Report of the board of directors

To the general meeting of shareholders of 18 june 2024

For the activities of the year 2023

Contents

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Ladies and Gentlemen,

In accordance with the law and the articles of association, we have the honour of reporting to you on the activities of our company during its 42nd financial year and submit for your approval the balance sheet, the income statement as at 31 December 2023, 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 42nd financial year, this is in fact the 21st 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 regulatory period 2020–24. 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 applicable to the 2023 financial year are based on the following main elements:

- 5-year tariff period;
- "cost +" system with a distinction between manageable and non-manageable costs;
- determining a rate of return on capital;
- an 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 as non-manageable;
    - Other IT projects (including Smartrias) are considered as manageable;
- creation of a target-based incentive regulation (KPI) that can yield up to €1 M/year in favourable circumstances;
- a cap on manageable costs based on the 2017 budget excluding controllable IT projects – incentive regulation on 2017 costs (down by nearly €4.7 M) + indexation + real 2017 IT projects (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 validated by the regulator.

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

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

From the financial year 2020 onwards, an incentive regulation on service quality has been put in place. In this context, and following various exchanges between Sibelga and Brugel, the latter has set performance thresholds and trajectories for each of the monitoring indicators.
The list of KPIs that came into force in 2020 at Sibelga's request has been validated by Brugel. There were no additional KPIs in 2021, 2022 and 2023.

1.3. Decisions (BRUGEL-DECISIONS-20221027-213 and 20221027-214) concerning the approval of SIBELGA's specific gas and electricity tariff adjustment proposals for the year 2023

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 2022, Brugel validated Sibelga's adjusted tariffs for 2023, through its decisions 20221027-213 and 214.

1.4. Decisions (BRUGEL-DECISIONS-20231003-240 and 20231003-241) relating to the tariff balances reported by the network operator SIBELGA for the operating year 2022

With these decisions, the regulator checked the electricity and gas tariff balances for the year 2022 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 2022 for a total of €200,547 in favour of the regulatory funds, as well as to the granting of a financial incentive for a total of €410,953 as a consequence of the results of the objectives on the quality of the services provided by Sibelga in 2022. These two corrections are reflected in Sibelga's 2023 accounts.

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 the year 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-20231026-247) on the approval of SIBELGA's specific "electricity" tariff proposal for the year 2024

In addition to validating Sibelga's adapted tariffs for 2024, this decision also validates the allocation of tariff balances for the year 2023 to the energy sharing project in the amount of €729,804.

1.7. Decision (BRUGEL-DECISION-20231128-250) on the first set of adaptations to the electricity and gas tariff methodology 2025–2029

The first set of adjustments covered by this decision concerns the regulatory model and the regulatory framework for the period 2025–2029. A brief description of the major adaptations can be found in Chapter **III**. **Highlights** under the heading "New regulatory framework for the next 2025–2029 tariff period".

1.8. Decision (BRUGEL-DECISION-20231213-252) on the second set of adaptations to the electricity and gas tariff methodology

The second set of adjustments covered by this decision (in the version submitted for consultation) relates to the tariff structure and conditions of application for the period 2025–2029.

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, exceptional charges are the main unmanageable costs.

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

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.

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

3. Extracts and comments

3.1. Total income and fair margin

Total income

The 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 €333.9 M for the 2023 tariff proposal.

a. Manageable costs

Manageable costs are the expenses and revenues relating to the safety, efficiency, reliability of the network or quality of service to customers, over which the network operator has direct control. These amount to €129.9 M for the 2023 tariff proposal before recalculation of the indexation.

b. Non-manageable costs

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

Among these, the main ones are:

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

These amount to €204.0 M for the 2023 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 being calculated and evolving annually in accordance with the rules set out below.

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

This amounts to €43.5 M for the 2023 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, as approved by Brugel.

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

b. Changes in regulated assets over time

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

- the addition of the acquisition value of new regulated tangible fixed assets. These investments include those contained in the investment plans approved by the Government;
- the 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, 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 $S \leq 40\%$ -> $R = 40\% * (t_{OLO} + (RP \times ß))$
- If $S > 40\%$ -> $R = (t_{OLO} + (RP \times ß))] + [(S - 40\%) * (t_{OLO} + 100\ bp)]$

Where:

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

These different parameters are specified below.

a. Risk-free interest rate

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

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

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

This results in the following rates being used in the 2020–2024 tariff proposal (the actual rates are reviewed each year on the basis of the actual OLO):

2020	2021	2022	2023	2024
↓	↓	↓	↓	↓
2,20[2] %	2,20 %	2,20 %	2,80 %	3,30 %

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.

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%.

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 in such a way 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 its good management by encouraging it to control and manage its costs, thanks to the introduction of an incentive regulation system.

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

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

This puts the maximum incentive before indexation for Sibelga for 2023 at €6.5 M (50% of 10% of €129.9 M) [3].

Target-based incentive regulation

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

- management of electricity and gas networks;
- market facilitator;
- general provision of services to network users.

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

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

[3] 129,9M€ = coûts gérables de la proposition tarifaire pour 2023 (avant recalcul de l'indexation)

For the year 2023, 12 KPIs (out of a total of 18) came into force and represent 72.3% of the incentive amount, i.e. a maximum bonus of €0.9 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 2023 incentive regulation will therefore be recorded in principle in 2024, once Brugel has determined its value. The result of the 2022 incentive regulation was recorded in 2023, following Brugel decisions 20231003- 240 and 241 on the electricity and gas tariff balances for the 2022 operating year for €0.4 M.

III. Highlights

1. Stabilisation of inflation

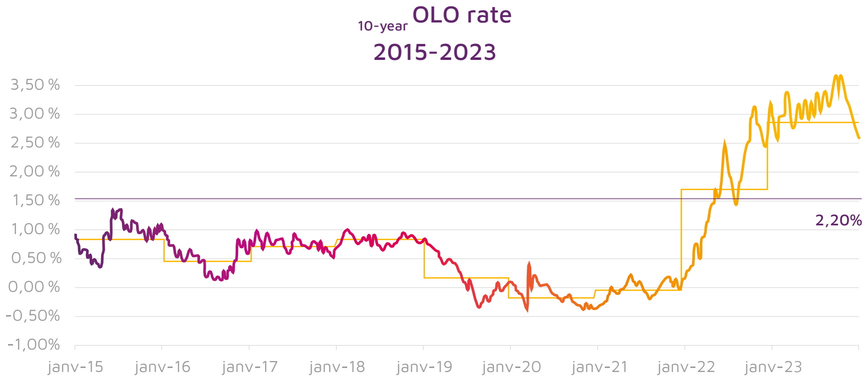
Whereas 2022 was marked by a spectacular rise in inflation, 2023 saw a relative stabilisation in the level of inflation.
Although less marked than in 2022, the level of inflation in 2023 still had a direct impact on the tariff envelope, which foresaw an inflation rate of 1.80%, whereas the actual rate was 4.05% based on the consumer price index (compared with 9.60% in 2022).

The increase in costs, which was not offset by an equivalent increase in revenue, but which was considered to be non-manageable according to the regulatory framework, resulted in a reduction in regulatory balances.

2. Evolution of the $_{10\text{-year}}$ 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 $_{10\text{-year}}$ OLO rate over the last few years.



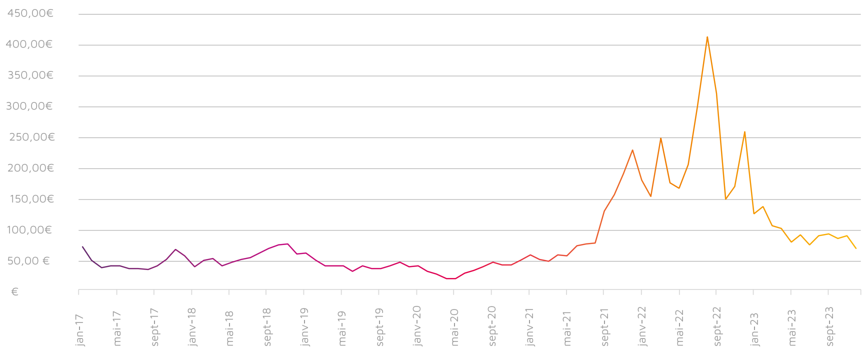
As a reminder, the estimated $_{10\text{-year}}$ OLO rate in the 2020–24 multiannual tariff proposal was 2.8% for the 2023 financial year (ex ante). In absolute terms, a variation in the $_{10\text{-year}}$ OLO rate of 1% (i.e. 100 b.p.) leads to a variation in the fair remuneration corresponding to 1% of the equity (upwards or downwards), i.e. €8.6 M.

The mathematical result of the ex-post calculation of the $_{\text{10-year}}$ OLO rate for 2023 is 3.11%. This is the first time in the two previous tariff periods since the 2.2% threshold was introduced that the $_{\text{10-year}}$ OLO rate has been above this threshold.

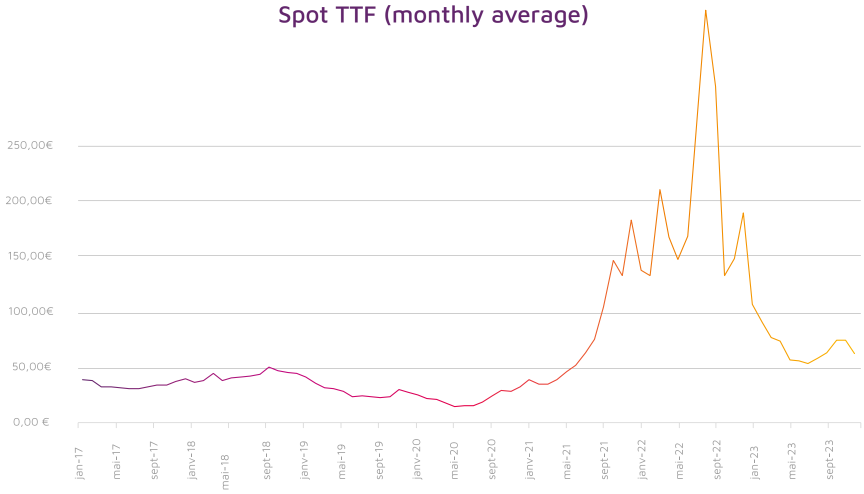
3. Fall/stabilisation in energy prices

Energy prices, which had risen spectacularly since the end of 2021, fell sharply in 2023. Prices now appear to have stabilised at a level that is still slightly higher than before the energy crisis. The following graphs show us the evolution of spot prices for electricity (Belpex) and gas (TTF) from 2017 to 2023.

Spot Belpex (monthly average)



Spot TTF (monthly average)



However, Sibelga's energy purchase costs for its own needs, for network losses and for energy for protected customers in 2023 have increased significantly despite the drop in energy prices observed in 2023. This is because Sibelga bought all its energy in 2023 on the basis of prices set in 2021 and 2022; moreover, in 2022, the price at which Sibelga bought its energy corresponded to tariffs set before the energy crisis. The same applies to the public authorities, which joined the energy purchasing groups organised by Sibelga. However, the impact of the fall in energy prices has been felt in the purchase of electricity for street lighting, since here the purchase is made at market prices.

4. Retention of green certificates

To encourage the production of green electricity, the Brussels Region has introduced a system of green certificates under the supervision of BRUGEL. Electricity suppliers are required to comply with green certificate quotas in order to meet demand on this market.

As laid down in the Ordinance of 19 July 2001 on the organisation of the electricity market in the Brussels-Capital Region - Article 28 § 2, "any supplier, with the exception of the distribution system operator, shall submit to BRUGEL a number of green certificates corresponding to the proceeds of the annual quota imposed on it by virtue of this paragraph, by the total supplies to eligible customers established in the Brussels-Capital Region, expressed in MWh, that it has made during the year, divided by 1 MWh. "

For several years now, the supply has outstripped the market demand; as a result, Sibelga has not been able to sell all its green certificates in 2022 and 2023. In order to restore a certain balance between supply and demand, BRUGEL has suggested revising the quotas for the coming years. While the quota percentage for 2023 was set at 18.5%, it has been increased to 26.7% for 2024, 27.9% for 2025 and 22.7% for 2026, before falling back to 20.6% for the following years. The aim of this increase in quotas, particularly for the years 2024 and 2025, is to allow the stocks of green certificates built up in recent years to be cleared. This should enable Sibelga to sell its green certificates.

In accordance with the opinion of the Accounting Standards Committee 2009/14, the certificates unsold in 2022 and 2023 have been recognised as intangible assets at the minimum guaranteed price.

5. New regulatory framework for the following 2025–2029 tariff period

In accordance with the legal framework and the agreement between BRUGEL and Sibelga, signed in 2022 relating to the procedure for establishing the 2025–2029 tariff methodologies, BRUGEL took a decision on 28 November 2023 on the first part of the tariff methodology. This decision is the culmination of numerous exchanges between BRUGEL and Sibelga since 2022.

This first part of the tariff methodology establishes the regulatory framework for 2025–2029. In particular, it sets out the rules for establishing: the fair margin, the amount of the "manageable costs" and the new incentive framework.

