

2019

Annual Report Encevo S.A.



Our vision

We envision Encevo as leading and sustainable energy player in the Greater Region. In the rapidly changing energy landscape, we will ensure a secure access and competitive supply of energy, and actively shape the transition to a sustainable energy sector by embracing technology, deploying innovative solutions and partnering with local communities. Encevo people are empowered and strive for excellence. We mobilise all our forces to bring the energy of tomorrow to our customers.



INDEX

<i>Interview: Claude Seywert & Marco Hoffmann</i>	6
<i>Management Reflections</i>	12
<i>Corporate Social Responsibility</i>	18
<i>Key Figures: Activity at a Glance</i>	20
<i>Encevo Sustainability Context and Management Approach</i>	27
<i>Stakeholder Engagement</i>	32
<i>Business Integrity: General Compliance</i>	40
<i>Indirect and Direct Economic Impacts</i>	48
<i>Product Impact</i>	52
<i>Employee Wellbeing</i>	57
<i>Resource Efficiency</i>	66
<i>About the Report</i>	70
<i>Governance Details</i>	76
<i>Management Report</i>	82
<i>Consolidated Annual Accounts</i>	91
<i>Extract of the Annual Accounts of Encevo S.A.</i>	130



Marco Hoffmann
Chairman of the
Board of Directors

Claude Seywert
CEO Encevo S.A.
Chairman of the
Executive Committee

LEADING THE ENERGY TRANSITION

During 2019, Encevo Group further strengthened its position as a driving force of the energy transition in Luxembourg and the Greater Region. As well as a considerable growth of the renewable energies asset base, the group kept up with an evolving value chain to be prepared for tomorrow's energy world.

How would you rate the performance of Encevo Group for 2019?

Marco Hoffmann: We had a good year with results similar to 2018 and in line with our expectations. 2019 was also a special year for us, as we commemorated our 10th anniversary as a group. We celebrate our diversity which features different subsidiaries, but still showed that we are a large family and that it is as a group that we want to grow.

Claude Seywert: The acquisition of new competencies and capabilities is an important organisational goal. 2019 marked a big step in this area. In services, we deepened our relationships with local craftsmen. Renewable energies saw the launch of several projects with various partners, and the development of photovoltaic installations through joint ventures with Post, Cactus, RTL Group, with others still to come.

Renewable energies take us to the core purpose of Encevo Group: The energy transition. What were other main achievements in this regard?

Claude Seywert: We managed to grow our PV asset base in Luxembourg considerably and continued to develop wind park projects through our joint venture Soler. We will also develop additional projects in Germany, especially

in Saarland. Our first PV projects in the Netherlands were completed and we secured some projects in Belgium. Our aim is to produce energy from renewable sources, locally in the Greater Region, to support the sustainable energy transition. Adding our renewables O&M (Operation & Maintenance) activities in Germany, where we are one of the biggest independent providers of such services, shows that renewable activity takes an ever more prominent role in our group.

Marco Hoffmann: We expanded our grid capacities in order to integrate all new installations. Creos grids must be able to integrate big wind projects and to compensate the renewables infeed energy fluctuations, when local productions stand still. In the best interest of our national economy, we must always be able to handle this gap by being able to import the missing energy.

Claude Seywert: A major part of the energy transition is energy efficiency. We support our local customers with audits and concrete measures to help them realise energy savings. This is one of the areas where we still see a lot of potential, and is essential, if Luxembourg is to reach its climate goals.

Luxembourg's climate goals must be a topic within the group strategy?

Marco Hoffmann: The Luxembourg government has very ambitious goals. We feel we are on the right track with our development and the expansion of our renewable energy activities, but we also see that we have to further develop in the field of energy efficiency. For example, we achieved a record of 132 GWh of energy savings through the enoprimes programme, yet we must and will increase this volume.

The 'Plan National Energie & Climat' (PNEC) does present some challenges, which may require us to adapt and to accelerate the deployment of key actions. We clearly want to be the driving force, and a reliable partner for the Luxembourg government, on this journey to achieving the Agenda 2030 for sustainable development. Our focus is to go beyond Luxembourg, since the energy transition requires a systemic and collaborative answer. In this context, we see the value of Luxembourg collaborating with its Greater Region neighbours to address energy challenges.

Claude Seywert: We will also strengthen our grid interconnections with our neighbours; reinforcing all levels of our power grids. This will further secure our energy supply and improve our capacity to integrate and transport local and decentralised production. At the same time, it will give us the necessary capacity to import energy when needed and even export local green production. A strong interconnection with our European neighbours is a must when we want to balance out the strong fluctuations that can happen. Similarly, with the rise of electromobility, another major measure in the PNEC, we need more charging stations and hence, adapted grids.

What do you consider the outstanding achievements of 2019?

Marco Hoffmann: With the smart meter rollout completed, our whole energy consumption can now be monitored effectively. This marks a step-change in the way we deal with energy. Customers will have new options, while suppliers and service providers will be able to identify new opportunities regarding energy efficiency measures. It also provides new opportunities in the area of grid optimisation.

Claude Seywert: The smart meter is one element that allows us to react to customer needs more effectively. Our new Customer Relationship Management project, started in 2019, has the same objective: to deliver tailor-made solutions that meet everyone's need in an energy world that is becoming more and more decentralised and increasingly complex.

Through cooperation with other producers, we were able to develop innovative supply concepts on the energy provider side. We made huge progress in the field of PPAs (Power Purchase Agreements) for big industrial clients and smaller projects as well. One example is Chargy (Luxembourg's electromobility public charging system), where we now provide 100% back-to-back green energy. This energy originates from fully traceable production facilities.

And then of course, 2019 was the first year that we began to develop and truly incorporated our third pillar: **Technical Services**

What challenges do you see arising for Encevo Group?

