



Elia Group
2023 half-year financial report

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1. Business performance review

1.1 Consolidated results and financial position of Elia group for the first 6 months of 2023

Key figures (in € million)	1H 2023	1H 2022	Difference (%)
Revenue, other income and net income (expense) from settlement mechanism	1,889.3	1,952.1	(3.2%)
Equity accounted investees	15.0	24.5	(38.8%)
EBITDA	605.9	544.2	11.3%
EBIT	336.3	296.3	13.5%
Net finance costs	(60.4)	(43.8)	37.9%
Net profit	199.7	186.7	7.0%
<i>Non-controlling interests</i>	22.5	19.8	13.8%
Net profit attributable to the group	177.1	166.9	6.1%
<i>Hybrid securities</i>	14.6	9.6	52.1%
Net profit attributable to owners of ordinary shares	162.5	157.4	3.2%
Key figures of the financial position (in € million)	2023	2022	Difference (%)
Total assets	20,996.4	20,594.3	2.0%
Equity attributable to owners of the company	5,188.6	5,319.6	(2.5%)
Net financial debt	5,376.0	4,431.6	21.3%
Key figures per share	1H 2023	1H 2022	Difference (%)
Reported earnings per share (in €) (Elia share)	2.21	2.29	(3.4%)
Equity attributable to owners of the company per share (in €)	61.0	63.4	(3.8%)

See the glossary for definitions

Comparative figures for Total assets, Equity and Net financial debt as at 31/12/2022

Pursuant to IFRS 8, the Group identified the following operating segments:

- **Elia Transmission (Belgium)**, which comprises regulated activities in Belgium (i.e. the regulated activities of Elia Transmission Belgium);
- **50Hertz Transmission (Germany)**, which comprises regulated activities in Germany;
- **Non-regulated segment and Nemo Link**, which comprises non-regulated activities within Elia Group, Nemo Link, Elia Grid International, Eurogrid International, re.alto, WindGrid and the financing cost linked to the acquisition of an additional 20% stake in Eurogrid GmbH in 2018.

Rounding – In general, all figures are rounded. Variances are calculated from the source data before rounding, meaning that some variances may not add up.

Financial

For the first six-month of 2023, **revenue** totalled €1,889.3 million, down by 3.2% compared to the previous period. This decrease was driven by lower revenues in Belgium (-€60.3 million) and Germany (-€27.1 million), which were partially offset by higher revenues from Elia Grid International as it expands its international consulting activities (+€4.2 million).

EBIT increased compared to the previous period, totalling €336.3 million (+13.5%), driven by a higher EBIT in both Belgium (+€10.0 million) and Germany (+€42.4 million). For Belgium, this increase was the result of a higher regulated net profit and lower depreciations of assets not covered by the tariffs. In Germany, the higher EBIT was mainly a result of higher investment remuneration and lower operational expenditures. Associates contributed to the Group's EBIT for €15.0 million (-€9.5 million). The decrease is entirely driven by a lower contribution of Nemo Link, which amounted to €13.3 million (-€9.6 million), as its revenues reached the cumulative cap under the cap & floor regulation in 2023.

Elia Group's net profit increased by 7.0%, reaching €199.7 million:

- **Elia Transmission (Belgium)** delivered a robust performance, reporting a net profit of €83.1 million (+€8.9 million). The higher result is mainly due to a higher fair remuneration driven by the increase of equity, a higher performance on incentives and the activation of costs linked to ETB's Green bond issuance. Prior year result benefited from a one-off tariff compensation for the financial costs linked to the capital increase.
- **50Hertz Transmission (Germany) (on a 100% basis)** recorded a higher net profit of €112.5 million (+€13.8 million). The result is mainly driven by higher investment remuneration from asset growth and a reduction in operational costs. This is partially offset by higher depreciations and lower financial results as prior year valuation of long-term provisions benefitted from the sudden spike of forward interest rates.
- **The non-regulated segment and Nemo Link** recorded a decreased net profit of €4.0 million (-€9.9 million). This reduction can be attributed to the lower contribution of Nemo Link, which will reach the cumulative cap by year end and by higher costs incurred for the expansion of international offshore activities.

The **net profit of Elia Group attributable to the owners of ordinary shares** (after deducting the €22.5 million in non-controlling interest and €14.6 million attributable to hybrid securities holders) slightly increased to €162.5 million. This is the result of the execution of the investment programme in Belgium and Germany and solid performance of Nemo Link, although it was offset by higher interest expenses related to the hybrid securities. In 2023, Elia Group proactively managed its hybrid layer by refinancing part of its outstanding €700 million hybrid. It issued a new €500 million hybrid bond, accompanied by a capped tender offer on its existing hybrid security. The newly issued hybrid bond carries a coupon of 5.85% until June 15, 2028.

In the first half of the year, Elia Group invested €821.3 million. The primary focus was on reinforcing the internal backbone of both the Belgian and German grids, the development of the necessary offshore infrastructures enabling the integration of growing quantities of renewable energy into the grid and to further support the digitalization of our infrastructure.

Elia Group carried a total **net financial debt of €5,376.0 million** (+€944.4 million) at the end of June 2023. The primary factor behind this increase was Germany, where cash outflows for the EEG and similar mechanisms rose. The investment program in Belgium and Germany currently mainly relied on funding from operating cash flow.

Elia Group actively participated in the debt market during the first half of the year to enhance its liquidity position for future grid expansion. In line with the Group's sustainable finance goals, ETB successfully issued its first green bond of €500 million with a fixed rate of 3.625%, dedicated to funding eligible green projects. Moreover, Eurogrid obtained a syndicated Green Loan of €600 million from seven banks of which €120 million was drawn at the end of June, with a ten-year term. Eurogrid reentered the market in April, issuing a bond of €650 million. The bond has a tenor of seven years and was successfully placed at an interest rate of 3.722%. Furthermore, Elia Group has secured two bilateral Revolving Credit Facilities, amounting to a total of €120 million, which are currently entirely unused. Similarly, the commercial paper worth €35 million remains fully undrawn. These activities have resulted in an increase in Elia Group's average cost of debt to 1.9% (+20 bps). The credit rating of Elia Group by Standard & Poor's remains BBB+ with a negative outlook.

Equity attributable to owners of the company decreased by €131.0 million to €5,188.6 million (-2.5%). This was mainly driven by the 2022 dividend payment (-€140.4 million), the revaluation of post-employment benefit obligations (-€7.2 million) and the costs linked to the hybrid bonds (-€17.5 million). In addition, the hedge reserve decreased by €146.2 million, mainly due the revaluation of future contracts for grid losses by 50Hertz (-€132.2 million) and an interest rate hedge by ETB (-€14.3 million). This was partly offset by the profit attributable to the owners of the company (+€177.1 million)

1.1.1 Segment reporting Elia Transmission (Belgium)

Highlights

- Successful delivery of investments to uphold a reliable electricity system and promote sustainable electrification of society
- The solid operational performance is a result of an expanding asset base leading to higher fair remuneration and strong performance incentives
- ETB successfully placed its inaugural €500 million Green Bond

Key results

Elia Transmission key figures (in € million)	1H 2023	1H 2022	Difference (%)
Revenue, other income and net income (expense) from settlement mechanism	673.1	733.4	(8.2%)
<i>Revenues</i>	650.2	648.7	0.2%
<i>Other income</i>	26.5	35.0	(24.3%)
<i>Net income (expense) from settlement mechanism</i>	(3.5)	49.7	(107.1%)
Equity accounted investees	1.7	1.7	0.0%
EBITDA	247.1	232.1	6.5%
EBIT	136.9	126.9	7.9%
Net finance costs	(28.1)	(31.4)	(10.5%)
Income tax expenses	(25.7)	(21.3)	20.7%
Net profit	83.1	74.2	12.0%
Key figures of the financial position (in € million)	2023	2022	Difference (%)
Total assets	8,060.3	7,848.6	2.7%
Total equity	2,848.6	2,907.1	(2.0%)
Net financial debt	3,198.1	2,916.2	9.7%
Free cash flow	(195.5)	(259.5)	(24.7%)

See the glossary for definitions

Comparative figures for Total assets, Equity and Net financial debt as at 31/12/2022

Financial

Elia Transmission's revenue was down by 8.2% compared with 2022, decreasing from €733.4 million to €673.1 million. Revenue was impacted by a higher regulated net profit, higher depreciations linked to the growing asset base, more than offset by lower net financial cost due to interest income on cash deposits and lower costs for ancillary services. The lower ancillary services were driven by lower balancing activation costs, resulting from the drop in gas and electricity prices as prior year was marked by the start of the war in Ukraine.

The table below provides more details about revenue component changes:

(in € million)	1H 2023	1H 2022	Difference (%)
Grid revenue:	631.5	647.1	(2.4%)
Grid connection	23.2	22.2	4.4%
Management and development of grid infrastructure	231.1	239.3	(3.4%)
Management of the electrical system	76.5	74.3	3.0%
Compensation for imbalances	134.8	168.1	(19.8%)
Market integration	10.4	11.4	(8.8%)
International revenue	155.5	131.8	18.0%
Last mile connection	1.6	1.6	(0.8%)
Other revenue	17.1	0.0	
Subtotal revenue	650.2	648.7	0.2%
Other income	26.5	35.0	(24.3%)
Net income (expense) from settlement mechanism	(3.5)	49.7	(107.1%)
Total revenue and other income	673.1	733.4	(8.2%)

Revenues from **grid connection**, the **management of the electrical system** and **market integration** remained stable compared to 2022.

The revenues from the **management and development of grid infrastructure** decreased from €239.3 million to €231.1 million (-€8.2 million). This decrease can be attributed to lower revenues from consumption peaks, both on a yearly and monthly basis, primarily due to reduced consumption, particularly on the Distribution System Operator (DSO) side. Additionally, the income generated from the power put at disposal also decreased compared to the previous year. This decline can be mainly attributed to an optimization process and a reduction in power reserved by certain DSOs, which took place in September 2022.

Services rendered in the area of energy management and the individual balancing of balancing groups are paid under **revenues from compensation for imbalances**. These revenues, which decreased from €168.1 million to €134.8 million (-19.8%), were largely impacted by lower tariffs for maintaining and restoring the residual balance of individual access responsible parties (-€31.3 million). The changed market conditions, specifically lower gas and electricity prices compared to last year, has resulted in reduced balancing activation costs and subsequently a decline in the imbalance price.

International revenue increased to €155.5 million (+18.0%). This increase can primarily be attributed to the rise in yearly auction revenues (+€81.3 million). The yearly auctions took place in November 2022, during the peak of the crisis when nuclear unavailability in France remained problematic, leading to higher prices. However, this impact was partially offset by a decrease in income from daily auctions for flow-based congestion (-€44.5 million). This decrease can be attributed to lower price spreads at the borders compared to the previous year, particularly with France. Overall, the energy market's situation is less tense compared to the previous year.

The **last mile connection** remained flat compared with previous year, while **other revenues** increased, mainly due to works delivered to third parties.

The **settlement mechanism** decreased from €49.7 million in 2022 to -€3.5 million in 2023 and encompassed both deviations in the current year from the budget approved by the regulator (-€52.5 million) and the settlement of net surpluses from the previous tariff period (€48.9 million). The operating surplus (-€52.5 million), with respect to budgeted costs and revenue authorised by the regulator, will be returned to consumers in a future tariff period. The surplus was primarily the result of higher costs for ancillary services (+€70.0 million), higher influenceable costs (+€41.4 million), adjustment of the controllable budget (+€26.2 million) and a higher net profit (+€13.5 million). This was more than offset by an increase in tariff sales (-€73.0 million), which was mainly driven by imbalance compensations, and higher international and other sales (-€143.0 million).

