



Annual report 2021



TABLE OF CONTENTS

Message from the Chairman and the Chief Executive Officer	3
Front-end of the nuclear fuel cycle	6
Back-end of the nuclear fuel cycle	8
Financial management	12
Investments	15
Governance	17
Management report.....	20
Annual accounts	24
Balance sheet	26
Income statement	28
Additional notes	30
Statutory auditor's report on the annual accounts	41
Details of the nuclear fuel cycle	45

MESSAGE FROM THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

Interview with the Chairman, Didier Engels (DE) and the Chief Executive Officer, Dimitri Stroobants (DS), dated April 30, 2022.

Q. What do you see as the highlights of 2021 and the first quarter of 2022 for you ?

At the global level

Mitigation of the pandemic and a strong economic recovery in 2021

DE : The easing of the Covid-19 sanitary measures and the reopening of borders have led to a strong recovery of the world economy, which has been reflected in very well-oriented stock markets.

DS : While this rapid and strong recovery is welcome, it has led to significant tension in supply chains and commodity prices, showing signs of inflation, all of which will lead to greater volatility in stock markets in late 2021.

The outbreak of war in Ukraine in early 2022

DE : The Covid-19 pandemic had already raised awareness of strategic independence issues. The war in Ukraine is a terrible human tragedy that only reinforces this observation. This conflict will lead to a new major shock for the world economy, and more particularly in Europe.

DS : European countries are indeed directly and severely affected by the surge in fossil fuel prices. Indeed, the price increase initiated by the health crisis has become even more pronounced since the beginning of the war in Ukraine. The international sanctions against Russia are forcing all European countries to fundamentally review their energy policies. Belgium is no exception. This context led to a downward trend in the stock markets and increased volatility.

Within Belgium

The government had confirmed in 2021 the timetable for phasing out nuclear power, which provides for the definitive shutdown of the seven Belgian nuclear reactors by the end of 2025

DE : When it took office at the end of 2020, the Belgian government included in its general policy statement that it would stop using nuclear power by 2025. In a context of sharply rising energy prices and inflation, the authorities left open at the end of 2021 the option of extending the operation of two reactors, postponing the decision until March 2022.

DS : Synatom is Electrabel's supplier of enriched fissile materials. In the context of a complete shutdown of nuclear power in Belgium by 2025, Synatom has adjusted its uranium supply and material deliveries to Electrabel accordingly in recent years.

In 2022, the Belgian government agreed on the extension of Doel 4 and Tihange 3 for another 10 years and continued its work on the evolution of the 2003 law on nuclear provisions

DE : Engie has taken note of the Government's decision. Discussions have been initiated between the two parties to study the feasibility and conditions for implementing this extension.

DS : At the end of February 2022, the Council of State endorsed a draft bill from the Minister of Energy aimed at strengthening the framework applicable to nuclear provisions. The main objective of this draft is on the one hand to secure the countervalue of the nuclear provisions and on the other hand to strengthen the prudential control of the Commission for Nuclear Provisions over Electrabel and Synatom. This file will continue its parliamentary journey. Synatom will be involved in the resulting developments.

Within Synatom

The year 2021 has seen a major shift in Synatom's governance and assets under management

DE : First of all, I would like to express my warmest thanks to our staff who, for the second year in a row, have fully adapted to the general context dictated by the pandemic and to the specific context of Synatom's activities and challenges.



Didier Engels, Chairman



Dimitri Stroobants,
CEO

DS : I would emphasize that teleworking and virtual interactions are now part of our way of doing business and have not altered Synatom's ability to meet its multiple challenges as we approach the end of nuclear reactor operations. 2021 has been a particularly busy year for both our technical and financial commitments. The deployment of Synatom's investment policy in a favorable market context has resulted in a good performance of our investments in 2021. I would also like to remind you of the major changes we have implemented in terms of governance.

DE : We have expanded our Board of Directors to 8 members with the addition of two independent directors. They bring us a very high level of financial expertise which fits perfectly with Synatom's mission of increasing financial investments in a context of repayment of the loans granted to Electrabel. At the same time, we have set up two specific committees within the Board of Directors, namely an Audit Committee and an Investment Committee. The latter is chaired by one of our two independent directors.

DS : Synatom's organizational chart was expanded at the end of 2020 with the creation of a Investment Department. This became fully operational in 2021 and was necessary given the responsibilities we have and the amount of capital that needs to be considered. Synatom's investments amounted to just over 5 billion euros at the end of 2021 and are expected to reach over 10 billion euros by 2025, making Synatom a major fund manager in Belgium. The Investment Department works closely with the Investment Committee in defining Synatom's investment strategy and its implementation.

DE : As regards the back-end of the nuclear fuel cycle, priority is given to the provision of additional intermediate storage facilities (SF²) and equipment (containers) within the allotted deadlines. Important steps have been taken in 2021, particularly in terms of nuclear safety files.

DS : The manufacturing of a first container, called « first-of-a-kind », has progressed well at each of our three suppliers. They are expected to arrive on site during 2022. The deployment of the supply of the various types of containers is subject to very strict monitoring to ensure that the preparatory operations for decommissioning, including the emptying of the deactivation pools, proceed smoothly.

Q. What are Synatom's main priorities in 2022 ?

DE : The deployment of Synatom's investment policy will continue in 2022 and beyond with the increase of assets under management. The stock market environment at the beginning of the year weighed on the performance of our assets under management. With regard to the new law on nuclear provisions expected in the summer, it goes without saying that Synatom will have to comply with the terms that will be included in it. Finally, Synatom will adapt to the decisions that will be taken by Electrabel in the field of nuclear extension, for example in the negotiation and supply of enriched fissile material.

DS : Another major issue is the revision of nuclear provisions. In accordance with Belgian law, a review process of the nuclear provisions must be undertaken every three years. The dossier to be submitted to the Nuclear Supplies Commission for a binding opinion is based on both technical and financial parameters. This is a long process that began after the Nuclear Provisions Commission issued its opinion in late 2019 on the previous report. Much of Synatom's work this year is devoted to finalizing this important file, which will be submitted to the Nuclear Regulatory Commission in September and will be completed at the end of the year following the delivery of its binding opinion.

THE FRONT-END OF THE NUCLEAR FUEL CYCLE

The nuclear fuel cycle includes all operations from the extraction of uranium ore to the final disposal of radioactive waste.

It is divided into three main stages: front-end, use in the power generation reactor and back-end.

In the front-end part of the cycle, the ore is first extracted in underground or open-pit mines or by leaching, followed by concentration in the form of a bright yellow powder, called «yellow cake».

The latter will undergo several refining operations to arrive at conversion into uranium hexafluoride.

The next step is enrichment, which, through a gas centrifugation process, increases the proportion of the isotope 235 present in natural uranium (0.7%) to values between 3 and 5%.

This enriched uranium will then be sent to the nuclear fuel assembly manufacturing plant. This last step is the responsibility of Electrabel.

Synatom's front-end nuclear fuel cycle activities are therefore based on contracts with global players in natural uranium supply, conversion and enrichment services.

Reduction of the canopy

In 2021, for the supply of enriched fissile materials, Synatom has adopted an extremely prudent strategy dictated by the Belgian nuclear phase-out law. It is important to remember that the Doel 3 reactor will stop operating on 1 October 2022, followed a few months later by Tihange 2. These two reactors represent 1/3 of the production capacity of the Belgian nuclear fleet. Their closure has a corresponding impact on Synatom's front-end activities.

During the year, Synatom delivered several batches of enriched uranium through contracts with various suppliers.

In view of the final shutdown of the Doel 1, Doel 2, Doel 4, Tihange 1 and Tihange 3 reactors in 2025, Synatom is adapting the schedule for the last remaining supplies of enriched fissile material according to the needs of the nuclear power plant operators.

In parallel, Synatom continued to adjust its purchasing strategy to take into account this deadline but also to optimally reduce uranium inventories and associated services contracts. The possibility of reselling any surplus is currently being analysed.

Last minute

On 18 March 2022, the Belgian government took the decision to extend the operation of the Doel 4 and Tihange 3 reactors by an additional 10 years, until 2035. The Belgian authorities and Electrabel has started negotiations to analyse the feasibility and implementation of this decision. A final decision is expected by the end of June 2022. In this context of uncertainty, Synatom needs to be ready, whenever necessary, to restart deliveries of enriched fissile materials.



Transport cylinders containing uranium hexafluoride at the Tricastin site (Orano)

THE BACK-END OF THE NUCLEAR FUEL CYCLE

After its electricity production phase (which corresponds to its stay of 48 to 54 months in the reactor vessel), the nuclear fuel present in the assemblies is considered as spent. It will now undergo several operations spread over time to reach the final stage, which will be the final storage.

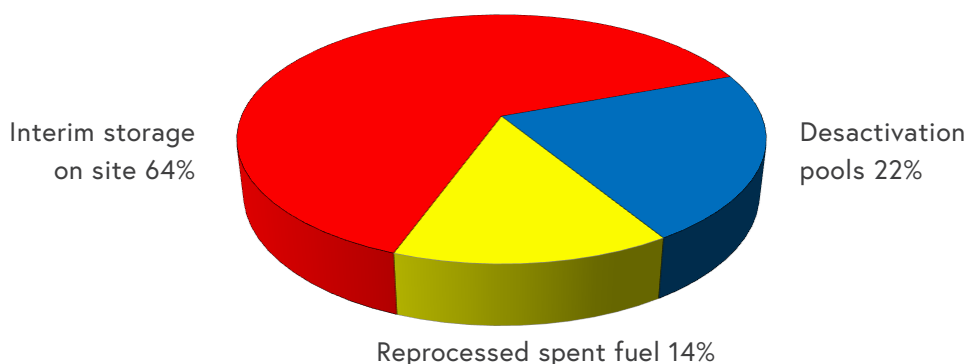
1. When the nuclear fuel assembly is finally removed from the reactor vessel, it is placed in a desactivation pool for at least three years. The various handling operations are carried out by Engie Electrabel's authorised teams.
2. After the spent fuel assemblies have been placed in the deactivation pool, they are stored in a centralised infrastructure at each of the Doel and Tihange sites. The financing of these facilities, the equipment they require, as well as the associated personnel and operating costs are covered by Synatom. This second stage will take place over several decades.
3. The time will then have come for the National Agency for Radioactive Waste and Enriched Fissile Materials (ONDRAF) to take charge of this type of waste to ensure its management up to and including its final disposal. ONDRAF estimates, at regular intervals, the associated costs that it will pass on to the waste producers, including Synatom.

Synatom makes significant nuclear provisions to cover future costs related to these operations.

Spent fuel management is now a significant part of Synatom's technical activities. It is essential that the Doel and Tihange power plants have the buildings, containers and very specific equipment to ensure safe interim storage of spent fuel in the long term, within the timeframe set by the nuclear phase-out law.

Indeed, when it comes to nuclear buildings or equipment, it is important to realise that the regulatory approval processes are extremely complex and lengthy. They are the guarantors of flawless nuclear safety.

