Elia Group
2021 half-year financial report

Brussels, 28 July 2021

Content

1. Business performance review

1.1 Consolidated results and financial position of Elia Group for the first 6 months of 2021

Key figures (in € million)	1H 2021	1H 2020 (restated *)	Difference (%)
Revenue, other income and net income (expense) from settlement mechanism	1,311.9	1,176.3	11.5%
Equity accounted investees	16.8	7.1	136.6%
EBITDA	490.5	497.4	(1.4%)
EBIT	265.3	285.3	(7.0%)
Adjusted items	*0.0*	*(0.3)*	n.r.
Adjusted EBIT	*265.3*	*285.6*	*(7.1%)*
Net finance costs	(57.9)	(69.5)	(16.7%)
Adjusted net profit	**150.5**	**153.0**	**(1.6%)**
Net profit	**150.5**	**152.8**	**(1.5%)**
Non-controlling interests	*16.0*	*18.9*	n.r.
Net profit attributable to the group	**134.5**	**133.9**	**0.4%**
Hybrid securities	*9.6*	*9.6*	n.r.
Net profit attributable to owners of ordinary shares	***124.9***	***124.2***	***0.6%***
Total assets	16,021.2	15,165.6	5.6%
Equity attributable to owners of the company	4,196.8	4,173.2	0.6%
Net financial debt	5,826.0	7,465.0	(22.0%)
Key figures per share	1H 2021	1H 2020 (restated *)	Difference (%)
Reported earnings per share (in €) (Elia share)	1.82	1.81	0.6%
Equity attributable to owners of the company per share (in €)	61.1	60.8	0.5%

See the glossary for definitions
See Section 6 for information on adjusted items
Comparative figures for Total assets, Equity and Net financial debt as at 31/12/2020
*Compared to the first half of 2020, the preferential dividend paid to National Grid (€9.1 million, 100%) was requalified as a liability to be released over the lifetime of the asset. We refer to note 4.2.2 for further details.

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 and the financing cost linked to the 20% acquisition of Eurogrid GmbH in 2018.

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

Financial

For the first six months of 2021, **revenue** totalled €1,311.9 million, up 11.5% compared to the previous period. This increase was driven by higher revenues in Belgium (+€63.7 million) and Germany (+€87.7 million), partially offset by lower revenues from Elia Grid International (-€2.3 million).

EBIT was down compared to the previous period, totalling €265.3 million (-7.0%), driven by a lower EBIT in Belgium (-€3.1 million) and a lower EBIT (-€26.1 million) in Germany. For Belgium, the decrease is the result of lower regulated financial costs, which are passed through into revenues, as prior year costs included the refinancing of a shareholder loan and costs for unwinding of the interest rate swap. All of this partially offset by an increase in the regulated net profit driven by a higher fair remuneration and incentives. In Germany, the lower EBIT is the result of increasing personnel costs and IT investments, a peak in the maintenance cycle and higher depreciations. Associates contributed strongly to the Group's EBIT up to €16.8 million (+€9.7 million), mainly driven by the contribution of the Nemo Link interconnector amounting to €15.6 million (+€9.6 million).

Elia Group's adjusted net profit was down 1.6% to €150.5 million:

— **Elia Transmission (Belgium)** achieved solid results with an adjusted net profit of €62.1 million (+€0.6 million). The higher result is mainly due to a higher fair remuneration, higher performance on incentives offset by lower capitalised borrowings.

— **50Hertz Transmission (Germany) (on a 100% basis)** recorded a lower adjusted net profit of €79.9 million (-€14.6 million) driven by pressure on operational efficiency due to peak in maintenance, higher IT costs following our effort to transform to a digital TSO and higher personnel costs while we further increased our talent pool and, partially offset by higher investments remuneration following the asset growth.

— The **non-regulated segment and Nemo Link** posted an adjusted net profit of €8.4 million (+€11.4 million), mainly due the very strong performance of Nemo Link and lower regulatory settlements, partially offset by higher holding and business development costs.

The **net profit of Elia Group attributable to the owners of ordinary shares** (after deducting the €16.0 million in non-controlling interest and €9.6 million attributable to hybrid securities holders) was up by 0.6% to €124.9 million. This increase is driven by the realisation of investments in Belgium and Germany, a strong performance of Nemo Link offset by the lower result of 50Hertz Transmission due to higher operational costs.

In the first half of the year, Elia Group invested €386.5 million to create and deliver infrastructure enabling the energy transition by integrating low carbon generation and flexibility resources into the system while operating a sustainable and reliable system. As of 30 June 2021, Elia Group carried a total **net financial debt** of €5,826.0 million (-€1,639.0 million). The decrease is entirely attributable to Germany (-€1,704.3 million) as 50Hertz benefitted from two federal compensation payments (€1,620.0 million) to pay-back the revolving credit facilities (€700 million) that were temporary contracted to finance the EEG deficit at the end of last year. Furthermore, the investment programme was financed from operating cash flow and Eurogrid GmbH took advantage of favourable market conditions to issue a €500 million senior bond, thus securing part of the liquidity for its upcoming investment programme. In Belgium, net debt rose slightly (+€61.4 million) with organic growth financed by cash flow from operating activities.

Equity attributable to owners of the company rose slightly by €23.6 million to €4,196.8 million (+0.6%). This increase was mainly due to the profit from the first half attributable to the owners of the company (+€134.5 million), the revaluation of post-employment benefit obligations (+€8.3 million) and offset by the 2020 dividend payment (-€117.5 million).

1.1.1 Segment reporting Elia Transmission (Belgium)

Highlights

- Delivering on investments to maintain a reliable electricity system and to sustainably electrify our society
- Higher fair remuneration driven by growing asset base leading to solid operational performance

Key results

Elia Transmission key figures (in € million)	1H 2021	1H 2020	Difference (%)
Revenue, other income and net income (expense) from settlement mechanism	534.8	471.1	13.5%
Revenues	*475.2*	*419.1*	*13.4%*
Other income	*32.7*	*27.4*	*19.3%*
Net income (expense) from settlement mechanism	*26.9*	*24.6*	*9.3%*
Equity accounted investees	1.2	1.1	9.1%
EBITDA	216.0	211.2	2.3%
EBIT	115.6	118.7	(2.6%)
Adjusted items	*0.0*	*0.0*	*n.r.*
Adjusted EBIT	115.6	118.7	(2.6%)
Net finance costs	(31.7)	(34.2)	(7.3%)
Income tax expenses	(21.8)	(23.0)	(5.2%)
Net profit	**62.1**	**61.5**	**1.0%**
Adjusted items on net profit	*0.0*	*0.0*	*n.r.*
Adjusted net profit	**62.1**	**61.5**	**1.0%**
Total assets	7,021.6	7,008.4	0.2%
Total equity	2,339.0	2,265.2	3.3%
Net financial debt	3,367.0	3,305.6	1.9%
Free cash flow	(42.5)	(95.0)	(55.2%)

See the glossary for definitions
See section 6 for information on adjusted items
Comparative figures for Total assets, Equity and Net financial debt as at 31/12/2020

Financial

Elia Transmission's revenue was up 13.5% compared with 2020, from €471.1 million to €534.8 million. Revenue was impacted by a higher regulated net profit, higher depreciations linked to the growing asset base and higher costs for ancillary services driven by the energy mix characterised by a high nuclear base load and more wind capacity for the first half of 2021. This was partially offset by lower financial costs driven in 2020 by the refinancing of a shareholder loan, which were all passed through into revenue.

The table below provides more details on the changes in the various revenue components:

(in € million)	1H 2021	1H 2020	Difference (%)
Grid revenue:	**473.0**	**415.7**	**13.8%**
Grid connection	22.2	23.1	(3.8%)
Management and development of grid infrastructure	241.4	241.7	(0.1%)
Management of the electrical system	73.5	64.4	14.2%
Compensation for imbalances	101.6	59.1	71.9%
Market integration	11.4	10.8	5.5%
International revenue	22.9	16.6	37.8%
Last mile connection	1.4	1.4	(0.7%)
Other revenue	0.8	2.1	(63.7%)
Subtotal revenue	**475.2**	**419.1**	**13.4%**
Other income	32.7	27.4	19.3%
Net income (expense) from settlement mechanism	26.9	24.6	9.3%
Total revenue and other income	**534.8**	**471.1**	**13.5%**

Revenues from the **management and development of grid infrastructure**, **market integration** and **grid connection revenues** remained flat compared to prior year.

Services rendered in the context of energy management and individual balancing of balancing groups are paid under **revenues from compensation for imbalances**. These revenues, which increased from €59.1 million to €101.6 million (+71.9%), are largely due to the tariff for maintaining and restoring the residual balance of individual access responsible parties (+€36.9 million). Higher balance activation costs due to the increase of prices mainly caused by maintenance on the COO plant between mid-April and Mid-June and the increase of imbalance volume caused by the increase of renewables share in particular offshore wind in the generation mix are the main drivers of the revenue increase. In addition, the net grid offtake (+€1.4 million) was up, showing a recovery from the COVID-19 crisis and the higher level of nuclear availability in 2021. Lastly, net grid injection (+€4.2 million) was also up compared to the previous year.