EBITDA rose to €247.1 million (+6.5%) due to a higher regulated net profit, higher depreciations linked to the growing asset base, partially offset by lower net finance costs, all passed through into revenue. The **EBIT** increase was more pronounced (+7.9%), mainly due the depreciations of assets not covered by tariffs, being the intangible assets expensed during the previous regulatory period and activated under IFRS and for leasing contracts. The contribution of equity-accounted investments remained flat at €1.7 million, linked to the contribution from HGRT.

Net finance cost decreased (-10.5%) compared with the previous year. This was mainly driven by higher interest income on cash deposits following the increase in interest rates and the activation of borrowing costs due to the growth of the asset base (+€4.2 million). This was partly offset by higher interest costs linked to ETB's bond issuance. Beginning 2023, Elia tapped the debt capital market with its inaugural €500 million Green bond for funding its eligible green projects. Elia proactively anticipated the rising interest rate environment by concluding interest rate swaps and this fully to the benefit of consumers. As a result, this issuance caused only a modest increase in the average cost of debt to 2.0% (+10 bps) at the end of June 2023. Elia maintains a well-balanced debt maturity profile with all outstanding debt at a fixed coupon.

Net profit rose by 12.0% to €83.1 million, mainly due to the following:

1. A higher fair remuneration (+€3.9 million) due to asset growth and higher equity.
2. Increase in incentives (+€6.2 million), reflecting a strong operational performance, primarily linked to a better performance on the incentive for interconnection capacity, influenceable costs and timely commissioning of projects resulting from favorable progress in the investment program. Despite the growth of our activities, the efficiency gain on controllable costs increased compared with the previous year, while the net contribution from incentives was slightly negatively impacted by an increase of the average tax rate.
3. Activation of the Green bond issuance costs under IFRS while fully covered by the tariffs (+€2.2 million).
4. Higher capitalised borrowing costs due to a higher level of assets under construction and the mentioned slight uptick in average costs of debt (+€0.9 million).
5. A one-off tariff compensation recognized in 2022 for the financial costs linked to the capital increase (-€3.4 million).
6. Other (-€0.9 million): this was primarily driven by lower provisions linked to employee benefits (+€0.8 million), lower depreciation of software and hardware (+€0.6 million) as some of the assets acquired during the previous regulatory period and covered by the regulatory methodology are written off. This is partially offset by slightly more damage to electrical installations compared with the previous year (-€0.4 million) and deferred tax effects (-€1.4 million).

Total assets increased by €211.7 million to €8,060.3 million due to the realisation of the investment programme and higher liquidity following ETB's Green bond issuance early 2023. **Net financial debt** increased to €3,198.1 million (+9.7%), as ETB's CAPEX programme was partially financed by cash flows from operating activities, which were negatively impacted by lower cash inflows from levies, and the issuance of a €500 million Green bond. The sustainability-linked RCF (€650 million) and the commercial paper (€300 million) were fully undrawn at the end of June 2023. Elia Transmission Belgium is rated BBB+ with a stable outlook by Standard & Poors.

Equity decreased to €2,848.6 million (-€58.5 million) as the half-year profit (+€83.1 million) was more than offset by the change in fair value of an interest rate hedge (-€14.2 million), dividend payment to Elia Group (-€89.7 million), a higher allocation of equity towards Nemo Link (-€30.5 million) and by the revaluation of post-employment benefit obligations (-€7.2 million).

Operational

The total load estimation decreased by 5.01% from 42.1 TWh in 2022 to 40.1 TWh in 2023 which is mainly due to a decrease of the DSO gross consumption but also by a lower gross consumption at Grid Users connected to Elia's grid level. The DSO consumption has been impacted by higher temperatures than last year, but also by an increase of the local production on the distribution grid (mainly solar) and a lower household's consumption behaviour due to high electricity prices observed during second half of 2022. The lower consumption of the Grid Users connected to Elia's grid is mainly explained by the Ukraine crisis since the second half of 2022. The total load in 2023 remained below the level observed before the pandemic, from 2014 (44.4 TWh) to 2019 (43.0 TWh). The net offtake from the Elia network decreased by 8.5% from 30.8 TWh in 2022 to 28.2 TWh in 2023.

Net injection on Elia network decreased by 17.1% from 32.8 TWh in 2022 to 27.2 TWh in 2023, mainly due to a lower nuclear production in 2023 compared to 2022, which is mainly explained by the decommissioning of Doel 3 in September 2022.

In 2023, Belgium remained a net exporter mainly due to the available nuclear injection capacity. However, compared to 2022, the net exports decreased from 3.7 TWh in 2022 to 0.7 TWh in 2023 mainly due to a lower nuclear injection capacity than in 2022. Total exports decreased from 11.0 TWh in 2022 to 9.1 TWh in 2023. Total imports increased from 7.4 TWh in 2022 to 8.4 TWh in 2023. Overall electricity flows between Belgium and its neighbouring countries decreased from 21 TWh (2022) to 20 TWh (2023).

Investments

ETB made good progress in executing its investment plan during the first half of 2023. A total of €299.8¹ million was invested in various activities, with a primary focus on expanding and enhancing the reliability of the 380 kV grid. This lays the necessary groundwork for further expansion of the offshore grid.

Within the Belgian grid, 159 replacement projects were carried out, amounting to a total investment of €56.3 million. Additionally, approximately €41.0 million was allocated towards supporting the digitalization of infrastructure and the development of new tools, ensuring the company keeps pace with technological advancements.

The ongoing works under the "Lendeledede West" Investment program (€6.2 million) aim to rationalize the 70 kV transmission grid by upgrading it to a higher voltage level. These efforts will strengthen the support of the medium voltage grid and replace aging equipment. Progress has been made, including the commissioning of the capacitor bank in Wevelgem and the planned completion of a new 150 kV cable connection between Bas-Warneton and Wevelgem (19 km) in April of next year. Work is also in progress at the substations of Nordschote, Ieper, Bas-Warneton, and Wevelgem. The cable works for the Brabo III project (€11.3 million) were completed in Q2 2023, paving the way for the commencement of line works. Significant progress has been made in the ongoing restructuring of Mercator (€6.6 million). The project aims to extend the existing substation to ensure its future viability and robustness. By doing so, it will minimize the impact of incidents and maintenance on international electricity exchange flows. Construction works along the Massenhoven Van Eyck Corridor (€9.4 million) and the Mercator Bruegel Corridor (€13.7 million) have proceeded as planned. These projects involve upgrading the 380 kV lines by reinforcing lattice towers and installing new HTLS conductors along them. The construction works in Rimièrre, involving the creation of a new 380 kV substation and the extension of an existing 220 kV substation, are progressing on schedule. This project aims to create the necessary hosting capacity for the new CRM power plants in Les Awirs and Seraing by 2025, with an investment of €17.0 million. The preparation phase, including studies and procurement, for the installation of a second line along the 380 kV Gramme-Rimièrre Corridor (~15 km) has been completed, the permit procedure is still ongoing.

From an offshore perspective, the Princess Elisabeth Island project is progressing well and the teams are currently engaged in detailed engineering with current investments amounting to €66.3 million.

¹ Including the capitalisation of software and IAS 23 (Borrowing costs), IFRS 15 (Revenue recognition – Transfer of assets from customers) and IFRS 16 (Leasing), the total is €316.0 million.

1.1.2 Segment reporting 50Hertz (Germany)

Highlights

- Investment plan on track, with good progress on onshore and offshore projects
- The net result was positively influenced by asset growth and higher base year revenues, although it was partly offset by a decrease in the financial result
- In the first half of the year, 50Hertz successfully accessed debt markets on two occasions

Key results

50Hertz Transmission key figures (in € million)	1H 2023	1H 2022	Difference (%)
Revenue, other income and net income (expense) from settlement mechanism	1,222.0	1,249.1	(2.2%)
<i>Revenues</i>	<i>1,445.5</i>	<i>991.1</i>	<i>45.9%</i>
<i>Other income</i>	<i>71.7</i>	<i>51.2</i>	<i>40.0%</i>
<i>Net income (expense) from settlement mechanism</i>	<i>(295.2)</i>	<i>206.8</i>	<i>(242.7%)</i>
EBITDA	352.7	293.6	20.1%
EBIT	193.7	151.3	28.0%
Net finance costs	(30.2)	(7.8)	287.2%
Income tax expenses	(51.0)	(44.9)	13.6%
Net profit	112.5	98.7	14.0%
<i>Of which attributable to the Elia group</i>	<i>90.0</i>	<i>78.9</i>	<i>14.1%</i>
Key figures of the financial position (in € million)	2023	2022	Difference (%)
Total assets	11,734.8	11,638.1	0.8%
Total equity	1,997.5	2,180.6	(8.4%)
Net financial debt	1,975.7	1,255.3	57.4%
Free cash flow	(579.8)	800.2	(172.5%)

Income, expenses, assets and liabilities are reported in the table at 100%
 See the glossary for the definitions
 Comparative figures for Total assets, Equity and Net financial debt as at 31/12/2022

Financial

50Hertz Transmission's total revenue and other income slightly decreased compared with 2022 (-2.2%).

Total revenues are detailed in the table below.

(in € million)	1H 2023	1H 2022	Difference (%)
Grid revenue:	1,440.0	990.6	45.4%
Revenue from incentive regulation	914.2	411.1	122.4%
Revenue from offshore regulation	206.0	147.8	39.4%
Energy revenue	319.8	431.7	(25.9%)
Other revenue (incl. last mile connection)	5.6	0.5	1097.3%
Subtotal revenue	1,445.5	991.1	45.9%
Other income	71.7	51.2	40.1%
Net income (expense) from settlement mechanism	(295.2)	206.8	(242.9%)
Total revenue and other income	1,222.0	1,249.1	(2.2%)

Revenues from incentive regulation consist of grid tariffs before the settlement mechanism; they are primarily driven by the regulatory remuneration for onshore activities (revenue cap).

Revenues from incentive regulation increased by €503.1 million. The main driver was the revenue cap increase (+€412.0 million) based on the high energy prices last year. It was mainly linked to the significantly higher cost allowance for pass-through energy costs for redispatch (+€332.2 million) and grid losses (+€35.7 million). Further increases result from the voluntary commitment to utilise electricity in electrical heat generating units instead of limiting the renewable energy production in the scope of temporary measures to reduce overloads on the transmission grid (+€33.5 million). Another driver were the volume effects. Last year the infeed of renewable energy into the distribution grid was much higher than expected, leading to lower volumes in the transmission grid. Even though the volume effect in 2023 is still negative, it was less pronounced than last year (+€91.1 million).

Revenues from offshore surcharge include all revenues derived from the offshore grid surcharge. This includes regulatory remuneration for the connection of offshore wind farms, the reimbursement of offshore liability payments and offshore costs charged to 50Hertz by third parties, e.g. other TSOs.

The offshore surcharge revenues increased compared with the previous year (+€58.2 million) as the pass-through costs charged to 50Hertz by third parties increased compared with 2022 (+€43.9 million). Additionally, the remuneration of 50Hertz's own offshore grid connection costs increased (+€14.3 million), driven by ongoing offshore investments (e.g. Ostwind 2 and Ostwind 3).

Energy revenues include all revenues related to system operations and are mostly corresponding costs charged on to third parties, such as redispatch measures, costs for reserve power plants or control power costs. Revenues generated from auctioning off interconnector capacity are also included in this section. Energy revenues strongly decreased compared to the previous year (-€112.0 million), due to the sharp drop in energy prices since last year. The charges to other TSOs for redispatch measures decreased significantly (-€67.0 million), as did the revenues from the compensation of involuntary exchanges at the grid's borders (-€48.7 million). Furthermore, revenues from the auctioning of interconnector capacities dropped due to the price developments (-€38.6 million), as did the revenues from reserve power plants (-€34.9 million). These decreases were partially compensated by an increase of control power costs charged to balancing groups (+€71.9 million).

