CONSOLIDATED IFRS FINANCIAL STATEMENTS

ORES ASSETS

2023

ORES

NAME AND FORM

ORES Assets. Intermunicipal Cooperative Association. CBE number 0543.696.579.

HEAD OFFICE

Avenue Jean Mermoz 14, 6041 Gosselies.

INCORPORATION

Constituted on December 31, 2013. Deed of incorporation published in the Appendices to the Moniteur belge (Belgian Official Gazette) of 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 Mr Thibaut van Doorslaer de ten Ryen, notary residing in Jodoigne, on 14 December 2023, published in the Appendices to the Moniteur belge dated 03 January 2024 under number 24305273.

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2023

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1. CONSOLIDATED IFRS FINANCIAL STATEMENTS

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

	NOTE	31/12/2023	31/12/2022	DIFFERENCE
Turnover	01 - A and 32	989,310	1,199,515	(210,205)
Regulatory balances	01 - B and 32	184,444	(110,788)	295,232
Other operating income	02	29,907	28,700	1,207
Operating income		**1,203,661**	**1,117,427**	**86,234**
Goods and supplies	03	(280,266)	(109,042)	(171,224)
Transport fees	03	(224,496)	(256,229)	31,733
Road fees	03	(49,452)	(48,770)	(682)
Employee benefits	19-20	(171,565)	(161,368)	(10,197)
Write downs of trade receivables	11	(9,713)	(2,900)	(6,813)
Other operating expenses	04	(113,261)	(208,658)	95,397
Operating expenses		**(848,753)**	**(786,967)**	**(61,786)**
Operating result before depreciation and amortization		**354,908**	**330,460**	**24,448**
Depreciation and impairment on (in)tangible assets	08-09	(201,373)	(197,408)	(3,965)
Operating profit (or loss)		**153,535**	**133,052**	**20,483**
Financial income	05	7,699	16,346	(8,647)
Financial expenses	06	(54,021)	(28,305)	(25,716)
Financial profit (or loss)		**(46,322)**	**(11,959)**	**(34,363)**
Share of the result of associates	25	—	—	—
Profit (or loss) before taxes		**107,215**	**121,093**	**(13,878)**
Taxes	22	(14,829)	(32,059)	17,230
Profit (or loss) for the period		**92,386**	**89,033**	**3,353**
Profit (or loss) for the period attributable to the Group		**92,386**	**89,033**	**3,353**
Result of the period attributable to third parties		**—**	**—**	**—**

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

	NOTE	31/12/2023	31/12/2022	DIFFERENCE
Profit (or loss) for the period		**92,386**	**89,033**	**3,353**
Other comprehensive income				
Recyclable in the profit (or loss)		**(2,129)**	**5,223**	**(7,352)**
Change in fair value of cash flow hedges	27	(2,838)	9,260	(12,098)
Taxes on items that are or may be recycled to profit or loss account	22	709	(4,037)	4,746
Not recyclable in the profit (or loss)		**20,578**	**206**	**20,372**
Actuarial gains and losses on defined benefit plans	20	27,437	275	27,162
Taxes on items will not be recycled to profit and loss account	22	(6,859)	(69)	(6,790)
Other comprehensive income of continuing operations - Net		**18,449**	**5,429**	**13,020**
Other comprehensive income attributable to the Group		**18,449**	**5,429**	**13,020**
Other comprehensive income attributable to non-controlling interests		—	—	—
Comprehensive income for the period		**110,835**	**94,462**	**16,373**

3. Consolidated statement of financial position - assets (in thousands of €)

ASSETS	NOTE	31/12/2023	31/12/2022	DIFFERENCE
Non-current assets		**4,458,784**	**4,385,940**	**72,844**
Intangible assets	08	107,454	97,957	9,497
Tangible assets	09	4,321,074	4,247,312	73,762
Investments in associates	25	3	3	—
Other non-current assets	10	30,253	40,668	(10,415)
Current assets		**409,213**	**654,157**	**(244,944)**
Inventories	12	77,024	59,942	17,082
Trade receivables	11 and 32	37,290	122,558	(85,268)
Other receivables	11	110,978	102,666	8,313
Current tax assets	11	22,003	10,698	11,305
Cash and cash equivalents	13	113,995	111,516	2,479
Other current assets	10	38,182	246,777	(208,595)
Assets held for sale	31	9,741	—	9,741
Total assets excluding regulatory assets		**4,867,997**	**5,040,097**	**(172,100)**
Regulatory assets	01-B and 32	172,855	36,290	136,565
TOTAL ASSETS		**5,040,852**	**5,076,387**	**(35,535)**

4. Consolidated statement of financial position - liabilities (in thousands of €)

LIABILITIES	NOTE	31/12/2023	31/12/2022	DIFFERENCE
Equity		**2,027,901**	**1,989,686**	**38,215**
Share capital	14	867,464	867,464	—
Retained earnings		821,793	829,677	(7,884)
Other reserves		338,668	292,569	46,099
Non-controlling interests		(24)	(24)	—
Non-current liabilities		**2,408,555**	**2,502,500**	**(93,945)**
Borrowings	15	2,051,343	2,076,799	(25,456)
Provisions for employee benefits	19-20	78,919	94,550	(15,631)
Other provisions	18	22,325	78,577	(56,252)
Deferred tax liabilities	23	236,366	241,360	(4,994)
Other non-current liabilities	16-17-27	19,602	11,214	8,388
Current liabilities		**594,783**	**527,946**	**66,837**
Borrowings	15	219,880	201,735	18,145
Trade payables	16	225,374	164,088	61,286
Other payables	16-17	143,349	135,574	7,775
Current tax liabilities	22	17	12,224	(12,207)
Other current liabilities	16-17	6,163	14,325	(8,162)
Liabilities held for sale	31	—	—	—
Total liabilities excluding regulatory liabilities		**5,031,239**	**5,020,132**	**11,107**
Regulatory liabilities	01-B	9,613	56,255	(46,642)
TOTAL LIABILITIES		**5,040,852**	**5,076,387**	**(35,535)**

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

	SHARE CAPITAL	RESERVES: CASH FLOW HEDGES	RESERVES: ACTUARIAL GAINS AND LOSSES ON DEFINED BENEFIT PENSION PLANS	RESERVES: STATUTORY RESERVES	RESERVES: TOTAL	RETAINED EARNINGS	NON-CONTROLLING INTERESTS	TOTAL EQUITY
At 1st January 2023	**867,464**	**76,235**	**(76,730)**	**293,063**	**292,569**	**829,677**	**(24)**	**1,989,686**
Comprehensive income for the period								
• Profit or loss						92,386		**92,386**
• Other comprehensive income, net of income tax		(2,129)	20,578		**18,449**			**18,449**
Transactions with shareholders								
• Dividends relating to the previous year						(72,620)		**(72,620)**
Transfers								
• Transfers from or to statutory reserves				27,650	**27,650**	(27,650)		
At 31st December 2023	**867,464**	**74,106**	**(56,152)**	**320,713**	**338,668**	**821,793**	**(24)**	**2,027,901**
At 1st January 2022	**867,464**	**69,290**	**(76,936)**	**163,225**	**155,580**	**943,862**	**(24)**	**1,966,882**
Comprehensive income for the period								
• Profit or loss						89,033		**89,033**
• Other comprehensive income, net of income tax		6,945	206	(1,722)	**5,429**			**5,429**
Transactions with shareholders								
• Dividends relating to the previous year						(71,658)		**(71,658)**
Transfers								
• Transfers to or from statutory reserves				131,560	**131,560**	(131,560)		
At 31st December 2022	**867,464**	**76,235**	**(76,730)**	**293,063**	**292,569**	**829,677**	**(24)**	**1,989,686**

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

CASH FLOW FROM OPERATING ACTIVITIES	NOTE	31/12/2023	31/12/2022
Profit for the period		**92,386**	**89,033**
Adjustments for the following elements:			
Depreciation and impairment on (in)tangible assets	08-09	201,373	197,408
Changes in provisions	18-19	(55,164)	53,778
Gains or losses on sales of (in)tangible assets	08-09	(1,150)	(514)
Write down of trade receivables	11	(10,637)	(4,770)
Inventory write-downs	12	(159)	(399)
Financial income	05	(7,699)	(16,346)
Financial expenses	06	54,021	28,305
Income tax expenses recognized in profit or loss	22	14,829	32,059
Regulatory balances	01-B	(151,943)	87,002
Operating cash flow before change in working capital		**135,858**	**465,556**
Change in working capital			
Change in inventories	12	(16,923)	(6,053)
Change in trade and other receivables	11	63,615	134,165
Change in trade and other payables	16-17	63,137	(39,004)
Operating cash flow		**245,686**	**554,664**
Paid interest	06	(40,842)	(25,919)
Received interest	05	13,260	6,892
Paid taxes	08-09	(34,896)	(71,821)
Regulatory balances recovered	01-B	(32,502)	23,786
Net operating cash flow		**150,706**	**487,602**

CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of intangible assets	08-09	(20,736)	(8,943)
Acquisition of tangible assets	08-09	(269,832)	(238,106)
Sale of tangible assets	08-09	1,761	1,410
Other cash flows from investing activities	10	228,852	—
Net cash flow from investing activities		**(59,956)**	**(245,639)**

CASH FLOW FROM FINANCING ACTIVITIES	NOTE	31/12/2023	31/12/2022
Borrowings issuance	15	180,000	150,000
Payment of borrowings	15	(189,771)	(165,067)
Issuance and repayment of long term receivables	11	(355)	(1,383)
Payment of lease liabilities	21	(4,308)	(2,840)
Paid dividends assets	14	(73,837)	(72,512)
Net cash flow from financing activities		**(88,272)**	**(91,802)**
Effect of reclassification of mutual funds (sicav) to other assets	04	—	**(254,777)**
Change in cash and cash equivalents from continuing operations		**2,479**	**(104,617)**
Cash and cash equivalents beginning of period		**111,516**	**216,133**
Cash and cash equivalents end of period		**113,995**	**111,516**

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

					NON-CASH CHANGES				
	1/01 2023	CASH FLOWS FROM FINANCING ACTIVITIES	CASH FLOWS FROM OPERATING ACTIVITIES	CASH FLOWS FROM INVESTING ACTIVITIES	RECLASSIFICATION	FAIR VALUE CHANGES	OTHER (IFRS 16)	TOTAL	31/12 2023
Other non-current assets	40,668	(6)	31	—	1,430	8,960	—	**10,390**	30,253
Other receivables	102,666	(63,352)	(7,099)	—	62,139	—	—	**62,139**	110,978
Long-term borrowings	2,076,799	180,000	—	—	(205,501)	45	—	**(205,456)**	2,051,343
Short-term borrowings	201,735	(189,770)	—	—	205,501	2,414	—	**207,915**	219,880
Other non-current liabilities	11,214	(348)	—	7,857	(2,931)	—	3,810	**879**	19,602
Other payables	135,574	—	8,615	—	(840)	—	—	**(840)**	143,349
Other current liabilities	14,326	(4,308)	(6,786)	—	2,931	—	—	**2,931**	6,163
Equity	1,989,685	(10,484)	89,548	—	(62,135)	21,287	—	**(40,848)**	2,027,901
	4,572,667	**(88,268)**	**84,309**	**7,857**	**594**	**32,706**	**3,810**	**37,110**	**4,609,469**

					NON-CASH CHANGES				
	1/01 2022	CASH FLOWS FROM FINANCING ACTIVITIES	CASH FLOWS FROM OPERATING ACTIVITIES	CASH FLOWS FROM INVESTING ACTIVITIES	RECLASSIFICATION	FAIR VALUE CHANGES	OTHER (IFRS 16)	TOTAL	31/12 2022
Other non-current assets	23,259	(2,197)	179	—	1,969	(17,360)	—	**(15,391)**	40,668
Other receivables	73,963	(62,135)	34,285	—	67,717	—	—	**67,717**	102,666
Long-term borrowings	2,067,024	150,000	—	—	(140,271)	45	—	**(140,226)**	2,076,799
Short-term borrowings	226,125	(165,067)	—	—	140,271	406	—	**140,677**	201,735
Other non-current liabilities	16,186	815	—	—	(4,100)	(3,242)	1,555	**(5,786)**	11,214
Other payables	163,982	—	(29,628)	—	1,220	—	—	**1,220**	135,574
Other current liabilities	6,047	(2,840)	7,148	—	4,100	(130)	—	**3,970**	14,326
Equity	1,966,882	(10,377)	89,033	—	(61,281)	5,429	—	**(55,852)**	1,989,685
	4,543,469	**(91,802)**	**32,446**	**0**	**9,625**	**(14,851)**	**1,555**	**(3,671)**	**4,572,667**

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2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Preliminary note on the consolidated financial statement

A. Reporting entity and ORES group

The ORES group (referred to as the "Group") is made up of ORES Assets, an intermunicipal company designated as a gas and electricity distribution network operator (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]. Since the 1st of January 2017, the DSO is 100% owned by the public authorities.

ORES, the operating subsidiary, is 99.72% owned by ORES Assets, with the balance held by seven of the IPFs associated in ORES Assets[2]. Comnexio, created on the 1st of June 2019 to manage the Group's contact centre activities, is 93% owned by ORES Assets. Seven of the one hundred shares in Comnexio are held by the same IPFs as those associated in ORES. In addition, there is a company partially owned by ORES Assets, Atrias, in which the company holds 16.67%. Due to the significant influence of ORES Assets on this company, the Group decided to consolidate it by the equity method. ORES and Comnexio carry out their activities at cost. The result for each financial year is therefore zero.

The Group is only active in Belgium and more specifically in Wallonia, on the territory of the municipalities for which ORES Assets has been designated DSO. ORES Assets and ORES are headquartered at Avenue Jean Mermoz 14, 6041 Gosselies (Belgium).

B. Approval of the consolidated financial statements

The Board of Directors of ORES Assets approved the Group's consolidated financial statements of 2023 on the 24th of April 2024.

C. Significant events in 2023

January

Against a backdrop of marked shortages in technical professions and massive recruitment needs to meet the challenges of the energy transition, ORES has been awarded the "Top Employer" label for the second time in a row.

February

The "myORES" space has been put online on ores.be for customers equipped with a smart meter. They can access their consumption and injection data there. Eventually, this space will be the point of entry for all interactions with ORES (work requests, file follow-up, etc.).

March

After a period of social action that led to the blocking of several of the company's sites in February, ORES management reached an agreement with the trade unions on a plan to upgrade the technical professions.

April

The period for switching off public lighting between midnight and 5am, which was introduced for willing municipalities in 2022 as part of the energy crisis, is coming to an end. ORES is offering the municipalities involved three operating options to be phased in from the 1st of April: conventional lighting, switching

1 CENEO, Finest, Finimo, Idefin, IPFBW, IEG, IFIGA and Sofilux

2 CENEO, Finest, Finimo, Idefin, IPFBW, IEG and Sofilux

off every night, or limited switching off from Monday to Friday.

May

The photovoltaic boom triggered by the end of the compensation system announced for the 1st of January 2024 is leading to problems of overvoltage on the grid and inverters becoming unplugged at customer sites. ORES is putting in place a specific action plan to invite customers to report any problems they might encounter and to take appropriate action once the problems have been analyzed.

Meetings with photovoltaic installers throughout Wallonia were organized. The aim is to fully inform these professionals about smart meters, grid saturation problems, interveter dicsconnections or even the end of compensation mechanism.

June

The discussion of the distribution network to rich gas has reached a new stage. At the 1st of June, after several months of preparation and work, all customers served in 11 municipalities in the central part of Walloon Brabant province were successfully converted. The final phase of the program will be completed in 2024, with the conversion of the network in six municipalities in the west of the province and in Enghien in Hainaut.

With the publication of the 2022 annual report, ORES' first carbon footprint has been made public, highlighting the prevalence of indirect emissions in this footprint. The company's total footprint amounts to 6,1 million tons of CO_2 equivalent, of which no less than 97% comes from "scope 3", upstream and downstream of ORES' own activity.

July

In order to draw up its new strategic plan, ORES is consulting its stakeholders: suppliers, consumer protection associations, organizations helping the most destitute, environmental protection associations, renewable energy producers, mayors, companies and their federations. Their opinions and responses converged on one strong expectation: ORES must be beyond reproach in the way it carries out its activities, which are essential to socio-economic life.

August

On the 30th of August, ORES and the operator Go Fiber signed an agreement for the use of the overhead electricity distribution network for the rollout of optical fibre in the German-speaking Community. This agreement marks the start of a strategic partnership that is essential for the rollout of fibre, particularly in rural areas.

September

ORES is connecting Wallonia's first agrivoltaic field to its electricity grid in Wierde (Namur). The concept of agrivoltaics combines photovoltaic renewable energy production and agricultural activity in the same area.

October

The Walloon Energy Commission has published the new distribution tariffs for 2024. ORES has become the cheapest energy network operator in Wallonia, and for the first time is offering a single tariff throughout its area of operation.

December

ORES presented its new strategic plan to the Annual General Meeting for approval. The plan calls for integrated and collective action under the title "Investing together in energy transition for all".

It should also be noted that, for the 2023 financial year, although the growth in the health index slowed considerably during 2023 (4.334%), this index remained, for this financial year, higher than the flat rate provided for in the tariff methodology (1.575%). The increase in the price of goods and services, as well as salaries, is reducing the authorized revenue envelope available to the DSO. It should be noted that from the 2024 financial year onwards, the tariff methodologies provide for an ex-post revision mechanism of the budgets for controllable costs for the years 2024 to 2029 based on the real health index for those years. This mechanism protects against unpredictable and uncontrollable inflation increases. For consistency purposes, this indexation review mechanism works in both directions and implies that if the actual health index were to be lower than the budgeted health index, the budget for controllable costs calculated ex post will be lower than the budget for controllable costs calculated ex ante. The group's inflation risk will therefore be reduced in the future.

D. Report on risks and uncertainties

ORES and ORES Assets form a coherent economic group for which a consolidated analysis of risks and opportunities is performed. The following paragraphs describe the steps taken to identify the principal risks and opportunities that the ORES Group ("the Group") may face and the steps taken to mitigate the risks. Risk management is a key process to assist ORES in achieving its strategic objectives as documented in the strategic plan as well as its operational risks. At the beginning of 2023, risk management governance was optimized to ensure greater convergence between risk experts (enterprise risk manager, internal control, CISO[3], DPO[4], P&E[5], internal audit), make all departments more accountable and thus strengthen control and informed decision-making. It has been implemented as part of the 2023/2024 risk image.

This process identifies, analyses and evaluates risks according to their typology, their probability of occurrence and their potential impact on the achievement of objectives and on ORES' strategic, operationnal challenges and projects. The methodology used in this process is described in the ORES Assets 2023 consolidated annual BGAAP report, and more specifically in the section entitled "Description of the main features of the internal control and risk management systems". The main results for the 2023 financial year are explained below, focusing on the most significant risks as they emerged from the risk analysis presented in June and updated in December 2023. Certain unidentified risks could arise or, although they appear limited today, become more significant in the future. Nevertheless, the methodology put in place, by making all the Departments accountable, by multiplying the sources of information and by providing for regular updates of the risk image, greatly reduces the probability of ignoring a significant risk.