Revenues from management of the electrical system increased from €64.4 million to €73.5 million (+14.2%), generated by the increase of the net grid offtake (+€4.5 million) and the introduction of a new tariff for additional reactive energy by zone for distribution system operator (+ €4.6 million).

International revenue increased to €22.9 million (+37.8%), mainly due to the additional congestion income on the border with Germany since the release of ALEGrO's full capacity and the increase in grid offtake as recovery from the COVID-19 crisis progressed.

Last mile connection (previously called transfer of asset from customers) was down slightly compared to the previous year while **other revenue** dropped by €1.3 million, mainly due to a decrease in works delivered to third parties.

The **settlement mechanism** increased from €24.6 million in 2020 to €26.9 million in 2021 and encompassed both deviations in the current year from the budget approved by the regulator (-€7.5 million) and the settlement of net surpluses from the previous tariff period (+€34.4 million). The operating surplus (-€7.5 million), with respect to budgeted costs and revenue authorised by the regulator, will be redistributed to consumers in a future tariff period. The surplus is primarily the result of an increase in tariff sales (+€38.5 million) driven by imbalance compensations and partially offset by higher costs for ancillary services (€17.9 million) and higher influenceable costs (€12.4 million).

EBITDA rose slightly to €216.0 million (+2.3%) due to a higher regulated net profit and higher depreciations linked to the growing asset base and offset by lower financial costs that are all passed through into revenue. The decrease in **EBIT** (-2.6%) was driven by depreciations of assets not covered by tariffs and mainly related to intangible assets acquired in the past and activated under IFRS (€3.9 million) and for leasing contracts (€4.5 million). The contribution of equity-accounted investments rose slightly to €1.2 million due to a higher contribution from HGRT.

Net finance cost decreased by €2.5 million (-7.3%) compared to the previous year, mainly driven by the one-off unwinding of an interest rate swap linked to the repayment of the shareholder loan (€4.5 million) in early 2020. This was partially offset by lower activation of borrowing costs (€2.2 million) since the commissioning of projects in the second half of 2020 and by higher interest costs following last year's Eurobond issue (€800 million) in April. Elia Transmission Belgium did not tap into the debt market over the first half of 2021 and has a well-balanced debt maturity profile with no upcoming near-term maturities. The average cost of debt was 1.91% at the end June 2021 compared to 1.93% at the end of 2020, benefitting consumers.

Adjusted net profit increased slightly by 1.0% to €62.1 million, mainly due to the following:

1. Higher **fair remuneration** (+€2.9 million) due to asset growth and higher equity.
2. Increase in **incentives** (+€0.2 million), primarily with respect to incentives linked to interconnection capacity and availability of the grid, partly offset by lower performance on data quality incentive and balancing.
3. Lower **capitalised borrowing cost** due to lower level of assets under constructions and lower average cost of debt (-€2.8 million).
4. No major damage to electrical installations compared to the previous year (+€2.3 million).
5. Higher IAS 19 and tax provisions (-€1.4 million).
6. Other (-€0.6 million): primarily due to the depreciation of borrowing costs linked to the previous year's Eurobond issue while fully covered by tariffs (-€2.2 million) and offset by lower depreciation for software and hardware (+€0.8 million) and deferred tax effects (+€0.9 million).

Total assets rose by €13.2 million to €7,021.6 million, mainly due to execution of the investment programme. **Net financial debt** increased to €3,367.0 million (+1.9%), as Elia's CAPEX programme was mainly financed by cash flows from operating activities and available liquidity. The sustainability-linked RCF (€650 million) and commercial paper programme (€300 million) are both fully undrawn. Elia Transmission Belgium is rated BBB+ with a stable outlook by Standard & Poor's.

Equity increased to €2,339.0 million (+€73.8 million) mainly as a result of the half-year profit (+€62.1 million) and the revaluation of post-employment benefit obligations linked to an increase of the discount rate (+€7.9 million).

Operational

The total load estimation increased by 6.5% from 40.1 TWh in 2020 to 42.8 TWh in 2021. The COVID-19 crisis had a major impact on the load of the second quarter of 2020. In 2021 however, the gradual easing of COVID-19 lockdown measures generated a recovery in the load and offtake in general from the Elia grid. The net offtake from the Elia grid increased by 6.7% from 29.2 TWh in 2020 to 31.2 TWh in 2021. Net injection into the Elia grid increased by 23% from 29.4 TWh in 2020 to 36.1 TWh in 2021, mainly due to higher nuclear availability in 2021.

In 2021, Belgium was still a net exporter due to the high availability of nuclear injection capacity. Compared to 2020, net exports increased from 0.4 TWh in 2020 to 5.2 TWh in 2021.Total exports increased strongly from 6.7 TWh (2020) to 11.5 TWh (2021). Due to the increased use of the new interconnector with Great Britain (Nemo Link), a strong increase in exports to France and the capacity of the interconnector with Germany (ALEGrO). Total imports remained unchanged: 6.2 TWh in 2020 and 2021. Overall electricity flows between Belgium and its neighbouring countries increased from 12.9 TWh (2020) to 17.8 TWh (2021).

Investments

In 2021, Elia continued to deliver on its investment plan despite the public health crisis in Belgium and across the globe. In the first half of 2021, Elia invested €164.9[1] million in onshore and offshore grid infrastructure for the integration of large volumes of renewable generation in order to sustainably electrify our society.

Elia maintains the existing high voltage grid on a continual basis. In the first half of the year, there were 116 replacement projects across the Belgian grid, for a total investment of €42.3 million. As mentioned above, Elia started important reinforcement works on the existing Belgian 380-kV backbone leading to a total spend of around €32 million in order to increase the physical interconnection capacity between Belgium and The Netherlands, reinforcement works are taking place in the Zandvliet 380-kV substation (€8.3 million). As part of phase 2 of the Boucle de l'Est investment programme, the existing Bévercé-Bronrome 70-kV overhead line is being replaced and upgraded by a new double 110 kV line over a distance of 16.5 km (€7.1 million). Lastly, in the current context, where thermal capacity decreases and more renewable energy sources are being connected to the grid, investments are being made to support voltage control on the grid. This entails installing multiple shunt reactors and condensers throughout the Belgian transmission grid over the period 2020-2023. Works are progressing on schedule (€3.7 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 €208.2 million.

1.1.2 Segment reporting 50Hertz (Germany)

Highlights

- Realisation of the 2021 investment programme on track
- Rising head count, digitalisation efforts and a peak in the maintenance cycle put pressure on results
- 50Hertz strengthened its liquidity position with a €500 million bond issue
- EEG cash deficit fully settled by federal compensation payments

Key results

50Hertz Transmission key figures (in € million)	1H 2021	1H 2020	Difference (%)	Difference
Revenue, other income and net income (expense) from settlement mechanism	784.9	697.2	12.6%	+€87.7
Revenues	*764.0*	*644.3*	*18.6%*	*+€119.7*
Other income	*45.1*	*38.2*	*18.1%*	*+€6.9*
Net income (expense) from settlement mechanism	*(24.1)*	*14.7*	*n.r.*	*-€38.8*
EBITDA	262.0	282.8	(7.4%)	-€20.8
EBIT	137.4	163.5	(16.0%)	-€26.1
Net finance costs	(22.1)	(27.3)	(19.0%)	+€5.2
Income tax expenses	(35.4)	(41.7)	(15.1%)	+€6.3
Net profit	**79.9**	**94.5**	**(15.4%)**	**-€14.6**
Of which attributable to the Elia group	***63.9***	***75.6***	***(15.5%)***	***-€11.7***
Adjusted items on net profit	*0.0*	*0.0*	*n.r.*	*+€0.0*
Adjusted net profit	***79.9***	***94.5***	***(15.4%)***	***-€14.6***
Total assets	7,936.8	7,028.4	12.9%	+€908.4
Total equity	1,591.4	1,631.4	(2.5%)	-€40.0
Net financial debt	2,052.3	3,756.6	(45.4%)	-€1,704.3
Free cash flow	1,819.7	(680.4)	(367.4%)	+€2,500.1

Income, expenses, assets and liabilities are reported in the table at 100%
See the glossary for the definitions
See section 6 for information on adjusted items
Comparative figures for Total assets, Equity and Net financial debt as at 31/12/2020

Financial

50Hertz Transmission's total revenue and other income increased compared to the first half of previous year (+12.6%).

Total revenues are detailed in the table below.