Other income rose (+€20.5 million), as a result of higher own work capitalised following the increase in staffing to execute and manage the investment programme (+€10.5 million) as well as higher revenues from service level agreements (+€9.2 million).

The **net regulatory income (expense) from settlement mechanism** neutralises regulatory time lags. It consists of two components: firstly, the neutralisation of differences between cost allowances in the tariffs and the actual costs incurred for the current year (-€370.5 million); secondly, the balancing of said differences from prior years (+€75.3 million).

EBITDA increased to €352.7 million (+20.1%). The growing onshore and offshore asset base benefitted the investment remuneration (+€50.5 million). Base year revenues increase due a higher remuneration of the capital costs and the opex compared to last year (+€4.7 million). The operational costs remained well under control, although important expenditures in digitalisation and IT in order to manage the growing complexity of operating the system. Furthermore, the EBITDA also benefitted from a higher energy bonus (+€4.6 million), especially for grid losses. Finally, 50Hertz continued to expand its talent pool in order to keep up with the increasingly larger and more complex investment programme, leading to additional staffing costs (-€14.2 million), which were partially compensated for by the higher own work capitalised and revenues from service level agreements (+€12.7 million).

There was a less pronounced increase in **EBIT** (+€42.4 million) which was driven by increasing depreciations (-€16.4 million) following mainly Offshore commissionings. Furthermore, operating provisions remained flat (-€0.1 million) and no adjusted items occurred in 2023.

The **net financial result** decreased to -€30.2 million (-€22.4 million), driven primarily by the higher interest costs linked to Eurogrid's bond issuances (-€16.7 million). Furthermore, the valuation of long-term provision for congestion income from interconnectors slightly increased, while last year's financial result was marked by a strong drop in the valuation of this liability due to the spike of forward interest rates (-€14.3 million). This is partially offset by the higher capitalised borrowing cost due to the execution of the investment programme (+€9.5 million)

Net profit increased to €112.5 million (+14.0%) as a result of:

1. Higher investment remuneration (+€35.4 million) following the growth of the asset base.
2. Decreased OPEX and other costs (+€5.6 million).
These effects were partially offset by:
3. Higher depreciations (-€11.5 million) due to the commissioning of projects.
4. Lower financial results (-€15.7 million), driven primarily by the higher interest costs and last year's revaluation of long-term provisions partially offset by capitalised borrowing cost.

Total assets rose by €96.7 million compared with 2022 mainly due to the good progress on the investment programme, partially offset by working capital impacts linked to the decreasing energy prices. The **free cash flow** totalled -€579.8 million and was heavily affected by the high investment programme and the cash outflow for EEG and similar mechanisms (KWK² and SPB³) (-€555.6 million) as the decreased energy prices led to lower cash inflows. 50Hertz acts as a trustee for these mechanisms.

The **net financial debt** increased by €720.4 million compared with end of 2022 due to the drop of the cash balance for EEG and similar mechanisms, while the execution of the investment programme was mainly financed from operating cash flow. As of June 2023, the cash position for these three schemes amounted to €2,375.7 million.

Also in 2023, Eurogrid continued to tap the debt market to strengthen its liquidity position in view of the upcoming investments. Eurogrid secured a syndicated contract for an amortising loan of €600 million with a term of ten years with seven banks. The funds for this first Green Loan are provided by the banks and refinanced under KfW's "Climate Protection Programme for Companies". The funds will be used to co-finance the offshore grid connection for the Gennaker wind farm project. As of June, €120 million were drawn. Additionally, Eurogrid issued a new bond of 650 m€ with a tenor of 7 years and at a fixed rate 3.722%. Following these transactions, the average cost of debt increased to 1.8% (+30 bps) at the end of June 2023.

The **total equity** decreased by €183.1 million to €1,997.5 million. This decrease is primarily driven by the drop in hedge reserves (-€165.2 million). Since 2021, 50Hertz applies hedge accounting for the purpose of reducing the risk of fluctuations in the expected amount of grid losses. Due to the drop in energy prices, the fair value of these contracts decreased to -€106.3 million. Considering a deferred tax effect, a hedge reserve amounting to -€74.4 million was recorded in other comprehensive income. As the costs for grid losses are almost fully passed through to the tariffs, the fair value of the future contracts has no relevance for the current and future profitability of the company.

² KWK (Kraft-Wärme-Kopplung): Combined Heat & Power

³ SPB (Strompreisbremse): Cap on energy prices

Operational

In 2023, a net volume of 19.9 TWh was drawn off from the 50Hertz grid, 7.2% less than last year (21.4 TWh). As usual, 50Hertz was a net exporter of electricity with a net export of 21.4 TWh (24.9 TWh in 2022); this followed from 32.0 TWh in exports and 10.0 TWh in imports (34.9 TWh and 10.0 TWh in 2022, respectively). As of June, the peak load was 7.3 GW (compared to 8.0 GW last year).

Investments

50Hertz invested €521.5 million in 2023, up 24.3% compared to last year. In total, €425.9 million was invested in onshore projects, while offshore investments amounted to €95.6 million.

Significant onshore investments include the DC line SuedOstLink (€85.4 million), crucial for connecting growing offshore production in northern Germany to southern consumption centers. Additionally, reinforcing the 380 kV overhead line between Röhrsdorf and Remptendorf is a major project, costing €55.8 million. Another important milestone achieved last year was the successful settlement of a 17-year lawsuit for the replacement of the old Uckermark line. This reinforcement project involves the southern Uckermark region (€46.3 million) and the northern Uckermark region (€11.7 million) overhead lines. Other noteworthy onshore projects to strengthen the grid include the restructuring of the Lauchstädt substation with STATCOM and MSCDN (€22.7 million), as well as the restructuring and reinforcement of the Wolmirstedt to Güstrow (€21.3 million) overhead line.

Regarding offshore investments, focus primarily lies on the Ostwind 3 project (€33.5 million), while the Ostwind 2 project (€33.3 million) is nearing final commissioning. Additionally, progress is being made in realising the connection for the offshore wind park Gennaker, with an investment of €23.9 million.

1.1.3 Segment reporting Non-regulated activities and Nemo Link

Highlights

- Nemo Link's strong performance in 2023 constrained by cumulative cap
- Higher costs driven by the further expansion of international offshore activities of WindGrid
- Successful issuance of €500 million hybrid securities together with a capped tender offer on its existing hybrid security

Key results

Non-regulated activities and Nemo Link Key figures (in € million)	1H 2023	1H 2022	Difference (%)
Total revenues and other income	26.4	18.3	44.3%
Equity accounted investees	13.3	22.9	(41.9%)
EBITDA	6.1	18.4	(66.8%)
EBIT	5.7	18.0	(68.3%)
Net finance costs	(2.1)	(4.5)	(53.3%)
Income tax expenses	0.4	0.4	0.0%
Net profit	4.0	13.9	(71.2%)
<i>Of which attributable to the Elia Group</i>	<i>3.9</i>	<i>13.9</i>	<i>(71.9%)</i>
Key figures of the financial position (in € million)	2023	2022	Difference (%)
Total assets	2,020.0	1,946.5	3.8%
Total equity	1,519.5	1,445.4	5.1%
Net financial debt	202.1	260.1	(22.3%)

See the glossary for definitions

Comparative figures for Total Assets, Equity and Net financial debt as at 31/12/2022

Non-regulated revenue increased by 44.3% to €26.4 million compared to 2022. Elia Grid International ('EGI') achieved an increase in revenues (+€4.2 million) by effectively utilizing its well-established consulting expertise in the energy industry to support countries in their pursuit of energy transition objectives. Furthermore, the intersegment transactions increased mainly between Elia Group SA, Elia Transmission Belgium and 50Hertz. The effect of these intersegment transactions is disclosed in 'Note 4.5. Segment reconciliation'.

Equity-accounted investments contributed €13.3 million to the Group's result, which is almost entirely attributable to **Nemo Link**. Despite the Nemo Link's strong performance in 2023, it contributed €9.6 million less to the overall result compared to 2022. This decline can be fully attributed to the fact that Nemo Link will reach the cumulative cap for the 5-year assessment, while prior year result still partially benefitted from lower performance for the years 2019-2021.

In 2023, the electricity markets in Europe and the UK exhibited a more relaxed state following the turbulence experienced in 2022. This is evident from a normalization in flow direction, with only 19% of "reversal" flows from the UK to BE compared to 44% in 2022. The long-term auctions for delivery in 2023 cleared at an average price of €21 per MWh, benefiting from the tense market environment during the time of the auctions. It is worth noting that most of these long-term auctions are T-1 auctions. However, day-ahead revenue indicates a clear market normalisation, with an average spread of €10 per MWh in 2023 compared to €31 per MWh in the previous year. Throughout 2023, the operational availability of the interconnector remained very high at 98.4%.

EBIT dropped to €5.7 million (-€12.3 million). This decrease was primarily due to the lower contribution from Nemo Link (-€9.6 million), the higher operating costs for the holding and WindGrid driven by the pursuit of inorganic growth ambitions (-€3.8 million), higher operating expenses for re.alto (-€0.2 million) and offset by lower other non-regulated costs and EGI (+€1.2 million).

Net finance cost dropped to €2.1 million, mainly consisting of interest expenses related to the senior bond (€2.6 million), expenses related to the Nemo Link private placement (€1.2 million) and other financial costs related to Elia Group SA. However, these costs were temporally balanced out by interest income from cash deposits (+€2.1 million) due to the Group's improved liquidity position resulting from the capital increase carried out last year. The costs linked to the issuance of new €500 million hybrid and the capped tender on its existing hybrid security are directly recognised in equity under IFRS.

Net profit decreased by €9.9 million to €4.0 million, mainly as a result of:

1. Lower contribution from Nemo Link (-€9.6 million).
2. Higher costs driven by the expansion of international offshore activities of WindGrid (-€2.8 million).
3. Lower cost for the holding (+€1.5 million) driven by higher interest income on cash deposits.
4. Other items (+€0.9 million) primarily driven by higher intersegment income and lower other non-regulated cost (+€1.1 million), partially offset by higher costs for re.alto (-€0.2 million).

Total assets increased by 3.8% amounting to €2,020.0 million (+€73.5 million) as the dividend payments from subsidiaries exceeds the payment of last year's dividend to shareholders (-€140.4 million). This led to a drop in **net financial debt** of €58.0 million to €202.1 million.

2. Statement on the true and fair view of the condensed consolidated interim financial statements and the fair overview of the interim management report

The undersigned Chairman of the Management Committee and Chief Executive Officer Chris Peeters and Chief Financial Officer Catherine Vandendorre declare that to the best of their knowledge:

- a) the condensed consolidated interim financial statements, which have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union, give a true and fair view of the equity, financial position and financial performance of the company, and the entities included in the consolidation as a whole,
- b) the interim management report includes a fair overview of the information required under Article 13, paragraphs 5 and 6 of the Royal Decree of 14 November 2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market.

