ORES

#energy

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ORES Assets

Consolidated IFRS accounts

2020

Name and form

ORES Assets. Cooperative intermunicipal association with limited liability.

Registered office

Avenue Jean Mermoz 14, 6041 Gosselies.

Incorporation

Deed of incorporation published in the appendices of the Moniteur belge [Belgian Official Journal] on 10 January 2014 under number 14012014.

Articles of association

The articles of association have been amended on several occasions most recently under the terms of a deed received by notary, Mr Frédéric de RUYVER, residing in Court-Saint-Etienne, on 18 June 2020, published in the Appendices to the Moniteur belge dated 13 July 2020 under number 20079215.

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Consolidated IFRS financial statements

ORES

1.1. Consolidated profit or (loss) statement (in thousands of €)

	NOTE	31/12/2020	31/12/2019	DIFFERENCE
Turnover	01 - A	1,185,239	1,177,760	7,479
Regulatory balances	01 - B	38,567	(21,799)	60,366
Other operating income	02	25,594	29,840	(4,246)
Operating income		**1,249,400**	**1,185,801**	**63,599**
Goods and supplies	03	(77,229)	(61,347)	(15,882)
Transport fees	03	(365,039)	(377,367)	12,328
Road fees	03	(46,472)	(46,904)	432
Employee Benefits	19-20	(145,425)	(143,253)	(2,172)
Write down of trade receivables	11	(5,955)	(6,942)	987
Other operating expenses	04	(138,326)	(141,140)	2,814
Operating expenses		**(778,446)**	**(776,953)**	**(1,493)**
Operating result before depreciation and amortization		**470,954**	**408,848**	**62,106**
Depreciation and impairment on (in)tangible assets	08-09	(211,687)	(209,121)	(2,566)
Operating profit or (loss)		**259,267**	**199,727**	**59,540**
Financial income	05	1,419	626	793
Financial expenses	06	(36,136)	(48,289)	12,153
Financial profit or (loss)		**(34,717)**	**(47,663)**	**12,946**
Share of the result of associates	25	0	0	0
Profit or (loss) before taxes		**224,550**	**152,064**	**72,486**
Taxes	22	(54,575)	(52,909)	(1,666)
Profit or (loss) for the period		**169,975**	**99,155**	**70,820**
Profit or (loss) for the period attributable to the group		169,975	99,155	70,820
Profit or (loss) for the period attributable to non-controlling interests		0	0	0

1.2. Consolidated statement of comprehensive income (in thousands of €)

	NOTE	31/12/2020	31/12/2019	DIFFERENCE
Profit for the period		**169,975**	**99,155**	**70,820**
Other comprehensive income				
Recyclable in the profit or (loss)		**52**	**5,284**	**(5,232)**
Change in fair value of cash flow hedges	27	69	1,446	(1,377)
Taxes on items that are or may be recycled to profit and loss account	22	(17)	3,838	(3,855)
Not recyclable in the profit or (loss)		**26,966**	**(5,231)**	**32,197**
Actuarial gains and losses on defined benefit plans	20	35,954	(6,975)	42,929
Taxes on items that will not be recycled to profit and loss	22	(8,988)	1,744	(10,732)
Other comprehensive income - Net		**27,018**	**53**	**26,965**
Other comprehensive income attributable to the group		**27,018**	**53**	**26,965**
Other comprehensive income attributable to non-controlling interests	**0**	**0**	**0**	**0**
Comprehensive income for the period		**196,993**	**99,207**	**97,786**

1.3. Consolidated statement of financial position – assets (in thousands of €)

	NOTE	31/12/2020	31/12/2019	DIFFERENCE
ASSETS				
Non-current assets		**4,264,492**	**4,236,503**	**27,989**
Intangible assets	08	83,014	99,140	(16,126)
Tangible assets	09	4,158,807	4,116,289	42,518
Investments in associates	25	3	3	0
Other non-current assets	10	22,668	21,071	1,597
Current assets		**388,939**	**396,185**	**(7,246)**
Inventories	12	51,135	42,935	8,200
Trade receivables	11	129,654	135,172	(5,518)
Other receivables	11	98,322	64,140	34,182
Current tax assets	11	16,326	16,388	(62)
Cash and cash equivalents	13	72,781	117,800	(45,019)
Other current assets		20,721	19,749	972
Total assets excluding regulatory assets		**4,653,431**	**4,632,688**	**20,743**
Regulatory assets	01-B	114,908	81,959	32,949
TOTAL ASSETS		**4,768,339**	**4,714,647**	**53,692**

1.4. Consolidated statement of financial position – liabilities (in thousands of €)

	NOTE	31/12/2020	31/12/2019	DIFFERENCE
LIABILITIES				
Equity		**1,860,439**	**1,733,525**	**126,914**
Share capital	14	867,464	867,080	384
Retained earnings		930,043	910,594	19,449
Other reserves		62,956	(44,125)	107,081
Non-controlling interests		(24)	(24)	0
Non-current liabilities		**2,246,696**	**2,430,996**	**(184,300)**
Borrowings	15	1,859,708	2,012,646	(152,938)
Provisions for employee benefits	19-20	69,918	100,780	(30,862)
Other provisions	18	50,151	55,379	(5,228)
Deferred tax liabilities	23	250,204	245,103	5,101
Other non-current liabilities	17-27	16,715	17,089	(374)
Current liabilities		**629,474**	**509,141**	**120,333**
Borrowings	15	395,213	288,312	106,901
Trade payables	16-17	166,730	157,069	9,661
Other payables	16-17	60,847	54,660	6,187
Current tax liabilities	22	0	570	(570)
Other current liabilities	16-17	6,684	8,529	(1,845)
Total liabilities excluding regulatory liabilities		**4,736,609**	**4,673,662**	**62,947**
Regulatory liabilities	01-B	31,730	40,985	(9,255)
TOTAL LIABILITIES		**4,768,339**	**4,714,647**	**53,692**

1.5. Consolidated statement of changes in equity (in thousands of €)

	Share capital	Reserves	
		Cash Flow Hedges	Actuarial gains and losses on defined benefit plans
At 1st January 2020	**867,080**	**67,163**	**(84,933)**
Comprehensive income for the period			
- Profit and loss			
- Other comprehensive income, net of income tax		52	26,966
Transactions with shareholders			
- Dividends relating to the previous year			
- Capital increase by incorporating reserves	384		
- Transfers from or to statutory reserves			
At 31 December 2020	**867,464**	**67,215**	**(57,967)**
At 1st January 2019	**713,028**	**61,879**	**(79,702)**
Comprehensive income for the period			
- Profit and loss			
- Other comprehensive income, net of income tax		5,284	(5,231)
Transactions with shareholders			
- Dividends relating to the previous year			
- Capital increase through conversion of R and RD shares into A shares and transfer of reserves	139,725		
- Capital increase following the contribution of Gaselwest municipalities	14,327		
- Distribution of reserves			
Transferts			
- Capital increase by incorporating reserves			
- Transfers from or to statutory reserves			
- Business combination: Comnexio			
At 31 December 2019	**867,080**	**67,163**	**(84,933)**

Reserves					
	Statutory Reserves	Total	Retained Earnings	Non-controlling Interests	Total Equity
	(26,355)	**(44,125)**	**910,594**	**(24)**	**1,733,525**
	2,000	2,000	167,975		169,975
		27,018			27,018
			(70,080)		(70,080)
	(384)	(384)			
	78,446	78,446	(78,446)		
	53,707	**62,956**	**930,043**	**(24)**	**1,860,439**
	78,113	**60,291**	**922,770**	**27**	**1,696,116**
	847	847	98,308		99,155
		53			53
			(81,230)		(81,230)
					139,725
	526	526	4,632		19,485
	(139,725)	(139,725)			(139,725)
	33,885	33,885	(33,885)		
				(53)	(53)
	(26,355)	**(44,125)**	**910,594**	**(24)**	**1,733,525**

1.6. Consolidated statement of cash flows (in thousands of €)

	NOTE	31/12/2020	31/12/2019
CASH FLOW FROM OPERATING ACTIVITIES			
Comprehensive income for the period		**169,975**	**99,155**
Adjustments for the following elements:			
Depreciation and impairment on (in)tangible assets	08-09	211,687	209,095
Changes in provisions	18-19	1,009	6,943
Gains or losses on sales of (in)tangible assets	08-09	(797)	(200)
Write down of trade receivables	11	7,091	8,116
Financial income	05	(1,419)	(626)
Financial expenses	06	36,136	48,289
Income tax expenses recognised in profit or loss	22	54,575	52,909
Regulatory Balances	01-B	(49,282)	13,274
Operating cash flow before change in working capital		**428,975**	**436,955**
Change in working capital			
Change in inventories	12	(8,201)	(5,171)
Change in trade and other receivables	11	(31,976)	(5,738)
Change in trade and other payables	16-17	11,313	(41,354)
Operating cash flow		**400,111**	**384,691**
Paid interest	06	(36,873)	(39,769)
Received interest	05	246	611
Paid taxes		(58,976)	(79,705)
Regulatory Balances recovered	01-B	10,715	13,222
Net operating cash flow		**315,223**	**279,050**

	NOTE	31/12/2020	31/12/2019
CASH FLOW FROM OPERATING ACTIVITIES			
Acquisition of intangible assets	08-09	(25,958)	(30,076)
Acquisition of tangible assets	08-09	(209,780)	(211,672)
Sale of tangible assets	08-09	1,230	224
Other investing cash flows		0	588
Net investing cash flow		**(234,508)**	**(240,936)**
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowings issuance	15	232,117	295,000
Payment of borrowings	15	(276,284)	(231,787)
Issuance and repayment of long term receivables	11	(3,401)	(2,514)
Payment of lease liabilities	21	(3,656)	(3,541)
Paid dividends	14	(74,594)	(93,269)
Capital grants		84	0
Net financing cash flow		**(125,734)**	**(36,111)**
Change in cash and cash equivalents from continuing operations		**(45,019)**	**2,003**
Cash and cash equivalents begin of period		**117,800**	**115,797**
Cash and cash equivalents end of period		**72,781**	**117,800**

1.7. Change in liabilities arising from financing activities (in thousands of €)

In Thousands EUR	1/01/2020	Cash flows from financing activities	Cash flows from operating activities	Cash flows from investing activities
Other non-current assets	21,071	(2,979)	249	
Other receivables	64,140	(61,018)	(29,668)	
Long-term Borrowings	2,012,646	230,617		
Short-term Borrowings	288,312	(274,784)		
Other non-current liabilities	17,089	(422)		
Other payables	54,660	0	2,551	
Other current liabilities	8,529	(3,572)	(929)	
Equity	1,733,525	(13,576)	169,977	
		(125,734)	**142,180**	**0**

	1/01/2019			
Other non-current assets	21,667	(2,799)	(685)	612
Other receivables	51,326	(56,504)	(775)	
Long-term Borrowings	1,991,842	295,000		
Short-term Borrowings	245,322	(231,787)		
Other non-current liabilities	4,810	285		141
Other payables	48,810	(1,665)	(34,125)	
Other current liabilities	5,622	(3,541)	1,866	
Equity	1,696,116	(35,100)	99,155	
		(36,111)	**65,436**	**753**

	Non-cash changes					
	Reclassification	Acquisition/Sale of partial interests in a subsidiary	Fair value changes	Others	Total	31/12/2020
	0				1,133	22,668
	56,504				56,504	98,322
	(384,142)		587		(383,555)	1,859,708
	384,142		(2,457)		381,685	395,213
	(3,212)		487	2,773	48	16,715
	3,636				3,636	60,847
	3,212		(556)	0	2,656	6,684
	(56,504)		27,017		(29,487)	1,860,439
	3,636	**0**	**26,211**	**2,773**	**32,621**	
						31/12/2019
			3,467		3,467	21,071
	44,465				44,465	64,140
	(274,784)		587		(274,197)	2,012,646
	274,784		(7)		274,777	288,312
	2,188		(1,446)	11,110	11,852	17,089
	1,665	39,975			41,640	54,660
	(2,188)	4		6,766	4,582	8,529
	(46,130)	19,485			(26,645)	1,733,525
	0	**59,464**	**2,601**	**17,877**	**79,942**	

II Notes to the consolidated Financial Statements

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Preliminary note on the consolidated financial statements

A. Reporting entity and ORES group

The ORES group (hereinafter referred to as the «Group») is made up of ORES Assets, created from the merger of the eight Walloon mixed intermunicipal gas and electricity distribution companies in 2013, (hereinafter referred to as «DSO» or ORES Assets) and its subsidiaries ORES and Comnexio. ORES Assets' shareholders are two hundred municipalities and eight Intermunicipal pure financing entities (IPFs)[1]. Almost all of the shares in ORES are held by ORES Assets (99.72%), with the balance held by seven of the IPFs associated with ORES Assets[2]. The same applies to Comnexio, which has been carrying out the contact centre activities for the Group since 2019. The latter company is mainly owned by ORES Assets (93%), with only seven of the one hundred shares of Comnexio held by seven of the IPFs associated in ORES Assets[3].

In addition, there is a company partially owned by ORES Assets: Atrias, in which the Group holds 16.67%. Due to the significant influence of ORES Assets on this company, the Group decided to consolidate it by the equity method.

Since 1 January 2017, the DSO is 100% owned by the public authorities (municipalities Intermunicipal pure financing entities).

The Group is only active in Belgium and more specifically in Wallonia, on the territory of the municipalities for which it has been designated DSO. The Group's address is Avenue Jean Mermoz, 14 in 6041 Gosselies (Belgium), which is the address of both ORES Assets' and ORES' headquarters.

B. Approval of the consolidated financial statements

ORES Assets' Board of Directors approved the Group's consolidated financial statements and authorised their publication on 28 April 2021.

C. Significant events in 2020

a) 2020 at a glance

9th of February - Ciara blows over Belgium

Significant damages were caused by the storm Ciara. The electricity network was not spared. In 24 hours, ORES received 3,000 calls and carried out 800 interventions on the field. February also saw the passage of storms Dennis and Ellen, which were less violent but which once again put the technicians and the network to the test. Later in the year, storms Francis, Odette and Bella also required a strong mobilisation of the technical teams.

17th of March - Lockdown: ORES maintains its essential business activities

Mid-March, the authorities announced a general lockdown to combat the spread of COVID-19. In these exceptional circumstances, the company takes the necessary measures to maintain its essential energy distribution services. Numerous actions are being taken to minimise travel and physical contact between staff and customers. Non-emergency field operations are temporarily suspended.

6th of April – Resumption of construction work

After several weeks of strict lockdown, the construction sector is allowed to resume its activities. ORES and the various network managers in the country agree on a sequenced and secure resumption of construction sites. The supply and logistical problems caused by the health crisis are nevertheless having an impact on the work schedule.

18th of June - Time saving for new houses connections

ORES, Proximus, VOO and SWDE are jointly presenting a new service called "Connect My Home". This synergy between cable and pipeline managers enables customers to arrange the various connections - electricity, gas, water and telecoms - for their new home in a single administrative request. Once planned, all the work is completed within a day or half day.

[1] Finest, Finimo, Idefin, IPFBW, IPFH (which the name changed as of 8th of March 2021 to CENEO), IEG, IFIGA and Sofilux.
[2] Finest, Finimo, Idefin, IPFBW, IPFH (which the name changed as of 8th of March 2021 to CENEO), IEG and Sofilux.
[3] Finest, Finimo, Idefin, IPFBW, IPFH (which the name changed as of 8th of March 2021 to CENEO), IEG and Sofilux.

2nd of July - Major failure on the budget meter system

At the request of the authorities, ORES implements a no-break action during the first containment to avoid trips related to the recharging of budget meter cards. At the beginning of the summer, the company prepares to return to a normal mode of operation for prepayment. An extensive communication plan is being put in place to invite customers to reactivate their meters before 3 July. On the eve of the deadline, a technical problem occurred and led to an early power cut for some 5,000 customers. A crisis unit was mobilised to enable customers to regain access to energy.

22nd of September - The first renewable energy community in Wallonia presents its results

In Tournai, ORES and IDETA are experimenting with Wallonia's first renewable energy community in an industrial estate. Neighbouring companies share the electricity production of their photovoltaic panels and a wind turbine. ORES is facilitating the emergence of this short circuit of green electricity by adapting its network, providing a monitoring and consumption forecasting service and defining with the regulator an advantageous tariff for locally produced energy. One year after its launch, the results of the pilot project are encouraging: 6,450 MWh of green electricity have been produced and made available to the partner companies, 61% of which was consumed by the companies themselves, covering 39% of their electricity needs.

1st of October - The prosumer tariff comes into effect in Wallonia

The aim is to encourage self-consumption of the electricity produced by the owners of photovoltaic panels and a fairer sharing of the network costs between all customers. The Walloon government is committed to cover a significant part of the cost of the new tariff in the first few years: 100% from October 2020 and in 2021 and 54% in 2022 and 2023. It is only in 2024 that it will be fully paid by Walloon prosumers.

7th of October - Green gas for the first time in the Walloon distribution network

Wallonia inaugurates its first point for injecting green gas into the distribution network. By contributing its technological expertise and strengthening its local infrastructure, ORES is enabling an agricultural structure in Fleurus to recover its organic waste by injecting it in the form of biomethane into the gas pipes.

9th of October - Support for households affected by the crisis

The Walloon Government institutes a new protection status to support households that are experiencing temporary difficulties in meeting their energy bills. Customers in a precarious situation or whose income has been affected by the pandemic can apply for assistance from their network operator and become a "short-term protected customer" for a period of up to one year.

9th of December - ORES tests intelligent prepayment for the first time

In a pilot project, digital meters are being installed in place of the traditional card meters. The initiative enables the customers concerned to avoid having to go to the store and to replenish their balance online, with just a few clicks. If validated during these tests, the technical solution could be extended to all customers currently equipped with a budget meter.

b) Average fair remuneration of invested capital (REMCI)

The REMCI (Rémunération Equitable Moyenne des Capitaux Investis or average fair remuneration of invested capital) is the remuneration that ORES Assets is entitled to for its "network operation" activity, and constitutes a significant proportion of the Group's profit. At the end of 2020, it amounted to:

- electricity: €67,877,000 compared to €67,345,000 in 2019: +0.8%;
- gas: €33,381,000 compared to €32,716,000 in 2019, + 2%.

According to the new tariff methodology applicable for the regulatory period 2019-2023, the remuneration rate applied to the RAB amounts to 2,613%. This rate is fixed for the whole period. As from financial year 2020, the REMCI is therefore, solely influenced by the average RAB of the year.

The regulatory environment in which the Group evolves is described in the accounting policies in point 3.A.15.

c) Dividends

We should also point out that, at the ORES Assets Annual General Meeting on 18 June 2020, its shareholders approved the payment of total gross dividends of €70.1 million (€48.8 million Euros for electricity distribution and €21.3 million for natural gas distribution), excluding road fees.

D. Intangible fixed assets

In the course of the 2020 financial year, the Group has thoroughly reviewed the processes for accounting for intangible assets in order to align them as closely as possible with the internal project management processes. In particular, more precise rules have been established for the capitalisation of expenses incurred, according to the different phases and stages of the projects. The Group has also performed a detailed review of the projects included in intangible assets, made write-offs and recognised impairments for those (parts of) projects that will not generate future revenues. Finally, the Group has aligned its amortisation policy for intangible assets with the requirements of the regulator, CWaPE, i.e. amortisation over a period of 10 years for all intangible assets related to the energy transition acquired after 1 January 2019, while previous investments remain amortised over 5 years. The impact of these changes is detailed in note 08.

E. Report on risks and uncertainties

The following paragraphs describe the steps taken to identify and address the principal known risks and uncertainties that the ORES Group may face. Risk management is a key process to assist ORES in achieving its strategic objectives as documented in the strategic plan. In 2018, ORES established a new risk management methodology. This was fine tuned in 2019 based on feedback and then in 2020, including a better focus on major risks to further identify opportunities.

This process identifies, analyses and evaluates relevant risks according to their nature, their probability of occurrence and their potential impact on the achievement of ORES' objectives. The methodology used in this process is described in this report, particularly in the section "Description of the main features of the internal control and risk management systems".

The main results of the 2020 exercise are explained below, focusing on the highest risks as they emerged from the risk analysis finalised in October 2020[4]. Some unidentified risks may exist or, while they appear limited today, may become more significant in the future. Nevertheless, the methodology put in place, by making all departments responsible and thus multiplying the sources of information, makes it possible to greatly reduce the probability of ignoring a significant risk.

Transformation and change risks

This refers to risks related to ORES' ability to implement its transformation and change (the transformation plan, itself broken down into concrete programmes and projects).

These risks can be expressed in terms of difficulties related to:

- the sustainability of ORES' transformation plan and the ability to deliver results on time, which may impact the implementation of this plan and the efficiency that ORES wishes to achieve;
- the differences between the amounts authorised by the regulator to carry out this transformation and the costs actually incurred by the projects and programmes;
- the number of projects to be carried out simultaneously and the resulting dependency between projects;
- human resources.

The ability of Atrias (the new federal clearing house for the management of data and processes related to the electricity and gas supply market) to be operational within the planned timeframe (September 2021) and the ability of the platform to integrate new technologies and market expectations (mainly around smart metering) are also a risk factor. The progress of the Atrias project is regularly monitored by the Management Committee. Dependencies with other programmes and the transformation plan as well as financial impacts and possible impacts on the company's legal obligations are identified and monitored on an ongoing basis. The necessary resources are mobilised to ensure that ORES' contribution to this federal project is at the required level.

The review of project governance, the strengthening of the budget monitoring process, consultation with the regulator

[4] For operational, IT and human resources risks not identified in the most significant risks, reference is made to the description in the 2019 annual report.

on strategic choices, close monitoring of the human resources mobilised by the transformation (particularly with regard to the hiring policy or in order to aim for the distribution and optimisation of the workload) are all actions that make it possible to mitigate this risk. Similarly, the implementation of these actions opens up opportunities for ORES such as mobilising staff behind a new long-term vision, reflecting on efficiency, raising awareness of the budget process and compliance with it, developing agility and adapting the organisation and its processes, etc.

Risks related to pandemics

Because of the measures to stop normal activity that may be imposed by government authorities and the effects on staff availability, pandemics can affect companies and require them to react to exceptional circumstances that were not foreseen and anticipated.

These risks can also be opportunities to think about new ways of organising work and accelerating the digitalisation of processes.

ORES has an internal emergency plan and takes, where necessary, exceptional and proportionate measures to:

- protect the health of its staff;
- contribute to the national effort to combat the spread of pandemics;
- maintain the essential public service missions carried out by the company.

Concrete measures have been adopted by the company in order to reduce the risks relating to essential activities (i.e. the availability of intervention technicians in order to ensure continuity of supply, the preparation and dispatch of orders for the replenishment of local shops, the monitoring and operation of electricity, gas and telecoms networks (radio and optical fibre), network and telecoms repair activities, the maintenance of IT tools and the monitoring of cash flow).

KPIs for monitoring the impact of the measures (human resources, energy transiting on the networks, network interventions, etc.) are established and analysed by the Management Committee. The frequency of Management Committee meetings is significantly increased to ensure the necessary follow-up.

Although the company has managed to maintain a good level of performance and ensure continuity of service, ORES has carried out an initial "lessons learned" exercise on the effects of health measures and the company's ability to react to them. A more in-depth audit is underway to identify possible measures to further improve the management of this new risk in the future.

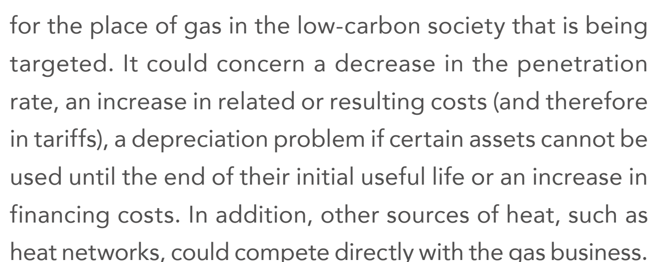
Regulatory risk

The context of electricity and gas distribution is faced with increasingly rapid and uncertain changes. As such, there is a growing risk that a sudden and/or unexpected legislative and/or regulatory change will have a significant impact on the company's strategy, with potential effects on current projects, the need to launch new projects in the very short term and the mobilisation of the company's human and budgetary resources. These uncertainties and recurring changes make it difficult to develop effective operational strategies. More specifically, the company's ability to maintain coherence between its vision, strategy, transformation plan and changes in the external context is the subject of particular attention. An update to the strategic plan was approved at the end of 2020 and is regularly monitored. Like the risks linked to transformation and change, the implementation of actions to mitigate this risk opens up opportunities for ORES, such as reflection on efficiency, awareness of the budgetary process and compliance with it, development of agility and adaptation of the organisation and its processes, etc.

With respect to the risk related to tariffs, we refer to the section "Economic and financial risks" here after.

Risks related to the volume of energy distributed

The ban on the use of fossil fuels in 2050 and the measures adopted by the European Union to gradually encourage the introduction of this ban (for example for financing) could impact the gas business conducted by the Group. This impact will depend on the vision that will be adopted



for the place of gas in the low-carbon society that is being targeted. It could concern a decrease in the penetration rate, an increase in related or resulting costs (and therefore in tariffs), a depreciation problem if certain assets cannot be used until the end of their initial useful life or an increase in financing costs. In addition, other sources of heat, such as heat networks, could compete directly with the gas business.

The reduction in consumption, and therefore in the volumes passing through the networks, following improvements in the energy efficiency of buildings could have an impact on the gas business as well as the electricity business. This impact would take the form of a decrease in the base (kWh) on which the costs of the activities can be passed on and therefore an increase in tariffs. For electricity, this decrease could however be compensated by the increase in the use of this energy (electric vehicles, heat pumps,...).

The Promogaz or CNG campaigns aimed at optimising the use of the gas distribution networks, the facilitation of the development of biomethane by welcoming new injection points or the monitoring of the development of hydrogen injection into the gas distribution network are all actions that make it possible to mitigate this risk, which could also constitute an opportunity through the development of injection into the "green" gas network.

