Elia Transmission Belgium
2023 half-year financial report

Brussels, 26 July 2023

Content

1. Business performance review

1.1 Consolidated results and financial position of Elia Transmission Belgium for the first six months of 2023

Key figures (in € million)	1H 2023	1H 2022	Difference (%)
Revenue, other income and net income (expense) from settlement mechanism	690.4	746.7	(7.5%)
Share of net income of equity method entitites (net of tax)	14.9	24.5	(39.2%)
EBITDA	260.6	254.4	2.4%
EBIT	150.4	149.2	0.8%
Net finance costs	(29.4)	(32.9)	(10.6%)
Net profit	**95.6**	**95.4**	**0.2%**
Non-controlling interests	*0.0*	*0.0*	n.r.
Net profit attributable to the group	**95.6**	**95.4**	**0.2%**
Key figures of the financial position (in € million)	2023	2022	Difference (%)
Total assets	8,306.9	8,092.1	2.7%
Equity attributable to owners of the company	2,900.6	2,946.1	(1.5%)
Net financial debt	3,336.7	3,057.1	9.1%
Key figures per share	1H 2023	1H 2022	Difference (%)
Reported earnings per share (in €)	0.42	0.46	(8.7%)
Equity attributable to owners of the company per share (in €)	12.80	12.50	2.4%

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);
— **Non-regulated segment and Nemo Link,** which comprises non-regulated activities within Elia Transmission Belgium and Nemo Link.

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

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%)
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*	*(107.0%)*
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	8,004.9	7,793.2	2.7%
Total equity	2,792.9	2,851.4	(2.1%)
Net financial debt	3,198.1	2,916.2	9.7%
Free cash flow	(195.5)	27.2	(818.7%)

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 a lower balancing activation costs, resulting from the drop in gas and electricity prices as prior year's prices were 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	n.r
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 tariff.

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 by12.0% 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. Although 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 €8,004.9 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 €2,792.9 million (-€58.5 million) as the half-year reservation of 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 in Q1, 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 €299.8[1] 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 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 "Lendelede 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 Rimière, 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-Rimiere 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 Non-regulated activities and Nemo Link

Highlights

— Nemo Link's strong performance in 2023 constrained by cumulative cap

Non-regulated activities and Nemo Link Key figures (in € million)	1H 2023	1H 2022	Difference (%)
Revenue and other income	17.3	13.3	30.1%
Equity accounted investees	13.2	22.8	(42.1%)
EBITDA	13.5	22.2	(39.2%)
EBIT	13.5	22.2	(39.2%)
Adjusted items	*0.0*	*0.0*	n.r.
Adjusted EBIT	13.5	22.2	(39.2%)
Net finance costs	(1.3)	(1.4)	(7.1%)
Income tax expenses	0.3	0.5	n.r.
Net profit	**12.4**	**21.3**	**(41.8%)**
Of which attributable to the Group	**12.4**	**21.3**	**(41.8%)**
Adjusted items on net profit	*0.0*	*0.0*	n.r.
Adjusted net profit	**12.4**	**21.3**	**(41.8%)**
Key figures of the financial position (in € million)	2023	2022	Difference (%)
Total assets	302.0	298.9	1.0%
Total equity	107.7	94.6	13.8%
Net financial debt	138.6	140.9	(1.6%)

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

Non-regulated revenue increased to €17.3 million compared to €13.3 million the first half 2022, since more services have been provided by ETB towards other Elia Group affiliates (mainly 50Hertz and Elia Group SA).

Equity-accounted investments contributed €13.2 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 13.5 million (-€8.7 million). This decrease was primarily due to the lower contribution from Nemo Link (-€9.6 million).

Net finance cost decreased to €1.3 million, mainbly expenses related to the Nemo Link private placement (€1.2 million).

Net profit decreased by €8.9 million to €12.4 million, mainly as a result of:

1. Lower contribution from Nemo Link (-€9.6 million).
2. Other items (+€0.9 million) primarily driven by higher intersegment income and lower other non-regulated cost (+€1.1 million).