The return on invested capital, which previously varied according to changes in the OLO and RAB, will now be calculated on the basis of RABxWACC. The WACC, the weighted average cost of capital, will be set for the five years on the basis of:

- a debt ratio of 55%,
- a debt rate that will be set on the basis of a 30%/70% ratio between the rate of the old debt (set by the regulator at 2.60%) and the average IRS 10-year rate over the period from 15/11/2023 to 15/05/2024. This is then increased by 1.15% to take account of a debt premium and transaction costs,
- a cost of equity of 6.24%

The regulated asset base (RAB) represents the value of Sibelga's assets. This will change over the tariff period in line with investments, depreciations and write-offs. Compared with the previous tariff framework, the regulator has decided to phase out (over 10 years from 2025) the remuneration on the profit on revaluation. In addition, the amortisation of this profit on revaluation will no longer be covered by tariffs, and will be phased in over 10 years from 2029.

The regulatory model is closer to a TOTEX model, where the manageable cost envelope now includes depreciation costs. This envelope of manageable costs for 2025–2029 will be based on the distinction between BAU (Business As Usual) costs, which will be set on the basis of indexed historical costs, and additional costs. These will enable Sibelga to cover the resources needed for the additional tasks it will have to carry out, such as rolling out smart meters. BRUGEL's approval of these additional costs will be subject to filing justification files by Sibelga when the tariff proposal is submitted.

The new regulatory framework also increases the incentive mechanisms. Firstly, an efficiency factor of 0.75% will be applied to BAU OPEX costs. At the same time, the incentive to control manageable costs is becoming more pronounced, with Sibelga being allocated 100% of the difference between the manageable cost envelope set for the five years of the tariff period (but revalued in line with inflation) and the costs actually incurred. In addition to the incentives for continuity of supply of gas and electricity to its customers, BRUGEL has defined new incentives specific to the roll-out of smart meters and the smart grid.

This first part of the tariff methodology constitutes an acceptable compromise for Sibelga insofar as it enables Sibelga to ensure the continuity of its services and, depending on whether BRUGEL approves the additional costs, to invest in additional resources for the energy transition.

The second part of the tariff methodology was still under consultation at the end of 2023 and should be finalised during the first half of 2024. This will deal specifically with changes in tariff structures. However, according to the documents currently available and the bilateral discussions Sibelga has had with BRUGEL, no major changes to the tariff structure are expected before 2028.

6. Fibre optics

On 5 December 2023, six Brussels institutions, including Sibelga, signed a framework agreement on the pooling of their respective fibre optic networks within Fibru, a one-stop shop managed by IRISnet.

Since then, Sibelga's fibre optic infrastructure has been open to public and private third parties through Fibru, a regional initiative designed to facilitate the deployment of fibre optics in the Brussels region.

Until now, each institution – Sibelga, Brussels-Mobility, 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.

7. Electric mobility

The year 2023 was marked by major achievements in the development of recharging infrastructure for electric vehicles in Brussels.

For several years now, the Brussels-Capital Region has been taking a whole series of measures to speed up the development of an infrastructure of on-street charging points for electric vehicles. Following the initial concession awarded to Total Energies for 800 charging points from 2018, the government has decided to fast track the roll-out of on-street charging points. Sibelga has therefore been entrusted with a key role in organising the market and coordinating the deployment of charging stations, in order to award and operate various concessions, with a view to rolling out a nation-wide charging station infrastructure.

Following an initial pilot project involving the deployment of almost 500 charging points in 2022, the aim by 2035 is to follow on from the first two concessions (Total Energies and Energy Drive) and deploy 11,000 charging stations accessible to the public on roads and private land, resulting in a total of 22,000 charging points (each charging station comprising two charging points).

In March 2023, a third concession was therefore awarded to the operator Energy Drive following the competitive tendering procedure for the deployment of 1,250 charging points, with the aim of ensuring a decent geographical spread of charging points, so that every citizen has easy access to the charging infrastructure, in accordance with the deployment plan drawn up in collaboration with Brussels Environment and highway managers.

In addition, a contract is under way for a fourth concession, aimed at deploying between 1,000 and 2,000 additional charging points to boost availability where necessary. These initiatives will ensure that every inhabitant of Brussels has access to a public charging point close to home, encouraging the adoption of electric mobility locally.

In addition, to help customers who wish to install a charging point on private property, in 2023 Sibelga published specific technical specifications for the connection of electric vehicle charging points connected to the distribution network. The aim is to help customers find the right kind of technology to do this, while defining the requirements to be met so as not to endanger the safety of the distribution network.

8. LED: achievements and programme for the coming years

The almost 90,000 luminaires in the public lighting network managed by Sibelga are gradually being replaced or adapted to incorporate all the advantages of the new technologies by switching to LEDs and installing intelligent lighting systems capable of sending and receiving information in real time. This public lighting of the future will mean reduced consumption, the possibility of dimming or varying light intensity as and when necessary, remote control in real time, alerts in the event of malfunctions, and so on.

The year 2023 saw a marked acceleration in the roll-out of these technologies, with the aim of achieving a 35% reduction in energy consumption by 2030 compared with 2020. While the average LED switchover rate was around 3,500 luminaires per year, 6,451 LED light points were installed in 2023.

Intelligent lighting systems are automatically installed each time a luminaire switches to LED. Streamlining and harmonising the range of equipment is also underway. Finally, the poles are no longer replaced systematically. Where possible, only the "head" of the luminaire is changed.

In the future, this method could be taken a step further to true retrofitting, whereby only a few specific elements would be replaced, which would make it possible to preserve the appearance of certain iconic luminaires in certain Brussels neighbourhoods and be part of a circular economy. 3,500 luminaires have been identified as potential candidates.

9. Financing

In March 2023, Sibelga borrowed €190 M from 7 investors on the USPP market[4], thereby refinancing the company's €100 M bond loan, which was due to mature in May 2023, and meeting the financing needs associated with the challenges of the energy transition and the reduction in regulatory balances. These funds were made available to Sibelga in May 2023, and will be repaid after a period of 10 years.

10. Rollout of smart meters

The smart meter roll-out programme picked up pace in October 2023. The details of this programme are set out in a note which was sent to the government in October 2022. This smart meter roll-out roadmap was subsequently amended at the request of the government in a new version, which was submitted in March 2023.

Sibelga has set itself the target of a 80% smart meter roll-out by the end of 2030, thereby helping to control consumption and offering new opportunities for customers, suppliers and the grid operator itself. To carry out its ambitious roll-out programme, Sibelga is also bringing in contractors.

Sibelga has been able to achieve the volumes planned for 2023, with more than 25,000 smart meters installed in 2023.

In addition, in accordance with the tariff methodology, on 27 December 2023 Sibelga submitted to BRUGEL a preliminary application requesting additional costs for the roll-out of smart meters for the period 2025–2029. This application will be analysed by BRUGEL and, if necessary, amended by Sibelga before being incorporated into the 2025–2029 tariff proposal, which will be submitted at the end of May 2024.

11. Publication of the new strategic plan and a memorandum

In 2023, Sibelga has drawn up a new strategic plan which sets out the challenges to be met and the strategic priorities identified by the company.

[4] United States Private Placement: US private placement market reserved for institutional investors (mainly insurers)

This updated 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;**
  In the framework of the energy transition in Brussels, Sibelga, along with other stakeholders, must take up three major challenges: supporting the production of renewable energy, promoting sustainable mobility and preparing the future of heating. To achieve this, the company needs to adapt its infrastructure to meet new long-term needs and put in place market mechanisms to manage the balance on the network and involve consumers in the energy transition.

- **Facilitating the energy transition for all our customers;**
  Sibelga undertakes to involve all Brussels customers and the public authorities in this transition by promoting access to affordable energy for all. To do this, Sibelga shares its expertise, simplifies customer processes, rolls out smart meters and encourages the creation of energy communities, while ensuring that data is managed and shared securely.

- **Striving for efficiency in our processes, systems, data and organisation.**
  To attain the optimum technical and economic conditions for the energy transition, while offering the best quality of service at the lowest cost, Sibelga must optimise its processes, guarantee the reliability and safety of its infrastructure and systems, and continually adapt its organisation. This will be for the benefit of all stakeholders, from the Brussels customer to our employees, energy suppliers, partners, other network operators, the regulator and the authorities.

At the end of 2023, to build on and support its strategic plan, Sibelga adopted a memorandum with a view to the regional and municipal elections in 2024.

The memorandum confirms Sibelga's ambition to do its bit to guarantee access for all to decarbonised energy at an affordable cost, a social challenge that is just as critical as the technological and operational challenge that this transition implies for its teams and networks.

The company stresses that, in order to meet the 2050 decarbonisation target and the three major challenges facing the Region, the solutions implemented collectively must have three characteristics. They must be:

- *gradual* over time, to enable customers, markets and technologies to adapt to the revolution in equipment and consumer habits brought about by the energy transition
- *diversified*, because the effort is on such a scale that all vectors and technologies will be needed to offer solutions tailored to customers' needs, resources, profiles and location
- *cross-functional*, as all regional public policies will have a role to play and joined-up action will be essential

In its memorandum, Sibelga formulates 3x3 concrete proposals through which it wishes to contribute through its three roles: network operator, market facilitator, partner of the authorities. In so doing, the company is highlighting its priorities, as well as the points on which action, mainly regulatory and legislative, is needed if it is to fulfil its missions as effectively as possible and, in so doing, play its part in achieving the climate objectives.

12. Technical regulations

In a collaborative approach with BRUGEL, Sibelga has drawn up a proposal for reforming the "technical regulations for the management of and access to the electricity distribution network in the Brussels-Capital Region " to take account of the roll-out of smart meters, the need to communicate consumption data to customers and to various market players, the diversification of contracts on a single access point (withdrawal, injection, flexibility and sharing activities) and the growing number of different types of assets connected to the network (charging points, storage units, heat pumps, production facilities). The aim was also to rebalance the rights and obligations of Sibelga and its customers, in favour of the latter.

Notable changes include:

- the addition of a section on network operation covering the terms and conditions for remote control, the transformation of the network into a smart grid and flexibility services;
- clarification of the rules and greater consideration for customers' rights in the case of consumption not billed by a commercial supplier;
- identification of the three operating modes for distributed generation facilities and description of the process for connecting them to the grid;
- extension of network access to producers, flexibility providers and participants in sharing activities, in addition to suppliers;
- the definition of primary and secondary service points allowing several contracts to be concluded on the same access point;

- the establishment of specific provisions for flexibility and electricity sharing services;
- the possibility for a DSU to ask the DSO to associate metering equipment with the head meter of an access point in certain circumstances;
- the addition of specific provisions for smart meters and the arrangements for communicating metering and measurement data to the market for the various metering systems;
- the addition of a data code containing the provisions relating to informative access (continuous or one-off) to data for a DSU or a third party designated by the DSU.

The technical gas regulations have also been adapted to bring them into line with the electricity regulations as regards non-contractual consumption, unmetered consumption and estimation rules.

On 21 February 2024, the BRUGEL Board of Directors approved the amending provisions of the technical regulations for the management of and access to the electricity and gas distribution networks in the Brussels-Capital Region.

13. Development plan

The grid of tomorrow is being prepared today. The first milestones in Sibelga's forthcoming five-year development plan, which describes all the network investments planned for the years 2025 to 2029, were laid in 2023.

Written in a more dynamic and accessible form, the forthcoming development plan will also be characterised by the inclusion of the results of studies on the development of the network and simulations carried out using forecasting tools. Faced with an energy landscape that is changing at an ever-growing pace, Sibelga is equipping itself with new tools to help it anticipate the impact of the energy transition on the network and plan appropriate investments.

In particular, Sibelga is testing the use of a "digital twin" of its network on which various load development hypotheses can be simulated. In addition, Sibelga has used figures from a study commissioned by the Synergrid association of grid operators on the charging of electric vehicles to visualise how different scenarios could impact the grid. In the longer term, it will also be necessary to take on board the lessons learned from the regional task force led by Brussels Environment, with the participation of Brugel and Sibelga, tasked with establishing a shared perspective on the development of gas and electricity networks in the context of the decarbonisation of heat and cooling supply by 2050.

This forthcoming 2025–2029 development plan is particularly important for Sibelga insofar as, in a break with the past, the tariff methodology for 2025–2029 defines the costs associated with investments in the network (via annual depreciation) as manageable costs. This means that they will be subject to the revenue-cap system: the differences between the costs authorised ex ante (including depreciation linked to the planned investments) and the costs actually incurred will be charged to or paid for by Sibelga.

14. The war for talent and the shortage of technicians

At the heart of a highly competitive Belgian employment market, Sibelga, via BNO, is faced with the reality of a shortage of talent on the market. The need to stand out from other employers in order to attract talent is therefore of paramount importance. In this context, Sibelga is focusing its strategy on investing heavily in Employer Branding and strengthening its recruitment team, recognising that attractiveness as an employer is crucial to attracting and retaining qualified professionals.

One of the major challenges facing Sibelga is the search for qualified technicians, a resource that is in short supply on the Belgian labour market. The company is taking proactive steps to fill these gaps by implementing a targeted recruitment strategy, in-company training and collaborations with technical schools, aimed at attracting specialist talent and strengthening its technical team.

Furthermore, the shortage of qualified technicians is not only felt on the market as an employer via BNO, but also as a contractor for external contractors. Indeed, given the increased demand from various players in the market, available supply is becoming increasingly scarce.