Beyond the threats that it may pose to the volume of energy (electricity and gas) taken from the distribution networks, the energy transition also has the effect of placing the distribution networks at the heart of the technological and societal changes linked to this transition. By affirming its desire to be an energy transition facilitator, ORES wants to be a key player in the service of these many developments: renewable energy production connected to the distribution network (photovoltaic panels, wind farms, biomethane injection), new mobility solutions (electric charging stations, CNG or bio-CNG stations), energy communities, flexibility, storage, etc. The opportunities are numerous and are being closely monitored by ORES.

Procurement and suppliers risk

ORES and ORES Assets are subject to public procurement legislation for their purchases of supplies, services and works. ORES has noted an upward trend in the cost of the contractors it uses via public contracts. A process will be launched to define an "external service provider vision" to mitigate this risk. Similarly, public procurement strategies are being adapted and specifications are being reviewed.

Organisational and governance risks

The environment in which ORES and ORES Assets carry out their missions is uncertain, complex and undergoing rapid and permanent change: energy transition, digitalisation, sophistication of the energy markets, demand for immediacy, rapid technological developments, etc. The processes and organisation must be adapted and simplified to enable ORES to be more efficient and to achieve this agility. If the roles and responsibilities of this future organisation are not clear, there may be tensions, losses of efficiency, etc. In order to mitigate these risks, organisational efficiency paths have been set up.

Economic and financial risks (including tariff risk)

Tariff risk

The activities of ORES and ORES Assets are governed by an important legislative and regulatory framework, two of the main elements of which are the tariff decree and the tariff methodology established by the CWaPE on the basis of this decree. This framework determines, among other things, the means available to the DSO to finance its activities (the authorised income) or a set of rules that can positively or negatively influence the remuneration of shareholders (incentive regulation mechanism). In 2018, the regulator approved the authorised income available to the Group for the period 2019-2023 and in 2019 the tariffs for this period 2019-2023. This is a positive element that gives the company 5-year visibility on the resources available. In 2018, the regulator had also approved specific envelopes for specific projects (notably for smart metering and the promotion of natural gas). Following the publication of the Walloon decree of 19 July 2018 on the deployment of smart meters, the assumptions used in the framework of the envelope relating to the specific "smart metering" project as

approved by the regulator had to be revised (in particular, change of meter technology and downward revision of the volumes deployed over the 2019-2023 period). As the CWaPE's decision to refuse the specific envelope revised to take account of these new assumptions was annulled by the Court of the Markets following an appeal by ORES, discussions on this envelope are currently continuing with the regulator. In addition, discussions on the adoption of the 2024-2028 tariff methodology will begin. During these discussions, ORES will pay particular attention to the fact that this methodology ensures the sustainability and long-term vision of DSO activities, that it establishes a tariff structure that meets the needs of customers and the constraints and cost structure of DSOs, etc. Although the modification of the tariff methodology could have an impact on ORES' profitability, the obligation for the regulator to take into account the principles of the European directives of the third energy package and the tariff decree of 19 January 2017 limits this risk.

Differences may arise between the planned controllable costs and the actual costs, both in terms of authorised income and specific budgets. In order to mitigate this risk, the following actions have been implemented:

- monthly budget monitoring, fine-tuning of budgets as and when required and best estimates;
- monitoring indexation parameters and the evolution of certain costs.

Finally, the company must ensure that it complies with financial covenants, which are therefore monitored regularly.

Tax risk

ORES Assets and ORES are subject to corporate income tax. The tariff methodology provides that any tax charge of ORES Assets is included in the tariffs as a non-controllable cost. Therefore, the impact of changes in tax legislation is essentially limited to ORES.

Asset and liquidity risks

As part of the management of these risks and the billing of network usage fees, which constitute the bulk of the Group's revenue, ORES Assets has financial guarantees from its energy suppliers active on the network. These guarantees are defined in the contract granting access to the network and are subject to annual review.

ORES has short-term financing capacity through its commercial paper programme and the lines of credit; it can be considered that the liquidity risk is more than manageable. Cash management makes it possible to limit market, asset structure and liquidity risks. The management bodies have implemented a prudent investment policy based on diversification and the use of products with limited credit and interest rate risk. ORES is attentive to the problem of negative interest rates in its cash management.

Macroeconomic and cyclical risks

The economic situation could have repercussions on the demand for electricity and natural gas or on the Group's financing conditions. With regard to the impact on the demand for electricity and natural gas, this risk and its effects are not normally borne by the Group. The 2019-2023 tariff methodology provides for a control by the regulator of the deviations between budget and reality in the year following the year concerned (N+1), including the volume risk. The tariff for the regulatory balances is, in principle, adjusted to take account of these differences from 1 January of the year following the year of the control (N+2). With regard to the impact on ORES' financing conditions, reference is made to the paragraph on interest rate risk (derivative financial instruments for hedging purposes, financing and debt management policy and monitoring of market data).

Notes to the consolidated profit or (loss) statement

Note 01 A – Turnover (in thousands of €)

Electricity	31/12/2020	31/12/2019
Distribution fees	938,537	928,775
Public service obligation (PSO)	26,199	20,714
Other	1,543	1,292
	966,279	**950,781**
Gas	**31/12/2020**	**31/12/2019**
Distribution fees	194,105	206,725
Public service obligation (PSO)	9,024	7,688
	203,129	**214,413**
Not allocated	**31/12/2020**	**31/12/2019**
Third-party inventory management	4,558	5,542
Construction contracts	11,273	7,024
	15,831	**12,566**
Total turnover	**1,185,239**	**1,177,760**
Performance obligations satisfied over time	**1,183,696**	**1,176,468**
performance obligations satisfied at a specific point in time	**1,543**	**1,292**

Distribution fees

The Group's turnover is mainly based on income and expenses related to distribution fees for the electricity and gas distribution network. The Group distributes electricity and gas to homes and businesses connected to the network on behalf of energy suppliers. In the case of electricity, the distribution fee also includes the transport fee (re-invoicing of the costs of using the transport network, for which Elia is the sole operator). Moreover, this fee is invoiced by Elia to the Group and recognised in cost of sales (cascade principle), which in principle results in neutrality in the income statement - see also note 03.

Income and expenses related to distribution fees are recognised, based on the tariffs in force for the year, when electricity or gas has been supplied and transported to consumers connected to the distribution network during the corresponding period. The amounts are recognised progressively as revenue and are based on meter readings and estimates for the unmetered portion of network usage (billed

as an advance payment). These estimates are corrected at the balance sheet date with the unmetered distribution fee (RTNR) which is calculated on the basis of the total volumes that have transited the network.

The regulatory environment in which the Group operates is described in the accounting policies in section 3.A.15.

Although quantities decreased by 3.69% as a result of the global health crisis, electricity distribution fees increased (+1.05%), mainly due to the entry into force of the prosumer tariff on 1 October 2020 (billing based on a capacity term). Given that, in application of the tariff methodology, the tariffs approved by the CWaPE provided for the entry into force of this prosumer tariff on 1 January 2020, the amount not collected for the first nine months of 2020 following the postponement by Wallonia of the entry into force of this prosumer tariff is offset by an amount paid by the Walloon Region.

The gas distribution fees are down by 6.10% following the 2.35% drop in invoiced volumes due to the global health crisis and the fact that 2020 was a warmer year than 2019.

Public service obligations (PSOs)

The Walloon Government imposes public service obligations (PSOs) to the DSOs which are clearly defined, transparent and non-discriminatory, the fulfilment of which is subject to control by the regulators (mainly the CWaPE, but also the CREG for supplying protected clients). They mainly consist of:

- to ensure, at the social rate, the supply of electricity to protected customers. The difference between the social tariff and the market price is partly recovered by the DSOs from the CREG (a fund managed by the latter), and partly through the tariffs according to the type of protected customer. This ensures the neutral impact on the profit/loss;
- to ensure, on a temporary basis, the supply of end customers who find themselves temporarily without a supply contract or in the links of a supply contract that has been suspended (so-called "supplier X" customers). The corresponding energy purchases are recognized in cost of sales (see note 03);
- to ensure the installation of a budget meter at the request of the customer or as part of a procedure for default of payment by the end customer to its energy supplier;
- to provide a single point of contact to simplify administrative procedures, as the DSO is the sole point of contact for electricity producers with an installation of photovoltaic solar panels with a net power less than or equal to 10 kVA wishing to connect to the grid and benefit from the green certificate system.

Income and expenses related to the sale of energy under public service obligations (in particular to protected customers) are recognized progressively as soon as the electricity or gas has been supplied and transported to consumers connected to the network during the corresponding period. The amounts recognized as revenue are based on meter readings and estimates for the unmetered portion of network usage.

The electricity PSOs are up by 23.45% following an increase in the quantities sold of 25.10% coupled with an increase in the price per kWh of 51.11%.

The same phenomenon occurs for gas PSOs (+17.38%) where we see an increase in quantities of 19.84% offset by a decrease in the average price of 10.17%.

Third-party inventory management

The Group has entered into a service contract for inventory management (logistics) on behalf of a third party, to which it also sells goods. This contract stipulates remuneration based on the number of square metres used.

Construction contracts

The Group's turnover also includes income from construction contracts for various projects such as extending the public lighting system or network maintenance. Where the deadline for a construction contract can be estimated reliably, the income and expenses associated with this contract are accounted for in the profit and loss statement gradually, depending on the progress of the contract.

The increase of +60.49% (+€4.2 million) is largely due to the E-Lumin project, which aims to convert the entire municipal street lighting fleet to LED technology by 2030. The project began in the last quarter of 2019 and continued intensively in 2020 with numerous sites underway throughout Wallonia.

Note 01 B – Regulatory balances (in thousands of €)

1. Statement of financial position

Regulatory assets	31/12/2020	31/12/2019
Regulatory period 2008-2020	114,908	81,959
	114,908	**81,959**
Regulatory liabilities	**31/12/2020**	**31/12/2019**
Regulatory period 2008-2020	(31,730)	(40,985)
	(31,730)	**(40,985)**
Total regulatory balances	**83,178**	**40,974**

2. Details of the evolution of the regulatory balances

	31/12/2020	31/12/2019
Via total comprehensive income	38,567	(21,799)
Other	3,636	(5,696)
	42,203	**(27,495)**

3. Statement of comprehensive income

Electricity	31/12/2020	31/12/2019
Year 2020	19,563	19,136
Recovery of advance	1,863	(30,901)
	21,426	**(11,765)**
Gas	**31/12/2020**	**31/12/2019**
Year 2020	15,634	2,315
Recovery of advance	8,852	(7,652)
	24,486	**(5,337)**
Transport	**31/12/2020**	**31/12/2019**
Year 2020	(7,345)	(4,697)
Recovery of advance	0	0
	(7,345)	**(4,697)**
Total regulatory balances	**38,567**	**(21,799)**

Detailed information on the CWaPE tariff methodology and the regulatory environment in which the Group operates is described in the accounting policies in section 3.A.15.

Currently, there is no specific IFRS standard dealing with the accounting of regulatory balances in a regulatory environment. Discussions are underway within the IASB to develop a new standard on regulatory assets and liabilities that would clarify the position to be taken by companies. To this end, a transitional standard was published in January 2014 (IFRS 14 - Regulatory Deferral Accounts) applicable only to first-time IFRS adopters. This standard explicitly foresees the recognition of regulatory assets and liabilities in the financial statements but requires them to be clearly distinguished from other assets or liabilities. In January 2021, the IASB published a draft standard "Regulatory assets and regulatory liabilities". The draft standard confirms this approach of "additional" recognition of regulatory assets, liabilities and revenues compared to other IFRS standards and in particular IFRS 15 for revenues, based on the fact that the Group has rights to receive economic benefits in the future (or a reimbursementn obligation) under the current tariff methodology. This is the approach currently applied by the Group in preparing its financial statements. However, the Group has yet to analyse in detail the consequences of the application of this new standard, and will closely monitor the evolution of the project in the light of the comments on the text and the future discussions of the IASB.

The Group has assumed that these balances will be recovered in the future, which has been the case since 2015 in the form of an interim payment (see below) and they are therefore recognised as an asset or liability.

The regulatory balances at the end of 2020 result in a tariff debit balance of €83.2 million (compared to €41 million in 2019). Three elements largely explain this strong growth. Firstly, there are differences between the non-controllable costs actually incurred in 2020 and the initial budgetary expenditure (2019-2023 tariff proposal) of the same nature approved by the regulator for this 2020 financial year. It is also important to specify that, since 2019 and the entry into force of the 2019-2023 tariff methodology, these discrepancies are recorded separately for distribution and for transport. Secondly, the annulment by the Court of Markets of the CWaPE's decision to reject part of the electricity and gas balances relating to the 2017 and 2018 operating years for an amount of €25 million (following the appeal lodged by ORES) has led to the reintegration of these balances in 2020. Finally, the balances related to transport also increase by €7.3 million this year, justified by the assumptions made to calibrate the tariffs for recharging transport costs and by the use of actual volumes.

From 2020 onwards, the transport balance is monitored separately in view of the equalisation of the transport tariff in 2019. In 2020, the balance sheet movement of €3.6 million results from a transfer from regulatory liabilities to other liabilities following the final calculations for 2019 (the 2020 balance sheet movement mainly results from the takeover of the Walloon communes of Gaselwest).

It should be noted that in 2015 and 2016, an advance payment of 10% of the net tariff receivables and payables accumulated from 2008 to 2013 could be recovered via the distribution tariffs, as decided by the CWaPE in its tariff methodology adopted in 2014. The CWaPE also authorised in its 2017 tariff methodology (approved on 15 December 2016 and extended for the 2018 financial year by decision of 1 December 2017) that, for these financial years 2017 and 2018, the amount of the advance payment to be recovered should be increased to 20% of the cumulative regulatory balances relating to the period 2008-2014 (still in the form of an advance payment). On the basis of the 2019-2023 tariff methodology, the CWaPE has determined in its decisions the amounts to be recovered during the years 2019 to 2023 with regard to the balances of receivables and payables for the years 2008 to 2016, so as to have completely cleared these balances by the end of the tariff period. The balance for the years 2008 to 2014 is recovered at a rate of 25% per year between 2019 and 2022. The balance for the years 2015 and 2016 is recovered between the years 2019 and 2023, according to a percentage specific to each year. This has resulted in an amount of €10.8 million (2019: -€38.6 million) being returned to the market in 2020, of which €1.9 million is electricity and €8.9 million is gas.

For both electricity and gas, the change in distribution regulatory balances between 2019 and 2020 is mainly due to:

- a volume effect: the quantities distributed in 2020 were lower than budgeted;
- corporate tax: as the accounting results for the year were higher than budgeted, the increase in pre-tax income led to a higher current tax charge than budgeted.

In electricity, these effects are notably offset by surpluses in public service obligations.

Note 02 – Other operating income (in thousands of €)

	31/12/2020	31/12/2019
Recovery of fraudulent consumption	1,615	3,659
Various recoveries from clients	6,856	8,813
Network damages	2,835	3,917
Leases / Supplies	4,847	4,392
Other recovery of expenses	9,441	9,059
	25,594	**29,840**

The decrease in other operating income of €4.2 million is mainly due to the decrease in:

- recoveries from fraudulent consumption of €2 million; and
- miscellaneous customer recoveries of €2 million; and
- income from damage to installations for 1.1 million.

Partially offset by the increase in income from property rentals (+€0.5 million) as well as other expense recoveries (+€0.4 million).

This downward trend in other operating income is a result of the health crisis caused by the coronavirus pandemic, which slowed down the activity of our agents in the field and consequently the detection of fraudulent consumption, as well as various recoveries from customers (particularly in relation to budget meters).

The heading "other cost recovery" mainly concerns recoveries other than those related to the network operators customers, such as:

- training costs invoiced to our subcontractors for the granting of work permits on our networks;
- the re-invoicing of costs related to projects carried out jointly with our Brussels or Flemish counterparts;
- administrative management on behalf of other companies in the sector.

Note 03 – Cost of sales (in thousands of €)

	31/12/2020	31/12/2019
Goods and supplies		
Energy purchases (PSO - gas and electricity)	32,964	29,484
Network losses (electricity)	35,826	24,663
Goods	8,439	7,200
	77,229	**61,347**
Transport fees (electricity)	**365,039**	**377,367**
Road fees	**46,472**	**46,904**
	488,740	**485,618**

Supplies and goods

This item is largely made up of the purchase of network losses from the electricity sector. Indeed, following the Walloon Government Decree of 3 March 2011 (article 147), the distribution network operator compensates for energy losses on its distribution network through appropriate energy purchases. These purchases are subject to the rules of the public market (competitive bidding procedure - invitation to tender or auction). They are increasing (+€11.2 million), due to the increase in the average price per MWh (+49.8%), slightly offset by a decrease in the quantities purchased (-4.1%).

As regards energy purchases, these relate, among other things, to customers protected under the PSOs. The increase in 2020 (+€3.5 million) is also due to the increase in the average price of electricity kWh (+51%) and an increase in the quantities purchased (+13% for both electricity and gas). This is linked to the growth in turnover linked to the PSOs (see note 01-A).

The last item concerns the purchase of goods (+€1.2 million), in connection with the increase in our stock (see note 12).

Transport fees

The electricity transport network operator invoices the DSO every month for the fee for using its network. In turn the DSO re-invoices this fee to the energy suppliers (cascade principle). This only involves the electricity sector as the gas transport fee is invoiced directly by the gas transport network operator to the energy suppliers.

Despite an increase in the transport cost per MWh (+2.01%), the transport fee invoiced by Elia decreases by €12.3 million, as a result of a decrease in the volumes transported in 2020 (-5.28%).

Road fees

The DSO is obliged to calculate the road fees associated with electricity (repaid in full to the municipalities) or gas (repaid to the municipalities, provinces and the Walloon Region) distribution annually. They are calculated on the basis of the quantities transported the previous year.

Note 04 – Other operating expenses (in thousands of €)

	31/12/2020	31/12/2019
Third-party fees	32,113	38,346
IT consultancy	33,784	35,565
Call centre expenses	48	2,734
Insurances	2,282	2,656
Vehicle leases	828	1,021
Building and optical fibre leases	597	773
Other leases and fees	17,034	12,104
Vehicle expenses	5,930	6,996
Specific supplies to the company	7,142	7,422
Other	38,568	33,523
	138,326	**141,140**

The decrease in expenses relating to contact centre costs is linked to the sale of N-Allo shares in June 2019 and the creation of our own subsidiary, Comnexio (a wholly-owned subsidiary of ORES Assets whose expenses consist mainly of personnel costs included under this item in the income statement), whose activity is to be the Group's contact centre since 1 June 2019.

The significant increase in "Other leases & royalties" (+€4.9 million) is largely due to the signing of a new contract in 2020 with the company SAP for the purchase of various licenses in the context of the Neo project.

The decrease in third-party fees (-€6.2 million) is partly due to a request from the Management Board to the various players in the company to make efforts in terms of efficiency and the use of external resources.

The growth in "Other" (+€5.1 million) is largely due to the greater assumption this year of expenses related to projects in progress (Neo, Smart Grid and Meter, etc.) but which have not yet reached the stage of being recorded as intangible assets (see Highlights - section D Intangible assets).

Note 05 – Financial income (in thousands of €)

	31/12/2020	31/12/2019
Interest income	187	271
Other	1,232	355
	1,419	**626**

As in 2019, the decrease in interest income in 2020 is mainly attributed to the low remuneration offered on traditional financial investment products.

Other financial income mainly comprises the net financial income on pensions (see note 20).

Note 06 – Financial expenses (in thousands of €)

	31/12/2020	31/12/2019
Interest on traditional loans	9,698	9,507
Interests on commercial papers	1,027	3,814
Interests on bonds	21,261	20,953
Interest on lease liabilities	333	358
Other interest charges (swap and collars)	3,485	9,503
Total interest expense	**35,804**	**44,135**
Unwinding of discount of provisions	0	3,936
Other financial expenses	332	218
Total financial expenses	**36,136**	**48,289**

Description of the hedging policy within the Group

A change in interest rates has an impact on the level of financial expenses. In order to minimise this risk, the Group applies a financing policy that seeks to achieve an optimal balance between fixed and variable interest rates, and within this framework uses financial hedging instruments to cover uncertain developments. The financing policy takes into account the difference in the life of the loans and assets. These three points (duration of borrowings, interest rates and use of hedging derivatives) were the subject of decisions by the competent bodies of ORES Assets and ORES, which made it possible to set the financial policy necessary for the active management of the debt.

Programme of commercial papers

In previous years, ORES has used its commercial paper programme to issue both short-term and long-term commercial paper.

While in 2019, ORES worked to redeem all the commercial paper issued on the short term, in 2020 it focused on not renewing the maturities of the notes issued on the long term, thereby balancing the outstanding amount issued on the commercial paper programme. This explains the decrease in interest expense on commercial paper of €2.7 million.

Bonds

The difference of €0.3 million is due to costs incurred in connection with a bond portfolio restructuring operation.

Traditional loans

Throughout 2020, we saw a continued fall in interest rates in the financial markets as a result of the pandemic. These interest rate levels have been passed on to both portfolio borrowings and new borrowings. The slight increase of €0.19 million is due to the first interest payment on a loan taken out at the end of 2019.

Derivative instruments (swaps, caps, collars – allocated to other interest charges)

Since 2017, instead of hedging its variable loans with swaps, the Group took out caps on interest rates allocated to non-current assets and not described as hedging assets (see note 27 on this subject).

The change in other interest expense is mainly due to changes in the fair value of these products.

Effect of the "unwinding of discounts on provisions"

This item in particular shows actuarial differences connected to the "unwinding of discounts" (as the liability is a discounted amount, it increases, all things being equal, over time) on

provisions relating to jubilee and incapacity bonuses (these benefits are treated like other long-term benefits).

In 2020, the net effect on the pension provision is a financial income (see notes 05 and 20).

Note 07 - Segment information (in thousands of €)

Financial information by operating segment according to Belgian accounting standards (in thousands of €)

Comprehensive income

31/12/2020	Segment		Other activities[5]	ORES[6]	COMNEXIO[7]	TOTAL COMBINED[8]
	Gas	Power				
Belgian GAAP						
Turnover	225,494	988,404	0	562,124	7,046	1,783,068
Other operating income	5,729	20,767	74	11,914	2	38,486
Operating expenses	(154,637)	(832,036)	(25)	(574,709)	(6,979)	(1,568,386)
Operating profit or (loss)	**76,586**	**177,135**	**49**	**(671)**	**69**	**253,168**
Financial Income	47	150	0	29,828		30,025
Financial expenses	(12,091)	(21,873)	0	(29,828)		(63,792)
Financial profit or (loss)	**(12,044)**	**(21,723)**	**0**	**0**	**0**	**(33,767)**
Other						0
Profit or (loss) before taxes	**64,542**	**155,412**	**49**	**(671)**	**69**	**219,401**
Taxes	(16,029)	(43,040)	(12)	671	(69)	(58,479)
Allocation to tax-free reserves	(410)	(846)				(1,256)
Profit or (loss) for the period	**48,103**	**111,526**	**37**	**0**	**0**	**159,666**

[5] Other activities like supply of goods and services to third parties.
[6] ORES is a 99,72 % subsidiary of the ORES Assets.
[7] Comnexio sc is a 93% subsidiary of ORES Assets.
[8] Combined financial statements of the group without elimination of intercompany transactions.