(in € million)	**1H 2021**	**1H 2020**	**Difference (%)**
Grid revenue :	**761.1**	**529.1**	**43.9%**
Revenue from incentive regulation	468.8	374.1	25.3%
Revenue from offshore regulation	157.0	155.0	1.3%
Energy revenue	135.3	112.4	20.4%
Other revenue (incl. last mile connection)	2.8	2.8	0.9%
Subtotal revenue	**764.0**	**644.3**	**18.6%**
Other income	45.1	38.2	18.1%
Net income (expense) from settlement mechanism	(24.1)	14.7	(264.1%)
Total revenue and other income	**784.9**	**697.2**	**12.6%**

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

Revenues from incentive regulation rose by €94.7 million, as remuneration of onshore investments grew (+€17.1 million) while also energy costs' compensation increased (+€30.2 million), especially as the cost allowance for redispatching costs was higher compared to the first half of 2020. Furthermore, electricity offtake from the grid became normalised (compared to lower offtake due to COVID-19 in 2020), leading to a higher volume effect (+€58.1 million). These effects were partly offset by a higher payback for old regulatory balances via the regulatory account (-€10.3 million). Other items, e.g. non-influenceable OPEX compensation, remained on similar levels as in 2020 (-€0.4 million).

Revenues from offshore surcharge include all revenues derived from the offshore grid surcharge. This includes remuneration for 50Hertz's own costs, imputed remuneration related to the connection of offshore wind farms and offshore costs charged to 50Hertz by third parties, e.g. other TSOs.

Revenues from offshore surcharge slightly increased by €2.0 million compared to the previous year. While the remuneration of 50Hertz's own offshore grid connection costs increased (+€13.0 million), driven by the ongoing offshore investments (e.g. Ostwind 2) and increasing operational costs that are passed through (cost-plus system) via the offshore surcharge, the pass-through costs of third-parties fell when compared to the same period last year (-€11.0 million).

Energy revenues include all operating revenues relating to system operation, which are usually linked to corresponding ancillary service costs charged on to third parties, such as redispatch measures, reserve power plants and balancing groups, but also include revenues generated from auctioning interconnector capacity.

Energy revenues increased compared to the first half of 2020 by €22.9 million, partly due to higher charges to other TSOs for redispatch measures (+€9.8 million). Moreover, revenues for reserve power plants (+€11.4 million) were up mostly as the ramp-up costs for capacity reserve power plants that 50Hertz incurred over the past two years were reimbursed by other TSOs.

Other revenues (including last-mile connection) remained flat compared to last year.

Other income rose (+€6.9 million), as a result of higher own work capitalised (+€2.1 million) following the increase in personnel costs and a growing workforce to manage and execute the investments. Additionally, revenues from service level agreements increased (+€1.7 million) and the revenue benefitted from a contractual penalty paid by a supplier (+€3.1 million).

The **net regulatory income (expense) from settlement mechanism** comprises both the annual offsetting of deficits and surpluses accounted for prior to 2021 (+€27.8 million) and the net surplus generated in the first half of the current year between the costs allowed to be passed on in the tariffs and the actual costs (-€51.9 million).

EBITDA decreased to €262.0 million (-7.4%). Despite the ongoing investment programme and the growing asset base, which increased the investment remuneration (+€5.1 million), the result was put under pressure by lower operational efficiency. The Onshore maintenance costs increased (-€4.9 million), driven by a peak in the maintenance cycle, while our ongoing digitalisation efforts to manage increasing complexity in system operations led to higher IT and telecommunication expenses (-€5.6 million). Moreover, in order to deliver on the energy transition, we further increased our talent pool, resulting in higher personnel costs (-€11.3 million) being partly offset by own work capitalised revenues (+€2.1 million). With the expansion of the business and following the recovery from the COVID-19 pandemic, other operating expenses (e.g. consulting, facility management etc.) were also up compared to the previous year (-€7.8 million). Finally, EBITDA was impacted by a one-off positive regulatory settlement for 2018 (+€10.5 million) while in 2020, 50Hertz also benefitted from the release of a regulatory provision (-€8.9 million).

There was a more pronounced decrease in **EBIT** (-€26.1 million) due to increasing depreciations (-€3.0 million) following the commissioning of projects. In addition, no provisions were released (-€2.2 million) and no adjusted items occurred in 2021.

Adjusted net profit declined to €79.9 million (-15.4%) as a result of:

1. Higher onshore OPEX and other costs (-€19.3 million), driven by the expanding business, a peak in the maintenance cycle and digitalisation efforts to manage increasing complexity in system operations.
2. Increased depreciations (-€2.1 million) following onshore commissionings.
3. Release of provisions in the first half of 2020 (-€1.5 million).
   These effects were partially compensated by:
4. Higher investment remuneration (+€3.6 million) driven by the asset growth.
5. Higher regulatory settlements (+€1.1 million).
6. Higher financial result (+€3.6 million), mainly from lower interest expenses as a high interest rate bond was refinanced at more favourable conditions in the second half of 2020.

Total assets were up €908.4 million compared to 2020, mainly due to federal compensation payments for the EEG mechanism and the execution of the investment programme. The **free cash flow** in the first half of 2021, which totalled €1,819.7 million, was heavily affected by a high cash in for the EEG account (+€1,757.4 million) from two federal payments (€1,620.0 million) to cover the cash deficit build up in 2020. A third payment is planned for October. The cash was used to pay back the three revolving credit facilities (€700 million) that were contracted to finance the EEG cashout last year.

To finance the onshore investment programme, a €500 million senior bond with a 12-year tenor and a fixed interest rate of 0.741% was successfully issued in April. Taking into account the EEG compensation payment the **Net financial debt** dropped by -€1,704.3 million. The EEG cash position as of June was €948.5 million.

Operational

So far in 2021, a net volume of 23.1 TWh has been drawn off from the 50Hertz grid, 5.5% more than last year (21.9 TWh). In the first half of 2021, 50Hertz was again a net exporter of electricity, with net exports of 17.5 TWh (17.4 TWh in 2020). Some 11.6 TWh of electricity was imported and 29.1 TWh exported (11.5 TWh and 28.9 TWh in 2020). As of June 2021 the peak load was 8.6 GW (compared to 7.9 GW last year).

Investments

To ensure the effective integration of electricity from renewable energy sources as well as a stable and secure grid, 50Hertz Transmission invested €221.6 million in first half of 2021, up 15.8% compared to last year (€191.3 million). In total, €166.0 million was invested in onshore projects, while offshore investments amounted to €55.6 million. The most significant onshore investments involved the 380 k-V cable in Berlin (€23.3 million), the Northring line close to Berlin (€21.8 million), the upgrading of high-voltage pylons to boost operational safety (€16.8 million) and the DC line for the SuedOstLink (€15.9 million). Offshore investments mainly revolved around the Ostwind 2 offshore grid connection (€40.9 million).

1.1.3 Segment reporting Non-regulated activities and Nemo Link

Highlights

- Very strong operational and financial performance for Nemo Link driven by high spread differential between UK and Belgium
- Higher operating cost at the holding driven by business development efforts

Key results

Non-regulated activities and Nemo Link Key figures (in € million)	1H 2021	1H 2020 (restated *)	Difference (%)
Total revenues and other income	14.2	15.4	(7.8%)
Equity accounted investees	15.7	6.0	161.7%
EBITDA	12.6	3.3	281.8%
EBIT	12.5	3.2	290.6%
Adjusted items	*0.0*	*(0.3)*	*(100.0%)*
Adjusted EBIT	12.5	3.5	256.0%
Net finance costs	(4.3)	(8.0)	(46.3%)
Income tax expenses	0.2	1.6	n.r.
Net profit	**8.4**	**(3.2)**	**(362.5%)**
Of which attributable to the Elia Group	***8.4***	***(3.2)***	***(362.5%)***
Adjusted items on net profit	*0.0*	*(0.2)*	*(100.0%)*
Adjusted net profit	**8.4**	**(3.0)**	**(383.1%)**
Total assets	1,699.8	1,766.7	(3.8%)
Total equity	1,163.9	1,187.7	(2.0%)
Net financial debt	406.7	402.9	1.0%

See the glossary for definitions
See Section 6 for information on adjusted items
Comparative figures for Total Assets, Equity and Net financial debt as at 31/12/2020
*Compared to the first half of 2020, the preferential dividend paid to National Grid (€9.1 million, 100%) was requalified as a liability to be released over the lifetime of the asset. We refer to note 4.2 for further details.

Non-regulated revenue decreased by 7.8% to €14.2 million compared to the first half 2020. This is the result of lower revenues generated by EGI (-€2.3 million) - driven by the delayed impact of the COVID-19 measures on international consulting business and partially offset by higher intersegment transactions 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 €15.7 million to the Group's result, which is almost entirely attributable to **Nemo Link**. With an availability rate of 99.89% Nemo Link remains one of the highest performing assets of its kind in the world. Continuous strong nuclear availability in continental Europe and increased gas and carbon price in the UK over the first half of 2021 positively affected market price-spread, at the benefit of congestion market, main revenue stream of the asset. Nemo Link performed strongly, leading to a total net profit of €31.1 million for the first half of 2021 and a contribution to Elia Group's net profit amounting to €15.6 million.