1. Risks associated with cyber attacks and business resilience

Cybercrime is increasing exponentially, a phenomenon reinforced by the war in Ukraine and the context of digital transformation. In February 2022, the Belgian federal government announced a "national security strategy" with the aim of improving our country's resilience.

For ORES, the impact is being reinforced by the "GDPR" legislation, the "NIS / NIS 2" directive and the "risk preparedness for energy sector" bill. In addition to strong governance in terms of information system security, ORES is preparing business continuity plans for its critical processes associated with the disaster recovery plan on the IT side (cfr point 6).

2. Risks associated with network congestion

The challenges associated with the energy transition are numerous, whether it be the integration of an ever-increasing number of renewable production capacities into the grid or the strong growth in the electrification of uses in terms of mobility or heating in particular. Both involve a shift from a centralized system (orchestrated by generation with one-way grid integration) to a broad ecosystem with multiple, decentralized and intermittent sources of generation, resulting in high volatility in the energy flows passing through the grids.

Two specific issues are taken into account in the ORES Industrial Plan to increase network resilience: the high-voltage network bottleneck, for which ORES is working closely with Elia (the transmission system operator), and congestion on the low-voltage network as a result of the "grid lock"

- Variations in off-take (voltage drops) due to the increase in the number of electric vehicles.
- Increasing decentralized generation, which generates overvoltage.

By affirming its desire to be a facilitator of the energy transition, ORES aims to be a key player in the service of these numerous developments: renewable energy production connected to the distribution network (photovoltaic panels, wind farms, biomethane injections), energy communities, flexibility, storage, etc. The opportunities are numerous and are being closely monitored by ORES.

3 Chief information security officer
4 Data Protection Officer
5 Prevention and the environment

The company's evolving strategy incorporates these risks and opportunities to ensure a successful transition to the world of tomorrow, while ensuring that it supports customers through these changes and anticipates potential problems such as power grid congestion. ORES also treats reports of voltage anomalies from its customers with the necessary attention and takes the appropriate measures to resolve them as quickly as possible, taking into account technical and budgetary constraints.

3. Risks associated with supply chain shortages

Geopolitical conflicts and strong demand for semiconductors as part of the energy transition are exacerbating the supply difficulties encountered since the COVID 19 pandemic, complicating the production of critical equipment and the supply of certain raw materials (electronic components, shortage of semiconductors, construction materials, meters, cables, etc.).

These disruptions are keeping prices very high. Their intensification in recent months may also put at risk business continuity if a safety stock is not built up on critical equipment.

A critical materials management strategy has been defined, along with an action plan for the supply chain management process.

4. Risks relating to external service providers and contractors

The implementation of the Industrial Plan requires the use of contractors. The job market is tight, particularly for technical profiles, which is also having an impact on our contractors.

An increase in the risk regarding the availability of contractors will also have a collateral impact on their prices (risk of lack of healthy competition).

An "external service provider vision" has been defined in order to identify the main levers and mitigate these risks.

5. Risks relating to human resources requirements

The employees are a key element in achieving ORES' strategy and objectives. Faced with the changes linked to the energy transition, digitalization and a job market under increasing pressure, having the right skills, both current and future, as well as a corporate culture aligned with our strategy is a major challenge. The energy sector and our business are becoming increasingly complex, requiring greater agility and anticipation. The Human Resources Department has initiated a Horizon journey starting in 2022 to meet these challenges, particularly in terms of attracting and recruiting talent, training, well-being at work and leadership.

6. Business continuity risks

The COVID 19 pandemic, the floods and the upsurge in cyber attacks have demonstrated the importance of putting business continuity measures in place, so that working might be feasible even in a degraded mode. Having a continuity and recovery strategy is not a one-off need. It is a long-term approach that enables us to deal with unforeseen events (the vagaries of the weather, malicious attacks, failure of equipment and infrastructure, etc.) that could have an impact on ORES' business. As mentioned above, the war in Ukraine has increased this risk throughout 2023 by putting pressure on the availability of certain raw materials that are essential to ORES' businesses and pushing up prices. Added to this is the frequency and severity of exceptional meteorological events, such as storms, temperature rises and variations, intense rainfall and the flooding that can ensue, …

As a result, the Executive Committee has decided to strengthen its governance of business continuity from 2022, following the risk image, by setting up a Business Continuity Working Group, which aims to strengthen governance and continuous improvement, enabling the company to ensure business resilience. The activities carried out include making an inventory of critical processes, carrying out impact and risk analyses, drawing up or updating continuity plans in line with the defined governance, ensuring consistency with the IT recovery plan and carrying out exercises and feedback as part of continuous improvement. These are major elements, in addition to the actions linked to the IT disaster recovery plan, as part of the ISO 27001 certification planned for the end of 2024.

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

- Protecting the health of the staff;
- Maintaining the essential public service missions performed by the company.

ORES has demonstrated its ability to effectively carry out its public service missions in the context of the unprecedented health crisis of recent years.

7. Economic and financial risks (including pricing risks)

A. TARIFF RISKS

The activities of ORES and ORES Assets activities 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. In particular, this framework determines the resources available to the DSO to finance its activities (authorized revenues) and a set of rules that can have a positive or negative impact on the remuneration of associates (incentive regulation mechanism). Any change to these rules may therefore affect the Group's revenues, profits and/or financial position. A new tariff methodology was approved by the CWaPE at the end of May 2023 for the period 2025-2029. Proposals for authorized electricity and gas revenue based on this tariff methodology were submitted to the regulator in October 2023. By the 31st of March 2024, the regulator should approve the authorized revenue available to the Group for the period 2025-2029. On this basis, the Group will be able to submit tariff proposals to determine the tariffs applicable for the period 2025-2029. Having authorized revenues fixed for a period of 5 years is a positive element that will give the company visibility over the resources available to it and necessary for its Industrial Plan. It should be noted that on the 30th of June 2023, the partners of ORES Assets lodged a complain under review by the CWaPE on the 2025-2029 tariff methodology, and more specifically of certain procedures for determining the equitable profit margin. Given the rejection of this complaint by the regulator at the end of September 2023, the ORES Assets partners appealed to the Market Court against the tariff methodology. At the beginning of December 2023, ORES and RESA decided to apply to the Market Court to intervene in this appeal. The judgment was handed down during the first half of 2024 (see note 29 - Event after the end of the reporting period).

Discrepancies may arise between planned controllable costs (those approved in the authorized revenue) and actual costs. To mitigate this risk, the following actions in particular have been put in place:

- Monthly budget monitoring, fine-tuning of budgets as and when required and preparation of best estimates;
- Monitoring indexation parameters and changes in certain costs.

Finally, the company must ensure that it complies with its financial covenants, which are monitored on a regular basis.

B. TAX RISK

ORES Assets, ORES and Comnexio are subject to corporation tax. Changes in tax regulations and their interpretation by the tax authorities may have an impact on the Group. The tariff methodology provides that any tax charge for ORES Assets is included in the tariff as a non-controllable cost. Consequently, the impact of these changes and interpretations is essentially limited to ORES.

C. ASSET AND LIQUIDITY RISKS

As part of the management of these risks and the invoicing of network usage charges, which make up the bulk of the Group's turnover, ORES Assets has a mechanism for guarantees from its energy suppliers who are 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 program and the credit line referred to above; it can be considered that the liquidity risk is more than controlled. Cash management enables 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.

D. MACRO-ECONOMIC AND CYCLICAL RISKS

The economic situation may have repercussions on demand for electricity and natural gas, on the price of certain charges linked to energy prices or on the Group's financing conditions.

Regarding the impact on demand for electricity and natural gas, this risk and its effects are not normally borne by the Group. The 2019-2023 and 2024 tariff methodologies provide for the regulator to monitor differences between the budget and reality during the year following the year in question (N+1), including the volume risk. The tariff for regulatory balances is in principle adjusted to take into account these differences from the 1st of January of the year following that of the control (N+2).

The volatility of energy prices can have an impact on some of the DSO's expenses and therefore create risks for the Group. This is the case, for example, if the authorized price corridor for electricity purchases is exceeded, or if an energy supplier goes bankrupt. The Group takes great care in order to limit these risks, in particular by paying close attention to public procurement procedures for energy purchases and their implementation, and to procedures for monitoring energy suppliers (payment, guarantees, etc.).

2. Notes to the consolidated profit (or loss) statement

Note 01A – Turnover (in thousands of €)

ELECTRICITY	31/12/2023	31/12/2022[6]
Distribution fee	686,673	902,335
Public service obligations (PSO)	61,240	43,930
Other	2,999	2,575
	750,912	**948,840**
GAS	**31/12/2023**	**31/12/2022**
Distribution fee	173,662	199,796
Public service obligations (PSO)	35,677	26,218
	209,339	**226,014**
NOT ALLOCATED	**31/12/2023**	**31/12/2022**
Third-party inventory management	5,965	5,840
Construction contracts	23,094	18,821
	29,059	**24,661**
TOTAL TURNOVER	**31/12/2023**	**31/12/2022**
Total	**989,310**	**1,199,515**
Performance obligations satisfied over time	986,311	1,196,940
Performance obligations satisfied at a specific point in time	2,999	2,575

Distribution fee

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). The later one is invoiced by Elia to the Group and recognized 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 recognized, 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 recognized 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.

6 The RTNR 2022 accounts correction to be taken into account as indicated in note 32

Electricity transit fees fell significantly, by 23.90% (-€215.7m), due, on one hand, to the significant drop in both billed volumes (-12.70%) and allocated volumes. This can be explained in several ways, such as the significant growth in decentralized production (photovoltaic panels) and the change in customer behavior since the energy crisis. On the other hand, following an adjustment to the methodology for calculating the RTNR in 2023 for electricity, with retroactive effect from the 1st of January 2022, the amount of RTNR recorded in 2023 is a charge of €112.4m (of which -€73.1m comes from 2022). This has resulted in a significant reduction in the sales in 2023, offset by an equally significant increase in the regulatory assets (see also note 01-B).

Gas transit charges fell by 13.08% compared with 2022, following a significant drop in volumes billed (-17.97%), mainly due to the energy context (higher prices) and changes in customer behavior (installation of heat pumps or small auxiliary heaters to reduce consumption).

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 to:

- 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 also 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 panels with a net power less than or equal to 10 KWA wishing to connect to the grid.

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.

PSOs related sales for both electricity and gas increased by €17.3m and €9.5m respectively (in line with energy purchases in note 03). This is largely due to the increase in quantities sold (+13.66% for electricity and +6.92% for gas) coupled with the increase in the price of energy set by the CREG (social tariff for protected customers or Prix Max for customers with supplier X). This increase also stems from a larger amount to be received from the CREG than in 2022 to compensate for the social tariff granted this year by ORES following the Federal Government's decision to extend the social tariff to a larger number of people. Although the measure adopted by the Federal Government to grant the social tariff to a larger number of people was halted on the 30th of June 2023, most of the 2022 settlements were not made until 2023. But, the difference between the market price and the social tariff is greater than in 2023.

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 meters 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 is due to the increase in the number of works linked to the installation of wind farms and photovoltaic fields, as well as to the acceleration of the program to replace municipal street lighting with LEDs (E-LUMIN project).

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

1. STATEMENT OF FINANCIAL POSITION	31/12/2023	31/12/2022[7]
Regulatory assets		
Distribution and transportation balance	**172,855**	**36,290**
Regulatory liabilities		
Distribution and transportation balance	**(9,613)**	**(56,255)**
Regulatory liabilities		
Previous regulatory period	11,382	21,878
Current regulatory period	151,860	(41,843)
	163,242	**(19,965)**
2. DETAILS OF THE EVOLUTION OF THE REGULATORY BALANCES	**31/12/2023**	**31/12/2022**
Via total comprehensive income	184,444	(110,788)
Other	(840)	7,656
	183,604	**(103,132)**
3. STATEMENT OF COMPREHENSIVE INCOME	**31/12/2023**	**31/12/2022**
Electricity		
Year 2023	120,213	(86,695)
Previous years	54,816	(32,642)
	175,029	**(119,337)**
Gas		
Year 2023	22,667	25,024
Previous years	493	(11,491)
	23,160	**13,533**
Transport		
Year 2023	**954**	**(9,727)**
Previous years	(14,699)	4,743
	(13,745)	**(4,985)**
Total regulatory balances	**184,444**	**(110,788)**

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 reimbursement obligation) under the current tariff methodology. This is the approach currently applied by the Group in preparing its financial statements. The Group will closely monitor the development of the project based on the feedback on the text and future debates of the IASB

7 The RTNR 2022 accounts correction to be taken into account as indicated in note 32.

and, depending on these, will analyze in detail the consequences of the application of this new standard.

The Group has assumed that these balances will be recovered in the future, which has been the case since 2015 in the form of instalments for the 2008-2014 balances and definitively for the balances allocated by CWaPE since 2019 (see below), and they are therefore recognized as an asset or liability.

The regulatory balances at the end of 2023 will result in a tariff debit balance of €163.6m, compared to a credit regulatory balance of €20.0m in 2022. The changes this year relate to:

- The distribution regulatory balances for the year: €120.2m for electricity and €22.7m for gas;
- Previous distribution regulatory balances recovered/restored: -€18.3m for electricity and +€0.5m for gas;
- A correction to the electricity distribution balance for 2022 of +€73.1m in electricity due to the change in the method of calculating the RTNR impacting 2022 (see also note 01-A). At the request of the CWaPE, following the correction of the RTNR for 2022 mentioned in note 01-A, a regulatory asset of €73.1m was recorded in electricity in 2023, thereby correcting the 2022 regulatory balances previously recorded in the accounts. This is merely a transfer between sales and regulatory balances and has no impact on net income for 2023.

It should also be noted that, since 2019 and the entry into force of the 2019-2023 tariff methodology, these differences have been recorded separately for distribution and transmission.

Advance payments on past tariff balances for both gas and electricity (2008-2018) are recovered or retroceded by ORES Assets via the distribution tariffs, as decided by the CWaPE in its successive tariff methodologies. In 2023, this resulted in the recovery of an amount of -€17.8m excluding transport (2022: -€19.0m), of which -€18.3m for electricity and +€0.5m for gas.

For both electricity and gas, the distribution regulatory balance for 2023 results from the contraction of the following factors:

- The volume effect: significant regulatory assets recorded in both fluids because the quantities distributed in 2023 were lower than budgeted (lower volumes in 2023 - note 01-A) but also due to the RTNR 2022 correction mentioned above;
- Energy purchases for electricity, both losses and PSO purchases following a significant price increase (within the limits of the corridor set by the CWaPE);
- A regulatory liability in terms of electricity public service obligations (end of the Qualiwatt scheme, increased CREG compensation, etc.);
- A regulatory liability recorded in the tax charge, as it is lower than the one budgeted in the Authorized Revenue 2019-2023 (see also note 22).

As regards the balances relating to transmission, a regulatory liability of €1m was recognized this year, justified by the assumptions used to calibrate the tariffs for rebilling transmission costs and by the use of actual volumes to calculate the balance. As for the balances for 2021, €14.7m has been fully recovered this year. Finally, it should be noted that in 2023, the balance sheet movement of -€0.8m results from a transfer from regulatory liabilities to other liabilities following the final balances for the 2022 financial year.

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

	31/12/2023	31/12/2022
Recovery of fraudulent consumption	2,733	1,181
Various recoveries from clients	8,632	8,975
Damages to facilities	3,267	3,961
Leases / supplies	4,564	4,525
Other recovery of expenses	10,711	10,058
	29,907	**28,700**

The heading "other recovery of expenses" 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 Walloons, Brussels or Flemish counterparts, lower this year;
- Administrative management on behalf of other companies in the sector.

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

	31/12/2023	31/12/2022
Goods and supplies	**280,266**	**109,043**
Energy purchases (PSO - gas and electricity)	100,635	62,389
Network losses (electricity)	156,308	25,713
Goods	23,323	20,941
Transport fees (electricity)	**224,496**	**256,229**
Road fees	**49,452**	**48,770**
	554,214	**414,041**

SUPPLIES AND GOODS

This item comprises the purchase of network losses from the electricity sector. In accordance with the Electricity Decree of the 12th of April 2001, the distribution network operator is responsible for purchasing energy to cover losses in accordance with transparent and non-discriminatory procedures, giving priority to green electricity where this does not give rise to additional costs. The purchases required to cover these losses are subject to public procurement rules (competitive tendering or award procedure). They have risen sharply (+130.6 M€) due to the 575% increase in the average price in 2023 (the price being set on the basis of a public contract in force for 2023 and 2024). This increase is slightly offset by the fall in quantities compared with 2022 (-8%). As explained in note 01-B, this has resulted in substantial regulatory assets in 2023.

Energy purchases relate, among other things, to customers protected under the public service obligations. The significant increase (+€38.2m) stems mainly from electricity purchases, following the very substantial 560% increase in the average purchase price in 2023 (the price also being set on the basis of a public procurement contract in force for 2023 and 2024), coupled with a slight increase in the quantities purchased (in line with the increase in revenues - note 01-A). This increase is partially offset by gas purchases, for which the price per KWh and the quantities purchased have fallen.

With regard to energy purchases, it should be noted that a provision of €49.8m was set aside at the end of 2022 to cover the malus that the Group expected to incur on the volumes to be purchased in 2023 (as a result of exceeding the upper limit of the corridor authorized by the CWaPE). It was fully reversed at the end of 2023 (see also note 18).

The final item concerns the purchase of goods (+€2.4m). In line with the change in our inventory (see also note 12), the increase can be explained on the one hand by a rise in raw material prices in 2023 due to global inflation, and on the other hand by greater activity, particularly in capital works (see also note 09).

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.

The decrease of -12.38% in 2023 is due to the reduction both in the cost of surcharges and contributions (and more particularly the item relating to support measures for renewable energies) and in the volumes transported (-6.3%), while the price per KWh (excluding surcharges) is up, partly offsetting the favorable impact of volumes.

ROAD FEES

The DSO has 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 €)

	31/12/2023	31/12/2022
Third-party fees	35,570	32,111
IT consultancy	50,733	54,455
Insurances	2,499	2,556
Vehicle leases	880	114
Building and optical fibre leases	649	1,029
Other leases and fees	19,104	16,147
Vehicle expenses	8,948	7,926
Specific supplies to the company	10,277	7,972
Other	(15,399)	86,348
	113,261	**208,658**

IT consultancy costs decreased by €3.7m, reflecting the increase in investment in intangible assets in 2023 (see also note 08). In 2023, consultancy costs relating to projects in progress, some of which began in 2022, will have reached the stage at which they can be recognized as intangible assets under our valuation rules.

The significant decrease in "Other" (-€101.7m) is related to the net movement in provisions, from +€51.6m in 2022 to -€56.3m following the use/reversal of several provisions in 2023 (see also note 18 for some explanations).

Note 05 – Financial income (in thousands of €)

	31/12/2023	31/12/2022
Interest income	4,106	636
Other	3,593	15,710
	7,699	**16,346**

The high level of interest rates recorded on the markets in 2023 enabled interest income to be recorded accordingly, which largely explains the increase in interest income recorded compared with 2022.