31/12/2019	SECTEUR Gas	Power	Other activities[5]	ORES[6]	COMNEXIO[7]	TOTAL COMBINED[8]
Belgian GAAP						
Turnover	207,446	939,964	0	547,898	3,943	1,699,251
Other operating income	6,226	20,494	79	12,533	1	39,333
Operating expenses	(144,918)	(799,239)	(25)	(552,498)	(3,900)	(1,500,580)
Operating profit or (loss)	**68,754**	**161,219**	**54**	**7,933**	**44**	**238,004**
Financial Income	67	219	0	31,385		31,671
Financial expenses	(14,096)	(25,209)	0	(31,385)		(70,690)
Financial profit or (loss)	**(14,029)**	**(24,990)**	**0**	**0**	**0**	**(39,019)**
Other						0
Profit or (loss) before taxes	**54,725**	**136,229**	**54**	**7,933**	**44**	**198,985**
Taxes	(16,784)	(44,859)	(16)	(7,933)	(44)	(69,636)
Allocation to tax-free reserves	(231)	(616)				(847)
Profit or (loss) for the period	**37,710**	**90,754**	**38**	**0**	**0**	**128,502**

Financial position

31/12/2020	SECTEUR Gas	SECTEUR Power	Other activities[5]	ORES[6]	COMNEXIO[7]	TOTAL COMBINED[8]
Belgian GAAP						
Non-current assets	**1,291,899**	**2,618,838**	**605**	**1,404,856**	**0**	**5,316,198**
Intangible and tangible assets	1,288,819	2,601,052	590	2,177	0	3,892,638
Other non-current assets	3,080	17,786	15	1,402,679	0	1,423,560
Current assets	**94,577**	**375,231**	**(64,767)**	**487,909**	**1,038**	**893,988**
Inventories	0	7,416	0	51,136	0	58,552
Trade and other receivables	45,095	230,775	(64,767)	359,524	375	571,002
Cash and cash equivalent	1	750		74,146	652	75,549
Other current assets	49,481	136,290		3,103	11	188,885
TOTAL ASSETS	**1,386,476**	**2,994,069**	**(64,162)**	**1,892,765**	**1,038**	**6,210,186**
Equity	**540,742**	**1,258,898**	**0**	**566**	**25**	**1,800,231**
Share Capital	278,225	589,238	0	458	25	867,946
Other reserves	262,517	669,660	0	0		932,177
Capital grants	0	0	0	108		108
Non-current liabilities	**654,644**	**1,239,366**	**0**	**1,420,040**	**0**	**3,314,050**
Borrowings	642,494	1,218,736		1,402,669		3,263,899
Provisions	12,150	20,630		17,371		50,151
Current liabilities	**191,090**	**495,805**	**(64,163)**	**472,160**	**1,013**	**1,095,905**
Borrowings	135,962	248,180		297,931		682,073
Trade payables	13,580	122,128	0	84,116	410	220,234
Other current liabilities	41,548	125,497	(64,163)	90,113	603	193,598
TOTAL LIABILITIES	**1,386,476**	**2,994,069**	**(64,163)**	**1,892,766**	**1,038**	**6,210,186**

31/12/2019	SECTEUR Gas	Power	Autres activités[5]	ORES[6]	COMNEXIO[7]	TOTAL COMBINÉ[8]
Belgian GAAP						
Non-current assets	**1,268,611**	**2,609,967**	**630**	**1,477,898**	**0**	**5,357,106**
Intangible and tangible assets	1,266,165	2,594,277	615	7,288	0	3,868,345
Other non-current assets	2,446	15,690	15	1,470,610	0	1,488,761
Current assets	**85,074**	**327,077**	**(44,051)**	**288,026**	**1,871**	**657,997**
Inventories	0	7,410	0	42,935	0	50,345
Trade and other receivables	44,931	203,527	(44,051)	123,843	258	328,508
Cash and cash equivalent	1	34		118,882	1,606	120,523
Other current assets	40,142	116,106		2,366	7	158,621
TOTAL ASSETS	**1,353,685**	**2,937,044**	**(43,421)**	**1,765,924**	**1,871**	**6,015,103**
Equity	**515,596**	**1,194,040**	**0**	**525**	**25**	**1,710,186**
Share Capital	278,063	589,017	0	458	25	867,563
Other reserves	237,533	605,023	0	0		842,556
Capital grants	0	0	0	67		67
Non-current liabilities	**693,359**	**1,364,500**	**0**	**1,483,296**	**0**	**3,541,155**
Borrowings	678,715	1,336,462		1,470,600		3,485,777
Provisions	14,644	28,038		12,696		55,378
Current liabilities	**144,730**	**378,504**	**(43,421)**	**282,103**	**1,846**	**763,762**
Borrowings	91,836	182,947		115,000		389,783
Trade payables	2,734	92,357	0	88,655	1,188	184,934
Other current liabilities	50,160	103,200	(43,421)	78,448	658	189,045
TOTAL LIABILITIES	**1,353,685**	**2,937,044**	**(43,421)**	**1,765,924**	**1,871**	**6,015,103**

Reconciliation of segment information (prepared in accordance with Belgian accounting standards) and the Group's financial statements (prepared in accordance with IFRS standards – in thousands of €)

31/12/2020	Segment information	Group financial statements	Difference
Profit or (loss)			
Turnover and regulatory balances	1,783,068	1,223,806	(559,262)
Profit or (loss) before taxes	219,401	224,551	5,150
Financial position			
Total assets	6,210,186	4,768,339	(1,441,847)
Total liabilities	6,210,186	4,768,339	(1,441,847)

31/12/2019	Segment information	Group financial statements	Difference
Profit or (loss)			
Turnover and regulatory balances	1,699,251	1,155,961	(543,290)
Profit or (loss) before taxes	198,985	152,064	(46,921)
Financial position			
Total assets	6,015,103	4,714,647	(1,300,456)
Total liabilities	6,015,103	4,714,647	(1,300,456)

The ORES Management Committee, supervised by the Boards of Directors of ORES and ORES Assets, is the Group's main operational decision-maker. In its day-to-day management, it reviews the ORES Assets and ORES accounts, which are prepared in accordance with Belgian accounting standards. Indeed, the Group is evolving in a regulatory environment within which the financial statements of each of the Group's entities, drawn up in accordance with Belgian standards and for each type of energy (gas and electricity), have an impact on future tariffs. As a result, the Group is organised into seven operating segments, with a distinction within each of these between electricity and gas, alongside which are the activities associated with recovering unpaid debts from before the market was liberalised (so-called "supply" activity). As for ORES, its role is to manage the expenses of ORES Assets; it re-invoices all of its expenses at cost price to the DSO and so does not generate any profits.

Comnexio, company created in 2019, manages the contact centre activities and works at cost on behalf of the DSO.

The operating segments provide exactly the same services in different geographical areas to similar kinds of customer. Each segment's activity is similar according to the type of energy, to the extent that the operating segments can be grouped into two main segments, namely gas and electricity on the one hand, and the associated (supply) segment on the other. These segments are representative of how the Group is managed, and correspond to the consolidation criteria developed in the IFRS 8 - *Operating segments*.

Difference between the segment information and the consolidated financial statements of ORES Assets

- the transactions, balances, income and expenses between operating segments have been totally eliminated during the consolidation process;
- recognition of dividends (and associated withholding tax) when they are approved by the General Meeting;
- provisions for employee benefits:
  (1) recognition of provisions within the context of pension plans in place in the Group,
  (2) no deferral of pension costs taken over from third parties;
- intangible and tangible assets:
  (1) depreciation of intangible and tangible assets as soon as they are put to use,
  (2) adjustment of employee benefits included in the value of intangible and tangible assets;
- recognition of derivative financial instruments at their fair value;
- recognition of deferred taxes on each adjustment; recognition of an additional write-down of trade receivables;
- recognition of an additional write-off on trade receivable.

Most of these differences are comprehensively detailed in the note about the Group's transition to the IFRS in the first aggregated financial statements at the end of December 2012

Information about geographical areas

The Group carries out its activities exclusively in Belgium, and more specifically in Wallonia.

Information about the main clients

For the gas segment, three of our clients, energy suppliers, together represent 68% of the distribution fees invoiced in 2020 (in 2019, 66% for two clients and 78% for three clients).

For the electricity segment, two of our clients, energy suppliers, together represent 70% of the distribution fees invoiced in 2020 (67% in 2019).

Notes to the consolidated statement of financial position

Note 08 – Intangible assets (in thousands of €)

	31/12/2020	31/12/2019
Acquisition cost	109,302	125,173
Accumulated amortisation and impairment	(26,288)	(26,033)
	83,014	**99,140**

Cost		Software	Development	Total
Opening balance	**2019**	**108,816**	**31,481**	**140,297**
Acquisitions		23,421	0	23,421
Internal developments		0	6,656	6,656
Disposals/decommissioning		(7,064)	(38,137)	(45,201)
Opening balance	**2020**	**125,173**	**0**	**125,173**
Acquisitions		24,423	0	24,423
Internal developments		0	1,535	1,535
Disposals/decommissioning		(41,829)	0	(41,829)
Closing balance	**2020**	**107,767**	**1,535**	**109,302**

Accumulated amortisation and impairment		Software	Development	Total
Opening balance	**2019**	**(25,419)**	**(15,636)**	**(41,055)**
Amortisation costs		(2,923)	(5,755)	(8,680)
Impairment loss		(4,753)	(16,746)	(21,498)
Disposals/decommissioning		7,064	38,137	45,200
Opening balance	**2020**	**(26,033)**	**0**	**(26,033)**
Amortisation costs		(7,087)	(153)	(7,240)
Impairment loss on decommissioning		(34,844)	0	(34,844)
Disposals/decommissioning		41,829	0	41,829
Closing balance	**2020**	**(26,135)**	**(153)**	**(26,288)**
		81,632	**1,382**	**83,014**

The intangible assets acquired or developed in 2020 mainly include the development of the new Atrias platform, the development of Smart Grid and Smart Metering and the project to upgrade the Group's information system (Neo project).

The evolution of grid management techniques, smart metering and other developments show that significant costs are being generated which have historically been capitalised under development costs in intangible assets.

Intangible assets highlights during 2020:

1- Amortisation of intangible assets:

As part of the 2019-2023 tariff methodology the Group complied, from 1 January 2019, with the changes to the amortisation rate of computer software in the draft tariff methodology by adapting their amortisation period towards a 10-year period, rather than a 5-year period as before. These changes have been implemented by the Group prospectively in the 2019 financial year.

During 2020, following clarification from the regulator, the Group has however noted that the 10-year amortisation period is only applicable for intangible assets related to the energy transition, acquired from 1 January 2019. Intangible assets acquired previously (until 31 December 2018) were therefore not within the scope of the amendment and had to continue their previous amortisation schedule.

The Group therefore recognised additional amortisation , in order to align the amortisation rates of certain intangible assets acquired before 1 January 2019 with the methodology. An additional amortisation charge of €2.5 million was recognised.

Considered as immaterial, the impact of the adjustment to the amortisation rate explained above was treated as a change in estimate impacting net profit for the current year, in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

The accounting policies have been adapted to take account of this change in estimate (A.5. Intangible assets).

2- Recognition of intangible assets:

During the year, the Group developed a new accounting policy clarifying the types of expenditure considered as capitalisable (recorded as intangible assets) or non-capitalisable (recorded as other operating expenses), and aligned with project management, according to their different phases and milestones. The Group also reviewed previously capitalised expenditure and its net carrying amount. As a result, €41.8m of write-offs were recorded and €34.8 million of impairment losses were recognised via the " Depreciation and impairment on (in)tangible assets " account.

Amounts committed for the acquisition of intangible assets

	31/12/2020	31/12/2019
IT projects	1,210	4,880
	1,210	**4,880**

Note 09 – Tangible assets (in thousands of €)

	31/12/2020	31/12/2019
Acquisition cost (excluding lease contracts)	7,023,303	6,848,063
Accumulated depreciation and impairments	(2,878,073)	(2,746,252)
Owned tangible assets	**4,145,230**	**4,101,811**
Land & Buildings	137,619	132,059
Distribution network	3,970,391	3,932,162
Equipment	36,629	36,974
Other	591	616
Subtotal	**4,145,230**	**4,101,811**
Right-of-use	20,791	18,018
Accumulated depreciation and impairment	(7,214)	(3,540)
Tangible assets: right-of-use	**13,577**	**14,478**
Buildings	4,781	4,705
Optical fibre	5,643	6,417
Vehicles	3,153	3,356
Subtotal	**13,577**	**14,478**
Tangible assets	**4,158,807**	**4,116,289**

1. Owned tangible assets

The acquisition values as well as the depreciation and impairment of the acquired tangible assets (excluding right-of-use assets: RoU assets) are as follows:

Cost		Land & Buildings	Distribution network	Equipment	Other	Total
Opening balance	**2019**	**153,087**	**6,262,746**	**160,113**	**2,453**	**6,578,399**
Acquisitions		23,029	181,758	6,910		211,697
Transfers/decommissioning		(9)	(39,223)	(2,499)		(41,731)
Takeover of the Gaselwest network		383	99,290	0		99,673
Other				25		25

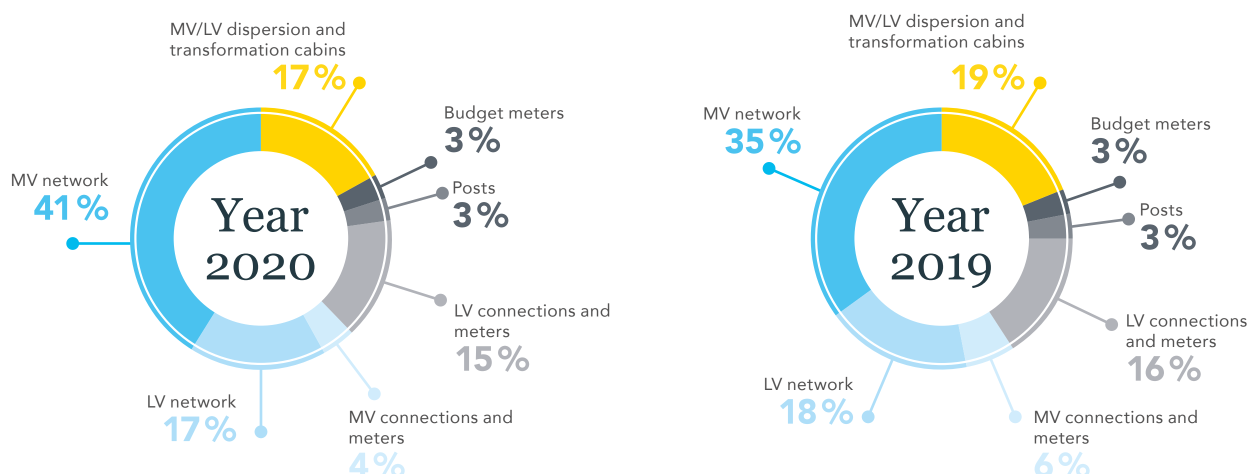
Cost		Land & Buildings	Distribution network	Equipment	Other	Total
Opening balance	**2020**	**176,490**	**6,504,571**	**164,549**	**2,453**	**6,848,063**
Acquisitions		9,037	190,668	10,075		209,780
Transfers/decommissioning		(1,512)	(30,503)	(2,525)		(34,540)
Other			10	(10)		0
Closing balance	**2020**	**184,015**	**6,664,746**	**172,089**	**2,453**	**7,023,303**

Accumulated depreciation and impairments		Land & Buildings	Distribution network	Equipment	Other	Total
Opening balance	**2019**	**(41,763)**	**(2,420,847)**	**(121,931)**	**(1,812)**	**(2,586,353)**
Depreciation expenses		(2,660)	(154,935)	(8,103)	(25)	(165,723)
Takeover of the Gaselwest network		0	39,223	2,484		41,707
Transfers/decommissioning		(8)	(35,850)	0		(35,858)
Other				(25)		(25)
Opening balance	**2020**	**(44,431)**	**(2,572,409)**	**(127,575)**	**(1,837)**	**(2,746,252)**
Depreciation expenses		(3,049)	(152,449)	(10,406)	(25)	(165,929)
Transfers/decommissioning		1,084	30,503	2,521		34,108
Other				0		0
Closing balance	**2020**	**(46,396)**	**(2,694,355)**	**(135,460)**	**(1,862)**	**(2,878,073)**
Accounted for at historic cost		**137,619**	**3,970,391**	**36,629**	**591**	**4,145,230**

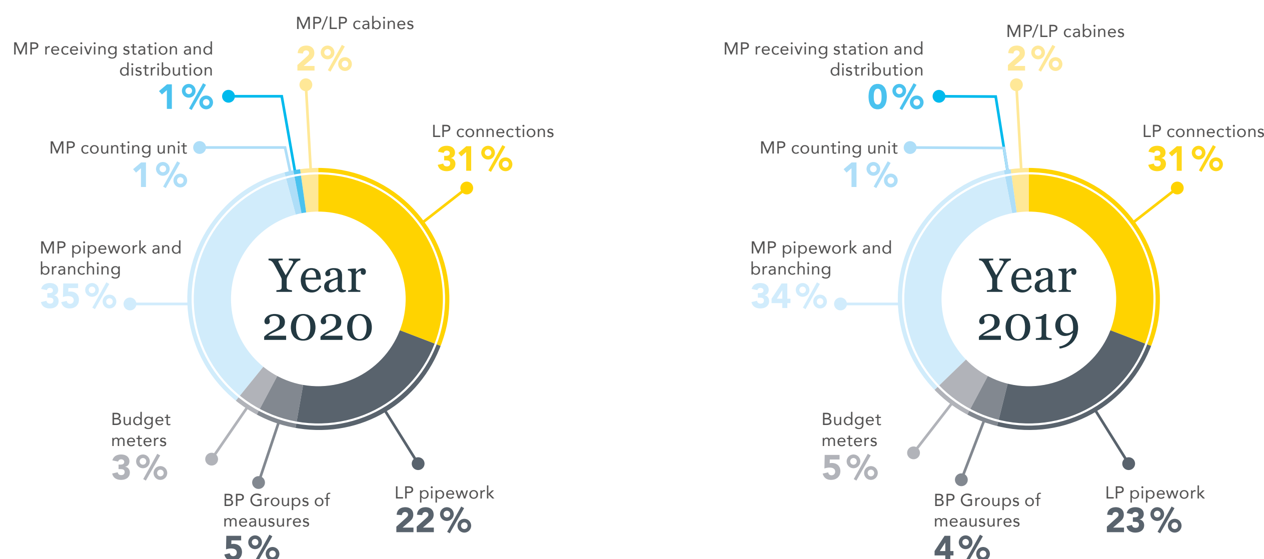
Investments for 2020, as well as for previous years, are mainly linked to our gas and electricity distribution network for a total of €188 million out of total investments of €210 million (compared to €182 million investment in the distribution network for total of €212 million without network takeover in 2019).

They are made up of:

- **For electricity**: equipment replacements of the existing installation network (76%) as well as installation of new cabins (24%) for a total of €112 million (€111 million in 2019).



- **For gas**: work to rehabilitate the existing network equipment (49%) and to extend the network (51%) for a total amount of €76 million (€70 million in 2019).



Total amounts committed to purchase tangible assets (in thousands of €)

	31/12/2020	31/12/2019
Electricity distribution network	45,150	46,365
Gas distribution network	11,901	13,712
Buildings and equipments	4,165	2,374
Vehicles	453	137
	61,669	**62,588**

2. Right-of-use assets

The rights of use for tangible assets arise from leases within the scope of IFRS 16 - *Leases* (see accounting policy A.8). In December 2020, the detail of the rights-of-use assets is as follows:

Cost

		Buildings	Optical Fibre	Vehicles	Total
Opening balance	**2019**	**3,489**	**4,468**	**3,360**	**11,317**
New contracts/exercise of options		2,793	2,723	1,228	6,745
Termination of contracts/exercise of options		0	0	(43)	(43)
Opening balance	**2020**	**6,282**	**7,191**	**4,544**	**18,018**
New contracts/exercise of options		1,908	0	1,256	3,164
Termination of contracts/exercise of options		(270)	0	(121)	(391)
Closing balance	**2020**	**7,921**	**7,191**	**5,679**	**20,791**

Accumulated depreciation and impairment

		Buildings	Optical Fibre	Vehicles	Total
Opening balance	**2019**	**0**	**0**	**0**	**0**
Depreciation expenses		(1,578)	(774)	(1,188)	(3,540)
Opening balance	**2020**	**(1,578)**	**(774)**	**(1,188)**	**(3,540)**
Depreciation expenses		(1,562)	(774)	(1,338)	(3,674)
Closing balance	**2020**	**(3,140)**	**(1,548)**	**(2,526)**	**(7,214)**

Depreciation of rights of use of assets is carried out over the shorter of the lease term or the economic life of the leased asset.

During 2020, ORES entered into new leases for buildings (some with purchase options) and vehicles. Also, in accordance with the new standard, the Group has reconsidered the exercise of options to extend, renew or terminate leases to determine the value of the rights of use.

Note 10 – Financial assets (in thousands of €)

	Non-current		Current	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Financial assets measured at fair value through profit or loss				
Unlisted equity instruments	17	17		
Listed equity instruments - Sicav's and options			2,768	2,724
Derivative financial instruments	2,287	3,420		
	2,304	**3,437**	**2,768**	**2,724**
Financial assets and other receivables				
Trade receivables			129,654	135,172
Other receivables	20,364	17,634	98,322	64,140
	20,364	**17,634**	**227,976**	**199,312**
	22,668	**21,071**	**230,744**	**202,036**

Other current receivables consist mainly of the interim dividends paid in 2020, which totalled €61 million (see Note 11).

For derivative financial instruments and their changes in 2020, please refer to note 27.

The fair value of trade and other receivables is assumed to be equal to their carrying amount.

Note 11 – Trade receivables, other receivables and current tax assets (in thousands of €)

	Non-current		current	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Other non-current assets				
Financial assets at fair value through profit or loss	2,304	3,437	2,768	2,724
	2,304	**3,437**	**2,768**	**2,724**
Other receivables				
Interim dividend			61,018	56,504
VAT			1,615	1,217
Public service obligation (PSO)	6,479	6,729	0	0
Other	13,884	10,905	9,439	7,489
Prosumer tariff			27,253	0
Write downs on other receivables			(1,003)	(1,070)
	20,364	**17,634**	**98,322**	**64,140**
	22,668	**21,071**	**101,090**	**66,864**
Trade receivables				
Distribution			104,554	107,811
Contract assets (Distribution)			20,986	19,071
	0	**0**	**125,540**	**126,882**
Public service obligation (PSO)			46,705	54,248
Contract liabilities (PSO)			(10,834)	(12,110)
	0	**0**	**35,871**	**42,138**
Construction contracts liabilities			(20,929)	(15,468)
Other			28,780	33,903
Write downs of trade receivables			(39,608)	(52,283)
	0	**0**	**129,654**	**135,172**
Current tax assets			**16,326**	**16,388**
	0	**0**	**16,326**	**16,388**
	22,668	**21,071**	**247,070**	**218,424**

The level of trade receivables decreased compared to 2019 (€ -5.5 million).

This is due to a decrease in public service obligations (PSOs) mainly due to two elements in 2020.

On one hand, in the first quarter we carried out an exceptional clean-up of old PSO receivables, resulting in old, time-barred and unsaleable receivables being written off (partly offset by a reversal of impairment). For the second half of 2020, we sold part of our receivables to various collection companies, resulting in a decrease in our outstanding amount of €4.2 million.

On the other hand, in the spring of 2020, the adoption by the Walloon Government of specific aid measures for customers supplied by budget meters resulted in the cessation of budget meter installations from the first containment until the end of the year.

Other receivables increased sharply by €34 million, mainly due to the recognition of a receivable from Wallonia for the prosumer tariff not collected by ORES during the first nine months of the year. Indeed, as this tariff could not be invoiced by ORES Assets, the Walloon Government undertook to reimburse the Walloon DSOs for the loss of revenue for the first 9 months of the year.

Indeed, as this tariff could not be invoiced by ORES Assets, the Walloon Government undertook to reimburse the Walloon DSOs for the loss of revenue for the first 9 months of the year.

Since October 2020, the prosumer tariff is initially invoiced by ORES Assets to the prosumer customers (via their energy suppliers) but is then reimbursed by Wallonia via ORES.

Financial assets and other receivables that are not yet impaired

	Trade receivables		Other receivables and tax assets	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Not yet due	110,987	103,748	132,883	97,482
	110,987	**103,748**	**132,883**	**97,482**

Changes to write-downs

	Trade receivables		Other receivables and tax assets	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
At 1 January	52,283	51,953	1,070	1,581
Write downs	6,683	3,049	210	273
Reversal related to ex-Gaselwest municipalities	0	37	0	0
Reversal of write downs	(19,358)	(2,756)	(277)	(784)
At closing balance	**39,608**	**52,283**	**1,003**	**1,070**

Write-downs

	31/12/2020	31/12/2019
Statement of financial position	(40,611)	(53,353)
Statement of comprehensive income	(5,955)	(6,942)

The Pandemic did not have a significant impact on the percentage of debt recovery in 2020.

Financial assets and other receivables that are impaired

	Expected loss	Average rate of expected credit loss	Expected loss
Up to 90 days	2,234	45 %	1,013
91 to 180 days	5,443	32 %	1,764
181 to 270 days	3,465	36 %	1,233
271 to 360 days	3,638	43 %	1,576
361 to 720 days	11,857	46 %	5,494
> 720 days	34,769	85 %	29,531
	61,406		**40,611**

	Write down basis at 31/12/2019	Average rate of expected credit loss	Expected loss
Up to 90 days	13,210	22 %	2,893
91 to 180 days	5,120	38 %	1,969
181 to 270 days	4,963	48 %	2,379
271 to 360 days	3,017	47 %	1,419
361 to 720 days	11,960	56 %	6,703
> 720 days	48,853	78 %	37,990
	87,123		**53,353**

Note 12 – Inventories (in thousands of €)

	31/12/2020	31/12/2019
Raw materials and supplies	51,135	42,935
Total gross	**51,135**	**42,935**
Write downs	0	0
Reversal of write downs	0	0
	51,135	**42,935**
Inventories recorded as expenses during the period (cost of sales)	8,439	7,200

At the end of 2020, the value of inventories increased by €8.1million, for various reasons related to the global health crisis:

- orders for transformers and circuit breakers received in 2020 that could not be placed as planned;
- material received in the context of the replacement of luminaires by LED lamps (in accordance with the Walloon

Government Order of 14 September 2017) which could not be placed according to the planned schedule.

It should also be added that following the announcement of the end of the production of electricity budget meters, in order to meet the public service obligations, a stock had to be built up in 2020.

Note 13 – Cash and cash equivalents (in thousands of €)

Cash and cash equivalents include the following for the purpose of the cash flow statement:

	31/12/2020	31/12/2019
Cash	36,910	45,150
Short-term deposits	35,871	72,650
	72,781	**117,800**

The €45 million decrease in cash and cash equivalents is mainly explained by the decrease in term deposits.

Note 14 – Capital (in thousands of €)

1. Number of shares

		ORES Assets		
		A Shares	R Shares	TOTAL
Opening Balance	**2019**	**50,537,909**	**2,330,310**	**52,868,219**
Capital increase (takeover of ex-Gaselwest municipalities)		784,090	0	784,090
Incorporation of available reserves		5,622,626	0	5,622,626
Conversion of R shares to A shares		9,377,362	(2,330,310)	7,047,052
Opening Balance	**2020**	**66,321,987**	**0**	**66,321,987**
Capital increase		0	0	0
Capital repayment		0	0	0
Closing Balance	**2020**	**66,321,987**	**0**	**66,321,987**

2. Subscribed Capital (in thousands of €)

		ORES Assets		
		A Shares	R Shares	TOTAL
Opening Balance	**2019**	**479,997**	**233,031**	**713,028**
Capital increase (takeover of ex-Gaselwest municipalities)		14,327	0	14,327
Incorporation of available reserves		139,725	0	139,725
Conversion of R shares to A shares		233,031	(233,031)	0
Opening Balance	**2020**	**867,080**	**0**	**867,080**
Capital increase		0	0	0
Incorporation of available reserves		384	0	384
Capital repayment		0	0	0
Closing Balance	**2020**	**867,464**	**0**	**867,464**
				Of which
			Available contribution	866,931
			Non-available contribution	533

3. Dividend per share (in thousands of €)

		ORES Assets		
		A Shares	R Shares	TOTAL
Dividends approved by the shareholders' general meeting	2019	77,743	7,484	85,227
Dividend per share		1.54	3.21	1.61
Dividends approved by the shareholders' general meeting	2020	70,080	-	70,080
Dividend per share		1.06	-	1.06

Dividends for the period approved by the shareholders' general meeting are paid in two parts by the Group: an interim dividend is distributed first during the year before the dividend is approved by the shareholders' general meeting, and the balance is then paid during the year in which the dividend is approved by the shareholders' general meeting.

As a result, the dividend total shown in the consolidated cash flow statement is made up of:

	2020	2019
Total balance of dividends from year N-1 paid by the Group in year N = (including associated withholding tax	13,576	36,765
Total interim dividends from year N paid by the Group in year N	61,018	56,504
	74,594	**93,269**

Additional information

The rights and obligations attached to the shares are governed by the provisions of the Local Democracy and Decentralisation Code, the Companies and Associations Code and the DSO's articles of association.