Where are the spent fuel assemblies located ? Situation on 31/12/2021



Increased intermediate storage capacity

The current centralised storage facilities, both in Doel and Tihange, will reach their full capacity by 2025. The construction of new intermediate storage capacity was necessary.

For both sites, the option chosen is dry storage in a building characterised by a passive safety approach.

Each building, called SF², for Spent Fuel Storage Facility, is designed to accommodate about 100 containers.

Tihange

The SF² construction site at Tihange, which started in 2020, has made good progress in 2021. All the walls have been erected, and at the end of the year the imposing overhead crane was installed, a fundamental element for handling the containers. The crane can lift loads up to 150 tonnes.

Doel

The SF² project at Doel has a time lag of about one year compared to the Tihange project. The environmental permit as well as the authorisation for creation and operation were obtained in July 2021. Earthworks and pile driving began in September.

Synatom has also placed several orders for the supply of special equipment for optimal handling and monitoring of containers.

Large container supply contracts

In parallel to the construction of the intermediate storage buildings, Synatom has to supply the Doel and Tihange sites with containers that allow not only the dry storage of the spent fuel, but also their possible future transport.

To do so, Synatom has signed contracts with three companies recognised worldwide for their expertise, namely Orano NPS (Orano Nuclear Packages and Services) in France, GNS (Gesellschaft für Nuklear-Service mbH) in Germany and Holtec in the United States.

They will provide several specific types of containers.

Each supplier has established a safety standard that must be approved by the Belgian safety authorities (Federal Agency for Nuclear Control and its subsidiary Bel V).

The manufacturing of the first container, called «first-of-a-kind», has progressed well at each of the suppliers. They are expected to be on site by 2022. Their arrival will allow the training of the personnel and the verification of the correct operation of the container before its loading.



The slab of the future SF² in Doel



Holtec, manufacturing of « first-of-a-kind » container for Synatom.

A second transfer shuttle for Tihange

At Tihange, the transfer of spent fuel assemblies between the deactivation pools of the three units and the central storage building is carried out by means of a special container called a «shuttle».

Synatom has undertaken to equip the site with an additional shuttle that should allow an increase in the number of transfers that will be necessary after the shutdown of the plants and more specifically to allow the transfer of MOX fuel from the Tihange 2 unit.

This unique equipment, built by the American Holtec, was the subject of an extremely detailed safety file, with numerous exchanges between Holtec and the Belgian safety authorities. The Belgian safety authorities awarded Holtec their accreditation in 2021..

The manufacturing of this shuttle started in 2021. The current schedule foresees an arrival on site in 2023 and will follow the final shutdown of Tihange 2.

The CIME project

In order to completely drain a deactivation pool, it is important to provide specific conditioning for assemblies that, over the years of operation, have been identified as having defects such as a leaking rod or deformation of their metal structure.

At Synatom's request, Framatome has developed a tool that allows the defective rod to be extracted from the assembly under water and then isolated and packaged in a special sheath for intermediate storage. This process is currently operational on the Doel 1&2 unit.

Alternative technologies are being developed by other suppliers, which will allow to choose the most appropriate industrial process after the shutdown of the various units.

Relationship with ONDRAF

All the final waste from the reprocessing of certain spent fuel assemblies reprocessed under historical contracts has returned to Belgium and is stored in 853 180-litre containers at the Belgoprocess site in Dessel, awaiting final disposal. Synatom paid a fee to ONDRAF for their intermediate storage and associated services.

Following comments from the Federal Nuclear Control Agency concerning the operational safety of the future landfill facility, ONDRAF, after an initial analysis involving Synatom experts, has identified risks of additional costs related to operational safety in 2021. These technical discussions will continue into 2022 and may lead to a revision of storage fees.

In addition, Synatom has signed a very long-term contract with ONDRAF, covering several decades, establishing the financial responsibilities of both parties for waste related to spent nuclear fuel.

Substantial support for research conducted by ONDRAF

Each year, the main producers of nuclear waste in Belgium contribute to the budget allocated by ONDRAF for research in the field of final disposal of long-lived intermediate and high-level radioactive waste.

Indeed, ONDRAF has been conducting research on long-term solutions for radioactive waste management for several decades. ONDRAF relies on Belgian and foreign partnerships with universities, research centres, and specialised consulting firms.

In 2021, the financial contribution of the producers amounted to 16 million euros, of which 10 million euros were paid by Synatom.

FINANCIAL MANAGEMENT

In addition to the traditional operations, the main activities of the Department concern the actual and forecasted cash flows into and out of Synatom, the follow-up of the constitution of nuclear provisions, and the collection of the distribution contribution from the owners of the Belgian nuclear power plants.

Cash flows

Synatom's income is mainly derived from the fees paid by the nuclear power plant operators for the provision of fissile material contained in the fuel assemblies.

Expenditures relate to purchases of services for the front-end of the nuclear fuel cycle, to costs incurred for the management of spent fuel (back-end of the cycle), and the reimbursement of costs incurred by Electrabel in connection with their nuclear power plant dismantling programme.

Synatom takes special care to protect itself from exchange rate fluctuations for its US dollar supplies. As a result, all procurement contracts with commitments over 1 million US dollar are covered up to 97.5%. This cautious approach limits the impact of the euro's persistent depreciation against the US dollar.

Statement of provisions as of 31/12/2021

As of 31 December 2021, the total amount of nuclear provisions released in Synatom's accounts amounts to 14 billion 375 million euros, an increase of 539 million euros compared to the previous year.

Provisions for spent fuel management amount to 8 billion euros. They are discounted at a rate maintained at 3.25%.

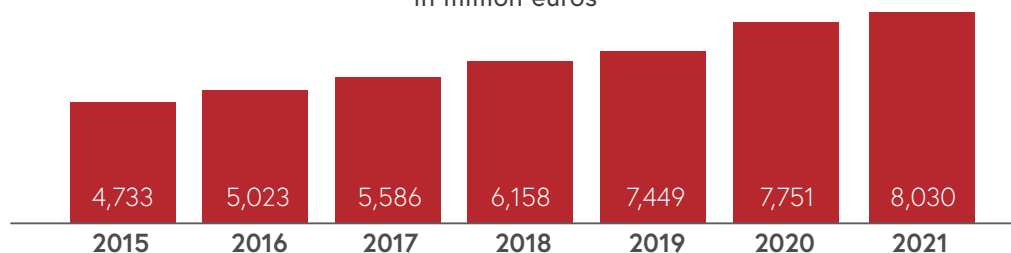
The law governing nuclear provisions provides, among other things, that Synatom may lend up to 75% of the total amount of the provisions to the operator of the power plants, Electrabel. However, in 2020, the latter undertook to repay by the end of

2025 the totality of the loan concerning the provisions dedicated to the management of spent fuel. In 2021, Electrabel has repaid, in four quarterly installments, a total amount of 870 million euros.

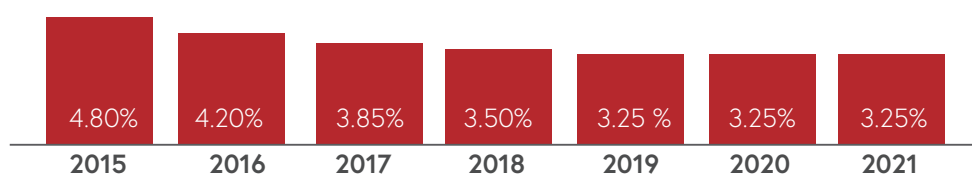
The loan on 31 December 2021, therefore amounts to 3 billion 785 million euros.

Provisions for the decommissioning of the Doel and Tihange nuclear power plants amount to 6 billion 345 million euros. They include Electrabel's share of 6 billion 74 million euros and Luminus' share of 271 million euros.

Changes in the provisions for spent fuel management
in million euros



Discount rate for spent fuel management

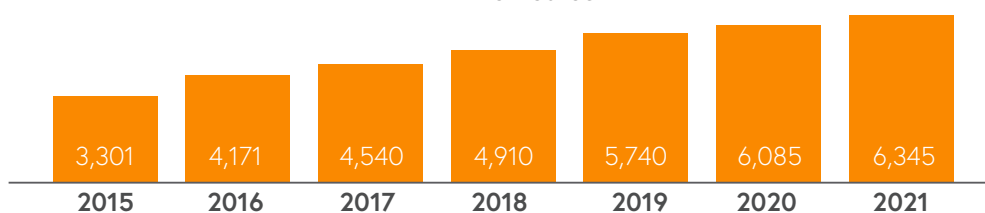


For several years, at the request of the Nuclear Provisions Commission, the discount rate for provisions for decommissioning plants has been steadily decreasing, from 4.8% in 2015 to 2.5% in 2021.

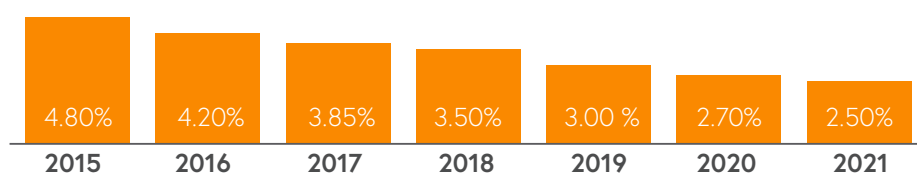
At the end of the year, the loan granted to Electrabel from the provisions for the dismantling of the power plants amounted to 4 billion 550 million euros.

The dismantling of a nuclear reactor includes a preparation phase, prior to the final shutdown of electricity production. In 2021, nearly 18 million euros have been invested in preliminary studies.

Changes in the provisions for decommissioning
in million euros



Discount rate for decommissioning



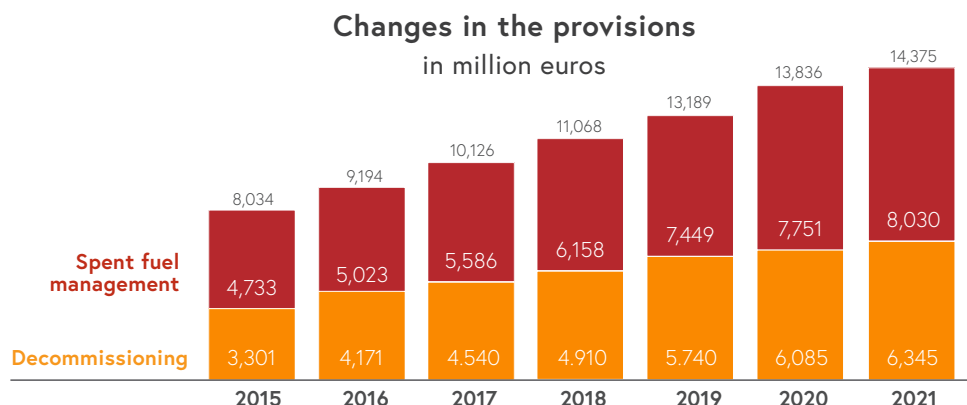
Nuclear tax

As a reminder, the apportionment contribution, commonly known as the nuclear tax, is collected each year by Synatom on behalf of the Belgian State. It applies to the Tihange 2 and Tihange 3 reactors as well as to the Doel 3 and Doel 4 reactors. The Doel 1, Doel 2 and Tihange 1 reactors are subject to a separate charge negotiated as part of the agreement on their extended operation.

