period. These decisions were taken in accordance with the application of Art. 9c of the Electricity Ordinance and Art. 10a of the Gas Ordinance.

The tariff methodologies are based on the following main elements:

- 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;
- separation of project costs into 4 groups:
    - Projects related to network investments, projects related to public service missions and innovative projects are considered non-manageable;
    - Other IT projects (including Smartrias) are considered manageable;
- creation of a target-based incentive regulation (KPI) that can yield up to €1 M/year in favourable circumstances;
- a cap on manageable costs based on the 2017 budget excluding manageable IT projects – incentive regulation on 2017 costs (down by nearly €4.7 M) + indexation + IT projects at actual 2017 costs (with a cap of 85% for Smartrias);
- efficiency factor on manageable costs of 0.75% per year excluding indexation from 2021;
- Brugel's intention to move towards a revenue cap by 2025.

The tariff proposals under this new framework were approved 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-20191218-122BIS AND 123BIS) concerning the approval of 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 approved 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 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 approved by Brugel. There were no additional KPIs in 2021 and 2022.

1.3. Decisions (BRUGEL-DECISIONS-20211029-174 and 20211029-175) concerning the approval of SIBELGA's specific electricity and gas tariff adjustment proposals for 2022

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 2021, Brugel approved Sibelga's adjusted tariffs for 2022, through its decisions 20211029-174 and 175.

1.4. Decisions (BRUGEL-DECISIONS-20221108-215 and 20221108-216) relating to the tariff balances reported by the network operator SIBELGA for operating year 2021

With these decisions, the Regulator checked the electricity and gas tariff balances for 2021 and validated the results of the KPIs on service quality, resulting in a financial incentive for Sibelga. These decisions lead to a correction of the regulatory balances for 2021 for a total of €164,023 in favour of the regulatory funds, as well as to the granting of a financial incentive for a total of €475,397 as a consequence of the results of the objectives on the quality of the services provided by Sibelga in 2021. These two corrections are reflected in Sibelga's 2022 accounts.

BRUGEL also noticed that the depreciation rate used for gas measuring equipment was incorrect in 2020 and 2021, with a value of 3% instead of the 6% provided for in the methodology. Sibelga acknowledged the error and proposed to correct it by making an exceptional allocation in 2022.

1.5. Decision (BRUGEL-DECISION-20230113-222) on the adjustment of the tariffs for charging the costs of using the transmission system and adjusting the tariff for the installation of a smart meter

In accordance with the electricity and gas tariff methodology, Sibelga has recalculated the transmission tariffs for 2022. These were approved by the Regulator on 13 January 2023. The same decision also includes the adjustment of the tariff for the installation of a smart meter from 1 January 2023.

1.6. Decision (BRUGEL-DECISION-20221027-214) on the approval of SIBELGA's specific "electricity" tariff proposal for 2023

In addition to validating Sibelga's adapted tariffs for 2023, this decision also approves two allocations of tariff balances for 2022. Namely, an allocation of €10,824,010 to cover the "Public Service Mission" electricity gap for 2022, as well as an allocation of €462,077 to finance the "Energy Sharing" project for 2022 and 2023.

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 ratio of 40%, the RAB financed by equity is remunerated at the risk-free rate + 100 basis points[1] (b.p.), provided that 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, and exceptional charges are the main unmanageable costs.

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

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.

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 income and fair margin

Total income

Total income 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 income for the electricity and gas activities together amounts to €321.7 M for the 2022 tariff proposal.

a. Manageable costs

Manageable costs are the expenses and revenues relating to the safety, efficiency, and reliability of the network or quality of service to customers, over which the network operator has direct control. These amount to €128.5 M for the 2022 tariff proposal.

b. Non-manageable costs

Non-manageable costs are the expenses and revenues relating to the safety, efficiency, and 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 €193.2 M for the 2022 tariff proposal (excluding fair margin).

c. 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 are calculated and change 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.

It amounts to €38.3 M for the 2022 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. It amounts to €1,197.6 M.

b. Changes in regulated assets over time

The value of the regulated assets has changed 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 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 1: Percentage return to be applied to the regulated assets

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

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 the "long-term interest rate (10 years)" by the Federal Planning Bureau in the latest edition of its 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	2021	2022	2023	2024
↓	↓	↓	↓	↓
2.20[2] %	2.20 %	2.20 %	2.80 %	3.30 %

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 (ß) 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 ß) 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 c § 3 of the Electricity Ordinance and Article 10 a § 3 of the Gas Ordinance.

3.2. Regulatory 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. Indeed, the tariffs for a regulatory period are calculated so that the revenues cover the total income. In reality, both costs and revenues may differ from the budgeted amounts.

The balance for each year is broken down into several 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 "non-manageable costs" balance**:
    - 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 (a specific heading in the balance sheet) 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 the fund is in debt (operating surplus or bonus) at the time when the system 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 their good management by encouraging them to control and manage their 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 2022 at €6.42 M (50% of 10% of €128.5 M)[3].

[3] €128.5 M = manageable costs of the 2022 tariff proposal

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

For the 2020–24 regulatory period, 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 2022, 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 M.

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 2022 incentive regulation will therefore be recorded in principle in 2023, once Brugel has determined its value. The result of the 2021 incentive regulation, in the amount of €0.5 M, was recorded in 2022, following Brugel decisions 20221108-215 and 216 on the electricity and gas tariff balances for the 2021 operating year.

III. Highlights

1. Record level of inflation

The year 2022 was marked by a dramatic increase in the level of inflation. This can be put down to a number of factors:

- The strong economic recovery after two years of economic slowdown due to the Covid-19 pandemic. In this context, demand exceeded supply;
- The war in Ukraine: this conflict had many repercussions on commodity prices as Ukraine was a major producer of agricultural commodities and Russia was the world's largest exporter of gas and second largest exporter of oil;
- The surge in energy prices resulting in particular from the geopolitical context mentioned above. The increase in energy prices has, in turn, led to a general increase in the prices of other commodities.

This record level of inflation had a direct impact on the tariff envelope, which foresaw an inflation rate of 1.80%, whereas the actual rate was 9.60% based on the consumer price index.

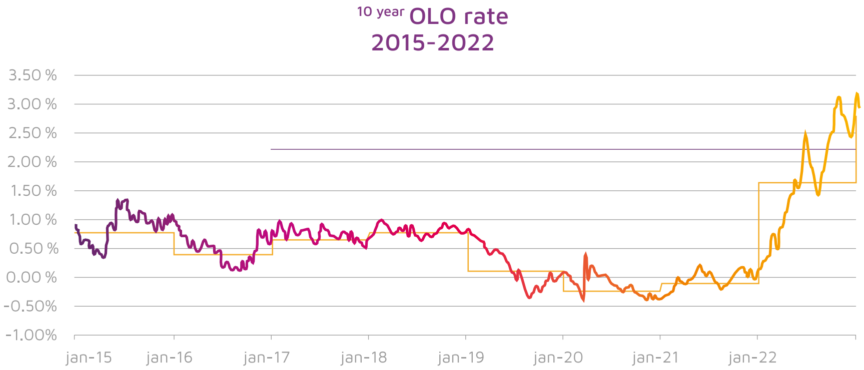
It should be noted that the cost impacts in 2022 for Sibelga have been relatively contained thanks to the various contracts in force. The most notable impact comes from BNO's re-invoiced salary costs to Sibelga, as BNO is part of the CP326, salaries have followed the smoothed health index throughout the year, which increased by 11% between December 2021 and December 2022.

This increase in costs, which was not offset by an equivalent increase in revenue, but which was considered by the regulators to be uncontrollable, resulted in a reduction in regulatory balances of €29 M.

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.



As a reminder, the estimated 10-year OLO rate in the 2020–24 multiannual tariff proposal was 2.2% for the 2022 financial year (ex ante), which corresponds to the minimum threshold 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 equity (upwards or downwards), i.e. €8.6 M.

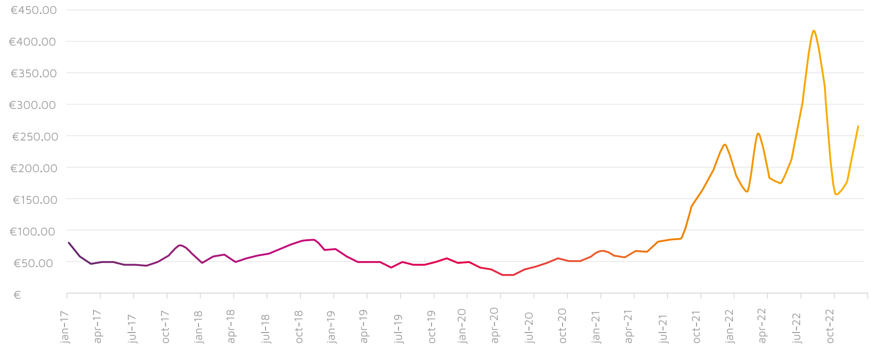
The mathematical result of the ex post calculation of the 10-year OLO rate for 2022 is 1.75%. There is therefore a significant increase compared to 2021.

However, the 10-year OLO rate of 1.75% (ex post) has been reduced to the minimum threshold of 2.2% in the fair remuneration calculation, as was the case in 2021. The consequence is positive for the shareholders (associated public authorities) who are less exposed to extreme movements in the 10-year OLO rate.

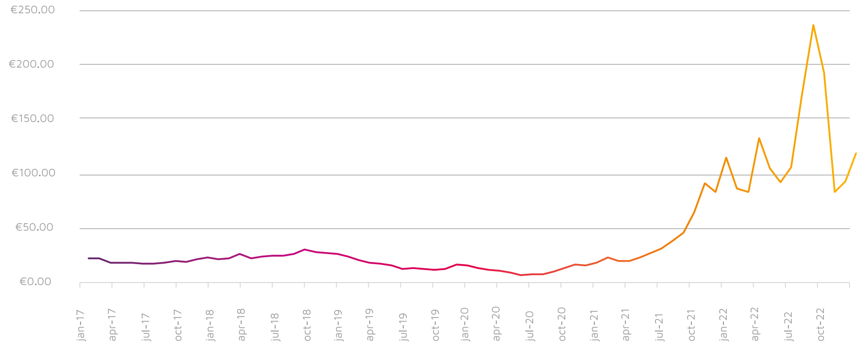
3. The sharp hike in energy prices

Energy prices rose sharply during 2021, ending the year at all-time highs. This rise continued in 2022. The following graphs show us the record evolution of spot prices for electricity (Endex) and gas (TTF) from 2017 to 2022.

Spot Belpex (monthly average)



Spot TTF (monthly average)



However, the impact on Sibelga's energy purchase costs for its own needs, for network losses and for energy for protected customers in 2022 is nil because Sibelga purchased all its energy in 2022 on the basis of prices set in previous years. The same applies to the public authorities, which joined the energy purchasing groups organised by Sibelga. However, the impact of the rise in energy prices has been felt in the purchase of electricity for street lighting, since in this case, the purchase is made at *spot prices*.

The very strong hike in energy prices has also had a significant impact on energy suppliers, creating very significant pressure on their cash flow, resulting in the bankruptcy of the supplier Watz in April 2022 and the withdrawal of the access contracts of the suppliers Octa+, Energie2030 and Elexys. Note also the announcement, in November 2022, of the cessation of Antargaz's activities via a gradual "emptying" of their customer portfolio according to the end dates of their contracts.

No losses were recorded in 2022 as a result of these events, as the energy suppliers respected the payment plans agreed with Sibelga. Sibelga did not have a claim on Watz. 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.

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

The Belgian electricity and gas sector has been using a new central data platform since December 2021. 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 year 2022 was the first full year under this platform.

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 easier.

5. The appointment of the CEO

Marie-Pierre Fauconnier resigned as CEO In May 2021. 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. Recognition of unsold green certificates

As a result of the excess of supply over demand, Sibelga did not sell all the green certificates available for sale. The balance should be restored in the coming years. In accordance with the opinion of Accounting Standards Committee 2009/14, the unsold certificates have been recognised as intangible assets at the minimum guaranteed price.

7. Preliminary discussions on the 2025-2029 tariff methodology

In May 2022, Sibelga and BRUGEL signed an agreement on the procedure for establishing the tariff methodologies for 2025-2029. This agreement provides that, prior to the formal consultation phase which will take place in the second half of 2023, bilateral exchanges will be organised to enable BRUGEL to draw up the tariff methodologies for the 2025–2029 period and to objectively identify the directions which will be taken.

The bilateral exchanges of the preparatory phase started in May 2022 and three topics related to the regulatory framework were discussed: the overall architecture of the regulatory model, the remuneration methodology and the treatment of stranded gas assets.

At the end of 2022, discussions were still to be held with BRUGEL on the final points relating to the regulatory framework (i.e. the incentive mechanism, the parameterisation of the rate of return and the parameterisation of the initial income and efficiency) as well as on possible changes to the tariff structure.