As a result of the change in the company's form following the entry into force of the new Companies and Associations Code, the capital of ORES Assets is now recorded as "Available contributions" in the amount of €866.9 million and "Unavailable contributions" in the amount of €533 thousands. The Group has also taken advantage of this change to incorporate its legal reserve into unavailable contributions for an amount of €384 thousands. These amounts are still presented as "capital" in the IFRS accounts, in order to ensure continuity.

	SOLDE AU 31/12/2020	SOLDE AU 31/12/2019
Unavailable contributions	533	149
Available contribution	866,931	866,931
	867,464	**867,080**

Note 15 – Borrowings (in thousands of €)

	31/12/2020	31/12/2019
Unsecured - Non-current		
Bank loans	1,574,600	1,438,531
Bonds	278,519	568,532
Others	6,589	5,583
	1,859,708	**2,012,646**
Unsecured - Current		
Bank loans	94,446	195,122
Commercial papers - private investment	0	82,062
Bonds	300,196	9,596
Other	571	1,531
	395,213	**288,312**
Total financial liabilities	**2,254,921**	**2,300,957**

The decrease in financial liabilities in 2020 of €46 million is mainly due to the fact that the Group has:

on one hand:

- contracted new bank loans for an amount of €130 million; and
- drawn down €100 million from the EIB as part of its financing programme concluded in 2017. It should be noted that following the Group's obtaining a €550 million credit facility from the EIB, on which a first drawdown in 2017 of €150 million had been made, a second drawdown of €100 million was again made at the end of 2018 and a third drawdown of

€100 million in 2019. This financing will make it possible to cover almost 50% of our investment needs related to the transformation and modernisation of the networks for five years.

on the other hand:

- continued to repay the short-term maturities of its bank loans for €195 million;
- repaid all of the short-term commercial paper maturing in 2020 for €82 million.

Glossary of terms used to distinguish between loans

Adjustable fixed rate: a loan where the rate is fixed for a certain period longer than a year and within the debt repayment term. At the end of this period, the rate is reviewed according to market changes.

Hedged variable rate: a loan where the rate is variable and hedged by a hedging product, such as a swap, collar or cap.

Repayments are scheduled as follows (by term and type of interest rate in thousands of €)

31/12/2020	Fixed rate	Adjustable fixed rate	Variable rate	Hedged rate	TOTAL
Within the year	333,425	264	249	61,275	395,213
>1 and <3 years	195,684	528	427	147,300	343,939
>3 and <5 years	82,990	264	319	210,845	294,418
>5 and <15 years	677,560	-	530	164,673	842,763
>15 years	378,588	-	-	-	378,588
	1,668,247	**1,056**	**1,525**	**584,093**	**2,254,921**

31/12/2019	Fixed rate	Adjustable fixed rate	Variable rate	Hedged rate	TOTAL
Within the year	149,997	264	7,597	129,494	287,352
>1 and <3 years	428,536	528	5,123	116,243	550,430
>3 and <5 years	89,895	528	4,979	193,413	288,814
>5 and <15 years	529,368	-	1,580	274,436	805,384
>15 years	368,977	-	-	-	368,977
	1,566,773	**1,319**	**19,280**	**713,586**	**2,300,957**

Repayments are scheduled as follows (by term and kind in thousands of €)

31/12/2020	Short-term commercial papers	Bank loans	Private investments	Obligations	Others	Total
Within the year	-	94,446	-	300,196	571	395,213
>1 and <3 years	-	342,708	-	-	1,231	343,939
>3 and <5 years	-	293,187	-	-	1,231	294,418
>5 and <15 years	-	842,763	-	-	-	842,763
>15 years		95,942	-	278,519	4,127	378,588
	-	**1,669,046**	**-**	**578,715**	**7,160**	**2,254,921**

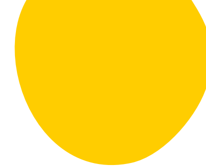
31/12/2019	Short-term commercial papers	Bank loans	Private investments	Obligations	Others	Total
Within the year	-	195,122	82,062	9,596	571	287,352
>1 and <3 years	-	259,635	-	289,651	1,143	550,430
>3 and <5 years	-	287,671	-	-	1,143	288,814
>5 and <15 years	-	801,127	-	-	4,257	805,384
>15 years	-	90,096	-	278,881	-	368,977
	-	**1,633,653**	**82,062**	**578,128**	**7,114**	**2,300,957**

All borrowings are shown in Euros.

Summary of main borrowings (including interest rates – in thousands of €)

	Carrying amount		Borrowing				Hedging				
	31/12/2020	31/12/2019	Initial amount	Maturity date	Fixed/ Variable rate	Interest rate at the end of 2020	Hedging instrument	Notional residual	Fair value	Maturity date	Interest rate at the end of 2020, after hedging
MP 2008	40,768	45,864	101,920	8	Variable	0.261 %	CAP 1 % (1) and 0.9 % (2)	40,768	(37)	2 (1) and 8 (2)	0.26 %
KP 2008	6,718	8,818	41,990	8	Variable	0.32 %	CAP 1 %	6,718	(1)	4	0.32 %
FP50 2008	184,405	204,894	409,789	9	Variable	0.311 % à 0.321 %	CAP at 0.8-1 %	179,416	(319)	5 at 9	0.311 % at 0.321 %
Bonds 2012	290,600	290,600	290,600	<1	Fixe	Fixed rate at 4 %					
Bonds 2014	80,000	80,000	80,000	24	Fixe	Fixed rate at 4 %					
Bonds 2015	100,000	100,000	100,000	24	Fixe	Fixed rate at 3 %					
Bonds 2015	100,000	100,000	100,000	24	Fixe	Fixed rate at 2.85 %					
SEDILEC_1	7,500	10,000	50,000	3	Fixe	Fixed rate at 0.184 %					
SEDILEC_2	17,900	21,480	71,600	5	Fixe	Fixed rate at 1.061 %					
SEDILEC_3	5,550	6,475	18,500	6	Fixe	Fixed rate at 1.392 %					
SEDILEC_4	9,335	10,668	26,670	7	Fixe	Fixed rate at 0.55 %					
IEH_2	5,475	7,300	36,500	3	Fixe	Fixed rate at 0.03 %					

	Carrying amount		Borrowing				Hedging				
	31/12/2020	31/12/2019	Initial amount	Maturity date	Fixed/ Variable rate	Interest rate at the end of 2020	Hedging instrument	Notional residual	Fair value	Maturity date	Interest rate at the end of 2020, after hedging
IEH_6	9,153	10,460	26,150	7	Variable	-0.423 %	OPTION 1 %	9,153	196	7	
IEH_ 2006	5,193	6,059	17,310	6	Variable	-0.433 %	CAP 1 %	5,193	0	2	
IGH_2	5,075	6,525	29,000	3	Fixe	Fixed rate at 0.02 %					
IGH_4	11,249	12,856	32,140	7	Variable	-0.423 %	OPTION 1 %	11,249	241	7	
IGH_ 2006	6,378	7,441	21,260	6	Variable	-0.203 %	SWAP	6,378	611	6	Fixed rate at 2.2 %
INTERLUX_2	6,275	7,530	25,100	5	Fixe	Fixed rate at 2.5 %					
IDEG_2	9,600	11,520	38,400	5	Fixe	Fixed rate at 3.5 %					
Loan from EIB 100	100,000	100,000	100,000	18	Fixe	Fixed rate at 1.365 %					
Loan from EIB 150	150,000	150,000	150,000	17	Fixe	Fixed rate at 1.115 %					
Loan from EIB 50	50,000	50,000	50,000	19	Fixe	Fixed rate at 0.467 %					
Loan from EIB 50	50,000	50,000	50,000	19	Fixe	Fixed rate at 0.467 %					
Loan from EIB 100	100,000	0	100,000	20	Fixe	Fixed rate at 0.244 %					
Loan MEC ORES 2018 Batch 1	50,000	50,000	50,000	2	Fixe	Fixed rate at 0.244 %					
Loan MEC ORES 2018 Batch 2	30,000	30,000	30,000	3	Fixe	Fixed rate at 0.499 %					
MP ORES 2016 - Batch 1	40,000	40,000	40,000	3	Variable	0.35 %	SWAP	40,000	1,279	3	Fixed rate at 0.42 %
MP ORES 2016 - Batch 2	50,000	50,000	50,000	4	Variable	0.37 %	SWAP	50,000	2,101	4	Fixed rate at 0.54 %
MP ORES 2016 - Batch 3	30,000	30,000	30,000	5	Variable	0.40 %	SWAP	30,000	1,870	5	Fixed rate at 0.66 %
MP ORES 2016 - Batch 4	30,000	30,000	30,000	5	Variable	0.31 %	CAP 0.5 % (1) and 0.9 % (2)	30,000	(3)	1.5 (1) and 5 (2)	
MP ORES 2017 - Batch 2	45,000	45,000	45,000	2	Fixe	Fixed rate at 0.507 %					



	Carrying amount		Borrowing				Hedging				
	31/12/2020	31/12/2019	Initial amount	Maturity date	Fixed/ Variable rate	Interest rate at the end of 2020	Hedging instrument	Notional residual	Fair value	Maturity date	Interest rate at the end of 2020, after hedging
MP ORES 2017 - Batch 3	40,000	40,000	40,000	6	Fixe	Fixed rate at 1.051 %					
MP ORES 2017 - Batch 4	40,000	40,000	40,000	7	Fixe	Fixed rate at 1.169 %					
MEC. ORES.2019-Batch1	50,000	50,000	50,000	5	Fixe	Fixed rate at 0.459 %					
MEC. ORES.2019-Batch2	40,000	40,000	40,000	6	Fixe	Fixed rate at 0.524 %					
MEC. ORES.2019-Batch3	30,000	30,000	30,000	8	Fixe	Fixed rate at 0.52 %					
MEC. ORES.2019-Batch4	30,000	30,000	30,000	8	Fixe	Fixed rate at 0.717 %					
MEC.ORES.2019-NOV	45,000	45,000	45,000	9	Fixe	Fixed rate at 0.708 %					
MEC. ORES.2020-Batch1	24,000	0	24,000	10	Fixe	Fixed rate at 0.347 %					
MEC. ORES.2020-Batch2	36,000	0	36,000	12	Fixe	Fixed rate at 0.419 %					
MEC.ORES.2020-Batch3-30mios	30,000	0	30,000	15	Fixe	Fixed rate at 0.44 %					
MEC. ORES.2020-Batch4	40,000	0	40,000	8	Fixe	Fixed rate at 0.376 %					
	2,031,174	**1,848,490**	**2,646,929**					**408,875**	**5,938**		

The Group's traditional bank loan contracts, with the exception of the EIB loan, are not subject to specific covenants (ratios, etc.).

The EIB loan is subject to 3 ratios based on the consolidated accounts drawn up under Belgian GAAP (BGAAP):

- EBITDA/debt service equal to or greater than 1.3;
- net debt/equity less than or equal to 1.5;
- equity/consolidated balance sheet total greater than or equal to 0.3.

These three ratios were respected by the Group at the end of 2020.

For bonds, the Group must maintain a ratio of 30% equity in relation to the balance sheet total, both in terms of the ORES Assets statutory balance sheet and the consolidated Belgian standard balance sheet. This ratio is an integral part of ORES Assets' articles of association (see capital management in appendix 30).

Note 16 – Other financial liabilities (in thousands of €)

	Non-current		Current	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Financial liabilities measured at fair value through the profit and loss statement				
Derivative instruments - swaps	5,861	5,374	147	703
	5,861	**5,374**	**147**	**703**
Financial liabilities measured at amortised cost (excluding borrowings)				
Trade payables			166,730	157,069
Lease liabilities	10,813	11,252	2,781	3,225
Other payables	41	463	60,847	54,660
	10,854	**11,715**	**230,358**	**214,954**
	16,715	**17,089**	**230,505**	**215,657**

Trade payables

The fair value of trade payables corresponds to their carrying amount.

	31/12/2020	31/12/2019
Average credit period for trade payables (days)	50	50

Note 17 – Other payables and other liabilities (in thousands of €)

	31/12/2020	31/12/2019
Social security and other taxes	12,105	11,646
Short-term employee benefits and associated provisions	38,862	35,770
Accrued charges	219	688
Deferred revenue	735	146
Derivative instruments - swaps	6,008	6,077
Lease liabilities	13,594	14,477
Other	12,723	11,474
	84,246	**80,278**
Of which: non-current	16,715	17,089
Of which: current	67,531	63,190

The increase in short-term employee benefits is mainly explained by the increase in bonuses.

For a more detailed explanation of provisions for pensions and short-term employee benefits that are also part of this item, see notes 19 and 20. For a more detailed explanation of derivatives, see note 27. Additional explanations on lease liabilities are available on note 21.

Note 18 – Provisions (in thousands of €)

	31/12/2020	31/12/2019
Environmental remediation	3,789	3,789
Other	46,362	51,590
	50,151	**55,379**
Of which: current		
Of which: non-current	50,151	55,379

Changes in provisions (excluding employee benefits)	Environmental remediation	Other	Total
As at 1 January	3,789	51,590	55,379
Additional provisions recognised	-	13,544	13,544
Total used during the financial year	-	(1,700)	(1,700)
Total reversed during the financial year	-	(17,072)	(17,072)
Transfers	-	-	-
At the end of the year	**3,789**	**46,362**	**50,151**
Of which: current	-	-	-
Of which: non-current	3,789	46,362	50,151

Changes to provisions (excluding employee benefits)	Environmental remediation	Other	Total
As at 1 January	3,654	50,376	54,030
Additional provisions recognised	-	1,768	1,768
Total used during the financial year	-	(90)	(90)
Total reversed during the financial year	-	(330)	(330)
Transfers	135	(135)	-
At the end of the year	**3,789**	**51,590**	**55,379**
Of which: current	-	-	-
Of which: non- current	3,789	51,590	55,379

Provisions are recognised when the Group has a present obligation (legal or implicit) as a result of a past event and it is probable that the Group will be required to settle the obligation.

Environmental remediation

The implementation of the Decree of 5 December 2008 on soil management (Soil Decree) could justify certain expenses related to the remediation of certain polluted sites. In this context, the Group takes appropriate measures to prevent

soil pollution and to provide information on the existence of pollution. Provisions are made in this respect.

Five sites were the subject of an orientation study in 2012, which demonstrated the existence of pollution exceeding the thresholds set by the Soil Decree. In application of article five of this decree, the Group notified the administration and the municipalities concerned of this pollution and accounted for provisions based on the estimates established by the independent expert in charge of the above-mentioned study.

Other

Due to its activities, the Group is also exposed to legal risks. Provisions for litigation are therefore regularly updated in consultation with the Group's legal department. The provisions accounted for correspond to the best estimate of the cash outflows considered probable by the Group.

These provisions mainly concern disputes with suppliers (head office, IT Smart Metering project, etc.).

As a reminder, since 2015, provisions have also been accounted for to meet regulatory obligations. Indeed, a decree published by the Walloon Government requires us to vectorise the network plans.

The "Impétrants" decree of 2009, adapted in November 2013, and the implementation by Wallonia of the POWALCO platform therefore imply a vectorisation of the network, i.e. the transformation of paper diagrams into computerised diagrams within 10 years.

In 2020, the Group reviewed the litigations while estimating the related financial risk. The decrease in provisions of €5.2 million is mainly due to:

- an additional adjustments to provisions already recognised for €3.6 million following the receipt of new information;
- the recognition of new provisions for €1.4 million for litigation relating to the new headquarters;
- a reversal of €8.5 million of provisions following the final judgement in the Mercure case and the payment of the claim by the insurer;
- a compromise on a litigation related to the headquarters which resulted in a payment of €0.6 million; and
- the use of €1.1 million on the provision relating to the Atrias project.

Note 19 – Employee benefits – General (in thousands of €)

Statement of financial position	31/12/2020	31/12/2019
Non-current		
Pension Benefits – funded plans	(182,191)	(187,301)
Pension Benefits – unfunded plans	9,048	9,826
Other post-employment benefits	87,573	98,979
Other long-term benefits	37,451	38,709
	(48,119)	**(39,787)**
Effect of the asset ceiling	118,038	140,567
	69,919	**100,780**
Current		
Short term Employee Benefits and bonuses	38,862	35,770
	38,862	**35,770**
	108,781	**136,550**

Statement of comprehensive income	31/12/2020	31/12/2019
Wages and salaries	160,821	153,647
Social security contributions	39,384	37,333
Pension expenses and other long-term benefits	14,114	15,829
Other social expenses	13,349	15,416
Of which included in the cost of PP&E	(82,243)	(78,972)
	145,425	**143,253**

Average number of personnel	31/12/2020	31/12/2019
Employees - total full-time equivalents	2,540	2,427

A description of the employee benefits is included in the accounting policies (see point 3.A.11).

Post-employment benefits mainly include tariff benefits and healthcare benefits granted to employees after retirement.

The other long-term benefits mainly include the jubilee bonuses granted to executives and salary-scaled employees.

Note 20 – Employee benefits – Defined benefit plans (in thousands of €)

Description of the plans

1. Defined benefit plans covered by hedging assets (funded plans)

1.1 Pensiobel/Elgabel

Various basic defined benefit pension plans exist within ORES. These are the Pensiobel and Elgabel pension plans, subscribed to for the benefit of employees hired before 1 January 2002, as well as for the benefit of managerial and executive employees hired before 1 May 1999, benefiting from the Gas and Electricity status. The pension capital that will be paid to workers depends largely on the number of years and months of service completed within the employment contract at the legal retirement age and the salary of the employee at retirement age. In the event of the staff member's death before retirement, a death benefit will be paid to the staff member's heirs and an annual pension to each child of the staff member under 25 years of age. These commitments are included in the "funded plans" section.

Following the publication of the law of 18 December 2015 which modified the law on supplementary pensions and the prohibition of provisions that encourage early retirement, the Elgabel pension plan was modified with effect from 1 January 2022 by a CLA (Collective Labour Agreement) of 1 October 2020 to maintain the benefits of the pension commitments as they were initially provided for by the CLAs of the Gas and Electricity sector. The sectoral plan will be transformed on 1 January 2022 into a company plan and the solidarity fund will be liquidated.

1.2 Powerbel/Enerbel

Two other pension plans, previously considered as defined contributions, also exist within the Group, one for executive and management staff hired as of 1 May 1999 or having opted for this scheme as of 1 January 2007 or 1 January 2015 (Powerbel), the other one for staff hired since 1 January 2002 (Enerbel).

Following the change in the law on supplementary pensions (L.P.C. 28/4/2003 - Art. 24) which came into force on 1 January 2016 and which now requires the same minimum rate of return to be guaranteed on employer's contributions as on personal contributions (new formula based on the Belgian OLO rate with a minimum threshold set at 1.75%

and a maximum threshold set at 3.75%), a review within the ORES Group was initiated and led to the recognition, as from 1 January 2016, of the Powerbel and Enerbel pension plans as defined-benefit plans. These two plans, which grant a pension capital determined by the amount of the premiums paid and the return attributed to them, are described below.

Enerbel

The employee's personal contribution is determined on the basis of a step rate equal to 0.875% of the part of the remuneration below a fixed ceiling, plus 2.65% of the part of the remuneration above that ceiling. This contribution is deducted monthly from the employee's salary.

The amount of the employer's pension contributions, including taxes, since 1 January 2021 is

For employees with less than 5 years of service:

- 2.7563% of the part of the annual reference pay T on 1 January not exceeding the pay ceiling T1;
- 8.2688% of the part of this same remuneration T exceeding this ceiling.

For workers with at least 5 and less than 10 years of seniority:

- 2.8941% of the part of the annual reference pay T on 1 January not exceeding the T1 pay ceiling;
- 8.6822% of the part of this same remuneration T exceeding this ceiling.

For workers with at least 10 years' seniority:

- 3.0319% of the part of the annual reference pay T on 1 January not exceeding the T1 pay ceiling;
- 9.0957% of the part of this same remuneration T exceeding this ceiling.

Powerbel

The personal contribution payable by the employee is determined on the basis of a step rate, equal to 0% of the part of the remuneration below a fixed ceiling, plus 1% of the part of the remuneration above this ceiling. This contribution is deducted monthly from the employee's salary. The employer's contribution is equal to 3% of the part of the remuneration below a fixed ceiling, plus 22% of the part of the remuneration above this ceiling.

Since 2016 (without retroactive effect), the "Projected Unit Credit Method" (PUC - without projection of future bonuses) is applied, as recommended by IAS 19, to account for these two pension plans. They are included in "funded plans".

Since 2017, the Group has decided to apply a separate rate to measure employee benefits related to the New Statutes pension plans and related to post-employment benefits, given the different duration of these plans.

The Enerbel and Powerbel pension plans expose the employer to investment risk because, as mentioned above, since 1 January 2016, legislation for this type of plan requires the employer to guarantee the same minimum rate of return on employer and personal contributions (based on the Belgian OLO rate with a minimum threshold set at 1.75% and a maximum threshold set at 3.75%).

Until 30 June 2016 (Enerbel) and 30 October 2016 (Powerbel), the employee contributions were paid into a group insurance (Contassur S.A. - branch 21 - deferred capital without reimbursement). Since then, like the employers' contributions, they have been paid into a pension fund which no longer offers any guarantee of a minimum return. As a result of this change, the reserves accumulated in the individual group insurance contracts have also been transferred to the pension fund with a guaranteed rate of 3.25%.

It should also be noted that since 1 January 2017, Contassur has changed its guaranteed interest rate to 0% for level annual premiums and 0.5% for successive single premiums.

1.3 "Overheads" scheme

This scheme, which has been closed since 1 January 1993, aims to grant a life annuity at retirement age amounting to 75% of the last salary for a full career, after deduction of the statutory joint pension. In the event of death, the pension is 60% reversible in favour of the surviving spouse. For orphans, the pension is set at 15% of the retirement pension or 25% for orphans of both parents (maximum three orphans). This scheme was externalised on 1 January 2008 in the form of payments to the OFP Elgabel; it should be noted that for staff members benefiting from this scheme and still active on 1 January 2007, technical provisions have been made for the career after that date in the OFP Elgabel, in accordance with the law.

2. Defined benefit plans not covered by hedging assets (non-funded plans)

This item includes benefits granted by the Group on retirement of staff members such as health care reimbursement and tariff benefits, as well as commitments associated with those who have become unable to work.

Statement of financial position	31/12/2020	31/12/2019
Present value of the defined benefit obligations/funded plans	354,028	357,175
Plan assets	(536,219)	(544,476)
Deficit / (surplus)	**(182,191)**	**(187,301)**
Present value of the other long term benefits/funded plans	37,637	39,154
Plan assets of the other long term benefits	(186)	(445)
Deficit / (surplus)	**37,451**	**38,709**
Present value of the defined benefit obligations/unfunded plan	**96,621**	**108,805**
Effect of the asset ceiling	118,038	140,567
Net liability arising from defined benefit obligation	**69,919**	**100,780**
Reimbursement rights	**(1,163)**	**(1,485)**

Statement of comprehensive income	31/12/2020	31/12/2019
Service cost		
Cost of services provided for defined benefits	16,342	15,378
Cost of past services provided for defined benefits (net impact master plan)	(1,344)	-
Cost of services provided for other long-term benefits	2,605	2,268
	17,603	**17,646**
Net interest on the net defined benefit liability/(asset)		
Interest cost on the defined benefit obligation	2,367	6,236
Interest income on plan assets	(2,237)	(6,795)
Interest on the effect of the asset ceiling	562	1,669
	692	**1,110**
Net interest on other long-term benefit liability (asset)		
Interest cost on other long-term benefit obligation	164	491
Interest income on plan assets on other long-term benefits	(2,001)	(7)
Interest on the effect of the asset ceiling	-	-
	(1,837)	**484**
(Income)/expenses recorded in the profit and loss statement in relation to defined benefit plans and other long-term benefits	**16,458**	**19,240**

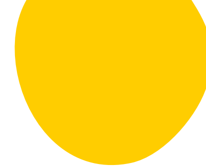
Remeasurement of net defined benefit liability/(asset) recognised in other comprehensive income (OCI).

Actuarial (gains)/losses on defined benefit obligation arising from	31/12/2020	31/12/2019
i) Changes in demographic assumptions	3,066	4,838
ii) Changes in financial assumptions	(1,585)	45,991
iii) Experience adjustments	(18,148)	(6,970)
Subtotal	**(16,667)**	**43,860**
i) Return on plan assets excluding interest income on plan assets	3,805	(50,133)
ii) Changes in financial assumptions	-	0
iii) Change in the effect of the asset ceiling excluding associated interests	(23,092)	13,248
Subtotal	**(19,287)**	**(36,885)**
(Income)/expenses for defined benefit plans	**(35,954)**	**6,975**

This result on actuarial gains and losses of defined benefit plans is mainly due to the experience effect as well as to the significant decrease in interest rates. These are used to determine both the discount rate on obligations and the rate of return on assets. However, the actual return on assets is higher than the estimated return.

The assets have partly increased as a result of the effect of the asset ceiling, which works in the opposite direction by €23 million. The assumptions for the staff turnover rate have also been revised downwards, resulting in an increase in the pension obligation of €3 million.

Changes in the present value of defined benefit obligations	31/12/2020	31/12/2019
Opening balance	**465,979**	**429,124**
Current service cost	16,342	15,378
Past service cost	4,307	-
Interest cost	2,367	6,236
Contributions from plan participants	1,228	1,252
Actuarial (gains)/losses arising from		
i) changes in demographic assumptions	3,066	4,838
ii) changes in financial assumptions	(1,585)	45,991
iii) experience adjustments	(18,148)	(6,970)
Acquisitions/disposals	0	(8,894)
Benefits paid	(22,907)	(26,157)
Other	0	2,366
Present value of the defined benefit obligations/funded plans taken over from Comnexio	0	2,813
Closing balance	**450,649**	**465,979**



Changes in the fair value of the plan assets were as follows	31/12/2020	31/12/2019
Opening balance	**544,476**	**507,376**
Interest income on plan assets	2,237	6,795
Return on plan assets excluding interest income on plan assets	(2,985)	50,315
Actuarial gaps	(820)	(182)
Contributions from employer	5,594	9,406
Contributions from plan participants	1,227	1,252
Benefits paid	(19,161)	(22,289)
Acquisitions/disposals	-	(10,007)
Plan assets taken over from Comnexio	-	1,811
Other assets taken over (impact master plan)	5,651	-
Closing balance	**536,219**	**544,476**

In 2019, the "disposals" represent the transfer out of the defined benefit obligation and related assets, following the completion of the annuitant funding transaction.