Claude Seywert: In a general way, we want to keep covering the whole energy value chain; serving our customers and providing complete energy expertise. We must maintain a broad and comprehensive view of the total landscape, even though we are not an integrated group. This is a big challenge for a company of our size. Furthermore, we obviously have to comply with the different constraints regarding unbundling and market information. This requirement also necessitates a large range of expertise and capability within our organisation, and the continuous development of our employees. We are very thankful that we can count on dedicated staff throughout our whole organisation.

We must maintain
a broad and
comprehensive
view of the
total landscape

Claude Seywert,
CEO Encevo S.A.
Chairman of the
Executive Committee



Marco Hoffmann: It is still unclear how the energy markets will evolve and how the price of CO₂ will evolve. The upcoming CO₂ tax will play an important role. Also, while we see opportunities for growth in power, this is more challenging with gas. Gas will continue to be needed for heating and by industry, but we must reconcile this with the decarbonisation agenda.

As for the grid, the next regulatory period starts in 2021 and its conditions will be defined during 2020. In the context of continued low interest rates, the current methodology to define grid income is quickly becoming obsolete, but we trust that the regulator will find a fair approach.

So on the horizon for 2020?

Marco Hoffmann: We intend to expand our renewable energy production with an increased focus on photovoltaics and wind in Luxembourg and the Greater Region. We will also continue to

ready our grids for the future. In the context of future developments, we can also mention Creos' new dispatching building, as well as their new headquarters that are scheduled to be completed in 2020.

Claude Seywert: On the sales side, we will offer more customised products for our clients and continue to improve the overall customer experience. Further engagement with our clients on energy efficiency is also a key factor going forward. In technical services, we are still reinforcing our position and will further diversify our activities. Our investment level will remain high throughout the group, in order to support and enable the energy transition. Having said that, the speed of implementation of all of the above will need to be re-evaluated for 2020 based on the potential impact that the current Covid-19 pandemic might have on our ability to operate and on the economical evolution in general.

Claude Seywert Technical Services

DEVELOPING FOR A NEW ENERGY WORLD

***With Technical Services,
Encevo Group now builds on a
third pillar. How has this pillar
developed?***

The group evolves and we develop our capabilities in various fields, but this is of course especially true for technical services, an area we only recently put our focus on. In 2019 we have managed to establish ourselves. Paul Wagner & Fils has done really well in its classical business and has also managed to develop new competencies in domains such as photovoltaic and electromobility. Enovos Services is now recognized as an installer or provider and operator of ecomobility or PV solutions. Global Facilities had an excellent year and the Energie Agence is expanding its consulting and training activities. We are growing in a competitive market and we are doing well.

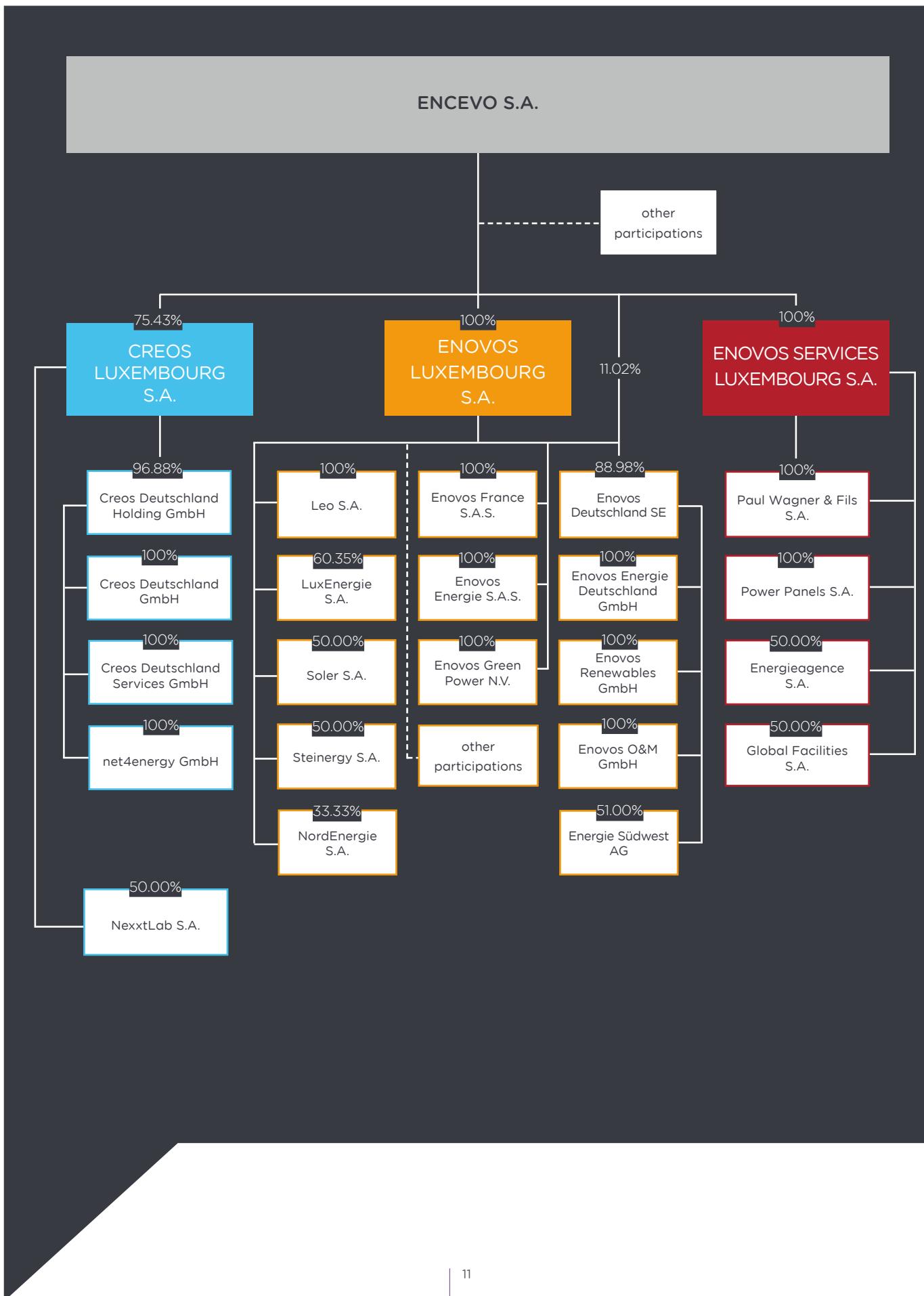
***Which role do technical services
play in the context of the energy
transition?***