15. Evolution of electricity and gas consumption

The energy crisis has had a definite effect on the level of consumption of both electricity and gas.

However, these effects are more noticeable for gas, as can be seen from the graphs below showing the infeed volumes[5] (12 rolling months) for electricity and gas respectively; for gas, it takes into account a standardisation to 2,222 degree days[6] in order to neutralise the impact of hot/cold years.

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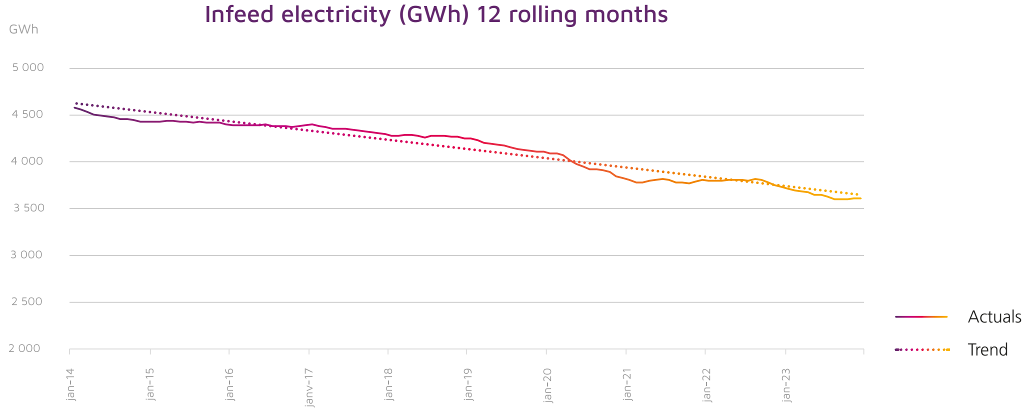
5 Infeed refers to energy injected into the distribution network for consumption.

6 A degree day is a measurement expressing the variation in temperature in relation to a reference temperature. Degree days are calculated by subtracting the reference temperature from the average daily temperature, thus making it possible to estimate the energy consumption needed to maintain thermal comfort. "The degree-days used by the natural gas sector in Belgium are equal to the difference between 16.5°C and the average temperature measured by the IRM in Uccle. " https://www.synergrid.be/fr/centre-de-documentation/statistiques-et-donnees/degres-jours

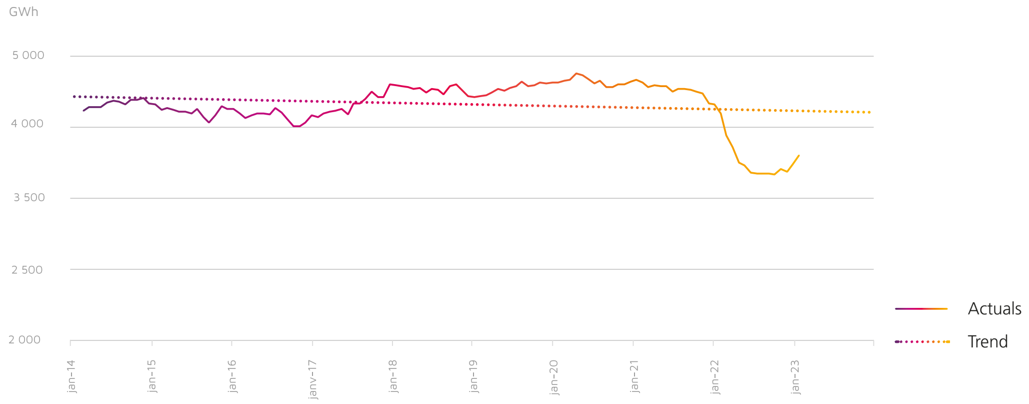
The graph below shows a continuous downward trend in electricity consumption from the first year. This downward trend, in a context of electrification, can be explained by an increase in the energy efficiency of electrical appliances, a change in behaviour (energy sobriety), but also by an increase in the level of self-consumption, mainly due to the exponential growth in the installation of solar panels. Gas consumption, on the other hand, was relatively stable before the energy crisis.

The impact of these falls in consumption has been a drop in grid fee revenue. However, this reduction in grid fee revenue has been offset by the use of regulatory balances in 2023. To compensate for the loss of gas volumes, Sibelga used €19.1 M of its regulatory balances.

Infeed electricity (GWh) 12 rolling months



Infeed gas (GWh) 12 rolling months (standardisation to 2222 degree days)



IV. Risks and uncertainties

1. Risks related to the uncertainty of the current regulatory framework

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

Brugel's aim 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 introducing 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 applicable over the 2020–2024 period, 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 $_{\text{10-year}}$ OLO rate was taken as the benchmark for the risk-free rate. Changes in the $_{\text{10-year}}$ 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 defined in the 2020–2024 methodologies, does not present any risk for Sibelga because it can never be to Sibelga's disadvantage.

2. Technical and operational risks

The company's risk identification and assessment were reassessed and restructured in March 2023. This review was carried out on the basis of working sessions involving the members of the Management Committee as well as the company's Senior Managers. The aim of these sessions was to identify past incidents likely to recur, as well as future incidents that could jeopardise the achievement of the strategic and operational objectives of the various departments, or even the company itself. This process made it possible to establish Sibelga's risk profile. It is made up of 49 risks (classified into seven categories) with which an impact and a probability have been associated. Following this assessment, 13 of these 49 risks were assessed as major in terms of their probability of occurrence and their potential impact on our operations. Only Sibelga's 13 major risks are discussed below.

The management of these risks is organised in seven areas: (1) Customer risks (2) Legal, regulatory, compliance, and governance risks (3) Human resources and organisational risks (4) Internal operational risks (5) External operational risks (6) Technological risks (7) Financial risks.

Monitoring the development of the risks is an essential part of the company's effective management. This activity is carried out within the internal management bodies designated for this purpose 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 and monitor the effective and proportionate implementation of 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.

2.1. Customer-related risks

THE ABILITY TO TRANSFORM SIBELGA TO ACHIEVE THE ENERGY TRANSITION

This risk is linked to Sibelga's ability to achieve the energy transition in terms of cultural change, by hiring qualified resources and deploying financial resources commensurate with the challenge. Effective management of this risk is essential if Sibelga is to play its part in the energy market of the future. In this context, Sibelga is setting up a structure to translate its positioning and ambitions into concrete objectives and to organise, manage and monitor the transformation at all levels of the company (not just the technical aspects).

2.2. Legal, regulatory, compliance and governance risks

STAKEHOLDER MANAGEMENT

It is vital that Sibelga continues to nurture meaningful interactions with its stakeholders, whether they be shareholders, the regulator, energy suppliers, government departments or political authorities. Given the nature of its missions and its three roles (network operator, market facilitator, partner of the authorities), the quality of these interactions is key to their success, which is in the interests of everyone, and in particular the residents of Brussels.

The first challenge is to maintain a map of our stakeholders and to identify their importance (in terms of influence, impact on our business, etc.). The next step is to properly assess the expectations of these stakeholders, identify the most appropriate ways of working together and define the actions to be taken in order to strike the right balance between their respective concerns, constraints and interests. .

2.3. Human resources and organisational risks

PROJECT MANAGEMENT AND IMPLEMENTATION

This risk relates to the delivery of projects to budget, on time and within the required scope, as well as the operationalisation of business-critical projects such as Smart Meter or ISL LED [7]. This is why Sibelga ensures that resources are available, that third parties who have to deliver key products are properly managed, that the necessary cross-functional approach is taken in needs analyses, that change is managed effectively, and that all projects or changes affecting the same team or department are taken into account.

[7] Intelligent Street Lighting LED

This risk is managed by monitoring and managing the project portfolio through the company's various governance bodies. The Change Management aspect of projects is also developing, in order to bring about the cultural and behavioural changes needed to complete and implement projects.

ATTRACTING AND RETAINING TALENT

This risk concerns, on the one hand, the ability to recruit the internal and external human resources needed to maintain and develop the operations and services provided by the company. On the other hand, this risk also concerns the ability to retain these resources within the company and, ultimately, the ability to train and develop them.

Sibelga has implemented various mitigation measures to address this risk. This is borne out, for example, by the many hours of training (technical and otherwise) that are provided. Attracting talent, whether for technical or non-technical roles, remains a major challenge to manage, which is why Sibelga is continually looking at new initiatives, such as the introduction of an employee signing bonus to facilitate the hiring of new recruits.

STAFF PHYSICAL SAFETY AND WELL-BEING

This risk 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". This is set out in an annual plan to ensure its implementation and monitoring.

2.4. Internal operational risks

INCREASING COMPLEXITY OF RAW MATERIALS SUPPLY

This risk concerns the impossibility of carrying out our activities due to a global or local shortage affecting the supply of critical products such as cables or transformers. On the other hand, because of the complexity of the process of submitting bids via public tenders, one consequence could be to obtain a lower number of bids, with a potential impact on choice. Finally, given the growing number of investments (by other network operators in Europe) involving the same companies or contractors, whose number is limited, their availability could also be reduced, with a potential upward impact on prices. Aware of this risk, Sibelga has launched a comprehensive review of the purchasing strategies to be implemented in order to limit it as much as possible.

DATA MANAGEMENT

The risk involves managing data to ensure that it remains of good quality, consistent and available, not only to enable operations to be carried out properly, but also to enable management to take appropriate decisions and act effectively. There are many ways of mitigating this risk, for example in terms of the quality of the data to be transmitted to the market, or in terms of having a backup IT infrastructure to ensure the availability of this data. Initiatives are also in place to define and maintain data governance.

NETWORK RELIABILITY RISK

This risk relates to Sibelga's ability to guarantee on an ongoing basis, via monitoring or a development plan, that its infrastructure receives the maintenance and investment it needs to avoid any malfunctions, and therefore to guarantee its availability.

In concrete terms, 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".

Moreover, even if Sibelga manages its networks with a view to making them as reliable as possible, 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.

ATRIAS

Atrias supports the development of the liberalised Belgian energy market at distribution level, playing a key role as an information provider. Atrias is a joint initiative of the four largest distribution system operators in Belgium: Fluvius, ORES, Sibelga and RESA.

Atrias provides market facilitation data on behalf of and in close collaboration with distribution system operators. Atrias is also developing a reliable and innovative IT infrastructure that benefits all players in the market.

This is why effective interaction with Atrias is vital to ensure that the market functions smoothly, in the interests of Brussels customers. In this context, Sibelga is doing its utmost to contribute to the sound management of this entity, over which it does not have complete control, and whose governance with all the Belgian network operators, energy suppliers and regulators is sometimes complex, in order to reach agreements that are in the interests of all the stakeholders.

2.5. External operational risks

ABILITY TO CARRY OUT CONSTRUCTION WORK

This risk refers to the ability to implement projects and carry out construction work given the imposed or de facto constraints (town planning or other). In this context, Sibelga is committed to the principles of centralised management of building sites in the Brussels region, in particular via the OSIRIS platform, and Sibelga has processes in place to ensure the proper management of permit applications in particular.

2.6. Technological risks

RISKS RELATED TO THE SECURITY OF INFORMATION SYSTEMS

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

- defined an information systems security governance framework stipulating the activities to be carried out on a recurring basis to ensure the required level of security, and defines the roles: an Information Security Board responsible for supervising the security of information systems and a Data Privacy Officer responsible for ensuring the confidentiality of private data;
- invested in the skills of the security management team headed by the Chief Information Security Officer (CISO);
- defined a multi-year action plan and awareness campaign on “Information Systems Security”;
- continued its “Business Continuity Plan/Disaster Recovery Plan” (BCP/DRP) with the aim of defining and implementing availability targets for each IT system;
- taken out “cyber risks” insurance since 2018.

In addition, Sibelga has been designated an Essential Service Operator given:

- the sector in which Sibelga operates,
- the fact that Sibelga provides a service classified as an “essential service” by the competent sectoral authority,
- that the provision of the service is dependent on networks and information systems,
- that the occurrence of an “incident” relating to the “security of networks and information systems” would be likely to have a “significant disruptive effect” on the provision of the essential service (according to criteria determined by the competent sectoral authority).

Sibelga is therefore in the process of complying with the NIS (Network and Information Security) directive and legislation, in particular by implementing the requirements of the ISO 27001 standard.

2.7. Financial risks

RISK RELATED TO THE BANKRUPTCY OF A MAJOR ENERGY 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 closely monitors its trade receivables and routinely assesses the financial capacity of its counterparties. This limits the risk of default.

Nevertheless, given that the number of Sibelga’s debtors is limited – only one debtor (Engie- Electrabel) accounts for 65% of turnover and the three largest debtors account for 89% 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 an “energy 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.

The risk of default by an energy supplier had increased considerably in 2022 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 by the withdrawal of access contracts from three suppliers in the Brussels region, as well as one bankruptcy. In 2023, no energy supplier went bankrupt; only one supplier asked to withdraw its gas and electricity access contracts, having stopped supplying customers in Brussels at the beginning of 2022.

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.

INFLATION AND COST OVERRUNS

This is the risk that Sibelga will have to bear higher-than-expected or unexpected costs that are not covered by the regulatory framework in force, which could have a negative impact on the carrying out of works and other core activities. In this context, Sibelga has a process for drawing up the budget and monitoring monthly and quarterly budgets in order to quickly identify any significant deviations and deal with them.