A change of plan, effective in 2022, was concluded via a CLA (Collective Labour Agreement) dated 1 October 2020 to transform the sectoral pension fund Elgabel into a multi-employer pension fund (Masterplan), modify the pension plan and dissolve the inter-employer solidarity fund providing pensions in case of incapacity for work and orphan's pensions in case of death.

The pension plan was no longer legal because it provided an incentive to retire earlier, which was no longer permitted for employees who were born after 1 January 1962. The pension plan was therefore modified in this sense.

This resulted in a cost to the income statement of €4,307 thousands.

The existing liabilities of the solidarity fund are transferred per employer together with the respective assets. As the solidarity assets are very high compared to the existing solidarity liabilities, this results in an income in the income statement of €5,651 thousands. The solidarity fund covers are dissolved for future new deaths and new work incapacities.

	31/12/2020	31/12/2019
Actual return on plan assets	(748)	57,110

Main actuarial assumptions used for the purpose of the actuarial valuations were as follows: for ORES entities	31/12/2020	31/12/2019
Discount rate on pension plans related to old contracts	0.17 %	0.40 %
Discount rate on pension plans related to new contracts	0.58 %	0.79 %
Discount rate on tariff and healthcare benefits	0.56 %	0.74 %
Turnover rate for old contracts	0.50 %	0.74 %
Turnover rate for new contracts	1.50 %	1.50 %
Medical cost increase (excluding inflation)	1.00 %	1.00 %
Increase in the average cost relating to tariff reductions	0.80 %	1.72 %
Inflation rate	0.80 %	1.72 %
Average retirement rate for old conditions	63 years	63 years
Average retirement rate for new conditions	64 years	64 years
Mortality Table used for active employees	IA/BE prospective table	
Mortality Table used for non-active employees	IA/BE prospective table	
Life expectancy in years of a pensioner retiring at age 65:		
For a Person aged 65 at closing date:		
- Male	20.1	20.0
- Female	24.0	24.0
For a person aged 65 in 20 years:		
- Male	22.4	22.3
- Female	26.0	26.0

Main actuarial assumptions used for the purpose of the actuarial valuations were as follows: for Comnexio	31/12/2020	31/12/2019
Discount rate on pension plans	0.62 %	0.89 %
Discount rate on healthcare benefits	0.64 %	0.93 %
Expected rate of salaries increase-new conditions (excluding inflation)	0.00 %	2.27 %
Turnover rate for old contracts	3.00 %	1.00 %
Turnover rate for new contracts	3.00 %	1.50 %
Medical cost increase (excliding inflation)	1.00 %	1.00 %
Inflation rate	0.80 %	1.72 %
Average retirement rate for old conditions	65 years	65 years
Mortality Table used for active employees	IA/BE prospective table	
Life expectancy in years of a pensioner retiring at age 65:		
For a Person aged 65 at closing date:		
- Male	20.1	20.0
- Female	23.8	24.0
For a Person aged 65 in 20 years		
- Male	22.4	22.3
- Female	25.9	26.0

Breakdown of defined benefit obligation by type of benefits	Defined benefit obligation	
	31/12/2020	31/12/2019
Retirement or death benefits	363,076	367,000
Other post-employment benefits (medical and tariff reductions)	87,573	98,979
	450,649	**465,979**

Major categories of plan assets	Fair value of plan assets	
	31/12/2020	31/12/2019
With a quoted market price in an active market	**454,300**	**434,433**
Shares (Eurozone)	56,621	86,272
Shares (Outside Eurozone)	113,191	120,114
Government bonds (Eurozone)	1,843	2,273
Other bonds (Eurozone)	182,414	146,383
Other bonds (Outside eurozone)	100,231	79,391
With a no quoted market price in an active market	**81,918**	**110,489**
Cash and cash equivalents	22,787	16,776
Real property	7,797	13,739
Other	51,334	79,973
	536,218	**544,922**

Sensitivity analysis for each significant actuarial assumption on defined benefit obligation	Defined benefit obligation	
	31/12/2020	31/12/2019
Discount rate plus 0.50%	(1,212)	(4,724)
Salary increase plus 0.50% (outside inflation)	3,701	3,008
Medical cost increase plus 1%	6,978	6,342
Increase of average cost of tariff reductions plus 0.50%	3,187	4,177
Inflation plus 0.25%	20,672	39,843
1 year age correction to mortality tables	6,373	6,188

	31/12/2020	31/12/2019
Weighted average duration of the defined benefit obligation related to old contracts	9	9
Weighted average duration of the defined benefit obligation related to new contracts	19	19
Weighted average duration of the defined benefit obligation related to other long term benefits	10	10
Expected contributions during the next period for DB plans related to old contracts	393	2,347
Expected contributions during the next period for DB plans related to new contracts	4,496	5,952

Each year, the discount rate used to calculate the pension obligations in relation to the minimum funding requirements is aligned with the expected rate of return on the assets under management according to the investment policy defined by the sponsor.

The expected rate of return is derived from a risk-free market rate defined by the financial markets at the time of closing, based on a risk premium related to each category of investment in the portfolio and the related volatility.

In 2020, the discount rates for both the Elgabel and Pensiobel pension plans (which have a relatively short average duration due to the fact that these plans are closed and benefits are paid as a lump sum and not as an annuity) have been reduced to 0.17% (0.40% in 2019), in line with the rate of return on 10-year high quality corporate bonds.

As for the Powerbel and Enerbel pension plans, given that they have an estimated duration of 20 years, the discount rate was set at 0.58% (0.79% in 2019).

Finally, future inflation forecasts have been reduced from 1.72% in 2019 to 0.80% in 2020.

Most beneficiaries contribute to the financing of pension schemes by paying a personal contribution (progressive rate formula (a%t1 + b%t2) deducted monthly from their remuneration.

Defined benefit pension plans are also funded by the employer through a recurring allowance expressed as a percentage of the total earnings of the members. This percentage is defined using the aggregate cost method and is reviewed annually.

This method consists of spreading the future costs over the remaining period of the plan. The costs are estimated on the basis of projections taking into account, among other things, salary development and inflation. The assumptions for salary increases, inflation, staff turnover and retirement age are based on statistics available to the company. The mortality tables used are those that correspond to the facts observed for the plan concerned. The discount rate is defined in the light of the company's investment strategy. All these assumptions are reviewed regularly.

It should also be noted that the effect of the asset ceiling has decreased this year resulting in a decrease in the net liability for the defined benefit obligation.

Exceptional events such as plan amendments, changes in assumptions, low coverage, etc. may result in exceptional payments by the sponsor.

Description of the risks faced by defined pension plans

Defined pension plans expose the company to actuarial risks such as investment, interest rate, longevity and salary risk.

Investment risk

The current value of a defined benefit plan's liabilities is calculated using a discount rate determined by referring

to companies' high-yield bonds. If the rate of return for the plan assets is lower than the discount rate, this will result in a plan deficit. As far as we are concerned, investments are well diversified and well balanced (see table below).

Due to the long-term nature of the plan's liabilities, the pension fund's Board of Directors considers it appropriate that some of the plan assets should be invested in shares in order to generate leverage and improve the fund's performance.

Interest rate risk

A reduction in the bond interest rate will increase the plan's liabilities. However, this will be partially offset by an increase in the return on the plan's bond investments.

Longevity risk

The current value of the defined benefit plan's liabilities is calculated with reference to the best estimate of the mortality of plan participants, both during their employment contract, and also after their retirement. An increase in the life expectancy of plan participants will result in an increase in the plan's liabilities.

Since 2015, the ORES group has used new prospec-tive mortality tables put together by the Actuaries Institute in Belgium ("Institut des Actuaires en Belgique" IA/BE).

Salary risk

The current value of the defined benefit plan's liabilities is calculated with reference to the future salary of the plan participants. If this goes up, this will result in an increase in the plan's liabilities.

Note 21 – Lease contracts (lessee) (in thousands of €)

Lease liabilities

		Buildings	Optical fibre	Vehicles	Total
Opening balance	**2019**	**3,489**	**4,468**	**3,360**	**11,317**
Interest expense on lease contracts		98	136	124	358
Lease payments		(1,739)	(859)	(1,301)	(3,899)
New contracts/exercise of options		2,793	2,723	1,228	6,745
Termination of contracts		0	0	(43)	(43)
Closing balance	**2019**	**4,641**	**6,469**	**3,367**	**14,477**
Interest expense on lease contracts		82	122	129	333
Lease payments		(1,681)	(859)	(1,449)	(3,989)
New contracts/exercise of options		1,908	0	1,256	3,164
Termination of contracts/exercise of option		(270)	0	(121)	(391)
Closing balance	**2020**	**4,680**	**5,732**	**3,182**	**13,594**

The lease liabilities mainly relate to:

- leases of office buildings;
- leases of vehicles for executive and management staff;
- fees paid for the use of optical fibres.

The corresponding assets (rights of use) are detailed in Note 09 - Tangible fixed assets

IFRS 16 - *Leases* clarifies the definition of a lease and provides certain options. As a result, the lease obligation does not cover:

- royalties paid for IT licenses or services which are outside the scope of the standard;
- lease payments for low value assets and short-term contracts that ORES has decided to exclude as permitted by the standard. This mainly concerns IT contracts (hardware such as PCs, laptops, printers, etc.).

Options in the contracts that were exercised by ORES during the year have been recognised as an increase in the lease obligation (and an increase in the related assets).

Expenses recorded for leases that are not within the scope of the standard and are recognised directly in the income statement (and not as a lease obligation) are detailed in Note 04.

The decrease in the rental liability in 2020 results from the net effect of new leases (extension option exercises or lease terminations) on one hand, and payments for the year on the other.

The maturity of principal lease payments is as follows:

1. Discounted amounts as recorded in the statement of financial position:

31/12/2020	Buildings	Optical fibre	Vehicles	Total
Within the year	814	750	1,217	2,781
>2 and <5 years	3,324	2,513	1,962	7,799
>5 years	541	2,470	2	3,014
	4,680	**5,733**	**3,181**	**13,594**

31/12/2019	Buildings	Optical fibre	Vehicles	Total
Within the year	1,262	736	1,227	3,225
>2 and <5 years	2,790	2,638	2,134	7,562
>5 years	589	3,095	6	3,690
	4,641	**6,469**	**3,367**	**14,477**

2, Future cash outflows – lease payments maturity (including interest) :

Les décaissements de trésorerie relatifs aux contrats de location s'élèvent en 2020 à 4 M€ dont 3,7 M€ en capital (en 2019 à 3,9 M€ dont 3,5 M€ en capital),

31/12/2020	Buildings	Optical fibre	Vehicles	Total
Within the year	892	859	1,319	3,070
>2 and <5 years	3,470	2,819	2,060	8,348
>5 years	896	2,593	2	3,492
	5,258	**6,271**	**3,381**	**14,911**

31/12/2019	Buildings	Optical fibre	Vehicles	Total
Within the year	1,803	712	1,012	3,527
>2 and <5 years	3,496	2,737	1,705	7,938
>5 years		4,190	1	4,192
	5,299	**7,640**	**2,719**	**15,657**

Note 22 – Current taxes (in thousands of €)

1. Tax expenses recorded in the profit or (loss) statement

	31/12/2020	31/12/2019
Current income tax expense in respect of the period	61,754	69,146
Adjustments recognised in the current period in relation to the current tax of prior years	(3,287)	477
Tax payable on interests received	13	13
Current tax expense (income)	**58,480**	**69,636**
Deferred tax expense (income) relating to recognition and reversal of temporary differences	(3,905)	(16,727)
Deferred tax expense (income)	**(3,905)**	**(16,727)**
Total tax expenses recorded in profit or (loss)	**54,575**	**52,909**

In addition to the effect of the adjustments recognised during the year for current tax of prior periods for €3.3 million, the decrease in current tax for €11.2 million is explained by the offsetting effect of the increase in pre-tax profit as well as the decrease in disallowed expenses and the decrease in the Belgian corporate tax rate from 29.58% in 2019 to 25% in 2020.

It should be noted that the Group again benefited from a tax credit (€25 thousands) related to the Tax-shelter by participating in the production of a Belgian audio-visual work that will be produced in 2021.

In terms of deferred taxes, the income recognised is mainly due to the amortisation of the revaluation gain, while the other deferred tax income and expenses related to the other balance sheet items offset each other globally.

2. Reconciliation of the actual tax rate with the theoretical tax rate

	31/12/2020	31/12/2019
Profit or (loss) before taxes	224,551	152,064
Tax rate applicable in Belgium	25.00%	29.58%
Theoretical tax	**56,138**	**44,981**
Adjustments:		
Taxes on non-deductible expenses	1,802	7,000
(Income) arising from the use of notional interests	0	(47)
(Income) arising from deduction for investment	(66)	(427)
Tax credit linked to tax shelter	(25)	(13)
Deferred tax expense arising from the recognition or the reversal of previous temporary differences	0	951
Deferred tax income arising from the recognition or the reversal of previous temporary differences	0	(641)
Deferred tax income arising from the future change in tax rate	0	(2,241)
Tax payable on interests received	13	13
Non-deductible temporary differences (goodwill impairment)	0	2,856
	1,724	**7,451**
Adjustments recognised on the current period in relation to the current tax of prior years	**(3,287)**	**477**
Total tax during the period	**54,575**	**52,909**
Average effective rate	24.30%	34.79%

3. Tax expense recorded under other comprehensive income

	31/12/2020	31/12/2019
Deferred tax expense (income) on fair value of hedging instruments entered into for cash flow hedges	17	361
Deferred tax expense (income) on DB pension plans	8,988	(1,744)
Deferred tax expense (income) arising from the future reduction in tax rate	0	(6,547)
Deferred tax (income) on revaluation gain	0	2,348
	9,005	**(5,582)**
Total income tax in other comprehensive income	**9,005**	**(5,582)**

As a reminder, temporary differences on assets and liabilities whose changes are recorded under other comprehensive income were also recorded in this item as required by the IAS 12 standard - Income taxes.

Deferred tax recognised on defined benefit pension plans relates to actuarial gains and losses which developed favourably in 2020 generating a deferred tax charge of €9 million (see note 20).

Note 23 – Deferred taxes (in thousands of €)

1. Overview of deferred tax assets and liabilities by type of temporary difference

	Assets		Liabilities		Net	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Intangible assets	0	0	(6,655)	(4,378)	(6,655)	(4,378)
Tangible assets	0	0	(77,247)	(78,774)	(77,247)	(78,774)
Tangible assets – revaluation	0	0	(190,177)	(195,369)	(190,177)	(195,369)
Tangible assets – lease	0	0	(3,394)	0	(3,394)	0
Other non-current assets	0	0	(571)	(855)	(571)	(855)
Trade and other receivables	1,295	2,115	0	0	1,295	2,115
Other current asset	5,348	6,891	0	0	5,348	6,891
Borrowings	0	0	(370)	(517)	(370)	(517)
Provisions for employee benefits	17,480	25,195	0	0	17,480	25,195
Other provisions	0	0	0	0	0	0
Other non-current liabilities	4,864	1,344	0	0	4,864	1,344
Other current liabilities	37	176	(814)	(930)	(777)	(754)
Total temporary differences	**29,024**	**35,720**	**(279,228)**	**(280,823)**	**(250,204)**	**(245,103)**
Deferred tax assets (liabilities)	**29,024**	**35,720**	**(279,228)**	**(280,823)**	**(250,204)**	**(245,103)**
Compensation[9]	(29,024)	(35,720)	29,024	35,720	-	-
Total net	**-**	**-**	**(250,204)**	**(245,103)**	**(250,204)**	**(245,103)**

[9] Under IAS 12 - Income Taxes, deferred tax assets and liabilities must, under certain conditions, be offset when they relate to income taxes levied by the same tax authority.

2. Changes recorded in the deferred tax balances

	Opening balance	Recorded in the profit or (loss) statement	Recorded under other comprehensive income	Closing balance
Temporary differences				
Intangible assets	(4,378)	(2,277)	0	(6,655)
Tangible assets	(78,774)	1,527	0	(77,247)
Tangible assets - revaluation	(195,369)	5,192	0	(190,177)
Tangible assets - leases	0	(3,394)	0	(3,394)
Other non-current assets	(855)	283	0	(571)
Trade and other receivables	2,115	(819)	0	1,295
Other current assets	6,891	(1,542)	0	5,348
Borrowings	(517)	148	0	(370)
Provisions for employee benefits	25,195	1,273	(8,988)	17,480
Other provisions	0	0	0	0
Other non-current liabilities	1,344	3,398	122	4,864
Other current liabilities	(754)	116	(139)	(777)
	(245,103)	**3,905**	**(9,005)**	**(250,204)**

3. Deferred taxes recorded in the consolidated statement of financial position

	31/12/2020	31/12/2019
Deferred tax assets	-	-
Deferred tax liabilities	(250,204)	(245,103)
	(250,204)	**(245,103)**

Note 24 – Subsidiaries

Summary of subsidiaries

	Country of incorporation	Percentage of capital owned	Percentage of voting rights held	Report date	Main activity
ORES	Belgium	99.72%	99.72%	December	Energy network operator
Comnexio	Belgium	93.0%	93.0%	December	Contact centre

ORES' shareholding is made up as follows:

	% shareholding 2020	Number of shares	% shareholding 2019	Number of shares
ORES Assets	99.72%	2,453	99.72%	2,453
Idefin	0.04%	1	0.04%	1
IPFH[10]	0.04%	1	0.04%	1
Finest	0.04%	1	0.04%	1
Sofilux	0.04%	1	0.04%	1
Finimo	0.04%	1	0.04%	1
IPFBW	0.04%	1	0.04%	1
IEG	0.04%	1	0.04%	1
	100.00%	**2,460**	**100.00%**	**2,460**

Comnexio's shareholding is made up as follows

	% shareholding 2020	Number of shares	% shareholding 2019	Number of shares
ORES Assets	93.00%	93	93.00%	93
Idefin	1.00%	1	1.00%	1
IPFH[10]	1.00%	1	1.00%	1
Finest	1.00%	1	1.00%	1
Sofilux	1.00%	1	1.00%	1
Finimo	1.00%	1	1.00%	1
IPFBW	1.00%	1	1.00%	1
IEG	1.00%	1	1.00%	1
	100.00%	**100**	**100.00%**	**100**

[10] IPFH is CENEO as from 8th March 2021.

In 2013, at the creation of ORES Assets, the seven former intercommunal companies each transferred one share of ORES to the intercommunal pure funding entities (IPF) and one share to RESA (formerly Tecteo). This resulted in the recognition of a non-controlling interest of €31 thousands in the IFRS consolidated accounts.

In 2017, following RESA's full takeover of the network management activities for the centre of Liege, the share held by RESA was sold to ORES Assets, thus decreasing the non-controlling interests by €4 thousands.

In 2019, ORES Assets created the company Comnexio, in partnership with IPF. Seven of the one hundred shares in Comnexio are held by seven IPFs, resulting in the recognition of a non-controlling interest of €53 thousands in the IFRS consolidated accounts.

There are no entities in which more than 50% of the voting rights are held but which are not consolidated.

There are no entities in which less than 50% of the voting rights are held that are consolidated.

There are no significant restrictions on the ability of subsidiaries to transfer funds to the parent company in the form of cash dividends or repayment of loans and advances.

Note 25 - Investments in associates (in thousands of €)

Summary of associates

	Country of incorporation	Percentage of capital owned	Percentage of voting rights held	Fair value of the investment in associates[11]	Main activity
Atrias	Belgium	16.67 %	16.67 %	N/A	IT support relating to taking meter readings for the ORES and the EANDIS economic group, as well as other DSOs in Belgium (Sibelga, RESA etc.)

Changes in investment in associates

	31/12/2020	31/12/2019
Balance at 1 January	**3**	**3**
Acquisition of investment	-	-
Disposal of investments	-	-
Balance at 31 December	**3**	**3**
Goodwill included in carrying amount of investments in associates	-	-

[11] For which there are published quoted prices.

Summary of financial information

	Atrias	
	31/12/2020	31/12/2019
Sales and other operating income	36,072	27,141
Profit or (loss) before interest and taxation	139	183
Financial profit or (loss)	(86)	(120)
Profit or (loss) before taxation	53	63
Taxation	(53)	(63)
Profit (loss) for the year	**0**	**0**
Group's share of the profit (loss) generated by associated companies	-	-

	Atrias	
	31/12/2020	31/12/2019
Non-current assets	61,819	53,560
Current Assets	21,534	14,633
Total Assets	**83,353**	**68,193**
Non-current liabilities	69,358	
Current liabilities	13,976	68,174
Total Liabilities	**83,334**	**68,174**
Net assets	**19**	**19**
Group's share of net assets	3	3
Loans made by group companies to associates	**13,742**	**10,768**

Note 26 – Fair value of financial instruments (in thousands of €)

Classification of the financial instruments and fair value by fair value hierarchy

	31/12/2020			
	Category	Carrying amount	Fair value	Level
Financial assets				
Interest rate caps	2	459	459	Level 2
Swap	2	1,828	1,828	Level 2
Unlisted equity	1	17	17	Level 2
instruments	1	129,654	129,654	Level 2
Trade receivables	1	98,322	98,322	Level 2
Other receivables		**230,280**	**230,280**	

	31/12/2020			
	Category	Carrying amount	Fair value	Level
Financial liabilities				
Unsecured - Non-current	1	1,859,708	2.175.553	Level 2
Unsecured - Current	1	395,213	395,213	Level 2
Trade payables	1	166,730	166,730	Level 2
Other payables	1	60,847	60,847	Level 2
Lease liabilities	1	13,594	13,772	Level 2
Interest rate swaps	3	6,009	6,009	Level 2
Total financial liabilities		**2,502,101**	**2,818,124**	

	31/12/2019			
	Category	Carrying amount	Fair value	Level
Financial assets				
Interest rate caps	2	1,181	1,181	Level 2
Swap	2	2,238	2,238	Level 2
Unlisted equity	1	17	17	Level 2
instruments	1	135,172	135,172	Level 2
Trade receivables	1	64,410	64,410	Level 2
Other receivables		**202,749**	**202,749**	
Financial liabilities				
Unsecured - Non-current	1	2,012,646	2,255,906	Level 2
Unsecured - Current	1	288,312	289,426	Level 2
Trade payabless	1	157,069	157,069	Level 2
Other payables	1	54,660	54,660	Level 2
Lease liabilities	1	14,477	14,670	Level 2
Interest rate swaps	3	6,077	6,077	Level 2
Total financial liabilities		**2,533,240**	**2,777,807**	

1- financial assets or liabilities at amortised cost;

2- financial assets or financial liabilities at fair value through profit or loss;

3- financial assets or liabilities at fair value through other comprehensive income (hedge accounting).

The hierarchy used to determine the fair value of the financial instruments by valuation technique is as follows:

- level 1 - Listed (unadjusted) price on active markets for identical assets or liabilities;
- level 2 - Input other than the listed prices mentioned in level 1, which is observable for the asset or liability in question, either directly (namely the prices) or indirectly (namely input derived from prices);
- level 3 - Input relating to the asset or liability that is not based on observable market data (unobservable input).

Description of the methods used to determine the fair value of derivative instruments

- For derivative financial instruments:
  - ✓ The fair value is determined on the basis of estimated future cash flows depending on interest rate curves.
- For trade receivables and payables as well as other receivables and payables:
  - ✓ The fair value is assumed to be the same as their carrying amount due to their short term maturity.
- For loans (secured and unsecured):
  - ✓ Fixed rate financing: at the balance sheet date, the sum of discounted future flows including principal and interest calculated on the basis of the market rate at the closing date (including bonds).
  - ✓ Adjustable fixed rate financing: at the closing date, the sum of the discounted future cash flows including principal and interest calculated on the basis of the market rate at the closing date.
  - ✓ Variable rate financing: the fair value is assumed to be equal to the carrying amountat the closing date.
  - ✓ Short-term commercial paper: the fair value is equal to the carrying amount at the closing date.

Note 27 – Derivative instruments (in thousands of €)

Summary of derivative financial instruments

	Positive fair values	
	31/12/2020	**31/12/2019**
Derivative instruments not used in cash flow hedges		
Interest rate caps	459	1,181
Inflation rate swaps	1,828	2,238
	2,287	**3,420**
of which: non-current	2,287	3,420
of which: current		

	Negative fair values	
	31/12/2020	31/12/2019
Derivative instruments used in cash flow hedges		
Interest rate swaps	6,009	6,077
	6,009	**6,077**
of which: non-current	5,861	5,374
of which: current	148	703

The following table summarizes the interest rate swap contracts designated in a hedging relationship as at December 31, 2020.

	Interest rate at the closing date		Notional principal amount		Fair value of the instrument		Variation of the fair value used to calculate the hedge ineffectiveness	Maturity	Variable rate item (hedged)
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020		Borrowings
SWAP	0.00%	2.33%	0	25,000	0	703	(703)	31/12/2020	MP 2010
SWAP	0.35%	0.42%	40,000	40,000	1,279	1,128	151	29/12/2023	MP ORES 2016 - Lot 1
SWAP	0.37%	0.54%	50,000	50,000	2,101	1,679	422	30/12/2024	MP ORES 2016 - Lot 2
SWAP	0.40%	0.66%	30,000	30,000	1,871	1,457	414	31/12/2025	MP ORES 2016 - Lot 3
SWAP 2011_SWA-P10a	2.309% and 2.416%	1.725% and 1.83%	6,307	18,922	147	408	(261)	31/12/2021	MP 2011
SWAP 2006	2.20%	2.20%	6,378	8,504	611	702	(91)	31/12/2026	IGH_2006
	0	**0**	**132,685**	**172,426**	**6,009**	**6,077**	**(68)**		

Description of the hedging policy within the Group

In order to manage and mitigate the interest rate risk, the Group may use derivative financial instruments such as interest rate swaps (variable to fixed rates), caps or collars (combination of cap and floor). Within the Group, debt management and market data are closely monitored. No derivative instruments are used for speculative purposes.