Adjusted EBIT rose to €12.5 million (+€9.0 million). The increase is mainly due to the higher contribution from Nemo Link (+€9.6 million), a lower operating loss for re.alto due to lower development costs and the generation of initial fee income (+€0.7 million), and partially offset by higher operating cost at the holding linked to the set-up of a business development team to pursue inorganic growth ambitions (-€1.5 million).

Net finance cost fell to €4.3 million, primarily comprising the interest cost linked to the senior bond (€2.4 million) and the cost linked to the Nemo Link private placement (€1.5 million). The previous year's financial costs were mainly impacted by regulatory settlements amounting to €3.3 million.

Adjusted net profit increased by €11.4 million to €8.4 million, mainly as a result of:

1. Higher contribution from Nemo Link (+€9.6 million).
2. Lower regulatory settlements for 2020 (+€2.2 million).
3. Higher holding costs driven by business development activities (-€1.5 million).
4. Lower loss of by re.alto (+€0.8 million) due to lower costs and initial fee income.
5. Other items (+€0.4 million) driven by lower other non-regulated costs while EGI remained flat year-over-year.

Total assets dropped slightly to €1,699.8 million (-3.8%) and the net financial debt remained flat at €406.7 million (+1.0%) linked to first reimbursement of the Nemo Link amortising loan.

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, 27 July 2021

Catherine Vandenborre
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)	Notes	30 June 2021	31 December 2020
ASSETS			
NON-CURRENT ASSETS		**13,248.9**	**13,044.0**
Property, plant and equipment	(4.7)	10,301.3	10,094.4
Goodwill		2,411.1	2,411.1
Intangible assets	(4.7)	117.5	105.4
Trade and other receivables		0.0	0.5
Equity-accounted investees	(4.4)	318.5	323.1
Other financial assets (including derivatives)		99.0	104.5
Deferred tax assets	(4.11)	1.5	5.0
CURRENT ASSETS		**2,772.3**	**2,121.6**
Inventories		42.3	39.0
Trade and other receivables	(4.8)	677.0	1,475.4
Current tax assets		6.5	3.4
Cash and cash equivalents		2,015.6	590.1
Deferred charges and accrued revenues		30.9	13.7
Total assets		**16,021.2**	**15,165.6**
EQUITY AND LIABILITIES			
EQUITY		**4,515.5**	**4,500.0**
Equity attributable to owners of the Company		4,196.7	4,173.1
Equity attributable to ordinary shares:		3,485.7	3,471.7
Share capital		1,709.2	1,709.1
Share premium		262.9	262.4
Reserves		173.0	173.0
Hedging reserve		(3.1)	(3.3)
Retained earnings	(4.6)	1,343.7	1,330.5
Equity attributable to hybrid securities holders		711.0	701.4
Non-controlling interest		318.8	326.9
NON-CURRENT LIABILITIES		**8,372.6**	**7,823.6**
Loans and borrowings	(4.9)	7,737.0	7,249.6
Employee benefits		115.0	130.1
Derivatives		0.0	0.0
Provisions		131.5	133.3
Deferred tax liabilities	(4.11)	96.6	89.5
Other liabilities		292.5	221.1
CURRENT LIABILITIES		**3,133.1**	**2,842.0**
Loans and borrowings	(4.9)	104.6	805.5
Provisions		8.6	7.4
Trade and other payables		1,989.6	1,009.1
Current tax liabilities		12.5	13.6
Accruals and deferred income		1,017.8	1,006.4
Total equity and liabilities		**16,021.2**	**15,165.6**

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

Condensed consolidated statement of profit or loss

Six-month period ended 30 June − (in € million)	Notes	2021	2020 (restated *)
Revenue		1,234.0	1,065.6
Raw materials, consumables and goods for resale		(51.3)	(37.9)
Other income		75.1	71.4
Net income (expense) from settlement mechanism		2.8	39.3
Services and other goods		(603.6)	(478.7)
Personnel expenses		(163.6)	(150.6)
Depreciations, amortisations and impairments		(225.7)	(214.2)
Changes in provisions		0.6	2.2
Other expenses		(19.8)	(18.9)
Results from operating activities		**248.5**	**278.2**
Share of profit of equity accounted investees (net of tax)		16.8	7.1
Earnings before interest and tax (EBIT)		**265.3**	**285.3**
Net finance costs		**(57.9)**	**(69.5)**
Finance income		2.3	1.1
Finance costs		(60.2)	(70.6)
Profit before income tax		**207.4**	**215.8**
Income tax expense	(4.12)	(56.9)	(63.1)
Profit for the period		**150.5**	**152.8**
Profit attributable to:			
Equity holders of the parent - equity holders of ordinary shares		124.9	124.2
Equity holders of the parent - hybrid securities		9.6	9.6
Non-controlling interest		16.0	18.9
Profit for the period		**150.5**	**152.8**
Earnings per share (in €)			
Basic earnings per share		1.82	1.81
Diluted earnings per share		1.82	1.81

**See note 4.2.2 for details regarding the restatement as a result in change in accounting treatment at Joint Venture Nemo Link Ltd.*

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

Six-month period ended 30 June − (in € million)	Notes	2021	2020 (restated *)
Profit for the period		**150.5**	**152.8**
Other comprehensive income (OCI)			
Items that may be reclassified subsequently to profit or loss:			
Net changes in fair value of cash flow hedges		0.3	4.7
Related tax		(0.1)	(1.2)
Items that will not be reclassified to profit or loss:			
Remeasurements of post-employment benefit obligations		10.9	(21.6)
Net changes in fair value of investments		0.1	14.9
Related tax		(2.7)	5.4
Other comprehensive income for the period, net of tax		**8.4**	**2.2**
Total comprehensive income for the period		**158.9**	**154.9**
Total comprehensive income attributable to:			
Equity holders of the parent - ordinary shareholders		133.3	123.4
Equity holders of the parent - hybrid securities holders		9.6	9.6
Non-controlling interest		16.0	21.9
Total comprehensive income for the period		**158.9**	**154.9**

**See note 4.2.2 for details regarding the restatement as a result in change in accounting treatment at Joint Venture Nemo Link Ltd.*

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

Condensed consolidated statement of changes in equity

(in € million) − (restated *)	Share capital	Share premium	Hedging reserve	Reserves	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 2020	**1,705.8**	**259.2**	**(7.0)**	**173.0**	**1,189.8**	**3,320.8**	**701.4**	**4,022.2**	**309.9**	**4,332.1**
Profit for the period					133.9	133.9		133.9	18.9	152.8
Other comprehensive income			3.5		(4.2)	(0.7)		(0.7)	3.0	2.3
Total comprehensive income for the period			**3.5**		**129.7**	**133.2**		**133.2**	**21.9**	**155.0**
Transactions with owners, recorded directly in equity										
Contributions by and distributions to Owners										
Hybrid: dividend accrual					(9.6)	(9.6)	9.6			
Hybrid: tax effect on dividend accrual					(2.4)	(2.4)		(2.4)		(2.4)
Dividends to non-controlling interests									(24.0)	(24.0)
Dividends					(116.0)	(116.0)		(116.0)		(116.0)
Total contributions and distributions					**(128.0)**	**(128.0)**	**9.6**	**(118.4)**	**(24.0)**	**(142.4)**
Total transactions with owners					(128.0)	(128.0)	9.6	(118.4)	(24.0)	(142.4)
Balance at 30 June 2020	**1,705.9**	**259.1**	**(3.5)**	**173.0**	**1,191.5**	**3,326.1**	**711.0**	**4,037.0**	**307.7**	**4,344.8**
Balance at 1 January 2021	**1,709.1**	**262.4**	**(3.3)**	**173.0**	**1,330.5**	**3,471.7**	**701.4**	**4,173.1**	**326.9**	**4,500.0**
Profit for the period					134.5	134.5		134.5	16.0	150.5
Other comprehensive income			0.2		8.1	8.3		8.3	0.0	8.4
Total comprehensive income for the period			**0.2**		**142.7**	**142.9**		**142.9**	**16.0**	**158.9**
Transactions with owners, recorded directly in equity										
Contributions by and distributions to Owners										
Shares issued	0.2	0.4				0.6		0.6		0.6
Issuance costs										
Share-based payment expenses										
Hybrid: set-up fee & agio					(0.0)	(0.0)		(0.0)		(0.0)
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)
Dividends to non-controlling interests									(24.0)	(24.0)
Dividends					(117.5)	(117.5)		(117.5)		(117.5)
Total contributions and distributions	**0.2**	**0.4**			**(129.5)**	**(128.9)**	**9.6**	**(119.3)**	**(24.0)**	**(143.3)**
Total changes in ownership interests										
Total transactions with owners	0.2	0.4			(129.5)	(128.9)	9.6	(119.3)	(24.0)	(143.3)
Balance at 30 June 2021	**1,709.3**	**262.8**	**(3.1)**	**173.0**	**1,343.6**	**3,485.6**	**711.0**	**4,196.7**	**318.9**	**4,515.6**

**See note 4.2.2 for details regarding the restatement as a result in change in accounting treatment at Joint Venture Nemo Link Ltd.*