Other financial income mainly comprises the change in the fair value of active financial instruments (interest rate cap and collar) of €1.4m (compared with €11.3m in 2022) and the capital gain realized on the sale of the sicav. The reduction in this item is due to a downward trend in short-term interest rates over the next few years. This will have a negative impact on the mark-to-market of our CAPs, particularly those products due to mature at the end of 2029, which make up the majority of the portfolio.

Note 06 – Financial expenses (in thousands of €)

	31/12/2023	31/12/2022
Interest on traditional loans	32,091	13,097
Interest on bonds	10,570	10,570
Interest on lease liabilities	341	323
Other interest charges	26	627
Total interest expense	**43,028**	**24,617**
Unwinding of discount of provisions	10,719	(1,624)
Other financial expenses	274	5,312
Total financial expenses	**54,021**	**28,305**

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 minimize 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.

COMMERCIAL PAPER PROGRAM

In 2023, ORES did not use the long-term or short-term commercial paper program.

BONDS

No new bonds were issued by the Group in 2023.

TRADITIONAL LOANS

Interest expense on traditional loans increased by just over €18.4m, reflecting the fact that interest on loans taken out at the end of 2022 will be charged in 2023, and the rise in interest rates.

Nevertheless, given the high interest rates seen in 2023, ORES was able to rely on hedging products purchased in previous years to protect its debt against interest rate risk. The new loans contracted at the end of December 2023, amounting to €180m, will bear interest from 2024.

DERIVATIVES (SWAPS, CAPS, COLLARS – RECOGNIZED IN OTHER INTEREST CHARGES)

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

Other interest charges arise mainly from changes in the fair value of these financial products, where this change is negative. In 2022, the increase in this item is largely due to the sale of the two swaps included in financial assets at the end of 2021, for which the reversal of their fair value generated a financial expense of €3.7m (offset by financial income of the same amount).

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 contrast to 2022, the net effect on the provision for pension plans is a financial charge of €10,7m resulting from actuarial differences between the assumptions made at the end of 2022 and the actual situation in 2023, particularly in terms of salary indexation and the turnover rate but also due to certain changes in assumptions for other long-term benefits (see also note 20).

Note 07 – Segment information (in thousands of €)

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

COMPREHENSIVE INCOME

31/12/2023 BELGIAN GAAP	SEGMENT Gas	SEGMENT Electricity	Other activities[8]	ORES[9]	COMNEXIO[10]	TOTAL COMBINED[11]
Turnover	208,392	912,979	2,855	711,532	9,923	1,845,681
Other operating income	29,032	63,573	818	10,035	6	103,464
Operating expenses	(178,814)	(877,957)	(2,883)	(718,397)	(9,846)	(1,787,897)
Operating profit (or loss)	**58,610**	**98,595**	**790**	**3,170**	**83**	**161,248**
Financial income	1,537	3,186	—	30,448	21	35,191
Financial expenses	(12,098)	(21,715)	—	(30,448)	—	(64,261)
Financial profit (or loss)	**(10,561)**	**(18,529)**	**—**	**—**	**21**	**(29,070)**
Other						
Profit (or loss) before taxes	**48,049**	**80,066**	**790**	**3,170**	**104**	**132,178**
Taxes	(6,249)	(16,253)	(198)	(3,170)	(104)	(25,972)
Profit (or loss) for the period	**41,800**	**63,813**	**592**	**—**	**—**	**106,206**

31/12/2022 BELGIAN GAAP	SEGMENT Gas	SEGMENT Electricity	Other activities[12]	ORES[13]	COMNEXIO[14]	TOTAL COMBINED[15]
Turnover	220,270	820,947	2,286	614,498	8,925	1,666,927
Other operating income	23,290	74,985	74	10,555	3	108,907
Operating expenses	(184,374)	(810,904)	(2,364)	(632,481)	(8,843)	(1,638,967)
Operating profit (or loss)	**59,186**	**85,028**	**(4)**	**(7,428)**	**85**	**136,867**
Financial income	176	565	—	22,096	—	22,837
Financial expenses	(7,240)	(14,475)	—	(22,096)	(1)	(43,812)
Financial profit (or loss)	**(7,064)**	**(13,910)**	**—**	**—**	**(1)**	**(20,975)**
Other						
Profit (or loss) before taxes	**52,122**	**71,118**	**(4)**	**(7,428)**	**84**	**115,892**
Taxes	(12,436)	(31,299)	—	7,428	(84)	(36,391)
Profit (or loss) for the period	**39,686**	**39,819**	**(4)**	**—**	**—**	**79,501**

8 Activities related to real estate leasing
9 ORES is a 99.72% owned subsidiary of ORES Assets
10 Comnexio is a 93% owned subsidiary of ORES Assets
11 Combined financial statements of the group without elimination of intercompany transactions
12 Activities related to real estate leasing
13 ORES is a 99.72% owned subsidiary of ORES Assets
14 Comnexio is a 93% owned subsidiary of ORES Assets
15 Combined financial statements of the group without elimination of intercompany transactions

FINANCIAL POSITION

31/12/2023 BELGIAN GAAP	SEGMENT Gas	SEGMENT Electricity	Other activities	ORES	COMNEXIO	TOTAL COMBINED
Non-current assets	**1,379,868**	**2,739,983**	**15**	**1,819,879**	**1,410**	**5,941,155**
Intangible and tangible assets	1,377,375	2,723,648	—	1,524	1,410	4,103,957
Other non-current assets	2,493	16,335	15	1,818,355	—	1,837,198
Current assets	**115,073**	**450,490**	**(48,529)**	**405,030**	**1,397**	**923,461**
Inventories	—	10,838	—	77,024	—	87,862
Trade and other receivables	40,936	286,637	(48,529)	206,392	23	485,459
Cash and cash equivalents	27	292	—	115,523	1,338	117,180
Other current assets	74,110	152,723	—	6,091	36	232,960
TOTAL ASSETS	**1,494,941**	**3,190,473**	**(48,514)**	**2,224,909**	**2,807**	**6,864,616**
Equity	**593,798**	**1,355,051**	**—**	**486**	**25**	**1,949,360**
Share capital	278,225	589,238	—	458	25	867,946
Other reserves	315,573	765,813	—	—	—	1,081,386
Capital grants	—	—	—	28	—	28
Non-current liabilities	**714,588**	**1,343,700**	**—**	**1,834,014**	**—**	**3,892,302**
Borrowings	712,143	1,342,526	—	1,815,308	—	3,869,977
Provisions	2,445	1,174	—	18,706	—	22,325
Current liabilities	**186,555**	**491,722**	**(48,514)**	**390,409**	**2,782**	**1,022,954**
Borrowings	63,766	141,736	—	141,592	—	347,094
Trade payables	23,463	155,029	—	102,865	1,707	283,064
Other current liabilities	99,326	194,957	(48,514)	145,952	1,075	392,796
TOTAL LIABILITIES	**1,494,941**	**3,190,473**	**(48,514)**	**2,224,909**	**2,807**	**6,864,616**

31/12/2022 BELGIAN GAAP	SEGMENT Gas	SEGMENT Electricity	Other activities	ORES	COMNEXIO	TOTAL COMBINED
Non-current assets	**1,350,725**	**2,667,172**	**555**	**1,778,481**	**627**	**5,797,560**
Intangible and tangible assets	1,348,232	2,650,811	540	2,034	627	4,002,244
Other non-current assets	2,493	16,361	15	1,776,447	—	1,795,316
Current assets	**88,535**	**455,537**	**(8,602)**	**505,953**	**2,471**	**1,043,894**
Inventories	—	11,542	—	59,942	—	71,484
Trade and other receivables	35,969	349,703	(8,602)	111,714	78	488,862
Cash and cash equivalents	10	212	—	330,313	2,346	332,881
Other current assets	52,556	93,080	—	3,984	47	150,667
TOTAL ASSETS	**1,439,260**	**3,122,709**	**(8,047)**	**2,284,434**	**3,098**	**6,841,454**
Equity	**576,925**	**1,340,390**	**(4)**	**509**	**25**	**1,917,845**
Share capital	278,225	589,238	—	458	25	867,946
Other reserves	298,700	751,152	(4)	—	—	1,049,848
Capital grants	—	—	—	51	—	51
Non-current liabilities	**724,515**	**1,416,446**	**—**	**1,791,527**	**8**	**3,932,496**
Borrowings	718,500	1,362,009	—	1,773,410	—	3,853,919
Provisions	6,015	54,437	—	18,117	8	78,577
Current liabilities	**137,820**	**365,873**	**(8,043)**	**492,398**	**3,065**	**991,113**
Borrowings	45,385	94,886	—	118,600	—	258,871
Trade payables	22,418	81,948	—	88,478	1,787	194,631
Other current liabilities	70,017	189,039	(8,043)	285,320	1,278	537,611
TOTAL LIABILITIES	**1,439,260**	**3,122,709**	**(8,047)**	**2,284,434**	**3,098**	**6,841,454**

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 €)

31/12/2023	Segment information	Group financial statements	Difference
Profit (or loss)			
Turnover and regulatory balances	1,845,681	1,173,754	(671,927)
Profit (or loss) before taxes	132,178	107,215	(24,963)
Financial position			
Total assets	6,864,616	5,040,852	(1,823,764)
Total liabilities	6,864,616	5,040,852	(1,823,764)

31/12/2022	Segment information	Group financial statements	Difference
Profit (or loss)			
Turnover and regulatory balances	1,666,927	1,088,726	578,201
Profit (or loss) before taxes	115,892	121,092	(5,200)
Financial position			
Total assets	6,841,454	5,076,387	1,765,067
Total liabilities	6,841,454	5,076,387	1,765,067

The ORES Executive Committee, overseen by the ORES and ORES Assets Boards of Directors, is the Group's main operating decision maker. In its day-to-day management, it reviews the accounts of ORES Assets, ORES and Comnexio prepared in accordance with Belgian accounting standards. The Group operates in a regulated environment in which the financial statements of each group entity, particularly for ORES Assets, prepared in accordance with Belgian accounting standards and for each type of energy (gas and electricity), have an impact on future tariffs. Consequently, the Group is organized into operating segments corresponding to electricity and gas energy, to which are added an unregulated activity (other activities) relating to real estate leasing. ORES, for its part, is responsible for the operational and day-to-day management of the activities of ORES Assets; it re-invoices all its costs at cost price to the DSO and therefore makes no profit. Comnexio, a company created in 2019, manages contact center activities and also works at cost on behalf of the DSO.

The operating segments provide identical services to customers of a similar nature in different geographical areas. The two main sectors, namely gas on the one hand and electricity on the other, to which is added a marginal sector (other activities), are representative of the way in which the Group is managed, and correspond to the criteria of consolidation developed in IFRS 8 - Operating Segments.

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

- Transactions, balances, income and expenses between operating segments fully eliminated on consolidation;
- Recognition of dividends when approved by the General Meeting;
- Provision for employee benefits:
  - A. Recognition of provisions in respect of the Group's pension plans;
  - B. Pension costs written back from third parties are not carried forward;
- Intangible and tangible fixed assets:
  - A. Depreciation of fixed assets from the date they are brought into service;
  - B. Adjustment of staff costs included in the value of fixed assets;
  - C. Recognition of rights of use as investments;
- Recognition of derivative financial instruments at fair value;
- Recognition of deferred tax on each adjustment made;
- Recognition of an additional write-down on trade receivables.

Most of these differences were detailed exhaustively in the Group's IFRS transition note in the first aggregated financial statements at the end of December 2012.

Information on geographical areas

The Group operates exclusively in Belgium, and more specifically in the Walloon Region.

Information about our main customers

For the gas segment, as in 2022, three of our customers, energy suppliers, together represent 81% of the distribution fees invoiced in 2023.

For the electricity sector, as in 2022, two of our customers, energy suppliers, together represent 71% of the distribution fees invoiced in 2023.

3. Notes to the consolidated statement of financial position

Note 08 – Intangible assets (in thousands of €)

	31/12/2023	31/12/2022
Acquisition cost	157,718	138,985
Accumulated amortization and impairment	(50,264)	(41,028)
	107,454	**97,957**

COST		Software	Development	TOTAL
Opening balance	**2022**	**132,196**	**1,599**	**133,795**
Acquisitions		7,958	—	**7,958**
Internal developments		—	985	**985**
Disposals/decommissioning		(3,753)	—	**(3,753)**
Opening balance	**2023**	**136,401**	**2,584**	**138,985**
Acquisitions		20,486	—	**20,486**
Internal developments		—	251	**251**
Disposals/decommissioning		(2,004)	—	**(2,004)**
Transfer to Comnexio section		621	(621)	**—**
Closing balance	**2023**	**155,504**	**2,214**	**157,718**

ACCUMULATED AMORTIZATION AND IMPAIRMENT		Logiciels	Développement	TOTAL
Opening balance	**2022**	**(30,796)**	**205**	**(30,591)**
Amortization costs		(9,974)	(475)	**(10,449)**
Impairment loss on decommissioning		(3,741)	—	**(3,741)**
Disposals/decommissioning		3,753	—	**3,753**
Opening balance	2023	(40,758)	(270)	**(41,028)**
Amortization costs		(10,705)	(535)	**(11,240)**
Impairment loss on decommissioning		—	—	**—**
Disposals/decommissioning		2,004	—	**2,004**
Closing balance	2023	(49,459)	(805)	**(50,264)**
		106,045	**1,409**	**107,454**

Intangible assets acquired or developed in 2023 mainly comprise the following projects:

- Nomad: an application for managing planned jobs, replacing the "Mes Missions" program;
- Strategic SM: linked to the smart metering project and the communication system;
- SG ADMS: linked to the overall "smart" networks project: implementation of a distribution (electricity, gas) and fault management system, including integration with the SCADA (remote control) system, which collects measurements in real time and enables remote control of the network.

Developments in network management techniques, smart meters and other developments mean that significant costs are being generated; historically, these have been capitalized under the heading "development costs" in intangible assets.

Amounts committed for the acquisition of intangible assets

	31/12/2023	31/12/2022
IT projects	2,512	744
	2,512	**744**

Note 09 – Tangible assets (in thousands of €)

	31/12/2023	31/12/2022
Acquisition cost (excluding lease contracts)	7,556,500	7,360,936
Accumulated depreciation and impairment	(3,246,570)	(3,125,848)
Owned tangible assets	**4,309,930**	**4,235,088**
• Land & buildings	133,026	133,163
• Distribution network	4,142,013	4,063,995
• Equipment	34,273	36,789
• Other	618	1,141
Subtotal	**4,309,930**	**4,235,088**
Right-of-use	26,820	25,335
Accumulated depreciation and impairment	(15,676)	(13,111)
Tangible assets: right of use	**11,144**	**12,224**
• Buildings	1,879	4,217
• Optical fibre	4,242	4,900
• Vehicles	5,023	3,107
Subtotal	**11,144**	**12,224**
Tangible assets	**4,321,074**	**4,247,312**

1. Owned tangible assets

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

COST		Land & buildings	Distribution network	Equipment	Other	TOTAL
Opening balance	**2022**	**185,463**	**6,814,501**	**178,206**	**2,453**	**7,180,623**
Acquisitions		(827)	225,866	11,345	1,716	**238,100**
Transfers/decommissioning		(12)	(56,368)	(1,407)	—	**(57,787)**
Other		—	—	—	—	**—**
Opening balance	**2023**	**184,624**	**6,983,999**	**188,144**	**4,169**	**7,360,936**
Acquisitions		2,957	260,831	7,720	47	**271,555**
Transfer/decommissioning		(2)	(50,399)	(5,094)	(2,445)	**(57,940)**
Transfer to assets held for sale		(40)	(18,011)	—	—	**(18,051)**
Other		—	—	—	—	**—**
Closing balance	**2023**	**187,539**	**7,176,420**	**190,770**	**1,771**	**7,556,500**

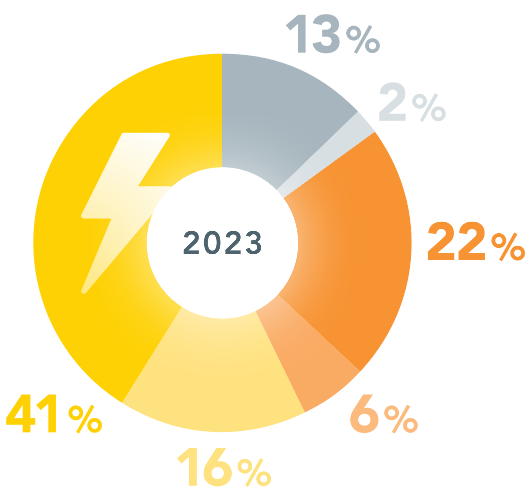
ACCUMULATED DEPRECIATION AND IMPAIRMENT		Land & buildings	Distribution network	Equipment	Other	TOTAL
Opening balance	**2022**	**(49,490)**	**(2,808,116)**	**(142,967)**	**(1,887)**	**(3,002,460)**
Depreciation expenses		(3,088)	(167,378)	(9,793)	(25)	**(180,284)**
Transfers/decommissioning		1,117	55,490	1,405	(1,116)	**56,896**
Other		—	—	—	—	**—**
Opening balance	**2023**	**(51,461)**	**(2,920,004)**	**(151,355)**	**(3,028)**	**(3,125,849)**
Depreciation expenses		(3,052)	(173,676)	(10,184)	(55)	**(186,967)**
Transfers/decommissioning		—	50,358	5,042	1,930	**57,330**
Transfers to assets held for sale		—	8,915	—	—	**8,915**
Other		—	—	—	—	**—**
Closing balance	**2023**	**(54,513)**	**(3,034,407)**	**(156,497)**	**(1,153)**	**(3,246,570)**
Accounted for at historic cost		**133,026**	**4,142,013**	**34,273**	**618**	**4,309,930**

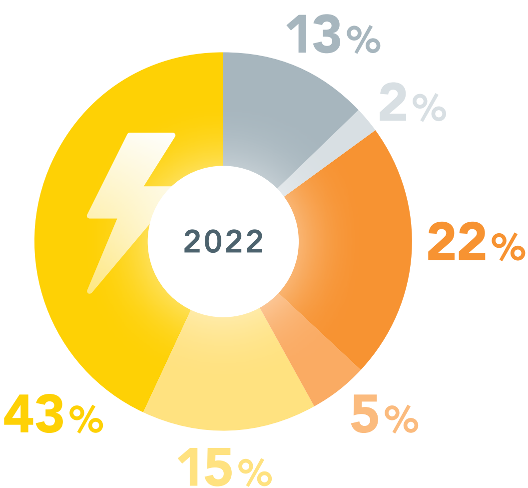
As in previous years, capital expenditure in 2023 will mainly relate to the gas and electricity distribution network, amounting to €261m out of total capital expenditure of €272m (compared with €226m relating to the distribution network out of total capital expenditure of €238m in 2022).

This increase can be explained by the acceleration of investments in the energy transition (reinforcement of the network, deployment of smart meters, etc.).