3. Other financial risks

3.1. 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 2023 Sibelga did not face the problem of negative interest rates. Sibelga's financial policy has since then been to maximise these surpluses within the framework of cash pooling within the group and to actively manage the term investment of cash surpluses.

3.2. 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 debts. Sibelga's liquidity is also based on continuing confirmed credit availability and facilities.

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

Sibelga's diversified and adapted financing policy aims to limit this liquidity and credit risk. The bond issue in 2013, which matured in May 2023, is fully in line with this policy, as are the bank loan financing in 2021 and the USPP loan from US investors in 2023.

However, additional financing requirements were necessary in 2023 and are still expected in the coming years, mainly in relation to the following points:

- 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.
- Costs have risen significantly in 2022 and 2023 as a result of inflation, while tariffs have not kept pace with this increase.
- Finally, consumption of both gas and electricity has fallen, leading to significant reductions in revenue, which have been covered by the substantial use of regulatory balances in 2023.

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 67% 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.

3.3. 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 2023, the amounts actually disbursed for unfunded pension costs amounted to €4,596,107.33.

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

It should be pointed out that, in accordance with Belgian accounting standards, the actuarial value of these commitments for future payments is not recognised as a financial liability. This actuarial value of future pension payments is estimated, taking into account certain assumptions, including the discount rate and residual life expectancy, at an estimated amount of €26,664,695.29. This estimate is subject to change depending on the assumptions made.

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.

3.4. 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.

3.5. Sibelga's additional debts

Sibelga's debt ratio remains relatively low, although it has increased by almost €90 M following the new loan of €190 M concluded in 2023, which enabled the bond loan of €100 M to be repaid. As mentioned above, the debt burden is set to increase in the future as a result of two factors: 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.

3.6. Macroeconomic and cyclical risks

The economic turbulence we have experienced in recent years has shown us that cyclical events can have repercussions on 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.

V. Analysis of the 2023 result according to the regulatory approach

Income for the year amounts to €52,565,320.15. It results from our network management activities:

- **regulated**: + €52,652,675.83 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 2023	€31,357,669.90	€14,927,986.68	€46,285,656.58
Manageable cost-based incentive regulation	€4,720,114.02	€1,536,499.08	€6,256,613.10
Target-based incentive regulation on KPI 2022 [8]	€187,221.00	€123,732.00	€310,953.00
Correction of regulatory balances 2022 [9]	- €199,262.42	- €1,284.43	- €200,546.85
Total "regulated"	**€36,065,742.50**	**€16,586,933.33**	**€52,652,675.83**

- **non regulated**: - €87,355.68. This result, which is not significant, can be broken down as follows:

	Electricity	Gas	Total
Remaining ex-supply activity	€15,992.54	€338.80	€28,838.73
"Radiator rental" activity		- €28,141.13	- €28,141.13
"H2Mobility" project		- €6,650.00	- €6,650.00
"MobiClick" project	- €68,895.89		- €68,895.89
Total "non-regulated"	**- €52,903.35**	**- €34,452,33**	**- €87,355,68**

8 Brugel decisions 20231003-240 and 241 concerning the 2022 financial year

9 Idem

The "MobiClick" project is not strictly speaking a non-regulated activity, since it is a public service mission, 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.

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 manageable costs between the actual situation and the budget/tariff standard. The incentive is a maximum of 10% of the indexed budgeted manageable costs. The other 50% of the difference is included in non-controllable 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 2023 are recognised by Sibelga in the 2023 results. On the other hand, the result on the KPI relating to the 2022 financial year was validated by Brugel in October 2023 and could therefore be recognised and accounted for in 2023.

Balances on the liabilities side of the balance sheet dropped to -€54.2 M. As a reminder, these balances are used to adjust the accounting result so that it corresponds to the authorised regulated result. There are different kinds of balances:

The ***non-controllable balances for the year*** (-€48.8m), which mainly concern the differences between the tariff budgets and the actual figures for the following items

- volume differences (revenues);
- the budget for manageable costs (linked to reindexation);
- public service obligations;
- depreciations;
- the fair profit margin;
- supplements and withdrawals such as taxes and pension charges;
- the cost of losses;
- extraordinary income and expenses;
- (financial expenses) embedded costs.

In this case, the non-controllable balances of the "electricity" business for the year 2023 amount to a total of - €25,977,180.17, which constitutes an overpayment (debt) in relation to the contract.

The non-controllable balances of the "gas" business for the year 2023 amount to a total of -€22,849,438.20, which constitutes an underpayment (claim) in relation to the contract.

The ***transfer to the regulatory fund***:

- the part of the controllable balances not included in the incentive regulation (50% of the total difference) (€6.3 M). In 2023, controllable balances are 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 2022 ex-post control (€0.2 M); this has a direct and negative impact on the result and increases the 2023 balances.

The ***allocations*** (+ €3.8 M) and ***use*** (- €15.6 M) of **non-controllable balances from the past,** as foreseen in the tariff proposal.

Non-controllable balances	**Electricity**	**Gas**	**Total**
Uncontrollable balances 2023	- €25,977,180.17	- €22,849,438.20	- €48,826,618.37
Share of the balance of manageable costs paid into the regulatory fund	€4,720,114.00	€1,536,499.07	€6,256,613.07
Correction of balances 2022	€199,262.42	€1,284.43	€200,546.85
Allocation of balances	€729,804.00	€3,041,220.60	€3,771,024.60
Use of past balances	*- €15,367,133.29*	*- €186,853.17*	*- €15,553,986.46*
Total non-controllable balances carried on the liabilities side of the balance sheet	**- €35,695,133.04**	**- €18,457,287.27**	**- €54,152,420.31**

2. Comments on trends

Fair remuneration, which has been very stable in the past given the level of the OLO rate, increased significantly in 2023. In fact, the OLO rate being a key parameter in the fair remuneration formula, changes to the rate have had no impact given the minimum threshold of 2.2% set by the tariff methodologies. However, with an average OLO rate of 3.12% in 2023, i.e. +0.92% compared to the threshold of 2.2% that applied in previous years, this has generated an increase in fair remuneration of €7.8 M.

The fair remuneration base (the RAB) has increased slightly overall compared to 2022. 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.

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 level of inflation which led to a reindexation of the tariff envelope, but whose effects on real costs were partially delayed thanks in particular 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;

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 purchase of network losses proved to be much more costly than expected following the sharp rise in energy prices compared with the tariff proposal;
- the depreciation charge is higher than the tariff proposal for both electricity and gas;
- higher than expected tax charge;
- lower volumes of gas and electricity;
- The use of balances as foreseen in the tariff proposal.

3. Performance

In our analytical approach, the result for the year 2023 is therefore constructed as follows:

Fair remuneration	€46,285,656.58	
Incentive regulations	€6,567,566.10	1
Correction of regulatory balances 2022	- €200,546.85	
Regulated result	€52,652 ,675.83	
Non-regulated result	- €87,355.68	2
Result of the financial year	€52,565,320.15	3

1 The fair remuneration provides a return of 5.38% on average equity excluding capital subsidies.

2 If the positive impact of both incentive regulations (on manageable costs and on service quality) and the negative impact of the corrections to the regulatory balances for the previous year are taken into account, the return increases to 6.12%.

3 The result for the year including the non-regulated part thus brings the return to 6.11%.

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 €1,398,099,851.93 compared to €1,357,068,450.58 in the previous financial year, i.e. an increase of €41,031,401.35.

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

Assets

Formation expenses: €537,614.01 (+ €537,614.01)

The formation expenses capitalised correspond to bank charges for the issue of loans relating to the new loan in 2023 for a total amount of €573,434.00 less depreciation for the year of €35,819.99.

Fixed assets: €1,294,042,480.09 (+ €27,109,449.45)

- **Intangible fixed assets: €3,210,519.00 (+ €1,171,079.00)**

The intangible assets consist of the green certificates unsold at 31 December 2023. These have been conservatively valued at €65 per certificate, which is the minimum price guaranteed by Elia.

- **Tangible fixed assets: €1,286,776,366.67 (+ €25,923,707.28)**

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 2023 can be summarised as follows:

- network rehabilitation work to ensure continuity of service in support of the energy transition and control of operating costs as well as to improve safety. Examples include the renewal of electric transformer and gas load shedding cabins, the renewal of distribution boards at interconnection points, the renewal of three load shedding lines at the 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 fibres in the framework of the "Backbone" project to create 161 connections.

The evolution of net investments 2019–2023 (= gross investments – customer interventions – subsidies) is as follows:

Net investments

€	Distribution Electricity	Distribution Gas	RAB	Non-regulated assets
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
Realised 2023	80,442,956	15,794,603	96,237,559	22,397

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

RAB

Book value (€)	Distribution Electricity	Distribution Gas	RAB	Non-regulated assets
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
as at 31/12/2023	849,037,609	433,158,469	1,282,196,078	130,169

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 31/12/2019	1,211,788,464	- 3,291,981	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
as at 31/12/2023	1,286,776.367	- 4,450,119	1,282,326,248

Financial fixed assets: €4,055,594.42 € (+ €14,663.17)

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

Current assets: €103,519,757.83 (+ €13,384,337.89)

- **Stocks and contracts in progress: €16,253,354.20 (+ €1,120,134.51)**

The item covers supplies relating to "electricity", "gas", "mixed" and, since 2015, "road lighting".

This item has increased due to the sharp rise in electricity supplies (+ €1.3 M). This is mainly due to the massive roll-out of smart meters starting in September 2023, which will require a higher level of working capital. It should also be noted that "public lighting" supplies also increased(+ €0.2M), while "gas" supplies fell (- €0.4M) and "mixed" supplies remained stable (virtually unchanged).

Amounts receivable within one year: €65,027,157.40 (+ €9,613,519.65)

Most of the heading concerns trade receivables, amounting to €50,782,344.04; these have increased by €5,625,008.64.

The breakdown for trade receivables is as follows (in € M):

- 30,0 — for billing the grid fee and works (+ €2.4 M)
- 9,3 — for the invoicing of miscellaneous and ancillary services (+ €0.7 M)
- 1,0 — for invoices to be issued (+ €0.2 M)
- 39,0 — of doubtful debts excluding grid fee (+ €6.1 M)
- - 28,6 — for write-downs on receivables within the framework of the ruling obtained by the Anticipated Decisions Service (ADS) of the FPS Finance (- €3.8 M)

50,8

This heading also includes miscellaneous receivables in the amount of €14,244,813.36. This amount is down by €3,988,511.01.

The breakdown is as follows (in € M):

1,6	for VAT to be recovered (+ €1.6 M)
7,0	for cash advances in Atrias (- €0.7 M)
2,3	for the enablement of "public service missions" and subsidies (+ €0.6 M)
0,2	for a claim on Bruxelles Environnement as part of the SolarClick programme (- €0.1 M)
1,5	balance of TSO fee to Elia (+€1.5 M)
0,8	for claims against CREG relating to basic federal electricity and gas rates (+€0.8 M)
0,8	for network damage (+ €0.2 M)
14,2	

- **Current investments and cash at bank and in hand: €6,311,517.98 (- €3,980,140.07)**

These are term investments of €0.1 M (s.q.) and cash at bank and in hand of €6.2 M (- €3.9 M).

We refer to the cash flow statement below for changes in cash and cash equivalents during the year.

- **Deferred charges and accrued income: €15,927,728.25 (+ €6,630,823.80)**

The remaining amounts are mainly related to:

- charges to be deferred on multi-year invoices for €5.1 M (- €0.3 M), in compliance with accounting and tax law;
- €0.3 M (- €0.1 M) in income accrued from work carried out;
- accrued income from the CREG for the special social tariff for €5.1 M (+ €2.8 M);
- accrued income from Bruxelles Environnement for €4.8 M (+ €3.4 M)
- miscellaneous accrued income of €0.6 M (+ €0.2 M).

Liabilities

Equity: €860,565,491.10 (+€816, 712.05)

- **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: €172,606,672.54 (- €7,189,981.18)**

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: €103,883,615.33 (+ €7,189,981.18)**

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

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

- **Available reserves: €537,614.01 (+ €537,614.01)**

This item was created in 2023 for the amount corresponding to the unamortised ancillary costs of the new €190 M loan, which is also included under formation expenses.

- **Capital grants: €3,337,589.22 (+€279,098.04)**

This heading includes subsidies from the Brussels region for work to relocate pipes and "energy" premiums from Bruxelles Environnement obtained for the purpose of building investment work.

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

Provisions and deferred taxes: €18,349,119.45 (- €2,363,466.14)

- **Provisions for risks and charges: €17,236,589,69 (- €2,456,498.88)**

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: €13.4 M (- €2.4 M). It is the financial coverage of the difference between the allocated energy volumes (ex ante) and the measured energy volumes (ex post) in reconciliation.
- Cogeneration: €1.0 M (s.q.). This provision covers non-routine maintenance and repairs to our cogeneration facilities.