We have a very simple goal. We want to actively shape and speed up the energy transition in our markets. That means that we play a more direct role in fields like renewable energies and that we are an enabler in other fields. For instance in the field of technical services, we created Diego (Digital installer and electrician to go). This way, we can help smaller businesses like electricians or installers to contribute to the energy transition and thus create a large multiplier effect. Being the driver of a process also means to enable as many actors as possible, whether they are big or small, to play an active role in it. In our case, this process, this purpose is the transition towards a climate neutral energy system.

***How do you expect technical
services to evolve?***

We are still reinforcing and readjusting our position and our offering to be ready for a more and more decentralised energy world. We want to further develop in order to have an expertise along the whole energy value chain and thus to provide even better counsel and a more complete solution to our customers. On the client side we want to be able to address directly or indirectly, i.e. by our own or via partners, the whole range from the residential customer to the large industrial customers. And we want to keep our competitive edge provided by our complete view of this value chain. Technical services are a key element in many aspects, be it to complete the value chain or to enable the energy transition.

GROUP STRUCTURE



We strengthened our position as green energy leader in the Greater Region.



Erik von Scholz
CEO Enovos Luxembourg S.A.
Member of the Executive Committee

A vision that came to life

What's your view of Enovos' performance in 2019?

Our focus is on customer centricity, energy efficiency and renewable energies and Enovos performed well in all these areas. Our strategy and vision really came to life during this past year. Focussing on serving the customer well, is the backbone of our success. The Customer Relationship Management project (CRM) will allow us to capture the full benefit of digitalisation in the interest of our customers.

We also achieved our energy savings objectives with our customers, and defined an action plan to fully contribute to the ambitious national target in terms of energy efficiency. And last but not least, we further developed our local renewable asset base by realising new renewable projects and green products. This also allowed us to work even more collaboratively with our industrial customers.

What were some main achievements in 2019?

The PV projects we realised following the first public tender in Luxembourg made us particularly proud. In Germany, we rank among the top players in the Operation and Maintenance business in PV. In Flanders, we exited the biogas business, which will allow us to focus on wind and photovoltaic development in Belgium and the Netherlands. In France, we were quite successful in the SME sector. Each one of these successes strengthened our position as green energy leader in the Greater Region. And it was made possible through increased collaboration between our teams, who brought their skills and know-how to bear on our goals.

We also developed new competencies and created new pipelines for PV direct green energy. Enovos Germany was at the forefront in the field of Power Purchase Agreements (PPAs) with the Daimler contract as prime example. This direct link between the energy consumer and green energy supply is a step-change in what we can offer to customers

How do you see Enovos' role regarding a sustainable energy transition in a foreseeable future?

The green-energy ecosystem technology is improving rapidly and holds various challenges. But, as our success shows, digitalisation, decentralisation and decarbonisation of the energy landscape provide us with unique opportunities. We are confident we can realize our ambitious strategy and vision, that will benefit our customers, our shareholders and our employees.

The world is more and more focussed on climate change and renewable energy production. For Enovos, this is encouraging. Climate change, energy efficiency and renewable energy are part of our daily business. We are honing our activities and collaborating at every level to ensure we provide a reliable, renewable energy supply and energy-saving solutions to our wide range of customers.

We will, of course, continue to increase production and availability of renewable energy sources in Luxembourg and the Greater Region. It is very important to us to produce the energy from renewable sources locally. Our commitment in this regard stands and will allow us to take the extra step in driving the energy transition forward.

Taking the long view

What was the hallmark of 2019 for Creos?

Without a doubt, it was the presentation of the project for the national climate and energy plan. The plan aims to increase renewable energy generation significantly and to reduce greenhouse gas emissions (i.e. by encouraging public and private electromobility), which will have direct repercussions on our activities.

We require strong and reliable grids for sustainable energy transition. We will upgrade the capacity and the intelligence of our power grid systems in the coming years. For example, we will increase the capacity to transport energy produced from renewable sources in the north (e.g. wind) to the regions in the centre and the south where it is most needed.

In this context, we will also reinforce the high-voltage interconnection lines to the German grid in order to manage higher expected peak demand.

The energy transition demands a good infrastructure. Could you elaborate a little more?

As it is for the whole Encevo Group, the sustainable energy transition touches the core of Creos' mission as well. This means that the focus of the supply backbone will progressively shift from large central generation units to decentralized generation.

On the demand side, new larger consumers will be connected to the grid, while flexibility mechanisms will appear. For example, pushing electromobility may require fast charging stations along the main traffic routes and highways, adding new intensive consumers in specific spots. As for renewable energies that provide flexible generation based upon weather conditions; an additional annual production of 1.000 GWh is forecasted by 2030.

For a grid operator, all these elements present an enormous challenge because the installations will not only have to be connected, but their production and consumption must be managed effectively. This is a key element in the transition to more renewable energies, and for the reduction of greenhouse gases caused by mobility.

What is your approach regarding these big challenges?

We align our organisation to these new challenges through a massive investment in the power grid infrastructure, as well as by the digitisation of all our departments.

Hence, our investment level has yet again reached a new record high of 147 million euros in 2019. A further 740 million euros are already scheduled over the next 5 years. The most relevant challenges consist of the changes brought by IT in our traditional core functions: smart meters and smart grids must be implemented to add telecommunication and big data competences. Modernising the customer experience and increasing the flexibility schemes will require online and near real-time features from the grid operator. As the complexity of this subject is broad and deep, we decided to transfer the IT-department from Encevo to Creos, as of January 2019, in order to foster business alignment in this most important support function.