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

Condensed consolidated statement of cash flows

Six-month period ended 30 June − (in € million)	Notes	2021	2020 (restated*)
Cash flows from operating activities			
Profit for the period		**150.5**	**152.8**
Adjustments for:			
Net finance costs		57.9	69.5
Other non-cash items		0.3	0.3
Current income tax expense		51.4	61.0
Profit or loss of equity accounted investees, net of tax		(16.8)	(7.1)
Depreciation of property, plant and equipment and amortisation of intangible assets		225.8	209.9
Loss on sale of property, plant and equipment and intangible assets		3.5	3.2
Impairment losses of current assets		0.8	0.4
Change in provisions		0.3	0.4
Change in loans and borrowings	(4.9)	1.6	(3.9)
Change in deferred taxes		5.5	2.1
Cash flow from operating activities		**480.6**	**488.5**
Change in inventories		(3.6)	(5.9)
Change in trade and other receivables	(4.8)	794.3	(732.7)
Change in other current assets		(6.3)	(25.6)
Change in trade and other payables		953.9	(62.0)
Change in other current liabilities		75.5	24.6
Changes in working capital		**1,813.7**	**(801.6)**
Interest paid		(68.9)	(72.5)
Interest received		2.3	1.0
Income tax paid		(55.6)	(64.8)
Net cash from operating activities		**2,172.1**	**(449.4)**
Cash flows from investing activities			
Acquisition of intangible assets	(4.7)	(16.7)	(5.7)
Acquisition of property, plant and equipment	(4.7)	(393.1)	(331.4)
Proceeds from sale of property, plant and equipment		2.8	1.2
Proceeds from sales of investments		1.6	0.0
Proceeds from capital decrease from equity accounted investees		2.0	0.0
Dividend received		9.0	0.0
Net cash used in investing activities		**(394.4)**	**(335.9)**
Cash flow from financing activities			
Proceeds from the issue of share capital		0.6	0.0
Dividend paid	(4.6)	(117.5)	(116.0)
Dividends to non-controlling parties		(24.0)	(24.0)
Repayment of borrowings	(4.9)	(725.7)	(613.1)
Proceeds from withdrawal of borrowings		514.4	1,763.3
Net cash flow from (used in) financing activities		**(352.2)**	**1,010.2**
Net increase (decrease) in cash and cash equivalents		**1,425.5**	**224.7**
Cash & Cash equivalents at 1 January		590.1	975.0
Cash & Cash equivalents at 30 June		2,015.6	1,199.7
Net variations in cash & cash equivalents		**1,425.5**	**224.7**

**See note 4.2.2 for details regarding the restatement as a result in change in accounting treatment at Joint Venture Nemo Link Ltd.*

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” or “Elia”) is established in Belgium, having its head office at Boulevard de l’Empereur 20, B-1000 Brussels.

The Company is a limited liability company, with its shares listed on Euronext Brussels, under the symbol ELI.

Elia Group is active in electricity transmission. We ensure that production and consumption are balanced around the clock, supplying 30 million end users with electricity. With subsidiaries in Belgium (Elia) and north-east Germany (50Hertz), we operate 18,990 km of high-voltage connections These unaudited and condensed consolidated interim financial statements of the company as at and for the six months ended 30 June 2021 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 Group SA/NV on 27 July 2021.

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

The 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.

The 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 2020. 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 Report 2020. 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 2020.

Standards, interpretations and amendments, effective as from 1 January 2021, can be summarised as follows:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform phase 2;
- Amendment to IFRS 16 Leases: COVID-19-Related Rent Concessions beyond 30 June 2021 (applicable for annual periods beginning on or after 1 April 2021)
- Amendments to IFRS 4 Insurance contracts – Expiry date of the deferral approach (applicable 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.

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 2021 and are not expected to have a material impact for the Group and are therefore not set out in detail:

- Amendments to IAS 16 Property, Plant and Equipment - Prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU).
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets; Onerous Contracts – Cost of Fulfilling a Contract (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU);
- Amendments to IFRS 3 Business Combinations - updating a reference to the Conceptual Framework (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)
- Annual Improvements to IFRS Standards 2018–2020 (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)
- IFRS 17: Insurance Contracts (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU);
- Amendments to IAS 1 Presentation of Financial Statements: Classification of liabilities as Current or Non-current (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU);
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU);
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU).

4.2.2 Change in accounting treatment (restatement June 2020)

Information on accounting treatment change

On 27 February 2015, Elia System Operator SA/NV and National Grid Ltd entered into a joint venture agreement (the "JVA" or the "Agreement') to build and operate the subsea Interconnector Nemo Link between Belgium and the UK. The project is owned and managed by Nemo Link Ltd, a UK entity, in which each shareholder holds a 50% stake.

The JVA included provisions regarding the development costs incurred by the partners prior to the date of the Agreement and the terms of reimbursement.

As per 30 June 2020, the reimbursement of development costs to National Grid Ltd. by Nemo Link Ltd. (€9.1 million) was accounted for as a preferred dividend whereas the reimbursement fitted the definition of a financial liability as the contract set out the requirement to deliver cash to National Grid Ltd. As a result, in accordance with the contract and IFRS, a financial liability should have been recognised at inception (2015), with, as counterpart, capitalised developments costs. An (capitalised) interest cost should have been accounted on until the settlement of the liability. This change in accounting treatment leads to a €4.2 million increase in equity accounted investees result compared to June 2020. At year-end 2020 this change in accounting treatment was already considered and the preferred dividend paid to National Grid (€9.1 million) was requalified as a liability to be released over the lifetime of the asset.

Impact on financial figures

The impact of this adjustment on the interim financial figures 2020 is in the 'Non-regulated activities and Nemo Link' segment and is summarised on Group level in detail below:

Consolidated statement of profit or loss:

Elia Group (in € million) – Six-month period ended 30 June	**2020 as reported**	**2020 restated**	**2020 difference**
Revenue	1,065.6	1,065.6	0.0
Raw materials, consumables and goods for resale	(37.9)	(37.9)	0.0
Other income	71.4	71.4	0.0
Net income (expense) from settlement mechanism	39.3	39.3	0.0
Services and other goods	(478.7)	(478.7)	0.0
Personnel expenses	(150.6)	(150.6)	0.0
Depreciations, amortizations and impairments	(214.2)	(214.2)	0.0
Changes in provisions	2.2	2.2	0.0
Other expenses	(18.9)	(18.9)	0.0
Results from operating activities	**278.2**	**278.2**	**0.0**
Share of profit of equity accounted investees (net of tax)	2.9	7.1	4.2
Earnings before interest and tax (EBIT)	**281.1**	**285.3**	**4.2**
Net finance costs	**(69.5)**	**(69.5)**	**0.0**
Finance income	1.1	1.1	0.0
Finance costs	(70.6)	(70.6)	0.0
Profit before income tax	**211.6**	**215.8**	**4.2**
Income tax expense	(63.1)	(63.1)	0.0
Profit for the period	**148.6**	**152.8**	**4.2**
Profit attributable to:			
Equity holders of ordinary shares	120.1	124.2	4.2
Equity holders of the parent - Hybrid securities	9.6	9.6	0.0
Non-controlling interest	18.9	18.9	0.0
Profit for the period	**148.6**	**152.8**	**4.2**
Earnings per share (in €)			
Basic earnings per share	1.76	1.81	0.05
Diluted earnings per share	1.76	1.81	0.05

Consolidated financial position as per 30 June 2020:

Elia Group (in € million)	**30 June 2020**	**30 June 2020**	**30 June 2020**
	as reported	restated	difference
Total assets	**14,980.0**	**14,984.2**	**4.2**
Equity-accounted investees	345.7	349.9	4.2
Other assets	14,634.3	14,634.3	0.0
Total Equity	**4,340.6**	**4,344.8**	**4.2**
Retained earnings	1,187.3	1,191.5	4.2
Non-current & Current liabilities	**10,639.4**	**10,639.4**	**0.0**

No impact is to be reported as per 31 December 2020 since the adjustment was already considered at year-end 2020.

4.3 Use of estimates and judgements

The condensed consolidated interim financial statements for the first half of 2021 were prepared using estimates and judgements as indicated in note 2.4 accompanying the Group's annual consolidated financial statements as of and for the year ended 31 December 2020.

The following estimates and judgements have specifically been re-assessed in the context of the Covid-19 pandemic.

- Credit risk related to customers (IFRS 9): management closely reviews the outstanding trade receivables and compared to previous reporting period, the payment behaviour of the clients remained mainly unchanged. Hence, there is no change in the expected credit losses as at 30 June 2021.

- Employee benefits including reimbursement rights (IAS 19): The estimated fair value of the plan assets has also been accounted based on evolution stated in the financial markets and the input of the external expert.

- Goodwill impairment testing (IAS 36): the main drivers of the value in use of the cash-generating units, and potentially affecting the result of impairment test, are cash flows resulting from the regulated businesses and the Regulated Asset Base ("RAB") at a certain moment in time.
    - Because the remuneration as defined in the regulatory schemes are not affected by the pandemic, the assumptions used for determination of the cash flows in the impairment test per 31 December 2020 remain quasi unchanged.