- **Deferred taxes: €1,112,529.76 (+ €93,032.74)**

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: €519,185,241.38 (+ €42,578,155.44)

- **Amounts payable after more than one year: €215,672,876.19 (+ €188,503,791.22)**

The heading consists of the following items:

- Unsubordinated bond loan: €190 M (+ €190 M). This new 10-year loan, concluded in March 2023 with private investors on the USPP market, enabled the company to repay the €100m bond which matured in May 2023;
- 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: €1.6 M (- €1.5 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: €134,824,768.24 (- €89,116,145.94)**

The heading is essentially made up of four elements:

- debts payable after more than one year falling due within the year: €1.5 M (- €100.5 M);
- trade debts: €65.4 M (+ €3.0 M);
- tax, remuneration and social security debts: €3.4 M (- €3.2 M);
- other debts: €64.6 M (- €11.6 M).

Amounts payable after more than one year fell overall following the repayment of the €100 M bond maturing in May 2023 (-€100 M). There was also a downward impact (-€0.5 M) following the reclassification of the short-term portion of the Synatom credit line according to schedule.

Trade payables are up mainly under the suppliers item: €43.7 M (- €4.7 M).
Trade receivables with a credit balance also increased to a lesser extent and represent €0.8 M (+ €0.2 M). Invoices and credit notes receivable fell by €2.1 M to €21.0 M.

Tax liabilities amount to €3.4 M (- €3.2 M) and are mainly composed of an estimated tax adjustment of €3.3 M (- €2.6 M). The overall change in tax liabilities is also impacted by the fact that, at 31 December 2023, Sibelga has a receivable from the VAT authorities, compared with a liability of €0.7 M at 31 December 2022 (- €0.7 M). The remainder of this item comprises a series of contributions payable amounting to €0.1 M (+ €0.1 M).

The other debts cover mainly the dividends to the associates rounded up to: €52.0 M (+ €9.7 M), the balance of the municipal fees for occupation of the public domain due to the municipalities: €6.9 M (- €1.3 M), the share due to Bruxelles Environnement for the Energy Guidance Fund and the Energy Policy Fund: €2.8 M (+ €0.9 M), as well as an amount of €2.8 M (+€0.8 M) owed to the CREG, the increase in which is explained by advances received as part of the extension of the social tariff. It should be noted, however, that these increases in other liabilities are partly offset by a balance of the TSO fee in favour of Sibelga at 31 December 2023, compared with a liability in 2022 (- €1.0 M).

- **Deferred charges and accrued income liabilities: €168,687,596.95 (- €56,809,489.84)**

  - This item consists mainly of deferred income: €167.5 M (- €53.9 M) relating almost exclusively to the regulatory debt for non-controllable activities (= regulatory balances) for €165.9 M (- €54.2 M). The balance of the item, amounting to €1.6 M (+ €0.3 M), concerns income to be carried forward relating to subsidies for €0.3 M (+ €0.6 M), works and rents for €1.3 M (+ €0.9 M).

It should be noted that the regulatory balances were mainly impacted in 2023 by: the fall in gas (- €19.1 M) and electricity (- €5.9 M) volumes, the differences resulting from the indexation of the budget for manageable costs for electricity and gas combined (- €14.2 M), the smoothing of tariffs for 2020-2024 (- €12.2 M).

  - The heading also contains the expenses to be charged: €1.2 M (- €2.9 M), mainly comprising financial expenses of €1.0 M (- €1.0 M) and provisions for invoices receivable of €0.2 M (- €1.9 M).

Overall, debts will increase from €476,607,085.94 at the end of 2022 to €519,185,241.38 at the end of 2023, i.e. an increase of €42,578,155.44.

1.2. Income statement

Overall, Sibelga shows a profit of €52,565,320.15 for the financial year 2023, compared with €42,322,637.43 for the previous financial year, an increase of €10,242,682.72. This is explained in the comments below.

Sales and services: €412,829,951.61 (+ €22,246,794.32)
These are impacted:

- by turnover (€379.6 M/+ €14.3 M);
- by other operating income (€33.2 M/+ €8.0 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 €308.9 M (- €15.8 M).

This amount was increased by €54.1 M (+ €25.1 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 681,019 active supply points (ASP).

The quantities invoiced were 3,823,273,738 kWh, which corresponds to a decrease of 3.42% compared to the previous year. It should be noted that, as in previous years, metered energy (energy consumed but not read) has not been taken into account. This decrease can be attributed to rational use and saving of energy, as well as the growing number of solar panels allowing self-consumption.

These quantities enabled the intermunicipal company to invoice €218,907,741.35 (including the municipal fees for occupation of the public domain of €23,078,306.07), which is an increase of 0.6%. This slight increase in revenue, despite a reduction in quantities, can be explained by two factors:

a. The 2023 rates are slightly higher overall than the 2022 rates, offsetting the reduction in volumes.

b. Part of the tariff is not linked to volume fluctuations:
    - The measurement and metering tariff is not linked to the volumes consumed
    - capacity tariffs are not linked to the volumes consumed

- **The "gas" activity** covers 434,377 active supply points (ASP).

The quantities invoiced were 7,813,799,752 kWh, which corresponds to a reduction of 15.66%. Metered energy has not been taken into account. It should be noted, however, that the quantities billed in 2023 relating to consumption for the year amount to 8,372,928,426 kWh, the difference corresponding to adjustments relating to previous years.

These quantities enabled the intermunicipal company to invoice €90,024,040.81 (including the municipal fees for occupation of the public domain of €11,236,589.61), which is a drop of 14.99%.

The degree days for the year 2023 amount to 1,914. They are slightly below the level of the previous year (1,922), i.e. a drop of 0.42%, which only partially explains the reduction in quantities. They are 15.50% below the tariff proposal standard (2,265).

The significant fall can also be broken down into

- The impact of adjustments relating to previous years (- €10.0 M), and
- The impact of the fall in volumes billed for the current year of (- €5.9 M).

The “turnover” heading also includes (in € M):

substation fees charged to Elia, Iverlek and Sibelgas	1,9	(+ 0,2)
energy sales to protected customers	8,7	(+ 6,2)
sales of heat (cogeneration) and sales of green certificates	4,3	(- 1,7)
work on behalf of third parties	0,3	(- 0,4)
study fees charged	0,5	(+ 0,1)
expenses charged to subsidiaries	0,9	(+ 0,5)
rental of gas appliances	0,1	(s.q.)
	16,5	**(+ 4,9)**

The sharp rise in gas and electricity sales to protected customers is explained by the significant increase in the number of protected customers following the changes made by the new ordinance to the conditions for acquiring protected customer status.

Sales of heat from cogeneration facilities were up (+ €0.3 M), while income from green certificates was down (- €2.0 M). This last figure is explained by the fact that, in 2022, Sibelga benefited from the income from two years of certificate production, those of 2021 and 2022, while in 2023 the income corresponds only to that recorded from certificates produced in 2023. These were not sold but were valued at a unit price of €65, the minimum price guaranteed by Elia.

In summary, the turnover for the financial year 2023 is €379,624,510.56 compared to €365,367,203.58 for the previous financial year, i.e. an increase of €14,257,306.98, 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 €33,170,202.07 compared to €25,183,433.17 in the previous financial year, i.e. an increase of €7,986,768.90.

This other income mainly concerns (in € M):

		Variation
invoicing of services (fairs and festivities, opening and closing of meters, work without provision, fraud and breach of seals, repair of damage)	6,9	(+ 1,1)
recovery of administrative costs (fraud, breach of seals)	0,8	(+ 0,1)
recovery of management fees	0,4	(- 0,1)
compensatory allowances (forgotten meters, fraud, breach of seals)	15,5	(+ 6,3)
operating subsidies (NRClick and SolarClick programmes)	4,8	(- 0,2)
user fees and cost recovery	1,6	(+ 0,2)
capital gains on the disposal of tangible fixed assets	1,0	(- 0,2)
claims recoveries	0,1	(s.q.)
various recoveries	1,9	(+ 0,8)
	33,2	**(+ 8,0)**

The increase in billings for services (up €1.1 M) is mainly due to the higher volume of damage repairs.

The increase in compensation (+ €6.3 M) is due to higher billings for fraud and breach of seals in 2022 (+ €2.9 M), and increased Delta CREG compensation (+ €1.1 M) as a result of an increase in the number of protected customers using this scheme between 2022 and 2023.

Non-recurring operating income

The "non-recurring operating income" item (formerly extraordinary income) amounted to €35,238.98 compared to €32,520.54 in the previous financial year, an increase of €2,718.44.

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: €335,190,695.81 (+ €6,784,647.20)

Supplies and goods: €53,251,763.70 (+ €11,115,648.71)

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 €25.7 M, which increased overall by €5.6 M. This increase is mainly due to higher purchases of 'electricity' supplies (+ €4.4 M) and 'public lighting' supplies (+ €1.9 M), partially offset by a reduction in purchases of 'gas' supplies (- €0.7 M), while purchases of 'mixed' supplies remained stable.

- **Energy purchases** complete the purchases heading for an amount of €29.7 M, an increase of €6.6 M.

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

Activities	Electricity	Gas	Total	Variation
The deregulated market	- 0.3	- 1.9	- 2.2	-0.5
Protected customers	5.3	3.8	9.1	+6.7
Network losses	9.3	-	9.3	+3.9
Cogeneration	-	4.6	4.6	+2.6
Public lighting	8.8	-	8.8	-6.1
Total	**23.2**	**6.5**	**29.7**	**+6.6**

The financial reconciliation between the players in the deregulated market for the financial years 2019 (final reconciliation), 2020 and 2021 (provisional reconciliation) enabled Sibelga to recover an amount of - €1.9 M for the "gas" activity compared with a recovery of - €1.1 M last year (- €0.7 M). For the financial reconciliation relating to the "electricity" activity, Sibelga recorded a recovery of - €0.3 M compared with a recovery of - €0.6 M last year (+ €0.3 M).

Energy purchases for protected customers amounted to €9.1 M, an increase of €6.7 M. This sharp increase is mainly due to two factors:

- A significant increase in the number of protected customers, following the changes made by the new ordinance to the conditions for acquiring protected customer status;
- Energy purchases for protected customers were based on a "click" tariff in 2022, whereas in 2022 they were based on a "click" tariff in 2021.

It should also be noted that energy purchases to cover network losses, amounting to €9.3 M (+ €3.9 M) and for cogeneration, amounting to €4.6 M (+ €2.6 M), were also impacted by an increase in tariffs resulting from a "click" price in 2022 for the year 2023, whereas the year 2022 was based on a 2021 tariff.

On the other hand, energy purchases for public lighting amounted to €8.8 M , a decrease of €6.1 M. This can be explained by the market strategy for public lighting that was decided well before the energy crisis. As this strategy is based on a spot price, it has had a favourable effect in terms of lower prices in 2023 compared with 2022.

Lastly, **changes in inventories** represented a negative charge of €2.2 M compared with a negative charge of €1.1 M in the previous financial year, i.e. an increase in negative charges of almost €1.0 M.

Miscellaneous services and goods: €204,886,073.53 (+ €3,618,993.92)

This heading accounts for almost 2/3 of all operating expenses. Overall, it has increased by 1.8%.

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)	133.7	+ 5.2
Subcontractor (maintenance & repairs)	59.1	+ 5.6
Third-party services	51.9	+ 2.4
The municipal fees for occupation of the public domain	34.3	+ 0.1
Direct purchases	10.8	- 0.8
Licences and royalties - intangible rights	11.8	+ 1.6
Telephone and postal charges	2.2	+ 0.4
Miscellaneous fees	0.5	+ 0.0
Insurance	0.8	- 0.1
Energy for own use	1.0	+ 0.0
Contributions	0.3	- 0.4
Advertising and information	0.6	+ 0.0
Transport-related costs	0.9	- 0.1
Costs transferred to property, plant and equipment	-105.8	- 10.7
Sub-total	202.2	+ 3.0
Other miscellaneous	2.7	+ 0.6
Total	**204.9**	**+ 3.6**

Comments:

- **Management invoices (BNO)**. These invoices represent the largest expense under this heading at €133.7 M, an increase of €5.2 M.

This increase is largely attributable to remuneration, social security charges and pensions and amounted to €125.1 M, up by €5 M on the previous year. This was due in particular to the average index, which rose by 6.4% on the previous year, and to the increase in BNO's headcount. The number of FTEs will grow by 23.3 between the end of 2022 and the end of 2023, representing an increase of 2.1%.

- Subcontracting involved in **maintenance and repair work** for €59.1 M is up by €5.6 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 €51.9 M, an increase of €2.4 M.
  They mainly cover the use of IT consultancy;

- **The municipal fees for occupation of the public domain** amounted to €34.3 M, an increase of €0.1 M. We have seen above that the quantities distributed decreased by 3.42% for electricity and 15.66% 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:

  - €23.1 M for electricity, an increase of €0.9 M;
  - €11.2 M for gas, a decrease of €0.8 M;

- **Direct purchases** amounted to €10.8 M, a decrease of €0.8 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 €11.8 M, an increase of €1.6 M;

- **Telephone and postal charges** of €2.2 M, an increase of €0.4 M;

- **Miscellaneous contributions** for an amount of €0.5 million, which remains stable;

- **Insurance** for an amount of €0.8 M, down by €0.1 M;

- **Energy costs for own use** amounted to €1.0 M, which remains stable;

- **Miscellaneous fees** for an amount of €0.3 M, down by €0.4 M;

- **Advertising and information costs** of €0.6 million, which remains stable;

- **Transport costs** for an amount of €0.9 M, down by €0.1 M;

- **The costs transferred to tangible fixed assets** of - €105.8 M are up by €10.7 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 €2.7 M, an increase of €0.6 M.