Total assets increased to €302.0 million (+1.0%) and the **net financial debt** dropped to €138.6 million (-1.6%).

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 Vandenborre 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 Vandenborre
Chief Financial Officer

Chris Peeters
Chairman of the Management Committee &
Chief Executive Officer

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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		**7,210.0**	**6,990.7**
Property, plant and equipment	(4.6)	4,962.8	4,785.3
Goodwill		1,707.8	1,707.8
Intangible assets	(4.6)	124.7	100.4
Trade and other receivables	(4.7)	95.0	95.0
Equity-accounted investees	(4.4)	273.5	260.9
Other financial assets	(4.8)	45.6	41.0
Deferred tax assets	(4.13)	0.6	0.3
CURRENT ASSETS		**1,096.9**	**1,101.5**
Inventories		14.4	14.4
Trade and other receivables	(4.7)	269.2	399.1
Current tax assets		12.8	14.4
Other financial assets	(4.8)	11.5	65.3
Cash and cash equivalents		773.5	601.6
Deferred charges and accrued revenues		15.5	6.7
Total assets		**8,306.9**	**8,092.1**
EQUITY AND LIABILITIES			
EQUITY		**2,900.6**	**2,946.1**
Equity attributable to owners of the Company		2,900.6	2,946.1
Share capital		2,264.7	2,264.7
Share premium		91.0	91.0
Reserves		21.2	13.0
Hedging reserve		34.8	49.0
Retained earnings	(4.9)	488.9	528.4
Non-controlling interest		0.0	0.0
NON-CURRENT LIABILITIES		**4,410.5**	**3,920.8**
Loans and borrowings	(4.10)	4,058.4	3,582.6
Employee benefits		66.0	51.5
Provisions	(4.11)	30.3	30.6
Deferred tax liabilities	(4.13)	61.0	67.3
Other liabilities	(4.14)	194.8	188.8
CURRENT LIABILITIES		**995.8**	**1,225.2**
Loans and borrowings	(4.10)	51.8	76.2
Provisions	(4.11)	1.3	1.3
Trade and other payables	(4.15)	508.1	697.6
Current tax liabilities		0.0	2.6
Accruals and deferred income	(4.16)	434.6	447.5
Total equity and liabilities		**8,306.9**	**8,092.1**

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

Condensed consolidated statement of profit or loss

(in € million) − Year ended 30 June	Notes	2023	2022
Revenue		650.2	648.7
Raw materials, consumables and goods for resale		(2.1)	(2.6)
Other income		43.8	48.3
Net income (expense) from settlement mechanism		(3.5)	49.7
Services and other goods		(325.7)	(402.0)
Personnel expenses		(100.4)	(94.0)
Depreciation, amortisation and impairment		(110.8)	(104.5)
Changes in provisions		0.6	(0.7)
Other expenses		(16.7)	(18.3)
Results from operating activities		**135.5**	**124.6**
Share of net income of equity method entitites (net of tax)		14.9	24.5
Earnings before interest and tax (EBIT)		**150.4**	**149.1**
Net finance costs		**(29.4)**	**(32.9)**
Finance income		8.4	0.5
Finance costs		(37.8)	(33.4)
Profit before income tax		**121.0**	**116.2**
Income tax expense	(4.17)	(25.4)	(20.9)
Net profit		**95.6**	**95.4**
Net profit attributable to:			
The group		95.6	95.4
Non-controlling interests		0.0	0.0
Net profit		**95.6**	**95.4**
Earnings per share (in €)			
Basic earnings per share		0.42	0.46
Diluted earnings per share		0.42	0.46