For the year 2021, the Belgian authorities have set the total amount of the distribution contribution at 83.5 million euros, which is divided between 79 million euros to be paid by Electrabel and 4.5 million euros to be paid by Luminus, which has a stake in the four reactors concerned.

INVESTMENTS

At the end of 2021, the total amount of the provisions set up by Engie Electrabel and Luminus amounts to almost 14 billion 400 million euros. These provisions must cover all the costs related to the dismantling of the 7 Belgian nuclear reactors as well as the costs related to the management of the spent fuel until it is taken over by ONDRAF, which will ensure its final storage.



Note that Synatom will proceed, in 2022, to the 7th triennial revaluation of nuclear provisions.

On the 24th of December 2021, the Belgian government approved a bill that strengthens the legal framework applicable to provisions for the decommissioning of nuclear power plants and spent fuel management.

For its part, Engie Electrabel has undertaken to repay between 2020 and 2025, the 4 billion 763 million euros lent to it by Synatom on provisions made for the management of spent fuel.

Repayment schedule of the loan relating to the management of the spent fuel.

2020	2021	2022	2023	2024	2025	Total
108	870	894	889	931	1,071	4,763

By 2025, Synatom will progressively become one of the largest fund managers in Belgium with assets amounting to more than 10 billion euros.

At the end of 2020, Synatom strengthened its organisational structure by creating a new department exclusively dedicated to the management of financial investments. This is in line with the developments that Synatom can expect in the coming years in terms of investments.

Indeed, Synatom must develop a relevant investment strategy that allows the capital invested to grow while limiting the risks. The sole objective is to have, when the time comes, the financial means necessary for the dismantling of nuclear reactors and the management of spent fuel. The exercise is complex because it must take into account diametrically opposed time criteria. The short and medium term apply now for provisions related to decommissioning. The very long term prevails for provisions for the final management of spent fuel, which will take nearly a century.

A SICAV SIF under Luxembourg law and an institutional SICAV under Belgian law

Synatom owns an open-ended investment company - a specialised investment fund -, i.e. a SICAV SIF, under Luxembourg law called Nuclear Investment Fund (NIF). As of 31 December 2021, NIF holds capital assets in the amount of 4 billion euros.

In December 2020, Synatom created an open-ended investment company, i.e. an institutional SICAV under Belgian law, called Belgian Nuclear Liabilities Fund (BNLF). At the end of its first fiscal year, BNLF will have capital of 1.1 billion euros as of 31 December 2021.

The Boards of Directors of the Belgian public limited company BNLF, an institutional SICAV, and the Luxembourg public limited company NIF, a SICAV-SIF, have agreed on a cross-border merger project by absorption under Belgian and Luxembourg law.

Synatom provides the Nuclear Provisions Commission with monthly reports on its investments, enabling it to exercise its prudential control.

Close relationship with the Investment Committee

The Investment Committee is composed of four members, appointed by the Board of Directors, including one independent director. The latter is also the President.

The Director of the Investment Department is a permanent guest.

The Investment Committee makes recommendations to the Board of Directors on investment policy objectives in light of Synatom's liabilities; on risk profiles applicable by type of liability; and on the types of assets and instruments permitted in the Funds.

The Investment Committee approves, with respect to SICAVs, the proposals of the Director of the Investment Department concerning the strategic allocation and weighting of an authorized asset class; the selection or dismissal of Investment Manager(s); or the choice of investment (vehicle, strategy, etc.).

GOVERNANCE

In 2021, Synatom has developed new governance rules to respond on the one hand to changes in legislation by taking into account, for example, the Belgian Corporate Governance Code 2020, and on the other hand to the recommendations of the Belgian authorities and the Nuclear Provisions Commission in particular.

In concrete terms, two independent directors have joined the Board of Directors. Mr Jan Longeval and Mr Maximilien de Limburg Stirum bring a financial expertise that is highly appreciated in the context of the important investments that Synatom will have to make in the months and years to come.

The Synatom Board of Directors is now composed of 8 members and 2 representatives of the Federal Government.

Members of the Board of Directors

- Didier Engels - Chairman
- Dimitri Stroobants - CEO
- Karine Sirmain - Director
- Marc Beyens - Director
- Thierry Saegeman - Director
- Patrick Gaussent - Director
- Jan Longeval - Independent Director
- Maximilien de Limburg Stirum - Independent Director
- Carl Malbrain - Federal Government Representative
- Olivier Soumeryn-Schmit - Federal Government Representative
- The secretary of the Board of Directors is Mrs Dominique Ghislain, CFO of Synatom.

The Board of Directors then set up two committees from among its members, namely an Audit Committee and an Investment Committee. These changes were enacted by the amendment of Synatom's coordinated statutes dated 11 March 2021.

Composition of the Audit Committee

Chairman :

- Patrick Gaussent

Members :

- Jan Longeval - Independent Director
- Maximilien de Limburg Stirum - Independent Director

Mrs Dominique Ghislain, CFO of Synatom, is a permanent guest, without a decision-making vote.

Composition of the Investment Committee

Chairman :

- Jan Longeval - Independent director

Members :

- Karine Sirmain - Director
- Dimitri Stroobants - CEO
- Patrick Gaussent - Director

Mr. Xavier Piret, Synatom's Investment Director, is a permanent guest, without a decision-making vote.

In addition to the arrival of two new directors, the Board of Directors has seen several movements in 2021.

On 12 May 2021, the Board of Directors of Synatom has delegated the day-to-day management of the company to Mr. Dimitri Stroobants as CEO, a function that was previously held by Mr. Robert Leclère who has retired.

The position of Director previously held by Mr. Dimitri Stroobants has been assigned to Mr. Patrick Gaussent, CFO of Electrabel.

Following the retirement of Mr. René Delporte, Mrs. Karine Sirmain, Vice-President Financing, Risk and Insurance at Engie, has been appointed as a Director.

Day-to-day management

The day-to-day management of the company is carried out by the CEO, Mr. Dimitri Stroobants, appointed by the Board of Directors.

The company is organised into four departments headed by :

- Mrs. Françoise Renneboog -
Director of the Front-end Nuclear Fuel Cycle Department
- Mr. Luc Janssen -
Director of the Back-end Nuclear Fuel Cycle Department
- Mrs. Dominique Ghislain -
Director of the Finance Department
- Mr. Xavier Piret -
Director of the Investment Department

ACKNOWLEDGEMENTS

For the second year in a row, the year 2021, was again strongly marked by the very strict sanitary measures adopted in-house. Teleworking has been applied for the most part, and office visits have been kept to a minimum for all staff. This unusual context did not prevent Synatom from carrying out its various missions. The Board of Directors would therefore like to thank each and every one of them for their professionalism, commitment and availability to the company.

MANAGEMENT REPORT

Ladies and Gentlemen,

In accordance with legal and statutory requirements, it is our pleasure to present our company's management report for its 52nd financial year, and to submit for your approval the annual accounts for the year ended 31 December 2021.

General information

For the second year in a row, the Covid-19 pandemic has had a profound impact on working life, with a predominance given to teleworking.

In addition, at the end of the year, the federal government reaffirmed its intention to end the operation of all Belgian nuclear reactors at the end of 2025, with a final decision expected in March 2022.

Shareholder structure, capital and mission of the company

SYNATOM's capital, stands at 49.6 million euros, including approximately 25% of paid-up capital, and is represented by 2 million registered shares.

All the shares are held by Electrabel except for one specific share held by the Belgian State. This share gives the latter certain special rights within the Board of Directors (presence of two Government Representatives) and the General Assembly.

Synatom's mission is changing dramatically. In fact, operations related to the supply of enriched fissile materials are gradually being reduced. On the other hand, activities to cover the needs for infrastructure and equipment for intermediate storage of spent fuel are increasing. In addition to these two technical activities, the company manages the financial provisions set up for the dismantling of the seven Belgian reactors and for the final disposal of irradiated fissile materials, as well as the strategy and monitoring of the associated investments.

Technical activities

Supply of enriched fissile materials

To guarantee the last deliveries of enriched fissile materials scheduled until the beginning of 2023, Synatom has relied on long-term contracts with specialised suppliers. In a process of staggered closures of the 7 Belgian nuclear reactors between October 2022 and December 2025, Synatom has taken into account the strategy decided by Electrabel for the last refueling campaigns. By integrating these different parameters, Synatom also aims to reduce its strategic stockpile to the lowest possible level by 2025.

Management of spent fuel assemblies and related waste

Spent fuel assemblies that have been in the deactivation pool for a sufficiently long time (at least 3 years) are transferred to the centralised storage site of the plant. At Doel, 5 dry storage containers were loaded with assemblies from the Doel 1-2 and Doel 4 units and transferred to the centralised building called SCG. At Tihange, the year 2021 was particularly busy : 15 rotations of the transfer shuttle took place from the deactivation pool of Tihange 3 to the underwater storage building, the DE, as well as 5 transfers from Tihange 1.

1. SF²

The intermediate storage buildings at Doel and Tihange are gradually reaching their full capacity. The decision was made to build a new dry storage facility called SF² for Spent Fuel Storage Facility at each site.

In Tihange, the civil works of the main building are almost finished. Another important step, the assembly of the handling bridge, was completed in late November 2021.

In Doel, the environmental permit/and the authorisation for the creation and operation were obtained in July 2021. The earthworks and civil engineering works started in September.

2. « Post 2020 containers »

The three companies with which Synatom has contracted for the delivery of containers for the Doel and Tihange power plants have each begun the production of a «first-of-a-kind» container of a new model. The prototypes will arrive on site in 2022. In this case, the major step was the granting by the Federal Agency for Nuclear Control of licenses that meet the most stringent international regulations for the transport of radioactive materials and by its subsidiary Bel V of the Belgian safety specifications for storage.

3. The second transfer shuttle of the Tihange nuclear power plant

Synatom has received the approval of the Federal Agency for Nuclear Control on the safety file of the second transfer shuttle for the Tihange power plant. The American manufacturer Holtec continued its manufacturing. Upon its arrival on site, scheduled for 2023, the shuttle will undergo a phased commissioning supervised by Bel V, the AFCN subsidiary in charge of on-site regulatory controls.

4. Special equipment

Within the framework of the CIME (Combustibles Inétanches ou Mécaniquement Endommagés) action plan, several studies have been carried out and a contract has been signed with Framatome to carry out this type of complex operation to bring these fuels into compliance.