Remuneration, social security and pensions: €29,224.80 (+ €2,147.88)

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

Depreciation and write-downs on tangible fixed assets: €67,777,814.38 (+ €643,384.02)

This represents an increase of 1.1%, in line with the increase in property, plant and equipment. 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 €38.9 M for the "electricity" business. For the "gas" business, we have a bonus of €9.9 M. There is therefore a self-financing deficit linked to investment of €29.0 M.

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

Write-downs on inventories and trade receivables: €4,896,153.33 (+€3,153,713.06)

- **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 €1.1 M, i.e. an increase in the charge of €0.3 M.

- **Trade receivables** represent an expense of €3.8 M.

During the year, we recorded write-downs on trade receivables relating to our miscellaneous and ancillary activities amounting to €13.0 M (+ €5.0 M).

This increase is directly linked to the rise in clipro and CHC/Fraud energy billings, and to a deterioration in average collection rates.

We also used previously recognised write-downs of €2.4 M and reversals of €6.8 M.

In summary, the movements on the write-downs on trade receivables constitute a negative charge of €3.8M and are as follows:

(in € M)	2023	2022	Delta (impact on results)
Appropriations	13.0	8.0	+ 5.0
Uses	- 2.4	- 3.5	+ 1.1
Reversals	- 6.8	- 3.5	- 3.2
Total	**3.8**	**1.0**	**+ 2.9**

Provisions for risks and charges: - €2,452,861.94 (- €5,101,831.47)

These represent a negative charge of €2,452 ,861.94 compared to a charge of €2,648,969.53 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 €4.6 M compared to €3.2 M during the previous financial year subsequent to an increase in unmeasured and out-of-contract consumption;

- with regard to the use of provisions, they mainly concern the “rest term” for - €0.1 M (+ €0.4 M). It should be noted that, unlike the previous year, the provision was not used for cogeneration this year (+ €0.1 M);

- there was a reversal of €7.0 M in provisions for the rest term in 2023, unlike the previous year when no reversal was recorded.

In summary, the movements in provisions are as follows:

(in € M)	2023	2022	Delta (impact on results)
Appropriations	4.6	3.2	+ 1.4
Uses	- 0.1	- 0.5	+ 0.5
Reversals	- 7.0	-	- 7.0
Total	**- 2.5**	**2.6**	**- 5.1**

Other operating expenses: €6,800,354.41 (- € 216,912.65)

This heading covers mainly two items:

- €3.1 M in **losses on the disposal of tangible fixed assets**, mainly due to demolitions. These are up by €0.4 M.
- **losses on the realisation of trade receivables**, which are calculated at €3.0 M in accordance with accounting and tax law. These are down by €1.1 M. It should be remembered here the majority of the charge relates to claims for fraud and out-of contract consumption.

Non-recurring operating expenses: €2,173.60 (- €6,430,496.27)

Non-recurring operating expenses fell sharply. This is due to the correction of the depreciation rate for gas meters (6% instead of 3%) being taken into account exceptionally in 2022 for the years 2020 and 2021.

In 2023, this charge concerns exclusively the cleaning of sites, for €2k against €31k during the previous financial year.

The operating result amounts to €77,639,255.80 compared to €62,177,108.68 in the previous year.

This operating result increased by €15,462,147.12. The summary table below gives the main trends:

(in € M)	**2023**	**2022**	**Impact result**
Turnover	379.6	365.4	+ 14.2
Other income	33.2	25.2	+ 8.0
Non-recurring income	0.0	0.0	+ 0.0
Subtotal income	412.8	390.6	+ 22.2
Provisions	53.3	42.1	+ 11.1
Miscellaneous services and goods	204.9	201.3	+ 3.6
Depreciation	67.8	67.1	+ 0.6
Write downs	4.9	1.7	+ 3.2
Movements on provisions	-2.5	2.6	- 5.1
Other expenses (losses)	6.8	7.0	- 0.2
Non-recurring expenses	0.0	6.4	- 6.4
Sub-total expenses	335.2	328.4	+ 6.8
Operating income	77.6	62.2	+ 15.4

The financial result is an expense. The operating result amounts to €4,409,586.58 compared to €3,174,911.67 in the previous year.

The financial result decreased by €1,234,674.91.

Financial income increased from €321,689.33 to €2,168,957.09 (+ €1,847,267.76). This is mainly made up of interest on current accounts and investments for €1.5 M (+ €1.5 M), advances on interest for €0.5 M (+ €0.4 M) and reversals of capital subsidies for €0.1 M (s.q.).
This marked increase is due to the increase in available cash following the new loan, which enabled financial investments to be made that benefited from the rise in interest rates.

Financial expenses increased from €3,496,601.00 to €6,578,543.67 (+ €3,081,942.67). Most of the expenses relate to the payment of the final coupon on the 2013 bond for €1.2 M (- €2.0 M), interest on the 2023 USPP loan for €5.0 M (+ €5.0 M), interest on the bank loans with Belfius and BNP Paribas Fortis for €0.2 M (s.q.) and interest on the Synatom credit line for €0.1 M (+ €0.1 M).

The profit for the year before tax amounts to €73,229,669.22 compared to €59,002,197.01 in the previous year.

Withdrawals from deferred taxes

This item amounts to €37,780.89 (- €2,975.85). 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 €20,702,129.96 (+ €3,981,813.64).
The increase in this heading (+ €4.0 M) is explained mainly by:

- the increase in the tax base (+€13.3 M * 25% tax = €3.3 M):
  - Improved pre-tax profit (+ €14.2 M),
  - Changes in DNA and reserves (- €0.8 M).

- A reversal of a provision taxable at the historical rate (€ 0.6 M).

The profit for the year before tax amounts to €52,565,320.15 compared to €42,322,637.43 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 €52,565,320.15.

It is proposed to the Ordinary General Meeting of 18 June 2024 to distribute a dividend of €52,027,706.14 corresponding to the profit for the year, less the reserved amount of the unamortised portion of the issue costs for the new loan taken out in 2023.

This proposal is in line with the Belgian Company and Associations Code (CSA) 6:114, 6:115 and 6:117 (**net asset test** to be reported separately).

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 2024.

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 31.12.2023 (M€)	Breakdown	Total
Cash flow from "operating activities"		
Result of the financial year	52.6	
Undisbursed expenses	72.2	
Evolution of the working capital	-79.3	
Cash flow from "operating activities" = (A)		45.5
Cash flow from "investment activities"		
Investments in the financial year	-98.5	
Divestment	3.1	
Cash flow from "investment activities" = (B)		-95.5
Cash flow from "financing activities"		
Capital		
- increase	0.0	
- reduction	0.0	
Capital grants	0.4	
LT debts		
- increase	190.0	
- reimbursement	-102.0	
Dividends paid	-42.3	
Cash flow from "financing activities" = (C)		46.0
Net cash flow = (A) + (B) + (C)		-4.0
Cash and cash equivalents		
Start of period = (D)		10.3
End of period = (F)		6.3
Delta = (F) — (D)		-4.0

2. Information on significant events after the year-end

2.1. Management contract for the RenoClick remit

A new management contract is currently being finalised and will be concluded in 2024 between Sibelga and the Region to govern the RenoClick public service remit for the years 2024-2026, as the current management contract expires. This new contract specifies the desired developments in the service offering, the associated objectives, the terms and conditions for funding, governance, implementation, monitoring and evaluation of the mission, the obligations of the parties, particularly in terms of data collection, the tasks assigned to them, the technical criteria and administrative procedures required, the list of project beneficiaries, and so on.

2.2. Revision of COBRACE

On 7 March 2024, a major revision of the Brussels Code on Air, Climate and Energy Management (COBRACE) was adopted with a view to implementing the regional building renovation strategy (RENOLUTION strategy). These include the planned phase-out of fossil fuels for new-build projects (from 2025) and major renovation projects (from 2030). In concrete terms, this means that the use of natural gas heating systems will be prohibited for new buildings or buildings undergoing major renovation, and only heat generated from electricity and/or energy produced from renewable sources, or connection to an efficient thermal energy network, will be permitted.

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 is having and will continue to 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 was defined by the government on 27 April 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. This new strategic plan was described in section *III* above. *Highlights > 11. Publication of the new strategic plan and a memorandum***.**

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

Under the new 2025-2029 tariff methodology, as decided by BRUGEL in November 2023 (BRUGEL-DECISION-20231128-250), the remuneration will be based on a WACC fixed for the entire tariff period and which will depend on a normative[10] gearing fixed at 55%.

It is not out of the question that the actual gearing (currently around 20%) could evolve over time and move closer to the normative gearing.

The impact would be threefold:

- an increase in the rate of return on equity (only if the cost of the new debt raised is lower than the WACC fixed for the entire tariff period);
- an increase in interest expenses; and
- if the increase in gearing involves a reduction in shareholders' equity, a reduction in Sibelga's results.

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.

[10] Gearing is defined as the ratio of financial debt to the sum of shareholders' equity and financial debt

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 fluctuating energy prices, it is increasingly necessary for Sibelga to keep abreast of developments in these fields.

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

- **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 a male/female representation of at least 1/3–2/3 on the Management Committee, and even parity on the Board of Directors.

It is for this reason that municipalities are required to present candidates of different sexes if they have more than one mandate.

Currently, the Board of Directors is composed of 11 women and 17 men.

6. Information on the existence of branches of the company

None.

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

None.

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

None.

9. Use of financial instruments by the company

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 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 2023 annual accounts.

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

VII. Management and oversight

1. Elections

At this General Meeting you will need to appoint a director to complete the mandate previously held by Mr Jos RAYMENANTS, who has resigned; the municipality of Saint-Gilles has appointed Mrs Suzanne RYVERS to replace him.

2. Discharge

We kindly ask you to discharge your directors and auditors from their duties during the financial year 2023 by means of a special vote.

Brussels, 14 May 2024
The Board of Directors

Independent auditor's report to the general meeting of Sibelga CV for the year ended 31 December 2023

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 2023, the income statement for the year ended 31 December 2023 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 11 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 2023, the income statement of the year and the disclosures, which show a balance sheet total of € 1,398,099,852 and of which the income statement shows a profit for the year of € 52,565,320.

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 2023, 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") applicable in Belgium. In addition, we have applied the ISA's approved by the International Auditing and Assurance Standards Board ("IAASB") that apply at the current year-end date and have not yet been approved at national level. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the 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.

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 ISA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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.

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 ISA's 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.
- In the context of article 6:115 of the Code of companies and associations, we have prepared the attached assessment report on the net asset test. 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[s] decided by the general meeting of 18 June 2024 in accordance with Article 6:116 of the Code of companies and associations and our decision communicated to the board of directors.

Diegem, 30 May 2024

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

Accounts

Assets

	Codes	31/12/23	31/12/22
FORMATION EXPENSES	**20**	**537,614.01**	**0.00**
FIXED ASSETS	**21/28**	**1,294,042,480.09**	**1,266,933,030.64**
II. Intangible fixed assets	**21**	**3,210,519.00**	**2,039,440.00**
III. Tangible fixed assets	**22/27**	**1,286,776,366.67**	**1,260,852,659.39**
A. Land and buildings	22	68,943,095.78	69,687,576.32
B. Plant, machinery and equipment	23	1,166,584,002.78	1,138,702,227.75
C. Furniture and vehicles	24	51,119,098.63	52,285,670.49
E. Other tangible fixed assets	26	130,169.48	177,184.83
IV. Financial fixed assets	**28**	**4,055,594.42**	**4,040,931.25**
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	33,621.18	18,958.01
1. Shares	*284*	*288.33*	*288.33*
2. Amounts receivable and cash guarantees	*285/8*	*33,332.85*	*18,669.68*
CURRENT ASSETS	**29/58**	**103,519,757.83**	**90,135,419.94**
VI. Stocks and contracts in progress	**3**	**16,253,354.20**	**15,133,219.69**
A. Stocks	30/36	16,253,354.20	15,133,219.69
1. Raw materials and consumables	*30/31*	*16,253,354.20*	*15,133,219.69*
VII. Amounts receivable within one year	**40/41**	**65,027,157.40**	**55,413,637.75**
A. Trade debtors	40	50,782,344.04	45,157,335.40
B. Other amounts receivable	41	14,244,813.36	10,256,302.35
VIII. Current investments	**50/53**	**71,655.35**	**108,746.01**
B. Other current investments	51/53	71,655.35	108,746.01
IX. Cash at bank and in hand	**54/58**	**6,239,862.63**	**10,182,912.04**
X. Deferred charges and accrued income	**490/1**	**15,927,728.25**	**9,296,904.45**
TOTAL ASSETS	**20/58**	**1,398,099,851.93**	**1,357,068,450.58**