We see that high levels of investment in all domains, and an innovative and improved team spirit are a central and energetic response to the challenges Creos will face in the coming years.

We require strong
and reliable grids for
sustainable energy
transition.



Marc Reiffers
CEO Creos Luxembourg S.A.
Member of the Executive Committee

2019: A solid year, before confronting a challenging 2020



Guy Weicherding
Chief Financial Officer
Encevo S.A.
Member of the
Executive Committee

Financial results in line with prior years

The group's operational results (i.e. EBITDA of EUR 211.9 million) are in line with expectations and with 2018 results. We saw improvements in the results of our sales activities from both higher margins and lower operating costs, as well as of our grid activities, due to the continued high CapEx, compared to 2018. The Energy Management & Trading unit successfully optimized the overall trading positions in 2019 which compensated

for negative portfolio impacts caused by significant intra-year market price movements but continues to be negatively impacted by the long-term sourcing contracts offsetting the improved results in other segments. Our renewable segments also out-performed 2018 across all asset types (i.e. wind, PV and CHP) including Operations and Maintenance. This was partially offset by the year-on-year scope change caused by the sale of the German biogas plants. Investments also continued at a

strong pace, a total of EUR 210.9 million, of which EUR 175.5 million was for grids in Luxembourg and Germany. Investments in renewable energy generation focused on PV projects in Luxembourg and, to a lesser extent, the Netherlands. Worth mentioning was the take-over, at the end of the year, of Power Panels S.A., a company specialised in the design and assembly of electrical panels. This move was in line with the group's strategy to expand its activities in energy related services.

Strong cash generation leading to lower financial debt and improved gearing

Despite continued high investments during the year, the group sustained sufficient cash generation to finance its activities. The operating cash flow of EUR 216 million, exceeded the 2018 amount by EUR 26 million, largely due to improved working capital. Free cash flow of EUR 78.4 million was very positive, increasing by EUR 58.6 million compared to 2018. The boost came mainly from the proceeds of the sale of (non-strategic) assets, such as the biogas plants in Germany and Belgium.

Consequently, consolidated net financial debt decreased by EUR 51.8 million to EUR 469 million at the end of 2019, and gearing – the ratio of net financial debt to total equity – decreased to 35.3%. Both indicators were at their lowest level since 2012. It should be noted that during 2019, Encevo S.A. reimbursed the EUR 200 million retail bond that it had issued in 2012, explaining the decrease of EUR 211 million in debenture loans and amounts owed to

credit institutions, compared to 2018.

Furthermore, capital and reserves remain high at EUR 1,329 million. This represents 49.5% of total assets, illustrating the Group's continued strong balance sheet.

Negative impact on 2020 expected from Covid-19 crisis

Based upon order volumes taken for the beginning of 2020 and the planned continuation of high investment levels in core activities (grids and renewable assets), at the end of 2019, we were rather positive about the Group's core markets for 2020 and beyond. The recent developments with regard to the Covid-19 pandemic have changed the outlook substantially, at least for 2020. We are currently evaluating potential impacts on the Group's operations of measures taken by the Luxembourgish Government, and neighbouring countries, to contain the spreading of the virus. We do expect a negative impact on the overall economy and, consequently, on energy consumption. This impact may be felt in credit and market risks,

as well as upon the evaluation of the Group's long-term investments and energy contracts.

Furthermore, such measures could negatively affect our ability to achieve our investment targets for grids, which are set by the regulator. We may also struggle to keep up the level of operational business with regard to maintenance and asset service programs, due to employees being unavailable or other restrictions to performing these activities. This situation is thus likely to have a negative impact on the 2020 financial results. Given the overall uncertainty about the further evolution of the situation in the coming months, it is not possible, at this point, to give a precise indication of the magnitude of such impacts.

The Group has a solid balance sheet and available lines of credit, so we feel very confident and well prepared to confront these challenges, while continuing to serve our customers throughout the difficult period ahead of us.

Key figures consolidated

	2019	2018
Sales volume gas (TWh)	25.7	28.2
Sales volume electricity (TWh)	13.1	12.5
Sales (EUR millions)	2,105.9	2,019.2
EBITDA	211.9	213.3
Operating cash flow	216.1	190.1
Free cash flow	78.4	19.8
Net profit for the year	67.9	63.9
Total Assets	2,685.1	2,845.4
Capital and reserves	1,328.6	1,306.9
<i>as a % of total assets</i>	49.5%	45.9%
Debenture loans and amounts owed to credit institutions	500.0	711.1
Net financial debt ^(*)	469.1	520.9
<i>as a % of capital and reserves (Gearing ratio)</i>	35.3%	39.9%
Capital expenditures	210.9	209.0

* including finance leasing obligations and net of cash and marketable securities