Brussels, 25 July 2023

Catherine Vandendorre
Chief Financial Officer

Chris Peeters
Chairman of the Management Committee &
Chief Executive Officer

3. Condensed consolidated interim financial statements

Condensed consolidated statement of financial position

(in € million) – As at	Notes	30 June 2023	31 December 2022
ASSETS			
NON-CURRENT ASSETS		15,536.2	14,941.9
Property, plant and equipment	(4.6)	12,380.0	11,844.7
Goodwill		2,411.1	2,411.1
Intangible assets	(4.6)	251.9	210.5
Equity-accounted investees	(4.4)	274.0	261.2
Other financial assets	(4.8)	122.4	117.2
Trade and other receivables non-current	(4.7)	95.0	95.5
Deferred tax assets	(4.9)	1.8	1.7
CURRENT ASSETS		5,460.3	5,652.4
Inventories		21.4	21.6
Trade and other receivables	(4.7)	903.5	1,206.2
Current tax assets		38.7	28.6
Other financial assets	(4.8)	11.5	219.7
Cash and cash equivalents		4,437.3	4,151.2
Deferred charges and accrued revenues		47.9	25.1
Total assets		20,996.4	20,594.3
EQUITY AND LIABILITIES			
EQUITY		5,588.8	5,756.4
Equity attributable to owners of the Company		5,188.6	5,319.6
Equity attributable to ordinary shares:		4,483.6	4,618.3
Share capital	(4.10)	1,823.3	1,823.1
Share premium	(4.10)	739.1	738.6
Reserves		181.3	173.0
Hedging reserve		(27.0)	119.2
Treasury shares		(1.6)	(1.8)
Retained earnings	(4.12)	1,768.6	1,766.2
Equity attributable to hybrid securities holders		704.9	701.4
Non-controlling interest		400.2	436.7
NON-CURRENT LIABILITIES		9,810.8	8,548.0
Loans and borrowings	(4.13)	8,958.1	7,715.6
Employee benefits	(4.14)	85.0	75.0
Provisions	(4.14)	147.8	146.2
Deferred tax liabilities	(4.9)	167.5	223.7
Other liabilities	(4.17)	452.5	387.6
CURRENT LIABILITIES		5,596.7	6,289.8
Loans and borrowings	(4.13)	855.1	867.2
Provisions	(4.14)	10.3	8.6
Trade and other payables	(4.16)	3,820.9	4,804.2
Current tax liabilities		23.8	26.6
Other liabilities	(4.17)	18.6	0.0
Accruals and deferred income	(4.18)	868.1	583.3
Total equity and liabilities		20,996.4	20,594.3

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of profit or loss

(in € million) – Period ended 30 June	Notes	2023	2022
Revenue		2,095.6	1,618.6
Raw materials, consumables and goods for resale		(11.7)	(29.3)
Other income		92.4	77.0
Net income (expense) from settlement mechanism		(298.8)	256.5
Services and other goods		(1,067.9)	(1,205.5)
Personnel expenses		(199.5)	(177.0)
Depreciation, amortisation and impairment		(270.0)	(247.3)
Changes in provisions		0.5	(0.5)
Other expenses		(19.3)	(20.7)
Results from operating activities		321.3	271.8
Share of profit of equity accounted investees (net of tax)		15.0	24.5
Earnings before interest and tax (EBIT)		336.3	296.3
Net finance costs		(60.4)	(43.8)
Finance income		20.5	0.8
Finance costs	(4.19)	(80.9)	(44.6)
Profit before income tax		275.9	252.5
Income tax expense	(4.20)	(76.3)	(65.8)
Profit for the period		199.7	186.7
Profit attributable to:			
Equity holders of the parent - equity holders of ordinary shares		162.5	157.4
Equity holders of the parent - hybrid securities		14.6	9.6
Non-controlling interest		22.5	19.8
Profit for the period		199.7	186.7
Earnings per share (in €)			
Basic earnings per share		2.21	2.29
Diluted earnings per share		2.21	2.29

For a segmentation of the revenue, we refer to chapter 1 Business Performance Review.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of profit or loss and other comprehensive income

(in € million) — Period ended 30 June	Notes	2023	2022
Profit for the period		199.7	186.7
Other comprehensive income (OCI)			
Items that may be reclassified subsequently to profit or loss:			
Net changes in fair value of cash flow hedges		(254.6)	290.4
Foreign currency translation differences of foreign operations		0.0	0.0
Related tax		75.4	(86.8)
Items that will not be reclassified to profit or loss:			
Remeasurements of post-employment benefit obligations		(9.6)	(3.9)
Net changes in fair value of investments		0.0	32.7
Related tax		2.4	1.0
Other comprehensive income for the period, net of tax		(186.4)	233.4
Total comprehensive income for the period		13.3	420.1
Total comprehensive income attributable to:			
Equity holders of the parent - ordinary shareholders		9.2	346.1
Equity holders of the parent - hybrid securities holders		14.6	9.6
Non-controlling interest		(10.5)	64.4
Total comprehensive income for the period		13.2	420.1

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of changes in equity

(in € million) - Year ended 30 June											
	Share capital	Share premium	Hedging reserve	Reserves	Treasury shares	Retained earnings	Equity attributable to ordinary shares	Equity attributable to hybrid securities	Equity attributable to the owners of the company	Non-controlling interests	Total equity
Balance at 1 January 2022	1,709.2	262.8	197.1	173.0	(0.8)	1,509.2	3,850.6	701.4	4,552.0	386.4	4,938.4
Profit for the period						167.0	167.0		167.0	19.8	186.7
Other comprehensive income			165.5			23.3	188.8		188.8	44.6	233.4
Total comprehensive income for the period			165.5			190.2	355.7		355.7	64.4	420.1
Transactions with owners, recorded directly in equity											
Contributions by and distributions to Owners											
Shares issued	118.2	471.9					590.1		590.1		590.1
Issuance costs	(6.9)						(6.9)		(6.9)		(6.9)
Share-based payment expenses											
Hybrid: dividend accrual						(9.6)	(9.6)	9.6			
Hybrid: coupon paid											
Hybrid: tax effect on dividend accrual						(2.4)	(2.4)		(2.4)		(2.4)
Acquisition of treasury shares					(0.9)		(0.9)		(0.9)		(0.9)
Dividends to non-controlling interests										(24.0)	(24.0)
Dividends						(120.3)	(120.3)		(120.3)		(120.3)
Other				3.2		(2.9)	0.3		0.3		0.3
Total contributions and distributions	111.3	471.9		3.2	(0.9)	(135.1)	450.4	9.6	460.0	(24.0)	436.0
Total transactions with owners	111.3	471.9		3.2	(0.9)	(135.1)	450.4	9.6	460.0	(24.0)	436.0
Balance at 30 June 2022	1,820.5	734.7	362.6	176.2	(1.7)	1,564.3	4,656.8	711.0	5,367.8	426.8	5,794.5

Balance at 1 January 2023	1,823.1	738.6	119.2	173.0	(1.8)	1,766.2	4,618.3	701.4	5,319.7	436.7	5,756.4
Profit for the period						177.1	177.1		177.1	22.5	199.7
Other comprehensive income			-146.2			-7.2	-153.5		-153.5	-33.0	-186.5
Total comprehensive income for the period			-146.2			169.9	23.7		23.7	-10.5	13.2
Transactions with owners, recorded directly in equity											
Contributions by and distributions to Owners											
Shares issued	0.1	0.5					0.6		0.6		0.6
Hybrid: issuance of hybrid securities								0.6	0.6		0.6
Hybrid: set-up fee & agio						(3.3)	(3.3)		(3.3)		(3.3)
Hybrid: dividend accrual						(3.0)	(3.0)	3.0	0.0		0.0
Hybrid: coupon paid						(11.2)	(11.2)		(11.2)		(11.2)
Acquisition of treasury shares					0.2		0.2		0.2		0.2
Dividends to non-controlling interests										(26.0)	(26.0)
Dividends						(140.4)	(140.4)		(140.4)		(140.4)
Other		0.0		8.2		(8.9)	(0.6)		(0.6)	0.0	(0.6)
Total contributions and distributions	0.2	0.5	0.0	0.0	0.2	(167.5)	(158.3)	3.6	(154.7)	(26.0)	(180.7)
Total transactions with owners	0.2	0.5	0.0	0.0	0.2	(167.5)	(158.3)	3.6	(154.7)	(26.0)	(180.7)
Balance at 30 June 2023	1,823.3	739.1	(27.0)	173.0	(1.6)	1,768.6	4,483.7	704.9	5,188.6	400.2	5,588.8

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of cash flows

(in € million) – period ended 30 June	Notes	2023	2022
Cash flows from operating activities			
Profit for the period		199.7	186.7
Adjustments for:			
Net finance costs		60.4	49.5
Other non-cash items		1.2	1.1
Current income tax expense		55.5	22.1
Profit or loss of equity accounted investees, net of tax		(15.0)	(24.5)
Depreciation of property, plant and equipment and amortisation of intangible assets		270.0	247.3
Loss / proceeds on sale of property, plant and equipment and intangible assets		1.9	(4.8)
Impairment losses of current assets		0.3	0.5
Change in provisions	(4.14)	(5.1)	(0.8)
Change in deferred taxes		20.7	43.7
Changes in fair value of financial assets through profit or loss		(0.1)	0.0
Cash flow from operating activities		589.6	520.8
Change in inventories		(0.3)	0.3
Change in trade and other receivables	(4.7)	329.9	(174.0)
Change in other current assets		(21.5)	(12.5)
Change in trade and other payables	(4.16)	(1,012.2)	1,393.8
Change in other current liabilities		322.3	(180.7)
Changes in working capital		(381.7)	1,026.9
Interest paid	(4.19)	(100.4)	(67.1)
Interest received		16.0	0.7
Income tax paid		(86.4)	(64.1)
Net cash from operating activities		37.0	1,417.3
Cash flows from investing activities			
Acquisition of intangible assets	(4.6)	(59.0)	(19.4)
Acquisition of property, plant and equipment	(4.6)	(755.1)	(586.9)
Proceeds from sale of property, plant and equipment		1.9	18.8
Proceeds from capital decrease from equity accounted investees		0.0	33.0
Dividend received		2.2	22.1
Net cash used in investing activities		(810.0)	(532.3)
Cash flow from financing activities			
Proceeds from the issue of share capital	(4.10)	0.6	590.1
Proceeds from the issue of hybrid securities	(4.11)	500.0	0.0
Repayment of hybrid securities	(4.11)	(499.4)	0.0
Expenses related to the issue of share capital and hybrid		(3.2)	(6.9)
Purchase of own shares		(0.1)	(0.7)
Dividend paid	(4.12)	(140.4)	(120.3)
Hybrid coupon paid		(11.2)	0.0
Dividends to non-controlling parties		(26.0)	(24.0)
Repayment of borrowings	(4.13)	(28.1)	(89.0)
Proceeds from withdrawal of borrowings	(4.13)	1,266.8	0.0
Net cash flow from (used in) financing activities		1,059.0	349.2
Net increase (decrease) in cash and cash equivalents		286.1	1,234.3
Cash & Cash equivalents at 1 January		4,151.2	3,049.4
Cash & Cash equivalents at 30 June		4,437.3	4,283.7
Net variations in cash & cash equivalents		286.1	1,234.3

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

4. Notes to the condensed consolidated interim financial statements

4.1 General information

Elia Group NV/SA (hereinafter the 'Company') is established in Belgium, with its headquarters at 20 Boulevard de l'Empereur, B-1000 Brussels.

The Company is a public limited company, whose shares are listed on Euronext Brussels, under the symbol ELI.

The Elia group comprises two electricity transmission system operators (TSOs): Elia Transmission Belgium SA/NV in Belgium and 50Hertz Transmission GmbH in Germany, in which the Elia group holds an 80% stake. 50Hertz Transmission GmbH is one of Germany's four transmission system operators; it operates in the north and east of the country.

The group also has a 50% stake in Nemo Link Ltd, which constructed an electrical interconnector between the UK and Belgium: the Nemo Link interconnector. Nemo Link Ltd is a joint venture between Elia Transmission Belgium SA/NV and National Grid Ventures (in the UK). It began its commercial operations on 30 January 2019, with a transmission capacity of 1,000 MW.