In broad terms, bearing in mind that none of the points discussed at this stage have been finalised, the main guidelines concern:

- The remuneration formula, which would be oriented towards a classic WACC fixed for the 5 years of the tariff period (cost of debt and equity fixed ex ante)
- Greater incentive to control manageable costs
- A Totex model, where depreciation costs will be included in the manageable costs

8. Agreement with Irisnet on the sharing of optical fibre

On 1 December 2022, six Brussels institutions, including Sibelga, signed an agreement on the pooling of their respective fibre optic networks within a one-stop shop managed by IRISnet.

Until now, each institution – Sibelga, Bruxelles-Mobilité, Vivaqua, the Port of Brussels, STIB and IRISnet – developed its own network according to its needs. The pooling of networks will make it possible to reduce operating costs and to make part of the capacity available to public or private third parties, against payment, through a single contract. In total, the public shared network has 964 km of fibre and 1,030 km of ducts. This operation is therefore an important step towards a true Brussels fibre optic network.

9. RenoClick programme

Since 2016, Sibelga has coordinated 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, closed 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 in the ordinance published in April 2022.

In accordance with the 2021–2023 management contract between the Region and Sibelga, the aim of the programme – renamed RenoClick – is to set up a "one-stop shop" for local and regional authorities. The aim is to support regional and local authorities in the regional project to renovate their buildings and deploy renewable energy installations on their sites, by providing information, advice, help in identifying opportunities, technical and administrative support and the organisation of purchasing groups.

Since 2022, the RenoClick programme, managed by Sibelga and its new "one-stop shop", has enabled the Brussels, local, regional and community authorities to benefit from integrated support in the various areas of solar panel installation, the renovation and maintenance of HVAC installations, the thorough and sustainable renovation of entire buildings, the provision of an energy accounting tool and grouped energy purchases.

10. Support for electric mobility

The 2018 Electricity Ordinance introduced a new public service mission for Sibelga under Article 24bis, 12°. This mission, as revised by the 2022 ordinance, is worded 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, and the purchase of electric vehicles, through advice, help in identifying opportunities and administrative and technical support and the organisation of a purchasing group."

In this context, Sibelga has developed two separate projects:

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 obligation to set an example and facilitate their transition to more sustainable mobility. In this context, Sibelga has set up a purchasing group to centralise the network operator's vehicle purchasing activities with local and regional authorities. Sibelga is also tasked with organising and concluding public contracts or framework agreements for works, supplies and services relating to the deployment of infrastructure on private land (owned by the authorities) for the distribution of alternative fuels, as well as the organisation and monitoring of the works. Based on this contract, in 2022, Sibelga provided support to local and regional authorities with their project roll-outs.

Through the ChargyClick project, Sibelga, with the help of the VUB and in collaboration with Brussels Environment and Brussels Mobility, has drawn up a plan for the deployment of charging stations based on objective technical and socio-economic criteria. The objective of the first concessions (published in 2021 and 2022, respectively) was that every inhabitant of Brussels should have access to a charging point within a radius of 250 and then 150 metres of his or her home, with priority being given to neighbourhoods where inhabitants do not have the possibility of installing a private charging point.

In accordance with the implementing decree, which stipulated that Sibelga, in collaboration with the local and regional authorities, should draw up a plan for the installation of a minimum of 400 charging points, 493 charging points were put into service in 2022 under the first concession, including 28 reserved for shared motor vehicles.

11. Acceleration of the switch to LED – MSP decision

Given the fact that so-called "conventional" lamps will no longer be available on the market by 2030, and Sibelga's desire to increase its energy efficiency and reduce its carbon footprint, Sibelga has committed itself through its public service mission programme to implementing a programme to replace all municipal public lighting luminaires with LED-equipped luminaires by this date.

On this basis, Sibelga plans to replace 6,000 light points with LEDs in 2023 and 8,500 light points per year in 2024 to 2030.

In order to carry out this ambitious programme, which considerably increases the number of light point replacements compared to what is currently being done (3,500 light point replacements per year), to be able to do so at controlled costs, and to ensure the feasibility of organisational adaptations, it was necessary to review the Asset Management approach to public lighting.

With this in mind, PE facility renewal projects will be classified into two categories.

- Fittings replacement projects only;
- Complete refurbishment projects with replacement of power cables, supports (poles / brackets) and fittings.

The "comprehensive redevelopment" projects will therefore be similar to the majority of projects up to 2022. However, for "fittings only" projects, the power cables and brackets will not be replaced, as they are still in a good enough condition to perform their function until the switchover to LED is completed.

12. New ordinance

Following the adoption of the Directive on the promotion of the use of energy from renewable sources (Directive 2018/2001) and the Directive on the organisation of the internal electricity market (Directive 2019/944), it was necessary for the ordinances of 19 July 2001 on the organisation of the electricity market and 1 April 2004 on the organisation of the gas market in the Brussels-Capital Region to undergo a series of amendments in order to meet the European requirements.

The changes introduced by the 2022 ordinance above include the following in substance:

- Recognition of the different forms of "energy sharing" and definition of their operational framework;
- The framework of new emerging activities in the electricity market such as electric vehicle charging, self-generated electricity sharing, flexibility and electricity storage;
- The recognition of new rights for the end customer, including the right to become an "active customer": i.e. a customer who will, on a voluntary basis and through services and products, actively participate in the electricity market;
- The definition of the arrangements for the deployment of smart meters in the territory;
- Confirmation of the distribution system operator's role as a market facilitator in relation to the development of the new players and emerging activities mentioned above;
- The modification of the governance framework of the regulator Brugel's missions in the light of the various developments mentioned above;
- The legal translation of the strategic priorities of the regional vision for the deployment of a recharging infrastructure for electric vehicles, in particular as pertains to the obligations and missions of the distribution network operator; and
- The definition of the tasks to support the public authorities in the context of the regional project to renovate the buildings of these public authorities and to deploy green electricity production facilities assigned to 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 2020–24 period. 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 is 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 (see above) to include a floor and a ceiling amount for this rate. This has resulted 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 see its results improve or deteriorate. 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, 50% of which 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 company's internal control and risk management systems in relation to 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, access management and control 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 staff training.

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. Their 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 envelope. 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, in 2022 Sibelga faced the problem of negative interest rates. Since then, Sibelga's financial policy has been 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 financing required, among other things, to carry out its development 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 markets 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 in 2013 was fully in line with this policy, as was the bank loan financing in 2021.

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 M CP (Commercial Papers) programme to a €200 M MTN (Medium Term Notes) programme during the 2020 financial year.

In 2023, Sibelga will have to refinance its €100 M bond loan and resort to an additional loan to cover the reduction in balances resulting from the regulator's wishes and the impact of cost increases linked to inflation and rising energy costs.

An update of the financing needs based on the first results of 2022 and the evolution of cash flow and invoicing at the start of 2023 have established the need at €190 M to ensure that the future liquidity test will be positive. In March 2023, loans were signed with investors in the USPP market for €190 M, which will be made available in May 2023.

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 – just one debtor (Engie- Electrabel) accounts for 64% of turnover and the three largest debtors account for 90% 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.

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 2022 (see above) by the withdrawal of access contracts from three suppliers in the Brussels region, as well as 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 2022, the amounts actually disbursed for unfunded pension costs amounted to €4,703,943.30.

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, in the amount of €27,948,243.45. This estimate is subject to change depending on the assumptions made.

In 1993, the staff benefiting from the annuity pension scheme were offered the possibility of opting for a lump sum pension at retirement age. To this end, the necessary provisions were made by Electrabel NV (backservice) 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 constitute 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 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

The impact of the tax reforms 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. As mentioned above, the debt burden is set to increase in the future on the basis of two elements: on the one hand, a reduction in regulatory funds and, on the other hand, a sustained investment plan in the network to ensure the energy transition. Thus, in 2023, the debt will increase by almost €90 M.

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

In 2022, the management of these risks was organised in five areas: (1) Risks related to the physical integrity of facilities, (2) Risks related to the performance of facilities, (3) Risks related to the security of information systems, (4) Risks related to the management of well-being at work, and (5) 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.

The company's risk profile was reassessed and redesigned in March 2023 and will be reported in the 2023 annual report.

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 5-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 the increasing use of digital solutions in its operational activities and a changing legislative framework (Sibelga was designated on 1 November 2022 by FPS Economy as an "essential services operator" within the meaning of the European NIS Directive), Sibelga has to manage the risks associated with information and telecommunications technologies (ICT), including:

- the continuity of information systems, since any malfunctioning, 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:

- launched a programme to certify its Information Security Management System (ISMS) for its critical activities against the ISO 27001 standard according to the timetable defined by the sector Authority;
- invested in continually improving its activities to ensure the required level of security, with governance defining the following roles in particular: an Information Security Committee responsible for supervising the security of information systems and a Data Privacy Officer responsible for ensuring the privacy of personal data;
- defined a multi-year action plan and awareness campaign on "Information Systems Security";
- invested in the skills of the security management team headed by the Chief Information Security Officer (CISO).

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, and environmental measures. The initiatives to be put in place to ensure the well-being of workers are formalised in a 5-year plan called the "Global Prevention Plan". It 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 electricity blackout and gas shortage

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 in the capacity of the batteries in electricity substations, improvement of the 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 operational 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.

In the context of the war in Ukraine, DG Energy (FPS Economy), in collaboration with the cabinet of the Minister of Energy and Fluxys Belgium, has defined the Emergency Security of Supply Plan for natural gas. The purpose of the Federal Gas

Supply Contingency Plan is to respond to a shortage of natural gas in order to:

- limit the impact of a possible disruption of natural gas supply on consumption;
- clearly define the responsibilities of the various stakeholders in the natural gas sector;
- impose concrete procedures to be followed in the event of a disruption of natural gas supply;
- ensure first and foremost the supply of natural gas to protected customers.

The Belgian DSOs are represented by Synergrid which, in parallel, organises regular meetings between network operators via a specific "SoS Gas" working group. Sibelga actively participates in this working group and implements the decisions resulting from the plan.

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 decided to set up its own secure communication network. Optical fibre has been chosen for this network, in order to anticipate and cope with the evolution of our future needs and the development of new technologies (Smart metering, "Smart" distribution network). This optical fibre is not open to the external Internet, and Sibelga is 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 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 has put 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 effective 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 M 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 M per claim with a ceiling of €10 M per year, while the following ranks offer cover of €145 M through a policy common to all three operators. The environmental risk is also covered by a specific insurance policy for an amount of €20 M. 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.

Sibelga has taken out "cyber risks" insurance since 2018.

V. Analysis of the 2022 result according to the regulatory approach

Income for the year amounts to €42,322,637.43. It results from our network management activities:

- **regulated**: + €42,475,808.99 constituting Sibelga's core business. This regulated result (after recognition of non-controllable balances) breaks down as follows according to the activities:

	Electricity	Gas	Total
Fair remuneration 2022	€23,468,685.69	€14,805,844.31	€38,274,530.00
Manageable cost-based incentive regulation	€2,301,597.52	€1,588,307.75	€3,889,905.27
Target-based incentive regulation on KPI 2021 [4]	€285,623.00	€189,774.00	€475,397.00
Correction of regulatory balances 2021 [5]	€-104,944.13	€-59,079.15	€-164,023.28
Total "regulated"	**€25,950,962.08**	**€16,524,846.91**	**€42,475,808.99**

- **non regulated**: -€153,171.56. This result, which is not significant, can be broken down as follows:

	Electricity	Gas	Total
Remaining ex-supply activity	€25,506.22	€3,332.51	€28,838.73
"Radiator rental" activity		- €27,899.52	- €27,899.52
"H2Mobility" project		- €38,000.00	- €38,000.00
"MobiClick" project:	- €116,110.77		- €116,110.77
Total "non-regulated"	**- €90,604.55**	**- €62,567.01**	**- €153,171.56**

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), with the part not financed by subsidies being borne by the intermunicipal company and therefore falling outside the scope of the tariffs. It can therefore be considered as non-regulated in the tariff sense.

[4] See Brugel decisions 20221108-215 and 216 for the 2021 financial year

[5] Idem

1. Comments on the headings

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

The manageable cost-based 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 reindexed budgeted controllable costs. The other 50% of the difference is included in uncontrollable balances and is transferred to the regulatory fund.

The incentive regulation on quality of services (KPI) of year N is only accounted for in year N+1 following the regulator's ex post control. Therefore, no results for 2022 are recognised by Sibelga. On the other hand, the result on the KPI relating to the 2021 financial year was validated by Brugel in November 2022 and could therefore be recognised and accounted for in 2022.

Balances on the liabilities side of the balance sheet in 2022 total - €29.0 M. As a reminder, these balances are used to adjust the accounting result so that it corresponds to the authorised regulated result. The balances are of different kinds:

- The transfer to the regulatory fund:
    - the part of the controllable balances not included in the incentive regulation (50% of the total difference) (€3.9 M). In 2022, controllable balances were positive, which means that, in both the "electricity" and "gas" businesses, the actual expenses remained below the authorised tariff budget;
    - the correction requested by Brugel following the 2021 ex post control (€0.2 M); this has a direct and negative impact on the result and increases the 2022 balances.
- The non-controllable balances for the year (-€12 M), which mainly concern
    - reindexing the manageable costs tariff budget
    - depreciations
    - financial expenses (embedded costs)
    - supplements and withdrawals such as taxes and pension charges
    - public service obligations
    - the fair profit margin
    - volume differences (revenues)
    - the cost of losses
    - extraordinary income and expenses
- The use of uncontrollable balances from the past (- €21.1 M) as foreseen in the tariff proposal.