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 2020.

The investment in Enervalis, who offers software who helps consumers to optimise their electricity consumption, was sold in April 2021 resulting in a gain of €0.15 million.

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 %	
			2021	2020
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 Brussels	90.00	90.00
Elia Grid International GmBH	Germany	Heidestraße 2, 10557 Berlin	90.00	90.00
Elia Grid International Pte. Ltd.	Singapore	20 Collyer Quay #09-01, Singapore 049319	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
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
Enervalis NV	Belgium	Centrum-Zuid 1111, 3530 Houthalen-Helchteren	-	16.52
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

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	**2021** Elia Transmission (a)	**2021** 50Hertz Transmission (b)	**2021** Non-regulated activities and Nemo Link (c)	**2021** Consolidation entries & intersegment transactions (d)	**2021** Elia Group (a) + (b) + (c) + (d)
Revenue	475.2	764.0	2.8	(7.9)	1,234.0
Other income	32.7	45.1	11.4	(14.2)	75.1
Net income (expense) from settlement mechanism	26.9	(24.1)	0.0	0.0	2.8
Depreciation, amortisation, impairment and changes in provisions	(100.4)	(124.5)	(0.2)	0.0	(225.1)
Results from operating activities	**114.4**	**137.4**	**(3.2)**	**(0.2)**	**248.5**
Share of profit of equity accounted investees, net of tax	1.2	0.0	15.7	0.0	16.8
Earnings before interest and tax (EBIT)	115.6	137.4	12.5	(0.2)	265.3
Earnings before depreciations, amortisations, interest and tax (EBITDA)	216.0	262.0	12.6	(0.2)	490.4
Finance income	0.8	1.5	0.0	0.0	2.3
Finance costs	(32.5)	(23.6)	(4.3)	0.2	(60.2)
Income tax expenses	(21.8)	(35.4)	0.2	0.0	(56.9)
Profit attributable to the owners of the company	**62.1**	**63.9**	**8.4**	**0.0**	**134.5**
Consolidated statement of financial position (in € million)	**30.06.2021**	**30.06.2021**	**30.06.2021**	**30.06.2021**	**30.06.2021**
Total assets	7,021.6	7,936.8	1,699.8	(637.0)	16,021.2
Capital expenditures	164.9	221.6	0.0	0.0	386.5
Net financial debt	3,367.0	2,052.3	406.7	0.0	5,826.0

Consolidated results (restated *) (in € million) – Period ended 30 June	2020 Elia Transmission (a)	2020 50Hertz Transmission (b)	2020 Non-regulated activities and Nemo Link (c)	2020 Consolidation entries & intersegment transactions (d)	2020 Elia Group (a) + (b) + (c) + (d)
Revenue	419.1	644.3	3.3	(1.1)	1,065.6
Other income	27.4	38.2	12.0	(6.2)	71.4
Net income (expense) from settlement mechanism	24.6	14.7	0.0	0.0	39.3
Depreciation, amortisation, impairment and changes in provisions	(92.5)	(119.4)	(0.1)	0.0	(212.0)
Results from operating activities	117.6	163.5	(2.8)	(0.0)	278.2
Share of profit of equity accounted investees, net of tax	1.1	0.0	6.0	0.0	7.1
Earnings before interest and tax (EBIT)	118.7	163.5	3.2	(0.0)	285.3
Earnings before depreciations, amortisations, interest and tax (EBITDA)	211.2	282.8	3.3	(0.0)	497.3
Finance income	0.5	0.6	0.1	0.0	1.2
Finance costs	(34.7)	(27.9)	(8.0)	0.0	(70.6)
Income tax expenses	(23.0)	(41.7)	1.6	0.0	(63.1)
Profit attributable to the owners of the company	**61.5**	**75.6**	**(3.2)**	**(0.0)**	**133.9**
Consolidated statement of financial position (in € million)	**31.12.2020**	**31.12.2020**	**31.12.2020**	**31.12.2020**	**31.12.2020**
Total assets	7,008.4	7,028.4	1,766.7	(637.9)	15,165.6
Capital expenditures	365.6	715.9	0.9	0.0	1,082.4
Net financial debt	3,305.6	3,756.6	402.9	0.0	7,465.0

**See note 4.2.2 for details regarding the restatement as a result in change in accounting treatment at Joint Venture Nemo Link Ltd.*

All revenues are earned from external customers.

4.6 Dividends

On 18 May 2021, the shareholders approved payment of a gross dividend of €1.71 per share, corresponding to a total gross dividend of €117.5 million.

4.7 Acquisitions and disposals of (in)tangible fixed assets

A net sum of €386.5 million was invested in the entire Elia Group, of which €164.9 million in the Belgian segment and €221.6 million in the German segment in the first half of 2021. See section 1.1 and 1.2 here above for more details.

As at 30 June 2021, the Group had a commitment of €2,574.5 million (€1,987.5 million in 2020) relating to purchase contracts for the installation of property, plant and equipment for further grid extensions.

4.8 Current assets – Trade and other receivables

The decrease of trade and other receivables from €1,475.4 Million to €677.0 Million is mainly related to the German Segment, in which the balance position of the EEG levies (surcharge) outstanding as per 31 December 2020 went down due to federal compensation payments and a normalised energy consumption (after a historical low during the pandemic in 2020). These effects are neutral for the profitability of the Elia group, but liquidity risk management is closely monitored and measurements are being set up to encounter the negative effect on the liquidity of the Group.

4.9 Loans and borrowings

On 21 April 2021, Eurogrid GmbH issued a Bond as part of the Debt Issuance Programme on the Luxembourg Stock Exchange with a nominal amount of €500 million. The coupon is 0.741% with twelve years maturity. The recently issued bond is measured at amortized cost using the effective interest method. The bond is repayable at maturity date.

Loans and borrowings as at 30 June 2021 comprise the following:

(in € million) - 30 June 2021	Maturity	Amount	Interest rate	Current proportion - fixed
Eurobond issues 2013/15 years	2028	547.5	3.25%	100.00%
Eurobond issues 2013/20 years	2033	199.2	3.50%	100.00%
Eurobond issues 2014/15 years	2029	347.0	3.00%	100.00%
Eurobond issues 2015/8.5 years	2024	498.9	1.38%	100.00%
Eurobond issues 2017/10 years	2027	248.0	1.38%	100.00%
Eurobond issues 2019/7 years	2026	498.5	1.38%	100.00%
Eurobond issues 2020/10 years	2030	789.1	0.88%	100.00%
Amortising term loan	2033	181.7	1.80%	100.00%
Amortising bond – 7.7 years	2028	58.8	1.56%	100.00%
Amortising bond – 23.7 years	2044	132.3	1.56%	100.00%
European Investment Bank	2025	100.0	1.08%	100.00%
Senior bond 2018/10 years	2028	297.8	1.50%	100.00%
Bond as part of Debt Issuance Programme 2015 / 10 years	2025	498.4	1.88%	100.00%
Bond as part of Debt Issuance Programme 2015 / 8 years	2023	749.2	1.63%	100.00%
Bond as part of Debt Issuance Programme 2015 / 15 years	2030	139.3	2.63%	100.00%
Bond as part of Debt Issuance Programme 2016 / 12 years	2028	747.5	1.50%	100.00%
Bond as part of Debt Issuance Programme 2021 / 12 years	2028	498.1	0.74%	100.00%
Registered bond 2014 / 30 years	2044	50.0	3.00%	100.00%
Green Bond 2020 / 12 years	2032	747.3	1.11%	100.00%
Confirmed line of credit / drawn	2026	150.0	0.90%	100.00%
Bond as part of Debt Issuance Programme 2020	2040	199.4	0.88%	100.00%
Total		**7,678.1**		**100.00%**

The above €7,678.1 million is to be increased with €36.9 million of interest accruals and €126.7 million of finance lease liabilities to reconstitute the overall debt of €7,841.7 million.

The total repayments of loans and borrowings in the first half of 2021 amounts to €725.7 million, of which (i) €700 million of short term credit lines in the segment 50Hertz (Germany), (ii) €14.0 million of capital repayment of the amortizing term loan in the segment Elia Transmission (Belgium) and (iii) €8.3 million of capital repayment of the amortizing bond in the segment Non-regulated and Nemo Link.