With around 2,750 employees and a transmission system that comprises some 19,126 km of high-voltage connections and serves 30 million end consumers, the Elia group is one of Europe's top five TSOs. It efficiently, reliably and securely transports electricity from generators to distribution system operators and major industrial consumers, while also importing and exporting electricity from and to neighbouring countries. The group is driving the European energy transition by integrated increasing amounts of renewable energy sources into its grid and developing an integrated European electricity market. In addition to its transmission system operators in Belgium and Germany, the group comprises Elia Grid International, which offers businesses a range of consultancy and engineering services.

Through Elia and 50Hertz, Elia group's mission is to drive the energy transition in line with the ambitions outlined in the European Green Deal. In line with the latter, large-scale investments in renewable energy production and the offshore grid are due to be undertaken over the next few years.

The group operates under the legal entity Elia Group SA/NV, which is a listed company whose reference shareholder is the municipal holding company Publi-T SC.

The condensed consolidated interim financial statements were approved by the Board of Directors of Elia Group SA/NV on 25 July 2023.

4.2 Basis for preparation and changes to the group's accounting policies

4.2.1 Basis for preparation and new standards

Basis for preparation

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*, issued by the International Accounting Standards Board (IASB) as approved by the European Union.

These condensed consolidated interim financial statements do not include all the information and disclosures required for a complete set of International Financial Reporting Standards (IFRS) financial statements and should be read in conjunction with the group's last annual consolidated financial statements for the year which ended on 31 December 2022. These condensed statements include selected explanatory notes to explain events and transactions that are significant in terms of changes to the group's position and performance that have occurred since the last annual consolidated financial statements were published.

No changes to the accounting policies for the group have occurred when compared with the Annual Report 2022; please refer to the latter for a detailed overview of the accounting policies used.

New standards, interpretations and amendments adopted by the group

The accounting policies applied when preparing these condensed consolidated interim financial statements are consistent with those used to prepare the group's annual consolidated financial statements for the year which ended on 31 December 2022.

The standards, interpretations and amendments effective as from 1 January 2023, can be summarised as follows:

- 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 but not yet endorsed in the EU – disclosures are required for annual periods beginning on or after 1 January 2023).

These new, revised or amended standards did not have a material impact on the consolidated financial statements of the group, especially with regard to IAS12 as deferred taxes were already recorded for leases and decommissioning obligations.

As required by Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2, a detailed review of our accounting policies will be done for year-end 2023 financials.

Standards which have been issued but not yet effective

The below standards and interpretations have been published but are not yet applicable for the annual period beginning on 1 January 2023 and are not expected to have a material impact on the group; they are therefore not set out in detail:

- 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 1 January 2024, but not yet endorsed in the EU);
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (applicable for annual periods beginning on or after 1 January 2024, but not yet endorsed in the EU);
- 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 1 January 2024, but not yet endorsed in the EU).

4.3 Use of estimates and judgements

The condensed consolidated interim financial statements for the first half of 2023 have been prepared using estimates and judgements as indicated in note 2.5 accompanying the group's annual consolidated financial statements as of and for the year ended 31 December 2022.

Geopolitical and economic and financial developments, particularly related to highly volatile commodities markets and the war in Ukraine, have prompted the group to step up its risk oversight procedures, mainly with regard to measuring financial instruments, assessing the market risk as well as counterparty and liquidity risks. Amongst other figures, the estimates used by the group used- to test for impairment and to measure provisions take into account this environment and the high level of market volatility.

4.4 Subsidiaries, joint ventures and associates

Group structure

For detailed accounting policies related to 'Business combinations and Goodwill', please refer to note 3.1 in the Group's annual consolidated financial statements as at and for the year ended 31 December 2022.

The below table provides an overview of subsidiaries, joint ventures, associated companies and other shareholdings held across the group.

Name	Country of establishment	Headquarters	Stake %	
			2023	2022
Subsidiaries				
Elia Transmission Belgium NV/SA	Belgium	Bd de l'Empereur 20, 1000 Brussels	99.99	99.99
Elia Asset NV/SA	Belgium	Bd de l'Empereur 20, 1000 Brussels	99.99	99.99
Elia Engineering NV/SA	Belgium	Bd de l'Empereur 20, 1000 Brussels	100.00	100.00
Elia Re SA	Luxembourg	Rue de Merl 65, 2146 Luxembourg	100.00	100.00
Elia Grid International NV/SA	Belgium	Bd de l'Empereur 20, 1000 Bussels	90.00	90.00
Elia Grid International GmbH	Germany	Heidestraße 2, 10557 Berlin	90.00	90.00
Elia Grid International LLC	Saudi Arabia	Al Akaria Plaza Olaya Street, Al Olaya Riyadh 11622	90.00	90.00
Elia Grid International Pte. Ltd.	Singapore	20 Collyer Quay #09-01, Singapore 049319	-	-
Elia Grid International Inc.	Canada	1500-850 2 ST SW, T2P0R8 Calgary	90.00	90.00
Eurogrid International NV/SA	Belgium	Bd de l'Empereur 20, 1000 Brussels	100.00	100.00
Eurogrid GmbH	Germany	Heidestraße 2, 10557 Berlin	80.00	80.00
50Hertz Transmission GmbH	Germany	Heidestraße 2, 10557 Berlin	80.00	80.00
50Hertz Offshore GmbH	Germany	Heidestraße 2, 10557 Berlin	80.00	80.00
Re.Alto-Energy BV/SRL	Belgium	Bd de l'Empereur 20, 1000 Brussels	100.00	100.00
Re.Alto-Energy GmbH	Germany	Ratingstraße 9, 40213 Dusseldorf	100.00	100.00
WindGrid NV/SA	Belgium	Bd de l'Empereur 20, 1000 Brussels	100.00	100.00
Investments accounted for using the equity method – Joint Ventures				
Nemo Link Ltd.	United Kingdom	Strand 1-3, London WC2N 5EH	50.00	50.00
Investments accounted for using the equity method – Associates				
H.G.R.T S.A.S.	France	1 Terrasse Bellini, 92919 La Défense Cedex	17.00	17.00
Coreso NV/SA	Belgium	Avenue de Cortenbergh 71, 1000 Brussels	22.16	22.16

Investments accounted for using IFRS9 - other shareholdings

JAO SA	Luxembourg	2, Rue de Bitbourg, 1273 Luxembourg Hamm	7.20	7.20
European Energy Exchange (EEX)	Germany	Augustusplatz 9, 0409 Leipzig	4.32	4.32
TSCNET Services GmbH	Germany	Dingolfinger Strasse 3, 81673 Munich	5.36	5.36
Kurt-Sanderling-Akademie des Konzerthausorchester Berlin	Germany	Gendarmenmarkt, 10117 Berlin	8.32	8.32
Decarbon1ze GmbH	Germany	Berliner Freiheit 2, 10785 Berlin	5.27	-

In 2022, the group entered into a convertible loan of €0.5 million, which has been converted into a stake of 5.27% in the German company Decarbon1ze GmbH during the first half of 2023.

4.5 Segment reconciliation

Please refer to chapter 1 for a detailed description of each segment's performance. In the table below, the segment reconciliation is provided.

Consolidated results (in € million) – period ended 30 June	2023	2023	2023	2023	2023
	Elia Transmission	50Hertz Transmission	Non-regulated activities and Nemo Link	Consolidation entries & intersegment transactions	Elia Group
	(a)	(b)	(c)	(d)	(a) + (b) + (c) + (d)
Revenue	650.2	1,445.5	0.6	(0.7)	2,095.6
Other income	26.5	71.7	25.8	(31.6)	92.4
Net income (expense) from settlement mechanism	(3.5)	(295.2)	0.0	0.0	(298.7)
Depreciation, amortisation, impairment and changes in provisions	(110.2)	(159.0)	(0.4)	0.0	(269.6)
Results from operating activities	135.3	193.7	(7.7)	(0.0)	321.3
Share of profit of equity accounted investees, net of tax	1.7	0.0	13.3	0.0	15.0
Earnings before interest and tax (EBIT)	136.9	193.7	5.7	(0.0)	336.3
Earnings before depreciation, amortisation, interest and tax (EBITDA)	247.1	352.7	6.1	(0.0)	605.9
Finance income	8.4	9.8	2.4	0.0	20.6
Finance costs	(36.5)	(40.0)	(4.4)	0.0	(80.9)
Income tax expenses	(25.7)	(51.0)	0.4	0.0	(76.3)
Profit attributable to the owners of the company	83.1	90.0	3.9	(0.0)	177.1
Consolidated statement of financial position (in € million)	30.06.2023	30.06.2023	30.06.2023	30.06.2023	30.06.2023
Total assets	8,060.3	11,734.8	2,020.0	(818.7)	20,996.5
Capital expenditures	316.0	501.7	1.2	0.0	818.9
Net financial debt	3,198.1	1,975.7	202.1	0.0	5,376.0

Consolidated results (in € million) – period ended 30 June	2022	2022	2022	2022	2022
	Elia Transmission (a)	50Hertz Transmission (b)	Non- regulated activities and Nemo Link (c)	Consolidation entries & intersegment transactions (d)	Elia Group (a) + (b) + (c) + (d)
Revenue	648.7	991.1	4.4	(25.6)	1,618.6
Other income	35.0	51.2	13.9	(23.0)	77.1
Net income (expense) from settlement mechanism	49.7	206.8	0.0	0.0	256.5
Depreciation, amortisation, impairment and changes in provisions	(105.2)	(142.3)	(0.3)	0.0	(247.8)
Results from operating activities	125.2	151.3	(4.8)	0.0	271.7
Share of profit of equity accounted investees, net of tax	1.7	0.0	22.9	0.0	24.6
Earnings before interest and tax (EBIT)	126.9	151.3	18.0	0.0	296.3
Earnings before depreciation, amortisation, interest and tax (EBITDA)	232.1	293.6	18.4	0.0	544.2
Finance income	0.5	0.2	3.5	(3.4)	0.8
Finance costs	(32.0)	(8.0)	(8.0)	3.4	(44.6)
Income tax expenses	(21.3)	(44.9)	0.4	0.0	(65.7)
Profit attributable to the owners of the company	74.2	78.9	13.9	(0.0)	167.0
Consolidated statement of financial position (in € million)	31.12.2022	31.12.2022	31.12.2022	31.12.2022	31.12.2022
Total assets	7,848.6	11,638.1	1,946.5	(838.9)	20,594.3
Capital expenditures	449.0	1,135.9	0.9	0.0	1,585.8
Net financial debt	2,916.2	1,255.3	260.1	0.0	4,431.6

All revenues are earned from external customers.

4.6 Acquisitions and disposals of (in)tangible fixed assets

A net sum of €818.9 million was invested in the entire Elia group, of which €316.0 million in the Belgian segment, €501.7 million in the German segment and €1.2 million in the non-regulated and Nemo Link segment in the first half of 2023. This amount includes €59.5 million intangible fixed assets (mainly licenses and software) and €759.4 million tangible fixed assets (mainly cable, overhead lines and other equipment related to the grid) - see section 1.1 here above for more details.

4.7 Trade and other receivables

The **non-current trade and other receivables** are mainly composed by the long term part of the granted investment subsidy (€95.0 million).

On 20 November 2022, a Royal Decree has granted an investment subsidy for the creation of an offshore artificial island (The Princess Elisabeth Island) within the framework of the Recovery and Resilience Facility (EU instrument to support project of Member States and help the EU emerge stronger and more resilient from the current crisis). This island will serve as a multifunctional energy hub/an extension of the electricity grid in the North Sea. It will connect wind farms from the sea to the mainland and create new connections with neighbouring countries. The text of the RD provides that the practical details will be agreed upon by a "Protocol" between the State and Elia. This Protocol was signed on 14 December 2022, providing for the intervention of the SPF Economy up to a subsidy of €99,7 million out of a total budgeted investment of circa €600.0 million.