CORPORATE SOCIAL RESPONSIBILITY



AT A GLANCE

Consolidated figures of Encevo Group



Energy Sales
Power

13.1 TWh

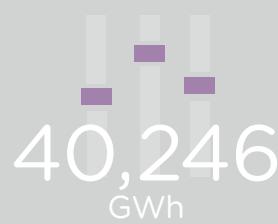


Energy Sales
Gas

25.7 TWh



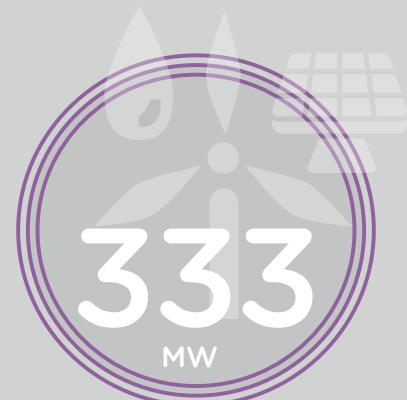
of electric power transported



of natural gas transported



Total renewable energy production



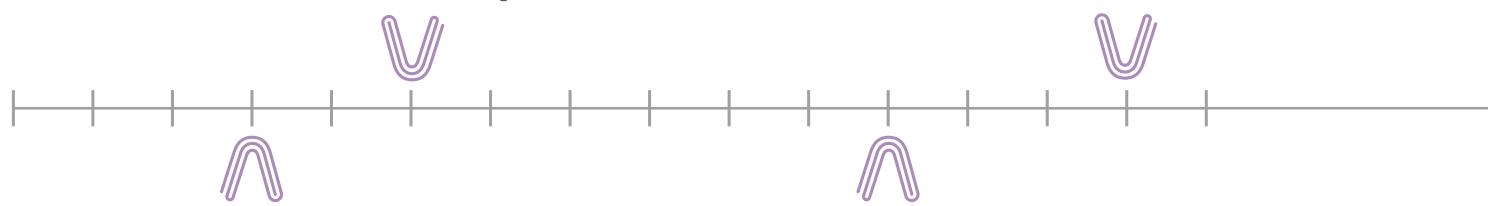
Renewable net installed capacity

Launch of large PV-Installations

Following the first public tender for large photovoltaic installations, Enovos launches several projects with partners such as Post Luxembourg, Cactus, Luxtram and others. Among these projects are the first large ground-mounted installations in Luxembourg in collaboration with RTL Group. In total, 13.9 MW were scheduled for commissioning in 2020.

10th Birthday of Encevo Group

Encevo Group celebrates its 10th birthday. Employees and their families of all entities are invited to a special Family Day in June at the Coque in Kirchberg.



Extension of Windpark Schiffweiler in Germany.

Sale of German Biogas plants

Sale of remaining German Biogas plants Trelder Berg, Oebisfelde and Ohretal by Enovos Deutschland

MILESTONES



1,972 Employees

(average headcount 2019)

25,710
training hours



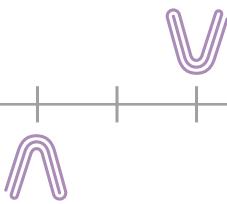
ISO 50001

Successful
re-certification

27,999
water plastic
bottles saved

Sale of Biogas plants in Belgium

Repair and successful sale of
remaining biogas plants Belgium



First PV installations
in the Netherlands

by Enovos Green Power

Launch of Power Purchase Agreements

Enovos, with Enovos Deutschland leading the charge, successfully launches Power Purchase Agreements. In Germany, PPAs are signed with Daimler and Boehringer Ingelheim, in Luxembourg, the public charging station network Chargy is supplied through a PPA model.



Joint commitment
by Creos and Fluxys

The European Agency for the Cooperation of Energy Regulators approves the joint commitment by grid operators Creos (Luxembourg) and Fluxys (Belgium) with a view to establish the final modus operandi of Europe's first transnational balancing zone

Encevo Group acquired the company Power Panels S.A.

Following through with its strategy of growth and development of the Technical Services pillar, Encevo Group acquired the company Power Panels S.A. 100% of the shares have been bought by Enovos Services Luxembourg S.A.

ENCEVO GROUP VALUE CHAIN

GRI 102-2 | GRI 102-9 | GRI 102-10

Energy Supply

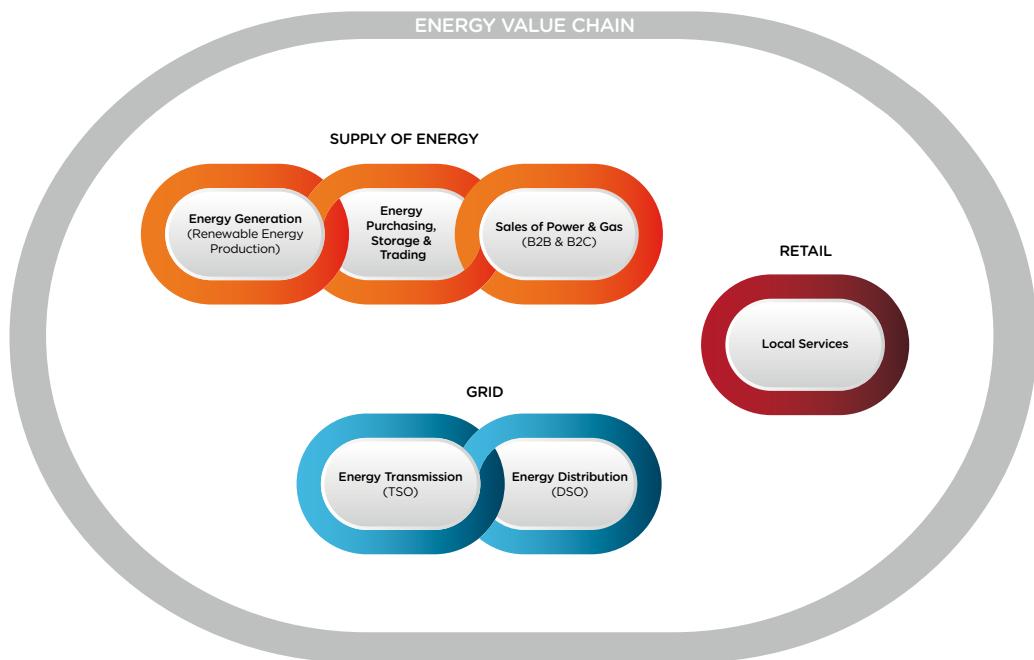
Enovos is Luxembourg's leading energy supplier. The mission of Enovos consists of two main pillars. On the one hand, Enovos provides electricity, natural gas and renewable energies to a wide range of customers. On the other hand, Enovos is active in the development of renewable energy projects. Thus, Enovos continuously invests in renewable energy production, especially in the domains of photovoltaic energy and wind power. By doing so, Enovos ensures a sustainable and competitive energy supply for all its customers.

Grid

The mission of Creos is to viably ensure energy transportation and distribution via electricity and natural gas pipelines at transparent rates in the Grand Duchy of Luxembourg and the Greater Region. This role is executed with equal respect to; all suppliers, the company's public service responsibilities, and environmental protection obligations.