Investment in the distribution network during the year comprised:

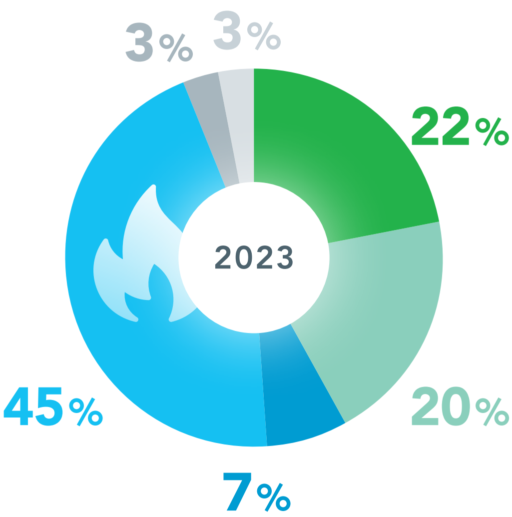
- Electricity: replacement of equipment (59%) as well as network extensions and installation of new cabins (41%) for a total amount of €177m (€141m in 2022):

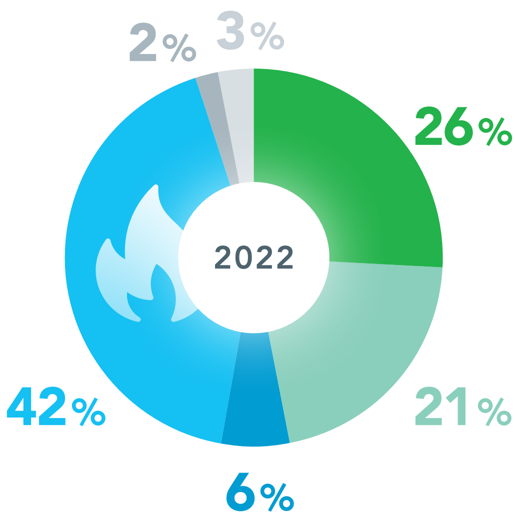




MV/LV DISPERSION AND TRANSFORMATION CABINS
POSTS
LV CONNECTIONS AND METERS
MV CONNECTIONS AND METERS
LV NETWORK
MV NETWORK

- Gas: works done to rehabilitate the network (51%) and extend the existing network (49%) for a total of €84 million (€85 million in 2022).





LP CONNECTIONS
LP PIPEWORKS
LP GROUPS OF MEASURES
MP PIPEWORKAND BRANCHING
MP RECEIVING AND DISTRIBUTION STATIONS
MP COUNTING UNIT

TOTAL AMOUNTS COMMITTED TO PURCHASE TANGIBLE ASSETS	31/12/2023	31/12/2022
Electricity distribution network	78,174	61,005
Gas distribution network	22,057	20,717
Buildings & equipment	9,983	2,376
Vehicles	834	691
	111,048	**84,789**

2. Tangible assets: rights-of-use assets

The rights of use for tangible assets arise from leases within the scope of IFRS 16 - Leases (see accounting policy 3.A.8). In December 2023, the detail of the rights-of-use assets is as follows:

COST		Buildings	Optical fibre	Vehicles	Total
Opening balance	**2022**	**9,060**	**7,759**	**6,961**	**23,780**
New contracts/exercise of options		207	—	1,348	**1,555**
Termination of contracts/exercise of options		—	—	—	**—**
Opening balance	**2023**	**9,267**	**7,759**	**8,309**	**25,335**
New contracts/exercise of options		313	—	3,497	**3,810**
Termination of contracts/exercise of options		(2,325)	—	—	**(2,325)**
Closing balance	**2023**	**7,255**	**7,759**	**11,806**	**26,820**

ACCUMULATED DEPRECIATION AND IMPAIRMENT		Buildings	Optical fibre	Vehicles	Total
Opening balance	**2022**	**(4,112)**	**(2,202)**	**(3,864)**	**(10,178)**
Depreciation expense		(938)	(657)	(1,338)	**(2,933)**
Opening balance	**2023**	**(5,050)**	**(2,860)**	**(5,202)**	**(13,111)**
Depreciation expense		(544)	(657)	(1,581)	**(2,782)**
Disposals/decommissioning		217	—	—	**217**
Closing balance	**2023**	**(5,377)**	**(3,517)**	**(6,783)**	**(15,676)**

Rights of use assets are depreciated over the shorter of the lease term or the economic life of the leased asset.

During 2023, ORES entered into new leases for buildings and vehicles. Also, in accordance with the standard, the Group reconsidered the exercise of options to extend, renew or terminate leases in order to determine the value of the rights of use. A purchase option was exercised on a building in August 2023.

Note 10 – Financial assets (in thousands of €)

	NON-CURRENT		CURRENT	
	31/12/2023	31/12/2022[16]	31/12/2023	31/12/2022
Financial assets measured at fair value through profit or loss				
Unlisted equity instruments	17	17	—	—
Listed equity instruments – sicav's and stock options	—	—	3,185	221,365
Derivative financial instruments	7,121	13,243	—	—
	7,138	**13,260**	**3,185**	**221,365**
Financial assets measured at a fair value through other comprehensive income				
Derivative financial instruments	1,761	6,019	1,420	—
	1,761	**6,019**	**1,420**	**—**
Financial assets at amortized cost				
Trade receivables	—	—	37,290	122,558
Other receivables	21,354	21,389	110,979	102,666
	21,354	**21,389**	**148,268**	**225,224**
	30,253	**40,668**	**152,873**	**446,589**

Other non-current financial assets measured at fair value through profit or loss comprise derivative instruments (CAP and Collar) that are not designated as hedging instruments (see also note 27).

As indicated in note 05, the negative change in fair value is due to a downward trend in short-term interest rates over the next few years. This will have a negative impact on the mark-to-market of our CAPs, particularly those products due to mature at the end of 2029, which represent the majority of the portfolio.

The decrease in the fair value of financial assets measured at fair value through other comprehensive income, consisting mainly of interest rate swaps, stems in part from a contract maturing at the end of 2023, the fair value of which was €2.7m at the end of 2022.

It should be noted that the Group took advantage of the favorable interest rate environment and the solid performance of the equity sicav during the first quarter of 2023 (with a net book value of €218.5m at the end of 2022) to sell all its positions in this financial investment. The proceeds from the sales were reallocated to non-speculative financial investments, in line with the Group's financial policy. The capital gains recognized in 2023 contributed to the increase in financial income.

Other current receivables largely comprise the interim dividend paid in 2023, which amounted to €63.4m (see note 11 for an explanation of changes in receivables and other receivables).

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

16 The RTNR 2022 accounts correction to be taken into account as indicated in note 32.

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

	NON-CURRENT		CURRENT	
	31/12/2023	31/12/2022[17]	31/12/2023	31/12/2022
Financial assets measured at fair value through profit or loss	**7,138**	**13,260**	**3,185**	**221,365**
Financial assets measured at fair value through other comprehensive income	**1,761**	**6,019**	**1,420**	**—**
	8,899	**19,279**	**4,605**	**221,365**
Other receivables				
Interim dividend	—	—	63,352	62,135
VAT	—	—	2,961	83
Public service obligation (PSO)	7,262	7,295	0	18,553
Other	14,092	14,094	44,601	20,593
Prosumer tariff	—	—	656	2,070
Write downs on other receivables	—	—	(591)	(768)
	21,354	**21,389**	**110,979**	**102,666**
	30,253	**40,668**	**115,584**	**324,031**
Trade receivables				
Distribution	—	—	85,953	97,846
Contract assets/(liabilities) (Distribution)	—	—	(48,146)	59,382
	0	**0**	**37,807**	**157,228**
Public service obligations (PSO)	—	—	64,175	35,766
Contract liabilities (PSO)	—	—	(33,577)	(25,198)
	0	**0**	**30,598**	**10,568**
Construction contract liabilities	—	—	(30,821)	(40,531)
Other	—	—	28,006	21,784
Write-downs of trade receivables	—	—	(28,301)	(26,492)
	0	**0**	**37,290**	**122,557**
Current tax assets	**—**	**—**	**22,003**	**10,698**
	0	**0**	**22,003**	**10,698**
	30,253	**40,668**	**174,877**	**457,287**

For an explanation of the increase in current and non-current financial assets measured at fair value through profit or loss, please refer to note 10.

The level of trade receivables decreased sharply compared with 2022 (-€85.1m) and this is largely due to contract liabilities relating to distribution (-€107.5m). These include the road fee and the unmetered transit charge (RTNR). This RTNR is based on a comparison of allocations and billings for 2023. Given that the volumes transiting the network in 2023 are down (note 01-A), the difference between the advance payments invoiced during the year and these allowances is negative.

17 The RTNR 2022 accounts correction to be taken into account as indicated in note 32

In addition, as explained in note 01-A, following the change in the method for calculating the RTNR in 2023 with retroactive effect to 1er January 2022, a charge of €73.1m relating to 2022 has been recorded, fully offset by regulatory assets (see note 01-B).

The decrease in distribution contract liabilities is partly offset by an increase of €20m in public service obligations, due to the recognition of a receivable of €20.4m from the CREG for the specific tariff granted to certain social customers (federal protected customers – see note 01-A). In 2022, this amount receivable was included in other current receivables in the amount of €18.6m.

Other current receivables increased by €8.3m. The €18.6m reduction in PSOs following the reclassification mentioned above was entirely offset by a receivable from other Walloon DSOs relating to transmission equalization, booked under "Other" (+€37.5m).

The increase in current tax assets (+€11.3m) is due to advance payments made this year that are too high compared with the tax base for the 2023 financial year, especially as this tax base benefited from the exemption for the reversal of the provision relating to the loss-making contract (see also note 18).

FINANCIAL ASSETS AND OTHER RECEIVABLES THAT ARE NOT YET IMPAIRED

	TRADE RECEIVABLES		OTHER RECEIVABLES AND TAX ASSETS	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Not yet due	13,738	102,359	152,663	133,059
	13,738	**102,359**	**152,663**	**133,059**

CHANGES IN THE PROVISION FOR WRITE-DOWNS

	TRADE RECEIVABLES		OTHER TAX RECEIVABLES AND ASSETS	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
At 1st January	26,492	31,021	768	1,135
Write-downs	11,131	6,639	120	210
Reversal of write-downs	(9,322)	(11,168)	(298)	(577)
At closing balance	**28,301**	**26,492**	**591**	**768**

PROVISIONS FOR WRITE-DOWNS

	31/12/2023	31/12/2022
Statement of financial position	(28,892)	(27,260)
Statement of comprehensive income	(9,713)	(2,900)

FINANCIAL ASSETS AND OTHER RECEIVABLES THAT ARE IMPAIRED

BALANCE AT 31/12/2023	Write-down basis	Average rate of expected credit loss	Expected loss
Up to 90 days	11,320	21 %	2,391
Between 91 and 180 days	6,803	46 %	3,160
Between 181 and 270 days	5,346	47 %	2,521
Between 271 and 360 days	5,175	53 %	2,739
Between 361 and 720 days	11,341	53 %	5,989
More than 720 days	14,131	86 %	12,092
	54,116		**28,892**

BALANCE AT 31/12/2022	Write-down basis	Average rate of expected credit loss	Expected loss
Up to 90 days	9,009	20 %	1,816
Between 91 and 180 days	7,705	38 %	2,963
Between 181 and 270 days	3,550	46 %	1,638
Between 271 and 360 days	1,600	54 %	872
Between 361 and 720 days	9,936	54 %	5,324
More than 720 days	17,352	84 %	14,646
	49,152		**27,259**

The increase in write-downs on trade receivables is largely due to receivables from protected customers. This is due to:

- A larger number of customers following the extension of the social tariff introduced by the State;
- Higher bills in 2023 as a result of an increase in the social tariff and the tariff applicable to customers of supplier X (see also note 01-A), as well as;
- Longer payment times due to the energy crisis.

As a reminder, since 2021, ORES has reviewed its estimates of the average expected credit loss rate, considering a maximum timeframe of two years to recover the receivables. After this deadline, the receivables were considered to be entirely unrecoverable. As a result, the statistics used to determine credit loss rates are based on two financial years.

Note 12 – Inventories (in thousands of €)

	31/12/2023	31/12/2022
Raw materials and supplies	80,142	63,219
Total gross	**80,142**	**63,219**
Write-downs at 01/01/2023	**(3,277)**	**(3,676)**
Increase	(23)	(553)
Reversal of write-downs	181	952
Write-downs at 31/12/2023	**(3,119)**	**(3,277)**
	77,024	**59,942**
Inventories recorded as expenses during the period (cost of sales)	23,323	20,941

At the end of 2023, the value of inventories increased by €17.1m in net carrying amount.

As in 2022, the increase in inventories is due, on the one hand, to an increase in business activity, which requires a higher level of inventories to cope with it, and to the large number of projects under way, and, on the other hand, to the upward trend in raw materials prices.

It should be noted that the write-downs recorded since 2021 have been updated, on the one hand, on the stock of electromechanical and budget meters which are no longer intended to be placed on the network and which are gradually being replaced by communicating meters and, on the other hand, on very slow-moving stock, i.e. items which have not been moved for at least five years.

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

CASH AND CASH EQUIVALENTS FOR THE PURPOSE OF THE CASH FLOW STATEMENT

	31/12/2023	31/12/2022
Shares valued at fair value	—	—
Cash	108,173	105,001
Short-term deposits	5,822	6,515
Total	**113,995**	**111,516**

Cash and cash equivalents are stable compared with 2022. Term investments amount to a total of €5.8m. They were made in accordance with the decisions of the Board of Directors to implement a prudent investment policy.

For a more detailed analysis of cash, please refer to the consolidated cash flow statement.

Note 14 – Capital

1. NUMBER OF SHARES		ORES Assets Shares
Opening balance	**2022**	**66,321,987**
Contribution increase		
Contribution repayment		
Opening balance	**2023**	**66,321,987**
Contribution increase		
Contribution repayment		
Closing balance	**2023**	**66,321,987**

2. SUBSCRIBED CAPITAL (IN THOUSANDS OF €)		ORES Assets Shares
Opening balance	**2022**	**867,464**
Capital increase		
Incorporation of legals reserves		
Capital repayment		
Opening balance	**2023**	**867,464**
Capital increase		
Incorporation of legals reserves		
Capital repayment		
Closing balance	**2023**	**867,464**
of which: Available contribution		866,931
Non-available contributions		533

The rights and obligations attached to the shares are governed by the provisions of the Code of Local Democracy and Decentralization, by the Code of Companies and Associations, as well as by the DSO's statutes. The shares have no par value.

Following the modification of the form of the company after 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 €866.9m and "non-available contribution" in the amount of €533k. These amounts are always presented as "capital" in the IFRS accounts, in order to ensure continuity.

3. DIVIDEND PER SHARE (IN THOUSANDS OF €)		ORES Assets Shares
Dividends approved by the General Meeting	**2022**	**71,658**
Dividends per share		1.08
Dividends approved by the General Meeting	**2023**	**72,620**
Dividends per share		1.10

	2023	2022
Total balance of dividends from year N-1 paid by the Group in year N (including associated withholding tax)	10,485	10,377
Total interim dividends from year N paid by the Group in year N.	63,352	62,135
	73,837	**72,512**

Note 15 – Borrowings (in thousands of €)

BOOK VALUE	31/12/2023	31/12/2022
Unsecured - Non-current		
Bank loans	1,667,539	1,692,425
Bonds	379,061	379,016
• Listed (not regulated)	279,061	279,016
• Private Placement	100,000	100,000
Other	4,742	5,358
	2,051,343	**2,076,799**
Unsecured - Current		
Bank loans	212,535	194,390
Bonds	6,730	6,730
Other	615	615
	219,880	**201,735**
Total financial liabilities	**2,271,223**	**2,278,534**
Of wich: current	219,880	201,735
Of wich: non-current	2,051,343	2,076,799

The decrease of €7.3m in borrowings in 2023 is mainly due to the fact that the Group has taken out new bank loans of a total of €180m and repaid €189.8m of short-term bank loans.

Glossary of terms used to segment 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 €)

31/12/2023	Fixed rate	Adjustable fixed rate	Floating rate	Hedged floating rate	TOTAL
Within the year	67,032	264	22,423	130,161	**219,880**
>1 and <3 years	200,419	—	74,775	105,380	**380,574**
>3 and <5 years	296,233	—	43,044	64,967	**404,244**
>5 and <15 years	656,347	—	216,052	25,440	**897,839**
>15 years	340,061	—	28,625	—	**368,685**
	1,560,092	**264**	**384,919**	**325,948**	**2,271,223**

31/12/2022	Fixed rate	Adjustable fixed rate	Floating rate	Hedged floating rate	TOTAL
Within the year	141,962	264	7,178	52,331	**201,735**
>1 and <3 years	105,390	264	14,319	250,845	**370,818**
>3 and <5 years	280,534	—	14,283	92,988	**387,804**
>5 and <15 years	765,562	—	100,247	71,685	**937,494**
>15 years	365,683	—	15,000	—	**380,683**
	1,659,131	**528**	**151,026**	**467,849**	**2,278,534**

REPAYMENTS ARE SCHEDULED AS FOLLOWS (BY TERM AND KIND)

31/12/2023	Bank loans	Bonds	Other	TOTAL
Within the year	212,534	6,730	616	**219,880**
>1 and <3 years	379,343	—	1,231	**380,574**
>3 and <5 years	403,013	—	1,231	**404,244**
>5 and <15 years	812,838	85,000	—	**897,838**
>15 years	72,346	294,061	2,280	**368,686**
	1,880,074	**385,791**	**5,358**	**2,271,223**

31/12/2022	Bank loans	Bonds	Other	TOTAL
Within the year	194,390	6,730	615	**201,735**
>1 and <3 years	369,586	—	1,231	**370,817**
>3 and <5 years	386,573	—	1,231	**387,804**
>5 and <15 years	857,494	80,000	—	**937,494**
>15 years	78,771	299,016	2,897	**380,684**
	1,886,814	**385,746**	**5,974**	**2,278,534**

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

The EIB loan is subject to 3 ratios on the basis of the consolidated accounts drawn up under Belgian accounting standards (BGAAP):

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

The Group comply with all three ratios by the end of 2023.

With regard to bond issues, the Group must maintain a ratio of 30% of shareholders' equity to the balance sheet total both at the statutory level of ORES Assets and at the consolidated level under Belgian GAAP. This ratio is an integral part of ORES Assets' articles of association (see capital management in note 30).

All borrowings are contracted in Euros.