Cash will be collected as predefined milestones are reached. As per 30 June 2023, an amount of €95.0 million remains classified as long term.

The recoverability of this amount is contractually guaranteed. No credit risk has been considered on this long-term receivable.

The **current trade and other receivables** are decreasing from €1,206.2 million at 31 December 2022 to €903.5 million at 30 June 2023. This evolution is noted within all segments and mainly explained by a lower level of trade receivables and levies in a less volatile electricity market resulting in lower electricity prices.

4.8 Other financial assets

(in € million)	30 June 2023	31 December 2022
<i>Immediately claimable deposits</i>	7,0	7,0
<i>Reimbursement rights</i>	38,3	33,7
<i>Other shareholdings</i>	76,7	75,7
<i>Other</i>	0,3	0,8
<i>Non-current derivatives</i>	0,0	0,0
Other financial assets (non-current)	122,4	117,2
Current derivatives	11,5	219,7
Other financial assets (current)	11,5	219,7
Other financial assets	133,9	336,9

The total other financial assets decreased by €203.0 million compared with the previous reporting period. This variation is mainly explained by the changes in derivatives:

- **Financial derivatives:** the value accounted for in Belgium in connection with the pre-hedging of probable forecast debt transactions (bonds issuance) has decreased from €65.3 million to €11.5 million. This variation is explained by the unwinding of Interest Rate Swaps following the issuance by ETB of a new €500.0 million Green Bond early 2023. The mark to market of the remaining Interest Rate Swap (with a nominal value of €125.0 million) is related to a future bond issuance.

Over the period, hedging losses relating to financial derivatives were recognized in OCI for €17.4 million while €1.3 million of hedging gains were reclassified from cash flow hedge reserve into profit or loss. No hedge ineffectiveness was recognized as per 30 June 2023.

- **Commodities (grid losses):** since 2021, 50Hertz applies hedge accounting for the contracts in place to reduce the risk of fluctuations in the expected amount of grid losses. Due to drop in energy prices during the period, the fair value of these contracts decreased from +€129.6 million (current and non-current derivatives) to -€106.3 million. As per 30 June 2023, long term and short term contracts shows a negative fair value of respectively -€87.7 million and -€18.6 million.

Over the period, hedging losses relating to commodity derivatives were recognized in OCI for €235.9 million. No hedge ineffectiveness was recognized as per 30 June 2023.

4.9 Deferred tax assets/liabilities

Net deferred tax liabilities decreased from €221.9 million to €165.7 million, of which €20.8 million is recognised in profit or loss and €77.0 million is recognised in OCI.

(in € million)	Net tax asset/(liability)	Recognised in profit and loss	Recognised in other comprehensive income	Total
1H 2023				
Property, plant and equipment	(234.8)	(13.2)		(248.0)
Intangible assets	(15.8)	7.4		(8.4)
Financial assets	(55.1)		43.5	(11.6)
Non-current trade and other receivables	1.1	2.2		3.3
Interest-bearing loans and other non-current financial liabilities	39.3	(0.5)	(0.8)	38.0
Employee benefits	8.5	0.1	2.4	11.0
Provisions	50.7	0.5		51.2
Other (non) current liabilities			31.9	31.9
Deferred revenue	17.2	1.4		18.6
Regulatory liabilities	3.0	(16.9)		(13.9)
Deferred tax on investment grants	(25.3)			(25.3)
Losses carried forward	1.0	0.0		1.0
Other items	(11.7)	(1.8)		(13.5)
Total	(221.9)	(20.8)	77.0	(165.7)

(in € million)	Net tax asset/(liability)	Recognised in profit and loss	Recognised in other comprehensive income	Total
2022				
Property, plant and equipment	(221.0)	(13.8)		(234.8)
Intangible assets	(15.4)	(0.4)		(15.8)
Financial assets	(105.7)		50.6	(55.1)
Non-current trade and other receivables	1.1			1.1
Interest-bearing loans and other non-current financial liabilities	46.3	(6.9)	(0.1)	39.3
Employee benefits	14.9	(1.6)	(4.9)	8.5
Provisions	44.6	6.1		50.7
Deferred revenue	14.6	2.6		17.2
Regulatory liabilities	22.2	(19.1)		3.0
Deferred tax on investment grants	(1.0)			(0.1)
Losses carried forward	1.0			1.0
Other items	(9.3)	(2.4)		(11.7)
Total	(207.8)	(35.4)	45.6	(196.6)

4.10 Share capital

In April 2023, a capital raise for Elia employees was completed. This transaction is subsequent to the first tranche already executed in December 2022.

During the extraordinary shareholders' meeting held on 21 June 2022, attendees decided to execute a capital increase in two phases (one in 2022 involving a maximum of €5.0 million and the other in 2023 involving a maximum of €1.0 million), relating to a total maximum of €6.0 million for its Belgian employees. The first tranche of this capital increase for employees took place in December 2022. The transaction resulted in the creation of 47,920 new shares amounting to €5.0 million, consisting of a €1.2 million capital increase and a €3.8 million increase in share premium. The second tranche of the capital increase for employees took place in April 2023. The transaction resulted in the creation of 5,984 new shares amounting to €0.6 million, consisting of a €0.1 million capital increase and a €0.5 million increase in share premium.

4.11 Hybrid securities

During the first half of 2023, Elia Group completed a tender offer on its outstanding €700 million Fixed Rate Reset Undated Subordinated Securities against €499,4 million cash. At the same time as the tender, on 9 March 2023, Elia Group successfully placed €500 million hybrid securities maturing 15 June 2028, with a coupon of 5.85%. The instrument is admitted to trading on the Luxembourg Stock Exchange's Euro MTF market.

Hybrid securities are perpetual instruments classified as an equity instrument because there is no contractual obligation for the group to deliver cash or another financial assets in any circumstances outside its control, except in the event of liquidation of Elia. The associated issue costs are recognised directly in equity.

4.12 Dividends

On 16 May 2023, shareholders approved payment of a gross dividend of €1.91 per share, corresponding to a total gross dividend of €140.4 million.

An amount of €26.0 million was paid to non-controlling interests, being the NCI part of the dividend paid by Eurogrid GmbH.

4.13 Loans and borrowings

Loans and borrowings as at 30 June 2023 comprise the following:

(in € million) - 30 June 2023				
	Maturity	Redemption schedule	Amount	Interest rate
Eurobond issues 2013/15 years	2028	At maturity	548.0	3.25%
Eurobond issues 2013/20 years	2033	At maturity	199.2	3.50%
Eurobond issues 2014/15 years	2029	At maturity	347.6	3.00%
Eurobond issues 2015/8.5 years	2024	At maturity	499.6	1.38%
Eurobond issues 2017/10 years	2027	At maturity	248.7	1.38%
Senior bond 2018/10 years	2028	At maturity	298.3	1.50%
Eurobond issues 2019/7 years	2026	At maturity	499.1	1.38%
Eurobond issues 2020/10 years	2030	At maturity	791.4	0.88%
Green Bond issue 2023/10 years	2033	At maturity	496.9	3.63%
Amortising bond – 7.7 years	2028	Linear	41.8	1.56%
Amortising bond – 23.7 years	2044	Linear	132.5	1.56%
Bond as part of Debt Issuance Programme 2015	2025	At maturity	499.2	1.88%
Bond as part of Debt Issuance Programme 2015	2023	At maturity	749.9	1.63%
Bond as part of Debt Issuance Programme 2015	2030	At maturity	139.4	2.63%
Bond as part of Debt Issuance Programme 2016	2028	At maturity	748.2	1.50%
Bond as part of Debt Issuance Programme 2020	2032	At maturity	747.8	1.11%
Bond as part of Debt Issuance Programme 2020 - Private placement	2040	At maturity	199.5	0.88%
Bond as part of Debt Issuance Programme 2021	2031	At maturity	747.6	3.28%
Bond as part of Debt Issuance Programme 2021	2033	At maturity	498.3	0.74%
Bond as part of Debt Issuance Programme 2023	2030	At maturity	648.4	3.72%
Registered bond 2014	2044	At maturity	50.0	3.00%
Total bonds			9,131.3	
Amortising term loan	2033	Linear	153.8	1.80%
European Investment Bank	2025	At maturity	100.0	1.08%
Total bank loans			253.8	
Loan with KfW	2026	At maturity	150.0	0.90%
Loan with bankconsortium	2033	At maturity	120.0	3,43% to 3,63%
Total other loans			270.0	
Lease debts			89.4	
Accrued interests			68.7	
Total loans and borrowings (current and non-current)			9,813.2	

The total repayments of loans and borrowings in the first half of 2023 amounts to €28.1 million, of which

- (i) €14.0 million of capital repayment of the amortising loan and €3.3 million of lease payments;
- (ii) €2.4 million in the segment 50Hertz (Germany); and
- (iii) €8.4 million of capital repayment of the amortising bond in the segment Non-regulated and Nemo Link.

On 11 January 2023, Elia Transmission Belgium successfully priced a €500.0 million green bond transaction. The bonds carry a coupon of 3.625% and have a 10-year bullet maturity due 18 January 2033. The settlement of the bonds took place on 18 January 2023 and the bonds are traded on the Euro MTF Luxembourg Stock Exchange.

In March 2023, Eurogrid has secured a syndicated contract for a loan of €650.0 million with a term of ten years with seven banks. Until end of June, €120.0 million have been drawn.

On 18 April 2023, Eurogrid issued a Bond as part of the Debt Issuance Programme on the Luxembourg Stock Exchange with a nominal amount of €650 million. The coupon is 3.722% with eight years maturity.

(in € million) - 31 December 2022				
	Maturity	Redemption schedule	Amount	Interest rate
Eurobond issues 2013/15 years	2028	At maturity	548.0	3,25 %
Eurobond issues 2013/20 years	2033	At maturity	199.3	3,50 %
Eurobond issues 2014/15 years	2029	At maturity	347.6	3,00 %
Eurobond issues 2015/8.5 years	2024	At maturity	499.6	1,38 %
Eurobond issues 2017/10 years	2027	At maturity	248.5	1,38 %
Senior bond 2018/10 years	2028	At maturity	298.3	1,50 %
Eurobond issues 2019/7 years	2026	At maturity	499.0	1,38 %
Eurobond issues 2020/10 years	2030	At maturity	790.9	0,88 %
Amortising bond - 7,7 years	2028	Linear	50.3	1,56 %
Amortising bond - 23,7 years	2044	Linear	132.4	1,56 %
Bond as part of Debt Issuance Programme 2015	2025	At maturity	499.0	1,88 %
Bond as part of Debt Issuance Programme 2015	2023	At maturity	749.7	1,63 %
Bond as part of Debt Issuance Programme 2015	2030	At maturity	139.4	2,63 %
Bond as part of Debt Issuance Programme 2016	2028	At maturity	748.0	1,50 %
Bond as part of Debt Issuance Programme 2020	2032	At maturity	747.7	1,11 %
Bond as part of Debt Issuance Programme 2020	2040	At maturity	199.5	0,88 %
Bond as part of Debt Issuance Programme 2021	2031	At maturity	747.4	3,28 %
Bond as part of Debt Issuance Programme 2021	2033	At maturity	498.3	0,74 %
Registered bond 2014	2044	At maturity	50.0	3,00 %
Total bonds			7,992.9	
Amortising term loan	2033	Linear	167.8	1,80 %
European Investment Bank	2025	At maturity	100.0	1,08 %
Total bank loans			267.8	
Commercial Paper	2022	At maturity	0.0	
Loan with KfW	2026	At maturity	150.0	0,90 %
Total other loans			150.0	
Lease debts			90.2	
Accrued interests			81.9	
Total loans and borrowings (current and non-current)			8,582.8	

4.14 Provisions and employee benefits

(in € million)	30 June 2023	31 December 2022
Non-current		
Employee benefits	85,0	75,0
Provisions	147,8	146,2
Current		
Provisions	10,3	8,6

The group has various legal and constrictive obligations in Belgium and Germany as follows:

- Post employment obligations, including defined contribution plans, defined benefit plans and other personnel obligations: the obligation has increased over the period due to negative experience effects (higher salaries). We refer to note 6.15 which accompanies the annual consolidated financial statements as of and for the year which ended on 31 December 2022 for more details.
- Provisions which cover the following items:
 - Environment
 - Elia Re
 - Dismantling obligations
 - Employee benefits
 - Other, including litigation matters relating to business interruptions, contractual claims or disputes with third parties.