Retail

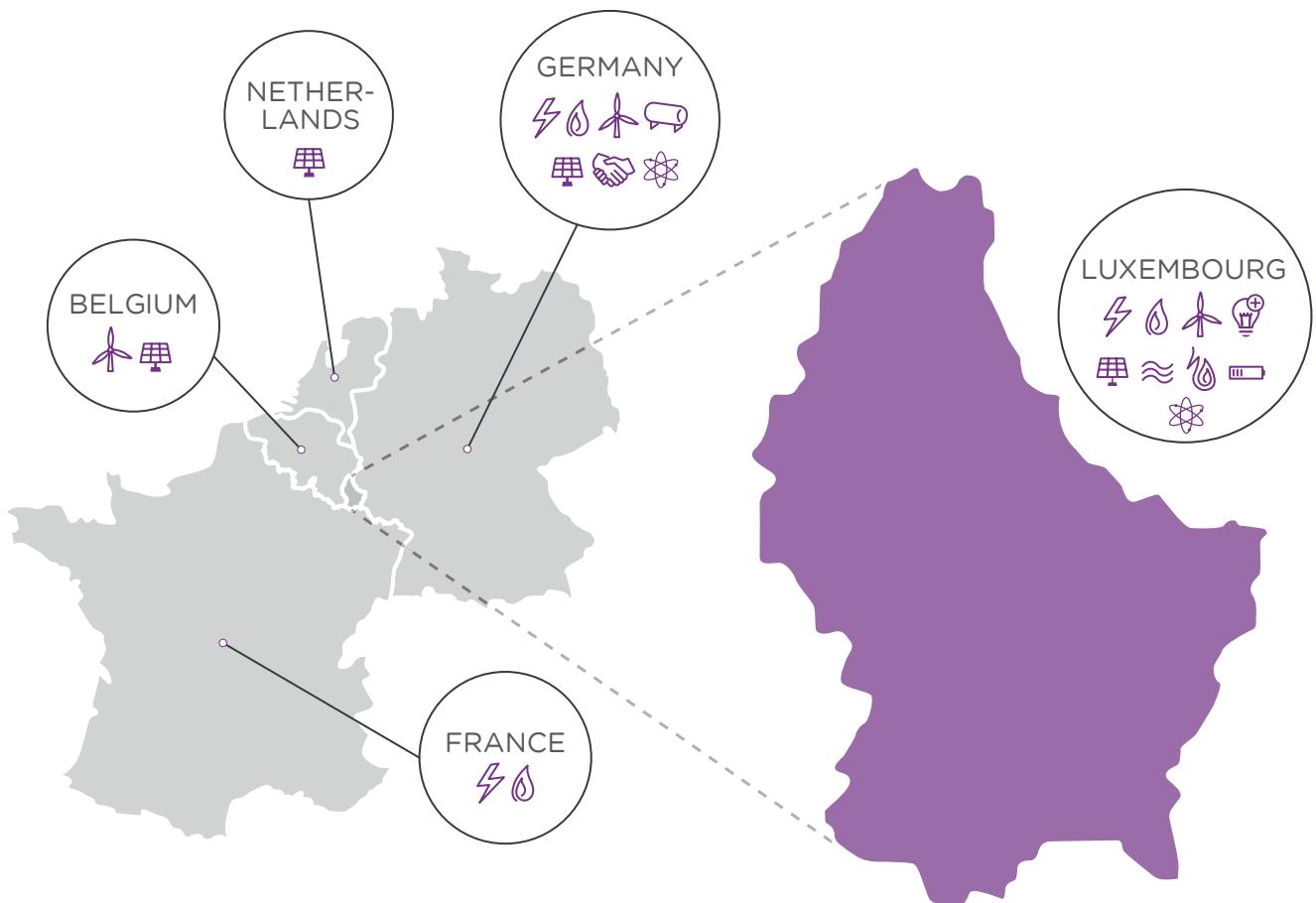
Enovos Services handles the group's presence and activities regarding installations and technical services in the domain of building equipment, distributed energy production, electro-mobility and energy efficiency. Enovos Services aims to be a catalyst for the energy transition going on in Luxembourg and within the Encevo Group; handling the group's presence and activities in installations and technical services.



OUR PRESENCE IN THE GREATER REGION

GRI 102-4 | GRI 102-6

Luxembourg's main energy supplier is Enovos, which also operates in Germany, France and Belgium. Enovos ensures a sustainable and competitive energy supply for all its customers.



Sales & energy solutions



Electricity



Natural gas



Grid operations

Production & storage



Wind farm



Hydroelectric power station



Natural gas storage



Solar energy farm



Combined Heat & Power (CHP)



Energy efficiency



Electricity storage



Partnerships "Stadtwerke"