For a disaggregation 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) − Year ended 30 June	Notes	2023	2022
Profit for the period		**95.6**	**95.4**
Other comprehensive income (OCI)			
Items that may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges		(19.0)	17.3
Related tax		4.7	(4.3)
Items that will not be reclassified to profit or loss:			
Remeasurements of post-employment benefit obligations		(9.6)	(3.9)
Related tax		2.4	1.0
Other comprehensive income for the period, net of tax		**(21.5)**	**10.1**
Total comprehensive income for the period		**74.1**	**105.5**
Total comprehensive income attributable to:			
Equity holders of ordinary shares		74.1	105.5
Non-controlling interest		0.0	0.0
Total comprehensive income for the period		**74.1**	**105.5**

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

Condensed consolidated statement of changes in equity

(in € million) - Six-month period ended 30 June	Share capital	Share premium	Hedging reserve	Reserves	Retained earnings	**Equity attributable to ordinary shares**	Non-controlling interests	**Total equity**
Balance at 1 January 2022	**2,062.5**			**9.1**	**428.3**	**2,499.9**		**2,499.9**
Profit for the period					95.4	95.4		95.4
Other comprehensive income			13.0		(2.9)	10.1		10.1
Total comprehensive income for the period			**13.0**		**92.5**	**105.5**		**105.5**
Transactions with owners, recorded directly in equity								
Contributions by and distributions to Owners								
Transfer to legal reserves				3.9	(3.9)			
Dividends					(25.9)	(25.9)		(25.9)
Total contributions and distributions	0.0			3.9	(29.8)	(25.9)		(25.9)
Total changes in ownership interests								
Total transactions with Owners	0.0			3.9	(29.8)	(25.9)		(25.9)
Balance at 30 June 2022	**2,062.5**		**13.0**	**13.0**	**491.1**	**2,579.5**		**2,579.5**
Balance at 1 January 2023	**2,264.7**	**91.0**	**49.0**	**13.0**	**528.4**	**2,946.1**		**2,946.1**
Profit for the period					95.6	95.6		95.6
Other comprehensive income			(14.2)		(7.2)	(21.5)		(21.5)
Total comprehensive income for the period			**(14.2)**		**88.3**	**74.1**		**74.1**
Transactions with owners, recorded directly in equity								
Contributions by and distributions to Owners								
Transfer to legal reserves				8.2	(8.2)			
Dividends					(119.6)	(119.6)		(119.6)
Total contributions and distributions	**0.0**			**8.2**	**(127.9)**	**(119.6)**		**(119.6)**
Total changes in ownership interests								
Total transactions with Owners	0.0			8.2	(127.9)	(119.6)		(119.6)
Balance at 30 June 2023	**2,264.7**	**91.0**	**34.8**	**21.2**	**488.9**	**2,900.6**		**2,900.6**

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		**95.6**	**95.4**
Adjustments for:			
Net finance costs		29.4	32.9
Other non-cash items		0.0	(0.1)
Current income tax expense		24.9	21.6
Profit or loss of equity accounted investees, net of tax		(14.9)	(24.5)
Depreciation of property, plant and equipment and amortisation of intangible assets		110.8	104.7
Loss / proceeds on sale of property, plant and equipment and intangible assets		1.9	(5.0)
Impairment losses of current assets		0.4	0.2
Change in provisions		(1.3)	0.9
Change in deferred taxes		0.5	(0.8)
Changes in fair value of financial assets through profit or loss		(0.1)	0.0
Cash flow from operating activities		**247.2**	**225.3**
Change in inventories		(0.4)	0.5
Change in trade and other receivables	(4.7)	129.7	64.0
Change in other current assets		(7.6)	(11.1)
Change in trade and other payables		(189.5)	(12.8)
Change in other current liabilities		32.5	35.0
Changes in working capital		**(35.3)**	**75.6**
Interest paid		(67.9)	(69.7)
Interest received		8.4	0.5
Income tax paid		(25.8)	(27.4)
Net cash from operating activities		**126.6**	**204.3**
Acquisition of intangible assets	(4.6)	(31.5)	(19.1)
Acquisition of property, plant and equipment	(4.6)	(280.3)	(166.9)
Proceeds from sale of property, plant and equipment		1.7	10.1
Proceeds from capital decrease from equity accounted investees		0.0	33.0
Dividend received		2.2	22.1
Net cash used in investing activities		**(307.9)**	**(120.8)**
Dividends paid (-)	(4.9)	(119.6)	(25.9)
Repayment of borrowings (-)	(4.10)	(25.6)	(85.4)
Proceeds from withdrawal of borrowings (+)	(4.10)	498.5	0.0
Net cash flow from (used in) financing activities		**353.2**	**(111.3)**
Net increase (decrease) in cash and cash equivalents		**171.8**	**(27.7)**
Cash & Cash equivalents at 1 January		601.6	137.4
Cash & Cash equivalents at 30 June		773.5	109.7
Net variations in cash & cash equivalents		**171.8**	**(27.7)**