There were no significant changes to the provisions in the first half of 2023. For more information, we refer to note 6.14 of the annual consolidated financial statements as of and for the year which ended on 31 December 2022. More information regarding contingent liabilities is disclosed in note 4.24.

4.15 Financial instruments

The table below shows a comparison of the carrying amount and fair value of financial instruments as at 30 June 2023 and the fair value hierarchy:

(in € million)	Carrying amount					Fair value			
	Designated at fair value	Fair value through OCI	Amortised cost	Other financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
Balance at 31 December 2022									
Other financial assets	7.0	296.1	33.8		336.9	226.6		76.4	303.1
<i>Equity instruments at fair value through other comprehensive income</i>		76.4			76.4			76.4	76.4
<i>Equity instruments at fair value through income</i>	7.0				7.0	7.0			7.0
<i>Derivatives</i>		219.7			219.7	219.7			219.7
<i>Regulatory assets</i>			33.8		33.8				
Trade and other receivables (current and non-current)			1,367.1		1,367.1				
Cash and cash equivalents		4,151.2			4,151.2				
Loans and borrowings (current and non-current)				(8,582.8)	(8,582.8)	(8,183.4)		(172.9)	(8,356.3)
<i>Unsecured bond issues</i>				(7,243.0)	(7,243.0)	(7,015.7)		(172.9)	(7,188.6)
<i>Unsecured financial bank loans and other loans</i>				(1,167.7)	(1,167.7)	(1,167.7)			(1,167.7)
<i>Lease liabilities</i>				(90.2)	(90.2)				
<i>Accrued interests</i>				(81.9)	(81.9)				
Other non-current liabilities		(24.7)			(24.7)				
<i>of which derivatives</i>		(24.7)			(24.7)	(24.7)			(24.7)
Trade and other payables				(4,804.2)	(4,804.2)				
Total	7.0	271.4	5,552.1	(13,387.0)	(7,556.5)	n.r.	n.r.	n.r.	n.r.

Balance at 30 June 2023									
Other financial assets	7.0	88.5	38.3	0.0	133.9	18.5	0.0	77.0	95.5
<i>Equity instruments at fair value through other comprehensive income</i>		77.0			77.0			77.0	77.0
<i>Equity instruments at fair value through income</i>	7.0				7.0	7.0			7.0
<i>Derivatives</i>		11.5			11.5	11.5			11.5
<i>Regulatory assets</i>			38.3		38.3				
Trade and other receivables (current and non-current)			998.5		998.5				
Cash and cash equivalents		4,437.3			4,437.3				
Loans and borrowings (current and non-current)				(9,813.2)	(9,813.2)	(8,244.4)		(168.1)	(8,412.5)
<i>Unsecured bond issues</i>				(9,131.3)	(9,131.3)	(7,720.6)		(168.1)	(7,888.7)
<i>Unsecured financial bank loans and other loans</i>				(523.8)	(523.8)	(523.8)			(523.8)
<i>Lease liabilities</i>				(89.4)	(89.4)				0.0
<i>Accrued interests</i>				(68.7)	(68.7)				0.0
Other current and non-current liabilities		(471.1)			(471.1)				
<i>of which derivatives</i>		(106.3)			(106.3)	(106.3)			(106.3)
Trade and other payables				(3,820.9)	(3,820.9)				
Total	7.0	88.5	5,474.1	(13,634.1)	(8,064.5)	n.r.	n.r.	n.r.	n.r.

The above tables do not include fair value information for cash and cash equivalents, trade and other receivables, or trade and other payables, as their carrying amount is a reasonable approximation of fair value. The fair value of finance lease liabilities and accrued interests are not included as there is no requirement for disclosure.

FAIR VALUE HIERARCHY

Fair value is the amount for which an asset could be exchanged or a liability settled in an arm's-length transaction. IFRS 7 requires, for financial instruments that are measured in the statement of financial position at fair value and for financial instruments measured at amortised cost for which the fair value has been disclosed, the disclosure of fair value measurements by level in the following fair value measurement hierarchy:

- **Level 1:** The fair value of a financial instrument that is traded in an active market is measured based on quoted (unadjusted) prices for identical assets or liabilities. A market is considered active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's-length basis.
- **Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These maximise the use of observable market data where these are available and rely as little as possible on entity-specific estimates. If all significant inputs required to assess the fair value of an instrument are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices), the instrument is included in level 2.
- **Level 3:** If one or more of the significant inputs used in applying the valuation technique is not based on observable market data, the financial instrument is included in level 3. The fair value amount included under 'Other financial assets' has been determined by referring to either (i) recent transaction prices, known by the group, for similar financial assets or (ii) valuation reports issued by third parties.

The fair value of financial assets and liabilities, other than those presented in the table above, approximates to their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of other financial assets decreased by €207.6 million compared with previous year. This decrease has mainly resulted from the fair value of the derivatives (financial and commodities -€208.2 million) as explained in note 4.8.

The fair value of the bank loans and bond issues increased by €56.2 million, due to changes in the financial debt and a better pricing on the market.

The fair value of Sicavs falls into level 1, i.e. valuation is based on the listed market price on an active market for identical instruments.

The derivative from the price hedge for grid loss procurement, which is measured at fair value in OCI without affecting profit or loss, falls under level 1 of the measurement hierarchy. Its value is determined on the basis of the reporting date valuation of the existing futures contracts, which are fully contracted via the EEX electricity exchange and quoted there. Credit and default risks are avoided with this form of price hedging via exchange transactions. The group recognises derivatives for which the fair value as per 30 June 2023 is negative (-€106.3 million).

The fair value of the bonds is €7,888.7 million (prior period: €7,188.6 million). Fair value was determined by reference to published price quotations in an active market (classified as level 1 in the fair value hierarchy). The fair value of the registered bond is €40.0 million as at 30 June 2023 (versus €37.2 million end of 2022) and was determined by reference to third party information, such as pricing services (classified as level 3 in the fair value hierarchy). The fair value of the private placement amounts to €128.1 million (versus €133.2 million end of 31 December 2022- classified as level 3 in the fair value hierarchy).

The fair value of other bank loans approximates to their carrying amounts largely due to the short-term maturities of these instruments.

4.16 Current liabilities – Trade and other payables

The trade and other debts decreased by €983.3 million because of lower energy prices in the market. The key components of this caption have been impacted by this effect, including trade debts, levies and cash collateral.

4.17 Other current and non-current liabilities

The other current and non-current liabilities are mainly composed the investment grants, deferred income and derivatives (commodities). The variation of the period is explained the lower value of the derivatives. Since 2021, 50Hertz applies hedge accounting for the purpose of reducing the risk of fluctuations in the expected amount of grid losses. Due to drop in energy prices during the period, the fair value of these contracts became negative. As per 30 June 2023, long term and short-term contracts shows a negative fair value of respectively -€87.7 million (versus €24.7 million end of 2022) and -€18.6 million (versus €0.0 million end of 2022).

4.18 Accruals and deferred income

(in € million)	30 June 2023	31 December 2022
Accruals and deferred income	75,9	91,4
Deferral account from settlement mechanism Belgian regulatory framework	364,6	360,6
Deferral account from settlement mechanism German regulatory framework	427,5	131,3
Total	868,1	583,3

In the **Elia Transmission segment**, the deferral account from the settlement mechanism (€364.6 million) increased compared with the year end 2022 (€360.6 million).

In the **50Hertz Transmission segment**, the deferral accounts from the settlement mechanism (€427.5 million) show an increase of €296.2 million compared to end December 2022 (€131.3 million). In order to stabilize the grid fees of the German transmission system operators, 50Hertz Transmission received contractually agreed payments from the Federal Republic of Germany (so called "electricity price brake") in the amount of € 541.1 million as revenue in the first six months as a compensation for otherwise increased grid tariffs. Tariffs and revenue cap for 2023 were influenced of the massive market developments in 2022, therefore revenues exceeded the necessary amounts during the years in various areas. In this context, the regulatory obligations increased sharply, particularly on the regulatory account.

4.19 Finance costs

The finance costs increased compared to the first half of 2022. This is the result of a higher level of loans and borrowings (see Note 4.13) and higher interest expenses related to hybrid securities. In 2023, Elia Group proactively managed its hybrid layer by refinancing part of its outstanding €700 million hybrid. It issued a new €500 million hybrid bond, accompanied by a capped tender offer on its existing hybrid security (completed for a total amount of €499,4 million). The newly issued hybrid bond carries a coupon of 5.85% until 15 June 2028 (versus 2.75% for the existing securities).

4.20 Income tax expense

Excluding the share of profit of equity-accounted investees, the best estimate of the weighted average annual income tax rate expected for the full financial year was 29.2% for the six months to June 2023 compared to 28.9% for the six months to June 2022.

4.21 Settlement mechanism (regulatory framework)

In Belgium, the settlement arising from the tariff regulation mechanism for the year ended 31 December 2022 was accounted for in the period ended 30 June 2023 and decreased the net profit for the period by €0.7 million.

In Germany, no changes in the regulatory uncertainties occurred, due to the final settlements arising from the tariff regulation mechanisms to be approved by the relevant authorities.

Please refer to notes 9.1, 9.2 and 9.3 which accompanies the annual consolidated financial statements as at and for the year which ended on 31 December 2022 for more details.

4.22 Related parties

Controlling entities

The core shareholder of Elia Group is still Publi-T. Other than the yearly dividend payment, no transactions occurred with the core shareholder during the six months ended 30 June 2023.

Transactions with key management personnel

Key management personnel include Elia's Board of Directors and Elia's Management Committee, both of which have a significant influence over the entire Elia group.

At 50Hertz Transmission (Germany), key management personnel include Eurogrid International SA/NV's Board of Directors, which is responsible for monitoring the activities of 50Hertz Transmission (Germany). Key management personnel also includes the Board of Management of 50Hertz Transmission and the Supervisory Board, which was established in the German segment.

Key management personnel did not receive stock options, special loans or other advances from the Group during the year.

There were no significant transactions with entities in which Elia's key management personnel exercise a significant influence (e.g. holding positions such as CEO, CFO or members of the Management Committee) in the first half of 2023.

Transactions with joint ventures and associated companies

Details relating to transactions with joint ventures and associated companies are shown below:

(in € million) – period ended 30 June	2023	2022
Transactions with joint ventures and associated companies	(6.2)	(6.5)
Sales of goods	(0.0)	1.2
Purchases of goods	(6.2)	(7.6)
(in € million)	30 June 2023	31 December 2022
Outstanding balances with joint ventures and associated companies	(3.1)	(1.0)
Trade debtors	(2.4)	(0.5)
Trade debts	(0.7)	(0.5)

Transactions with other related parties

In addition, Elia's Management Committee also assessed whether transactions occurred with entities in which they or members of the Board of Directors exercise a significant influence (e.g. positions as CEO, CFO, vice-presidents of the Management Committee, etc.).