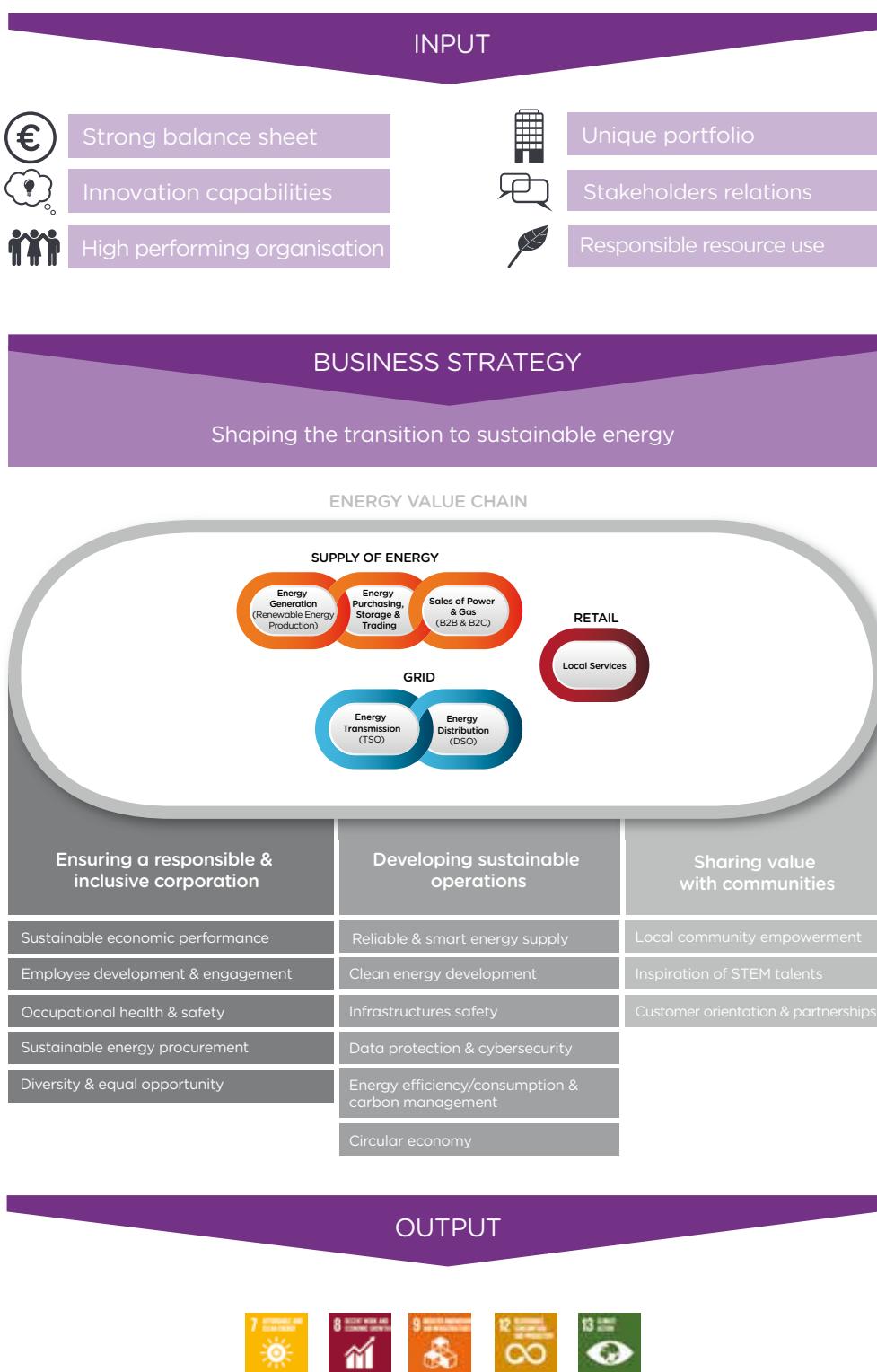
OUR VALUE CREATION MODEL

Our stakeholders play a central role in our long-term value creation. Our value creation model summarizes the input we use and the added value we create for our stakeholders through our key activities. Furthermore, all the elements in our value creation model are linked to the respective sections of this report, which provide further detail.

<i>Input:</i>	<i>Where we create value:</i>	<i>Output:</i>
<ul style="list-style-type: none">• Strong Balance Sheet to further develop sustainable and CO₂-free wind and solar power• Unique Portfolio to drive growth investments in renewables. Investments in energy transition and smart grids. Maintenance investments (e.g., in safety)• Innovation capabilities including skills in engineering, services, market analysis, trading, market knowledge, digital competence and technical innovation• Stakeholder Relations ensuring credibility and trust as partner and driver of the energy transition with customers, suppliers, governmental and local communities• High Performing Organisation with our unique workforce and intellectual capital• Responsible Resource use with our CSR Sustainability Framework	<p>The following value creation is expressed in % related to our adjusted EBIT KPI:</p> <ul style="list-style-type: none">• Supply of energy: 31% contribution• Grid: 69% contribution <p>The local services business is in the process of build-up phase.</p> <p>We aim to optimise the use of our resources. We fully integrate sustainability into our decision-making process to create more solid value for our stakeholders. Our business model focuses on 3 growth engines; 1) Energy supply and renewable energy production, 2) smart and reliable grid system ensuring security of supply, and 3) services. With these strong businesses along our value chain, we ensure</p> <ul style="list-style-type: none">• responsible and inclusive corporation,• developing sustainable operation,• sharing value with communities. <p>The objective of Encevo's sustainable development strategy is to favour the sustainable creation of value. This is done by engaging in activities focused on our corporate objects, considering stakeholder's needs based upon their business interests and current institutional realities. Our list of stakeholders is detailed in the chapter of our materiality analysis.</p>	<p>This sustainable development strategy is aligned with the business enterprise focus implemented by the Encevo Group. We are dedicated to the sustainable creation of value for all stakeholders, using environmentally-friendly energy sources to provide quality service, staying alert to opportunities offered by the knowledge economy, and to the SDGs; especially in relation to goals 7, 8, 9, 12 and 13.</p> <p>The utilities sector is a significant driver of the economy. It continuously contributes to it through significant investment and the creation of high-quality jobs, both direct and indirect. Its function is to provide safe, competitive and sustainable energy supply.</p> <p>The Encevo Group focuses its efforts on key Sustainable Development Goals where we see the group's most active and direct contribution:</p>

*the KPIs GRI204,416,413 EU10/11/12/28/29/30 will be reported progressively as of Encevo Annual Report 2020

Value Creation Model





SDG 7: SUSTAINABLE AND CLEAN ENERGY

Ensuring access to affordable, reliable and modern energy from renewable sources is integral to our raison d'être. As the Encevo Group expands the renewal energy supply in Luxembourg and the Greater Region, it is working to help the Luxembourgish Government reach its 2030 target of 25% green power. In 2019, we have divested of biogas technology and will completely focus on dark green renewable technologies.