Relations with the National Agency for Radioactive Waste and Enriched Fissile Materials (ONDRAF)

In 2021, relations with Ondraf focused on a new version of the Synatom delivery contract. In fact, ONDRAF has set up a mechanism for financing its activities designed to guarantee full coverage of the costs of long-term radioactive waste management.

Under this contract, Synatom pays fees for the temporary storage of the reprocessed waste and its final management. A settlement has been established in 2021 to cover these future expenses.

Research and Development

Scientific research is the foundation of ONDRAF's integrated management system. Ondraf considers that deep geological disposal is currently the safest final destination for high-level radioactive waste and/or long-lived waste. In 2021, the Belgian waste producers have allocated 16 million euros, of which Synatom is responsible for 10 million. Among other things, they make it possible to finance the research carried out in the Hades underground laboratory by Euridice staff and to facilitate the launch of a societal dialogue including the various stakeholders.

Management of nuclear provisions and hedging assets

Constitution of nuclear provisions

Nuclear provisions in Synatom's statutory accounts amounted to 14 billion 375 million euros as of 31 December 2021, compared with 13 billion 800 million euros a year earlier.

Provisions to cover the management of spent fuel amount to 8 billion 30 million euros, while provisions for the dismantling of the Doel and Tihange power plants amount to 6 billion 345 million euros.

At the end of 2021, the discount rates applied were 3.25% and 2.5% respectively.

It should be noted that Synatom has invoiced the nuclear operators for the additional decommissioning provisions following the change in the discount rate from 2.70% to 2.50% as requested by the Nuclear Provisions Commission.

Loans granted to Electrabel, the operator of the Belgian nuclear power plants

At the end of 2021, almost 75% of the amount of the decommissioning provisions will continue to be loaned to Electrabel. This amounted to 4 billion 550 million euros at 31/12/2021.

Electrabel has also undertaken to repay the entire loan for the management of spent fuel by the end of 2025. In accordance with the schedule established from 2020 onwards, Electrabel has repaid to Synatom an amount of 870 million euros in 2021, which reduces the outstanding loan to 3 billion 785 million euros at 31/12/2021.

Management of assets corresponding to nuclear provisions

The year 2021 was marked by the development of the «Investments» Department set up at the end of 2020, whose activity was previously handled by Contassur Assurance Conseil (management company for additional retirement and provident benefits). It has started to develop a new investment policy aligned with the relevant time horizons.

The SICAV under Belgian law, Belgian Nuclear Liabilities Fund (BNLF), incorporated at the end of 2020, became fully operational in April 2021 with an initial subscription of 200 million euros. It ended the 2021 fiscal year with investments amounting to 1 billion 100 million euros.

The financial markets have done well in 2021. The first two quarters of the year were particularly beneficial, with a strong catch-up effect in cyclical activities driven by the reopening of economies. Starting in the third quarter, markets began to doubt the sustainability of economic growth; risk factors related to inflation and the development of the pandemic (Delta variant & Omicron) reduced investors' risk appetite. More generally, the second half of 2021 was marked by positive returns, albeit lower than in the first part of the year, on risky asset classes.

The year ended with positive returns for all our funds with an annual performance of 5.7% for NIF1, 6.2% for NIF2 and 14.12% for BNLF.

Nuclear tax

Since 2008, Synatom has been responsible for collecting the distribution contribution, also known as the nuclear tax, on behalf of the Belgian State. For 2021, the amounts were set by the Royal Decree of 27/10/2021 at 83.5 million euros. This amount takes into account the production of the Doel 3, Doel 4, Tihange 2 and Tihange 3 reactors. This amount is divided between Electrabel for 79 million euros and Luminus for 4.5 million euros.

Derivative financial instruments and hedging policy

SYNATOM is aligned with ENGIE Group's policy with regard to the use of derivative financial instruments, mainly to manage its exposure to exchange rate fluctuations for its supplies expressed in US dollars.

Within this context, all supply contracts with commitments of over 1 million US dollars have been covered for 97.5% of the estimated prices and for the minimum quantities specified in the contracts. This currently represents a coverage amount of 89.6 million US dollars.

Corporate Governance

Synatom's corporate governance is based on three pillars: the Belgian Code of Companies and Associations, the Corporate Governance Code 2020, and the company's articles of association.

Developments in 2021

Synatom's Board of Directors has increased from 6 to 8 members with the appointment of two independent directors.

The Federal Government has appointed two new representatives.

An Audit Committee and an Investment Committee have been set up. The composition of these two committees is based on complementary skills, experience and knowledge. In this regard, Synatom has amended its coordinated statutes as of 11 March 2021.

The Audit Committee is an advisory committee that provides advice and recommendations to the Board of Directors. The Committee is chaired by a Synatom director and its two independent directors are permanent members. The Committee's missions include financial control, control of the risk framework of the investment policy and control of the information transmitted to the Nuclear Provisions Commission.

The Board is composed of four members, including its Chairman, who is an independent director. The Investment Committee makes recommendations to the Board of Directors regarding the definition of Synatom's investment policy. It also reviews and validates the proposals of the Investment Department regarding the implementation of Synatom's investment policy.

Report on the activities of the Board of Directors and the Committees

In 2021, the Synatom Board of Directors met 8 times.

The Audit Committee and the Investment Committee held 5 and 11 meetings, respectively.

In compliance with health regulations, the meetings were held by videoconference, which allowed for the identification and effective participation of members

Follow-up of mandates

Following the retirement of Mr. Robert Leclère, Mr. Dimitri Stroobants was appointed CEO of Synatom on 12 May 2021 by the Board of Directors.

Following this appointment, the position of director thus vacated was given to Mr. Patrick Gaussent, CFO of Electrabel SA.

Following the retirement of Mr. René Delporte, the position of director thus vacated was awarded to Mrs. Karine Sirmain, Vice-President Financing, Risks and Insurance of the Engie Group.

In 2021, two independent directors were appointed : Mr. Jan Longeval and Mr. Maximilien de Limburg Stirum have joined the Synatom Board of Directors as of March 2021.

There are no terms expiring in 2022.

Day-to-day management

The day-to-day management is ensured by the CEO, assisted by 4 Department Directors

Disputes

There are no disputes in progress.

Discharge

In accordance with Article 554 of the Belgian Companies Code (Code des Sociétés), we ask the General Assembly to discharge the Board and the statutory auditor within the limits of said laws.

ANNUAL ACCOUNTS

Below, we comment on some of the important items on the balance sheet and the profit and loss statement for the financial year.

Balance sheet

This section represents, pursuant to nuclear provisions legislation, the amounts necessary for financing the expenditure associated with decommissioning and management of irradiated fuels for the next three years of operation, as well as some of the amount of the provisions that must be placed outside of the nuclear operator. These amounts are invested in investment funds (BNLF, NIF).

Following the confirmation received from the Nuclear Provisions Commission, the funds invested in the NIF 1 and NIF 2 investment funds were reclassified in 2021 from current assets «Cashflow investments» to financial assets.

Financial assets - Receivables from affiliated companies

Since 1 January 2017, two 10-year loans have been granted to ELECTRABEL, including one in consideration of the provisions relating to management of irradiated fissile material and another in consideration of the provisions for decommissioning. Electrabel has undertaken to repay the entire loan granted for provisions for the management of spent fuel by the end of 2025. An amount of 870 million euros has been repaid in 2021 in four tranches of 217.5 million euros. For 2021, Synatom has granted ELECTRABEL additional loans of 200 million euros for decommissioning provisions.

Financial assets - Companies with a shareholding relationship

In February 2019, Synatom acquired a stake in the I4B fund. The debt item concerns a loan with capitalised interest repayable in 12 years. 3 capital liberalisations have taken place over 2021 for a total amount of 8.9 million euros, which brings the amount of the holding at the end of 2021 to 11.2 million euros.

Long-term receivables - Other receivables

Since 2005, Synatom has granted a loan to SIBELGA, maturing in 2026, with an outstanding amount of 5.2 million euros at the end of 2021.

Short-term receivables - Trade receivables

This heading contains current trade receivables.

Short-term receivables - Other receivables

At the end of 2021, this section mainly included the nuclear tax, for the year 2021, to be paid by ELECTRABEL and Luminus for their respective shares.

894 million of the loan to ELECTRABEL, which will be repaid in the course of 2022, as well as a portion of the SIBELGA loan maturing in 2022 in the amount of 2.5 million euros.

Amounts payable after one year - Other liabilities

At the end of 2021, this item includes Synatom's debt to ONDRAF relating to the Guiding Principles (186.6 million euros).

Provisions and deferred taxes

These provisions are intended to cover the costs of managing irradiated fissile material and decommissioning of the nuclear plants in accordance with the legal provisions in force.

Results

Turnover

The turnover includes the fees for supply of fissile materials for 407 million euros. The increase in revenues in 2021 is explained by a better availability of nuclear power plants (92% compared to 63% in 2020).

Supplies and goods

This item includes purchases of natural uranium and conversion and enrichment services.

Services and other goods

This item mainly includes the costs incurred during the year for the management of spent fuel, i.e. 117 million euros, 5.3 million in dismantling studies and 72.6 million euros for ONDRAF's R&D program and the settlement of the Guiding Principles.

Non-recurring income and expenses

An invoice for 22 million euros was issued to adjust the discount rate used to calculate nuclear provisions for decommissioning nuclear power plants, i.e., from 2.70% to 2.50%.

Non-recurring operating expenses reflect additional charges to nuclear provisions for the same amount.

Financial income

This item concerns interest on long-term loans and receivables and interest on investments within the framework of the nuclear provisions law.

Profit

The annual accounts for the 2021 financial year closed with a profit of 466,367.34 euros compared to 474,543.44 euros in 2020.

It is proposed to the General Assembly of 11 May 2022, ruling on the accounts for the 2021 financial year, to allocate an amount of 23,318.37 euros to the legal reserve and to distribute a dividend of 0.88 euro per fully paid-up share, for a total amount of 441,320.00 euros. The balance of the profit for the year, i.e. 1,728.54 euros, is added to the retained earnings, which therefore amounts to 9,064.26 euros.

Unless there are any major unpredictable events, the profit for the current financial year should enable Synatom to pay a dividend in 2023, for the 2022 financial year, of the same order of magnitude.

Off balance sheet

At the end of 2021, Synatom has set up bank guarantees for the benefit of ONDRAF for an amount of 229,896,682 euros.

Subsequent events and outlook

1. The nuclear provisions

The provisions incorporate into their assumptions all of the existing regulatory requirements or that are scheduled for implementation at European, national or regional level. If new legislation has to be introduced in the future, the estimated costs used as a basis for calculations would be likely to vary. However, we are not aware of any changes to regulations that could significantly affect the provisioned amounts.

Evaluation of the provisions incorporates margins to accommodate contingencies and risks in order to take into account the degree of mastery of the decommissioning and irradiated fuel management techniques. The margins to accommodate contingencies related to the disposal of waste are determined by ONDRAF and included in its fees. Synatom also estimates appropriate margins for each cost category.