There were some transactions with parties in which these key persons have a significant influence. All these transactions took place in the normal course of Elia's business activities. There were expenses for a total amount of €2.3 million and revenues for a total amount of €0.04 million in the first half of 2023 and outstanding receivable of €0.09 million per 30 June 2023.

4.23 Seasonal fluctuations

Part of the group's revenue (mainly German Segment) profile follows a seasonal pattern, primarily due to the higher volumes of electricity consumed during the winter that have to be transmitted by the grid operator from power generators to distributors and large industrial customers, and also due to the impact of renewable energy, which is highly sensitive to weather conditions and hence has a considerable effect on revenue inflows and the course of business.

4.24 Commitments and contingencies

Capital-expenditure commitment

As at 30 June 2023, the group had a commitment of €5,266.1 million (€3,883.9 million end of 2022) relating to purchase contracts for the installation of property, plant and equipment for further grid extensions.

Other contingencies and commitments

We refer to note 8.2. which accompanies the annual consolidated financial statements as at and for the year ended 31 December 2022 for more details.

Contingent liabilities: as stated in Note 4.14, the group defends litigation matters relating to business interruptions, contractual claims or disputes with third parties. Generally, in line with good business practice, the group does not recognise any pending proceeding which has not matured and/or where the probability of existing or future exposure is unlikely, where financial impact is not estimable and for which no contingent liabilities are able to be quantified.

Nevertheless, at the end of June 2023, it may be relevant to note that, in connection with an open procedure, the group received a judgement that could result in it having to pay compensation amounting to around €14,0 million. The Group decided to file on appeal against the court's decision. The group and its lawyers are confident that their arguments will be heard. The probability of an impact in profit or loss is considered remote and no provision has been recognised in connection with this litigation.

4.25 Events after the reporting date

Management is not aware of any other material events as at 30 June 2023 which could affect the condensed consolidated interim financial statements.

4.26 Regulatory framework

Regulatory framework in Belgium

In 2023, no significant changes to the regulatory framework applicable for the regulatory period 2020-2023 in Belgium (as described in note 9.1 which accompanies the annual consolidated financial statements as at and for the year ended 31 December 2022).

On 30 June 2022, the Belgian Federal Commission for Electricity and Gas Regulation (the CREG) officially approved the electricity tariff methodology for the period 2024-27. The approval follows a public consultation on the methodology, which was launched in April 2022, and its approval by the Federal Government in early June 2022. This new tariff methodology is similar to the methodology which is currently in force. The regulatory framework will remain as a cost-plus model, with cost coverage of all reasonable costs and remuneration. Based on the parameters described in the methodology the average regulatory return on equity for the period should be around 5.7%, in accordance with the effective results on incentive regulation.

Regulatory framework in Germany

In 2023, there were no significant changes to the regulatory framework in Germany applicable until 31 December 2023 (as described in note 9.2 which accompanies the annual consolidated financial statements as at and for the year which ended on 31 December 2022).

Regulatory framework for the Nemo Link interconnector

In 2023, there were no significant changes to the regulatory framework for the Nemo Link interconnector. (as described in note 9.3 which accompanies the annual consolidated financial statements as at and for the year which ended on 31 December 2022).

5. Joint statutory auditor's report to the board of directors of Elia Group NV on the review of the condensed consolidated interim financial information as at 30 June 2023 and for the six-month period then ended

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Elia Group NV as at 30 June 2023, the condensed consolidated statement of profit or loss, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and notes to the interim financial information (“the condensed consolidated interim financial information”). The board of directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, “Interim Financial Reporting” as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2023 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34, “Interim Financial Reporting” as adopted by the European Union.

Brussels, 25 July 2023

Joint statutory auditors

BDO Réviseurs d’Entreprises SRL /
Bedrijfsrevisoren BV
represented by

Michaël Delbeke*
Partner

*Acting on behalf of a BV/SRL

EY Réviseurs d’Entreprises SRL /
Bedrijfsrevisoren BV
represented by

Paul Eelen*
Partner

*Acting on behalf of a BV/SRL

6. Alternative performance measures

The half-year financial report contains certain financial performance measures that are not defined by IFRS and are used by management to assess the **financial and operational performance of the group**. The main alternative performance measures used by the group are explained and/or reconciled with our IFRS measures (Consolidated Financial Statements) in this document.

The following APM's appearing in the half-year financial report are explained in this appendix:

- CAPEX (Capital Expenditures).
- EBIT
- EBITDA
- Free cash flow
- Net finance costs
- Net financial debt
- Equity attributable to the owners of the company
- Equity attributable to the owners of the company (per share)
- Reported earnings per share (in €) (Elia share)
- Regulatory Asset Base (RAB)

CAPEX (Capital Expenditures)

CAPEX (Capital Expenditures) = Acquisitions of fixed assets (a.o. property, plant and equipment and intangible assets) minus proceeds from sale of fixed assets. Capital expenditures, or CAPEX, are investments realised by the group to acquire, upgrade, and maintain physical assets (such as property, buildings, an industrial plant, technology, or equipment) and intangible assets. CAPEX is an important metric for the group as it affects its Regulated Asset Base (RAB) that serves as basis for its regulatory remuneration.

EBIT

EBIT (Earnings Before Interest and Taxes) = result from operating activities, which is used for the operational performance of the group. The EBIT is calculated as total revenue less costs of raw materials, consumables and goods for resale, services and other goods, personnel expenses and pensions, depreciations, amortisations and impairments, changes in provision and other operating expense and plus the share of equity accounted investees.

(in € million) – period ended 30 June	2023				
	Elia Transmission	50Hertz Transmission	Non- regulated activities and Nemo Link	Consolidation entries & intersegment transactions	Elia Group
Results from operating activities	135.3	193.7	(7.7)	(0.0)	321.3
Share of profit of equity accounted investees (net of tax)	1.7	0.0	13.3	0.0	15.0
EBIT	136.9	193.7	5.7	(0.0)	336.3

(in € million) – period ended 30 June	2022				
	Elia Transmission	50Hertz Transmission	Non- regulated activities and Nemo Link	Consolidation entries & intersegment transactions	Elia Group
Results from operating activities	125.2	151.3	(4.8)	0.0	271.8
Share of profit of equity accounted investees (net of tax)	1.7	0.0	22.9	0.0	24.5
EBIT	126.9	151.3	18.0	0.0	296.3

EBITDA

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisations) = results from operating activities plus depreciations, amortisation and impairment plus changes in provisions plus share of profit of equity accounted investees. EBITDA is used as a measure for the operational performance of the group, thereby extracting the effect of depreciations, amortisation and changes in provisions of the group. EBITDA excludes the cost of capital investments like property, plant, and equipment.

(in € million) – period ended 30 June	2023				
	Elia Transmission	50Hertz Transmission	Non- regulate d activities and Nemo Link	Consolidatio n entries & intersegment transactions	Elia Group
Results from operating activities	135.3	193.7	(7.7)	(0.0)	321.3
Add:					
Depreciation, amortisation and impairment	110.8	158.9	0.4	0.0	270.0
Changes in provisions	(0.6)	0.1	0.0	0.0	(0.5)
Share of profit of equity accounted investees (net of tax)	1.7	0.0	13.3	0	14.97
EBITDA	247.1	352.7	6.1	(0.0)	605.9

(in € million) – period ended 30 June	2022				
	Elia Transmission	50Hertz Transmission	Non- regulate d activities and Nemo Link	Consolidatio n entries & intersegment transactions	Elia Group
Results from operating activities	125.2	151.3	(4.8)	0.0	271.8
Add:					
Depreciation, amortisation and impairment	104.5	142.4	0.3	0.0	247.3
Changes in provisions	0.7	(0.1)	0.0	0.0	0.5
Share of profit of equity accounted investees (net of tax)	1.7	0.0	22.9	0.0	24.5
EBITDA	232.1	293.6	18.4	0.0	544.2

Free cash flow

Free cash flow = Cash flows from operating activities minus cash flows from investment activities. Free cash flow provides an indication of the cash flows generated by the group.

(in € million) – period ended 30 June	2023				
	Elia Transmission	50Hertz Transmission	Non- regulated activities and Nemo Link	Consolidation entries & intersegment transactions	Elia Group
Net cash from operating activities	112.5	(78.4)	3.0	(0.8)	37.0
Deduct:					
Net cash used in investing activities	307.9	501.4	(191.1)	191.7	810.0
Free cash flow	(195.5)	(579.8)	194.0	(192.5)	(773.0)

(in € million) – period ended 30 June	2022				
	Elia Transmission	50Hertz Transmission	Non- regulated activities and Nemo Link	Consolidation entries & intersegment transactions	Elia Group
Net cash from operating activities	-84.8	1,211.4	290.7	0.0	1,417.1
Deduct:					
Net cash used in investing activities	174.8	411.1	(149.6)	0.0	436.3
Free cash flow	(259.5)	800.2	440.3	0.0	980.8

Net finance costs

Represents the net financial result (finance costs plus finance income) of the company.

Net financial debt

Net financial debt = Non-current and current interest-bearing loans and borrowings (incl. lease liability under IFRS 16) minus cash and cash equivalents. Net financial debt is an indicator of the amount of interest-bearing debt of the group that would remain if readily available cash or cash instruments were used to repay existing debt.

(in € million)	30 June 2023				31 December 2022			
	Elia Transmission	50Hertz Transmission	Non-regulated activities and Nemo Link	Elia Group Total	Elia Transmission	50Hertz Transmission	Non-regulated activities and Nemo Link	Elia Group Total
Non-current liabilities:								
Loans and borrowings	3,892.4	4,601.1	464.6	8,958.1	3,408.2	3,834.4	473.0	7,715.6
Add:								
Current Liabilities:								
Loans and borrowings	42.4	799.1	13.6	855.1	65.2	789.2	12.8	867.2
Deduct:								
Current Assets:								
Cash and cash equivalents	736.7	3,424.5	276.1	4,437.3	557.2	3,368.3	225.7	4,151.2
Net financial debt	3,198.1	1,975.7	202.1	5,376.0	2,916.2	1,255.3	260.1	4,431.6
EEG and similar mechanisms – surplus		2,375.7		2,375.7		2,936.0		2,936.0
EEG and similar mechanisms - deficit								
Net financial debt, excl. EEG and similar mechanisms	3,198.1	4,351.4	202.1	7,751.6	2,916.2	4,191.3	260.1	7,367.6

Equity attributable to the owners of the company

Equity attributable to ordinary shareholders and hybrid security holders, but excluding non-controlling interests.

(in € million)	30 June 2023	31 December 2022
Equity	5,588.8	5,756.4
Deduct:		
Non-controlling interests	400.2	436.7
Equity attributable to the owners of the company	5,188.6	5,319.6

Equity attributable to the owners of the company (per share)

(in € million) – period ended 30 June	2023	2022
Equity attributable to ordinary shares	4,483,614,462.0	4,656,805,788.1
Divide by:		
Number of shares outstanding	73,507,880	73,456,328
Equity attributable to owners of ordinary shares	61.0	63.4

Reported earning per share (in €)

(in € million) – period ended 30 June	2023	2022
Net profit attributable to owners of ordinary shares	162.5	157.4
Divide by:		
Weighted average number of ordinary shares	73,501,310	68,773,950
Reported earnings per share (in €) (Elia share)	2.21	2.29

Regulatory Asset Base (RAB)

Regulated asset base (RAB) is a regulatory concept and an important driver to determine the return on the invested capital in the TSO through regulatory schemes. The RAB is determined as follows: RAB_i (initial RAB determined by regulator at a certain point in time) and evolves with new investments, depreciations, divestments and changes in working capital on a yearly basis using the local GAAP applicable in the regulatory schemes. In Belgium when setting the initial RAB, a certain amount of revaluation value (i.e. goodwill) was taken into account which evolves from year to year based on divestments and/or depreciations.