	CARRYING AMOUNT		BORROWING				HEDGING				
	31/12/2023	31/12/2022	INITIAL AMOUNT	REMAINING TERM (YEARS)	FIXED/VARIABLE RATE	INTEREST RATE AT THE END OF 2023	HEDGING INSTRUMENT	NOTIONAL RESIDUAL	FAIR VALUE	REMAINING TERM (YEARS)	INTEREST RATE AT THE END OF 2023, AFTER HEDGING
MP 2008	13,170	26,670	52,680	5	Variable	5 %	CAP 0.9%	6,203	(298)	5	4.64 %
FP50 2008	103,932	121,254	346,439	6	Variable	Variable	CAP 0.8-1%	74,145	(4.112)	6	Variable
Bond issue in 2014	80,000	80,000	80,000	21	Fixed	4 %					
Bond issue in 2015	100,000	100,000	100,000	21	Fixed	3 %					
Bond issue in 2015	100,000	100,000	100,000	21	Fixed	2.85 %					
Bond issue in 2021	50,000	50,000	50,000	13	Fixed	1.45 %					
Bond issue in 2021	50,000	50,000	50,000	18	Fixed	1.5 %					
SEDILEC_2	7,160	10,740	71,600	2	Fixed	1.061 %					
SEDILEC_4	5,334	6,668	26,670	4	Fixed	0.55 %					
IEH_6	5,230	6,538	26,150	4	Variable	4 %	1% OPTION	5,230	(205)	4	Variable
IGH_4	6,428	8,035	32,140	4	Variable	4 %	1% OPTION	6,428	(252)	4	Variable
IDEG_2		5,760									
Loan from EIB 100	100,000	100,000	100,000	15	Fixed	1.365 %					
Loan from EIB 150	140,000	150,000	150,000	14	Fixed	1.115 %					
Loan from EIB 50	50,000	50,000	50,000	16	Fixed	0.467 %					
Loan from EIB 50	50,000	50,000	50,000	16	Fixed	0.467 %					
Loan from EIB 100	100,000	100,000	100,000	17	Fixed	0.244 %					
Loan from EIB 100	100,000	100,000	100,000	18	Fixed	0.82 %					
Loan MEC ORES 2018 - Batch 1	—	30,000									
MP ORES 2016 – Batch 1	40,000	40,000	40,000	0	Variable	4.24%					
MP ORES 2016 – Batch 2	50,000	50,000	50,000	1	Variable	4.26%	SWAP	50,000	(1,420)	1	Fixed rate at 0.54 %
MP ORES 2016 – Batch 3	30,000	30,000	30,000	2	Variable	4.29%	SWAP	30,000	(1,726)	2	Fixed rate at 0.66 %
MP ORES 2016 – Batch 4	30,000	30,000	30,000	2	Variable	4.20%	CAP 1% (1) and 0.9% (2)	2,454	(61)	1	
MP ORES 2017 – Batch 3	40,000	40,000	40,000	3	Fixed	1.051 %					
MP ORES 2017 – Batch 4	40,000	40,000	40,000	4	Fixed	1.169 %					
MEC.ORES.2019 - Batch 1	50,000	50,000	50,000	2	Fixed	0.459 %					
MEC.ORES.2019 - Batch 2	40,000	40,000	40,000	3	Fixed	0.524 %					

	CARRYING AMOUNT		BORROWING				HEDGING				
	31/12/2023	31/12/2022	INITIAL AMOUNT	REMAINING TERM (YEARS)	FIXED/VARIABLE RATE	INTEREST RATE AT THE END OF 2023	HEDGING INSTRUMENT	NOTIONAL RESIDUAL	FAIR VALUE	REMAINING TERM (YEARS)	INTEREST RATE AT THE END OF 2023, AFTER HEDGING
MEC.ORES.2019 - Batch 3	30,000	30,000	30,000	5	Fixed	0.52 %					
MEC.ORES.2019 - Batch 4	30,000	30,000	30,000	5	Fixed	0.717 %					
MEC.ORES.2019 - NOV	45,000	45,000	45,000	6	Fixed	0.708 %					
MEC.ORES.2020 - Batch 1 - €24m	16,800	19,200	24,000	7	Fixed	0.347 %					
MEC.ORES.2020 - Batch 2 - €36m	27,000	30,000	36,000	9	Fixed	0.419 %					
MEC.ORES.2020 - Batch 3 - €30m	24,000	26,000	30,000	12	Fixed	0.44 %					
MEC.ORES.2020 - Batch 4 - €40m	40,000	40,000	40,000	5	Fixed	0.376 %					
MEC.ORES.2021 - Batch 1 - €30m	30,000	30,000	30,000	5	Fixed	0.499 %					
MEC.ORES.2021 - Batch 2 - €30m	30,000	30,000	30,000	6	Fixed	0.658 %					
MEC.ORES.2021 - Batch 3 - €32m	25,600	28,800	32,000	8	Fixed	0.393 %					
MEC.ORES.2021 - Batch 4 - €24m	20,000	22,000	24,000	10	Fixed	0.477 %					
MEC.ORES.2021 - Batch 5 - €24m	20,000	22,000	24,000	10	Fixed	0.679 %					
MEC.ORES.2021 - Batch 6 - €30m	26,000	28,000	30,000	13	Fixed	0.672 %					
MEC.ORES.2021 - Batch 7 - €30m	26,000	28,000	30,000	13	Fixed	0.698 %					
MEC.ORES.2022 - Batch 3 - €30m	15,000	15,000	15,000	7	Variable	4.48%					
MEC.ORES.2022 - Batch 3 - €30m	15,000	15,000	15,000	7	Variable	4.58%					
MEC.ORES.2022 - Batch 4bis - €30m	28,000	30,000	30,000	14	Variable	4.57%					
MEC.ORES.2022 - Batch 4 - €30m	14,000	15,000	15,000	14	Variable	4.37%					
MEC.ORES.2022 - Batch 4 - €30m	14,000	15,000	15,000	14	Variable	4.47%					
MEC.ORES.2022 - Batch 5bis - €30m	28,500	30,000	30,000	19	Variable	4.59%					
MEC.ORES.2022 - Batch 5 - €30m	14,250	15,000	15,000	19	Fixed	3.361 %					
MEC.ORES.2022 - Batch 5 - €30m	14,250	15,000	15,000	19	Fixed	3.461 %					
MEC.ORES.2023 - Batch 1 - €30m	30,000	—	30,000	8	Variable	4.57%					
MEC.ORES.2023 - Batch 2 - €40m	40,000	—	40,000	10	Variable	4.58%					
MEC.ORES.2023 - Batch 3 - €18m	9,000	—	9,000	16	Variable	4.56%					
MEC.ORES.2023 - Batch 3 - €18m	9,000	—	9,000	16	Variable	4.58%					
MEC.ORES.2023 - Batch 4 - €18m	32,000	—	32,000	16	Variable	4.53%					
MEC.ORES.2023 - Batch 5 - €30m	30,000	—	30,000	20	Variable	4.56%					
MEC.ORES.2023 - Batch 6 - €30m	30,000	—	30,000	25	Variable	4.65%					

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

	NON-CURRENT		CURRENT	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Financial liabilities measured at amortized cost (excluding borrowings)				
Trade payables	—	—	225,374	164,088
Advance in subsidy received	7,857	—	—	—
Lease liabilities	9,357	8,478	2,583	3,960
Other liabilities	2,388	2,737	143,349	135,574
	19,602	**11,214**	**371,306**	**303,622**

Trade payables

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

	31/12/2023	31/12/2022
Average credit period for trade payables (in days)	50	50

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

Book value	31/12/2023	31/12/2022
Social security and other taxes	25,867	26,814
Short-term employee benefits and associated provisions	48,986	42,878
Accrued charges	28	6,766
Deferred revenue	357	696
Derivatives instruments - swaps	—	—
Lease liabilities	11,941	12,438
Equity subsidy advance	7,857	—
Other	74,078	71,521
	169,114	**161,114**
Of which: non-current	19,602	11,214
Of which: current	149,512	149,900

With regard to accrued charges, it should be noted that in 2022 these related to the gas road fee payable to the Walloon Region, were exceptionally paid at the beginning of 2023. In 2023, they were paid before the end of the year, as it is usually the case.

This item also includes an advance received from the Walloon Region (€7.9m) as part of a subsidy linked to the energy transition. It will be used to finance investments to be made between 2024 and 2027 with a view to improving the energy efficiency of the distribution network, increasing the capacity for renewable energy production and controlling the costs associated with the energy transition.

The "other" item of €74.1m is, as in 2022, largely made up of advances received from the federal government and the Walloon Region relating to the award of grants to residential customers through the DSO (prosumer tariff, energy crisis aid, etc.).

For a more detailed explanation of provisions for pensions and short-term employee benefits, which are also an integral part of this heading, see notes 19 and 20. For a more detailed explanation of derivatives, see note 27. Additional information on lease obligations is provided in note 21.

Note 18 – Provisions (in thousands of €)

	31/12/2023	31/12/2022
Environmental remediation	3,619	3,619
Other	18,706	74,958
	22,325	**78,577**
Of which: current	—	—
Of which: non-current	22,325	78,577

CHANGES IN PROVISIONS (EXCLUDING EMPLOYEE BENEFITS) 2023	Environmental remediation	Other	TOTAL
At 1st January	3,619	74,957	**78,576**
Additional provisions recognized	—	3,654	**3,654**
Total used during the financial year	—	(52,772)	**(52,772)**
Total reversed during the financial year	—	(7,133)	**(7,133)**
Transfer	—	—	**—**
At the end of the year	**3,619**	**18,706**	**22,325**
Of which: current	—	—	**—**
Of which: non-current	3,619	18,706	**22,325**

CHANGES IN PROVISIONS (EXCLUDING EMPLOYEE BENEFITS) 2022	Environmental remediation	Other	TOTAL
At 1st January	3,619	23,380	**26,999**
Additional provisions recognized	—	54,147	**54,147**
Total used during the financial year	—	(1,814)	**(1,814)**
Total reversed during the financial year	—	(755)	**(755)**
Transfer	—	—	**—**
At the end of the year	**3,619**	**74,958**	**78,577**
Of which: current	—	—	**—**
Of which: non-current	3,619	74,958	**78,577**

Provisions are recognized 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, of which, furthermore, the total should be estimated reliably.

Environmental remediation

The implementation of the Decree of the 5th of 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.

In 2023, two new orientation studies were carried out by the Group, leading to characterization studies to be carried out in 2024. At the end of these studies, the degree and extent of the pollution will be known, enabling the Executive Committee to decide on the action to be taken in 2024.

Other

The Group's activities also expose it to legal risks. Provisions for litigation are therefore regularly updated in consultation with the Group's legal department. The provisions set aside correspond to the best estimate of the outflow of resources considered probable by the Group.

These provisions mainly concern disputes with suppliers or subcontractors (information system for smart metering, etc.).

As a reminder, since 2015, provisions have also been set aside to meet regulatory obligations. A decree published by the Walloon Government requires us to vectorize network maps. The Impétrants decree of 2009, which was adapted in November 2013, and the implementation of the POWALCO platform by the Walloon Region therefore require the network to be vectorized, i.e. the transformation of paper diagrams into computerized diagrams within 10 years. In 2023, the budget earmarked for this vectorization work has been updated, leading to an additional allocation of €3.2m and the use of €0.6m.

It should also be noted that 2022 was mainly marked by rising energy prices, particularly in connection with the purchases of losses that the Group would have to make in order to meet its public service obligations next year. The provision of €49.8m set aside at the 31st of December 2022 represented the loss that the company expected to incur on the volumes purchased in 2023 to cover its losses and supply its social customers with electricity, i.e. the difference between the maximum purchase price authorized by the regulator and the actual purchase price that ORES Assets would face during 2023 and set at the end of 2022 (exceeding the upper limit of the corridor authorized by the CWaPE). As announced, losses were indeed recorded on our energy purchases for 2023, offset in full by our provision of €45.4m, the difference having been reversed. For 2024, as the fixed purchase price is within the corridor determined by the CWaPE, no provision was recorded at the end of December 2023.

The other major development under this heading relates to the taxation arising from a Walloon Government decree of the 5th of July 2018 on excavated soil (AGW Excavated Soil), which came into force in 2021, for which a net movement of -€1.6m was recorded: provision of €0.1m, use of €1.2m and a reversal of €0.5m.

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

	31/12/2023	31/12/2022
Non-current		
Pension benefits - funded plans	(201,196)	(201,931)
Pension benefits - unfunded plans	4,505	4,188
Other post-employment benefits	72,400	71,677
Other long-term benefits	35,060	28,255
	(89,231)	**(97,811)**
Effect of the asset ceiling	168,150	192,361
	78,919	**94,550**
Current	**48,986**	**42,878**
Remuneration and bonuses	48,986	42,878
	127,905	**137,428**

STATEMENT OF COMPREHENSIVE INCOME	31/12/2023	31/12/2022
Salaries	196,294	176,235
Social security contributions	46,993	42,143
Pension expenses and other long-term benefits	10,685	10,335
Other social expenses	16,168	15,789
Of which included in the cost of intangible and tangible assets	(98,575)	(83,134)
	171,565	**161,368**

AVERAGE NUMBER OF PERSONNEL	31/12/2023	31/12/2022
Employees - total full-time equivalents	2,859	2,691

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

Others 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 €)

Defined benefit pension plans backed by plan assets (funded plans)

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 the 1st of January 2002 (Elgabel), as well as for the benefit of managerial and executive employees hired before the 1st of May 1999 (Pensiobel), 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 the 18th of December 2015 amending the law on supplementary pensions and the prohibition of provisions that encourage early retirement, the Elgabel pension plan was amended with effect from the 1st of January 2022 by the CLA (Collective Labor Agreement) of the 1st of October 2020. The sectoral plan was transformed into a company plan on the 1st of January 2022, and the solidarity fund was wound up.

2. POWERBEL/ENERBEL

Two other pension plans, previously considered as defined contribution, also exist within ORES. One is for management and executive staff hired on or after the 1st of May 1999 or who opted for this scheme on the 1st of January 2007 or the 1st of January 2015 (Powerbel). The other is for staff hired on or after the 1st of January 2002 (Enerbel).

Following the change to the law on supplementary pensions (L.P.C. 28/4/2003 - Art. 24) which came into force on the 1st of January 2016 and which now requires the same minimum rate of return to be guaranteed on employer and 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%), ORES initiated a review which led to the Powerbel and Enerbel pension plans being accounted for as defined benefit plans from the 1st of January 2016. These two plans, which provide retirement capital determined by the amount of premiums paid and the return attributed to them, are described below.

ENERBEL

The personal contribution payable by the employee is determined on the basis of a tiered rate. It is equal to 0.875% of the part of the remuneration below a fixed ceiling, increased by 2.625% of the part of the remuneration exceeding this ceiling. This contribution is deducted monthly from the employee's salary.

The amount of the employer's pension contributions, including taxes, is:

For employees with less than 5 years of seniority:

A. **2.7563%** of the part of the annual reference salary T at the 1st of January which does not exceed the salary ceiling T1;

B. **8.2688%** of the part of this same T remuneration exceeding this ceiling.

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

A. **2.8941%** of the part of the annual reference salary T at the 1st of January which does not exceed the salary ceiling T1;

B. **8.6822%** of the part of this same T remuneration exceeding this ceiling.

For workers with at least 10 years' seniority:

A. **3.0319%** of the part of the annual reference salary T at the 1st of January which does not exceed the salary ceiling T1;

B. **9.0957%** of the part of this same T remuneration exceeding this ceiling.

POWERBEL

The personal contribution payable by the employee is determined on the basis of a tiered rate. It is equal to 0% of the part of the remuneration below a fixed ceiling, increased by 3% of the part of the remuneration exceeding 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, increased by 20% of the part of the remuneration exceeding this ceiling.

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

The Enerbel and Powerbel pension plans expose the employer to investment risk because, as mentioned above, since the 1st of January 2016, legislation has required this type of plan 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 the 30th of June 2016 (Enerbel) and the 30th of October 2016 (Powerbel), employee contributions were paid into a group insurance scheme (Contassur S.A. - branch 21 - deferred capital without repayment). Since then, like the employers' contributions, they have been paid into a pension fund that no longer offers any guarantee of a minimum return. Following this change, the reserves accumulated in individual group insurance contracts have also been transferred to the pension fund at a guaranteed rate of 3.25%.

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

3. DEFINED CONTRIBUTION PLANS FINANCED UNDER BRANCH 21

Since the 31st of December 2021, the IAS19 valuations of ORES and Comnexio have also taken into account the defined contribution plans fully funded in branch 21 with the insurance company Contassur S.A.. These plans also benefit from the statutory minimum guarantee provided for in the Supplementary Pensions Act. They are therefore also considered as defined benefit plans.

4. OVERHEADS SCHEME

This Elgabel scheme, which has been closed to new members since the 1st of January 1993, is designed to provide a life annuity at retirement age amounting to 75% of final salary for a full career, after deduction of the statutory parity pension. In the event of death, 60% of the pension is reversible in favor 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 outsourced on the 1st of January 2007 in the form of payments made to the OFP Elgabel; it should be noted that for employees benefiting from this scheme and still active on the 1st of January 2007, technical provisions have been set aside for the career after this date in the OFP Elgabel, in accordance with the law.

Following the publication of the law of the 18th of December 2015 amending the law on supplementary pensions and the prohibition of provisions encouraging early retirement, the overheads pension plan was amended with effect from the 1st of January 2022 by the CLA (Collective Labor Agreement) of the 23rd of December 2021 and becomes a company plan from that date.

5. CASH BALANCE PLUS PLAN IN CPTBL

This plan provides for the payment of a lump sum on the date of retirement corresponding to the amount in the member's individual account.

This capital is made up of:

- Contributions paid, capitalized at a guaranteed rate equal to the LPC rate + 0.25% (at 31/12/2023, this rate is 1.75% + 0.25% = 2%), to which an additional return may be attributed;
- Reserves transferred from group insurance no. 2970 with the insurance company Contassur, which are capitalized at a guaranteed fixed rate of 3.25%.

As a result of these guaranteed returns, the plan is considered to be a defined benefit plan.

Comnexio staff with managerial or employee status hired on or after the 1st of June 2019 are affiliated to this plan from the date of their entry into service.

Staff members who transferred from N-ALLO on the 1st of June 2019 are also participating.

The annual contribution is payable by the employer and is set at:

- 3.50% of the part of the annual remuneration salary not exceeding the remuneration ceiling

plus

- 5.50% of the part of the same remuneration exceeding this ceiling.

At the 1st of January 2019, the remuneration ceiling is set at €53,949.61 and is indexed annually on the 1st of January in line with changes in the health index.

STATEMENT OF FINANCIAL POSITION	31/12/2023	31/12/2022
Present value of the defined benefit obligations/funded plans	305,054	276,222
Plan assets	(506,308)	(478,288)
Deficit / (surplus)	**(201,254)**	**(202,066)**
Present value of the other long term benefit obligations	35,675	29,074
Plan assets of the other long term benefits	(557)	(819)
Deficit / (surplus)	**35,118**	**28,255**
Present value of the defined benefit obligations/unfunded plans	**76,906**	**75,865**
Effect of the asset ceiling	168,150	192,361
Net liability arising from defined benefit obligation	**78,920**	**94,415**
Reimbursement rights	**(422)**	**(449)**

STATEMENT OF COMPREHENSIVE INCOME	31/12/2023	31/12/2022
Service cost		
Cost of service provided for defined benefits	14,253	14,052
Cost of service provided for other long-term benefits	2,115	2,054
	16,368	**16,107**

	31/12/2023	31/12/2022
Net interest on the defined benefit liability/(asset)		
Interest costs arising from the defined benefit obligation	11,791	2,888
Interest income on plan assets	(14,557)	(3,020)
Interest on the effect of the asset ceiling	6,021	1,076
	3,255	**944**

	31/12/2023	31/12/2022
Net interest on other long-term benefit liability (asset)		
Interest costs arising from long-term benefit obligation	1,115	168
Interest income on plan assets for other long-term benefits	6,345	(2,736)
Interest on the effect of the asset ceiling	4	—
	7,464	**(2,568)**
(Income)/expense recorded in the profit and loss statement in relation to defined benefit plans and other long-term benefits	**27,087**	**14,482**

The increase in DC plan premiums has led to both an increase in current service cost (net of contributions for the period) and an increase in net interest expense in 2023. The upward trend in actuarial losses relating to other long-term benefits is largely explained by the real indexation of salaries and salary trends.