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

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4. Notes to the condensed consolidated interim financial statements

4.1 General information

Elia Transmission Belgium SA/NV, ('Company' or 'Elia' or 'Elia Transmission Belgium') is established in Belgium, having its head office at 20 Boulevard de l'Empereur, B-1000 Brussels.

Elia's core business is managing, maintaining and developing very-high-voltage grids (380 kV, 220 kV and 150 kV) and high-voltage grids (70 kV, 36 kV and 30 kV). It is responsible for transmitting electricity from power generators in Belgium to customers, particularly distributors and major industrial users.

The group also has a 50% stake in Nemo Link Ltd, which has constructed an electrical interconnector between the UK and Belgium: the Nemo Link interconnector. Nemo Link Ltd is a joint venture with National Grid Ventures (UK) and began commercial operations on 30 January 2019, with a transfer capacity of 1000 MW.

These unaudited and condensed consolidated interim financial statements of the company as at and for the six months ended 30 June 2023 contain the financial position and performance of the company and its subsidiaries (collectively referred to as "the Group") and the Group's interests in joint ventures.

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

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

Basis for preparation

These condensed consolidated interim financial statements were prepared in accordance with IAS 34 *Interim Financial Reporting*, issued by the 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 IFRS financial statements and should be read in conjunction with the Group's last annual consolidated financial statements for the year ended 31 December 2022. However, selected explanatory notes are included to explain events and transactions that are significant for an understanding of the changes in the Group's position and performance since the last annual consolidated financial statements.

There were no changes in the accounting policies for the Group compared to the annual consolidated financial statements for the year ended 31 December 2022. We refer to this Annual Report for a detailed overview of the accounting policies used.

New standards, interpretations and amendments adopted by the Group

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

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 issued but not yet effective

The below standards and interpretations are published, but not yet applicable for the annual period beginning on 1 January 2023 and are not expected to have a material impact for the Group and 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 were 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 in respect to 'Business combinations and Goodwill', we 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 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
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	15.84	15.84
Investments accounted for using IFRS9 - other shareholdings				
JAO SA	Luxembourg	2, Rue de Bitbourg, 1273 Luxembourg Hamm	4.00	4.00

4.5 Segment reconciliation

We refer to chapter 1 for a detailed description of the performance per segment. In the table below, the segment reconciliation is provided.

Consolidated results (in € million) – period ended 30 June	**2023**	**2023**	**2023**
	Elia Transmission	Non-regulated activities and Nemo Link	Elia Transmission Belgium Group
	(a)	(b)	(a) + (b)
Total revenues	650.2	0.0	650.2
Other income	26.5	17.3	43.8
Net income (expense) from settlement mechanism	(3.5)	0.0	(3.5)
Depreciation, amortisation, impairment and changes in provisions	(110.2)	0.0	(110.2)
Results from operating activities	135.3	0.2	135.5
Share of profit of equity accounted investees, net of tax	1.7	13.2	14.9
Earnings before interest and tax (EBIT)	136.9	13.5	150.4
Earnings before depreciations, amortizations, interest and tax (EBITDA)	247.1	13.5	260.6
Finance income	8.4	0.0	8.4
Finance costs	(36.5)	(1.3)	(37.8)
Income tax expenses	(25.7)	0.3	(25.4)
Profit attributable to the owners of the company	**83.1**	**12.4**	**95.6**
Consolidated statement of financial position (in € million)	**30.06.2023**	**30.06.2023**	**30.06.2023**
Total assets	8,004.9	302.0	8,306.9
Capital expenditures	307.5	0.0	307.5
Net financial debt	3,198.1	138.6	3,336.7