Liabilities

	Codes	31/12/23	31/12/22
EQUITY	**10/15**	**860,565,491.10**	**859,748,779.05**
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**	**172,606,672.54**	**179,796,653.72**
IV. Reserves	**13**	**104,621,229.34**	**96,893,634.15**
A. Reserves not available	130/1	104,083,615.33	96,893,634.15
1. Reserves statutorily not available	*1311*	*200,000.00*	*200,000.00*
2. Other	*1319*	*103,883,615.33*	*96,693,634.15*
B. Available reserves	133	537,614.01	0.00
VI. Investment grants	**15**	**3,337,589.22**	**3,058,491.18**
PROVISIONS AND DEFERRED TAXES	**16**	**18,349,119.45**	**20,712,585.59**
VII. A. Provisions for liabilities and charges	**160/5**	**17,236,589.69**	**19,693,088.57**
4. Environmental obligations	*163*	*2,756,665.13*	*2,760,302.07*
5. Other liabilities and charges	*164/5*	*14,479,924.56*	*16,932,786.50*
B. Deferred taxes	**168**	**1,112,529.76**	**1,019,497.02**
AMOUNTS PAYABLE	**17/49**	**519,185,241.38**	**476,607,085.94**
VIII. Amounts payable after more than one year	**17**	**215,672,876.19**	**27,169,084.97**
A. Financial debts	170/4	214,000,000.00	24,000,000.00
1. Unsubordinated debentures	*171*	*190,000,000.00*	*0.00*
2. Credit institutions	173	24,000,000.00	24,000,000.00
D. Other amounts payable	178/9	1,672,876.19	3,169,084.97

IX. Amounts payable within one year	**42/48**	**134,824,768.24**	**223,940,914.18**
A. Current portion of amounts payable after more than	42	1,496,208.78	102,043,744.31
C. Trade debts	44	65,357,133.97	62,322,820.54
1. Suppliers	*440/4*	*65,357,133.97*	*62,322,820.54*
D. Advances on contracts in progress	46	3,826.25	19,481.25
E. Taxes, remuneration and social security	45	3,401,769.13	6,585,414.24
1. Taxes	*450/3*	*3,401,680.99*	*6,585,414.24*
2. Remuneration and social security	*454/9*	*88.14*	*0.00*
F. Other amounts payable	47/48	64,565,830.11	52,969,453.84
X. Deferred charges and accrued income	**492/3**	**168,687,596.95**	**225,497,086.79**
TOTAL LIABILITIES	**10/49**	**1,398,099,851.93**	**1,357,068,450.58**

INCOME STATEMENT	**Codes**	**31/12/23**	**31/12/22**
I. Operating income	**70/76A**	**412,829,951.61**	**390,583,157.29**
A. Turnover	70	379,624,510.56	365,367,203.58
B. Other operating income	74	33,170,202.07	25,183,433.17
E. Non-recurring operating income	76A	35,238.98	32,520.54
II. Operating charges	**60/66A**	**-335,190,695.81**	**-328,406,048.61**
A. Raw materials and consumables	60	53,251,763.70	42,136,114.99
1. Purchases	*600/8*	*55,446,016.09*	*43,284,858.40*
2. Stocks: decrease (increase)	*609*	*-2,194,252.39*	*-1,148,743.41*
B. Services and other goods	61	204,886,073.53	201,267,079.61
C. Remuneration, social security costs + pension	62	29,224.80	27,076.92
D. Depreciation of and other amounts written down formation expenses, intangible and tangible fixed assets	630	67,777,814.38	67,134,430.36
E. Amounts written down stocks, contracts in progress and trade debtors: Appropriations (write-backs)	631/4	4,896,153.33	1,742,440.27
F. Provisions for risks and charges: Appropriations (uses and write-backs)	635/8	-2,452,861.94	2,648,969.53
G. Other operating charges	640/8	6,800,354.41	7,017,267.06
I. Non-recurring operating charges	66A	2,173.60	6,432,669.87
III. Operating profit (loss)	**9901**	**77,639,255.80**	**62,177,108.68**
IV. Financial income	**75/76B**	**2,168,957.09**	**321,689.33**
A. Recurring financial income	75	2,168,957.09	321,689.33
1. Income from financial fixed assets	*750*	*1,048.68*	*1,059.15*
2. Income from current assets	*751*	*2,051,474.95*	*194,155.03*
3. Other financial income	*752/9*	*116,433.46*	*126,475.15*

V. Financial charges	**65/66B**	**-6,578,543.67**	**-3,496,601.00**
A. Recurring financial charges	65	6,577,080.33	3,495,137.66
1. Debt charges	*650*	*6,568,158.16*	*3,477,775.34*
2. Other financial charges	*652/9*	*8,922.17*	*17,362.32*
B. Non recurring financial charges	66B	1,463.34	1,463.34
VI. Gain (loss) for the period before taxes	**9903**	**73,229,669.22**	**59,002,197.01**
VII. Transfer from deferred taxes	**780**	**37,780.89**	**40,756.74**
VIII. Income taxes	**67/77**	**-20,702,129.96**	**-16,720,316.32**
A. Taxes	670/3	20,702,129.96	16,720,723.95
B. Adjustment of income taxes and write-back of tax provisions	77	0.00	-407.63
IX. Gain (loss) of the period	**9904**	**52,565,320.15**	**42,322,637.43**
X. Gain (loss) of the period available for appropriation	**9905**	**52,565,320.15**	**42,322,637.43**

APPROPRIATION ACCOUNT	Codes	31/12/23	31/12/22
A. Profit (loss) to be appropriated	**9906**	**52,565,320.15**	**42,322,637.43**
1. Gain (loss) of the period available for appropriation	*9905*	*52,565,320.15*	*42,322,637.43*
B. Transfers to capital and reserves	**691/2**	**537,614.01**	**0.00**
1. to other reserves	*6921*	*537,614.01*	*0.00*
F. Profit to be distributed	**694/7**	**52,027,706.14**	**42,322,637.43**
1. Remuneration of the contribution	*694*	*52,027,706.14*	*42,322,637.43*

ANALYSIS OF THE RESULTS : activity distribution of gas and electricity (Income + / Costs -)	**31/12/23**		**31/12/22**	
	Electricity	**Gas**	**Electricity**	**Gas**
	EUR	EUR	EUR	EUR
Operating income	**218,907,741.35**	**90,024,040.81**	**218,780,582.05**	**105,902,233.99**
Grid fee	218,907,741.35	90,024,040.81	218,780,582.05	105,902,233.99
Distribution costs	**-114,763,957.55**	**-58,489,305.19**	**-112,111,501.76**	**-57,533,079.20**
Maintenance	-16,295,014.25	-10,284,346.77	-15,139,527.63	-9,112,978.07
Technical services	-36,335,373.83	-22,598,121.48	-35,386,344.73	-20,773,140.91
General services	-65,224,897.18	-30,009,592.91	-62,692,417.39	-27,934,902.04
Customer and commercial services	-3,445,168.88	-1,996,670.28	-3,010,719.14	-1,717,990.62
Logistics services	-4,690,568.41	-2,473,914.44	-4,561,108.74	-2,438,092.75
System Management	-8,544,676.97	-6,178,380.01	-8,095,343.63	-5,807,955.45
Metering and reading	-6,924,473.91	-3,583,275.83	-6,314,818.45	-3,391,949.08
Road fee	-23,078,306.07	-11,236,589.61	-22,155,366.57	-12,076,528.70
Miscellaneous fees	1,683,015.01	-248,540.78	1,181,880.82	-414,801.95
Network loss coverage	-7,313,348.27	0.00	-3,715,980.69	0.00
Works for third parties	-736,339.21	-109,747.04	-900,039.10	-76,123.10
Fees recovered and transferred	56,141,194.42	30,229,873.96	48,678,283.49	26,211,383.47

Depreciation and decommissioning (regulated)	-42,367,006.14	-26,422,979.31	-40,615,590.46	-33,323,787.09
Retirement pensions	-2,748,356.47	-1,479,884.15	-2,861,245.73	-1,540,670.65
Public Service Obligations (PSO)	-39,917,451.28	-620,200.57	-40,499,839.64	-1,081,560.35
Unregulated Activities	-52,903.35	-34,452.33	-90,604.55	-62,567.01
Tariff balances	35,695,133.05	18,457,287.27	16,874,800.32	12,144,354.95
Miscellaneous costs and revenues	0.00	4,253,336.44	0.00	1,506,398.23
Embedded costs	-3,060,030.36	-1,487,317.15	-2,063,515.68	-1,288,854.61
Non-recurring result	-402,706.85	-51,437.82	-265,111.21	-696,382.73
Taxes	-15,277,623.25	-7,596,607.00	-11,287,615.81	-7,563,805.63
Result of the financial year	36,012,839.15	16,552,481.00	25,860,357.53	16,462,279.90
Movement on reserves	-349,449.11	-188,164.90		
Profit to distribute	35,663,390.04	16,364,316.10	25,860,357.53	16,462,279.90
Total dividend to distribute	52,027,706.14		42,322,637.43	
Dividend to Interfin	52,027,056.34		42,322,099.73	
Dividend to associated municipalities	649.80		537.70	

Notes to the accounts

STATEMENT OF EXPENSES FOR FORMATION, CONTRIBUTION INCREASE, LOAN ISSUE EXPENSES AND RESTRUCTURING COSTS	Codes	Year	Previous year
Net book value at the end of the period	**20P**	**xxxxxxxxxxxxxxx**	**0.00**
Movements during the period			
New expenses incurred	8002	573,434.00	
Depreciation	8003	- 35,819.99	
Other	8004		
Net book value at the end of the period	**(20)**	**537,614.01**	
Of which			
Expenses for formation, contribution increase, loan issue expenses and other formation expenses	200/2	537,614.01	
Restructuring costs	204		

STATEMENT OF INTANGIBLE ASSETS	Codes	Year	Previous year
CONCESSIONS, PATENTS, LICENCES, KNOW-HOW, TRADEMARKS AND SIMILAR RIGHTS			
Acquisition value at the end of the year	**8052P**	**xxxxxxxxxxxxxxx**	**2,039,440.00**
Movements during the year			
Acquisitions, including self-constructed assets	8022	1,171,079.00	
Sales and disposals	8032	0.00	
Transfers from one heading to another (+)/(-)	8042	0.00	
Acquisition value at the end of the year	**8052**	**3,210,519.00**	
Depreciation and write downs at the end of the year	**8122P**	**xxxxxxxxxxxxxxx**	**0.00**
Movements during the year			
Recognised	8072	0.00	
Reversed	8082	0.00	
Acquired from third parties	8092	0.00	
Cancelled due to sales and disposals	8102	0.00	
Transferred from one heading to another (+)/(-)	8112	0.00	
Depreciation and write-downs at the end of the year	**8122**	0.00	
NET BOOK VALUE AT THE END OF THE YEAR	**(214)**	**3,210,519.00**	

STATEMENT OF TANGIBLE ASSETS	Codes	Year	Previous year
LAND AND BUILDINGS			
Acquisition value at the end of the year	**8191P**	**xxxxxxxxxxxxxxx**	**111,435,101.46**
Movements during the year			
Acquisitions, including self-constructed assets	8161	1,006,613.46	
Sales and disposals	8171	0.00	
Transfers from one heading to another (+)/(-)	8181	0.00	
Acquisition value at the end of the year	**8191**	**112,441,714.92**	
Capital gains at the end of the year	**8251P**	**xxxxxxxxxxxxxxx**	**966,759.62**
Movements during the year			
Recognised	8211	0.00	
Acquired from third parties	8221	0.00	
Cancelled	8231	- 21,928.18	
Transferred from one heading to another (+)/(-)	8241	0.00	
Capital gains at the end of the year	**8251**	**944,831.44**	
Depreciation and write downs at the end of the year	**8321P**	**xxxxxxxxxxxxxxx**	**- 42,714,284.76**
Movements during the year			
Recognised	8271	- 1,729,165.82	
Reversed	8281	0.00	
Acquired from third parties	8291	0.00	
Cancelled due to sales and disposals	8301	0.00	
Transferred from one heading to another (+)/(-)	8311	0.00	
Depreciation and write downs at the end of the year	**8321**	**- 44,443,450.58**	
NET BOOK VALUE AT THE END OF THE YEAR	**(22)**	**68,943,095.78**	

	Codes	Year	Previous year
PLANT, MACHINERY AND EQUIPMENT			
Acquisition value at the end of the year	**8192P**	**xxxxxxxxxxxxxxx**	**1,868,906,318.14**
Movements during the year			
Acquisitions, including self-constructed assets	8162	83,812,431.23	
Sales and disposals	8172	- 10,446,315.47	
Transfers from one heading to another (+)/(-)	8182	0.00	
Acquisition value at the end of the year	**8192**	**1,942,272,433.90**	
Capital gains at the end of the year	**8252P**	**xxxxxxxxxxxxxxx**	**178,831,775.04**
Movements during the year			
Recognised	8212	0.00	
Acquired from third parties	8222	0.00	
Cancelled	8232	- 7,169,933.82	
Transferred from one heading to another (+)/(-)	8242	0.00	
Capital gains at the end of the year	**8252**	**171,661,841.22**	
Depreciation and write downs at the end of the year	**8322P**	**xxxxxxxxxxxxxxx**	**- 909,035,865.43**
Movements during the year			
Recognised	8272	- 45,703,462.19	
Reversed	8282	0.00	
Acquired from third parties	8292	0.00	
Cancelled due to sales and disposals	8302	7,389,055.28	
Transferred from one heading to another (+)/(-)	8312	0.00	
Depreciation and write downs at the end of the year	**8322**	**- 947,350,272.34**	
NET BOOK VALUE AT THE END OF THE YEAR	**(23)**	**1,166,584,002.78**	