REMEASUREMENT OF NET DEFINED BENEFIT LIABILITY (ASSET) AND OTHER LONG-TERM BENEFITS RECOGNIZED IN OTHER COMPREHENSIVE INCOME (OCI)	31/12/2023	31/12/2022
Actuarial (gains)/losses on defined benefit obligation arising from:		
i) Changes in demographic assumptions	488	(63)
ii) Changes in financial assumptions	(1,328)	(52,009)
iii) Experience adjustments	23,364	10,610
iv) Subtotal	**22,525**	**(41,462)**
i) Return on plan assets excluding interest income on plan assets	(19,590)	69,312
ii) Changes in financial assumptions	—	—
iii) Change in the effect of the asset ceiling excluding associated interests	(30,371)	(28,125)
iv) Subtotal	**(49,961)**	**41,187**
(Income)/ expenses for defined benefit plans	**(27,436)**	**(275)**

The change in the effect of the asset ceiling is in line with movements in liabilities.

This positive result on actuarial gains and losses on defined-benefit plans stems largely from the higher-than-expected return on the pension funds generated in 2023 (as opposite to 2022), offset by actuarial losses relating to obligations and arising from experience adjustments (indexation and salary trends).

CHANGES IN THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION	31/12/2023	31/12/2022
Opening balance	**352,087**	**403,460**
Current service cost	14,253	14,052
Interest cost	11,791	2,888
Contributions from plan participants	1,196	1,116
Actuarial (gains)/losses arising from:		
i) Changes in demographic assumptions	488	(63)
ii) Changes in financial assumptions	(1,328)	(52,009)
iii) Experience adjustments	23,364	10,610
Benefits paid	(19,893)	(27,967)
Closing balance	**381,959**	**352,087**

CHANGES IN THE FAIR VALUE OF THE PLAN ASSETS	31/12/2023	31/12/2022
Opening balance	**478,288**	**559,957**
Interest income on plan assets	14,557	3,020
Return on plan assets excluding interest income on plan assets	27,636	(71,702)
Actuarial gaps	(8,046)	2,390
Contributions from employer	8,783	6,331
Contribution form plan participants	1,196	1,116
Benefits paid	(16,107)	(22,823)
Closing balance	**506,307**	**478,288**

	31/12/2023	31/12/2022
Actual return on plan assets	42,193	(68,682)

MAIN ACTUARIAL ASSUMPTIONS USED: FOR ORES	31/12/2023	31/12/2022
Discount rate on pension plans related to old contracts	3.07 %	3.13 %
Discount rate on pension plans related to new contracts	3.25 %	3.11 %
Discount rate on tariff and healthcare benefits	2.99 %	3.09 %
Expected rate of salary increase - old conditions (excluding inflation)	0.54% - 0.76% + 0.275%	1.1%-3.1%
Expected rate of salary increase - new conditions (excluding inflation)	2.55% - 2.71% + 0.275%	1.3%-3%
Turnover rate for old contracts	0.50 %	0.75 %
Turnover rate for new contracts	1.50 %	2.00 %
Expected increase in medical costs (excluding inflation)	1.00 %	1.00 %
Expected increase in the average cost relating to tariff reductions	2.00 %	1.60 %
Inflation rate	2.00 %	2.00 %
Average retirement age for old conditions	63 years	63 years
Average retirement age for new conditions	65 years	65 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	20.3	20.3
• Female	24.0	24.0
For a person aged 65 in 20 years:		
• Male	22.6	22.6
• Female	26.1	26.1

MAIN ACTUARIAL ASSUMPTIONS USED: FOR COMNEXIO	31/12/2023	31/12/2022
Discount rate on pension plans	4.13 %	2.36 %
Expected rate of salaries increase (excluding inflation)	0.58% – 1.29%	1.76 %
Expected increase in medical costs (excluding inflation)	1.00 %	1.60 %
Turnover rate	7.50 %	4.00 %
Inflation rate	2.00 %	2.00 %
Average retirement age	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	20.3	20.3
• Female	24.0	24.0
For a person aged 65 in 20 years:		
• Male	22.6	22.6
• Female	26.1	26.1

BREAKDOWN OF DEFINED BENEFIT OBLIGATION BY TYPE OF BENEFIT	Defined benefit obligation	
	31/12/2023	31/12/2022
Retirement or death benefits	309,559	280,410
Other post-employment benefits (medical and tariff reductions)	72,400	71,677
	381,959	**352,087**

MAJOR CATEGORIES OF PLAN ASSETS	Fair value of plan assets	
	31/12/2023	31/12/2022
Having a market price quoted in an active market	**477,567**	**448,482**
Shares (Eurozone)	45,503	66,193
Shares (outside the Eurozone)	101,166	76,816
Government bonds (Eurozone)	2,218	675
Other bonds (Eurozone)	144,366	132,611
Other bonds (outside the Eurozone)	184,313	172,187
Without quoted market price in an active market	**29,298**	**30,625**
Cash and cash equivalents	14,408	19,161
Real property	8,938	7,529
Other	5,952	3,935
	506,865	**479,107**

SENSITIVITY ANALYSIS FOR EACH SIGNIFICANT ACTUARIAL ASSUMPTIONS UNDERLYING ON DEFINED BENEFIT OBLIGATION	Impact on the defined benefit obligation	
	31/12/2023	31/12/2022
Discount rate plus 0.25%	(19,490)	(66,015)
Salary increase of 0.1%	(26,599)	(111,339)
Medical costs increased plus 1%	(24,221)	385,937
Increase of average cost of tariff reductions plus 0.50%	(27,745)	392,653
Inflation plus 0.25%	33,903	84,180
1 year age correction applied to mortality tables	(28,576)	(80,645)
Weighted average duration of the defined benefit obligation related to old contracts and other long-term benefits	7	8
Weighted average duration of the defined benefit obligation related to new contracts	20	20
Weighted average duration of the defined benefit obligation related to other long term benefits and other post-employment benefits	13	13
Expected contributions during the next period for defined benefit plans related to old contracts	1,385	380
Expected contributions during the next period for defined benefit plans related to new contracts	6,303	4,849

Each year, the discount rate used to calculate the pension obligations with regard to the minimum funding requirements is aligned with the rate defined by the IFRS standard based on high quality corporate bonds, depending on the duration commitments.

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

Defined-benefit pension plans are also financed by the employer via a recurring allowance expressed as a percentage of the total remuneration of affiliates. This percentage is defined using the aggregate cost method and is reviewed annually.

This method involves spreading future costs over the remaining period of the plan. The costs are estimated on the basis of projections taking into account, in particular, the evolution of wages and inflation. The assumptions relating to salary increase, inflation, staff turnover and retirement age are defined on the basis of statistics available to the company in order to provide a good estimate of the long term future. The discount rate is defined with regard to the company's investment strategy. All these assumptions are regularly reviewed.

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

Certain exceptional events, such as the modification of a plan, a change in assumptions, too low a level of cover, etc. may give rise to exceptional payments by the sponsor, which is not the case in 2023.

Description of the risks faced by defined benefit 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 Group has used new prospective 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	**2022**	**4,903**	**5,680**	**3,139**	**13,722**
Interest expense on lease contracts		84	108	131	**323**
Lease payments		(958)	(740)	(1,464)	**(3,162)**
New contracts/exercise of options		207	—	1,447	**1,654**
Termination of contracts/ exercise of options		—	—	(99)	**(99)**
Closing balance	**2022**	**4,236**	**5,048**	**3,154**	**12,438**
Interest expense on lease contracts		68	96	177	**341**
Lease payments		(469)	(740)	(1,740)	**(2,949)**
New contracts/exercise of options		32	—	3,419	**3,451**
Termination of contracts/ exercise of options		(1,418)	—	78	**(1,340)**
Closing balance	**2023**	**2,449**	**4,404**	**5,088**	**11,941**

The lease liabilities mainly relates to the following assets:

- Lease of office buildings;
- Lease of vehicles for executives and management;
- Fees paid for the use of optical fibers.

The corresponding assets (rights of use) are detailed in note 09.

IFRS 16 - Leases specifies the definition of a lease and offers certain options. Consequently, the lease obligation does not cover:

- Royalties paid for IT licences 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 (equipment such as laptops, printers, etc.).

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

Expenses recorded for contracts that do not fall within the scope of the standard and which are recognized directly in the income statement (and not as a rental obligation) are detailed in note 04.

The maturity of principal lease payments is as follows:

1. DISCOUNTED AMOUNTS AS RECORDED IN THE STATEMENT OF FINANCIAL POSITION:

31/12/2023	Buildings	Optical fibres	Vehicles	TOTAL
Within the year	318	656	1,609	**2,583**
>2 and <5 years	1,579	2,522	3,480	**7,581**
>5 years	551	1,226	—	**1,777**
	2,448	**4,404**	**5,089**	**11,941**

31/12/2022	Buildings	Optical fibres	Vehicles	TOTAL
Within the year	2,109	644	1,207	**3,960**
>2 and <5 years	1,507	2,702	1,947	**6,156**
>5 years	620	1,702	—	**2,322**
	4,236	**5,048**	**3,154**	**12,438**

2. FUTURE CASH OUTFLOWS - LEASE PAYMENTS MATURITY (INCLUDING INTERESTS) :

31/12/2023	Buildings	Optical fibres	Vehicles	TOTAL
Within the year	361	740	1,791	**2,892**
>2 and <5 years	1,650	2,728	3,704	**8,082**
>5 years	882	1,266	—	**2,148**
	2,893	**4,734**	**5,495**	**13,122**

31/12/2022	Buildings	Optical fibres	Vehicles	TOTAL
Within the year	2,163	740	1,312	**4,215**
>2 and <5 years	1,600	2,960	2,055	**6,615**
>5 years	960	1,775	—	**2,735**
	4,723	**5,475**	**3,367**	**13,565**

Note 22 – Taxes (in thousands of €)

1. TAX EXPENSES RECORDED IN THE PROFIT AND (LOSS) STATEMENT:	31/12/2023	31/12/2022
Income tax expense in respect of the period	25,677	48,912
Adjustments recognized in the current period in relation to the tax of prior years	(741)	(12,553)
Tax payables on interest received	1,036	31
Current tax expense (income)	**25,972**	**36,390**
Deferred tax expense (income) relating to recognition reversal of temporary differences	(11,143)	(4,331)
Deferred tax expense (income)	**(11,143)**	**(4,331)**
Total tax expense recorded in profit (or loss)	**14,829**	**32,059**

The reduction in the current tax charge of €10.4m compared with 2022 is due, on the one hand, to lower pre-tax profits in 2023 compared with 2022: €107.2m compared with €121.1m in 2022 and, on the other hand, to the exemption of the reversal of the provision of €49.8m relating to energy purchases (see note 18), taxed in 2022 and included below under non-deductible expenses.

As a reminder, in 2022, the adjustment recognized during the year in respect of current tax for prior periods of -€12.6m related to a tax adjustment receivable following the tax advice in favor of the Group received at the end of 2022 and relating to the tax audit for the 2018 financial year.

With regard to deferred tax, the income recognized results mainly from the amortization of the revaluation surplus and the favorable actuarial gains and losses for 2023, which led to the recognition of a deferred tax charge. Other deferred tax income and expenses relating to other balance sheet items offset each other overall (see note 23).

2. RECONCILIATION OF THE ACTUAL TAX RATE WITH THE THEORETICAL TAX RATE:	31/12/2023	31/12/2022
Profit (or loss) before taxes	107,215	121,092
Tax rates applicable in Belgium	25 %	25 %
Theoretical tax liability	**26,804**	**30,273**
Adjustments:		
Tax on non-deductible expenses	(12,206)	14,372
Tax on non-taxable products	—	—
(Income) arising from deduction for investment	(39)	(39)
Tax credit linked to tax shelter	(25)	(25)
Tax payable on interest received	1,036	31
	(11,234)	**14,339**
Taxes related to previous period	**(741)**	**(12,553)**
Total tax during the period	**14,829**	**32,059**
Average effective rate	13.83%	26.47%

The Group once again benefited from a tax credit (€25k) linked to the tax shelter by participating in the production of two Belgian audiovisual works produced in 2022-2023.

3. TAX EXPENSE RECORDED UNDER OTHER COMPREHENSIVE INCOME:	31/12/2023	31/12/2022
Deferred tax expense (income) on fair value of hedging instruments entered into for cash flow hedges	(709)	2,315
Deferred tax expense (income) on defined benefit pension plans	6,859	69
Deferred tax charge (income) on revaluation surplus	—	1,722
Total income tax in other comprehensive income	**6,150**	**4,106**

As a reminder, deferred tax arising from temporary differences on assets or liabilities whose movements are recognized in “other comprehensive income” has also been recorded under this heading, as required by IAS 12 - Income Taxes.

Note 23 – Deferred tax (in thousands of €)

1. OVERVIEW OF DEFERRED TAX ASSETS AND LIABILITIES BY TYPE OF TEMPORARY DIFFERENCE	ASSETS		LIABILITIES	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Intangible assets	—	—	(9,487)	(9,451)
Tangible assets	—	—	(71,154)	(73,249)
Tangible assets - revaluation	—	—	(176,322)	(181,514)
Tangible assets - lease	—	—	(2,786)	(3,056)
Other non-current assets	—	—	(985)	(1,881)
Trade and other receivables	1,863	1,567	—	—
Other current assets	1,931	2,800	—	—
Cash	—	—	—	—
Borrowings	—	—	(235)	(247)
Provisions for employee benefits	19,730	23,637	—	—
Other provisions	—	—	—	—
Other non-current liabilities	1,544	615	—	—
Other current liabilities	—	—	(465)	(581)
Total temporary differences	**25,068**	**28,619**	**(261,434)**	**(269,979)**
Deferred tax assets (liabilities)	**25,068**	**28,619**	**(261,434)**	**(269,979)**
Offsetting	(25,068)	(28,619)	25,068	28,619
Total net			**(236,366)**	**(241,360)**

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	(9,452)	(36)	—	(9,487)
Tangible assets	(73,249)	2,095	—	(71,153)
Tangible assets - revaluation	(181,514)	5,192	—	(176,322)
Tangible assets - lease	(3,055)	270	—	(2,783)
Other non-current assets	(1,881)	896	—	(985)
Trade and other receivables	1,567	296	—	1,863
Other current assets	2,800	(870)	—	1,930
Borrowings	(247)	11	—	(235)
Provisions for employee benefits	23,637	2,952	(6,859)	19,730
Other non-current liabilities	615	220	709	1,544
Other current liabilities	(581)	116	—	(465)
	(241,360)	**11,143**	**(6,150)**	**(236,366)**

3. DEFERRED TAX RECORDED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION	31/12/2023	31/12/2022
Deferred tax assets	0	0
Deferred tax liabilities	(236,366)	(241,360)
	(236,366)	**(241,360)**

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	Operational and day-to-day management of ORES Assets
Comnexio	Belgium	93.00 %	93.00 %	December	Contact center

ORES' SHAREHOLDING IS MADE UP AS FOLLOWS	% shareholding 2023	Number of shares 2023	% shareholding 2022	Number of shares 2022
ORES Assets	99.72 %	2.453	99.72 %	2.453
IDEFIN	0.04 %	1	0.04 %	1
CENEO	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 2023	Number of shares 2023	% shareholding 2022	Number of shares 2022
ORES Assets	93.00 %	93	93.00 %	93
IDEFIN	1.00 %	1	1.00 %	1
CENEO	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**

In 2013, at the creation of ORES Assets, the seven former intercommunal companies each transferred one share of ORES to the intercommunal pure financing entities (IPF) and one share to RESA (formerly Tecteo). This resulted in the recognition of a non-controlling interest of €31k 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 €4k.

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

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

There is no entity 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 €)

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

CHANGES IN INVESTMENT IN ASSOCIATES	31/12/2023	31/12/2022
Balance at 1st of January	3	3
Balance at 31st of December	3	3

SUMMARY FINANCIAL INFORMATION ATRIAS	31/12/2023	31/12/2022
Sales and other operating income	63,518	53,249
Profit (or loss) before interest and taxation	2,151	1,212
Financial profit (or loss)	(2,099)	(1,158)
Profit (or loss) before taxation	52	54
Taxation	(52)	(54)
Profit (loss) for the year	—	—

ATRIAS	31/12/2023	31/12/2022
Non-current assets	42,974	54,630
Current assets	34,695	31,516
Total assets	**77,670**	**86,146**
Non-current liabilities	55,800	55,800
Current liabilities	21,851	30,327
Total liabilities	**77,651**	**86,127**
Net assets	**19**	**19**
Group share of net assets of associates	3	3
Loans made by Group companies to associates	**10,987**	**10,987**

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

FINANCIAL ASSETS 31/12/2023	Category	Carrying amount	Fair value	Level
Interest rate caps	2	7,121	7,121	Level 2
Interest rate swaps	3	3,181	3,181	Level 2
Trade receivables	1	37,290	37,290	Level 2
Unlisted equity instruments	1	17	17	Level 3
Other receivables	1	110,979	110,979	Level 2
Other financial assets (mutual funds (sicav) and commercial papers)	2	3,942	3,942	Level 2
Total financial assets		**162,530**	**162,530**	
FINANCIAL LIABILITIES 31/12/2023				
Unsecured – Non current	1	2,051,343	2,089,071	Level 2
Unsecured - Current	1	219,880	219,880	Level 2
Trade payables	1	225,374	225,374	Level 2
Other payables	1	143,349	143,349	Level 2
Total financial liabilities		**2,639,946**	**2,677,674**	

FINANCIAL ASSETS 31/12/2022	Category	Carrying amount	Fair value	Level
Interest rate caps	2	13,243	13,243	Level 2
Interest rate swaps	3	6,019	6,019	Level 2
Trade receivables	1	122,558	122,558	Level 2
Unlisted equity instruments	1	17	17	Level 2
Other receivables	1	102,666	102,666	Level 2
Other financial assets	2	221,493	221,493	Level 2
Total financial assets		**465,996**	**465,996**	
FINANCIAL LIABILITIES 31/12/2022				
Unsecured - Non current	1	2,076,799	1,760,897	Level 2
Unsecured - Current	1	201,735	201,735	Level 2
Trade payables	1	164,088	164,088	Level 2
Other payables	1	135,574	135,574	Level 2
Total financial liabilities		**2,578,196**	**2,262,294**	

- **Category 1:** financial assets or liabilities at amortized cost;
- **Category 2:** financial assets or financial liabilities at fair value through net profit or loss;
- **Category 3:** financial assets or liabilities at fair value through other comprehensive income (hedge accounting).