Given the significant proportion of variable rate loans in the portfolio (see note 15), the Group has contracted several interest rate caps to protect itself against a rise in interest rates, with a fair value at the end of 2020 of €0.45 million, in order to hedge a possible rise in variable rates in the

coming years. After analysis, the Group has decided not to apply hedge accounting and the change in their fair value is therefore recorded in the income statement for the period.

As detailed above, the Group has entered into interest rate swaps which are documented as hedging instruments and for which hedge accounting is applied.

The Group also contracted, at the end of 2018, swaps hedging the future inflation risk on our operating expenses with a fair value of €1.8 million at the end of 2020 compared to €2.2 million at the end of 2019. After analysis, the Group decided not to apply hedge accounting for this instrument, the change in its fair value is therefore recorded in profit or loss for the period.

Other notes to the financial statements

Note 28 – Related parties (in thousands of €)

The transactions shown below are those carried out with all related parties (apart from consolidated entities), including:

1) Majority shareholders and all companies controlled directly or indirectly by them
2) Shareholders with a significant influence;
3) Companies with which there is a shareholding connection and joint ventures;
4) The Group's key employees;
5) Other parties with significant links.

		Amounts receivable		Amounts payable		Statement of comprehensive income				
Related party as at 31/12/2020	Type of relationship	After one year	Within one year	After one year	Within one year	Turnover	Other operating income	Cost-of-sales	Other operating expenses	Financial income
Atrias	Shareholder funding	13,742								17
Atrias - client	Accounting				(119)				119	
Atrias - supplier	IT service projects								(6,704)	
N-Allo	Call centre									
		13,742	**-**	**-**	**(119)**	**-**	**-**	**-**	**(6,585)**	**17**

		Amounts receivable		Amounts payable		Statement of comprehensive income				
Related party as at 31/12/2019	Type of relationship	After one year	Within one year	After one year	Within one year	Turnover	Other operating income	Cost-of-sales	Other operating expenses	Financial income
Atrias	Shareholder funding	10,768								23
Atrias - client	Accounting		29				142			
Atrias - supplier	IT service projects				611				(3,656)	
N-Allo	Call centre				22				(2,734)	
		10,768	**29**	**0**	**633**	**0**	**142**	**0**	**(6,390)**	**23**

In terms of bank loans, we should point out that the Walloon municipalities, as well as the private partner, have guaranteed some loans worth a total of €420.67 million, 18.74% of the total bank debt at the end of 2020 (compared with €474.95 million at the end of 2019). The private partner will release itself from its guarantees (following its withdrawal from the capital of ORES Assets on 31 December 2016) in accordance with a timetable that is yet to be defined.

Employee benefits for key management personnel	31/12/2020	31/12/2019
Short-term benefits	2,334	2,132
Post-employment benefits		
Present value of pension liability (defined benefits plan)	8,502	7,189
Net cost of the pension for the period	458	360
Termination benefits	0	0
Other long-term benefits		
Present value of pension obligation (defined benefits plan)	171	77
Net cost of the pension for the period	7	3
	11,472	**9,761**

Key management personnel are made up of members of ORES' Board of Directors and members of ORES Management.

Note 29 - Events after the end of the reporting period (in thousands of €)

Type	Estimated financial impact	
	Financial position	Comprehensive income
Dividends proposed to the ORES Assets General Meeting of shareholders that will take place in 2021	70,917	
	70,917	**0**

Since mid-March 2020, in the context of the measures to combat the COVID-19 virus adopted by the National Security Council and the federal and Walloon authorities, ORES has taken a series of measures designed, on the one hand, to protect the health of its staff and that of its customers and, on the other hand, to ensure that it can carry out its public service missions in these exceptional circumstances. These include the generalisation of teleworking for eligible employees; the postponement of non-urgent work and technical activities in spring 2020, followed by a sequenced and secure resumption of work; the maintenance of a supervised physical reception for customers with a budget meter; and the adapted organisation of on-call services to repair gas failures and leaks, deal with network incidents and carry out any work that may be necessary to maintain access to energy 24 hours a day, 7 days a week.

In the financial year 2020, regardless of its impact on the global economy and its indicators, the Covid-19 did not have any financial impact that could jeopardise the company's continuity. The impact of COVID-19 in 2021 is expected to be of a similar nature and therefore should not jeopardise the continuity of the company either.

Note 30 – Managing financial risks (in thousands of €)

1. Credit risk

General description of how the credit risk is managed

The credit risk is the risk that the debtor will not fulfil its original obligation to repay a "credit". The different components are the counterparty risk, the liquidity risk, the risk associated with the debtor's activity or structure, the sector risk, the financial risk and lastly the political risk

The Group responds to the credit risk in different ways. In terms of cash flow and investments, the Group's cash surplus is either invested with financial institutions, or in the form of diversified commercial papers with banks or companies fulfilling strict selection criteria.

In terms of trade receivables, it is important to distinguish between:

- receivables connected to distribution fees for which the Group secures bank guarantees and carries out balance sheet analyses before determining the payment terms granted;
- receivables connected to public service obligations (supplying energy) and work for which the Group uses collection agencies (up to 2019).

Details of the maximum credit risk

	31/12/2020	31/12/2019
Derivatives financial assets	2,287	3,420
Trade receivables and other receivables	227,976	199,312
Unlisted equity instruments	17	17
Cash and cash equivalents	72,781	117,800
Total financial assets	**303,061**	**320,549**

2. Liquidity risk

The liquidity risk is the risk that an entity will have difficulty fulfilling its obligations connected to financial instruments.

The liquidity risk is related to the Group's need to secure the external funding needed, among other things, to complete its investment programme as well as for the refinancing of existing financial debts.

The financing policy is based on covering the funding needs for the current year and maintaining a cash surplus. This last point and the diversification of sources of financing help the Group limit its liquidity risk.

ORES has short-term financing capacity through its commercial paper programme, the financing agreement with the European Investment Bank and the renewed credit line for an amount of €50 million for a 12-month period until May 2020; the liquidity risk can be considered to be virtually nil.

Cash management allows to limit market, asset structure and liquidity risks. The management bodies have implemented a prudent investment policy based on diversification and the use of products with limited credit and interest rate risk. ORES is attentive to the problem of negative interest rates in the management of its cash flow.

In terms of maintaining a cash surplus, the Group had €72.8 million in cash as at 31 December 2019 (compared with €117,8 million at the end of 2019) – see note 13.

Details of the Group borrowings are included in note 15.

Maturity analysis (based on undiscounted future cash flows)

31/12/2020	Amount recorded	< 1 year	>1 and <3 years	>3 and <5 years	>5 and <15 years	>15 years	No maturity date	Total
Derivatives financial assets	2,287				2,287			2,287
Trade other receivables	227,976	227,976						227,976
Financial assets held for sale	17						17	17
Cash and cash equivalents	72,781	72,781						72,781
Total assets	**303,061**	**300,757**	**0**	**0**	**2,287**	**0**	**17**	**303,061**
Derivatives financial liabilities	6,009	148	1,279	3,971	611			6,009
Borrowings	2,254,921	395,213	343,939	294,418	842,763	378,588		2,254,921
Trade other payables	227,577	227,577						227,577
Total liabilities	**2,488,507**	**622,938**	**345,218**	**298,389**	**843,374**	**378,588**	**0**	**2,488,507**
Total liquidity risk	**(2,185,446)**	**(322,181)**	**(345,218)**	**(298,389)**	**(841,087)**	**(378,588)**	**17**	**(2,185,446)**

31/12/2019	Amount recorded	< 1 year	>1 and <3 years	>3 and <5 years	>5 and <15 years	>15 years	No maturity date	Total
Derivatives financial assets	3,420				3,420			3,420
Trade other receivables	199,312	199,312						199,312
Financial assets held for sale	17						17	17
Cash and cash equivalents	117,800	117,800						117,800
Total assets	**320,549**	**317,112**	**0**	**0**	**3,420**	**0**	**17**	**320,549**
Derivatives financial liabilities	6,077	1,795	1,693	1,151				4,639
Borrowings	2,300,957	306,225	596,638	324,125	930,356	461,644		2,618,988
Trade other payables	211,729	211,729						211,729
Total liabilities	**2,483,466**	**485,114**	**712,314**	**448,498**	**714,689**	**454,461**	**0**	**2,815,076**
Total liquidity risk	**(2,162,917)**	**(168,002)**	**(712,314)**	**(448,498)**	**(711,269)**	**(454,461)**	**17**	**(2,494,527)**

3. Market risk

The market risk is the risk that the fair value or future cash flows from a financial instrument fluctuate due to changes in market prices. The market risk encompasses three kinds of risk:

- exchange rate (exchange rate risk) - not applicable to the Group;
- market interest rate (interest rate risk);
- market price (for example: share prices, commodity prices) - not applicable to the Group.

The Group's activities essentially expose it to the financial risks associated with interest rate fluctuations.

Interest rate risk

The Group has established an interest rate risk management policy based on a balance between fixed and variable rate borrowings. To manage the risk of interest rate volatility, it uses derivative hedging products (swaps, caps, collars or interest rate structures) depending on the market situation. The value of these instruments depends mainly on interest rate fluctuations. The portfolio is managed centrally at Group level and all positions are reviewed periodically.

Sensitivity analysis

Description of the method and assumptions used for our sensitivity test

The interest rate to be used before any change in margin will be calculated as follows:

The last rates recorded on the last working day of the period concerned (31/12) are used as a reference basis, and the averages for Euribor (Euribor 1, 3, 6, 12 months) and for swap rates (from 1 to 30 years) are calculated. As at 30 December 2020, the average Euribor rate remains negative and amounts to -0.531% (-0.349% at the end of 2019) and the average swap rate is -0.29% (0.106% at the end of 2019).

On the basis of these averages, financial cash flows as at 01/01/N+1 are calculated.

We then simulate the impact of an increase of 50 basis points on the rate calculated below. We do the same by simulating the impact of a reduction of 50 basis points on the rate curve calculated below

The impact in each column is measured on 2 levels (in thousands of €):

1. Impact on profit before tax (for all products): this column represents the difference between the simulated financial expenses compared to the financial expenses calculated at the end of the reporting period according to the average rate (positive = gain; negative = loss).
2. On equity: this column represents the difference between the carrying amount calculated at the end of the re-porting period based on the average rate compared to the simulated carrying amount (outstanding capital or market value) – (positive = gain; negative = loss).

	+ 50 basis points		- 50 basis points	
31/12/2020	**Impact on profit before tax**	**Impact on equity**	**Impact on profit before tax**	**Impact on equity**
Loan	(307)		2,806	
Cap		2,258		(53)
Swap	(18)	108	184	(5,649)
	(325)	**2,366**	**2,990**	**(5,702)**
31/12/2019				
Loan	(3,215)		2,589	
Cap		7,565		1,727
Swap	724	201	(517)	(7,549)
	(2,491)	**7,766**	**2,072**	**(5,822)**

An increase of 50 basis points would decrease our pre-tax income by €0.3 million and increase our equity by €2.4 million, while a decrease of 50 basis points would increase our profit by €3 million but would have a negative impact of €6 million on our equity.

4. Capital risk management

The Group's capital represents the contributions of the partners in ORES Assets, the manager of the electricity and gas distribution networks in Wallonia. In 2012, it was represented by the eight Walloon mixed intermunicipal companies IDEG scrl, I.E.H. scrl, I.G.H. scrl, Interest scrl, Interlux scrl, Intermosane scrl, Sedilec scrl and Simogel scrl, which merged on 31 December 2013 to create ORES Assets. This merger was effective from an accounting point of view with retroactive effect to 1 January 2013.

The capital of ORES Assets is made up of the contributions, which are themselves made up of an unavailable portion (€533 thousands) and an available portion (€866,931 thousands). The contributions are fully subscribed and paid up. Any distribution of the contributions to the associates which would result in the contributions being reduced to an amount less than the unavailable part of the contributions can only be decided by the General Meeting ruling under the conditions required for the amendment of the articles of association. The part of the contributions which exceeds this amount may be distributed to the members by a decision taken, as the case may be, by the general meeting ruling under the ordinary conditions or by the board of directors in cases where the law or the articles so permit.

In order to maintain sufficient funds for the protection of creditors, the Code of Companies and Associations requires cooperative companies such as ORES Assets to carry out an analysis prior to any distribution of contributions to members. This analysis consists of a double distribution test composed of liquidity and solvency tests. The liquidity test examines whether, following the distribution, the company will be able to continue to meet its maturing debts for a period of at least twelve months from the distribution. It is the responsibility of the Board of Directors. The solvency test consists of prohibiting a distribution if the company's net assets are negative or would become negative as a result of such a distribution. It is the responsibility of the auditor to carry out the solvency test.

There is only one type of share in ORES Assets. Each partner must subscribe to at least one share.

The creation and offering for subscription of new shares is decided by the Board of Directors.

The shares include voting and dividends rights.

According to Ores Assets articles of association, the shares can only be sold to members and with the approval of the Board of Directors. They may be transferred between an associated IPF and one or more associated municipalities affiliated to it by agreement between them.

An intermunicipal association must have at least two municipalities among its members; there are 200 in ORES Assets. Any other legal entity under public law as well as legal entities under private law may also be associated with an intermunicipal association.

ORES Assets was a so-called "mixed" intermunicipal company until 31 December 2016, as its capital was held partly by municipalities (located in Wallonia) directly or indirectly through a pure financing intermunicipal company (seven in number until the end of 2019, Idefin, IPFH[12], IEG, IPFBW, Finimo, Finest and Sofilux) and the balance by a private partner (Engie/Electrabel).

Following the withdrawal of the latter on 31 December 2016, the capital shares are held 100% by the municipalities and the seven pure intermunicipal financing companies.

As of 1 January 2020, an eighth Intermunicipal pure financing entity has been associated into ORES Assets: IFIGA.

The regulatory environment in which the Group operates is described in section 3.A.15 of the accounting policies. The percentage of authorised return determined by the regulations takes into account a normative ratio of 47.5% equity and 52.5% debt. ORES Assets' articles of association state that a ratio of 30% equity to total assets must be maintained (calculated on the basis of the statutory accounts prepared in accordance with Belgian accounting standards). It is also important to note that, in the context of the above-mentioned capital optimisation exercise, annual capital increases are waived as long as the ratio of equity to equity plus financial liabilities is above 40%. The latter ratio was incorporated into a shareholders' agreement in 2020.

[12] IPFH is CENEO as from 8th of March 2021.

III

Accounting policies

RES

A. Main accounting policies

The main accounting policies used by the Group to prepare its consolidated financial statements are described below

A.1. Basis of preparation

Statement of compliance

The consolidated accounts include the Group's consolidated financial statements for the year ending on 31 December 2020. The Group's consolidated financial statements have been prepared on a voluntary basis and in accordance with IFRS (International Financial Re-porting Standards) as adopted by the European Union.

The consolidated financial statements have been pre-pared on a historical cost basis, apart from derivative financial instruments which are valued at their fair value.

Functional and presentation currency

The consolidated financial statements are expressed in thousands of Euros. The Euro is the functional currency (currency of the economic environment in which the Group operates) used within the Group.

A.2. New, revised and amended standards and interpretations

The Group has applied the standards and interpretations applicable to the accounting period ending on 31 December 2020.

New standards and interpretations applicable for the annual period starting on or after 1 January 2020:

- Amendments to IAS 1 and IAS 8 Definition of Material;
- Amendments to IFRS 3 Business Combinations: Definition of a Business;
- Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform – Phase 1;
- Amendments to references to the Conceptual Framework in IFRS standards.

The application of these standards did not have a significant impact on the Group's consolidated financial statements.

Standards and interpretations published but not yet applicable for the annual period beginning on 1 January 2020:

- IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU);
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU);
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU);
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU);
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU);
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts — Cost of Fulfilling a Contract (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU);
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU);
- Amendment to IFRS 4 Insurance Contracts – deferral of IFRS 9 (applicable for annual periods beginning on or after 1 January 2021);
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (applicable for annual periods beginning on or after 1 January 2021);
- Amendment to IFRS 16 Leases: COVID-19-Related Rent Concessions (applicable for annual periods beginning on or after 1 June 2020);

- Annual Improvements to IFRS Standards 2018–2020 (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU).

The Group has not anticipated the application of any new standards or interpretations published but not yet effective and does not expect any significant impact upon application of these new standards or interpretations.

A.3. Consolidation principles

The eight Walloon mixed intermunicipal companies merged on 31 December 2013 with retroactive effect from 1 January 2013, giving rise to ORES Assets sc (hereinafter referred to as "GRD" or ORES Assets). ORES Assets is therefore an electricity and gas distribution network operator (hereinafter referred to as a "DSO") in Wallonia which, as of 31 December 2019, holds, on the one hand (in addition to the few shares held by the IPFs) exclusive control of its subsidiaries ORES sc and Comnexio sc, and which, on the other hand, has significant influence over its subsidiary Atrias sc. For the preparation of the Group's consolidated financial statements, ORES Assets has therefore fully consolidated the first two subsidiaries, while the third is consolidated using the equity method.

The Group's consolidated financial statements include all of the financial statements for the entities that it controls (its subsidiaries). According to IFRS 10, three cumulative conditions need to be fulfilled in order to have control over an entity:

- the Group has power over the entity in question;
- it is exposed, or has rights, to variable returns from its involvement with the entity;
- it has the capacity to use its power over the entity to allocate the entity's total returns.

The type of control is evaluated on a case-by-case basis in accordance with IFRS 10, IFRS 11, IFRS 12 and IAS 28.

Subsidiaries are entities controlled by the Group, and are fully consolidated from the moment that the existence of control has been established and until this control comes to an end.

Associates are companies over which the Group exercises significant influence, but that it does not control. They are consolidated according to the equity method from the date on which the significant influence is established and until this influence ends.

A joint venture is a separate entity over which the parties that have joint control over the entity have rights to the entity's net assets. They are consolidated according to the equity method from the date on which the joint control is established and until this joint control ends.

Intragroup balances and transactions, as well as any profits resulting from intragroup transactions, are totally eliminated during the consolidation process for preparing financial statements.

A.4. Business combinations and goodwill

When the Group obtains control over an integrated set of assets and activities that meet the definition of a business in accordance with IFRS 3 – Business combinations, acquiree's assets, liabilities and contingent liabilities are recognised at their fair value at the date of acquisition. The goodwill represents the difference between the acquisition cost plus any minority interests and the fair value of the acquired net asset. The goodwill is allocated to cash generating units and is not amortised, but is the subject of an impairment test at the end of each reporting period.

A.5. Intangible assets

Intangible assets are accounted for if and only if it is probable that the future economic advantages attributable to the assets will go to the Group and if the cost of these assets can be valued reliably.

Intangible assets are initially valued at their cost. The cost of an intangible asset generated internally is equal to the sum of the expenses incurred from the date on which this intangible asset fulfils the accounting criteria stipulated by IAS 38. It includes all directly attributable costs needed to create, produce and prepare the asset for which it can be used as intended by management. If an intangible asset is acquired within the context of a business combination in accordance with IFRS 3, the cost of this intangible asset is measured at its fair value on the acquisition date.

After they are first accounted for, intangible assets are accounted for at their cost less total amortisation and total impairments. Intangible assets are amortised according to

the straight-line method over the estimated useful life of the asset.

Amortisation begins when the asset is operational as intended by management.

	Useful life
Computer software	10 years for computer software acquired from 01/01/2019 and 5 years for others.
Development	5 years

Computer software

Software licences acquired by the Group are recorded at their acquisition cost, less accumulated amortisation and accumulated impairment losses. Software developed internally is recorded at its cost plus development fees if the criteria stipulated by IAS 38 are met.

The useful life has increased from 5 years to 10 years in 2019 given the importance of new IT projects and their expected lifespan.

Research and development costs

Research costs, if they occur, are recorded as expenses in the period during which they were incurred. Development costs are recorded as assets when the criteria for recognising an intangible asset defined by IAS 38 are met. An intangible asset that comes from the development activity is then amortised using the straight-line method over its useful life and reduced by any impairments.

A.6. Tangible assets

As a general rule, the Group is the owner of tangible assets including network installations, buildings, land, vehicles (fleet) and tools.

Tangible assets are initially accounted for as assets at their acquisition or production cost if and only if it is probable that the future economic advantages associated with this element will go to the Group and if the cost of these assets can be valued reliably. The cost of a tangible asset includes its purchase or production price, any cost directly attributable to moving the asset to where it is going to be used and making sure it is operational, as well as the initial estimate of costs relating to dismantling and removing the asset and returning the site at which it is based to its original state, as required.

Transfers of assets from clients related to network connections are deducted from the value of tangible assets to which they relate and are no longer recognized as assets. Their recognition would immediately lead to an impairment loss. Consequently, they no longer meet the criteria for initial recognition as they do not generate future economic benefits. They are therefore no longer included in sales in application of IFRS 15 as of January 1, 2019.

After they are first accounted for at their historic cost, tangible assets owned by the Group are depreciated on the basis of the straight-line method and included on the balance sheet at their cost less total depreciation and impairments. Depreciation of a tangible asset begins when the asset is at the location and in the state needed for it to be used as intended by management. The components of a tangible asset with high costs and different useful lifespans are accounted for separately. Land is not depreciated.

At the end of each reporting period, the Group disposes of the tangible assets that are no longer in use. The carrying amount of tangible assets that have been disposed of is then derecognised.

Since 2003, at the same rhythm that the electricity and natural gas markets have been liberalised, the intermunicipal companies active in these areas have refocused their activities, essentially on the role of electricity and gas distribution system operator, a monopolistic activity for which there is a regulatory framework made up mainly of tariff methodologies.

Combined electricity and gas distribution system operators (which became ORES Assets scrl in 2013) with a technical inventory justifying the value of the tangible assets could establish the initial value of the capital invested as at 31 December 2002 based on the economic value of this inventory. The initial values were formally approved by the competent regulator and then confirmed in 2007 on the basis of the values as at 31 December 2005 for electricity and 31 December 2006 for natural gas. The capital gain recorded is the difference between the value of the IRAB as approved by the regulator and the carrying amount of the tangible assets on the same dates.

The value of the regulatory asset is critical in determining the fair margin attributed to the DSO for a given year, and therefore the tariffs applicable to a given regulatory period.

A full description of the regulation mechanism can be found in chapter A.15 below.

The depreciation rates used by the Group have been defined in the tariff methodology approved by the CWaPE. These rates reflect a good estimate of the useful life of tangible assets for the sector in which the Group is evolving. The residual value is always assumed to be zero at the end of the useful life of a tangible asset. The table below provides details of the depreciation rate.

Tangible assets	Depreciation rate
Land	0%
Industrial buildings	3% (33 years)
Administrative buildings	2% (50 years)
Gras pipes	2% (50 years)
Cables	2% (50 years)
Lines	2% (50 years)
Optical fibre cable sheath signalling network	5% (20 years)
Poles and cabins (electricity and gas)	3% (33 years)
Connections transformers	3% (33 years)
Connections – lines and cables	2% (50 years)
Measuring equipment	3% (33 years)
Electronic meters, budget meters, automatic meters	10% (10 years)
Low-voltage Smart electric meters	6.67% (15 years)
Low pressure Smart gas meters	6.67% (15 years)
Signalling network (smart equipment)	10% (10 years)
Remote control, lab and dispatching equipment	10% (10 years)
Teletransmission	10% (10 years)
Optical fibre	5% (20 years)
Furniture and tooling	10% (10 years)
Vehicles (to transport people and goods)	20% (5 years)
Mobile equipment	10% (10 years)
Administrative equipment (IT equipment	33% (3 years)

A.7. Impairment of assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may have suffered an impairment loss. If there are any such indications, the Group then estimates the recoverable value of the asset. An asset is impaired when its carrying amount is higher than its recoverable value. The recoverable value of an asset or a cash generating unit (CGU) is either its fair value less sale costs or its value in use, whichever is higher. If it is not possible to estimate the recoverable value of an individual asset, the Group takes the recoverable value of the CGU to which the asset belongs.

Cash generating units are defined as groups of assets that generate cash flows that are predominantly independent

from other groups of assets. As the Group is organised into seven operating segments with a distinction between electricity and gas within these, the Group has defined these CGUs as the assets and liabilities of an operating segment for a given energy (electricity or gas).

At the end of each reporting period, the Group assesses whether there are any indications that an impairment recorded during previous periods for an asset other than goodwill may no longer exist or have decreased. If there are any such indications, the Group estimates the recoverable value of the asset. If the new carrying amount of this asset is higher due to the reversal of an impairment, it cannot be higher than the carrying amount that would have been calculated, net of amortisation, if no impairment had been recorded for that asset during previous years. Impairment losses on goodwill are never reversed.

A.8. Lease contracts

A contract is or contains a lease if it gives the right to control the use of an identified asset for a fixed period of time in return for payment of consideration.

To determine whether a lease confers this right, the Group must assess whether, throughout the useful life, it has the following two rights:

- The right to obtain substantially all the economic benefits from the use of the specified asset; and
- The right to decide on the use of the specified property.

In determining the lease terms, any options to renew or terminate the lease were considered in accordance with IFRS 16 Leases, taking into account the probability of exercise of the options to extend or terminate the lease by the lessee and the lessor.

a) The Group as lessee.

On the date a contract is concluded, it is analysed to ensure that it is or contains a lease. The Group recognises a right-of-use asset and a corresponding lease liability for all leases in which it is a lessee, except for short-term leases (defined as leases with a term of 12 months or less) and leases where the underlying asset is of low value for which the Group has set a materiality threshold. For these types of contracts, the Group recognises lease payments as an operating expense on a straight-line basis over the lease term unless another systematic method is more representative of the way in which the economic benefits relating to the leased assets are spread over time.

The lease liability is initially measured at the present value of the rentals not yet paid at the start date of the contract, calculated using the interest rate implicit in the lease. If this rate cannot be determined reliably, the Group uses its marginal borrowing rate.

Lease payments taken into account in the measurement of the lease liability include:

- Fixed lease payments, including in substance, net of lease inducements received or to be received (free of charge, ...);
- Variable lease payments that are based on an index or rate, initially measured using the index or rate in effect at the start date;
- The amount that the Group expects to pay to the lessor under residual value guarantees;
- The exercise price of call options that the Group has reasonable certainty of exercising;
- The penalties required in the event of termination of the lease, if the lease term reflects the exercise of the option to terminate the lease.