In this case, the non-controllable balances of the "electricity" business for 2022 amount to a total of €1,350,132.90, which constitutes an overpayment (debt) in relation to the contract.

The non-controllable balances of the "gas" business for 2022 amount to a total of - €13,338,980.06, which constitutes an underpayment (claim) in relation to the contract.

Sibelga used balances from the past in 2022 for an amount of €20,631,473.99 in electricity and €452,761.79 in gas.

Uncontrollable balances	**Electricity**	**Gas**	**Total**
Uncontrollable balances 2022	€1,350,131.90	- €13,338,980.06	- €11,988,848.16
Share of the balance of manageable costs paid into the regulatory fund	€2,301,597.52	€1,588,307.75	€3,889,905.27
Use of past balances	- €20.631.473.99	- €452,761.79	- €21,084,235.78
Correction of balances 2021	€104,944.13	€59,079.15	€164,023.28
Total uncontrollable balances carried on the liabilities side of the balance sheet	**- €16,874,800.44**	**- €12,144,354.95**	**- €29,019,155.39**

2. Comments on trends

The fair remuneration is very stable. 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 base (the RAB) has increased slightly overall compared to 2021. 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. Gas depreciation in 2022 was mainly impacted by the revision of the depreciation rate for low-pressure meters from 3% to 6%, with retroactive effect to January 1 2020, in accordance with the tariff methodology, impacting gas RAB by almost €9m.

The 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.

The incentive regulation is mainly generated by the following elements:

- a record level of inflation in 2022 which led to a reindexation of the tariff envelope, but whose effects on real costs were partially delayed thanks to good contract management;
- cost control through increased efficiency, despite the impact of indexation;
- quality services that provide an incentive for service quality.

In addition, the analysis of the non-controllable balances for the financial year 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 attributable to the tariffs as foreseen in the regulatory framework is paid into the regulation fund;
    - the electricity depreciation charge was lower than expected due to a lower level of cumulative investments than foreseen in the tariff proposal;
    - revenue from electricity distribution tariffs was higher than expected;
    - the purchase of network losses proved to be less costly than expected, thanks in particular to the efficient operation of our cogeneration units.

- unfavourable for the balances:

    - the reindexation of the tariff budget of the manageable costs as foreseen in the tariff methodology; in fact the actual indexation has evolved faster than the forecast indexation included in the tariff budgets;
    - the gas depreciation charge is higher than foreseen in the tariff proposal following the change in the depreciation rate for low-pressure meters (6% instead of 3%);
    - higher than expected tax charge;
    - uses of balances as foreseen in the tariff proposal (tariff reduction, coverage of excess costs of MSPs, accelerated depreciation of electricity meters, innovative projects, incentive regulation on KPIs, etc.).

3. Performance

In our analytical approach, the result for 2022 is therefore constructed as follows:

Fair remuneration	€38,274,530.00	
Incentive regulations	€4,365,302.27	1
Correction of regulatory balances 2021	- €164,023.28	
Regulated result	€42,475,808.99	2
Non-regulated result	- €153,171.56	
Result of the financial year	€42,322,637.43	3

1 The fair remuneration provides a return of 4.47% on average equity excluding capital subsidies.

2 If the positive impact of both incentive regulations (on manageable costs and on service quality) is taken into account, the return increases to 4.98%.

3 The result for the year including the non-regulated part brings the return to 4.94%.

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 €1,357,068,450.58 compared to €1,406,557,057.56 in the previous financial year, i.e. a decrease of €49,488,606.98.

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

Assets

Fixed assets: €1,266,933,030.64 (+ €12,308,416.88)

- **Intangible fixed assets: €2,039,440.00 (+ €2,039,440.00)**

The intangible assets consist of the green certificates unsold at 31 December 2022. This is the first year in which Sibelga has recorded unsold goods at the end of December.
These have been conservatively valued at €65 per certificate, which is the minimum price guaranteed by Elia.

- **Tangible fixed assets: €1,260,852,659.39 (+ €10,268,957.20)**

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 2022 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 and load shedding cabins, the renewal of distribution boards at interconnection points and the renewal of two load shedding lines at the "SUD" reception station, as well as the replacement of old cables;
- work carried out to discharge legal obligations. One example is the replacement of meters as required by new measuring technology;
- works at the request of third parties such as extensions, reinforcements, new connections as well as relocations of pipes or installations following the renewal of roads or for extensions of tram tracks for the STIB;
- investments in optical fibre as part of the "Backbone" project and its extensions with the realisation of 32 new connections.

The evolution of net investments 2018–2022 (= gross investments – customer interventions – subsidies) is as follows:

Net investments

€	Distribution Electricity	Distribution Gas	RAB	Non-regulated assets
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
Realised 2022	69,808,241	16,494,518	86,302,759	51,351

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

RAB

Book value (€)	Distribution Electricity	Distribution Gas	RAB	Non-regulated assets
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
as at 31/12/2022	812,574,623	444,022,864	1,256,597,486	177,185

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

Book value (€)	Tangible assets	Grants & subsidies Deferred taxes	Total
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
as at 31/12/2022	1,260,852,659	- 4,077,988	1,256,774,671

- **Financial fixed assets: €4,040,931.25 (+ €19.68)**

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: €90,135,419.94 (- €61,797,023.86)

- **Stocks and contracts in progress: €15,133,219.69 (+ €370,848.39)**

The item covers supplies relating to "electricity", "gas", and "mixed" and, since 2015, "public lighting".
Movements in "mixed" supplies (+ €0.1 M), "gas" supplies (+ €0.2 M) and "public lighting" supplies (+ €0.8 M) are up, while "electricity" supplies (- €0.7 M) are down.

- **Amounts receivable within one year: €55,413,637.75 (- €66,274,741.58)**

Most of the heading concerns trade receivables, amounting to €45,157,335.40.

This amount, taken as a whole, is down by €59,194,577.39. The big drop in the amount is due largely to the fact that the CMS was launched at the end of 2021, which led 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 for that year.

The breakdown is as follows (in € M):

27.6	for the billing of the grid fee and works (- €61.6 M)
8.7	for the invoicing of miscellaneous and ancillary services (+ €2.9 M)
0.8	for invoices to be issued (+ €0.1 M)
32.9	of doubtful debts excluding grid fee (- €0.2m)
- 24.8	for write-downs on receivables within the framework of the ruling obtained by the Anticipated Decisions Service (ADS) of FPS Finance (- €0.4 M)
45.2	

This heading also includes miscellaneous receivables in the amount of €10,256,302.35.

This amount is down by €7,080,164.19.

The breakdown is as follows (in € M):

0.0	for taxes and withholding taxes to be recovered (- €2.0 M)
7.7	for cash advances in Atrias (- €0.5 M)
1,7	for the enablement of "public service missions" and subsidies (- €3.7 M)
0.2	for a claim on Brussels Environment as part of the SolarClick programme (- €0.2 M)
0.6	for damage to the networks (- €0.7 M)
10.3	

- **Current investments and cash at bank and in hand: €10,182,912.04 (+ €3,291,249.78)**

These are term investments of €0.1 M (- €0.9 M) and cash at bank and in hand of €10.2 M (+ €3.3 M).

As is the case for the decrease in trade receivables, the increase in cash investments is mainly linked to the launch of the CMS at the end of 2021 and the delay that this caused in the invoicing of November 2021. This effect made it possible, without additional financing in 2022, to cover Sibelga's liquidity needs to cope with the increase in costs linked to indexation and the energy crisis, as well as the financing needs linked to an investment that exceeds depreciation.

- **Deferred charges and accrued income: €9,296,904.45 (+ €1,707,162.38)**

The remaining amounts are mainly related to:

- charges to be deferred on multi-year invoices for €4.8 M (- €0.4 M), in compliance with accounting and tax law;
- €0.4 M (- €0.2 M) in income accrued from work carried out;
- accrued income from the CREG for the special social tariff for €2.3 M (+ €1.4 M);
- accrued income from Brussels Environment for €1.4 M (+ €1.0 M)
- miscellaneous accrued income of €0.4 M (+ €0.1 M).

Liabilities

Equity: €859,748,779.05 (-€8,117.09)

- **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: €179,796,653.72 (- €8,168,614.14)**

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: €96,693,634.15 (+ €8,168,614.14)**

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).

- **Capital grants: €3,058,491.18 (-€8,117.09)**

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: €20,712,585.59 (+ €2,613,995.73)

- **Provisions for risks and charges: €19,693,088.57 (+ €2,616,701.39)**

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 M (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: €15.9 M (+ €2.7 M). This is the financial coverage of the difference between the allocated energy volumes (ex ante) and the measured energy volumes (ex post) in reconciliation.
- Cogeneration: €1.0 M (- €0.1 M). This provision covers non-routine maintenance and repairs to our cogeneration facilities.

- **Deferred taxes: €1,019,497.02 (- €2,705.66)**

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: €476,607,085.94 (- €52,094,485.62)

- **Amounts payable after more than one year: €27,169,084.97 (- €102,058,744.31)**

The heading consists of the following items:

- the bond issue: €0 M (- €100 M). As the latter matures in May 2023, it has been reclassified under current liabilities;
- bank loans: €24 M (s.q.). In June 2021, Sibelga obtained funding for €24 M (see above), €12 M of which will mature in June 2031 and €12 M in June 2036;
- the “pensions” credit line: €3.1 M (- €2.0 M). 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 M (s.q.).

- **Amounts payable within one year: €223,940,914.18 (+ €77,070,989.03)**

The heading is essentially made up of four elements:

- debts payable after more than one year falling due within the year: €102.0 M (+ €99.5 M);
- trade debts: €62.3 M (- €19.4 M);
- tax, remuneration and social security debts: €6.6 M (- €1.7 M);
- other debts: €53.0 M (- €1.4 M).

The debts payable after more than one year falling due within the year, which are up, are reduced by the transfer of the share of long-term debts to short-term debts. These increase following the reduction of debts with a maturity of more than one year and in particular for the €100 M bond maturing in May 2023 (see comments above).

Trade payables are down mainly under the suppliers item: €38.8 M (- €15.1 M). This sharp decrease is a return to normal after the launch of Atrias at the end of 2021, which caused a delay in customer billing. As a result, the pace of supplier payments had also been slowed down in order to maintain a sufficient level of cash flow.
Trade receivables with a credit balance also decreased to a lesser extent and represent €0.6 M (- €0.4m). Invoices and credit notes receivable: €22.9 M (+ €3.9 M) complete the heading.

Tax liabilities amount to €6.6 M (- €1.7 M) and are mainly composed of an estimated tax adjustment of €5.9 M (+ €2.7m) and VAT payable of €0.6 M (- €4.4 M).

The other debts cover mainly the dividends to the associates rounded up to: €42.3 M (+ €3.0 M), the balance of the municipal fees for occupation of the public domain due to the municipalities: €5.6 M (- €2.8 M), the share due to Brussels Environment for the Energy Guidance Fund and the Energy Policy Fund: 1.9 M (- €3.3 M), an amount of €0.1 M (s.q.) within the framework of the lighting plan and an amount of €1.0 M for the balance of the TSO fee due to Elia (- €0.2 M), as well as an amount of €2.1 M (+ €2.0 M) towards the CREG, the increase of which is explained by advances received within the framework of the extension of the social tariff for people (BIM) benefiting from a higher allowance to the mutual insurance company.

- **Deferred charges and accrued income liabilities: €225,497,086.79 (- €27,106,730.34)**

The heading is broken down into:

- expenses to be charged: 4.1 M (+ €1.5 M) relating to financial expenses of €2.0 M (s.q) and miscellaneous operating expenses of €2.1 M (+ €2.0 M), the increase in which is mainly related to a provision for invoices to be received in connection with a project linked to the deployment of Smart meters;
- deferred income: €221.4 M (- €28.6 M) relating almost exclusively to the regulatory debt for non-controllable activities (= regulatory balances).