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

- **Level 1** - listed (unadjusted) price on active markets for identical assets or liabilities;
- **Level 2** - inputs other than the listed prices mentioned in level 1, which is observable for the asset or liability, 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 methods used to determine the fair value

For derivative financial instruments:

- 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 equal to 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 cash flows including principal and interest calculated on the basis of the market rate at the closing date (i.e. including bond).
- Adjustable fixed-rate financing: at the balance sheet date, sum of 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 amount at 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 31/12/2023	Positive fair values 31/12/2022
Derivatives instruments not used in cash flow hedges		
Interest rate swaps	3,181	6,019
• of which: non-current	1,761	6,019
• of which: current	1,420	
Derivatives instruments used in cash flow hedges		
Interest rate caps	7,121	13,243
• of which: non-current	7,121	13,243
• of which: current	—	—

The following table summarizes the interest rate swap contracts designated in a hedging relationship as at the 31st of December 2023

	Interest rate at the closing date		Notional principal amount		Fair value (FV) of the instrument		Variation of the fair value used to calculate the hedge ineffectiveness	Maturity	Variable rate item (hedged)
	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023		Borrowings
Swap		0.35 %	—	40,000	—	1,055	(1,055)	02/01/2024	MP ORES 2016 – Batch1
Swap	0.37 %	0.37 %	50,000	50,000	1,420	2,706	(1,285)	30/12/2024	MP ORES 2016 - Batch 2
Swap	0.40 %	0.40 %	30,000	30,000	1,726	2,154	(427)	31/12/2025	MP ORES 2016 - Batch 3
Swap 2006	2.20 %	2.20 %	3,189	4,252	35	104	(70)	31/12/2026	IGH_2006
			83,189	**124,252**	**3,181**	**6,019**	**(2,838)**		

Description of the hedging policy within the Group

In order to manage 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 high proportion of variable rate loans in the portfolio (note 15), the Group has taken out several interest rate caps to protect itself against a rise in interest rates. These caps have a fair value at end-2023 of €7.12m, recorded under other non-current financial assets. After analysis, the Group decided not to apply hedge accounting, and the change in their fair value is therefore recognized in profit or loss 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.

Note 28 – Related parties (in thousands of €)

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

1. Majority shareholders and any companies controlled directly or indirectly controlled 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 significant related parties.

		RECEIVABLE		PAYABLE	STATEMENT OF COMPREHENSIVE INCOME		
Related parties at 31/12/2023	Type of relationship	More than one year	Within one year	Within one year	Other operating income	Other operating expenses	Financial income
Atrias	Shareholder funding	10,987	947	—	—	—	471
Atrias - customer	Accounting	—	51	—	168	—	—
Atrias - supplier	IT service - projects	—	159	—	—	(12,923)	—
		10,987	**1,157**	**—**	**168**	**(12,923)**	**471**

		RECEIVABLE		PAYABLE	STATEMENT OF COMPREHENSIVE INCOME		
Related parties at 31/12/2022	Type of relationship	More than one year	Within one year	Within one year	Other operating income	Other operating expenses	Financial income
Atrias	Shareholder funding	10,986	1,969	—	—	—	224
Atrias - customer	Accounting	—	46	—	152	—	—
Atrias - supplier	IT service - projects	—	—	316	—	(10,721)	—
		10,986	**2,015**	**316**	**152**	**(10,721)**	**224**

In terms of bank loans, it should be noted that the Walloon municipalities and the former private partner have guaranteed certain loans worth a total of €267.4m, or 11.77% of the total bank debt at the end of 2023 (compared with 13.86% at the end of 2022). The private partner will be released from its guarantees (following its exit from the capital of ORES Assets on the 31st of December 2016) according to a timetable yet to be defined.

As all the Group's subsidiaries work at cost price and therefore without margin, in accordance with their articles of association, all transactions between related parties are therefore carried out at cost price and not outside market conditions.

EMPLOYEE BENEFITS FOR KEY MANAGEMENT PERSONNEL	31/12/2023	31/12/2022
Short-term benefits	2,307	2,239
Post-employment benefits	—	—
• Present value of pension liability (defined benefit plan)	4,520	6,513
• Net cost of the pension for the period	379	354
Termination benefits	—	552
Other long-term benefits	—	—
• Present value of pension obligation (defined benefit plan)	122	135
• Net cost of the pension for the period	5	6
	7,333	**9,799**

Key management personnel is made up of members of the ORES' Board of Directors and the members of the ORES' Executive Committee.

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

	Estimated financial impact	
Nature	Financial position	Comprehensive income
Dividends proposed to the ORES Assets General Meeting of shareholders that will take place in the first semester of 2024	74,668	110,835

Since October 2023, the Walloon DSOs and the CWaPE have been discussing the proposals for authorized electricity and gas revenues for the years 2025-2029 submitted by the DSOs to the regulator. On the 28th of March 2024, the regulator approved ORES Assets' authorized revenue proposals and published them on its website the following day. This completes the first of two stages in setting distribution tariffs for the next regulatory period. This phase is all the more important as it defines the budget available to the DSO for the next five years. These resources will enable it to carry out its day-to-day tasks and to support and implement its industrial plan as set out in the strategic plan "Investing together in energy transition for all".

At the end of March 2024, the Walloon Government also approved two decrees relating to the granting of subsidies to DSOs. The aim of these subsidies is to support the modernization of distribution networks in order to accelerate the energy transition by enabling them in future to absorb greater production of renewable energy and to cope with the electrification of uses (such as electric mobility). The two subsidies granted, one under the Walloon Recovery Plan 2024 and the other from European funding under the REPOWER EU program, are in addition to the subsidy granted in December 2023 under the Walloon Recovery Plan 2023, making a total subsidy package of €146m. This is in addition to the resources made available through the authorized revenue and will therefore make it possible to supplement it to support part of the future investments provided for in the industrial plan.

At the beginning of April 2024, the Market Court declared inadmissible the action brought by the partners of ORES Assets against the 2025-2029 tariff methodology and more specifically against certain methods of determining the equitable profit margin. ORES and RESA's application to intervene was deemed unfounded on procedural grounds, as the Market Court had not ruled on the merits of the case.

The Group has not identified any other significant post-balance sheet events that would have an impact on the financial statements for the year ended the 31st of December 2023.

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 credit risk in a number of ways. In terms of cash and investments, the Group's excess cash is invested in a money market fund or with financial institutions, or in the form of commercial papers or in a very diversified manner in banks or companies that meet strict selection criteria.

Trade receivables can be broken down as follows:

- Receivables relating to transit charges for which the Group obtains bank guarantees or carries out balance sheet analyses before determining the payment terms granted;
- Receivables related to public service obligations (energy supply) and works for which the Group assigns receivables without recourse.

DETAILS OF THE MAXIMUM CREDIT RISK	31/12/2023	31/12/2022
Derivatives financial assets	10,302	19,262
Trade receivables and other receivables	148,269	225,225
Unlisted equity instruments	17	17
Cash and cash equivalents	113,995	111,516
Total financial assets	**272,583**	**356,019**

2. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments.

Liquidity risk arises from the Group's need to obtain the external financing required, among other things, to carry out its investment program and refinance existing financial debt.

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

ORES has short-term financing capacity through its commercial paper program and a short-term credit line of €50m with a term of 3 years. Liquidity risk can be considered to be virtually zero. Cash management helps 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.

The Group's cash position is €113.9m at the 31st of December 2023 (compared with €111.5m at end-2022), see also note 13. Details of the Group's borrowings are given in note 15.

MATURITY ANALYSIS (BASED ON UNDISCOUNTED FUTURE CASH FLOWS)

31/12/2023	Amount recorded	< 1 year	1 to 3 years	3 to 5 years	5 to 15 years	> 15 years	No maturity date	TOTAL
Derivative financial assets	10,302	7,121	3,181	—	—	—	—	**10,302**
Trade receivables and other receivables	148,269	148,269	—	—	—	—	—	**148,269**
Financial assets held for sale	17	—	—	—	—	—	17	**17**
Cash and cash equivalents	113,995	113,995	—	—	—	—	—	**113,995**
Total assets	**272,583**	**269,385**	**3,181**	**0**	**0**	**0**	**17**	**272,583**
Derivative financial liabilities	—	—	—	—	—	—	—	**—**
Borrowings	2,271,222	256,702	445,376	458,457	1,065,677	427,729	—	**2,653,943**
Trade payables and other payables	368,724	368,724	—	—	—	—	—	**368,724**
Total liabilities	**2,639,946**	**625,426**	**445,376**	**458,457**	**1,065,677**	**427,729**	**0**	**3,022,667**
Derivatives financial liabilities	**(2,367,363)**	**(356,041)**	**(442,195)**	**(458,457)**	**(1,065,677)**	**(427,729)**	**17**	**(2,750,084)**

31/12/2022[18]	Amount booked	< 1 year	1 to 3 years	3 to 5 years	5 to 15 years	> 15 years	No maturity date	TOTAL
Derivative financial assets	19,262	13,243	6,019	—	—	—	—	**19,262**
Trade receivables and other receivables	225,224	225,224	—	—	—	—	—	**225,224**
Financial assets held for sale	17	—	—	—	—	—	17	**17**
Cash and cash equivalents	111,516	111,516	—	—	—	—	—	**111,516**
Total assets	**356,019**	**349,983**	**6,019**	**0**	**0**	**0**	**17**	**356,019**
Derivative financial liabilities	—	—	—	—	—	—	—	**—**
Borrowings	2,278,534	182,970	444,210	441,958	1,093,084	447,025	—	**2,609,247**
Trade payables and other payables	299,662	299,662					—	**299,662**
Total liabilities	**(2,578,196)**	**(482,632)**	**(444,210)**	**(441,958)**	**(1,093,084)**	**(447,025)**	**—**	**(2,908,909)**
Derivatives financial liabilities	**(2,222,177)**	**(132,649)**	**(438,191)**	**(441,958)**	**(1,093,084)**	**(447,025)**	**17**	**(2,552,890)**

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 rates (exchange risk) - not applicable to the Group;
- Market interest rate (interest rate risk);
- Market price (e.g. 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.

18 The RTNR 2022 accounts correction to be taken into account as indicated in note 32

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 TO CONDUCT THE SENSITIVITY TEST

The interest rate to be used before margin variations will be calculated as follows:

The latest rates recorded on the last business day of the period concerned (29/12) are used as the reference base, and the averages for Euribor (Euribor 1, 3, 6 and 12 months) and swap rates (with maturities of 1 to 30 years) are calculated. At the 29th of December 2023, the average Euribor rate was 3.34% (2.50% at end-2022) and the average swap rate fell to 2.54% (3.085% at end-2022).

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

We then simulate the impact of a 50 basis point increase in the rate calculated below. We do the same by simulating the impact of a 50 basis point fall in the yield curve calculated below.

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

1. On pre-tax income (for all products): this column represents the difference between the simulated financial expenses compared with the financial expenses calculated at the balance sheet date using the average rate (positive = gain; negative = loss).
2. On shareholders' equity: this column represents the difference between the book value calculated at the balance sheet date on the basis of the average rate compared with the simulated book value (outstanding capital or market value) (positive = gain; negative = loss).

	+ 50 BASIS POINTS		- 50 BASIS POINTS	
31/12/2023	**Impact on profit before tax**	**Impact on equity**	**Impact on profit before tax**	**Impact on equity**
Loan	(1,395)	—	3,042	—
Cap	628	1,897	(1,231)	(1,830)
Swap	103	333	(491)	(339)
	(663)	**2,231**	**1,320**	**(2,169)**
31/12/2022				
Loan	(2,001)	—	1,686	—
Cap	—	10,036	—	(12,307)
Swap	217	6,465	—	(9,241)
	(1,785)	**16,501**	**1,686**	**(21,548)**

An increase of 50 basis points would decrease the pre-tax profit by €0.7m but increase the equity by €2.2m, while a decrease of 50 basis points would increase the profit by €1.3m but have a negative impact of €2.2m on the equity.

4. Capital risk management

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

The capital of ORES Assets is made up of the contributions, which are themselves made up of an unavailable portion (€533k) and an available portion (€866,931k). 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 associates. 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 associate 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 partners and with the approval of the Board of Directors. They may be transferred between an associated IPF and one or more associated municipalities 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 the 31st of 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, CENEO, IEG, IPFBW, Finimo, Finest and Sofilux) and the balance by a private partner (Engie/Electrabel).

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

As of the 1st of 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 authorized 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 optimization 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.

Note 31 – Assets held for sale (in thousands of €)

ASSETS	31/12/2023	31/12/2022
Non-current assets	**9,146**	**9,559**
Tangible assets	9,136	9,547
Other non-current assets	10	12
Current assets	**198**	**170**
Trade receivables	166	96
Other receivables	3	32
Other current assets	29	41
Total assets excluding tariff receivables	**9,343**	**9,729**
Tariff receivables	398	—
Assets held for sale	**9,741**	**9,729**

By a Walloon Government Decree of the 8th of September 2022, AIESH was designated as the sole DSO for the entire territory of the City of Couvin, subject to the condition precedent of the acquisition of a real right of use or ownership of the network located on the territory.

In order to fulfil this condition precedent, ORES Assets, ORES and AIESH have decided to organize the transfer to AIESH of the ownership and operation of the network located in the territory, by means of a partial demerger.

On the basis of the approval of this operation by the ORES Assets shareholders, the transfer of the municipal sections of Boussu-en-Fagne, Couvin, Frasnes-lez-Couvin, Mariembourg and Pétigny from the City of Couvin of ORES Assets to AIESH for the management of the electricity distribution networks on these municipal sections came into effect on the 1st of January 2024.

As of that date, ORES Assets is therefore no longer the electricity distribution network operator on the territory of the City of Couvin. The Annual General Meeting in June 2024 will approve the exact number of shares and the amount of the contributions involved in the demerger, worth a total of €9.7m, as shown in the table above. It should be noted that no write-down has been recorded in the accounts at the 31st of December 2023 as a result of this transfer of activity.

Note 32 – Adjustment to the Uncollected Transit Charge (RTNR) recorded in the 2022 financial statements (in thousands of €)

As a reminder, the RTNR is based on a comparison between allocation (volumes transported) and billing (volumes billed) for a given period (12 months of a year). This unmetered quantity (difference) is valued on the basis of an average price per tariff component and per sector (distribution/transport). It is therefore determined over the 12 months of the year and then calculated for as long as the reconciliation of the consumption period concerned has not taken place.

Following the go live of the CMS platform (Atrias) in November 2021 and the transition of the calculation rules from MIG 4 to MIG 6, we have had to review our RTNR calculation methodology. The new method for calculating the MIG6 allocation has majors impacts on the determination of the RTNR, and more specifically on the part of the RTNR relating to prosumer customers, where:

- The allocation now takes account of production volumes based on a theoretical profile (gross volumes);
- Billing for customers before the 1st of January 2024 is essentially based on compensated volumes (net volumes).

Given the transition to MIG 6, we have had to adapt our methodology in order to be able to compare comparable elements. For this reason, in 2023 we recalculated the allocation for the 2022 and 2023 financial years, deducting production volumes to obtain a net allocation to be compared with the volumes billed during 2022 and 2023.

As a result of this adjustment to the methodology, the amount of RTNR recorded in 2022 should have been €73.1m lower. The impact has been recognized in 2023, resulting in a decrease in ORES Group revenues in 2023. This decrease is fully offset by an increase in regulatory assets (see notes 01-A and 01-B). This is therefore simply a transfer between turnover and regulatory balances, which has no impact on net income for 2023.

The financial statement headings affected by this adjustment to RTNR 2022 are as follows:

STATEMENT OF COMPREHENSIVE INCOME	PUBLISHED IFRS FINANCIAL STATEMENTS AT 31/12/2022	CORRECTION RTNR 2022	RESTATED IFRS FINANCIAL STATEMENTS AT 31/12/2022
Turnover	1,199,515	(73,112)	1,126,402
Tariff balances	(110,788)	73,112	(37,676)
	1,088,726	**0**	**1,088,726**

STATEMENT OF FINANCIAL POSITION	PUBLISHED IFRS FINANCIAL STATEMENTS AT 31/12/2022	CORRECTION RTNR 2022	RESTATED IFRS FINANCIAL STATEMENTS AT 31/12/2022
Trade receivables	122,558	(73,112)	49,446
Tariff balances	36,290	73,112	109,402
	158,848	**0**	**158,848**

3

3. ACCOUNTING POLICIES

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 the 31st of December 2023. The Group's consolidated financial statements have been prepared on a voluntary basis and in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union.

The consolidated financial statements have been prepared 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 the 31st of December 2023.

Standards and interpretations applicable for the annual period beginning on or after the 1st of January 2023

- IFRS 17 Insurance Contracts
- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information
- Amendments to IAS 1 Presentation of financial statements and IFRS Practice Statement 2: Disclosure of accounting policies
- Amendments to IAS 8 Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates
- Amendments to IAS 12 Income taxes: Deferred tax related to assets and liabilities arising from a single transaction
- Amendments to IAS 12 Income taxes: International tax reform – pillar two model rules (effective immediately – disclosures are required for annual periods beginning on or after the 1st of January 2023)

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

Standards and interpretations published, but not yet applicable for the annual period beginning on the 1st of January 2023

- Amendments to IAS 1 Presentation of financial statements: Classification of liabilities as current or non-current and non-current liabilities with covenants (applicable for annual periods beginning on or after the 1st of January 2024).
- Amendments to IFRS 16 Leases: Lease liability in a sale and leaseback (applicable for annual periods beginning on or after the 1st of January 2024.
- Amendments to IAS 7 Statement of cash flows and IFRS 7 Financial instruments: Disclosures: Supplier finance arrangements (applicable for annual periods beginning on or after the 1st of January 2024, but not yet endorsed in the EU)

- Amendments to IAS 21 Effects of changes in foreign exchange rates: Lack of exchangeability (applicable for annual periods beginning on or after the 1st of January 2025, but not yet endorsed in the EU)

The Group has not anticipated the application of any new standards or interpretations that have been published but are not yet effective, and does not expect any material impact from the application of these new standards or interpretations.

A.3 Consolidation principles

The eight Walloon mixed intermunicipal companies merged on the 31st of December 2013 with retroactive effect from the 1st of January 2013, giving rise to ORES Assets (hereinafter referred to as "DSO" 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 the 31st of December 2023, holds, on the one hand (in addition to the few shares held by the IPFs) exclusive control of its subsidiaries ORES and Comnexio, and which, on the other hand, has significant influence over its subsidiary Atrias. 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 recognized 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 amortized, 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 amortization and total impairments. Intangible assets are amortized according to the straight-line method over the estimated useful life of the asset.

Amortization of an intangible asset begins when the asset is operational in the manner expected by management.