As a simplification, IFRS 16 offers the lessee the option not to separate lease components from non-lease components, but rather to account for each lease component and the related non-lease components as a single lease component. When a contract contains a lease component and one or more other lease or non-lease components, the Group allocates the consideration under the contract to all lease components on the basis of their separate relative prices and the separate prices of all non-lease components.

Variable rents that do not depend on an index or a rate are not taken into account in the evaluation of the rental debt and the right of use.

These payments are expensed in the period in which they are incurred.

The lease liability is presented among other non-current/current liabilities in the consolidated statement of financial position.

Subsequently, the lease liability is measured at amortized cost, increasing its carrying amount by the interest on the debt less payments for the year.

Where necessary, the Group revaluates the lease liability against the right of use, in particular when:

- There is a change in the term of the lease or there is a change in the valuation in respect of the exercise of a purchase option resulting from a significant event or change in circumstances, in which case the liability is remeasured by discounting the revised lease payments using a revised discount rate;
- Rent payments change as a result of a change in an index or rate or a change in the amounts expected to be paid under the residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the change in lease payments results from a change in a floating interest rate, in which case a revised discount rate is applied);
- A lease is amended and the amendment is not accounted for as a separate lease, in which case the liability is remeasured based on the term of the amended lease by discounting the value of the revised lease payments using a revised discount rate at the effective date of the amendment.

At the initial recognition date, the right of use comprises the initial amount of the lease liability calculated as explained above, plus the initial direct costs incurred by the Group under the leases (fixtures and fittings, etc.).

When the Group incurs an expense relating to the costs of dismantling and removing a leased asset, restoring the site on which it is located or returning the underlying asset to the condition required by the terms of the lease, a provision is established and recognised in accordance with the requirements of IAS 37.

Rights of use are amortized over the shorter of the lease term and the useful life of the underlying asset. If the effect of the lease agreement is to transfer ownership of the underlying asset or if the cost of the asset under the right of use takes into account the Group's expected exercise of a purchase option, the related right of use shall be depreciated over the useful life of the underlying asset from the starting date of the lease agreement.

Rights of use are presented as part of tangible assets in the consolidated statement of financial position.

The Group recognises any impairment losses on rights of use using the same model described for other tangible assets (see A.7).

b) The Group as lessor

When the Group acts as lessor in leases, the leases are classified as finance or operating leases. Leases are classified as finance leases if they transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Group is an intermediate lessor, the main lease and the sublease are classified and accounted for separately. The sublease is classified as a finance or operating lease in relation to the asset under the right of use from the main lease. The lease liability relating to the main contract remains measured in accordance with the rules set out above.

Rental income from operating leases is recognized on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and drafting an operating lease are added to the carrying amount of the leased asset and are recognized on a straight-line basis over the term of the lease.

Amounts receivable from lessees under finance leases are recognised as receivables in the amount of the Group's net investment in the lease. Income from finance leases is allocated between periods to reflect a constant periodic rate of return on the Group's outstanding net investment in the lease.

Where a contract contains both rental and non-lease components, the Group applies the provisions of IFRS 15 to allocate the consideration provided for in the contract to each component.

A.9. Inventories

Inventories are valued at their cost or their net realisable value, whichever is lower. The cost of inventories includes the purchase, processing and other costs incurred to bring them

to their current location and condition. The net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs for completion and the estimated costs needed to finalise the sale. The value of inventories is also determined by applying the weighted average cost method.

A.10. Financial instruments

Financial instruments held by the Group are recognised and measured in accordance with IFRS 9 - Financial Instruments.

The Group does not hold any financial instruments for speculative purposes. Indeed, the Group only enters into derivative financial instruments for economic hedging purposes.

A.10.1. Cash and cash equivalents

Cash and cash equivalents include cash available from banks and cash on hand, as well as deposits with an initial maturity of no more than three months.

All bank balances are considered as entailing a low credit risk at the end of each reporting period, as they are held with reputable national banking institutions. As a result, no depreciation is recorded for these financial assets.

A.10.2. Financial assets at amortised cost

These are financial assets with fixed or determinable payments that are not listed on an active market, and are initially recorded at their fair value, which in most cases corresponds to their nominal value, plus transaction costs. After they are recorded for the first time, these financial assets are valued at their amortised cost using the effective interest rate, less reductions for any expected impairment

The Group recognises expected credit losses and changes in these losses at each balance sheet date to reflect changes in credit risk since the initial recognition of financial assets.

More specifically, this method has been applied to receivables linked to distribution, public service obligations, fraud and construction work. Expected credit losses are estimated using a provision matrix, drawn up according to the type of receivable, previous experience of defaulting debtors and an analysis of their current situation. Following this analysis, an expected credit loss rate is estimated and applied to each bracket defined by the Group. When payments are more than 720 days late, receivables are written down at 100%, as past experience shows that these receivables cannot usually be recovered. The results of this analysis can be found in note 12 of the annual report.

For other financial assets, the Group feels that the credit risk had not risen significantly since they were first recorded, as allowed by IFRS 9; as a result, it has recorded expected credit losses for the next twelve months for these assets.

We should point out that there are no write-downs for liabilities related to "network damage" less than two years old, or for outstanding debts to municipalities, as the Group feels that the credit risk is very low, or even non-existent before two years.

Profits and losses are recorded in the profit and loss statement when a financial asset recorded at its amortised cost is derecognised or impaired.

A.10.3. Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating financial income or expenses over the relevant period. The effective interest rate is the rate that precisely discounts estimated future cash inflows or outflows over the expected life of the financial instrument or, where appropriate, a shorter period so as to determine the net carrying amount for the financial asset liability.

A.10.4. Borrowings

The Group is financed through conventional loans and commercial papers or bonds. Loans taken out by the Group constitute financial liabilities that are initially valued at their fair value, less transaction costs. These financial liabilities are subsequently valued at their amortised cost, calculated using the effective interest rate method less capital repayments. Interest expenses are recorded according to the effective interest rate. The costs associated with issuing commercial papers or bonds are recorded less the debt on the issue date, and are taken into account when calculating the effective interest rate in order to recoup the debt.

A.10.5. Derivative financial instruments

The Group uses derivatives such as interest rate swaps (over 5 and 10 years), collars and interest rate caps, in order to cover its exposure to the interest rate risk arising from its operational, financing and investment activities.

The way derivative financial instruments are accounted for depends on whether or not they are hedging instruments, as well as the type of hedge. Initially, derivatives are recorded at their fair value on the date on which the derivative contract is taken out, and subsequently revalued at their fair value at the end of the reporting period. Profits or losses arising from the application of the fair value are immediately recorded as profit/loss unless the derivative is designated as a hedging instrument and it fulfils the eligibility criteria for hedging.

Derivative financial instruments are recorded as financial assets if their value is positive, and as financial liabilities if their value is negative. Derivatives due to mature in more than 12 months are generally included under the non-current section on the balance sheet, while the other derivatives are included under the current section on the balance sheet.

A.10.6. Hedge accounting

The Group applies cash flow hedge accounting in order to hedge its exposure to variations in the cash flow attributable to a particular risk connected to a recognised asset or liability, a fixed commitment or a planned transaction that is highly likely to have an influence on the profit and loss statement. Certain derivative financial instruments are thus designated as cash flow hedge instruments. Hedge accounting for variations in the fair value has not been applied in this case.

The Group applies hedge accounting to interest rate swaps, while collars and interest rate caps are not designated as hedging instruments in an accounting hedge relationship.

The hedge relationship must be formally designated and documented. In particular, the documentation must indicate the link between the hedge relationship and the entity's strategy for managing financial risks, the expected relationship between the risk and the hedging instrument, the hedged position, the nature of the risk hedged and the technique used to assess the effectiveness of the hedge.

The hedge relationship fulfils all the hedge effectiveness restrictions if there is:

- an economic link between the hedged element and the hedging instrument;
- the credit risk does not have a dominant effect on variations in the value resulting from this economic link;
- the hedge ratio of the hedge relationship is the same as the relationship between the quantity of the hedged element that is really hedged by the Group and the quantity of the hedge instrument that the Group really uses to hedge this quantity of the hedged element.

For the effective portion of a cash flow hedge, the variation in the value of the hedging instrument is recorded directly under other comprehensive income (equity) for the effective portion. The ineffective portion of the hedge is recorded immediately in the profit and loss statement.

Hedge accounting comes to an end when the Group revokes the hedge relationship, when the hedging instrument matures or is sold, terminated, or exercised, or when it no longer fulfils the effectiveness restriction for hedging relating to the hedging ratio. Any cumulative profit or loss on the equity at this time continues to be deferred in the equity and is recorded in the profit and loss statement when the expected transaction is recognised in the profit and loss statement. If the expected transaction is no longer expected to be completed, the cumulative profit or loss that had been deferred in the equity is immediately recorded in the profit and loss statement. This is a reclassification adjustment (see IAS 1).

A.10.7. Financial assets valued at fair value through the net profit and loss statement (previously available for sale)

Financial assets valued at fair value through the net profit and loss statement (previously available for sale) include investments in companies that are not consolidated or accounted for according to the equity method. These financial assets are valued at their fair value, and any resulting variation is accounted for immediately in the net profit and loss statement. If the fair value of a financial asset valued at their fair value cannot be determined reliably, valuation at cost may be used. This last option is the one used by the group of all of its financial assets.

A.11. Employee benefits

The Group offers its employees various short and long-term benefits, as well as post-employment benefits, in accordance with the applicable legislation in Belgium.

A.11.1. Short-term benefits

When a member of staff has provided services to the Group during an accounting period, the Group recognises the non-discounted amount of short-term employee benefits in return for the services rendered: as a liability, after deducting the amount already paid (if applicable), and as expenses (unless another IFRS requires or authorises the incorporation of benefits in the cost of an asset).

A.11.2. Post-employment benefits

Post-employment benefits are divided into 2 categories, defined benefits plans and defined contribution plans.

Contributions paid under defined contribution pension plans are recognized as an expense when employees render the services necessary to earn them.

Defined contribution plans subject to minimum rates of return are treated as defined benefit pension plans (i.e. application of the projected unit credit method, without taking into account future contributions).

For defined benefit pension plans, the amount recognized as a net defined benefit liability (asset) is the difference between the present value of the obligation and the fair value of plan assets.

If the calculation of the net obligation results in a surplus for the Group, the asset recorded for this surplus is limited to the discounted value of the repayments available or reductions in future contributions to the plan.

The cost of defined benefits includes the following components: the cost of services and net interest on the net liability (asset) recorded under the net profit/ loss (under employee costs for the cost of services, and under financial expenses (or financial income) for net interest respectively), as well as the revaluations of the net liability (asset) recorded under other comprehensive income.

The discounted value of the obligation and the cost of services are determined using the projected unit credit method and actuarial valuations are carried out at the end of each reporting period.

The actuarial calculation method involves the use and formulation by the Group of actuarial assumptions such as the discount rate, increases to salaries and medical costs, staff turnaround and mortality tables. These actuarial assumptions are the best estimates of variables that will determine the final cost of the post-employment benefits. The discount rate reflects the rate of return on high quality corporate bonds whose terms correspond to the estimated term of the post-employment benefit obligations.

A.11.3. Other long-term benefits

Other long-term benefits are accounted for in a similar way to post-employment benefits, apart from the fact that revaluations of the net liability (asset) are accounted for in the profit and loss statement instead of being recorded under other comprehensive income.

The actuarial calculations of post-employment obligations and other long-term employee benefits are carried out by independent actuaries.

A.12. Provisions

A provision is recorded when the Group has a current (legal or implicit) obligation at the end of the reporting period, resulting from past events or transactions, it is probable that this obligation will result in an outflow of resources and it must be possible to estimate the total value of this obligation reliably. The amount recognised as a provision is the best estimate of the total needed to settle the obligation. Provisions with a term of over 12 months are discounted if the effect of discounting is material. Provisions established by the Group mainly relate to litigation and risks related to the clean-up of polluted sites.

Environmental liabilities

The Group regularly analyses all of its environmental risks and corresponding provisions. The main environmental risks are connected to sites with a certain level of pollution. The total provisions established to cover these risks are based on

the best estimate of costs yet to be incurred, both in terms of studies and in terms of cleaning up the sites in question, based on valuations by independent experts. The Group calculates these provisions to the best of its knowledge of the applicable laws and regulations depending on the scope of the pollution and the environmental impact studies to be carried out.

A.13. Borrowing costs

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (asset requiring a long preparation period before it can be used) are included in the cost of this asset. All other borrowing costs are accounted for in the profit and loss statement for the period during which they are incurred.

A.14. Financial income and expenses

Financial expenses include interest to pay on loans and financial debts calculated using the effective interest rate method, as well as increases to provisions following the unwinding of discounts over time.

Financial income includes interest income on investments, accounted for using the effective interest rate method, as well as dividends, accounted for when the Group has an established right to receive these payments.

Changes to the fair value of derivative financial instruments held by the Group that are not defined within the context of an hedge accounting relationship are shown as financial expenses or income.

A.15. Revenue recognition

A.15.1. Regulatory context

Authorized revenues and approved tariffs for the period 2019-2023

During 2018, several discussions took place between the CWaPE and ORES teams in order to present, justify, explain and argue the elements of the 2019-2023 authorised revenue proposals submitted on 29 December 2017. This constructive dialogue enabled ORES to obtain, on 28 August 2018, the approval by the CWaPE of the authorized revenues 2019-2023.

In accordance with the procedure set out in the tariff methodology, on 1 October 2018, ORES filed a first version of the electricity and natural gas tariff proposals to cover the authorised revenues 2019-2023 approved by the CWaPE. The tariff proposals were analysed by the CWaPE and were the subject of additional questions addressed to the distribution system operator. On 13 December 2018, 15 January 2019 and 25 January 2019, ORES filed adapted tariff proposals for the regulatory period 2019-2023. On 7 February 2019 (for periodic tariffs) and 20 February 2019 (for non-periodic tariffs), the CWaPE approved the electricity and natural gas tariffs proposed by ORES. The new distribution tariffs 2019-2023 are therefore applicable since 1 March 2019.

Regulatory evolution 2020:

On 20 January 2020, the distribution system operators, including ORES Assets, submitted a joint proposal for tariffs for the rebilling of 2020 distribution costs. These tariffs, set at an identical level throughout Wallonia, were approved by the CWaPE on 14 February 2020[13].

On 14 November 2019, the CWaPE adopted a decision not to approve the electricity and gas regulatory balances for the years 2017 and 2018, rejecting an amount of €25.1 million. ORES Assets appealed against this decision to the Market Court. In a judgment delivered on 7/10/2020, the Market Court annulled the CWaPE decisions challenged by ORES. The CWaPE then took new decisions on 17 January 2021 on the 2017-2018 regulatory balances, this time approving the balances as introduced by ORES without cost rejections.

On 19 November 2019, the Walloon regulator decided to terminate the initial specific project for the deployment of electricity and gas smart meters. After filing a complaint for review against this decision, ORES Assets also filed an appeal before the Market Court against this decision. In a judgment delivered on 14/10/2020, the Market Court annulled the CWaPE decisions challenged by ORES. Discussions were then held with the regulator with a view to approving a new cost envelope, taking into account the new obligations im-

[13] The joint tariff proposal for the recharging of distribution costs 2021 was introduced by the distribution system operators on 20 January 2021 and approved by the CWaPE on 17 February 2021

posed on network operators with regard to the deployment of smart meters[14].

Determination of revenue elements and tariffs: tariff methodology 2019-2023

Components of a DSO's total revenue

Authorized income items are divided between expenses that qualify as "controllable" and those that qualify as "non-controllable". Controllable (respectively, non-controllable) expenses are those over which the DSO has (respectively, does not have) direct control.

The regulation of **controllable expenses**[15] includes an incentive mechanism (incentive or penalty) that pushes DSOs to act more productively and efficiently.

To this end, controllable expenses evolve according to a "revenue-cap" mechanism, of the "CPI-X" type, which foresees that ex-ante, they are indexed according to the health index ("CPI") and subject to a productivity improvement coefficient ("X" factor). The price index has been set by CWaPE at 1.575% per annum for the period 2019-2023 while the X factor is 1.5% per annum, applicable to controllable expenses (excluding fixed assets expenses). As a result, the change in controllable expenses over the period is limited to 0.075% per year (1.575% for expenses related to fixed assets to which the X factor does not apply). These parameters are fixed and cannot be revised.

Ex-post, if the actual controllable costs prove to be lower (respectively, higher) than the authorised ex-ante level, the DSO's result is increased (respectively, decreased) accordingly. This is known as a **bonus/malus** on the company's result, depending on whether the company's result is increased or decreased. Consequently, these differences are added to or deducted from the profits of the DSOs and their associates and will not affect tariffs, either during the regulatory period or afterwards.

The fixed nature of the authorised revenue, which is identical for each year of the regulatory period, while the controllable costs, which are increasing, evolve during the same regulatory period, means that the variances on controllable costs may be greater and more volatile than in the past. This volatility implies that bonuses must be set aside during the different years of the same tariff period.

Non-controllable expenses and volumes[16] are budgeted by the DSOs on the basis of best-estimates. They are subject to a "cost-plus" type of regulation. During the ex-post control, the regulator determines the amounts of **the regulatory balances** that can be included in the future tariffs, to which they are fully allocated. With regard to non-controllable expenses, depending on whether the difference between the budgeted and actual expenses is positive/negative, we speak of a regulatory surplus/deficit or a regulatory liability/asset. A regulatory surplus (or liability) means that the budgeted expenses have been higher than actual expenses and that a portion of these expenses must be returned to network users through a downward revision of tariffs within the regulatory period or the next regulatory period. With regard to volumes, reference quantities (kW, kWh, number of network users/number of meters, etc.) are predetermined by the DSOs on the basis of the volumes they have planned to sell to their network users. If the actual volumes are higher/lower than the planned volumes, they will generate a regulatory surplus/deficit or a regulatory liability/asset.

Differences in non-controllable expenses and volumes are recorded annually by the DSOs on a separate asset or liability account pending final allocation during the regulatory period[17], either as a regulatory receivable (deficit/regulatory asset) or as a regulatory liability (surplus/regulatory liability).

Net expenses related to specific projects

Having submitted a business plan demonstrating the profitability of these projects, ORES obtained additional budgets for the implementation of the two specific projects authorised by the 2019-2023 tariff methodology, namely the

[14] 19 July 2018. – Decree amending the decree of 12 April 2001 regarding the organisation of the regional electricity market, and the decree of 19 January 2017 regarding the pricing methodology applicable to gas and electricity distribution network managers for the purpose of the rollout of smart meters and flexibility.

[15] These are all operating expenses that are not identified as non-controllable in section 12 of the 2019-2023 Tariff Methodology (for more details, see the 2019-2023 Tariff Methodology published at: https://www.cwape.be/?dir=7.7.2).

[16] Applied to the approved tariffs, these volumes will determine the DSO's cost-covering turnover

[17] Typically, the balance of the year N is reflected in the tariffs in N+2.

deployment of smart meters and the promotion of natural gas networks (Promo gas). Following the publication of the Walloon decree of 19 July 2018 on the deployment of smart meters, the assumptions used to calculate the amount of the specific envelope relating to smart metering, as approved by the CWaPE in 2018, had to be reviewed and a new proposal was introduced by ORES at the request of the CWaPE. Following the CWaPE decisions of 28 November 2019 and 14 February 2020 to remove the envelope granted in 2018, ORES lodged an appeal against this decision in 2020 while continuing discussions with CWaPE with a view to approving a new budget for the current regulatory period. As the CWaPE's refusal decisions on this specific revised envelope have been annulled by the Court of Markets, discussions on this envelope are currently continuing with the regulator.

Fair profit margin

The fair profit margin is the compensation for the capital invested in the "regulated asset base" (RAB) of the DSO. In the 2019-2023 tariff methodology, the invested capital consists of both the DSO's own funds and external financing. The profit margin is calculated annually by applying the authorised return percentage to the regulated asset base, which will evolve during the period 2019-2023, the return percentage being fixed over the period and not revisable.

Regulatory asset

The initial value of the regulated asset base is the value of the regulated asset base on 1 January 2019 as determined in accordance with the 2019-2023 tariff methodology. Namely, based on the latest adjustment plans approved by the CWaPE, the net carrying amount at 31 December 2015 obtained by adding the carrying amount value of the primary and secondary regulated asset bases at 31 December 2015 (it is therefore based on the initial value of the RAB approved by the regulator, or iRAB). To this value is added the acquisition value of the "network" and "non-network" investments of 2016, 2017 and 2018, from which is deducted the net carrying amount of the regulated assets decommissioned or completed during the years 2016, 2017 and 2018, the depreciation of the regulated assets 2016, 2017 and 2018 the interventions of third parties relating to these regulated assets, the part of the subsidies relating to these regulated assets, the part of the forecasted iRAB capital gain relating to the regulated tangible fixed assets decommissioned during these years as well as the part of the historical capital gain relating to the tangible fixed assets decommissioned in 2016, 2017 and 2018.

Thereafter, from 1 January 2019 onwards, the value of the regulated assets will change from year to year as a result of new investments, depreciation, third party interventions and subsidies as well as retirements.

Return percentage

The percentage return allowed is determined on the basis of the weighted average cost of capital ("WACC") formula. This has been set by the CWaPE at a rate of 4.053% for the regulatory period 2019-2023.

This rate is derived from the weighting of the cost of equity and the cost of debt according to a distribution key of 47.5% equity for 52.5% debt. The equity and debt rates are set at 5.502% and 2.743% respectively and are not revisable ex-post. It follows that if the financial charges linked to external financing exceed this ceiling, they will not be reflected in the tariffs and will be borne by the DSOs.

The following formula is applied:

$$CMPC = \frac{E}{(E+D)} *k_E + \frac{D}{(E+D)} *k_D$$

With:

E	Equity value
D	Value of financial liabilities
$\frac{E}{(E+D)}$	Equity ratio expressed as a percentage
$\frac{D}{(E+D)}$	Financial debt ratio expressed as a percentage
k_E	Cost of equity $k_E = r_{f1} + ß_e (k_m - r_f)$ With: r_{f1} = *risk-free cost of equity rate* $ß_e$ = *Beta of equity* $(k_m - r_f)$ = *market risk premium* k_m = *expected market rate of return*
k_D	Cost of debts with transaction fees

Destination of regulatory balances

The tariff methodologies provide that the balances on non-controllable expenses are fully carried forward in the tariffs and therefore charged to or benefiting the network users.

ORES still has to recover part of the balances on non-controllable expenses dating from the 2008 to 2014 tariff years. Pending a final determination of the amounts by the CWaPE, ORES has already been able to recover part of these balances by means of advance payments received for the years 2015 to 2018. The remainder of these balances as well as the 2015 and 2016 balances will be recovered over the period 2019-2023, i.e. over 4 or 5 years, in order to smooth out the tariff evolutions. The 2019-2023 tariff methodology also provides that, from 2020 onwards, the DSO may include a proportion of the regulatory balance for year N-2 in the authorised revenue for year N so as to gradually allocate the regulatory balances and avoid an accumulation of these balances over the regulatory period.

A.15.2. Turnover

The Group applies IFRS 15, which introduces a five step approach to revenue recognition.

Income from ordinary activities generated by the sale of goods must be recorded according to IFRS 15 when it has fulfilled all of the following criteria:

- the parties to the contract have approved it and are committed to fulfilling their obligations;
- the Group can identify the rights of each party as far as the goods or services to be supplied are concerned;
- the Group can identify the expected payment conditions for the goods or services to be supplied;
- the contract has commercial substance;
- it is probable that the Group will recover the com-pensation to which it is entitled in exchange for the goods or services that it will supply to the client.

Income from ordinary activities is valued according to the compensation to which the Group expects to be entitled in a contract agreed with a client, excluding amounts received on behalf of third parties. The Group recognises the revenue as soon as it has transferred control over the goods or services to the client.

The Group's turnover, corresponding to the income from ordinary activities according to IFRS 15, essentially includes income relating to the following activities:

- distribution fees;
- energy sales within the context of public service obligations;
- transfer of assets from customers;
- construction contracts.

1. Distribution fees

The Group's turnover is mainly made up of income and expenses related to the distribution fees for the electricity and gas distribution network. The Group distributes electricity and gas to homes and businesses connected to the network on behalf of energy suppliers. As far as electricity is concerned, the distribution fee also includes the transport fee (reinvoicing the costs of using the transport network, of which Elia is the sole operator). Furthermore, this fee is invoiced by Elia to the Group and is recorded as a cost of sales (cascade principle), resulting, in principle in a neutral impact on the profit and loss statement.

The income and expenses related to distribution fees are recognised as soon as the electricity or gas has been supplied and transported to consumers that are connected to the network during the period in question. The total amounts recognised as income are based on the meter readings and estimates for use of the network where a reading has not been collected (volumes metered or estimated multiplied by the tariff in force approved by the CWaPE).

These estimates are corrected at the year end with the unmetered distribution fee ("redevance de transit non relevée", RTNR) which is calculated on the basis of the total volumes that have been transmitted through the network. The RTNR has been treated as a contract asset as defined by IFRS 15.

2. Energy sales within the context of public service obligations

The Walloon Government imposes public service obligations (PSOs) on the DSOs which are clearly defined, transparent and non-discriminatory, the fulfilment of which is subject to checks by the regulators (mainly the CWaPE, but also the Creg for supplying protected clients). They involve, among other things, ensuring the supply of electricity to protected clients, as defined by law, at the social tariff, temporarily ensuring supply for end clients who are temporarily without a supply contract or whose contract has been suspended (so called "supplier X" clients).

The income and expenses related to the sale of energy are recognised as soon as the electricity or gas has been supplied and transported to consumers that are connected to the network during the period in question. The total amounts recognised as income are based on the meter readings and estimates for use of the network where a reading has not been collected (volumes metered or estimated multiplied by the tariff in force approved by the CWaPE).

As far as sales to protected customers are concerned, a social tariff is in force, lower than the market price, and the difference between this tariff and the market price is partly recovered by the DSOs from the regulator (a fund managed by the latter), and partly via the tariffs depending on the type of protected client, which ensures that there is a neutral impact on the profit/loss.