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

Activities	Electricity	Gas	Total
Innovative projects	0.9 (- 0.3)	0.4 (s.q.)	1.3 (- 0.3)
Accelerated depreciation of meters	4.3 (- 2.0)	-	4.3 (- 2.0)
Meter depreciation reserve	18.7 (s.q.)	-	18.7 (s.q.)
MSP differences	0.0 (- 0.3)	2.0 (+ 1.1)	2.0 (+ 0.8)
"20-24" quality incentive regulation	1.3 (- 0.3)	0.6 (- 0.2)	1.9 (- 0.5)
"20-24" tariff smoothing	26.7 (- 7.0)	-	26.7 (- 7.0)
"25-29" tariff reserve	33.4 (s.q.)	-	33.4 (s.q.)
Gas volumes	-	16.3 (- 0.4)	16.3 (- 0.4)
L/H conversion	-	16.6 (- 1.0)	16.6 (- 1.0)
To be allocated	21.5 (- 7.1)	77.3 (- 11.7)	98.8 (- 18.8)
Total	**106.8 (- 16.9)**	**113.2 (- 12.1)**	**220.1 (- 29.0)**

Comments:

This year, balances decreased significantly at the end of 2022.
The regulator's intention is to reduce them over time.
For the electricity business, substantial amounts were used in 2022 for the smoothing of "20-24" tariffs (€7.0 M) and accelerated meter depreciation (€2.0 M). It should also be noted that an allocation of €10.9 M from unallocated balances to the MSP gaps in 2022 allowed €11.1 M to be used in the same year. At the same time, 2022 allowed an allocation to the balances to be assigned for €3.8 M, with a net decrease on the balances to be assigned of €7.1 M.

For the gas business, amounts were used in 2022 for the L/H conversion (- €1.0m); while an allocation to MSP variances was made for €1.1 M as costs were ultimately lower than budgeted. Finally, we note the use of the balances to be allocated at a rate of €11.7 M mainly relating to the depreciation of BP gas meters as well as its exceptional correction of the past charge.

Despite the marked reduction in the balances this year, 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 issue of potential stranded gas assets following the expected decarbonisation in 2050.

The balance of the item, amounting to €1.3 M (+ €0.4 M), concerns income to be carried forward relating to subsidies for €0.8 M (+ €0.3 M), works and rents for €0.4 M (+ €0.1 M).

Overall, debts will fall from €528,701,571.56 at the end of 2021 to €476,607,085.94 at the end of 2022, i.e. a decrease of €52,094,485.62.

1.2. Income statement

Overall, Sibelga shows a profit of €42,322,637.43 for financial year 2022, compared with €39,367,744.35 for the previous financial year, an increase of €2,954,893.08. This is explained in the comments below.

Sales and services: €390,583,157.29 (+ €28,434,320.96)

These are impacted:

- by turnover (€365.4 M/+ €23.8 M)
- by other operating income (€25.2 M/+ €4.7 M)
- by non-recurring operating income (insignificant)

Turnover

This item mainly concerns the invoicing of the grid fee to energy suppliers for an amount of €324.7 M (- €0.5 M).

This amount was increased by €29.0 M (+ €24.8 M) 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).

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

- **For the electricity business**, it covers 676,666 active supply points (ASPs).

The quantities invoiced were 3,958,535,067 kWh, which corresponds to a decrease of 4.06% compared to the previous year. It should be noted that metered energy (energy consumed but not read) has not been taken into account. This observation is made in the context of rational use and saving of energy, particularly in view of the surge in energy prices, as well as in the context of a growing number of solar panels allowing self-consumption.

These quantities enabled the intermunicipal company to invoice €218,780,582.05 (including the municipal fees for occupation of the public domain of €22,155,366.57), which is an increase of 2.45%. This increase in revenue, despite a slight decrease in quantities, can be explained by three main factors:

a. the distribution of consumption among the different customer categories (LV customers[1], accounting for 76% of revenues and having the highest proportional tariff, compared to 75% in 2021, despite a 1% drop in consumption).

b. The 2022 rates are slightly higher than the 2021 rates.

c. 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 435,330 active supply points (ASP).

The quantities invoiced were 9,265,160,823 kWh, which corresponds to a reduction of 9.88%. Metered energy has not been taken into account.

The degree days for 2022 amount to 1,922. They are below the level of the previous year (2,286), i.e. a drop of 15.92%, which explains the reduction in quantities. They are 15.14% below the tariff proposal standard (2,265).

These quantities enabled the intermunicipal company to invoice €105,902,233.99 (including the municipal fees for occupation of the public domain of €12,076,528.70), which is a drop of 5.12%.

The evolution of the quantities invoiced is marked by:

- a 51.2% decrease in quantities for customers consuming less than 5,000 kWh/year;
- a 1.2% decrease in quantities for customers consuming between 5,000 and 150,000 kWh/year;
- a 17.5% decrease in quantities for customers consuming between 150,000 and 1,000,000 kWh/year;
- a 22.0% decrease in quantities for customers consuming 1 to 10 GWh/year;
- a 12.8% decrease in quantities for customers consuming more than 10 GWh/year (remotely metered).

6 LV customers, for Low Voltage, non-peak and LV unmetered customers, who more closely represent typical residential customers

The "turnover" heading also includes (in € M):

substation fees charged to Elia, Iverlek and Sibelgas	1.8	(s.q.)
energy sales to protected customers	2.5	(- 2.0)
sales of heat (cogeneration) and sales of green certificates	5.9	(+ 2.3)
work on behalf of third parties	0.7	(- 0.4)
study fees charged	0,3	(- 0.1)
expenses charged to subsidiaries	0.4	(- 0.3)
rental of gas appliances	0.1	(s.q.)
	11.7	**(- 0.5)**

The decrease in gas sales to protected customers 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.

The increase in heat sales (cogeneration) (€1.0m) is mainly due to the start-up of the Archives du Royaume cogeneration plant in December 2021.
As for the sale of green certificates, which increased (+ €1.3 M), this can be explained by several factors: In 2022, Sibelga benefited from the income from two years of certificate production, those of 2021 and 2022, while in 2021 the income corresponded to the sale of those produced in 2020. However, despite the fact that Sibelga sold two years of production in 2022 compared to one in 2021, the income did not double as most of the CVs produced in 2021 and 2022 were not sold but valued at a unit price of €65, the minimum price guaranteed by Elia, while in 2021 the certificates were sold at an average of €90.32.

In summary, the turnover for financial year 2022 was €365,367,203.58 compared to €341,565,041.64 for the previous financial year (after adjustments for non-controllable balances), i.e. an increase of €23,802,161.94, mainly due to the use of regulatory balances (see explanations above).

Other operating income

The turnover is supplemented by other operating income, which amounted to €25,183,433.17 compared to €20,523,055.60 in the previous financial year, i.e. an increase of €4,660,377.57.

This other income mainly concerns (in € M):

		Variation
invoicing of services (fairs and festivities, opening and closing of meters, work without provision, fraud and breaking of seals, repair of damage)	5.9	(- 1.1)
recovery of administrative costs (fraud, breach of seals)	0.7	(+ 0.1)
recovery of management fees	0.5	(s.q.)
compensatory allowances (forgotten meters, fraud, breach of seals)	9.2	(+ 4.0)
operating subsidies (NRClick and SolarClick programmes)	5.0	(+ 1.4)
user fees and cost recovery	1.5	(+ 0.1)
capital gains on the disposal of tangible fixed assets	1.2	(+ 0.4)
claims recoveries	0.1	(- 0.1)
various recoveries	1.2	(- 0.1)
	25.2	**(+ 4.7)**

The decrease in billings for services (- €1.1 M) is explained by a decrease in billings for meter opening and closing services (mainly Move-In), by the billing of migration and transition services for Smartrias, which took place in 2021 and not in 2022, and by a decrease in billings for the Customer Works service.

The increase in compensation (+ €4.0 M) is due to higher billings for fraud and breach of seals in 2022 (+ €2.9 M), and Delta CREG compensation (+ €1.1 M).

Non-recurring operating income

The "non-recurring operating income" item (formerly extraordinary income) amounted to €32,520.54 compared to €60,739.09 in the previous financial year, a decrease of €28,218.55. 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: €328,406,048.61 (+ €23,853,978.33)

Supplies and goods: €42,136,114.99 (+ €6,769,710.59)

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 €19.6 M, which increased overall by €2.1 M. This increase is mainly due to the increase in purchases of supplies for "public lighting" (+ €2.1 M), while purchases of "gas" (+ €0.1 M) and "mixed" supplies (+ €0.2 M) have increased to a lesser extent and purchases of "electricity" have decreased (- €0.4 M)

- **Energy purchases** complete the purchases heading for an amount of €23.2 M, an increase of €5.1 M.

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

Activities	Electricity	Gas	Total	Variation
The deregulated market	- 0.6	- 1.1	- 1.7	- 0.2
Protected customers	1.4	1.0	2.4	- 4.2
Network losses	5.5	-	5.5	+ 1.3
Public lighting	15.0	-	15.0	+ 8.7
Cogeneration	-	2.0	2.0	- 0.5
Total	**21.3**	**1.9**	**23.2**	**+ 5.1**

The financial reconciliation between the players in the deregulated market for financial years 2018 (final reconciliation), 2019 and 2020 (provisional reconciliation) enabled Sibelga to recover an amount of - €1.1 M for the “gas” activity compared with a recovery of - €1.0 M last year (- €0.1 M). For the financial reconciliation relating to the “electricity” activity, Sibelga recorded a recovery of - €0.6 M compared with a recovery of - €0.5 M last year (- €0.1 M).

Electricity purchases for protected customers, network losses and public lighting amounted to €21.9 M, an overall increase of €9.8 M compared with the previous year. This increase is mainly due to purchases related to public lighting (+ €8.7 M) and the purchase of network losses (+ €1.3 M). The increase for public lighting is due to the fact that the market strategy for public lighting decided well before the energy crisis had opted for a spot price, which had a very significant effect due to the price increases in 2022. The increase in costs for the purchase of network losses is due to the increase in quantities purchased following the complete renovation of the cogeneration installation at the Quai des Usines which was shut down for most of 2022.

Gas purchases for protected customers and for cogeneration amounted to €3.0 M, a decrease of €4.6 M, mainly for the “protected customers” activity (- €4.0 M). This is due to the fact that Sibelga had to, exceptionally, supply some 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 €1.1 M compared with a negative charge of €0.6 M in the previous financial year, i.e. an increase in negative charges of almost €0.6 M.

Miscellaneous services and goods: €201,267,079.61 (+€2,229,387.35)

This heading accounts for almost 2/3 of all operating expenses. Overall, it increased by 1.12%.

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

Activities	Charges	Variation
Management invoices (BNO)	128.5	+ 10.8
Subcontractor (maintenance & repairs)	53.5	- 2.6
Third-party services	49.5	- 3.9
The municipal fees for occupation of the public domain	34.2	- 1.4
Direct purchases	11.6	- 2.5
Licences	10.2	+ 2.9
Telephone and postal charges	1.9	- 0.2
Miscellaneous fees	0.5	- 0.4
Insurance	0.9	+ 0.1
Energy for own use	1.0	+ 0.3
Contributions	0.7	+ 0.1
Advertising and information	0.6	+ 0.1
Transport-related costs	1.1	+ 0.3
Costs transferred to property, plant and equipment	- 95.1	- 0.9
Sub-total	199.2	+ 2.7
Other miscellaneous	2.1	- 0.4
Total	**201.3**	**+ 2.2**

Comments:

- Management invoices (BNO).

These invoices represent the largest expense under this heading at €128.5 M, an increase of €10.8 M.

Note the following significant points:

- services and other goods factored in by BNO for €7.1 M, an increase of €0.6 M compared to the previous year. This increase is the result of various factors; however, it should be noted that almost half of this increase can be attributed to the improved health situation in 2022 leading to an increase in seminar and team building costs;
- remuneration, social security charges and pensions of €120.0 M were up by €9.3 M on the previous year.

  This was mainly due to the index increasing by 11.0% during the year. In fact, the number of BNO staff increased by only 0.50% if we take into account the average number of staff over the whole year.

  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 provision increased by €0.8 M due to allocations, uses and reversals.
- the balance recognised concerns:
  - taxes for €2.1 M, an increase of €0.4 M;
  - recovered costs of - €1.6 M, an increase of €0.2 M.

- Subcontracting involved in **maintenance and repair work** for €53.5 M is down by €2.6 M. It should be noted that this expense is partly attributable to investments and partly to operations. The portion attributable to investments, for its part, is transferred to property, plant and equipment (see below);

- **Third-party services** remain an important item with an expense of €49.5 M, a decrease of €3.9 M. They mainly cover the use of IT consultancy;

- **The municipal fees for occupation of the public domain** amounted to €34.2 M, a decrease of €1.4 M. We have seen above that the quantities distributed decreased by 4.06% for electricity and 9.88% 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:

  - €22.2 M for electricity, a decrease of €0.4 M;
  - €12.1 M for gas, a decrease of €1.0 M;

- **Direct purchases** amounted to €11.6 M, a decrease of €2.5 M. 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);

- **Licences** for an amount of €10.2 M, an increase of €2.9 M;

- **Telephone and postal charges** of €1.9 M, a decrease of €0.2 M;

- **Miscellaneous fees** for an amount of €0.5 M, down by €0.4 M. This decrease is mainly due to the removal of CRC fees at the end of 2021 (- €0.5 M);

- **Insurance** for an amount of €0.9 M, an increase of €0.1 M;

- **Energy costs for own use** amounted to €1.0 M, an increase of €0.3 M;

- **Miscellaneous contributions** for an amount of €0.7 M, an increase of €0.1 M;

- **Advertising and information costs** for an amount of €0.6 M, an increase of €0.1 M;

- **Transport costs** for an amount of €1.1M, an increase of €0.3 M;

- **The costs transferred to tangible fixed assets** of - €95.1 M are up by - €0.9 M. 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 €2.1 M, down €0.4 M.