Synatom considers, to the best of its knowledge, that the provisions as approved by the Nuclear Provisions Commission take into account all of the information currently available to cover the contingencies and risks of the decommissioning and irradiated fuel management process.

2. War in Ukraine and geopolitical consequences

The war in Ukraine and its geopolitical consequences, as well as the prospect of rising interest rates, have weighed on the world's stock markets since the beginning of 2022. The European markets seem to be more affected by this crisis overall, for geopolitical reasons but also because of their greater dependence on Russian energy. Our well-diversified investments allow us to limit the overall risk to our portfolios and, to a certain extent, the corrections occurring following these events. Because direct exposure to Russia is marginal, closure of the local stock exchange did not have a material impact on Synatom's investments.

With regard to the uranium supply, the last deliveries of Russian uranium (under our contract with Tenex) date from October 2021. Current events do not endanger the supply of nuclear fuel to our nuclear reactors. From now to 2025, our fuel needs are fully covered by our existing stocks and LT (fixed price) contracts. No further deliveries of Russian uranium are planned.

All our fuel stocks are located in Europe, with our European enrichers.

3. Government nuclear power decision of 18 March 2022

Synatom has taken note of the Belgian government's decision of 18 March 2022 to change its energy policy by extending nuclear power until 2035.

Engie has indicated its willingness to contribute to this reflection and will join the government in studying the feasibility and the necessary conditions for the implementation of the solutions envisaged at this stage.

Synatom is at Electrabel's disposal to assess the implications of extending its activities, in particular management of its uranium supplies, spent fuel and nuclear provisions.

We do not anticipate any other notable circumstances that could influence future development of the company in a substantial way.

Brussels, 1 March 2022



Dimitri STROOBANTS
Chief Executive Officer



Didier ENGELS,
Chairman

BALANCE SHEET

As per 31 December (in thousands of euros)

ASSETS	2021	2020
Fixed assets	0	0
Furniture, vehicles and equipment	0	0
Financial assets	12,549,864	8,138,847
Financial investment Funds - Receivables	5,097,277	1,200
Affiliated companies - Receivables	7,441,000	8,135,000
Participating interests	11,587	2,647
• Participations	11,290	2,350
• Receivables	297	297
Other receivables	5,158	7,679
Trade Receivables	0	0
Stocks and contracts in progress	408,137	527,482
Stocks		
Work in progress	408,137	527,482
Receivables within one year	1,699,706	1,632,079
Trade debtors	51,504	35,304
Other receivables	1,648,202	1,596,775
Deposits, securities and bonds	70	3,792,997
Other deposits	70	3,792,997
Cash and cash equivalents	9	2
Prepayments and accrued income	459	1,211
TOTAL ASSETS	14,663,403	14,100,297

EQUITY AND LIABILITIES	2021	2020
Capital	12,453	12,453
Issued share capital	49,600	49,600
Capital not fully paid-up (-)	-37,147	-37,147
Share premiums	141	141
Reserves	1,841	1,818
Legal reserve	1,789	1,766
Non-available reserve		
• Other	15	15
Tax free reserve	37	37
Profit brought forward	9	7
Provisions and deferred taxes	14,375,201	13,836,004
Provisions for liabilities and charges	14,375,201	13,836,004
Amounts payable after more than one year	186,500	138,500
Guiding Principles	186,500	138,500
Amounts payable within one year	84,710	111,230
Trade payables		
• Suppliers	53,227	66,030
Taxes, payroll and social security		
• Taxes	30,704	44,436
• Payroll and social security	338	313
Other amounts payable	441	451
Accruals and deferred income	2,548	144
TOTAL EQUITY AND LIABILITIES	14,663,403	14,100,297

INCOME STATEMENT

(in thousands of euros)

	2021	2020
Operating income	411,336	439,936
Turnover	408,021	256,758
Variation in stocks of finished good, work and contracts in progress (increase +; decrease -)	-119,346	-6,836
Other operating income	6	18
Non-recurrent operating income	122,655	189,996
Operating charges	817,950	841,616
Supplies and goods	77,375	108,479
Services and other goods	198,233	82,872
Payroll, social security costs and pensions	3,141	2,520
Depreciation and amounts written off on formation expenses, tangible and intangible assets	0	0
Provisions for liabilities and charges (increase +; decrease -)	416,543	457,749
Other operating charges	3	0
Non-recurrent operating charges	122,655	189,996
Operating result	-406,614	-401,680
Financial income	408,308	402,756
Income from financial assets	262,915	272,043
Income from current assets	145,393	130,713
Other financial assets		
Non-recurrent financial income	1,212	600
Financial charges	1,209	669
Other financial charges	3	-69
Pre-tax operating result	482	476
Pre-tax result for the year	482	476
Taxes on profit	15	2
Profit (loss) for the year	467	474
PROFIT OF THE YEAR TO BE APPROPRIATED	467	474

APPROPRIATION ACCOUNT	2021	2020
Profit to be appropriated	474	482
Profit for the period	467	474
Profit brought forward from previous year	7	8
Appropriation to capital and reserves	23	24
To legal reserve	23	24
Result to be carried forward	9	7
Profit to be distributed	442	451
Dividends	442	451

ADDITIONAL NOTES

(in thousands of euros)

Financial assets

FINANCIAL INVESTMENTS FUNDS	2021
Net book value at the end of the previous period	1,200
Acquisitions	1,100,000
Transfers from one heading to another	3,996,077
Acquisition's value at the end of the period	5,096,077
Net book value at the end of the period	5,097,277
AFFILIATED COMPANIES	2021
Affiliated companies - Receivables	
Net book value at the end of the previous period	8,135,000
• Additions	200,000
• Reimbursements	894,000
Impairment	0
Impairment cancellation	0
Other	0
Net book value at the end of the period	7,441,000
PARTICIPATING INTERESTS	2021
Participating interests - Participations	
Net book value at the end of the previous period	4,600
Acquisitions	7,808
Acquisition value at the end of the period	12,408
Uncalled capital at the end of the period	2,250
• Movements during the period	-1,132
• Uncalled amounts at the end of the period	1,118
• Net book value at the end of the period	11,290
• Net book value at the end of the period	296

ADDITIONAL NOTES

Information about participations

NAME	INTERESTS			Equity
	Nature	Number	%	
II4B – The Belgian Infrastructure Fund SA Avenue du Port 86C – 1000 Bruxelles	Registered shares	12,408,000	33.33	- 3,184,561 euros
BNLF – Belgian Nuclear Liabilities Funds SA Boulevard Simon Bolivar 34 - 1000 Bruxelles	Registered shares	1,062,963	100	0 euro
Nuclear Investment Fund (NIF1) SA Allée Scheffer 5 L – 2520 Luxembourg	Registered shares	318,767	100	- 109,577,665 euros
Nuclear Investment Fund (NIF2) SA Allée Scheffer 5 - L – 2520 Luxembourg	Registered shares	25,579	100	- 14,385,164 euros

Deposits, securities and bonds, prepayments and accrued income

	2021	2020
Deposits, securities and bonds		
Shares	70	3,792,997
Prepayments and accrued income		
Accrued interests	459	709
Operational Costs to be Regularized	0	502

Equity and shareholders

CAPITAL	2021
Issued share capital	
At the end of the previous period	49,600
At the end of the period	49,600
Representation of the capital	
Type of shares:	
• Registered shares :	2,000,000 shares
NON FULLY PAID-UP	2021
Shareholders (non-called capital)	
Electrabel	37,147
SHAREHOLDER'S STRUCTURE	
Electrabel	1,999,999 shares
Belgian State	1 share
	2,000,000 shares

ADDITIONAL NOTES

Liabilities, accruals and deferred income

	2021
AMOUNTS PAYABLES AFTER MORE THAN ONE YEAR	
• Others debts (Guiding Principles)	186,500
TAXES, PAYROLL AND SOCIAL SECURITY	
Taxes	
• Due taxes	-
• Not yet due taxes	30,708
• Estimated taxes	-
Payroll and social security	
• Due liabilities to social security	-
• Other debts related to payroll and social security	338
ACCRUALS AND DEFERRED INCOME	
Deferred income	2,355
Miscellaneous	192

Operating results

	2021	2020
OPERATING INCOME		
Turnover		
• Fees for the availability of fissile material	407,335	255,661
• Miscellaneous	685	1,097
	408,020	256,758
OPERATING CHARGES		
Number of staff hired		
• Total at the end of period	19	15
• Average number of staff in full time equivalent	17.0	14.7
• Effective hours	27,176	23,696
Employment costs		
• Payroll and social benefits	1,796	1,600
• Employer's contribution to social security	503	450
• Employer's premiums for non-statutory insurance	775	413
• Other personnel costs	67	57
	3,141	2,520
Provisions for liabilities and charges		
• Increase	605,667	544,667
• Use and decrease	(-)189,124	(-)86,918
	416,543	457,749
Other operating charges		
• Taxes related to operations	3	-
• Other		
	3	-

ADDITIONAL NOTES

Non recurrent income and charges

	2021	2020
NON-RECURRENT INCOME		
Non-recurrent operation income		
• Other non-recurrent operation income	122,655	189,996
NON-RECURRENT CHARGES		
Non-recurrent operating charges		
• Exceptional provisions for liabilities and charges	122,655	189,996

Taxes

	2021	2020
INCOME TAXES		
Income taxes on the result of prior periods		
Income taxes on the result of prior periods	16	-
Main sources of disparities between pre-tax profit, expressed in the accounts, and the estimated taxable profit		
• Disallowed expenses	70	60
• Use of anterior losses	(-)466	(-)537
VALUE ADDED TAX AND RETAINED TAXES CHARGED TO THIRD PARTIES		
Value added tax charged		
• To the company (deductible)	22,196	13,959
• By the company	111,472	97,437
Retained taxes charged to third parties		
• On wages and salaries	643	449

Off balance sheet rights and commitments

Forward transactions

Purchase foreign exchange131,343

Other commitments

In the nuclear sector, there are purchase contracts for raw materials and services related to uranium concentrates, conversion and enrichment as well as contracts for the back end of the fuel cycle.

Brief description of the additional retirement or survival pension system

Members of staff enjoy an income guarantee in case of retirement or survival based on their seniority as a staff member of the company or as a staff member of affiliated companies and dependent upon their remuneration at the end of their career,

In order to cover engagements deriving from these guarantees, the company transfers contributions to the above mentioned companies and their pension fund and concluded a group insurance policy.