USEFUL LIFE

- Computer software: 10 years for computer software acquired on or after the 1st of January 2019 and 5 years for all other.
- Development: 5 years

COMPUTER SOFTWARE

Software licences acquired by the Group are recorded at their acquisition cost, less accumulated amortization and accumulated impairment losses. Software developed internally are 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, only for software acquired on or after 1 January 2009 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 recognizing an intangible asset defined by IAS 38 are met. An intangible asset that comes from the development activity is then amortized 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), furnitures 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, removing the asset, and returning the site at which it is based to its original state, as required.

Technical intervention for customers 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 the 1st of January, 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 each balance sheet date, the Group proceeds with the decommissioning of tangible assets that are no longer in use.

Since 2003, at the same rhythm that the electricity and natural gas markets have been liberalized, 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.

Mixt electricity and gas distribution system operators (which became ORES Assets in 2013) with a technical inventory justifying the value of the tangible assets could establish the initial value of the capital invested as at the 31st of 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 the 31st of December 2005 for electricity and the 31st of 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 are those defined by ORES Assets (the Group's parent company). 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)
Gas pipes	2% (50 years)
Cables	2% (50 years)
Lines	2% (50 years)
Optical fibre cable sheath signaling network	5% (20 years)
Pools 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)
Signaling 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 tools	10% (10 years)
Vehicles (passenger and freight transport)	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 organized into 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. The new carrying amount of this asset, increased due to the reversal of an impairment, cannot be higher than the carrying amount that would have been calculated, net of amortization, 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:

A. The right to obtain substantially all the economic benefits from the use of the specific asset; and
B. 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 analyzed to ensure that it is or contains a lease. The Group recognizes 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 recognizes 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 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 revalued 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 recognized 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 recognizes 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 recognized 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 realizable 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 realizable value is the estimated selling price in the ordinary course of business, less the estimated costs for completion and the estimated costs needed to finalize the sale. The value of inventories is also determined by applying the weighted average cost method.

Additional lump-sum write-downs are recorded to adjust the book value, taking into account different age categories, inventory turnover and any market trends. Write-down rates can vary from 0% to 100%.

A.10 Financial instruments

Financial instruments held by the Group are recognized 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 with banks, cash on hand, investments in highly liquid mutual funds (sicav) and deposits with an initial maturity of three months maximum.

All cash balances are considered to have low credit risk at each reporting date as they are held with reputable domestic or international banking institutions. Consequently, no impairment is recorded on these financial assets.

A.10.2 Financial assets at amortized 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 amortized cost using the effective interest rate method, less reductions for any expected impairment.

The Group recognizes 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 730 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 11.

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

Expected credit losses on “other receivables” are considered insignificant. Similarly, there is no credit risk on receivables from municipalities, since the Group deducts any unpaid balances from dividends to be paid.

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

A.10.3 Effective interest rate method

The effective interest rate method is a method of calculating the amortized 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 via conventional bank loans, the issue of commercial paper or private placement-type bond loans. 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 amortized 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 financial instruments such as interest rate swaps, 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 recognized 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 (i) there is an economic link between the hedged element and the hedging instrument, (ii) the credit risk does not have a dominant effect on variations in the value resulting from this economic link and (iii) 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, or 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 recognized 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 measured at fair value through the net profit and loss (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 recognizes 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 authorizes the incorporation of benefits in the cost of an asset).

A.11.2 Post-employment benefits

Post-employment benefits are divided into two 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 (among other things, 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 recognized 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 a 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 authorized revenue proposals submitted on the 29th of December 2017. This constructive dialogue enabled ORES to obtain, on the 28th of 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 the 1st of October 2018, ORES filed a first version of the electricity and natural gas tariff proposals to cover the authorized revenues 2019-2023 approved by the CWaPE. The tariff proposals were analyzed by the CWaPE and were the subject of additional questions addressed to the distribution system operator. On the 13th of December 2018, the 15th of January 2019 and the 25th of January 2019, ORES filed adapted tariff proposals for the regulatory period 2019-2023. On the 7th of February 2019 (for periodic tariffs) and the 20th of 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 the 1st of March 2019.

REGULATORY EVOLUTION 2023

As mentioned in the 2022 financial statements, the publication date of the new tariff methodology has been postponed to the 1st of June 2023, requiring a change in the regulatory period of this tariff methodology to 2025-2029 and the introduction, for 2024, of a transition year between two five-year regulatory periods (2019-2023 and 2025-2029).

The first five months of 2023 therefore enabled the CWaPE to adopt its tariff methodologies for the 2024 tariff period and the 2025-2029 tariff period. The tariff methodology for 2024 was published by the CWaPE on the 14th of April 2023 after consultation with the DSOs and a public consultation from the 3rd of February 2023 to the 3rd of March 2023. The 2025-2029 tariff methodology was published on the 1st of June 2023. Prior to this date, consultation meetings were held between the regulator and the DSOs to discuss certain elements of the new 2025-2029 tariff methodology, mainly the fair profit margin, some of the rules for determining authorized revenue (budgets) and the principles of the tariff structure (which will be used to determine periodic tariffs).

It should be noted that on the 30th of June 2023 the shareholders of ORES Assets lodged a complain under review by the CWaPE on the 2025-2029 tariff methodology, and more specifically of certain procedures for determining the equitable profit margin. Given the rejection of this complaint by the regulator at the end of September 2023, the ORES Assets shareholders appealed to the Market Court against the tariff methodology. At the beginning of December 2023, ORES and RESA decided to apply to the Market Court to intervene in this appeal. The judgment was handed down during the first half of 2024 (see also note 29 - event after the end of the reporting period).

On the 25th of July 2023, following consultations with the distribution system operators and public consultations, CWaPE approved a change to the 2019-2023 and 2024 tariff methodologies. With effect from the 1st of October 2023, the reference to the HUB101 quotation used in the calculations of the price corridors applicable to gas purchases by system operators to supply their own customers included in these tariff methodologies has disappeared and has been replaced, with effect from the 1st of September 2023, by the TTF101 quotation.

On the 19th of July 2023, ORES Assets sent the CWaPE its proposals for authorized electricity and gas revenues and its proposals for periodic electricity and gas tariffs for the year 2024. On the 12th of October 2023, after an exchange of questions and answers and the submission of adapted proposals for periodic tariffs, the CWaPE approved ORES Assets' 2024 authorized revenues and electricity and gas tariffs. The non-periodic electricity and gas tariff proposals for 2024, filed on 8 August 2023, were approved on the 13th of December 2023, also following question-and-answer exchanges between the distribution system operator and the CWaPE and the submission of new non-periodic tariff proposals.

Both the periodic and non-periodic tariffs for 2024 have new features for ORES Assets. Since the 1st of January 2024, ORES Assets' periodic electricity and gas distribution tariffs have been equalized, i.e. they are identical for each energy source for all customers in the ORES Assets territory. There is therefore a single periodic gas distribution tariff and a single periodic electricity distribution tariff in ORES Assets instead of one tariff per tariff sector and per fluid, as has been the case since the merger of the Walloon mixed distribution system operators. As regards non-periodic tariffs, the most frequent services have been harmonized and standardized between the five Walloon distribution system operators. The tariffs for these services are therefore identical throughout the Walloon Region.

During the second half-year of 2023, preparatory work was carried out in collaboration with the regional regulator as part of the discussions on the tariff structure applicable to users of the low-voltage distribution network in the Walloon Region for the years 2026 to 2029.

On the 19th and 30th of January 2024, the distribution system operators, including ORES Assets, submitted proposals to the CWaPE for equalized tariffs for rebilling transmission system usage charges for the 2024 financial year. Between the 12th and 19th of February 2024, the distribution system operators submitted updated proposals to the regulator. These tariffs, set at an identical level throughout Wallonia, were approved by the CWaPE on the 20th of February 2024.

On the 6th of February 2024, the CWaPE approved the electricity and gas balances for 2022.

DETERMINATION OF REVENUE ELEMENTS AND TARIFFS: TARIFFS METHODOLOGY 2019-2023

ELEMENTS OF DSO TOTAL REVENUES

Authorized revenues 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[1] 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 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 authorized 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 authorized 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.

1 These are all operating expenses that are not identified as non-controllable in article 12 of the tariff methodology 2019-2023 (for more details, see the 2019-2023 tariff methodology published on: https://www.cwape.be/sites/default/files/cwape-documents/2021.09.02-M%C3%A9th-odologie%20tarifaire%202019-2023%20-%20modifications%20-%20consolida-tion%20officieuse.pdf).

Non-controllable expenses and volumes[2] 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 deficit/surplus or a regulatory asset/liability. A regulatory surplus/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/liability or a regulatory deficit/asset. Differences in non-controllable loads and volumes are recorded annually by DSOs in a separate asset or liability account, pending a final final allocation during the current or subsequent tariff periods[3], either as a tariff receivable (deficit/regulatory asset), or as a tariff debt (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 authorized by the 2019-2023 tariff methodology, namely the deployment of smart meters and the promotion of natural gas networks (Promo gas). Following the publication of the Walloon decree of the 19th of 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 the 28th of November 2019 and the 14th of 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. The refusal decisions of the CWaPE relating to this specific revised envelope having been cancelled by the Market Court, discussions on this envelope continued with the regulator. They resulted, on the 17th of September 2021, in the filing by ORES with the CWaPE of a new version of the business case for the smart meter deployment project. Finally, on the 28th of October 2021, the CWaPE adopted a decision to revise the net charges relating to the specific smart meter deployment project.

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 equity and external financing. The profit margin is calculated annually by applying the authorized 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 ASSETS

The initial value of the regulated asset base is the value of the regulated asset base on the 1st of 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 the 31st of December 2015 obtained by adding the carrying amount value of the primary and secondary regulated asset bases at the 31st of 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 the 1st of 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.

2 Applied to the approved tariffs, these volumes will determine the turnover of the DSO which covers the costs.

3 Typically, the balance of year N is, in principle, reflected in N+2 in the tariff

RETURN PERCENTAGE

The percentage return authorized 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 debt

E/(E+D) = Equity ratio expressed as a percentage

D/(E+D) = Financial debt ratio expressed as a percentage

k_e = Cost of equity
$= r_{f1} + B_e (K_m - r_f)$

AVEC:

r_{f1} = Risk – free of equity rate

B_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 stipulate that the balances relating to non-controllable expenses are carried forward in full in the tariffs and are therefore charged to or benefit network users.

The 2015 and 2016 balances will be recovered progressively over the period 2019-2023, i.e. over 4 or 5 years, in order to smooth tariff changes. The 2019-2023 tariff methodology also provides that, from 2020, the DSO may include a proportion of the regulatory balance for year N-2 in the authorized revenue for year N, so as to gradually allocate the regulatory balances and avoid their accumulation over the regulatory period.

At present, all the decisions on the regulatory balances setting the level of balances up to 2022 have been taken by the CWaPE (see above). The regulatory balances for 2023, amounting to €142.9m (regulatory assets), will only acquire their definitive status once they have been approved by the CWaPE during its ex-post audit of the accounts for 2023.

DETERMINING INCOME AND TARIFF COMPONENTS: 2024 TARIFF METHODOLOGY

The 2024 pricing methodology is largely consistent with the 2019-2023 pricing methodology.

The rules for determining the ex-ante budgeted authorized revenues for electricity and gas for 2024 have been greatly simplified since these 2024 authorized revenues correspond, with a few exceptions, to the 2023 authorized revenues for electricity and gas approved by the CWaPE in 2018. The differences include the non-application of the efficiency factor and the adjustment of tariffs for regulatory balances. In addition, an ex-post correction for the inflation factor has been incorporated into the tariff methodology.

A.15.2 Turnover

The Group applies IFRS 15, which introduces a five-step revenue recognition method.

Revenue from the sale of goods is recognized when all of the following conditions are met:

- 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;
- Tt is probable that the Group will recover the consideration to which it is entitled in exchange for the goods or services supplied to the client.

Revenue from ordinary activities is valued according to the consideration 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 recognizes 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;
- 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). The later 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 recognized 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 recognized 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 charges ("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 consist, among other things, in ensuring, at the social rate, the supply of electricity to protected customers defined by law and in ensuring, on a temporary basis, the supply of end customers who find themselves temporarily without a supply contract or whose supply contract has been suspended (customers known as "under supplier X").

The income and expenses related to the sale of energy are recognized 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 recognized 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.

TECHNICAL INTERVENTION FOR CUSTOMERS

Technical intervention for customers in connection with the construction of network connections or extensions are no longer recognized in revenues as of the 1st of January, 2019, as the related asset cannot be recognized (see point A.6 above: tangible assets).

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

A.15.3 Regulatory balances

The authorized revenue according to the applicable tariff methodology is based on the one hand, on all the costs necessary for the performance of the DSO's tasks and, on the other hand, on the fair profit margin intended among others to remunerate the capital invested in the network. The amount of the regulatory balance results from the comparison between the non-controllable costs of the authorized revenues and the amounts recognized in turnover as well as between the actual and forecast transit volumes. These annual balances (assets or liabilities) must be reflected in the tariffs for the current regulatory period or subsequent regulatory periods. The regulatory balances and their impact on future tariffs are subject to an approval process 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 as far 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.

Deferred tax liabilities are recognized 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 recognized 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 realized 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 realize 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. 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 accounting policies

B.1.1 Actuarial obligations in respect of pension plans, other post-employment benefits 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 rate of salary growth;
- Average inflation rate;
- Staff turnover rate;
- Mortality table;
- Rate benefits;
- Out-patient and hospitalization expenses.

B.1.2 Fair value of derivatives

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 by the Group, via financial institutions, for caps and collars.

B.1.3 Valuation of 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 provisions 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 recognized 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 charge ("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 - Transport fees

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 recognized 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 and the "regulatory assets and regulatory liabilities" standard project published in January 2021 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 recognized 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 Debt/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 (note 14) are equity instruments.

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

The Group determines on a case-by-case basis 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 consideration required to settle the obligation, as the outcome of proceedings cannot be predicted with any certainty.

B.2.5 Classification of Couvin-related activities as assets held for distribution in accordance with IFRS 5 and non-application of IFRIC 17 at the transaction date

In accordance with IFRS 5, the criteria for classification in the balance sheet are met when the distribution is highly probable, the actions to complete the distribution have been initiated and the business is expected to be sold within one year of the date of classification, which is the case for the Couvin business.

Furthermore, IFRIC 17 only applies at the transaction date to distributions in which all holders of the same class of equity instruments are treated in the same way. In this case, only the municipality of Couvin benefits from the distribution. As ORES Assets does not make distributions to all municipalities, IFRIC 17 cannot be applied to the transaction.

In addition, there is no classification as "discontinued operations" in the income statement. To be classified as such in the income statement, IFRS 5 requires not only that the above criteria be met for a separate classification in the balance sheet, but also that these activities constitute a component of the entity that "represents a separate major line of business or geographical area of operations", which is not the case for the Couvin activities.

C. Changes to accounting policies, accounting errors and changes to 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 Group' 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 authorized 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.

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4. INDEPENDENT AUDITOR'S REPORT

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ORES ASSETS SC

Statutory auditor's report
to the general meeting
for the year ended 31st December 2023
(Consolidated financial statements)

Free translation

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STATUTORY AUDITOR'S REPORT TO THE GENERAL MEETING OF ORES ASSETS SCFOR THE YEAR ENDED 31ST DECEMBER 2023 (CONSOLIDATED FINANCIAL STATEMENTS)

In the context of the statutory audit of the consolidated financial statements of ORES ASSETS SC ('the Company') and its subsidiaries (together referred to as 'the Group'), we hereby present our statutory auditor's report. It includes our report on the audit of the consolidated financial statements and the other legal and regulatory requirements. This report is an integrated whole and is indivisible.

We have been appointed as statutory auditor by the general meeting of 16 June 2022, following the proposal formulated by the administrative body and issued upon recommendation of the Audit Committee and upon presentation by the works' council. Our statutory auditor's mandate expires on the date of the General Meeting deliberating on the financial statements closed on 31st December 2024. We have performed the statutory audit of the consolidated financial statements of the Group for 2 consecutive years.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Unqualified opinion

We have performed the statutory audit of the Group's consolidated financial statements, which comprise the consolidated statement of financial position as at 31st December 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and which is characterised by a consolidated statement of financial position total of 5.040.852.(000) EUR and for which consolidated income statement and other comprehensive income shows a profit for the year of 110.835.(000) EUR.

In our opinion, the consolidated financial statements give a true and fair view of the Group's net equity and financial position as at 31st December 2023, as well as of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Our responsibilities under those standards are further described in the 'Statutory auditor's responsibilities for the audit of the consolidated financial statements' section in this report. We have complied with all the ethical requirements that are relevant to the audit of consolidated financial statements in Belgium, including those concerning independence.

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We have obtained from the administrative body and company officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the administrative body for the drafting of the consolidated financial statements

The administrative body is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory provisions applicable in Belgium, and for such internal control as the administrative body determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements, the administrative body is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the administrative body either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

When executing our audit, we respect the legal, regulatory and normative framework applicable for the audit of the consolidated financial statements in Belgium. However, a statutory audit does not guarantee the future viability of the Group, neither the efficiency and effectiveness of the management of the Group by the administrative body. Our responsibilities with respect to the administrative body's use of the going concern basis of accounting are described below.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the administrative body;

- Conclude on the appropriateness of the administrative body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the consolidated financial statements and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the management, the supervision and the performance of the Group audit. We assume full responsibility for the auditor's opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during the audit.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Responsibilities of the administrative body

The administrative body is responsible for the preparation and the contents of the director's report on the consolidated financial statements and for the other information included in the annual report on the consolidated financial statements.

Responsibilities of the statutory auditor

In the context of our mandate and in accordance with the Belgian standard (version revised in 2020) which is complementary to the International Standards on Auditing (ISA) as applicable in Belgium, it is our responsibility to verify, in all material aspects, the director's report on the consolidated financial statements and the other information included in the annual report on the consolidated financial statements, as well as to report on these elements.

Aspects relating to the director's report on the consolidated financial statements

In our opinion, after having performed specific procedures in relation to the director's report, this report is consistent with the consolidated financial statements for the same financial year, and it is prepared in accordance with article 3:32 of the Code of companies and associations.

In the context of our audit of the consolidated financial statements, we are also responsible for considering, in particular based on the knowledge we have obtained during the audit, whether the director's report on the consolidated financial statements contains any material misstatements, i.e. any information which is inadequately disclosed or otherwise misleading. Based on the procedures we have performed, there are no material misstatements we have to report to you.

Statement concerning independence

- Our audit firm and our network did not provide services which are incompatible with the statutory audit of the consolidated financial statements and our audit firm remained independent of the Group during the terms of our mandate.

- The fees related to additional services which are compatible with the statutory audit as referred to in article 3:65 of the Code of companies and associations were duly itemised and valued in the notes to the consolidated financial statements.

Battice, 6 May 2024

BDO Réviseurs d'Entreprises SRL
Statutory auditor
Represented by Christophe COLSON*
Auditor
*Acting for a company

Customer service 078 15 78 01
Repair service 078 78 78 00
Emergency smell of gas 0800 87 087

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