Remuneration, social security and pensions: €27,076.92 (+ €1,366.65)

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

Depreciation and write-downs on tangible fixed assets: €67,134,430.36 (+ €4,006,528.77)

This corresponds to an increase of 6.3%. Let us assume that depreciation and write-downs are the self-financing of our investments. In relation to net investments (excluding subsidies), the self-financing deficit is €29.5 M for the “electricity” business. For the "gas" business, we have a bonus of €10.1 M. There is therefore a self-financing deficit linked to investment of €19.4 M.

It should be noted that the capitalisation of the RAB resulted in a capital gain. This is depreciated at the same rate as the underlying assets; note an increase in the depreciation of the capital gain of €0.5 M on the technical installations.

It should also be noted that depreciation on the acquisition value of the RAB increased by €3.5 M. This is due to an increase in the depreciable base and a decrease in the average depreciation period but also the correction of the depreciation rate for gas meters to 6% instead of 3%.

Write-downs on inventories and trade receivables: €1,742,440.27 (+€2,514,111.77)

- **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 €0.8 M, corresponding to an increase in the charge of €0.5 M. This is due in particular to the 80% write-down of the first-generation smart meters still in stock, which are being replaced by new models.

- **Trade receivables** represent an expense of €1.0 M;

During the year, we recorded write-downs on trade receivables relating to our miscellaneous and ancillary activities amounting to €8.0 M (s.q.)

We also used and reversed previously recorded impairments for amounts of € - 3.5 M (both reversals and uses).

In summary, the movements on the write-downs on trade receivables constitute a negative charge of €1.0 M and are as follows:

(in € M)	2022	2021	delta (impact on results)
Appropriations	8.0	8.1	(s.q.)
Uses	- 3.5	- 5.2	+ 1.6
Reversals	- 3.5	- 4.0	+ 0.5
Total	**1.0**	**- 1.1**	**+ 2.1**

Provisions for risks and charges: € 2,648,969.53 (+ €3,959,283.91)

These represent a charge of €2,648,969.53 compared to a negative charge of - €1,310,314.38 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 €3.2 M compared to €0.4 M during the previous financial year subsequent to a marked increase in unmeasured and out-of-contract consumption;

- with regard to the use of provisions, they mainly concern the "rest term" for - €0.5 M (- €0.3 M). It should be noted, however, that the provision was used for cogeneration this year for almost - €0.1 M, unlike the previous year when it was not used;

- there were no reversals of provisions in 2022, unlike the previous year when a reversal of - €1.5 M was made in respect of the "rest term".

In summary, the movements in provisions are as follows:

(in € M)	2022	2021	delta (impact on results)
Appropriations	3.2	0.4	+ 2.7
Uses	- 0.5	- 0.2	- 0.3
Reversals	-	- 1.5	+ 1.5
Total	**2.6**	**- 1.3**	**+ 4.0**

Other operating expenses: €7,017,267.06 (- €2,020,977.75)

This heading covers mainly two items:

- €2.7 M in **losses on the disposal of tangible fixed assets**, mainly due to demolitions. These remained stable;
- **losses on the realisation of trade receivables**, which are recognised at €4.1 M in accordance with accounting and tax law. These are down by €2.1 M. It should be remembered here that almost all of the charge relates to claims for fraud and out-of-contract consumption.

Non-recurring operating expenses: €6,432,669.87 (+ €6,394,567.04)

Non-recurring operating expenses increased significantly due to the correction of the depreciation rate for gas meters (6% instead of 3%) for the years 2020 and 2021.

This year, they concern the cleaning of sites, for €31 K against €37 K during the previous financial year.

The operating result amounts to €62,177,108.68 compared to €57,596,766.05 in the previous year.

This operating result increased by €4,580,342.63. The summary table below gives the main trends:

(in € M)	2022	2021	Impact result
Turnover	365.4	341.6	+ 23.8
Other income	25.2	20.5	+ 4.7
Non-recurring income	0.0	0.1	- 0.0
Subtotal income	390.6	362.1	28.4
Provisions	42.1	35.4	+ 6.8
Miscellaneous services and goods	201.3	199.0	+ 2.2
Depreciation	67.1	63.1	+ 4.0
Write downs	1.7	- 0.8	+ 2.5
Movements on provisions	2.6	- 1.3	+ 4.0
Other expenses (losses)	7.0	9.0	- 2.0
Non-recurring expenses	6.4	0.0	+ 6.4
Sub-total expenses	328.4	304.5	23.9
Operating income	62.2	57.6	4.6

The financial result is an expense. The operating result amounts to €3,174,911.67 compared to €3,129,831.23 in the previous year.

The financial result decreased by €45,080.44.

Financial income increased from €254,797.82 to €321,689.33 (+ €66,891.51). This is mainly made up of interest on advances (€132 K), interest on arrears claimed from customers (€56 K), and reversals of capital subsidies (€122 K).

Financial expenses increased from €3,384,629.05 to €3,496,601.00 (+ €111,971.95). Most of the expenses are found in the debt expenses with the payment of the ninth coupon of the bond (€3.2 M), plus the interest on the bank loans contracted in June 2021 (€0.2 M), an increase compared to 2021, when only 6 months of interest accrued on bank loans.

The profit for the year before tax amounts to €59,002,197.01 compared to €54,466,934.82 in the previous year.

Withdrawals from deferred taxes

This item amounts to €40,756.74 (+ €2,104.99). 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 €16,720,316.32 (+ €1,582,474.10). The content of the heading is explained by:

- (negligible) **chargeable withholding taxes**;
- **advance tax payments**, which amounted to €13.0 M, as in the previous year;
- the estimated **additional tax** for the past year is + €3.7 M, i.e. (+ €1.6 M) compared to the previous year.

The increase in the "income tax" item for the year is mainly due to the improved result in 2022 (+ €3.0 M), the increase in unavailable reserves as a result of the write-off of the RAB capital gain (+ €1.5 M), a smaller increase in tax reserves due to a reduction in reversals of write-downs recorded under the corporate income tax regime (+ €0.5 M) and an increase in the non-allowable tax expense (+ €1.6 M):

(in € M)	
Change in the accounting result for the year	+ 3.0
Unavailable reserves – Amortised capital gains	+ 1.5
IPM write-downs: increase (-), decrease (+)	+ 0.5
Increase in disallowed expenditure taxes	+ 1.6
Difference in taxable base 2022–2021 at standard rate	+ 6.6
Tax (25%) on the taxable base difference	**+ 1.6**

The profit for the year amounts to €42,322,637.43 compared to €39,367,744.35 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 €42,322,637.43.

It is proposed to the Ordinary General Meeting of 20 June 2023 to distribute a dividend of €42,322,637.43 corresponding to the profit for the year.

This proposal is in line with the Belgian Company and Associations Code (CSA) articles 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.

The payment of this amount will be made at the end of June 2023.

1.3. Financing table

This summary table represents all the resources mobilised during the financial year and the use made of them.

Cash flow statement 31.12.2022 (€M)	**Détail**	**Total**
Cash flow from "operating activities"		
Result of the financial year	42.3	
Undisbursed expenses	81.2	
Evolution of the working capital	6.6	
Cash flow from "operating activities" = (A)		130.2
Cash flow from "investment activities"		
Investments in the financial year	- 88.5	
Divestment	2.7	
Cash flow from "investment activities" = (B)		-85.8
Cash flow from "financing activities"		
Capital		
- increase	0.0	
- reduction	0.0	
Capital grants	0.0	
LT debts		
- increase	0.0	
- reimbursement	- 2.5	
Dividends paid	- 39.4	
Cash flow from "financing activities" = (C)		-41.9
Net cash flow = (A) + (B) + (C)		2.4
Cash and cash equivalents		
Start of period = (S)		7.9
End of period = (E)		10.3
Delta = (E) - (S)		2.4

2. Information on significant events after the year-end

In March 2023, Sibelga reached an agreement with investors on the USPP market for a €190 M bond to refinance the company's €100 M bond issue and to meet the challenges of the energy transition. These funds will be made available to Sibelga during May 2023, and will be repaid after a period of 10 years.

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. Air climate energy plan and strategic plan

The Brussels Capital Region's Air Climate Energy Plan (PACE) is the regional roadmap for action on climate change. It lists the measures to achieve carbon neutrality by 2050 with an intermediate milestone in 2030. A new version of the PACE will be defined in 2023 and will guide Sibelga's actions as a partner in the energy transition. In 2023, Sibelga has drawn up a new strategic plan which sets out the challenges to be met and the strategic priorities.

This new strategy is part of our mission to ensure reliable and quality access to energy for all Brussels customers. Sibelga has defined three strategic priorities in order to achieve this mission while working towards its vision of being a partner in an energy transition that is accessible and affordable for everyone.

These three strategic priorities consist of:

- Integrating new energy uses into networks and markets;
- Facilitating the energy transition for all our customers;
- Striving for efficiency in our processes, systems, data and organisation.

3.3. 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.

3.4. 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 64.93% for the electricity business and 75.35% for the gas business. It is not out of the question that this S coefficient 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.

3.5. 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

In view of the major challenges facing the energy sector, linked in particular to the need for decarbonisation, a growing share of renewable and intermittent electricity production, changes in usage (mobility, heating) and rising energy prices, it is increasingly necessary for Sibelga to be at the forefront of knowledge of developments in these fields.

Among the various research and development activities underway at Sibelga, we should mention

- **Ongoing studies and projects on hydrogen:**
  Hydrogen as a new decarbonised energy carrier (if it is produced without CO2 emissions) is emerging, in a decarbonised economy and thanks to the possibility of storing it, as an essential complement to green electricity.
  For Brussels' energy needs, it is still unclear what role hydrogen will play and under what conditions the natural gas distribution network can be reused or converted for hydrogen distribution.
  In order to acquire knowledge in this field, Sibelga is currently studying the possibility of installing a hydrogen *living lab* on one of its sites. This *living lab*, which would be a partnership with other industrial players and academics, would enable Sibelga to test the adaptability of its network to hydrogen distribution.
  In addition, Sibelga, in collaboration with the Belgian transmission system operator Fluxys Belgium, is exploring the feasibility of deploying a *hydrogen backbone* in Brussels (in order to eventually supply Brussels consumers) and to support the Brussels public transport company, STIB, in the implementation of a hydrogen refuelling station for a future fleet of hydrogen buses.
- **Research, in collaboration with academics, on the feasibility of heat networks in selected neighbourhoods in Brussels**
- **Studies on demand flexibility in the low-voltage networks** (in cooperation with the other Belgian network operators)

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 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 genders if they have more than one mandate.

Currently, the Board of Directors is composed of 9 women and 19 men.

6. Information on the existence of company branches

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

If the intermunicipal company still has cash surpluses during the financial year, it follows a prudent policy of investing these surpluses in cash or bond mutual funds with an extremely low risk (AAA or AA ratings) or in term accounts.

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

This concludes our comments on the 2022 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 Boris DILLIES, who has resigned; the municipality of Uccle has appointed Mr Michel COHEN to replace him; Mr Cohen is also taking over the function of member of the Steering Committee from Mr DILLIES.
- a director to complete the mandate previously held by Mrs Valérie COPS, who has resigned; the municipality of Auderghem has appointed Mrs Stéphanie PAULISSEN to replace her.
- a director to complete the mandate previously held by Mr Orhan AYDIN, who has resigned; the municipality of Jette has appointed Mr Christophe KURT to replace him.

2. Discharge

We kindly ask you to discharge your directors and auditors from their duties during financial year 2022 by means of a special vote.