	Codes	Year	Previous year
FURNITURE AND ROLLING STOCK			
Acquisition value at the end of the year	**8193P**	**xxxxxxxxxxxxxxx**	**120,766,124.42**
Movements during the year			
Acquisitions, including self-constructed assets	8163	11,941,768.80	
Sales and disposals	8173	- 2,647,840.40	
Transfers from one heading to another (+)/(-)	8183	0.00	
Acquisition value at the end of the year	**8193**	**130,060,052.82**	
Capital gains at the end of the year	**8253P**	**xxxxxxxxxxxxxxx**	**103,939.68**
Movements during the year			
Recognised	8213	1,880.82	
Acquired from third parties	8223	0.00	
Cancelled	8233	0.00	
Transferred from one heading to another (+)/(-)	8243	0.00	
Capital gains at the end of the year	**8253**	**105,820.50**	
Depreciation and write downs at the end of the year	**8323P**	**xxxxxxxxxxxxxxx**	**- 68,584,393.61**
Movements during the year			
Recognised	8273	- 13,092,108.60	
Reversed	8283	0.00	
Acquired from third parties	8293	0.00	
Cancelled due to sales and disposals	8303	2,629,727.52	
Transferred from one heading to another (+)/(-)	8313	0.00	
Depreciation and write-downs at the end of the year	**8323**	**- 79,046,774.69**	
NET BOOK VALUE AT THE END OF THE YEAR	**(24)**	**51,119,098.63**	

	Codes	Year	Previous year
OTHER TANGIBLE ASSETS			
Acquisition value at the end of the year	**8195P**	**xxxxxxxxxxxxxxx**	**408,609.25**
Movements during the year			
Acquisitions, including self-constructed assets	8165	22,396.80	
Sales and disposals	8175	- 72,730.79	
Transfers from one heading to another (+)/(-)	8185	0.00	
Acquisition value at the end of the year	**8195**	**358,275.26**	
Depreciation and write-downs at the end of the year	**8325P**	**xxxxxxxxxxxxxxx**	**- 231,424.42**
Movements during the year			
Recognised	8275	- 63,096.59	
Reversed	8285	0.00	
Acquired from third parties	8295	0.00	
Cancelled due to sales and disposals	8305	66,415.23	
Transferred from one heading to another (+)/(-)	8315	0.00	
Depreciation and write downs at the end of the year	**8325**	**- 228,105.78**	
NET BOOK VALUE AT THE END OF THE YEAR	**(26)**	**130,169.48**	

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	0.00	
Disposals and withdrawals	8371	0.00	
Transfers from one heading to another (+)/(-)	8381	0.00	
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	0.00	
Disposals and withdrawals	8372	0.00	
Transfers from one heading to another (+)/(-)	8382	0.00	
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	0.00	
Disposals and withdrawals	8373	0.00	
Transfers from one heading to another (+)/(-)	8383	0.00	
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**	**18,669.68**
Movements during the year			
Additions	8583	15,743.17	
Reimbursements	8593	- 1,080.00	
Write downs recognised	8603	0.00	
Write downs reversed	8613	0.00	
Exchange rate differences (+)/(-)	8623	0.00	
Other (+)/(-)	8633	0.00	
NET BOOK VALUE AT THE END OF THE YEAR	**(285/8)**	**33,332.85**	

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 Bruxelles, Belgique Fixe	189	97.93		31/12/2023	EUR	23,229.04	1,032.55
2) ATRIAS 706 Société coopérative BE 0836 258 873 Boulevard du Roi Albert II, 37, 1030 Bruxelles, Belgique Variable	62	16.67		31/12/2022	EUR	18,600.00	0.00

CASH INVESTMENTS AND ACCRUALS	Codes	Year	Previous year
CASH INVESTMENTS - OTHER INVESTMENTS			
Fixed income securities	**52**	**0.00**	**0.00**
Fixed income securities issued by credit institutions	8684	0.00	0.00
Term accounts held with credit institutions	**53**	**71,655.35**	**108,746.01**
With a residual or notice period			
of one month at the most	*8686*	*62,310.04*	*99,400.70*
of more than one month to one year at the most	*8687*	*9,345.31*	*9,345.31*
of more than one year	*8688*	0.00	0.00
Other cash investments not included above	**8689**		

DEFERRED CHARGES AND ACCRUED INCOME	Year
Breakdown of asset item 490/1 if it represents a significant amount	
1) Deferred charges	5,091,617.90
2) Accrued income	10,836,110.35

STATUS OF THE CONTRIBUTION AND SHAREHOLDING STRUCTURE	Codes	Year	Previous year
STATUS OF THE CONTRIBUTION			
Contribution			
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
Dematerialised shares	8703	xxxxxxxxxxxxxxx	5,800,000

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 Bruxelles, Belgique	A and E shares	5,799,962		99.99
2) The 19 Brussels municipalities BE 0000.009.797 Maison communale 9999, 1000 Bruxelles-ville, Belgique	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	13,435,829.21
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	8801	
Subordinated loans	*8811*	
Unsubordinated bonds	*8821*	*0.00*
Leasing and other similar obligations	*8831*	
Credit institutions	*8841*	
Other loans	*8851*	
Trade debts	8861	
Suppliers	*8871*	
Bills of exchange payable	*8881*	
Advances on contracts in progress	8891	
Other debts	8901	1,496,208.78
Total debts payable in one year or more falling due within the year	**(42)**	**1,496,208.78**
Debts with more than one year but not more than 5 years to run		
Financial debts	8802	
Subordinated loans	*8812*	
Unsubordinated bonds	*8822*	
Leasing and other similar obligations	*8832*	
Credit institutions	*8842*	
Other loans	*8852*	
Trade debts	8862	
Suppliers	*8872*	
Bills of exchange payable	*8882*	
Advances on contracts in progress	8892	
Other debts	8902	1,672,876.19
Total liabilities with more than one year but not more than 5 years to run	**8912**	**1,672,876.19**

Debts with more than 5 years to run		
Financial debts	8803	
Subordinated loans	*8813*	
Unsubordinated bonds	*8823*	*190,000,000.00*
Finance lease and similar liabilities	*8833*	
Credit institutions	*8843*	*24,000,000.00*
Other loans	*8853*	
Trade debts	8863	
Suppliers	*8873*	
Bills of exchange payable	*8883*	
Advances on contracts in progress	8893	
Other amounts payable	8903	
Total debts with more than 5 years to run	**8913**	**214,000,000.00**

	Codes	Year
TAX, REMUNERATION AND SOCIAL SECURITY DEBTS		
Taxes (liabilities item 450/3 and 178/9)		
Matured tax liabilities	9072	
Unmatured tax liabilities	9073	144,964.40
Estimated tax liabilities	450	3,256,716.59
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	88.14

DEFERRED CHARGES AND ACCRUED INCOME	Year
Breakdown of liability item 492/3 if it represents a significant amount	
1) Regulatory bonus/malus	*165,924,518.69*
2) Financial charges on debts	*991,895.56*
2) Other	*1,771,182.70*

OPERATING INCOME	**Codes**	**Year**	**Previous year**
OPERATING INCOME			
Net turnover			
Breakdown by category of activity			
1) Electricity		*267,934,016.07*	*246,317,164.40*
2) Gas		*111,690,494.49*	*119,050,039.18*
Breakdown by geographical market			
1) Belgium		*379,624,510.56*	*365,367,203.58*
Other operating income			
Operating subsidies and compensatory amounts obtained from public authorities	740	4,829,333.82	4,988,013.08
OPERATING EXPENSES			
Personnel costs			
Retirement and survivor's pensions	624	29,224.80	27,076.92
Write downs			
On stocks and orders in progress			
Recognised	*9110*	*1,074,117.88*	*777,895.02*
Reversed	*9111*		
On trade receivables			
Recognised	*9112*	*13,002,400.24*	*8,042,959.85*
Reversed	*9113*	*- 9,180,364.79*	*- 7,078,414.60*
Provisions for risks and charges			
Constitutions	9115	4,601,399.69	3,178,754.76
Uses and reversals	9116	- 7,054,261.63	- 529,785.23
Other operating expenses			
Taxes related to operations	640	173,005.94	100,058.48
Other	641/8	6,627,348.47	6,917,208.58

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*	*113,342.83*	*122,270.37*
Interest subsidies	*9126*		
Allocation of other financial income			
Currency differences financial income	*754*	*6.45*	*0.00*
Various		*0.00*	*1,973.20*
Various		*3,084.18*	*2,231.58*
RECURRING FINANCIAL CHARGES			
Depreciation of loan issue expenses	6501	35,819.99	0.00
Capitalized Interests	6502		
Amounts written off current assets			
Recorded	*6510*		
Written back	6511		
Other financial charges			
Amount of the discount borne by the partnership, as a result of negotiating amounts receivable	*653*		
Provisions of a financial nature			
Appropriations	*6560*		
Uses and written backs	*6561*		
Allocation of other financial charges			
Currency differences realized	*654*	*21.61*	*0.00*
Foreign currency exchange differences	*655*		
Other		*8,900.56*	*5,493.81*

INCOME AND EXPENSES OF EXCEPTIONAL SIZE OR IMPACT	Codes	Year	Previous year
NON-RECURRING INCOME	**76**	**35,238.98**	**32,520.54**
Non-recurring operating income	**(76A)**	**35,238.98**	**32,520.54**
Reversals of depreciation and write downs on intangible and tangible fixed assets	760		
Reversals of provisions for exceptional operating risks and expenses	7620	3,636.94	32,268.14
Capital gains on the disposal of intangible and tangible fixed assets	7630		
Other non-recurring operating income	764/8	31,602.04	252.40
Non-recurring financial income	**(76B)**	**0.00**	**0.00**
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	0.00	0.00

	Codes	Year	Previous year
NON-RECURRING EXPENSES	**66**	**3,636.94**	**6,434,133.21**
Non-recurring operating expenses	**(66A)**	**2,173.60**	**6,432,669.87**
Non-recurring depreciation and write downs on formation expenses, intangible and tangible assets	660	0.00	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	2,173.60	30,804.80
Non-recurring operating expenses capitalised as restructuring costs (-)	6690		
Non-recurring financial expenses	**(66B)**	**1,463.34**	**1,463.34**
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	1,463.34
Non-recurring financial expenses capitalised as restructuring costs	6691		

TAXES AND DUES	Codes	Year
INCOME TAX		
Income tax for the year	9134	20,702,129.96
Taxes and withholdings due or paid	9135	17,445,413.37
Excess tax payments or withholding taxes capitalised	9136	
Estimated additional taxes	9137	3,256,716.59
Income tax on previous years' income	9138	0.00
Additional taxes due or paid	9139	0.00
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		*245,289.28*
2) Taxed changes to provisions, depreciation and write downs		*7,189,981.18*
3) Increase in the starting situation of reserves		*- 592,698.94*
4) Profit taxable at 33.99% (rate difference)		*6,984,050.47*
5) Profit taxable at 29.58% (rate difference)		*1,075,971.26*
Sources of tax latency		
Active latencies	9141	2,611,752.67
Accumulated tax losses, deductible from future taxable profits	9142	
Other active latencies	9142	
1) Reductions in value on exempt commercial receivables		*2,611,752.67*
Passive latencies	9144	172,606,672.54
Breakdown of passive latencies		
1) Revaluation gain on tangible assets		*172,606,672.54*

	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	85,301,866.57	80,428,131.73
By the company	9146	99,898,451.51	102,430,406.03
Amounts withheld from third parties for			
Withholding tax on earned income	9147	27,655.82	24,699.77
Withholding tax	9148		

RIGHTS AND OFF-BALANCE SHEET COMMITMENTS	Exercice
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	10,631,787.45
3) Guarantees provided by various suppliers	815,003.00
4) Customer commitments for rental equipment	144,571.69
5) Agreements, mission letters and miscellaneous	10.00

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**	**562,400.96**	**443,720.60**
Payable after more than one year	9301		
Payable within one year	9311	562,400.96	443,720.60
Debts	**9351**	**39,185,251.14**	**30,593,085.93**
Payable after more than one year	9361		
Payable within one year	9371	39,185,251.14	30,593,085.93
Financial results			
Income from financial assets	9421	1,011.15	1,011.15
Income from current assets	9431		
Other financial income	9441		
Debt charges	9461		
Other financial charges	9471		
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**	**7,068,834.19**	**7,761,246.44**
Payable after more than one year	9302		
Payable within one year	9312	7,068,834.19	7,761,246.44
Amounts payable	**9352**		
Over one year	9362		
Within one year	9372		

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 annexe

1) None

FINANCIAL RELATIONS	Codes	Exercice
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	59,639.29
To former directors and former managers	9504	6,146.76
WITH THE AUDITOR(S) AND THE PERSONS WITH WHOM THEY ARE RELATED		
Emoluments of the auditor(s)	**9505**	**74,900.00**
Fees for exceptional services or special assignments performed within the company by the auditor(s)		
Other certification assignments	95061	3,259.00
Tax advisory services	95062	
Other assignments outside the audit assignment	95063	

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

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:

- the compulsory supply of gas and electricity to “protected customers”
- ”breach of seals" situations
- situations of "fraud"
- 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.

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