Consolidated results (in € million) – period ended 30 June	**2022**	**2022**	**2022**
	Elia Transmission	Non-regulated activities and Nemo Link	Elia Transmission Belgium Group
	(a)	(b)	(a) + (b)
Total revenues	648.7	0.0	648.7
Other income	35.0	13.3	48.3
Net income (expense) from settlement mechanism	49.7	0.0	49.7
Depreciation, amortisation, impairment and changes in provisions	(105.2)	0.0	(105.2)
Results from operating activities	125.2	(0.6)	124.6
Share of profit of equity accounted investees, net of tax	1.7	22.8	24.6
Earnings before interest and tax (EBIT)	126.9	22.2	149.1
Earnings before depreciations, amortizations, interest and tax (EBITDA)	232.1	22.2	254.3
Finance income	0.5	0.0	0.5
Finance costs	(32.0)	(1.4)	(33.3)
Income tax expenses	(21.3)	0.5	(20.8)
Profit attributable to the owners of the company	**74.2**	**21.3**	**95.5**
Consolidated statement of financial position (in € million)	**31.12.2022**	**31.12.2022**	**31.12.2022**
Total assets	7,793.2	298.9	8,092.1
Capital expenditures	461.9	0.0	461.9
Net financial debt	2,916.2	140.9	3,057.1

All revenues are earned from external customers.

4.6 Acquisitions and disposals of (in)tangible fixed assets

A net sum of €316.0 million was invested in Elia Transmission Belgium Group, of which all in the Elia Transmission Belgium segment. This amount includes €32.0 million intangible fixed assets (mainly licenses and software) and 284.0 million tangible fixed assets – see section 1.1 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 €399.1 million at 31 December 2022 to €269.2 million at 30 June 2023. This evolution is 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
Immediately claimable deposits	*7,0*	*7,0*
Reimbursement rights	*38,3*	*33,7*
Other	*0,3*	*0,3*
Other financial assets (non-current)	**45,6**	**41,0**
Current derivatives	*11,5*	*65,3*
Other financial assets (current)	**11,5**	**65,3**
Other financial assets	**57,1**	**106,3**

The total other financial assets decreased by €49.2 million compared with the previous reporting period.

This variation is mainly explained by the changes in the financial derivatives. The value accounted for 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 in begin 2023. The mark to market of the remaining Interest Rate Swap (with nominal value of € 125 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 effectiveness was recognized as per 30 June 2023.

'Other' consists of a stake of 4.0% in JAO Joint Allocation Office SA. This investment is measured at fair value through other comprehensive income.

4.9 Dividends

On 16 May 2023, the shareholders approved the payment of a gross dividend of €0.80 per share, corresponding to a total gross dividend of €119.6 million.

4.10 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 %
Eurobond issues 2019/7 years	2026	At maturity	499.1	1,38 %
Eurobond issues 2020/10 years	2030	At maturity	791.4	0,88 %
Greenbond issues 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 %
Total bonds			**3,804.7**	
Amortising term loan	2033	Linear	153.8	1,80 %
European Investment Bank	2025	At maturity	100.0	1,08 %
Total bank loans			**253.8**	
Lease debts			28.1	
Accrued interests			23.6	
Total Loans and Borrowings (Current and Non-current)			**4,110.2**	

The total repayments of loans and borrowings in the first half of 2023 amounts to € 25.6 million, of which

(i) €14.0 million of capital repayment of the amortizing loan and €3.3 million of lease payments

(ii) € 8.4 million of capital repayment of the amortizing bond in the segment Non-regulated and Nemo Link.