Brussels, 16 May 2023
The Board of Directors

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

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 2022, the income statement for the year ended 31 December 2022 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 21 June 2022, 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 2024. We performed the statutory audit of the Annual Accounts of the Company during 10 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 2022, the income statement of the year and the disclosures, which show a balance sheet total of € 1,357,068,451 and of which the income statement shows a profit for the year of € 42,322,637.
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 2022, 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 risk premium, the application of a coefficient considering the ratio of equity to the RAB), 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 to be decided by the general meeting of 20 June 2023 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, 30 May 2023

Ref. 23CSD0045

Annual accounts

Assets

	Codes	31/12/22	31/12/21
FIXED ASSETS	**21/28**	**1,266,933,030.64**	**1,254,624,613.76**
II. Intangible fixed assets	**21**	**2,039,440.00**	**0,00**
III. Tangible fixed assets	**22/27**	**1,260,852,659.39**	**1,250,583,702.19**
A. Land and buildings	22	69,687,576.32	69,732,201.97
B. Plant, machinery and equipment	23	1,138,702,227.75	1,127,491,872.27
C. Furniture and vehicles	24	52,285,670.49	53,160,084.90
D. Other tangible fixed assets	26	177,184.83	199,543.05
IV. Financial fixed assets	**28**	**4,040,931.25**	**4,040,911.57**
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	18,958.01	18,938.33
1. *Shares*	*284*	*288.33*	*288.33*
2. *Amounts receivable and cash guarantees*	*285/8*	*18,669.68*	*18,650.00*
CURRENT ASSETS	**29/58**	**90,135,419.94**	**151,932,443.80**
VI. Stocks and contracts in progress	**3**	**15,133,219.69**	**14,762,371.30**
Stocks	30/36	15,133,219.69	14,762,371.30
Raw materials and consumables	*30/31*	*15,133,219.69*	*14,762,371.30*
VII. Amounts receivable within one year	**40/41**	**55,413,637.75**	**121,688,379.33,**
Trade debtors	40	45,157,335.40	104,351,912.79
Other amounts receivable	41	10,256,302.35	17,336,466.54
VIII. Current investments	**50/53**	**108,746.01**	**1,000,288.84**
Other current investments	51/53	108,746.01	1,000,288.84
IX. Cash at bank and in hand	**54/58**	**10,182,912.04**	**6,891,662.26**
X. Deferred charges and accrued income	**490/1**	**9,296,904.45**	**7,589,742.07**
TOTAL ASSETS	**20/58**	**1,357,068,450.58**	**1,406,557,057.56**

Commentary on the assets

Intangible fixed assets

This heading includes green certificates.

Tangible assets

This item records the value of tangible fixed assets, less customer interventions and depreciation.

Financial fixed assets

Related companies – Shareholdings

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

Companies with which there is a shareholding link – Shareholdings

Subscription of 62 shares in the share capital of Atrias.

Other financial assets

Shares and units

Subscription of a share in Laborelec.

Receivables and cash guarantees

Various guarantees.

Stocks and contracts in progress

Stocks – Supplies

Valuation of the warehouse stock located at Quai des Usines.

Amounts receivable within one year

Trade receivables

- Receivables related to the "Access & Transit" activity (€27,560,729.73 / €89,147,905.44).
- Receivables for electricity and gas supplies, radiator rentals, works and miscellaneous (€8,706,609.58 / €5,763,126.10).
- Doubtful debts for the supply of electricity and gas, radiator rentals, works and miscellaneous (€32,865,959.68 / €33,079,079.40).
- Write-down of bad debts (€-24,776,334.22/ €-24,328,580.89).
- Various amounts to be regularised (€800,370.63 / €690,382.74).

Other receivables

- Enrolment for the financing of Public Service Missions in accordance with Article 26 of the Electricity Ordinance of 19 July 2001 and Article 20 septies of the Gas Ordinance of 1 April 2004 (€1,742,205.60 / €5,402,705.36).
- Amount of VAT to be recovered (€178.00 / €0.00).
- Energy contribution to be recovered (€0.00 / €5,268.59).
- Deferral of advance payments (€0.00 / €2,000,000.00).
- Cash advances to Atrias (€7,690,192.21 / €8,157,792.21).
- Advance payments to Brussels Environment for Click projects €230,354.04 / €436,055.63
- Claims for damage to the network (€592,235.89 / €1,300,573.88).
- Doubtful debts concerning damage (€617,544.35 / €100,752.43).
- Write-offs for bad debts (€-617,544.35 / €-100,752.43).
- Federal contribution to be recovered from the CREG (€0.00/ €39,301.13).
- Advance payment from Interfin (€599.11 / €32,417.69).
- Various amounts still to be recovered (€537.50 / €1,653.18).

Cash investments

Other investments

Status of investments with banks.

Available securities

Situation of current accounts opened with various banks.

Deferred charges and accrued income

- Charges to be carried forward (€4,784,179.16 / €5,269,698.95).
- Earned income (€4,512,725.29 / €2,320,043.12).

Liability

	Codes	31/12/22	31/12/21
EQUITY	**10/15**	**859,748,779.05**	**859,756,896.14**
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**	**179,796,653.72**	**187,965,267.86**
IV. Reserves	**13**	**96,893,634.15**	**88,725,020.01**
A. Reserves not available	130/1	96,893,634.15	88,725,020.01
1. Reserves statutorily not available	*1311*	*200,000.00*	*200,000.00*
2. Other	*1319*	*96,693,634.15*	*88,525,020.01*
Investment grants	**15**	**3,058,491.18**	**3,066,608.27**
PROVISIONS AND DEFERRED TAXES	**16**	**20,712,585.59**	**18,098,589.86**
VII. A. Provisions pour risques et charges	**160/5**	**19,693,088.57**	**17,076,387.18**
4. Environmental obligations	*163*	*2,760,302.07*	*2,792,570.21*
5. Other liabilities and charges	*164/5*	*16,932,786.50*	*14,283,816.97*
Deferred taxes	**168**	**1,019,497.02**	**1,022,202.68**
AMOUNTS PAYABLE	**17/49**	**476,607,085.94**	**528,701,571.56**
VIII. Amounts payable after more than one year	**17**	**27,169,084.97**	**129,227,829.28**
A. Financial debts	170/4	24,000,000.00	124,000,000.00
1. Unsubordinated debentures	*171*	*0.00*	*100,000,000.00*
2. Credit institutions	*173*	*24,000,000.00*	*24,000,000.00*
D. Other amounts payable	178/9	3,169,084.97	5,227,829.28

IX. Amounts payable within one year	**42/48**	**223,940,914.18**	**146,869,925.15**
A. Current portion of amounts payable after more than	42	102,043,744.31	2,520,877.07
C. Trade debts	44	62,322,820.54	81,704,027.45
1. Suppliers	*440/4*	*62,322,820.54*	*81,704,027.45*
D. Advances on contracts in progress	46	19,481.25	15,952.25
E. Taxes, remuneration and social security	45	6,585,414.24	8,274,089.28
1. Taxes	*450/3*	*6,585,414.24*	*8,274,089.28*
F. Other amounts payable	47/48	52,969,453.84	54,354,979.10
X. Deferred charges and accrued income	**492/3**	**225,497,086.79**	**252,603,817.13**
TOTAL LIABILITIES	**10/49**	**1,357,068,450.58**	**1,406,557,057.56**

Commentary 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

Gains from revaluation of the book value of property, plant and equipment.

Reservations
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.

Unavailable reserves - Other

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

Capital grants

Grants received for investments.

Provisions and deferred taxes
Provisions for risks and charges
Environmental obligations

Provision made to cover the costs of remediation of various sites.

Other risks and expenses

"Rest-term" provisions to cover the difference between the reconciliation and the allocation of the volumes distributed, the latter being borne by the GRD (€15,888,691.15 / €13,189,068.55).

Provision made to cover the risks of breakdowns in the various cogeneration installations (€1,044,095.35 / €1,094,748.42).

Deferred taxes

Share of taxes on capital grants received for investments.

Amounts payable after more than one year
Financial debts
Unsubordinated bonds

Bond issue dated 23/05/2013 for a period of 10 years (€0.00 / €100,000,000.00).

Credit institutions

Belfius loan for an amount of €12,000,000.00 dated 25/06/2021 for a term of 15 years.

BNP Paribas loan for an amount of €12,000,000.00 dated 23/06/2021 for a period of 10 years.

Other debts

Credit line covering prepaid pension capital (€3,114,231.67 / €5,157,975.98) as well as guarantees received in cash (€54,853.30 / €69,853.30).

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

Amounts to be repaid, before 31 December of the following year:

- Bond issue dated 23/05/2013 for a period of 10 years (€100,000,000.00 / €0.00).

- on the credit line covering prepaid pension capital (€2,043,744.31 / €2,520,877.07).

Trade creditors – Suppliers

Invoices and credit notes for capital expenditure, operating costs, purchases of materials and supplies and various amounts outstanding.

Advance payments received on orders

Advance payments received for energy consumption at fairs and festivities.

Tax, salary and social security debts – Taxes

This heading records the adjustment of the tax charge on the profit (€5,855,064.26 / €3,172,407.23) and the outstanding energy contributions (€36,197.77 / €1,685.78).

Other debts

Under this heading are:

- the remaining dividends to be paid to the partners (€42,322,637.43 / €39,367,744.35);
- the balance of the road fee still to be paid to municipalities (€8,376,435.25 / €5,997,512.19);
- the balance of the proceeds of the "Article 26 duty" of the Electricity Ordinance of 19 July 2001 and the "Article 20 septies duty" of the Gas Ordinance of 1 April 2004 still to be paid to the IBGE (€1,862,238.54 / €5,183,739.23);
- Balance of credit for Elia fees and contributions (€985,662.35 / €1,206,617.75).
- various amounts still to be paid (€2,186,374.59 / €220,442.52).

Deferred charges and accrued income

This item includes:

- provisions for financial charges (€1,989,258.50 / €1,958,118.50);
- the uncontrollable balances for the past regulatory years (regulatory bonus-malus) (€220,076,939.01 / €249,096,094.28);
- various amounts still to be regularised (€3,430,889.28 / €1,549,604.35).

INCOME STATEMENT	Codes	31/12/22	31/12/21
I. Operating income	**70/76A**	**390,583,157.29**	**362,148,836.33**
A. Turnover	70	365,367,203.58	341,565,041.64
B. Other operating income	74	25,183,433.17	20,523,055.60
E. Non-recurring operating income	76A	32,520.54	60,739.09
II. Operating charges	**60/66A**	**-328,406,048.61**	**-304,552,070.28**
A. Raw materials and consumables	60	42,136,114.99	35,366,404.40
1. Purchases	*600/8*	*43,284,858.40*	*35,939,468.22*
2. Stocks: decrease (increase)	*609*	*-1,148,743.41*	*-573,063.82*
B. Services and other goods	61	201,267,079.61	199,037,692.26
C. Remuneration, social security costs + pension	62	27,076.92	25,710.27
D. Depreciation of and other amounts written down formation expenses, intangible and tangible fixed assets	630	67,134,430.36	63,127,901.59
E. Amounts written down stocks, contracts in progress and trade debtors: Appropriations (write-backs)	631/4	1,742,440.27	-771,671.50
F. Provisions for risks and charges: Appropriations (uses and write-backs)	635/8	2,648,969.53	-1,310,314.38
G. Other operating charges	640/8	7,017,267.06	9,038,244.81
I. Non-recurring operating charges	66A	6,432,669.87	38,102.83
III. Operating profit (loss)	**9901**	**62,177,108.68**	**57,596,766.05**
IV. Financial income	**75/76B**	**321,689.33**	**254,797.82**
A. Recurring financial income	75	321,689.33	254,797.82
1. Income from financial fixed assets	*750*	*1,059.15*	*1,011.15*
2. Income from current assets	*751*	*194,155.03*	*95,989.14*
3. Other financial income	*752/9*	*126,475.15*	*157,797.53*

V. Financial charges	**65/66B**	**-3,496,601.00**	**-3,384,629.05**
A. Recurring financial charges	65	3,495,137.66	3,380,386.03
1. Debt charges	*650*	*3,477,775.34*	*3,320,811.15*
2. Other financial charges	*652/9*	*17,362.32*	*59,574.88*
B. Non recurring financial charges	66B	1,463.34	4,243.02
VI. Half-year result before taxes	**9903**	**59,002,197.01**	**54,466,934.82**
VII. Transfer from deferred taxes	**780**	**40,756.74**	**38,651.75**
VIII. Income taxes	**67/77**	**-16,720,316.32**	**-15,137,842.22**
A. Taxes	670/3	16,720,723.95	15,137,842.22
B. Adjustment of income taxes and write-back of tax provisions	77	-407.63	0.00
IX. Half-year profit (loss)	**9904**	**42,322,637.43**	**39,367,744.35**
X. Profit (loss) of the period available for appropriation	**9905**	**42,322,637.43**	**39,367,744.35**

APPROPRIATION ACCOUNT	Codes	31/12/22	31/12/21
A. Profit (loss) to be appropriated	**9906**	**42,322,637.43**	**39,367,744.35**
1. Gain (loss) of the period available for appropriation	*9905*	*42,322,637.43*	*39,367,744.35*
F. Profit to be distributed	**694/7**	**-39,367,744.35**	**-39,367,744.35**
1. Remuneration of the contribution	*694*	*-39,367,744.35*	*-39,367,744.35*