Other off balance sheet rights and commitments

Revision of the dismantling provision for nuclear plants – 2,50% in 2021.....229,897

Relations with affiliated and associated companies

	AFFILIATED COMPANIES		ASSOCIATED COMPANIES	
	2021	2020	2021	2020
Financial assets				
• Participation	5,097,277	-	11,290	2,350
• Other receivables	7,441,000	8,135,000	296	296
	12,538,277	8,135,000	11,586	2,646
Receivables				
• Long-term (more than 1 year)				
• Short-term (less than 1 year)	1,697,585	1,625,245		
	1,697,585	1,625,245		
Liabilities				
• Short-term (less than 1 year)	6,756	5,381		
	6,756	5,381		
Personal and real guarantees				
• Provided or irrevocably promised by affiliated companies as security for debts or commitments of the company	212,701	-		
Financial results				
• Income from financial assets	262,644	269,793		
• Income from current assets	138,763	123,849		
• Debts loads	1,209	668		

ADDITIONAL NOTES

Transactions with related parties under non-market conditions

In the absence of legal criteria for listing significant transactions with related parties that are concluded at non-market conditions, no transactions are included here.

For information purposes and in the interest of transparency, all significant transactions with related parties (other than those with companies that are (almost) wholly owned by the group to which we belong) are listed below.

Sibelga

Sibelga is the sole manager of the electricity and natural gas distribution networks for the 19 municipalities in the Brussels-Capital Region.

In October 2012, Electrabel transferred to Synatom two tranches of a loan to Sibelga. This loan, the current balance of which amounts to 7.6 million euros, is repayable in annual instalments until December 2026.

Financial relations with :

A. Directors and Managers

Direct and indirect remuneration and pensions granted, charged to the income statement, to directors and managers :
129,753 euros

B. The commissioner(s) and the persons with whom he/she is connected

Commissioner's fees : 55,750 euros

Other attestation missions: 44,000 euros

Evaluation of nuclear provisions

The Belgian Law of 11 April 2003 assigns to Synatom, a subsidiary of Electrabel, management of the provisions for decommissioning of nuclear power plants and for managing the back-end of the irradiated fuel cycle in these plants. In accordance with the same law, Synatom may lend an amount to Electrabel corresponding to a maximum of 75% of the amount of the nuclear provisions in compliance with certain credit quality criteria. As of October 2019, Electrabel is no longer taking out any new loans for back-end nuclear fuel cycle provisions and the company has committed to repaying all of its back-end nuclear fuel cycle loans by 2025. The Electrabel debt on the Synatom balance sheet, including trade liabilities, amounted to 8 billion 400 million euros at 31 December 2021 (9 billion 100 million euros at 31 December 2020).

Moreover, this legislation has organised establishment of a Nuclear Provisions Commission (NPC), whose mission is to control the process of constitution and management of these provisions.

To enable the NPC to perform its missions in accordance with the law referred to above, Synatom is required to submit, every three years, a file describing the basic features of the constitution of these provisions. In the event that changes are noted between two three-year assessments that are likely to significantly modify the financial parameters used, the industrial scenario, the cost estimates or their timetable, the Commission may revise its opinion and Electrabel may, if necessary, draw the consequences in the accounts.

A file on the three-yearly reassessment of nuclear provisions was sent by Synatom on 12 September 2019 to the Commission, which gave its opinion on 12 December 2019. This was taken into account when the financial statements for the year ended 31 December 2019 were closed.

The provisions have been established considering the current contractual and legal framework that sets the operating life of nuclear units at 50 years for Tihange 1 and Doel 1 & 2 and 40 years for other units.

They have not changed significantly since then, apart from the impact of recurring items such as the passage of time (accretion) and uses and allocations for spent fuel during the year. They will be reviewed again at the end of 2022 in accordance with current regulations.

The provisions incorporate into their assumptions all of the existing environmental regulatory requirements or regulatory requirements that are scheduled for implementation at European, national or regional level. If new legislation has to be introduced in the future, the estimated costs used as a basis for calculations would be likely to vary.

Evaluation of the provisions incorporates margins to accommodate contingencies and risks in order to take into account the degree of mastery of the decommissioning and irradiated fuel management techniques. The margins to accommodate contingencies related to the disposal of waste are determined by ONDRAF and included in its fees. Synatom also estimates appropriate margins for each cost category.

Electrabel believes that the latest assumptions reviewed and approved by the NPC are the most appropriate for establishing these provisions. However, the NPC pointed out in its opinion of 12 December 2019, elements of uncertainty on certain costs, in principle covered by the margins for contingencies, but for which the NPC has equipped itself from 2020 with a work program and additional analyses that could be taken into account in the 2022 revision. The amount of these provisions could also be adjusted at a later date depending on changes to the parameters presented above.

Provisions for the back-end of the cycle

Provisions for back-end fuel cycle management are calculated on the basis of an average unit cost determined for all quantities used up to the end of the operating period of the power plants and applied to the quantities generated at the closing date. An annual charge corresponding to the accretion of provisions is also made.

After unloading from a reactor and temporary storage on site, the spent nuclear fuel will be conditioned, possibly reprocessed, before disposal in long-term storage.

On 9 February 2018, ONDRAF proposed geological storage as a national policy for long-term management of high-level and/or long-life waste. This proposal remains subject to approval by the Belgian government, which will first obtain the opinion of the FANC (Federal Agency for Nuclear Control).

In addition, Synatom considers in its assessment that the «mixed» scenario chosen by the NPC continues to apply : some of the fuel is reprocessed and the rest is disposed of directly, without being reprocessed.

The provisions for the back-end of the cycle created by Synatom cover all of the costs associated with this «mixed» scenario : on-site warehousing, transport, reprocessing, packaging, warehousing and geological disposal. They are determined based on the following principles and parameters :

- the costs of temporary storage, mainly including the costs of construction and operation of additional dry storage facilities, as well as the operation of existing installations, and the costs for purchasing containers ;
- some of the irradiated fuel is transferred for reprocessing. The plutonium and uranium from reprocessing are sold to a third party for a cost that must be regularly reviewed ;
- the irradiated, non-reprocessed fuel is packaged, which requires the construction of packaging installations according to the acceptance criteria issued by ONDRAF. The ONDRAF recommendations relating to the cost of this facility have been fully taken into account ;
- reprocessing residues and packaged irradiated fuel are transferred to ONDRAF ;
- the costs of deep geological disposal operations are estimated using the royalty rate established by ONDRAF on the basis of a total cost of the disposal facility of 10.7 billion euros²⁰¹⁷. The estimated cost of the preliminary recommendation of the FANC concerning an additional well has also been added on the basis of ONDRAF recommendations. Other adjustments to the operational safety of the evacuation site are under discussion with ONDRAF and may result in a revision of the costs if they exceed the amounts covered by the margins for contingencies already included in the ONDRAF evaluation ;
- the forward commitment is calculated on the basis of estimated internal costs and external costs evaluated from bids received from third-parties ;
- the new reference scenario integrates the latest updated ONDRAF scenario with the start of geological storage in around 2070, which will then end in around 2135 ;
- the inflation assumption is 2.0% ;

- the nominal discount rate used is 3.25%. It takes into account (i) an analysis of historical and prospective trends and averages of long-term reference rates, (ii) the long duration of the liabilities, taking into account the work on conditioning and disposal of spent fuel delayed until around 2070.

The costs actually borne in the future could, however, differ from these estimates given their nature and their due dates. More specifically, the current regulatory framework in Belgium does not allow partial reprocessing and has not yet confirmed adoption of geological storage as a policy for managing intermediate-level and high-level nuclear waste.

Regarding the partial reprocessing scenario, following a resolution passed by the House of Representatives in 1993, reprocessing contracts that were not running were suspended and then terminated in 1998. The scenario retained is based on the assumption that the Belgian Government will authorise Synatom to reprocess spent fuel and that an agreement between Belgium and France will be signed in order to allow Orano (formerly Areva) to carry out this processing. A scenario based on direct disposal of waste, without prior processing, would lead to a provision lower than that resulting from the «mixed» scenario retained today and approved by the NPC.

As mentioned above, the Belgian government has not yet taken a decision on the management of the waste, either in deep geological repository or in long-term surface storage. For this reason, the European Commission sent a reasoned opinion to Belgium on 27 November 2019 within the framework of the infringement proceedings of Article 258 of the Treaty on the Functioning of the European Union, on the grounds that it has not adopted a national radioactive waste management programme that complies with certain requirements of the Directive on spent fuel and radioactive waste (Council Directive 2011/70/Euratom). At this stage, there is therefore only one national programme that confirms safe temporary storage of spent fuel followed by its reprocessing or storage. The hypothesis integrated in the scenario retained by the NPC is based on a deep geological repository in a site to be identified and qualified in Belgium.

Sensitivity

The provisions for management of the back-end of the nuclear fuel cycle remain sensitive to assumptions concerning costs, schedule of operations and commitment of expenses and to the discount rate :

- a 10% increase in ONDRAF fees beyond the virtual prudential tariff requested by the NPC for the disposal of high-level and/or long-lived waste would result, for an unchanged amount of uncertainty margin, in an increase in the provisions of about 175 million euros ;
- the acceleration by 5 years of ONDRAF expenses for temporary storage, packaging and storage of high-level and/or long-lived radioactive waste would result in a 170 million euros increase in provisions. Postponing these expenses in the engagement schedule by 5 years would result in less of a reduction ;
- the impact of a variation in the discount rate of 10 basis points is likely to lead to a change in the balance of provisions for processing the back-end of the nuclear fuel cycle in the region of 260 million euros, upwards if the rate decreases and downwards if the rate increases.

ADDITIONAL NOTES

It should be specified that these sensitivities are the result of a purely financial calculation. They must be analysed with all the usage precautions given the number of other parameters, some interdependent, incorporated into the evaluation.

Provisions for dismantling

At the end of their operating life, nuclear power plants must be dismantled. The provisions created in Synatom's accounts (and of which 75% of the value is loaned to Electrabel) are intended to cover all of the costs relating to both the definitive shutdown phase, which concerns the unloading and disposal operations of the plant's irradiated fuel, and the decommissioning period itself, which results in site declassification and clean-up.

The French nuclear units on which Electrabel holds drawing rights are also subject to a provision up to the share of the expected costs of dismantling it must bear.

The decommissioning strategy adopted is based on decommissioning (i) immediately after reactor shutdown, (ii) performed in series rather than one unit at a time, and (iii) complete (return to an «industrialgreenfield» status), enabling future industrial use of the land.