(in € million) - 31 December 2020	Maturity	Amount	Interest rate	Current proportion - fixed
Eurobond issues 2013/15 years	2028	547.3	3.25%	100.00%
Eurobond issues 2013/20 years	2033	199.2	3.50%	100.00%
Eurobond issues 2014/15 years	2029	346.9	3.00%	100.00%
Eurobond issues 2015/8.5 years	2024	498.6	1.38%	100.00%
Eurobond issues 2017/10 years	2027	247.9	1.38%	100.00%
Eurobond issues 2019/7 years	2026	498.3	1.38%	100.00%
Eurobond issues 2020/10 years	2030	788.5	0.88%	100.00%
Amortising term loan	2033	195.7	1.80%	100.00%
Amortising bond – 7.7 years	2028	67.1	1.56%	100.00%
Amortising bond – 23.7 years	2044	132.3	1.56%	100.00%
European Investment Bank	2025	100.0	1.08%	100.00%
Senior bond 2018/10 years	2028	297.6	1.50%	100.00%
Bond as part of Debt Issuance Programme 2015 / 10 years	2025	498.3	1.88%	100.00%
Bond as part of Debt Issuance Programme 2015 / 8 years	2023	749.1	1.63%	100.00%
Bond as part of Debt Issuance Programme 2015 / 15 years	2030	139.2	2.63%	100.00%
Bond as part of Debt Issuance Programme 2016 / 12 years	2028	747.4	1.50%	100.00%
Registered bond 2014 / 30 years	2044	50.0	3.00%	100.00%
Green Bond 2020 / 12 years	2032	747.2	1.11%	100.00%
Confirmed line of credit / drawn	2026	150.0	0.90%	100.00%
Bond as part of Debt Issuance Programme 2020	2040	199.4	0.88%	100.00%
Total		**7,200.0**		**100.00%**

4.10 Financial instruments

The table below shows a comparison of the carrying amount and fair value of financial instruments as at 30 June 2021 and the fair value hierarchy:

(in € million)	Carrying amount					Fair value			
	Fair Value through P&L	Fair Value through OCI	Amortised Cost	Other financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
31 December 2020									
Other financial assets	7,0	43,7			50,7	7,0		43,7	50,7
Trade and other receivables			1.475,9		1.475,9				
Cash and cash equivalents			590,1		590,1				
Unsecured financial bank loans and other loans				(1,146.4)	(1,146.4)		(1,146.4)		(1,146.4)
Unsecured bond issues				(6,753.6)	(6,753.6)		(7,487.1)		(7,487.1)
Trade and other payables				(1,009.0)	(1,009.0)				
Total	**7,0**	**43,7**	**2,066.0**	**(8,909.0)**	**(6,792.3)**	**n.r.**	**n.r.**	**n.r.**	**n.r.**
30 June 2021									
Other financial assets	7.0	43.7			50.7	7.0	0.2	43.5	50.7
Trade and other receivables			677.0		677.0				
Cash and cash equivalents			2,015.6		2,015.6				
Unsecured financial bank loans and other loans				(431.7)	(431.7)		(431.7)		(431.7)
Unsecured bond issues				(7,246.3)	(7,246.3)		(7,633.2)	(68.0)	(7,701.2)
Trade and other payables				(1,989.5)	(1,989.5)				
Total	**7.0**	**43.7**	**2,692.6**	**(9,667.6)**	**(6,924.3)**	**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 accrued interests are not included as there is no requirement for disclosure.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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 it is 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.
The fair value of the unsecured bond issues and other loans is the close price at 30 June 2021 of the instrument on the secondary market.

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) are based upon valuation reports issued by third parties. The fair value of the other financial assets is derived from an external valuation report.

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.

4.11 Deferred tax liabilities

Net deferred tax liabilities increased from €84.5 million to €95.1 million, of which €5.5 million has been recognised in profit or loss and €5.1 million in OCI.

(in € million)	Opening balance	Recognised in profit or loss	Recognised in OCI	Other	Total
1S 2021					
Property, plant and equipment	(210.6)	(8.3)	0.0	0.0	(218.8)
Intangible assets	(6.3)	(6.1)	0.0	0.0	(12.4)
Non-current trade and other receivables	0.8	0.1	0.0	0.0	0.9
Interest-bearing loans and other non-current financial liabilities	27.6	7.0	(2.5)	0.0	32.2
Employee benefits	19.0	0.1	(2.6)	0.0	16.5
Provisions	46.8	(0.7)	0.0	0.0	46.1
Deferred revenue	22.5	1.4	0.0	0.0	23.8
Regulatory liabilities	22.6	2.1	0.0	0.0	24.7
Losses carried forward	0.8	0.1	0.0	0.0	0.9
Deferred tax on investment grants	(1.1)	0.0	0.0	0.0	(1.1)
Other items	(6.5)	(1.1)	0.0	0.0	(7.6)
Total	**(84.5)**	**(5.5)**	**(5.1)**	**0.0**	**(95.1)**

(in € million)	Opening balance	Recognised in profit or loss	Recognised in OCI	Other	Total
2020					
Property, plant and equipment	(208.4)	(2.2)	0.0	0.0	(210.6)
Intangible assets	(8.6)	2.3	0.0	0.0	(6.3)
Non-current trade and other receivables	1.2	(0.4)	0.0	0.0	0.8
Interest-bearing loans and other non-current financial liabilities	22.1	(2.8)	(1.4)	9.6	27.6
Employee benefits	16.3	0.5	2.2	0.0	19.0
Provisions	47.4	(0.6)	0.0	0.0	46.8
Deferred revenue	29.3	3.0	0.0	(9.9)	22.5
Regulatory liabilities	25.3	(2.7)	0.0	0.0	22.6
Losses carried forward	0.4	0.4	0.0	0.0	0.8
Deferred tax on investment grants	(1.1)	0.0	0.0	0.0	(1.1)
Other items	(7.2)	0.4	0.0	0.3	(6.5)
Total	**(83.3)**	**(2.0)**	**0.9**	**(0.0)**	**(84.5)**

4.12 Income tax expense

Excluding the share of profit of equity-accounted investees, the effective tax rate was 29.9%% for the six months to June 2021 compared to 30.2% for the six months to June 2020.

4.13 Settlement mechanism (regulatory framework)

In Belgium, the settlement arising from the tariff regulation mechanism for the year ended 31 December 2020 was accounted for in the period ended 30 June 2021 and decreased the net profit for the period by €0.7 million.

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

We refer to notes 9.1, 9.2 and 9.3 accompanying the annual consolidated financial statements as of and for the year ended 31 December 2020 for more details.

4.14 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 in the six months ended 30 June 2021.

Transactions with key management personnel

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

At 50Hertz Transmission (Germany), key management personnel include Eurogrid International CVBA's Board of Directors, who are 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 Management Committee members, the members of Eurogrid International CVBA's Board of Directors, the Board of Management of 50Hertz Transmission or the Supervisory Board exercise a significant influence (e.g. holding positions such as CEO, CFO or members of the Management Committee) in the first half of 2021.

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	2021	2020
Transactions with joint ventures and associated companies	**1.1**	**(1.3)**
Sales of goods	1.9	0.9
Purchases of goods	(0.8)	(2.2)
(in € million)	30 June 2021	31 December 2020
Outstanding balances with joint ventures and associated companies	**(1.0)**	**0.2**
Current trade and other receivables	(0.7)	0.6
Current trade and other payables	(0.3)	(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 several significant transactions with various distribution system operators (Sibelga, Fluvius) which are customers of Elia. All these transactions took place in the normal course of Elia’s business activities. Sales and expenses with these entities amounted to 66.9 million and €2.5 million respectively for the six months ended 30 June 2021. As at 30 June 2021, there was an outstanding trade-receivable position of €10.3 million and an outstanding trade-debt position of €0.6 million.

4.15 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. This is also due to the impact of renewable energies, which are highly sensitive to weather conditions and hence have a considerable effect on revenue inflows and the course of business.

4.16 Events after the reporting date

In the week of 15th of July 2021, extreme rainfall resulting in severe flooding in the region of Liege (Belgium) damaged a number of high voltage stations of Elia. Elia is focusing in first instance on reinsuring the electricity supply, together with the DSO’s (Distribution system operators) and assuring that Elia’s employees and contractors can work in safe conditions. Our teams have already been clearing the debris, some reparations has already started and some repair works are still in preparation.

We are currently not able to quantify the financial impact of this event, as the costs for reparation are not yet known. However, we estimate the impact as remote, as the damage incurred should be recoverable via the insurance contract/regulatory framework in place.

Management is not aware of any other material events to report since 30 June 2021, which could affect the condensed consolidated interim financial statements.

4.17 Regulatory framework

Regulatory framework in Belgium

In 2021, there were no significant changes to the regulatory framework applicable for the regulatory period 2020-2023 in Belgium (as described in note 9.1 to the annual consolidated financial statements as of and for the year ended 31 December 2020)

Regulatory framework in Germany

In 2021, there were no significant changes to the regulatory framework in Germany applicable until 31 December 2020 (as described in note 9.2 to the annual consolidated financial statements as of and for the year ended 31 December 2010).

Regulatory framework for the Nemo Link interconnector

In 2021, there were no significant changes to the regulatory framework for the Nemo Link interconnector (as described in note 9.3 to the annual consolidated financial statements as of and for the year ended 31 December 2020).