ANALYSIS OF THE RESULTS: ACTIVITY	**31/12/22**		**31/12/21**	
Distribution of gas and electricity	**Electricity**	**Gas**	**Electricity**	**Gas**
(Income + / Costs -)"	EUR	EUR	EUR	EUR
Operating income	**218,780,582.05**	**105,902,233.99**	**213,558,843.39**	**111,621,638.85**
DSO network fees	218,780,582.05	105,902,233.99	213,558,843.39	111,621,638.85
Distribution costs	**-155,588,337.95**	**-92,397,536.94**	**-108,869,501.49**	**-56 693 782.18**
Maintenance	-15,139,527.63	-9,112,978.07	-15,074,121.58	-8,941,201.74
Technical services	-35,386,344.73	-20,773,140.91	-33,282,556.00	-19,459,800.10
General services (without pensions)	-62,692,417.39	-27,934,902.04	-62,019,182.75	-28,115,518.73
Customer services and commercial services	-3,010,719.14	-1,717,990.62	-3,291,030.52	-1,799,666.96
Logistics services	-4,561,108.74	-2,438,092.75	-3,586,397.70	-1 956 786.16
System Management	-8,095,343.63	-5,807,955.45	-7,065,929.61	-5,547,148.27
Metering and counting	-6,314,818.45	-3,391,949.08	-6,075,880.04	-3,272,160.18
Road fee	-22,155,366.57	-12,076,528.70	-22,520,557.42	-13,110,178.86
Miscellaneous fees	1,181,880.82	-414,801.95	688,889.79	-362,879.41
Network loss coverage	-3,715,980.69	0.00	-4,068,346.59	0.00
Works for third parties	-900,039.10	-76,123.10	-752,729.14	-70,624.80
Costs recovered and transferred	48,678,283.49	26,211,383.47	48,178,340.07	25,942,183.03

Depreciation and retirement (regulated)	-40,615,590.46	-33,323,787.09	-39,695,583.84	-24,323,654.43
Pensions (annuities)	-2,861,245.73	-1,540,670.65	-3,359,770.06	-1,809,106.85
Public Service Obligations (PSO)	-40,499,839.64	-1,081,560.35	-32,024,629.58	-3,592,904.67
Unregulated Activities	-90,604.55	-62,567.01	-68,727.76	-20,804.25
Tariff balances	16,874,800.32	12,144,354.95	6,844,736.89	-2,594,185.62
Miscellaneous costs and revenues	0.00	1,506,398.23	0.00	1,448,112.43
Embedded costs	-2,063,515.68	-1,288,854.61	-2,000,460.68	-1,313,863.49
Non-recurring result	-265,111.21	-696,382.73	-312,485.57	-591,978.88
Taxes	-11,287,615.81	-7,563,805.63	-10,226,652.37	-6,607,495.49
PROFIT OF THE FINANCIAL YEAR	25,860,357.53	16,462,279.90	23,845,768.93	15,521,975.42
Total dividend to distributed	42,322,637.43		39,367,744.35	
Dividend to Interfin	42,322,099.73		39,367,258.33	
Dividend to the associated municipalities	537.70		486.02	

Notes to the accounts

STATEMENT OF TANGIBLE ASSETS	Codes	Year	Previous year
CONCESSIONS, PATENTS, LICENCES, KNOW-HOW, TRADEMARKS AND SIMILAR RIGHTS			
Acquisition value at the end of the year	**8052P**	**xxxxxxxxxxxxxxx**	
Movements during the year			
Acquisitions, including self-constructed assets	8022	2,039,440.00	
Sales and disposals	8032		
Transfers from one heading to another (+)/(-)	8042		
Acquisition value at the end of the year	**8052**	**2,039,440.00**	
Depreciation and write downs at the end of the year	**8321P**	**xxxxxxxxxxxxxxx**	
Movements during the year			
Recognised	8072		
Reversed	8082		
Acquired from third parties	8092		
Cancelled due to sales and disposals	8102		
Transferred from one heading to another (+)/(-)	8112		
Depreciation and write-downs at the end of the year	**8122**		
NET BOOK VALUE AT THE END OF THE YEAR	**211**	**2,039,440.00**	

	Codes	Year	Previous year
LAND AND BUILDINGS			
Acquisition value at the end of the year	**8191P**	**xxxxxxxxxxxxxxx**	**109,755,256.06**
Movements during the year			
Acquisitions, including self-constructed assets	8161	1,679,845.41	
Sales and disposals	8171	0.01	
Transfers from one heading to another (+)/(-)	8181		
Acquisition value at the end of the year	**8191**	**111,435,101.46**	
Capital gains at the end of the year	**8251P**	**xxxxxxxxxxxxxxx**	**988,687.80**
Movements during the year			
Recognised	8211		
Acquired from third parties	8221		
Cancelled	8231	21,928.18	
Transferred from one heading to another (+)/(-)	8241		
Capital gains at the end of the year	**8251**	**966,759.62**	
Depreciation and write downs at the end of the year	**8321P**	**xxxxxxxxxxxxxxx**	**41,011,741.89**
Movements during the year			
Recognised	8271	1,702,542.87	
Reversed	8281		
Acquired from third parties	8291		
Cancelled due to sales and disposals	8301		
Transferred from one heading to another (+)/(-)	8311		
Depreciation and write downs at the end of the year	**8321**	**42,714,284.76**	
NET BOOK VALUE AT THE END OF THE YEAR	**(22)**	**69,687,576.32**	

	Codes	Year	Previous year
PLANT, MACHINERY AND EQUIPMENT			
Acquisition value at the end of the year	**8192P**	**xxxxxxxxxxxxxxx**	**1,807,767,505.49**
Movements during the year			
Acquisitions, including self-constructed assets	8162	72,933,106.42	
Sales and disposals	8172	11,794,293.77	
Transfers from one heading to another (+)/(-)	8182		
Acquisition value at the end of the year	**8192**	**1,868,906,318.14**	
Capital gains at the end of the year	**8252P**	**xxxxxxxxxxxxxxx**	**186,980,341.76**
Movements during the year			
Recognised	8212		
Acquired from third parties	8222		
Cancelled	8232	8,148,566.72	
Transferred from one heading to another (+)/(-)	8242		
Capital gains at the end of the year	**8252**	**178,831,775.04**	
Depreciation and write downs at the end of the year	**8322P**	**xxxxxxxxxxxxxxx**	**867,255,974.98**
Movements during the year			
Recognised	8272	50,937,286.45	
Reversed	8282		
Acquired from third parties	8292		
Cancelled due to sales and disposals	8302	9,157,396.00	
Transferred from one heading to another (+)/(-)	8312		
Depreciation and write downs at the end of the year	**8322**	**909,035,865.43**	
NET BOOK VALUE AT THE END OF THE YEAR	**(23)**	**1,138,702,227.75**	

	Codes	Year	Previous year
FURNITURE AND ROLLING STOCK			
Acquisition value at the end of the year	**8193P**	**xxxxxxxxxxxxxxx**	**118,000,569.65**
Movements during the year			
Acquisitions, including self-constructed assets	8163	11,842,011.45	
Sales and disposals	8173	9,076,456.68	
Transfers from one heading to another (+)/(-)	8183		
Acquisition value at the end of the year	**8193**	**120,766,124.42**	
Capital gains at the end of the year	**8253P**	**xxxxxxxxxxxxxxx**	**102,058.92**
Movements during the year			
Recognised	8213	1,880.76	
Acquired from third parties	8223		
Cancelled	8233		
Transferred from one heading to another (+)/(-)	8243		
Capital gains at the end of the year	**8253**	**103,939.68**	
Depreciation and write downs at the end of the year	**8323P**	**xxxxxxxxxxxxxxx**	**64,942,543.67**
Movements during the year			
Recognised	8273	12,656,887.45	
Reversed	8283		
Acquired from third parties	8293		
Cancelled due to sales and disposals	8303	9,015,037.51	
Transferred from one heading to another (+)/(-)	8313		
Depreciation and write-downs at the end of the year	**8323**	**68,584,393.61**	
NET BOOK VALUE AT THE END OF THE YEAR	**(24)**	**52,285,670.49**	

	Codes	Year	Previous year
OTHER TANGIBLE ASSETS			
Acquisition value at the end of the year	**8195P**	**xxxxxxxxxxxxxxx**	**417,013.49**
Movements during the year			
Acquisitions, including self-constructed assets	8165	51,350.61	
Sales and disposals	8175	59,754.85	
Transfers from one heading to another (+)/(-)	8185		
Acquisition value at the end of the year	**8195**	**408,609.25**	
Depreciation and write-downs at the end of the year	**8325P**	**xxxxxxxxxxxxxxx**	**217,470.44**
Movements during the year			
Recognised	8275	70,964.52	
Reversed	8285		
Acquired from third parties	8295		
Cancelled due to sales and disposals	8305	57,010.54	
Transferred from one heading to another (+)/(-)	8315		
Depreciation and write downs at the end of the year	**8325**	**231,424.42**	
NET BOOK VALUE AT THE END OF THE YEAR	**(26)**	**177,184.83**	

STATEMENT OF FINANCIAL ASSETS	Codes	Year	Previous year
RELATED UNDERTAKINGS - HOLDINGS, SHARES AND UNITS			
Acquisition value at the end of the year	**8391P**	**xxxxxxxxxxxxxxx**	**4,018,873.24**
Movements during the year			
Acquisitions	8361		
Disposals and withdrawals	8371		
Transfers from one heading to another (+)/(-)	8381		
Acquisition value at the end of the year	**8391**	**4,018,873.24**	
NET BOOK VALUE AT THE END OF THE YEAR	**(280)**	**4,018,873.24**	
PARTICIPATING INTERESTS - HOLDINGS, SHARES AND UNITS			
Acquisition value at the end of the year	**8392P**	**xxxxxxxxxxxxxxx**	**3,100.00**
Movements during the year			
Acquisitions	8362		
Disposals and withdrawals	8372		
Transfers from one heading to another (+)/(-)	8382		
Acquisition value at the end of the year	**8392**	**3,100.00**	
NET BOOK VALUE AT THE END OF THE YEAR	**(282)**	**3,100.00**	
OTHER UNDERTAKINGS - HOLDINGS, SHARES AND UNITS			
Acquisition value at the end of the year	**8393P**	**xxxxxxxxxxxxxxx**	**288.33**
Movements during the year			
Acquisitions	8363		
Disposals and withdrawals	8373		
Transfers from one heading to another (+)/(-)	8383		
Acquisition value at the end of the year	**8393**	**288.33**	
NET BOOK VALUE AT THE END OF THE YEAR	**(284)**	**288.33**	

OTHER UNDERTAKINGS - AMOUNTS RECEIVABLE	Codes	Year	Previous year
NET BOOK VALUE AT THE END OF THE YEAR	**285/8P**	**xxxxxxxxxxxxxxx**	**18,650.00**
Movements during the year			
Additions	8583	10,819.68	
Reimbursements	8593	10,800.00	
Write downs recognised	8603		
Write downs reversed	8613		
Exchange rate differences (+)/(-)	8623		
Other (+)/(-)	8633		
NET BOOK VALUE AT THE END OF THE YEAR	**(285/8)**	**18,669.68**	

Information on shareholdings

Shareholdings and rights held in other undertakings

The following are the undertakings in which the company holds a share (included in asset headings 280 and 282) and the other undertakings in which the company holds rights (included in asset headings 284 and 51/53) representing at least 10% of the capital, equity or a class of shares of the company.

NAME, full address of the REGISTERED OFFICE and for undertakings under Belgian law, mention of the COMPANY NUMBER	Rights held			Data taken from the latest available annual accounts			
	directly		via subsidiaries	Annual accounts as at	Currency code	Equity	Net result
	Number	%	%			(+) of (-) (in units)	
1) **BRUSSELS NETWORK OPERATIONS** 706 Cooperative society BE 0881 278 355 quai des Usines 16, 1000 Brussels, Belgium Fixed	189	97.93		31/12/2022	EUR	23,229.04	1,032.55
2) **ATRIAS** 706 Cooperative society BE 0836 258 873 Rue de la chancellerie 17 bus A, 1000 Brussels, Belgium Variable	62	16.67		31/12/2021	EUR	18,600.00	

CASH INVESTMENTS AND ACCRUALS	Codes	Year	Previous year
CASH INVESTMENTS - OTHER INVESTMENTS			
Fixed income securities	**52**		
Fixed income securities issued by credit institutions	**8684**		
Term accounts held with credit institutions	**53**	**108,746.01**	**1,000,288.84**
With a residual or notice period			
of one month at the most	*8686*	*99,400.70*	*1,000,000.00*
of more than one month to one year at the most	*8687*	*9,345.31*	*288.84*
of more than one year	*8688*		
Other cash investments not included above	**8689**		

DEFERRED CHARGES AND ACCRUED INCOME	Exercice
Breakdown of asset item 490/1 if it represents a significant amount	
1) Deferred charges	4,784,179.16
2) Accrued income	4,512,725.29

STATUS OF THE CONTRIBUTION AND SHAREHOLDING STRUCTURE	Codes	Year	Previous year
STATUS OF THE CONTRIBUTION			
Contribution			
Available at the end of the year	110P	xxxxxxxxxxxxxxx	
Available at the end of the year	-110		
Unavailable at the end of the year	111P	xxxxxxxxxxxxxxx	580,000,000.00
Unavailable at the end of the year	-111	580,000,000.00	

	Codes	Amounts	Number of shares
Changes during the year			
Registered shares	8702	xxxxxxxxxxxxxxx	5,800,000.00
Dematerialised shares	8703	xxxxxxxxxxxxxxx	5,800,000.00

Shareholder structure of the company at the closing date of its accounts

as it results from the declarations received by the company pursuant to Article 7:225 of the Companies and Associations Code Article 14, Paragraph 4 of the Act of 2 May 2007 on the disclosure of major holdings or Article 5 of the Royal Decree of 21 August 2008 laying down additional rules for certain multilateral trading facilities.