3. Construction contracts

The Group's turnover includes income from construction contracts for various projects such as work on the public lighting system or network maintenance. Where the deadline for a construction contract can be estimated reliably, the income and expenses associated with this contract are accounted for in the profit and loss statement according to the progress of the contract.

The Group records work carried out as a contract asset and the advances received are recorded as contract liabilities. If payment exceeds the income recorded according to the costs incurred method, the Group records the surplus as a contract liability. Any amount previously recorded as a contract asset is reclassified as a client receivable when it is billed to the client.

The Group believes that there is no significant financing component in the construction contracts entered into with clients as the period between when income is recorded according to the costs incurred method and payment is generally less than a year.

4. Transfer of assets from customers

Transfers of asset from customer in connection with the construction of network connections or extensions are no longer recognized in revenues as of January 1, 2019, as the related asset cannot be recognized (see above tangible assets).

The tariffs for these services are imposed by the regulator (so-called non-periodic tariffs).

A.15.3. Regulatory balances

The income authorised according to the tariff methodology in force is based on the one hand, on all the costs needed to fulfil the tasks of the DSO and, on the other hand, on the fair margin for the remuneration of the capital invested in the network. The total regulatory balance is generated by comparing this authorised income on non-controllable expenses and the total amounts recognised as turnover as well as between the actual and forecast distribution volumes. These annual balances (assets or liabilities) must be passed on in the tariffs for subsequent regulatory periods. The annual balances and their impact on future tariffs are subject to approval by the regulator (see point A.15.1 above).

A.16. Taxes

Tax on income represents the total tax due plus the deferred tax.

A.16.1. Current tax

The current tax to pay is based on the taxable profit for the year. The taxable profit is different from the "profit before taxes" in the consolidated profit and loss statement or other comprehensive income due to the elements of the income and expenses that are taxable or deductible during other financial years, as well as elements that are never taxable or deductible.

The Group's current tax liability is calculated using the tax rates adopted or virtually adopted at the end of the reporting period.

A.16.2. Deferred tax

The deferred tax is determined and accounted for according to the accrual method depending on the temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding fiscal values used to calculate taxable profit.

In general, deferred tax liabilities are recorded for all taxable temporary differences. Deferred tax assets are generally recorded for all deductible temporary differences insofar as it is probable that there will be a taxable profit available, against which these deductible temporary differences can be used. These deferred tax assets and liabilities are not recorded if the temporary difference arises from the initial recording of assets and liabilities connected to a transaction (other than a business combination) that has no impact on the taxable profit or the accounting profit. In addition, no deferred tax liability has been recorded on the temporary difference arising from the initial recognition of goodwill.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, except where the Group is able to control the date on which the temporary difference is reversed and it is probable that the temporary difference will not be reversed in the foreseeable future.

Deferred tax assets arising from deductible temporary differences generated by such interests are only recognised if it is probable that there will be sufficient taxable profits against which to use the benefits of the temporary difference and that the temporary difference will be reabsorbed in the foreseeable future.

The carrying amount of deferred tax assets is revised at the end of each reporting period and reduced if it is no longer probable that sufficient taxable profit will be available to recover all or part of the asset.

Deferred tax assets and liabilities are valued at the tax rates that are expected to apply in the period during which the asset will be realised or the liability settled, based on tax rates (and tax laws) that have been adopted or virtually adopted by the end of the reporting period.

The valuation of deferred tax liabilities and assets reflects the fiscal consequences arising from how the Group plans, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and if they relate to income tax collected by the same tax authority, either from the same tax entity, or from different tax entities, but that intend to settle current tax assets and liabilities on the basis of their net value or to realise the tax assets and settle the tax liabilities at the same time.

A.16.3. Current tax and deferred tax for the financial year

Current tax and deferred tax are recorded in the consolidated profit and loss statement unless they relate to elements that have been recorded under other comprehensive income or directly under equity, in which case the current tax and deferred tax are also recorded under other comprehensive income or directly under equity respectively.

If the current tax or deferred tax arises from the initial recording of a business combination, the tax implications are included in the records for the business combination.

A.17. Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if it is expected that their carrying amount will be recovered, mainly via a sale rather than ongoing use. This condition is only met when the asset (or group destined to

be transferred) is available for immediate sale in its current state, subject only to the usual and customary conditions for selling such an asset (or group destined to be transferred) and its sale is highly probable. The management must be committed to the sale and it must be expected that the sale meets the criteria to be recorded as a sale agreed within one year as of the date on which it is filed.

If the Group is committed to a planned sale involving losing control of a subsidiary, it must classify all the assets and liabilities of this subsidiary as being held for sale when the criteria outlined above have been met, whether or not the Group will keep a non-controlling interest in its former subsidiary after the sale.

If the Group is committed to a planned sale involving the transfer of an interest, or part of an interest, in an associate or a joint venture, the interest or part of the interest that will be transferred is classified as held for sale when the abovementioned criteria have been met, and the Group stops using the equity method for this part that is classified as held for sale. Any maintained part of an interest in an associate or a joint venture that cannot be classified as held for sale continues to be recorded according to the equity method.

The Group stops using the equity method at the time of the transfer when this transfer results in the Group losing a significant level of influence over the associate or joint venture.

After the transfer, the Group must account for the retained interest in the associate or joint venture in accordance with IFRS 9, unless the retained interest constitutes an investment in an associate or joint venture, in which case the Group applies the equity method (see the accounting policy for investments in associates or joint ventures above).

Non-current assets (and groups destined to be transferred) classified as held for sale are valued at whichever is lower, their carrying amount or their fair value less the costs of sale. Any profit or loss on the revaluation of a non-current asset (or group destined to be transferred) held for sale, apart from discontinued activities, is accounted for directly as soon as it is observed and is included in the profit and loss for the continuing activities.

B. Main judgements exercised and main estimates used when preparing the consolidated financial statements

Preparing the consolidated financial statements in accordance with IFRS standards requires the use of accounting estimates and also obliges the management to exercise some judgement when applying the Group's accounting policies. The key assumptions relating to the future and other main sources of uncertainty relating to estimates at the end of the period in which the Group's consolidated financial statements are presented below.

B.1. Significant estimates applied to the accounting policies

B.1.1. Actuarial obligations within the context of pension plans, other post-employment obligations and other long-term benefits

The Group's commitments in terms of pension plans are valued annually by independent actuaries. The management determines the actuarial assumptions chosen to value these commitments. The Group feels that the assumptions chosen are appropriate and justified. The actuarial assumptions chosen by the Group cover the following points:

- discount rate;
- expected salary growth rate;
- average inflation rate;
- staff turnover rate;
- mortality table;
- total tariff benefits;
- total out-patient and hospital costs.

B.1.2. Fair value of derivative instruments

The fair value of the derivative instruments held by the Group is calculated on the basis of market values by an external valuation company for swaps, and directly be the Group for caps and collars by financial institutions.

B.1.3. Valuing provisions

Significant legal disputes are reviewed regularly by the Group's legal department, helped by external advisors if

deemed necessary and in consultation with the Group's finance department. These reviews help determine whether provisions need to be set up or existing pro visions need to be adjusted. The provisions established for disputes are based on the value of the complaints or the estimated value of the exposure to risk.

In terms of the environment, the valuation of provisions to set up or adjusted is based on studies carried out by independent experts, using estimates of future costs connected to soil remediation.

In all circumstances, the total amount recorded by the Group as a provision corresponds to the best estimate of the expenses required to settle the current obligation on the balance sheet date.

B.1.4. Volumes distributed

The total amounts recognised as income are based on the meter readings and estimates for use of the network where a reading has not been collected. These estimates are corrected at the year-end with the unmetered distribution fee ("redevance de transit non relevée", RTNR) which is calculated on the basis of the total volumes that have been transmitted through the network.

B.2. Significant judgements applied to accounting policies

B.2.1. Measuring the turnover – The transport fee

In terms of the fee for transporting electricity, invoiced by Elia to the DSO and passed on by the DSO to the energy suppliers (cascade principle), the Group did not regard the transport fee as being separate from the distribution of electricity, and so only one performance obligation could be attached to the distribution fee invoiced by the Group to its customers. The transport fee is therefore an integral part of the distribution fee and is recognised as such in the turnover.

B.2.2. Regulatory balances

There are currently no specific IFRS standards covering the accounting of regulatory balances in a regulated environment. Discussions are underway within the IASB to create a new standard for regulated assets and liabilities which will clarify the position that companies should take.

With this in mind, in January 2014, the IASB published an interim standard (IFRS 14 – regulatory deferral accounts), only applicable to first time IFRS adopters. It explicitly allows the recognition of regulated assets and liabilities within the statement of financial position, as long as they are clearly identified. Similarly, ongoing discussions at IASB level are leading to the recognition of such assets and liabilities, and of additional income over and above the revenue recognized under IFRS 15.The Group has assumed that these balances will be recovered in the future and are therefore recognised as an asset or a liability. If it turns out that the accounting approach adopted by the Group is no longer in line with future guidelines published by the IASB, future results as well as equity would have to be adjusted.

B.2.3. Classification of debts/equity

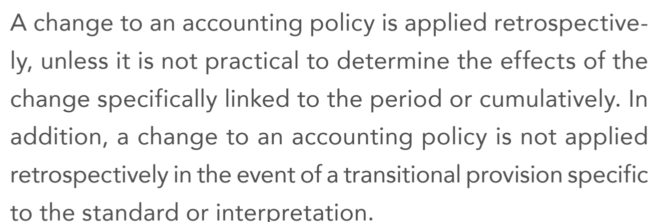
The Group reviews all relevant facts and circumstances to determine whether an instrument is a debt instrument or an equity instrument in accordance with IAS 39 – financial instruments. The Group has decided that the different categories of shares representing the capital (see note 15 in the notes of the financial statements) are equity instruments.

B.2.4. Existence of an obligation within the context of IAS 37

The Group determines whether there is an obligation that could have a negative impact on its financial position on a case by case basis. Indeed, the Group regularly reviews ongoing disputes and determines whether it is probable that the settlement of the obligation will require an outflow of resources. If this is the case, provisions are set up for the best estimate of the compensation required to settle the obligation, as the outcome of proceedings cannot be predicted with any certainty.

C. Changes to accounting policies, accounting errors and estimates

A change to an accounting policy is only applied if the change is required by a standard or an interpretation or it means that the financial statements provide more reliable and relevant information. Early application of a standard or an interpretation is not a voluntary change in accounting policies with reference to IAS 8.

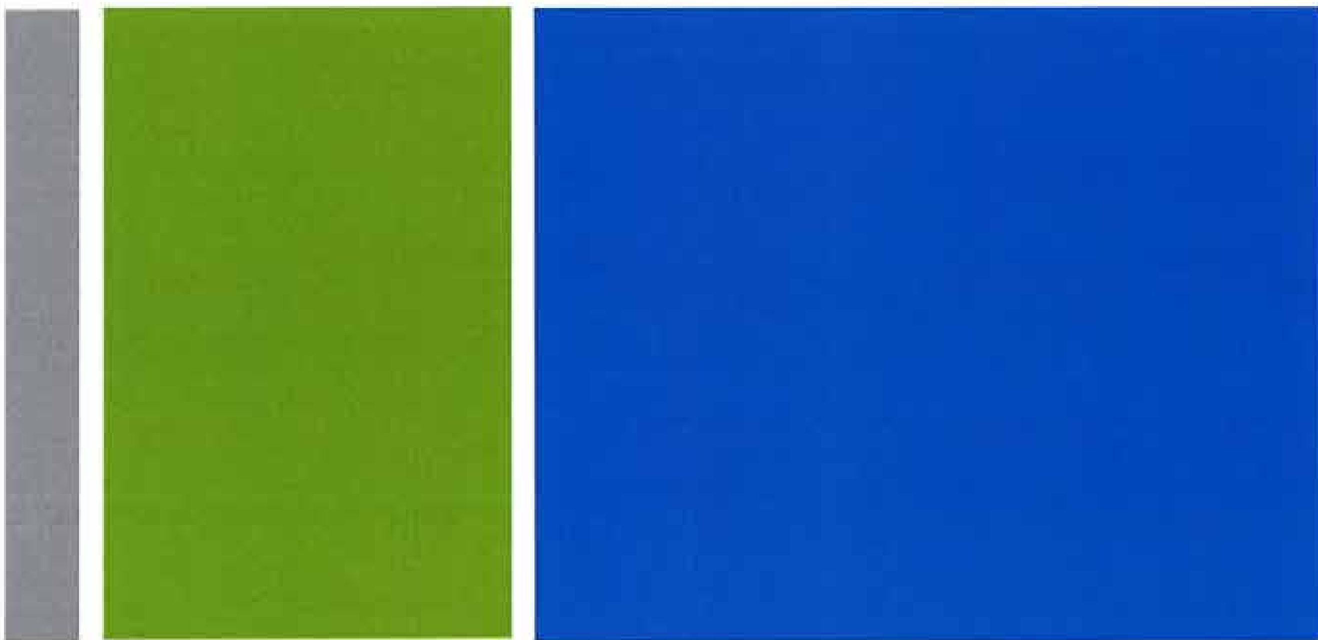


A change to an accounting policy is applied retrospectively, unless it is not practical to determine the effects of the change specifically linked to the period or cumulatively. In addition, a change to an accounting policy is not applied retrospectively in the event of a transitional provision specific to the standard or interpretation.

Although particular attention is paid to preparing the Group's financial statement, errors may occur when recording, valuing, presenting or providing information about elements of the financial statements. If necessary, the Group will correct significant errors for a previous period retrospectively in the first financial statements authorised for publication after they have been discovered.

Uncertainties connected to the Group's activities demand the use of estimates within the context of preparing financial statements. The use of estimates is an important part of preparing financial statements and does not call their reliability into question. An estimate is revised if there are changes in the circumstances on which it has been based or when new information becomes available. The revision of an estimate does not concern previous periods and does not constitute the correction of an error.

IV Independent auditor's report



ORES ASSETS SC

Rapport du commissaire – Comptes consolidés référentiel IFRS

31 décembre 2020

THE POWER OF BEING UNDERSTOOD
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ORES ASSETS SC

RAPPORT DU COMMISSAIRE A L'ASSEMBLEE GENERALE DE LA SOCIETE POUR L'EXERCICE CLOS LE 31 DECEMBRE 2020

(COMPTES CONSOLIDÉS – REFERENTIEL IFRS)

Dans le cadre du contrôle légal des comptes consolidés de ORES ASSETS SC (« la Société ») et de ses filiales (conjointement « le Groupe »), nous vous présentons notre rapport du commissaire. Celui-ci inclut notre rapport sur les comptes consolidés ainsi que les autres obligations légales et réglementaires. Le tout constitue un ensemble et est inséparable.

Nous avons été nommés en tant que commissaire par l'assemblée générale du 29 mai 2019, conformément à la proposition de l'organe d'administration émise sur présentation du conseil d'entreprise. Notre mandat de commissaire vient à échéance à la date de l'assemblée générale délibérant sur les comptes consolidés clôturés au 31 décembre 2021. Nous avons exercé le contrôle légal des comptes consolidés de la société ORES ASSETS durant quatre exercices consécutifs.

RAPPORT SUR LES COMPTES CONSOLIDÉS

Opinion sans réserve

Nous avons procédé au contrôle légal des comptes consolidés du Groupe, comprenant l'état de la situation financière consolidé au 31 décembre 2020, l'état consolidé du résultat net et des autres éléments du résultat global, l'état consolidé des variations des capitaux propres et un tableau consolidé des flux de trésorerie de l'exercice clos à cette date, ainsi que les annexes, contenant un résumé des principales méthodes comptables et d'autres informations explicatives, dont le total de l'état de la situation financière consolidé s'élève à € (000) 4.768.339 et dont l'état consolidé du résultat net et des autres éléments du résultat global se solde par bénéfice de l'exercice de € (000) 196.993.

A notre avis, les comptes consolidés donnent une image fidèle du patrimoine et de la situation financière du Groupe au 31 décembre 2020, ainsi que de ses résultats consolidés et de ses flux de trésorerie consolidés pour l'exercice clos à cette date, conformément aux normes internationales d'information financière (IFRS) telles qu'adoptées par l'Union Européenne et aux dispositions légales et réglementaires applicables en Belgique.

Fondement de l'opinion sans réserve

Nous avons effectué notre audit selon les Normes internationales d'audit (ISA) telles qu'applicables en Belgique. Les responsabilités qui nous incombent en vertu de ces normes sont plus amplement décrites dans la section « Responsabilités du commissaire relatives à l'audit des comptes consolidés » du présent rapport. Nous nous sommes conformés à toutes les exigences déontologiques qui s'appliquent à l'audit des comptes consolidés en Belgique, en ce compris celles concernant l'indépendance.

Nous avons obtenu de l'organe d'administration et des préposés de la Société, les explications et informations requises pour notre audit.

Nous estimons que les éléments probants que nous avons recueillis sont suffisants et appropriés pour fonder notre opinion.

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Member of RSM Toelen Cats Dupont Koevoets - Offices in Aalst, Antwerp, Brussels, Charleroi, Mons and Zaventem

Observation

Sans remettre en cause notre opinion, nous vous renvoyons à la « note 29- Evènements postérieurs à la date de clôture » des comptes consolidés IFRS dans laquelle l'organe d'administration expose l'impact estimé de la pandémie Covid-19 sur la situation financière de la société.

Points clés de l'audit

Les points clés de l'audit sont les points qui, selon notre jugement professionnel, ont été les plus importants lors de l'audit des comptes consolidés de la période en cours. Ces points ont été traités dans le contexte de notre audit des comptes consolidés pris dans leur ensemble et lors de la formation de notre opinion sur ceux-ci. Nous n'exprimons pas une opinion distincte sur ces points.

Nous considérons que les éléments suivants constituent les points clés de l'audit :

- Les investissements technologiques dans les développements IT : pour faire face aux défis du futurs et à la mise ne place (notamment) des compteurs intelligents, la société investit des montants importants dans différents projets IT. Ces dépenses ont fait l'objet d'une attention particulière dans le cadre de nos travaux d'audit ;

- La politique de financement du groupe : tenant compte des investissements importants que le groupe ORES doit réaliser, le financement de ceux-ci est essentiel pour l'activité de la société d'autant plus qu'une partie significative des capitaux empruntés proviennent de marchés règlementés ;

- L'environnement régulatoire et l'application de législations spécifiques : le respect de ces différentes législations constitue naturellement un élément majeur de notre audit.

Responsabilités de l'organe d'administration relatives à l'établissement des comptes consolidés

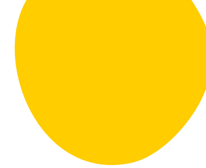
L'organe d'administration est responsable de l'établissement des comptes consolidés donnant une image fidèle conformément aux normes internationales d'information financière (IFRS) telles qu'adoptées par l'Union Européenne et aux dispositions légales et réglementaires applicables en Belgique, ainsi que du contrôle interne qu'il estime nécessaire à l'établissement de comptes consolidés ne comportant pas d'anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs.

Lors de l'établissement des comptes consolidés, il incombe à l'organe d'administration d'évaluer la capacité du Groupe à poursuivre son exploitation, de fournir, le cas échéant, des informations relatives à la continuité d'exploitation et d'appliquer le principe comptable de continuité d'exploitation, sauf si l'organe d'administration a l'intention de mettre le Groupe en liquidation ou de cesser ses activités ou s'il ne peut envisager une autre solution alternative réaliste.

Responsabilités du commissaire relatives à l'audit des comptes consolidés

Nos objectifs sont d'obtenir l'assurance raisonnable que les comptes consolidés pris dans leur ensemble ne comportent pas d'anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs, et d'émettre un rapport du commissaire contenant notre opinion. L'assurance raisonnable correspond à un niveau élevé d'assurance, qui ne garantit toutefois pas qu'un audit réalisé conformément aux normes ISA permettra de toujours détecter toute anomalie significative existante. Les anomalies peuvent provenir de fraudes ou résulter d'erreurs et sont considérées comme significatives lorsqu'il est raisonnable de s'attendre à ce que, prises individuellement ou en cumulé, elles puissent influencer les décisions économiques que les utilisateurs des comptes consolidés prennent en se fondant sur ceux-ci.

Lors de l'exécution de notre contrôle, nous respectons le cadre légal, réglementaire et normatif qui s'applique à l'audit des comptes consolidés en Belgique. L'étendue du contrôle légal des comptes ne comprend pas d'assurance quant à la viabilité future du Groupe ni quant à l'efficience ou l'efficacité avec laquelle les organes d'administration ont mené ou mèneront les affaires du Groupe.



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Dans le cadre d'un audit réalisé conformément aux normes ISA et tout au long de celui-ci, nous exerçons notre jugement professionnel et faisons preuve d'esprit critique. En outre :

- nous identifions et évaluons les risques que les comptes consolidés comportent des anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs, définissons et mettons en œuvre des procédures d'audit en réponse à ces risques, et recueillons des éléments probants suffisants et appropriés pour fonder notre opinion. Le risque de non-détection d'une anomalie significative provenant d'une fraude est plus élevé que celui d'une anomalie significative résultant d'une erreur, car la fraude peut impliquer la collusion, la falsification, les omissions volontaires, les fausses déclarations ou le contournement du contrôle interne;
- nous prenons connaissance du contrôle interne pertinent pour l'audit afin de définir des procédures d'audit appropriées en la circonstance, mais non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne du Groupe;
- nous apprécions le caractère approprié des méthodes comptables retenues et le caractère raisonnable des estimations comptables faites par l'organe d'administration, de même que des informations les concernant fournies par ce dernier;
- nous concluons quant au caractère approprié de l'application par la direction du principe comptable de continuité d'exploitation et, selon les éléments probants recueillis, quant à l'existence ou non d'une incertitude significative liée à des événements ou situations susceptibles de jeter un doute important sur la capacité du Groupe à poursuivre son exploitation. Si nous concluons à l'existence d'une incertitude significative, nous sommes tenus d'attirer l'attention des lecteurs de notre rapport du commissaire sur les informations fournies dans les comptes consolidés au sujet de cette incertitude ou, si ces informations ne sont pas adéquates, d'exprimer une opinion modifiée. Nos conclusions s'appuient sur les éléments probants recueillis jusqu'à la date de notre rapport du commissaire. Cependant, des situations ou événements futurs pourraient conduire le Groupe à cesser son exploitation;
- nous apprécions la présentation d'ensemble, la structure et le contenu des comptes consolidés et évaluons si les comptes consolidés reflètent les opérations et événements sous-jacents d'une manière telle qu'ils en donnent une image fidèle ;
- nous recueillons des éléments probants suffisants et appropriés concernant les informations financières des entités ou activités du Groupe pour exprimer une opinion sur les comptes consolidés. Nous sommes responsables de la direction, de la supervision et de la réalisation de l'audit au niveau du Groupe. Nous assumons l'entière responsabilité de l'opinion d'audit.

Nous communiquons au comité d'audit notamment l'étendue des travaux d'audit et le calendrier de réalisation prévus, ainsi que les constatations importantes découlant de notre audit, y compris toute faiblesse significative dans le contrôle interne.

Nous fournissons également au comité d'audit une déclaration précisant que nous nous sommes conformés aux règles déontologiques pertinentes concernant l'indépendance, et leur communiquons, le cas échéant, toutes les relations et les autres facteurs qui peuvent raisonnablement être considérés comme susceptibles d'avoir une incidence sur notre indépendance ainsi que les éventuelles mesures de sauvegarde y relatives.

Parmi les points communiqués au comité d'audit , nous déterminons les points qui ont été les plus importants lors de l'audit des comptes annuels de la période en cours, qui sont de ce fait les points clés de l'audit. Nous décrivons ces points dans notre rapport du commissaire, sauf si la loi ou la réglementation n'en interdit la publication ou si, dans des circonstances extrêmement rares, nous déterminons que nous ne devrions pas communiquer un point dans notre rapport du commissaire parce que les conséquences néfastes raisonnablement attendues de la communication de ce point dépassent les avantages qu'elle aurait au regard de l'intérêt public.

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AUTRES OBLIGATIONS LÉGALES ET RÉGLEMENTAIRES

Responsabilités de l'organe d'administration

L'organe d'administration est responsable de la préparation et du contenu du rapport de gestion sur les comptes consolidés et des autres informations contenues dans le rapport annuel sur les comptes consolidés.

Responsabilités du commissaire

Dans le cadre de notre mandat et conformément à la norme belge complémentaire (version révisée 2020) aux normes internationales d'audit (ISA) applicables en Belgique, notre responsabilité est de vérifier, dans leurs aspects significatifs, le rapport de gestion sur les comptes consolidés et les autres informations contenues dans le rapport annuel, ainsi que de faire rapport sur ces éléments.

Aspects relatifs au rapport de gestion sur les comptes consolidés et aux autres informations contenues dans le rapport annuel sur les comptes consolidés

A l'issue des vérifications spécifiques sur le rapport de gestion sur les comptes consolidés, nous sommes d'avis que celui-ci concorde avec les comptes consolidés pour le même exercice et a été établi conformément à l'article 3:32 du Code des sociétés et des associations.

Dans le cadre de notre audit des comptes annuels, nous devons également apprécier, en particulier sur la base de notre connaissance acquise lors de l'audit, si le rapport de gestion et les autres informations contenues dans le rapport annuel annuel (dont les informations non financières établies conformément au standard GRI) comportent une anomalie significative, à savoir une information incorrectement formulée ou autrement trompeuse.

Sur la base de ces travaux, nous n'avons pas d'anomalie significative à vous communiquer.

Mentions relatives à l'indépendance

- Notre cabinet de révision n'a pas effectué de missions incompatibles avec le contrôle légal des comptes consolidés et est resté indépendant vis-à-vis du Groupe au cours de notre mandat.
- Les honoraires relatifs aux missions complémentaires compatibles avec le contrôle légal visées à l'article 3:65 du Code des sociétés et des associations ont correctement été ventilés et valorisés dans l'annexe des comptes consolidés.

Gosselies, 6 mai 2021

RSM INTERAUDIT SC
COMMISSAIRE
REPRÉSENTÉE PAR

THIERRY LEJUSTE
ASSOCIÉ

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Breakdown service	078 78 78 00
Emergency gas smell	0800 87 087