On 11 January 2023, Elia Transmission Belgium successfully priced its inaugural €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 € 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 %
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 %
Total bonds			**3,315.6**	
Amortising term loan	2033	Linear	167.8	1,80 %
European Investment Bank	2025	At maturity	100.0	1,08 %
Total bank loans			**267.8**	
Lease debts			26.9	
Accrued interests			48.4	
Total Loans and Borrowings (Current and Non-current)			**3,658.7**	

4.11 Provisions

(in € million)	30 June 2023	31 December 2022
Non-current		
Employee benefits	66,0	51,5
Provisions	30,3	30,6
Current		
Provisions	1,3	1,3

The Group has various legal and constructive obligations in Belgium:

- Provisions for the following
  - Environment
  - Elia Re
  - Dismantling obligations
  - 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 6.15 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 4.21.

4.12 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
31 December 2022									
Other financial assets	**7.0**	**65.6**	**33.7**		**106.3**	**72.3**		**0.2**	**72.5**
Equity instruments at fair value through other comprehensive income		*0.3*			*0.3*			*0.2*	*0.2*
Equity instruments at fair value through income	*7.0*				*7.0*	*7.0*			*7.0*
Derivatives		*65.3*			*65.3*	*65.3*			*65.3*
Regulatory assets			*33.7*		*33.7*				
Trade and other receivables (Current and Non-current)			**494.1**		**494.1**				
Cash and cash equivalents			**601.6**		**601.6**				
Loans and borrowings (Current and Non-Current)				**(3,658.7)**	**(3,658.7)**	**(3,316.6)**			**(3,316.6)**
Unsecured bond issues				*(3,315.7)*	*(3,315.7)*	*(3,048.8)*			*(3,048.8)*
Unsecured financial bank loans and other loans				*(267.8)*	*(267.8)*	*(267.8)*			*(267.8)*
Lease liabilities				*(26.9)*	*(26.9)*				
Accrued interests				*(48.4)*	*(48.4)*				
Trade and other payables				**(697.6)**	**(697.6)**				
Total	7.0	65.6	1,129.5	(4,356.3)	(3,154.3)	n.r.	n.r.	n.r.	n.r.

Balance at 30 June 2023									
Other financial assets	**7.0**	**11.8**	**38.3**		***57.1***	**18.5**		**0.3**	**18.8**
Equity instruments at fair value through other comprehensive income		*0.3*			*0.3*			*0.3*	*0.3*
Equity instruments at fair value through income	*7.0*				*7.0*	*7.0*			*7.0*
Derivatives		*11.5*			*11.5*	*11.5*			*11.5*
Regulatory assets			*38.3*		*38.3*				
Trade and other receivables (Current and Non-current)			**364,3**		**364,3**				
Cash and cash equivalents			**773,5**		**773,5**				
Loans and borrowings (Current and Non-Current)				**(4.110,2)**	**(4.110,2)**	**(3.613,0)**	**0,0**	**0,0**	**(3.613,0)**
Unsecured bond issues				*(3.804,7)*	*(3.804,7)*	*(3.359,2)*			*(3.359,2)*
Unsecured financial bank loans and other loans				*(253,8)*	*(253,8)*	*(253,8)*			*(253,8)*
Lease liabilities				*(28,1)*	*(28,1)*				
Accrued interests				*(23,6)*	*(23,6)*				
Trade and other payables				**(508,1)**	**(508,1)**				
Total	**7,0**	**11,8**	**1.176,1**	**(4.618,3)**	**(3.423,5)**	**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, trade and other payables, as their carrying amount is a reasonable approximation of fair value. The fair value of finance lease liabilities and interest accruals 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 statement of financial position at fair value, 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 the financial assets and liabilities, other than those presented in the above table, approximates to their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of other financial assets decreased by €53.7 million compared to previous year. This decrease has mainly resulted from the fair value of the derivatives as explained in note 4.8.

The fair value of the bank loans and bond issues increased by €296.4 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 fair value of the bonds is €3,359.2 million (prior period: €3,048.8 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 other bank loans approximates to their carrying amounts largely due to the short-term maturities of these instruments.