The provisions for decommissioning of nuclear power plants are constituted based on the following parameters :

- the operating life of the nuclear units is 50 years for Tihange 1 and Doel 1 & 2 and 40 years for the other units ;
- the beginning of the technical operations for the final shut-down of the installations depends on the unit concerned and the sequencing of the operations for the entire plant pool. They are immediately followed by the dismantling phase ;
- moreover, the scenario retained is based on a dismantling plan and schedules that should be approved by the nuclear safety authorities. A dialogue on the safety conditions for the decommissioning and dismantling phases of the power plants has been initiated with the FANC. The costs may change depending on the outcome of these discussions and the detailed project for these phases currently being defined ;
- the amount to be disbursed is ultimately determined by the estimated costs of each nuclear power plant, based on a study conducted by an independent consultancy firm and under the assumption that the plants would be dismantled in series. The costs actually borne in the future could, however, differ from these estimates given their nature and their due dates.
- the fees for the management of category A (low- or intermediate-level, short-lived waste) and category B (low- or intermediate-level, long-lived waste) decommissioning waste are determined using the fee schedule established by ONDRAF and including the margins recommended by ONDRAF for the risk of reclassifying waste, given the uncertainties in defining the criteria for accepting waste in these categories. The difficulties in obtaining operating permits for the category A waste storage center have led ONDRAF to review the definition of the technical storage solution, for which a new evaluation should be established in 2022 ;
- for the different phases, the inclusion of margins for normal

contingencies, reviewed by ONDRAF and the NPC, is taken into account. A new study of the uncertainties and risks to be covered by these margins for hazards must be conducted during the next revision ;

- a rate of inflation of 2% is applied until the end of dismantling for determining the future value of the commitment ;
- a discount rate reduced to 2.5% (including 2.0% inflation) is applied for the determination of the current value of the commitment (CV). It takes into account (i) an analysis of the historical and prospective evolution and average of consistent benchmark rates as well as (ii) the duration of the decommissioning program, which is expected to end around 2040.

Sensitivity

Based on the parameters currently applied for the estimation of costs and the disbursement calendar, a variation in the discount rate of 10 basis points is likely to lead to a change in the balance of provisions for dismantling in the region of 62 million euros, upwards if the rate decreases and downwards if the rate increases.

An increase of 10% in the costs of decommissioning and dismantling is likely to lead to a change in the balance of provisions for dismantling of around 635 million euros.

It should be specified that this sensitivity is the result of a purely financial calculation. It must be analysed with all the usage precautions given the number of other parameters, some interdependent, incorporated into the evaluation.

Return on provision amounts invested by Synatom

Synatom invests on the financial markets the amount of the provisions paid by Electrabel in order to offer, in the long term, a sufficient return, for an acceptable level of risk, to cover the costs related to the dismantling and management of irradiated fissile materials, under the constraints of diversification, risk minimisation and availability as defined by the law of 11 April 2003. If, when the funds are used, it turns out that the amounts provisioned are insufficient, Electrabel would have to make up the difference.

In the shorter term, the value of Synatom's investments is covered by a value guarantee contract between Electrabel and Synatom whereby, if at the maturity of this contract in 2025, the market value was lower than the acquisition book value, Electrabel would have to make up the difference in value.

Synatom's Board of Directors and its Investment Committee are responsible for defining Synatom's investment policy after consultation with the NPC in accordance with the law of 11 April 2003. Based on a rigorous risk control policy, the Investment Committee supervises investment decisions, which are managed by a team headed by an Investment Director.

In fiscal year 2021, Synatom saw an increase of almost 1 billion 300 million euros in investments in financial assets dedicated to covering future expenses for managing irradiated fissile materials. The part of the provisions not covered by loans to nuclear operators is invested by Synatom either in loans to legal entities meeting the «credit quality» criteria imposed by law, or in assets outside the nuclear operators.

The value of financial assets dedicated to hedging nuclear provisions amounted to 5 billion 501 million euros as of 31 December 2021, with a return of 7.63% over the year. Equities were the main driver of performance, with global equity markets benefiting from a positive economic outlook and better than expected corporate earnings.

Valuation rules

Establishment costs

Establishment costs are paid in the year in which they are incurred.

Property, plant and equipment

Acquisition value

Property, plant and equipment are recorded as assets in the balance sheet at their acquisition or production cost, or at their contribution value.

Incidental expenses

Costs incidental to investments are included in the acquisition value of the related property, plant and equipment.

They are depreciated at the same rate as the facilities to which they relate.

Depreciation

Property, plant and equipment are depreciated from the date they are put into service. For furniture and rolling stock, this date generally corresponds to the date of acquisition.

Provisions are calculated using the straight-line method at the following rates :

- Furniture : 10 %
- Office equipment : 20 %
- Used equipment : 33.33 %
- Amenities : over the term of the lease.

Financial assets

Participations, shares and units

Participating interests, shares and units in non-consolidated companies are recorded in the balance sheet at their acquisition or contribution value, excluding incidental expenses and less any amounts still to be paid up.

At the end of each fiscal year, each security is individually evaluated based on the situation, profitability or prospects of the company concerned. The valuation method is chosen objectively, taking into account the nature and characteristics

Electrabel's commitment

Electrabel, going beyond its legal obligations, committed to fund via Synatom the full amount of the provisions for management of spent fuel by 2025, according to the following schedule :

2022	2023	2024	2025	Total
894	889	931	1,071	3,785

of the security concerned. In most cases, the net asset value is used, or the market value if it is lower than the net asset value. The criterion used for a security is applied systematically from one financial year to the next, except where changes in circumstances justify it, in which case a specific mention is made in the notes.

Where the valuation thus carried out shows a permanent reduction in value in relation to the inventory value, the securities are subject to a write-down equal to the permanent portion of the loss in value.

An exceptional reversal of a write-down may be made when a lasting gain is observed on securities that were previously written down. Apart from this case, no revaluation of the securities is carried out, notwithstanding any capital gains, even lasting ones, that may arise from their valuation.

Receivables recognised as financial assets

Receivables recognised as financial assets are recorded at their nominal value. Fixed-income securities are recorded at cost. If their repayment at maturity appears, in whole or in part, uncertain or compromised, these receivables and securities are written down accordingly.

Receivables over and under one year

Receivables are recorded at their nominal value and are subject to write-downs if their repayment at maturity appears uncertain or compromised, in whole or in part.

In the event of bankruptcy or composition, unpaid claims are automatically considered doubtful and their total net value (excluding VAT) is immediately written down. Other receivables may be subject to write-downs, adapted to each case.

Stocks

Fuel stocks

Fuel and other raw materials are booked on the assets side of the balance sheet at their original cost, which includes, in addition to the purchase price, ancillary costs such as non-recoverable taxes and any transport costs.

Inventories are valued at the end of the accounting period on the basis of the weighted average price. Impairment losses are recorded in the accounts when the market price proves to be lower than the net book value.

ADDITIONAL NOTES

Investments

Shares and units

The shares are recorded in the balance sheet at their acquisition or contribution value, excluding incidental expenses and less any amounts still to be paid up.

At the end of each financial year, each security is individually assessed on the basis of the situation, profitability or prospects of the company concerned. The valuation method is chosen objectively, taking into account the nature and characteristics of the security concerned. In most cases, the net asset value is used, or the market value if it is lower than the net asset value. The criterion used for a security is applied systematically from one financial year to the next, except where changes in circumstances justify it, in which case a specific mention is made in the notes.

Where the valuation thus carried out shows a permanent reduction in value in relation to the inventory value, the securities are subject to a write-down equal to the permanent portion of the loss in value.

An exceptional reversal of a write-down may be made when a lasting gain is observed on securities that were previously written down. Apart from this, no revaluation of the securities is carried out, notwithstanding any capital gains, even lasting ones, that may arise from their valuation.

Fixed income securities

Fixed income securities are valued on the basis of their actuarial yield calculated at the time of purchase.

Provisions for liabilities and charges

At the end of each fiscal year, the Board of Directors, acting prudently, honestly and in good faith, determines the provisions to be set aside to cover all anticipated risks or possible losses arising during the fiscal year or previous fiscal years.

Provisions for decommissioning of nuclear power plants

Coverage of expenses related to the dismantling of nuclear power plants is organised, under the supervision of the Nuclear Provisions Commission created by the law of 11 April 2003, by recording provisions on the liabilities side of the balance sheet. These correspond to the present value of the best estimate of the future costs of decommissioning, dismantling and cleaning up nuclear power plants.

Provisions for the management of irradiated fissile materials

The coverage of future expenses relating to the storage, treatment and disposal of spent fuel in nuclear power plants (back-end cycle) is organised, under the control of the Nuclear Provisions Commission created by the law of 11 April 2003, by the constitution of provisions on the liabilities side of the balance sheet. These are determined on the basis of an average unit cost established from the present value of the best estimate of the costs corresponding to all the quantities used during the operating period of the nuclear power plants.

Amounts payable

Amounts payable are recorded at their nominal value.

Off-balance sheet rights and commitments

Off-balance sheet rights and commitments are disclosed in the notes, by category, at the nominal value of the commitment as stated in the contract or, failing that, at the estimated value. Rights and commitments that cannot be quantified are mentioned as a reminder.

Transactions, assets and commitments in foreign currencies

Current transactions in foreign currencies are recorded at the spot exchange rate on the day of recording. In the case of forward hedging, the assets or liabilities concerned are valued at the hedging rate.

Non-monetary assets and liabilities (mainly formation expenses, property, plant and equipment, intangible assets, financial assets and inventories) continue to be valued at historical exchange rates ; this value is used as the basis for calculating depreciation and any impairment losses (see above).

Exchange differences arising on the realisation of monetary assets and liabilities (receivables, borrowings and payables) are entered directly in the income statement.

Advance payments are considered as monetary or non-monetary assets depending on their purpose.

At year-end, the main monetary items in foreign currencies are revalued on the basis of the spot exchange rate at the closing date of the financial statements, except for items that are specifically hedged, for which the hedging rate is applied. The net conversion differences per currency recognised on this occasion are recorded in the deferred income statement in the case of an unrealised profit, and are charged to the income statement in the case of an unrealised loss. Conversion differences on available-for-sale financial assets are recognised in the income statement, even if they are profits.

STATUTORY AUDITOR'S REPORT ON THE ANNUAL ACCOUNTS

Statutory auditor's report to the shareholders' meeting of Société Belge des Combustibles Nucléaires Synatom SA for the financial year ending 31 December 2021 - Annual accounts

In the context of the statutory audit of the annual accounts of Société Belge des Combustibles Nucléaires Synatom SA (the «company»), we hereby submit our statutory audit. This includes our report on the annual accounts as well as other legal and regulatory requirements. The whole constitutes a whole and is inseparable.

We were appointed in our capacity as statutory auditor by the shareholders' meeting of 8 May 2019, in accordance with the proposal of the board of directors. Our mandate as statutory auditor will expire on the date of the shareholders' meeting deliberating on the annual accounts for the year ending 31 December 2021. Due to the lack of online archives dating back prior to 1997, we have not been able to determine exactly the first year of the mission. We have performed the statutory audit of the annual accounts of Société Belge des Combustibles Nucléaires Synatom SA for at least 24 consecutive years.

Report on the annual accounts

Unqualified opinion

We have audited the annual accounts of the company, which comprises the balance sheet as at 31 December 2021, and the income statement for the year then ended and the explanatory notes thereto, and which show a balance sheet total of 14,663,403,000 euros and a profit for the year of 466,000 euros.

In our opinion, the annual accounts give a true and fair view of the company's net equity and financial position as of 31 December 2021, and of the results of its operations for the year then ended in accordance with the financial reporting framework applicable in Belgium.

Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA), as applicable in Belgium. In addition, we have applied the International Standards on Auditing approved by the IAASB and applicable at the time of this closing, which have not yet been approved at national level. Our responsibilities under these standards are described in more detail in the section «Responsibilities of the auditor in relation to the audit of the annual accounts» of this report. We have complied with all ethical requirements applicable to the audit of annual accounts in Belgium, including those regarding independence.