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 2021 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 2021, the condensed consolidated statements of profit or loss, comprehensive income, changes in equity and 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 2021 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, 27 July 2021

Joint statutory auditors

BDO Réviseurs d'Entreprises SRL /
Bedrijfsrevisoren BV
represented by

Felix Fank*
Partner
*Acting on behalf of a BV/SPRL

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 ("APM") 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:
- Adjusted items
- Adjusted EBIT
- Adjusted net profit
- CAPEX (Capital Expenditures)
- EBIT
- EBITDA
- Equity attributable to the owners of the company
- Equity attributable to the owners of the company (per share)
- Free cash flow
- Net finance costs
- Net financial debt
- Regulatory Asset Base (RAB)
- Return on Equity (adj.) (%)

Adjusted items

Adjusted items are those items that are considered by management not to relate to items in the ordinary course of activities of the Group. They are presented separately as they are important for the understanding of users of the consolidated financial statements of the performance of the Group and this compared to the returns defined in the regulatory frameworks applicable to the Group and its subsidiaries.

Adjusted items relate to:
- Income and expenses resulting from a single material transaction not linked to current business activities (e.g. change in control in a subsidiary)
- changes to the measurement of contingent considerations in the context of business combinations;
- Restructuring costs linked to the corporate reorganisation of the Group (i.e. reorganisation project to isolate and ring-fence the regulated activities of Elia in Belgium from the non-regulated activities and regulated activities outside Belgium

Adjusted EBIT

Adjusted EBIT is defined as EBIT excluding the adjusted items.
EBIT (Earnings Before Interest and Taxes) = adjusted result from operating activities, which is used to compare the operational performance of the Group over the years. The adjusted 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 provisions and other operating expense and plus the share of equity accounted investees – net and plus or minus adjusted items

(in € million) – Six-month period ended 30 June	2021			
	Elia Transmission	50Hertz Transmission	Non-regulated activities and Nemo Link	Elia Group
Results from operating activities	114.4	137.4	(3.2)	248.5
Share of profit of equity accounted investees (net of tax)	1.2	0.0	15.7	16.8
EBIT	**115.6**	**137.4**	**12.5**	**265.3**
Deduct:				
Regulatory compensation for acquisition	0.0	0.0	0.0	0.0
Corporate reorganisation	0.0	0.0	0.0	0.0
Adjusted EBIT	**115.6**	**137.4**	**12.5**	**265.3**

(in € million) – Six-month period ended 30 June	2020 (restated*)			
	Elia Transmission	50Hertz Transmission	Non-regulated activities and Nemo Link	Elia Group
Results from operating activities	117.6	163.5	(2.8)	278.2
Share of profit of equity accounted investees (net of tax)	1.1	0.0	6.0	7.1
EBIT	**118.7**	**163.5**	**3.2**	**285.3**
Deduct:				
Regulatory compensation for acquisition	0.0	0.0	0.0	0.0
Corporate reorganisation	0.0	0.0	(0.3)	(0.3)
Adjusted EBIT	**118.7**	**163.5**	**3.5**	**285.6**

Adjusted net profit

Adjusted net profit is defined as net profit excluding the adjusted items. The adjusted net profit is used to compare the performance of the Group over the years.

(in € million) – Six-month period ended 30 June	2021			
	Elia Transmission	50Hertz Transmission	Non-regulated activities and Nemo Link	Elia Group
Profit for the period	**62.1**	**79.9**	**8.4**	**150.5**
Deduct:				
Regulatory compensation for acquisition	0.0	0.0	0.0	0.0
Corporate reorganisation	0.0	0.0	0.0	0.0
Corporate reorganisation fin. cost	0.0	0.0	0.0	0.0
Tax impact	0.0	0.0	0.0	0.0
Adjusted net profit	**62.1**	**79.9**	**8.4**	**150.5**

(in € million) – Six-month period ended 30 June	2020 (restated*)			
	Elia Transmission	50Hertz Transmission	Non-regulated activities and Nemo Link	Elia Group
Profit for the period	**61.5**	**94.5**	**(3.2)**	**152.8**
Deduct:				
Regulatory compensation for acquisition	0.0	0.0	0.0	0.0
Corporate reorganisation	0.0	0.0	(0.3)	(0.3)
Corporate reorganisation fin. cost	0.0	0.0	0.0	0.0
Tax impact	0.0	0.0	0.1	0.1
Adjusted net profit	**61.5**	**94.5**	**(3.0)**	**153.0**

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) – Six-month period ended 30 June	2021			
	Elia Transmission	50Hertz Transmission	Non-regulated activities and Nemo Link	Elia Group
Results from operating activities	114.4	137.4	(3.2)	248.5
Share of profit of equity accounted investees (net of tax)	1.2	0.0	15.7	16.8
EBIT	**115.6**	**137.4**	**12.5**	**265.3**

(in € million) – Six-month period ended 30 June	2020 (restated*)			
	Elia Transmission	50Hertz Transmission	Non-regulated activities and Nemo Link	Elia Group
Results from operating activities	117.6	163.5	(2.8)	278.2
Share of profit of equity accounted investees (net of tax)	1.1	0.0	6	7.1
EBIT	**118.7**	**163.5**	**3.2**	**285.3**

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) – Six-month period ended 30 June	2021			
	Elia Transmission	50Hertz Transmission	Non-regulated activities and Nemo Link	Elia Group
Results from operating activities	114.4	137.4	(3.2)	248.5
Add:				
Depreciations, amortisations and impairments	101.1	124.6	0.3	225.8
Changes in provisions	(0.6)	0.0	0.0	(0.6)
Share of profit of equity accounted investees (net of tax)	1.2	0.0	15.7	16.8
EBITDA	**216.1**	**262.0**	**12.7**	**490.5**

(in € million) – Six-month period ended 30 June	2020 (restated*)			
	Elia Transmission	50Hertz Transmission	Non-regulated activities and Nemo Link	Elia Group
Results from operating activities	117.6	163.5	(2.8)	278.2
Add:				
Depreciations, amortisations and impairments	92.5	121.5	0.1	214.2
Changes in provisions	0.0	(2.2)	0.0	(2.2)
Share of profit of equity accounted investees (net of tax)	1.1	0.0	6.0	7.1
EBITDA	**211.2**	**282.8**	**3.3**	**497.4**

Equity attributable to the owners of the company

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

(in € million) - Period ended	30 June 2021	31 December 2020
Equity	4,515.5	4,500.0
Deduct:		
Non-controlling interests	318.7	326.9
Equity attributable to the owners of the company	**4,196.8**	**4,173.2**

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

(in €) - Period ended	30 June 2021	31 December 2020
Equity attributable to owners of the company	4,196,758,389.8	4,173,155,840.5
Divide by:		
Number of shares outstanding (at period end)	68,728,055	68,652,938
Equity attributable to owners of the company (per share in €)	**61.1**	**60.8**

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) – Six-month period ended 30 June	2021			
	Elia Transmission	50Hertz Transmission	Non-regulated activities and Nemo Link	Elia Group
Net cash from operating activities	124.7	2,057.4	(10.1)	2,171.9
Deduct:				
Net cash used in investing activities	167.2	237.8	(106.6)	298.4
Free cash flow	**(42.5)**	**1,819.7**	**96.5**	**1,873.5**

(in € million) – Six-month period ended 30 June	2020 (restated*)			
	Elia Transmission	50Hertz Transmission	Non-regulated activities and Nemo Link	Elia Group
Net cash from operating activities	49.9	(489.8)	(9.5)	(449.4)
Deduct:				
Net cash used in investing activities	145.0	190.6	0.3	335.9
Free cash flow	**(95.0)**	**(680.4)**	**(9.8)**	**(785.3)**

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) - Period ended	30 June 2021				31 December 2020			
	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	3,420.9	3,835.7	480.5	7,737.0	3,433.6	3,327.2	488.8	7,249.6
Add:								
Current Liabilities:								
Loans and borrowings	67.1	23.9	13.6	104.6	67.7	725.9	11.9	805.5
Deduct:								
Current Assets:								
Cash and cash equivalents	120.9	1,807.3	87.4	2,015.6	195.7	296.6	97.8	590.1
Net financial debt	**3,367.0**	**2,052.3**	**406.7**	**5,826.0**	**3,305.6**	**3,756.6**	**402.9**	**7,465.0**

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.

Return on Equity (adj.) (%)

Return on Equity (RoE adj.) = Net profit attributable to ordinary shareholders divided by equity attributable to ordinary shareholders. The return on equity is adjusted to exclude the accounting impact of hybrid securities in IFRS (i.e. exclude the hybrid security from equity and consider the interest costs as part of comprehensive income). The RoE adj. provides an indication of the ability of the Group to generate profits relative to its invested equity.

(in € million) – Six-month period ended 30 June	2021	2020 (restated *)
Profit for the period	150.5	152.8
Deduct:		
Profit attributable to holders of hybrid securities	9.6	9.6
Profit attributable to non-controlling interests	16	18.9
Profit attributable to equity holders of ordinary shares (A)	**124.9**	**124.3**
Divided by:		
Equity attributable to ordinary shares (B)	3,485.7	3,326.1
Return on Equity (adj.) (%)= (A) annualised / (B)	**7.17%**	**7.47%**