4.13 Deferred tax assets/liabilities

Net deferred tax liabilities decreased slightly from €67.1 million to €60.4 million, with a €0.5 million negative impact on the income statement and a €7.2 million positive impact in other comprehensive income.

(in € million)	Opening balance	Recognised in profit or loss	Recognised in OCI	Total
1H 2023				
Property, plant and equipment	(54.2)	(2.6)		(56.8)
Intangible assets	(2.8)	0.7		(2.1)
Interest-bearing loans and other non-current financial liabilities	4.9	(0.0)		4.9
Employee benefits	4.2	0.1	2.4	6.7
Provisions	3.7	(0.1)		3.6
Derivatives	(16.3)	0.0	4.7	(11.6)
Deferred revenue	28.2	1.5		29.7
Deferred tax on investment grants	(25.3)			(25.3)
Other items	(9.4)	(0.1)		(9.4)
Total	**(67.1)**	**(0.5)**	**7.2**	**(60.4)**

(in € million)	Opening balance	Recognised in profit or loss	Recognised in OCI	Total
2022				
Property, plant and equipment	(58.3)	4.1		(54.2)
Intangible assets	(4.4)	1.6		(2.8)
Interest-bearing loans and other non-current financial liabilities	10.9	(5.9)		4.9
Employee benefits	4.5	(0.5)	0.3	4.2
Provisions	4.8	(1.1)		3.7
Derivatives	0.0		(16.3)	(16.3)
Deferred revenue	25.9	2.2		28.2
Deferred tax on investment grants	(25.4)			(25.4)
Other items	(8.4)	(0.9)		(9.4)
Total	**(50.6)**	**(0.5)**	**(16.0)**	**(67.1)**

4.14 Non-current liabilities – Other liabilities

The other liabilities are mainly composed by the investment grants and the contract liabilities linked to the last mile connection. There are no major changes compared with year end 2022.

4.15 Current liabilities – Trade and other payables

The trade and other debts decreased by €189.5 million because of lower energy prices in the market The key components of this caption like trade debts and levies have been impacted by this effect.

4.16 Accruals and deferred income

(in € million)	30 June 2023	31 December 2022
Accruals and deferred income	70.0	87.0
Deferral account from settlement mechanism Belgian regulatory framework	364.6	360.6
Total	**434.6**	**447.5**

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

The release of the deferral account is determined in the tariff setting process. The amounts on the deferral account are recognised on a yearly basis and the release depends on the source of the deferral, some are released in T+1, whilst others are released in T+2 and some are released after a longer period of time.

4.17 Income tax expense

Excluding the share of profit of equity-accounted investees, the effective tax rate was 23.9% for the six months to June 2023 compared to 22.7% for the six months to June 2022.

4.18 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.

We refer to notes 9.1 and 9.2 accompanying the annual consolidated financial statements as of and for the year ended 31 December 2022 for more details.

4.19 Related parties

Controlling entities

Elia Group NV/SA, in which Publi-T is the core shareholder, has 99.99% stake in Elia Transmission Belgium. Besides the yearly dividend, there were some significant transactions between Elia Group and Elia Transmission Belgium in the first half of 2023.

Transactions with key management personnel

Key management personnel include Elia Transmission Belgium's Board of Directors and its Management Committee. Both have a significant influence across the entire Elia Group.

The members of Elia Transmission Belgium's Board of Directors are not employees of the Group. The remuneration for their mandate is detailed in the Corporate Governance Statement forming part of the annual report of Elia Group NV/SA (where amounts for Elia Asset are reported separately).

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

Transactions with joint ventures and associated companies

Details of 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	**(5.1)**	**(5.6)**
Sales of goods	0.0	1.2
Purchases of goods	(5.2)	(6.8)
(in € million)	**30 June 2023**	**30 June 2022**
Outstanding balances with joint ventures and associated companies	**(2.9)**	**(0.9)**
Current trade and other receivables	(2.4)	(0.5)
Current trade and other payables	(0.5)	(0.4)

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 €0.03 million.There were no sales transactions in the first half of 2023, nor any outstanding receivables/payables per 30 June 2023.