We have obtained from the board of directors and the company's officials - the explanations and information necessary for performing our audit.

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

Observation paragraph

Without questioning the unqualified opinion expressed above, we draw your attention to note C 6.20 Item 2 of the annual accounts which describes the process of evaluation of the provisions set up for the decommissioning of nuclear power plants and for the management of irradiated fissile materials in these plants (collectively the «nuclear provisions») in accordance with the law of 11 April 2003 on nuclear provisions.

As stated in this note, the evaluation of nuclear provisions is based on the best estimates of the company's management and officers. This evaluation is sensitive to the industrial scenarios selected, the associated cost estimates and the macroeconomic assumptions (inflation and discount rates) to be applied.

Responsibilities of the Board of Directors in the preparation of the annual accounts

The board of directors is responsible for the preparation and fair presentation of annual accounts in accordance with the financial reporting framework applicable in Belgium, and for such internal control as it determines is necessary to ensure that the annual accounts are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the board of directors is responsible for making an assessment of the company's ability to continue as a going concern, for providing going concern information where appropriate, and for applying the going concern basis of accounting unless the board of directors intends to liquidate the company or to cease trading, or unless the board of directors is unable to consider any other realistic alternative.

Responsibilities of the auditor in relation to the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts taken as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor's report containing our opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit performed in accordance with ISA standards will always detect any material misstatements that exist. Misstatements may be the result of fraud or error and are considered material when it is reasonable to expect that they could, individually or in the aggregate, influence the economic decisions that users of the annual accounts make in reliance on them.

In performing our audit, we comply with the legal, regulatory and normative framework applicable to the audit of annual accounts in Belgium. The scope of the statutory audit does not include any assurance as to the future viability of the company or the efficiency or effectiveness with which the board of directors has conducted or will conduct the company's business.

In conducting an audit in accordance with ISAs and throughout the audit, we exercise professional judgment and critical thinking. In addition :

- we identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, and design and perform audit procedures to respond to those risks, and obtain sufficient appropriate audit evidence on which to base our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error because fraud may involve collusion, forgery, intentional omissions, misrepresentation or circumvention of in-house audit ;
- we obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an

opinion on the effectiveness of the Company's internal control ;

- we assess the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Board of Directors, as well as the information provided by the Board of Directors in this respect ;
- we conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the evidence obtained, whether there is material uncertainty related to events or circumstances that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw the attention of the readers of our auditor's report to the information provided in the annual accounts about that uncertainty or, if that information is not adequate, to express a modified opinion. Our conclusions are based on the evidence gathered up to the date of our auditor's report. However, future situations or events could lead the company to go out of business ;
- we assess the overall presentation, structure and content of the annual accounts and evaluate whether the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

We communicate to those charged with governance, in particular, the scope of the audit work and the planned timetable for its completion, as well as any significant observations made during our audit, including any material weaknesses in internal inspection.

Other legal and regulatory obligations

Responsibilities of the Board of Directors

The board of directors is responsible for the preparation and content of the management report, the documents to be filed in accordance with the legal and regulatory provisions, compliance with the legal and regulatory provisions applicable to accounting and compliance with the Companies and Associations Code and the company's articles of association.

Commissioner's responsibilities

In the context of our mandate and in accordance with the Belgian complementary standard to the International Standards on Auditing (ISA) as applicable in Belgium, our responsibility is to verify, in their significant aspects, the management report, certain documents to be filed in accordance with the legal and regulatory provisions, and the compliance with certain provisions of the Code of Companies and Associations and of the articles of association, and to report on these elements.

Aspects relating to the management report

In our opinion, the management report is consistent with the annual accounts for the same financial year and has been prepared in accordance with articles 3:5 and 3:6 of the Companies and Associations Code.

In the context of our audit of the annual accounts, we must also assess, in particular on the basis of our knowledge acquired during the audit, whether the management report contains a material misstatement, i.e. information that is incorrectly formulated or otherwise misleading. Based on this work, we have no significant anomalies to report.

Mention of the social balance sheet

The social balance sheet, to be filed with the National Bank of Belgium in accordance with article 3:12, § 1, 8° of the Companies and Associations Code, covers both the form and the content of the information required by this Code, including the information on wages and training, and does not contain any significant inconsistencies with the information available to us in the context of our assignment

Statements regarding independence

Our audit firm and our network did not perform any engagements that were incompatible with the statutory audit of the annual accounts and our audit firm remained independent from the company during our mandate.

The fees for the additional non-audit services compatible with the statutory audit as referred to in article 3:65 of the Companies and Associations Code have been correctly allocated and valued in the notes to the annual accounts.

Other statements

- Without prejudice to formal aspects of minor importance, the accounts are kept in accordance with the legal and regulatory provisions applicable in Belgium.
- The distribution of the results proposed to the shareholders' meeting is in accordance with the legal and statutory provisions.
- We have no transactions to report to you or decisions taken in violation of the articles of association or the Companies and Associations Code, with the exception of the fact that the annual accounts and the management report for the year ended 31 December 2020 have not been filed with the National Bank of Belgium within the time limits prescribed by article 3:10 of the Companies and Associations Code.

Signed in Zaventem, 13 April 2022

The statutory auditor

**Deloitte Bedrijfsrevisoren/
Réviseurs d'Entreprises CVBA/SCRL**

Represented by Laurent Boxus

Electrabel



Use

Desactivation

Fuel assemblies

Spent fuel assemblies

Manufacturing

Intermediate storage

Enrichment

Reprocessing

Enriched UF₆

Pu

Non-reprocessing

U

Waste

Conditioning

Conditioning

Conversion

Storage

Storage

Extraction & concentration

Final disposal

Synatom



ONDRAF/NIRAS

FRONT-END



FRONT-END



BACK-END



BACK-END



DETAILS OF THE NUCLEAR FUEL CYCLE



Yellow cake

Front-end

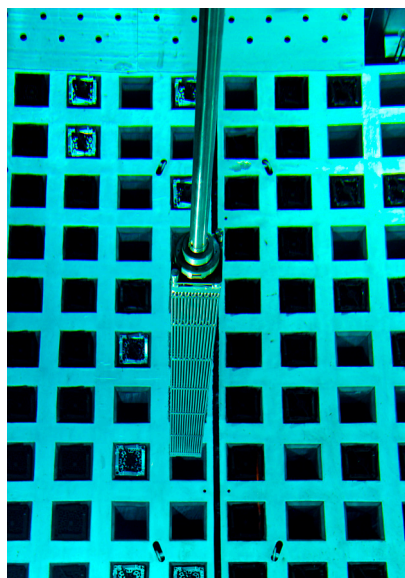
Extraction : Uranium deposits are mined using open-pit or underground mining, in situ leaching (ISL, sometimes referred to as in situ recovery, or ISR), using the same methods as deployed in other mining facilities.

Concentration : Close to the mines, the uranium ore is processed into « yellow cake », containing roughly 85% uranium.

Conversion : The uranium concentrate is then refined and processed into a gaseous chemical compound : uranium hexafluoride.

Enrichment : Before it can be used in Belgium's nuclear reactors, the fuel must contain a higher proportion of uranium 235 than it has in its natural state. The content of uranium 235 has to be increased to more than 4%, using the centrifugation method. The result of this process is enriched uranium hexafluoride.

Fuel assembly manufacturing : This is the responsibility of the nuclear power plant operator, who determines the specific requirements. Synatom's mission is to deliver the enriched uranium hexafluoride to the fabrication plant.



Fuel elements
in the spent fuel pool

Use in the reactor

The enriched uranium contained in fuel assemblies is leased to the operator.

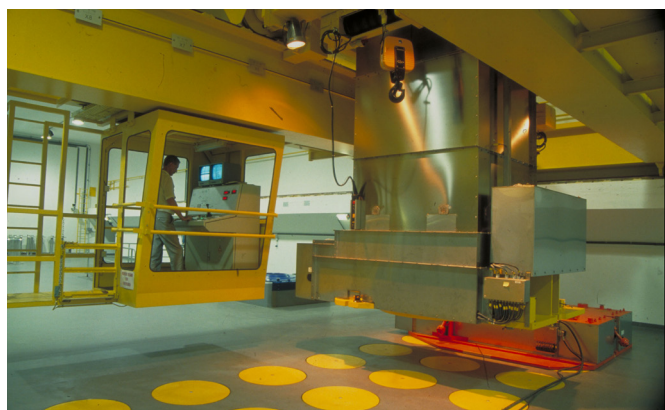
Back-end

Spent fuel management : After 3 to 4 1/2 years in the reactor vessel, fuel assemblies are definitively removed and transferred to an underwater pool to begin their radioactive decay and shed some of their residual heat. This phase of spent fuel management is identical in Doel and Tihange and Synatom entrusts it to the operator.

Interim storage : After a few years in the spent fuel pool, the fuel assemblies are transferred to a centralised interim storage facility. In Doel, dry storage takes place in specific casks. In Tihange, spent fuel is stored in a centralised underwater pool. Eventually, once the current storage capacity has been extended, both facilities will use dry storage in casks.

Conditioning : The spent fuel is conditioned either by reprocessing which consists of the separation of uranium and plutonium - which can be recycled - from radioactive waste, or either by the conditioning of the entire spent fuel assemblies, in order to ensure final disposal.

Final disposal : this is the responsibility of the Belgian agency for radioactive waste and enriched fissile materials (ONDRAF/ NIRAS), which is responsible for the final management of all nuclear waste produced in Belgium. To date, the problem of final storage of high-grade, long-lived waste remains at the research stage.



Storage building for reprocessed waste -
Site of Belgoprocess in Dessel

COLOPHON

In accordance with Belgian law, Synatom publishes its annual report in French and Dutch. An English version is also available. You can access and download these three versions at www.synatom.com.

Editorial team

Synatom

Pages 3 to 19 : ACTE 4 SPRL - Jean-Jacques Pleyers


Photos

- Page 4 : Didier ENGELS - Chairman - Photo library ENGIE-Electrabel
- Page 5 : Dimitri STROOBANTS, Chief Executive Officer - Photo library ENGIE-Electrabel
- Page 7 : Transport cylinders containing uranium hexafluoride at the site of Tricastin.
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- Page 10 : The slab of the future SF² building in Doel - Photo library ENGIE-Electrabel
- Page 11 : Holtec: manufacturing of « first-of-a-kind » container for Synatom - Photo library Holtec
- Page 45 : Above, left : Yellow cake on belt filter. Muyunkum factory, Kazakhstan.
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- Page 45 : At the centre : Handling of a fuel element in a spent fuel pool - Photo library ENGIE-Electrabel
- Page 45 : Below right : Storage building for reprocessed waste - Site of Belgoprocess in Dessel -
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Content officer

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June 2022



Excellence in nuclear fuel cycle management

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