NAME of the persons holding rights in the company, with mention of the ADDRESS (of the registered office for legal entities) and, for companies under Belgian law, mention of the COMPANY NUMBER	Rights held			
	Nature	Number of voting rights		
		Attached to securities	Not attached to securities	%
1) Interfin SC BE 0222.944.897 quai des Usines 16, 1000 Brussels, Belgium	A and E shares	5,799,962		99.99
2) The 19 Brussels municipalities BE 0000.009.797 Maison communale 9999, 1000 Bruxelles-ville, Belgium	A shares	38		0.01

PROVISIONS FOR OTHER RISKS AND CHARGES	Year
BREAKDOWN OF THE LIABILITY ITEM 164/5 IF IT REPRESENTS A SIGNIFICANT AMOUNT	
1) Rest-term provision	15,888,691.15
2) Cogeneration provision	1,044,095.35

STATEMENT OF LIABILITIES AND ACCRUALS	Codes	Year
BREAKDOWN OF DEBTS ORIGINALLY PAYABLE IN ONE YEAR OR MORE, ACCORDING TO THEIR RESIDUAL TERM		
Debts payable in one year or more falling due within the year		
Financial debts Unsubordinated bonds	8801	100,000,000.00
Unsubordinated bonds	*8821*	*100,000,000.00*
Other debts	8901	2,043,744.31
Total debts payable in one year or more falling due within the year	**(42)**	**102,043,744.31**
Debts with more than one year but not more than 5 years to run		
Financial debts	8802	
Unsubordinated bonds	*8822*	
Other debts	8902	3,169,084.97
Total liabilities with more than one year but not more than 5 years to run	**8912**	**3,169,084.97**
Debts with more than 5 years to run		
Financial debts	8803	24,000,000.00
Subordinated loans	*8813*	
Unsubordinated bonds	*8823*	
Finance lease and similar liabilities	*8833*	
Credit institutions	*8843*	*24,000,000.00*
Total debts with more than 5 years to run	**8913**	**24,000,000.00**

	Codes	Year
TAX, REMUNERATION AND SOCIAL SECURITY DEBTS		
Taxes (liabilities item 450/3 and 178/9)		
Matured tax liabilities	9072	
Unmatured tax liabilities	9073	730,349.98
Estimated tax liabilities	450	5,855,064.26
Remuneration and social security charges (liability items 454/9 and 178/9)		
Debts due to the National Social Security Office	9076	
Other remuneration and social security debts	9077	

DEFERRED CHARGES AND ACCRUED INCOME	**Exercice**
Breakdown of liability item 492/3 if it represents a significant amount	
1) Regulatory bonus/malus	*220,076,939.01*
2) Financial charges on debts	*1,989,258.50*
2) Other	*3,430,889.28*

OPERATING INCOME	Codes	Year	Previous year
OPERATING INCOME			
Net turnover			
Breakdown by category of activity			
1) Electricity		*246,317,164.40*	*229,079,228.57*
2) Gas		*119,050,039.18*	*112,485,813.07*
Breakdown by geographical market			
1) Belgium		*365,367,203.58*	*341,565,041.64*
Other operating income			
Operating subsidies and compensatory amounts obtained from public authorities	740	4,988,013.08	3,594,242.60
OPERATING EXPENSES			
Personnel costs			
Retirement and survivor's pensions	624	27,076.92	25,710.27
Write downs			
On stocks and orders in progress			
Recognised	*9110*	*777,895.02*	*327,875.79*
Reversed	*9111*		
On trade receivables			
Recognised	*9112*	*8,042,959.85*	*8,084,561.83*
Reversed	*9113*	*7,078,414.60*	*9,184,109.12*
Provisions for risks and charges			
Constitutions	9115	3,178,754.76	439,438.34
Uses and reversals	9116	529,785.23	1,749,752.72
Other operating expenses			
Taxes related to operations	640	100,058.48	95,279.59
Other	641/8	6,917,208.58	8,942,965.22

FINANCIAL RESULTS	Codes	Year	Previous year
RECURRING FINANCIAL INCOME			
Other financial income			
Subsidies granted by public authorities and charged to the income statement			
Capital grants	*9125*	*122,270.37*	*115,955.42*
Interest subsidies	*9126*		
Breakdown of other financial income			
Other			
1) Miscellaneous		*4,204.78*	*41,842.11*
INCOME AND EXPENSES OF EXCEPTIONAL SIZE OR IMPACT			
NON-RECURRING INCOME	**76**	**32,520.54**	**60,739.09**
Non-recurring operating income	**(76A)**	**32,520.54**	**60,739.09**
Reversals of depreciation and write downs on intangible and tangible fixed assets	760		
Reversals of provisions for exceptional operating risks and expenses	7620	32,268.14	42,345.85
Capital gains on the disposal of intangible and tangible fixed assets	7630		
Other non-recurring operating income	764/8	252.40	18,393.24
Non-recurring financial income	**(76B)**		
Reversals of write downs on financial assets	761		
Reversals of provisions for exceptional financial risks and charges	7621		
Capital gains on the disposal of financial assets	7631		
Other non-recurring financial income	769		

	Codes	Year	Previous year
NON-RECURRING EXPENSES	**66**	**6,434,133.21**	**42,345.85**
Non-recurring operating expenses	**(66A)**	**6,432,669.87**	**38,102.83**
Non-recurring depreciation and write downs on formation expenses, intangible and tangible assets	660	6,401,865.07	
Provisions for extraordinary operating liabilities and charges: allocations (uses) (+)/(-)	6620		
Losses on the disposal of intangible and tangible assets	6630		
Other non-recurring operating expenses	664/7	30,804.80	38,102.83
Non-recurring operating expenses capitalised as restructuring costs (-)	6690		
Non-recurring financial expenses	**(66B)**	**1,463.34**	**4,243.02**
Depreciation and write downs on financial assets	661		
Provisions for extraordinary financial risks and charges: allocations (uses) (+)/(-)	6621		
Losses on the disposal of financial assets	6631		
Other non-recurring financial expenses	668	1,463.34	4,243.02
Non-recurring financial expenses capitalised as restructuring costs	6691		

TAXES AND DUES	Year	Previous year
INCOME TAX		
Income tax for the year	9134	16,720,723.95
Taxes and withholdings due or paid	9135	13,001,548.95
Excess tax payments or withholding taxes capitalised	9136	
Estimated additional taxes	9137	3,719,175.00
Income tax on previous years' income	9138	
Additional taxes due or paid	9139	
Estimated or provided for additional taxes	9140	
Main sources of discrepancies between profit before tax, as expressed in the accounts, and the estimated taxable profit		
1) Non-deductible expenditure		*83,500.09*
2) Taxed changes to provisions, depreciation and write downs		*7,423,799.15*
Sources of tax latency		
Active latencies	**9141**	
Accumulated tax losses, deductible from future taxable profits	9142	
Other active latencies	9142	
1) Provisions for risks and charges (taxed)		*16,347,812.86*
2) Write downs/trade receivables (taxed)		*22,189,426.96*
Passive latencies	**9144**	
Breakdown of passive latencies		
1) Revaluation gain on tangible assets		*179,796,653.72*

	Codes	Year	Previous year
VALUE-ADDED TAXES AND OTHER TAXES PAYABLE BY THIRD PARTIES			
Value added taxes, entered in the accounts			
To the company (deductible)	9145	80,428,131.73	90,129,561.37
By the company	9146	102,430,406.03	118,103,407.35
Amounts withheld from third parties for			
Withholding tax on earned income	9147	24,699.77	27,054.21
Withholding tax	9148		

RIGHTS AND OFF-BALANCE SHEET COMMITMENTS	**Year**
COMMITMENTS RESULTING FROM TECHNICAL GUARANTEES ATTACHED TO SALES OR SERVICES ALREADY PROVIDED	
1) Guarantees provided to the region	517,418.47
2) Guarantees provided by various suppliers	10,074,310.46
3) Guarantees provided by various suppliers	870,003.00
4) Interfin guarantees for pension costs	21,812,731.48
5) Customer commitments for rental equipment	198,435.45
6) Agreements, mission letters and miscellaneous	9.00

Amount, nature and form of litigation and other significant commitments

Supplementary retirement or survivor's pension schemes for the benefit of staff or managers

Brief description
Pension liabilities to directors and auditors of former intermunicipal companies

RELATIONS WITH AFFILIATED UNDERTAKINGS, ASSOCIATED UNDERTAKINGS AND OTHER UNDERTAKINGS LINKED BY PARTICIPATING INTERESTS	Codes	Year	Previous year
AFFILIATED UNDERTAKINGS			
Financial assets	**(280/1)**	**4,018,873.24**	**4,018,873.24**
Shareholdings	-280	4,018,873.24	4,018,873.24
Subordinated receivables	9271		
Other amounts receivable	9281		
Amounts receivable	**9291**	**443,720.60**	**505,611.76**
Payable after more than one year	9301		
Payable within one year	9311	443,720.60	505,611.76
Cash investments	**9321**		
Shares	9331		
Amounts receivable	9341		
Debts	**9351**	**30,593,085.93**	**27,382,941.62**
Payable after more than one year	9361		
Payable within one year	9371	30,593,085.93	27,382,941.62
Financial results			
Income from financial assets	9421	1,011.15	1,011.15
UNDERTAKINGS LINKED BY VIRTUE OF A PARTICIPATING INTEREST			
Financial assets	**9252**	**3,100.00**	**3,100.00**
Shareholdings	9262	3,100.00	3,100.00
Subordinated receivables	9272		
Other amounts receivable	9282		
Amounts receivable	**9292**	**7,761,246.44**	**8,195,829.77**
Payable after more than one year	9302		
Payable within one year	9312	7,761,246.44	8,195,829.77

Transactions with related parties under non-market conditions

Mention of such transactions if significant, including the amount of such transactions, the nature of the relationship with the related party, and any other information about the transactions that is necessary to obtain a better understanding of the company's financial position:

In the absence of legal criteria for inventorying transactions with related parties which would be concluded under terms and conditions other than those on the market, no other transaction was not included in the annex

FINANCIAL RELATIONS	**Codes**	**Year**
WITH THE DIRECTORS AND MANAGERS, NATURAL OR LEGAL PERSONS WHO DIRECTLY OR INDIRECTLY CONTROL THE COMPANY WITHOUT BEING RELATED TO IT OR OTHER UNDERTAKINGS DIRECTLY OR INDIRECTLY CONTROLLED BY THESE PERSONS		
Direct and indirect remuneration and pensions granted, charged to the profit and loss account, provided that this does not relate exclusively or primarily to the position of a single identifiable person		
To the directors and managers	9503	57,555.32
To former directors and former managers	9504	5,556.00
WITH THE AUDITOR(S) AND THE PERSONS WITH WHOM THEY ARE RELATED		
Emoluments of the auditor(s)	**9505**	**70,000.00**
Fees for exceptional services or special assignments performed within the company by the auditor(s)		
Other certification assignments	95061	2,750.00
Tax advisory services	95062	
Other assignments outside the audit assignment	95063	12,950.00

Information pursuant to Article 3:64, Paragraphs 2 and 4 of the Companies and Associations Code

Statement on the consolidated accounts

Information to be completed by companies subject to the provisions of the companies and associations code relating to consolidated accounts

The company does not prepare consolidated accounts or a consolidated management report because it is exempted from doing so for the following reason:

- The company is itself a subsidiary of a parent company which prepares and publishes consolidated accounts in which its annual accounts are integrated by consolidation.

If so, justification of compliance with the conditions for exemption set out in Article 3:26, Paragraphs 2 and 3 of the Companies and Associations 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 intermunicipal company in its consolidated accounts by the global integration method.

Name, full address of the registered office and, in the case of a company incorporated under Belgian law, the registration number of the parent company that prepares and publishes the consolidated accounts under which the exemption is permitted:

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

Information to be completed by the company if it is a subsidiary or joint subsidiary

Name, full address of the registered office and, in the case of a company incorporated under Belgian law, the business number of the parent company and an indication of whether that parent company prepares and publishes consolidated accounts in which its annual accounts are included by consolidation:

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

The parent company prepares and publishes consolidated accounts.
This is information given for the largest holding.

Valuation rules

1. Intangible fixed assets

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

Green certificates not sold at 31 December are recognised under item 21, in accordance with CNC notice 2009/14. These green certificates are activated at the value for which the local transmission system operator (ELIA) has a purchase obligation (Article 28§1 of the Ordinance on the organisation of the electricity market in the Brussels Capital Region).

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
- 6% on non-intelligent gas measuring equipment listed under code 23, as from the 2022 accounting year and with retroactive effect to 01/01/2020 (BRUGEL Methodology 2020–2024)
- 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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