Furthermore, we here disclose the transactions of the period between Elia Transmission Belgium and the German segment: sales of €15.2 million and purchases of €13.5 million resulting in an open position of €5.9 million receivable and 4.9 million payable as per 30 June 2023.

4.20 Seasonal fluctuations

Some elements of the Group's revenue follow 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 energies, which are highly sensitive to weather conditions and hence have a considerable effect on revenue inflows.

4.21 Commitments and contingencies

Capital-expenditure commitment

As at 30 June 2023, the Group had a commitment of €1,497.2 million (€557.9 million as at 31 December 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 accompanyies the annual consolidated financial statements as at and for the year ended 31 December 2022 for more details.

Contingent liabilities: as stated in Note 4.11, 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 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.

4.22 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.

4.23 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 on 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 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 9.2 which accompanies the annual consolidated financial statements as at and for the year which ended on 31 December 2022).

5. The report of the joint statutory auditors to the board of directors of Elia Transmission Belgium 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 Transmission Belgium 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
- Equity attributable to the owners of the company
- Equity attributable to the owners of the company (per share)
- Reported earnings per share (in €) (ETB share)
- Free cash flow
- Net finance costs
- Net financial debt
- 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	2022
Results from operating activities	135.5	124.7
Share of profit of equity accounted investees (net of tax)	14.9	24.5
EBIT	**150.4**	**149.2**

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	2022
Results from operating activities	135.5	124.7
Add:		
Depreciations, amortizations and impairments	110.8	104.5
Changes in provisions	(0.6)	0.7
Share of profit of equity accounted investees (net of tax)	14.9	24.5
EBITDA	**260.6**	**254.4**

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	2,900.6	2,946.1
Deduct:		
Non-controlling interests	0.0	0.0
Equity attributable to the owners of the company	**2,900.6**	**2,946.1**

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

(in €) − period ended 30 June	2023	2022
Equity attributable to ordinary shares	2,900,570,537.0	2,579,464,190.1
Divide by:		
Number of shares outstanding (at year end)	226,544,791	206,133,122
Equity attributable to owners of the company per share	**12.8**	**12.5**

Reported earnings per share (in €) (ETB share)

(in €) − period ended 30 June	2023	2022
Net profit attributable to owners of ordinary shares	95,565,666.0	95,440,967.1
Divide by:		
Weighted average number of ordinary shares (end of period)	226,544,791	206,133,122
Reported earnings per share (in €) (Elia share)	**0.42**	**0.46**

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	Nemo Link and non-regulated activities	Elia Transmission Belgium Group
Net cash from operating activities	112.5	14.1	126.6
Deduct:			
Net cash used in investing activities	307.9	0.0	307.9
Free cash flow	**(195.5)**	**14.1**	**(181.4)**

(in € million) − period ended 30 June	2022		
	Elia Transmission	Nemo Link and non-regulated activities	Elia Transmission Belgium Group
Net cash from operating activities	202.0	2.4	204.4
Deduct:			
Net cash used in investing activities	174.8	(54.0)	120.8
Free cash flow	**27.2**	**56.4**	**83.6**

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	Nemo Link and non-regulated activities	Elia Transmission Belgium Group	Elia Transmission	Nemo Link and non-regulated activities	Elia Transmission Belgium Group
Non-current liabilities:						
Loans and borrowings	3,892.4	165.9	4,058.4	3,408.2	174.4	3,582.6
Add:						
Current Liabilities:						
Loans and borrowings	42.4	9.5	51.8	65.2	11.0	76.2
Deduct:						
Cash and cash equivalents	736.7	36.8	773.5	557.2	44.4	601.6
Net financial debt	**3,198.1**	**138.6**	**3,336.7**	**2,916.2**	**140.9**	**3,057.1**

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: RABi (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 accounting principles 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.