SDG 8: DECENT WORK AND ECONOMIC GROWTH

Encevo is one of the largest employers in Luxembourg. As such, we take our responsibility to ensure our staff have a safe work environment seriously. Our Occupational Health, Safety and Environment department focuses on increasing awareness of occupational health regulations and embedding behaviours that ensure health and well-being for staff, third-party contractors and impacted communities.

SDG 9: INDUSTRY INNOVATION AND INFRASTRUCTURE

The Encevo Group is undergoing a business and digital transformation. Studies show that innovation improves with informed participation. Our employment policies are inclusive and we strive to optimise innovation within our teams via diversity and personal accountability. We have launched a substantial workshops campaign aimed at supporting our employees to work on solutions and pathways driving this topic forward. We are working on innovation roadmaps which are embedded into our group's strategy. We progressed substantially in installing infrastructure for electric vehicles and deploying smart meters.

SDG 12: RESPONSIBLE CONSUMPTION AND PRODUCTION

Sustainable development is at the core of Encevo Group's vision and mission. Expanding our work in renewable and green energy connects businesses, the community, and individuals to a more sustainable and circular economy. With knowledge comes power. Our customer programs raise awareness regarding energy use and encourage effective energy management behavior. We walk the talk by having successfully finalised ISO 50001 certifications on our headquarters buildings.

SDG 13: CLIMATE ACTION

Energy efficiency is a priority today. In Luxembourg, Encevo subsidiaries provide a variety of tools and web-based services that enable customers to monitor and manage their consumption of natural gas and electricity. Customers receive data and analysis of their usage and carbon footprint. We lead by example and measure and control our emissions throughout the group supporting this goal actively.

With our sustainable development strategy, we contribute directly to the 3rd Sustainable Development plan of Luxembourg's Government and the 2030 targets. Concretely, we support objective 7.2. directly, which refers to the production of renewable energies and 7.3. which targets the increase of energy efficiency. We also support climate change objectives 13.1. and 13.2. on greenhouse gas emission reductions.

OUR INTEGRATED APPROACH TO SUSTAINABLE DEVELOPMENT

ENCEVO'S SUSTAINABILITY CONTEXT (GRI 102-11)

As awareness of climate change steadily increases, countries are stepping up their CO₂ reduction plans while the number of prosumers (consumers that produce their own electricity and heat) is on the rise. Naturally, these plans are impacting the energy sector, but increasingly they are requiring other businesses to refocus as well. For example, energy-intensive industries have initiated a journey towards a low-carbon future, and the transport sector is seeing a major drive towards electrification. Digitalisation is leading to changes across the value chain for energy companies. In operations, the trend is to cut costs through automation and maintenance optimisation tools. To deal with intermittent and distributed energy supply, smart grids are modernising traditional energy operation management. Updated online customer portals are the new norm for improving customer service, reducing customer churn and lowering service costs. Technology advancements are unlocking new opportunities such as improved energy storage, shortening customer response time and expanding e-vehicle charging. Lower battery costs are making stationary storage more commercially viable, providing a tool for industrial customers to partially curb peak usage and reduce electricity costs. Distributed energy solutions, such as heat pumps and residential batteries, are on the rise and are emerging as a new alternative to provide ancillary services in the form of aggregated demand response pools.

Encevo Group is driving the sustainable energy transition with a diversified sustainable products and services portfolio along our value chain. The combination of our expertise and value chain knowledge enables us to capture early growth opportunities while understanding the larger picture of the entire energy transformation.



OUR CONTINUOUS IMPROVEMENT FRAMEWORK

Our sustainability strategy aligns stakeholder priorities with our group's impacts. We take a formal, structured approach to determine our most relevant sustainability issues, objectives and performance measures. We will, as of this report, regularly track and disclose progress against our objectives, reassess our issues and adjust, where necessary, by reviewing instructions or processes. We therefore see this as a system for developing critical thinking towards implementing our sustainability strategy through continuous improvement cycles.



This CSR Continuous Improvement Cycle is embedded into our CSR Framework, which is used to ensure our management approach is well structured:



Our group strategy drives all our efforts. Objectives are defined for our material topics. Organisation and governance ensure we can achieve these objectives, which are closely linked to the Sustainable Development Goals. Our verification is done through the 3-year cycle of ESR certification and the annual report, verified by external CSR & GRI reporting experts.

DRIVING SUSTAINABILITY: AN OVERVIEW OF OUR GOVERNANCE

GRI 102-18 | GRI 102-26

- **The general assembly of shareholders**

The general meeting of shareholders is vested with the powers expressly reserved by the law and by the articles of association. It is entitled to appoint and remove the directors. It resolves on the approval of the financial results of the previous fiscal year and on the allocation of available profit. It also appoints the independent statutory auditor.

- **The Board of directors**

The Board is in charge of the management of the company and is vested with the broadest powers to take any actions necessary or useful to fulfill the company's corporate object, except those reserved to the general assembly of shareholders.

- **Board Committees**

Board Committees are committees set up by the Board of directors in different areas with the aim to assist the Board in the preparation or supervision of items for which it is competent and/or in relation to which it is required to take a decision.

- **Audit Committee**

The Audit Committee has been set up primarily for the purpose of overseeing the following areas: financial statements, legal & regulatory compliance, external and internal auditor-related topics, system of internal controls and risk management.

- **Group Strategy Committee (“GSC”)**

The GSC has been set up primarily to assist the Board in defining, developing and implementing a business strategy.

- **Investment Committee (“IC”)**

The IC has been established primarily for the purpose of assisting the Board in reviewing and providing advice or recommendations on, significant investments, before investment decisions are actually taken, as well as of periodically reviewing the performance of investments already made.

- **Remuneration and Nomination Committee (“RemCo”)**

The RemCo has been established with a view to assisting the Board in matters relating to the appointment and dismissal of the members of the Executive Board and of non-executive directors as well as to the remuneration conditions of the members of the Executive Board and of non-executive directors and of executive directors other than the members of the Executive Board. It is also in charge of reviewing the global remuneration policy within the Encevo Group.

- **Executive Board**

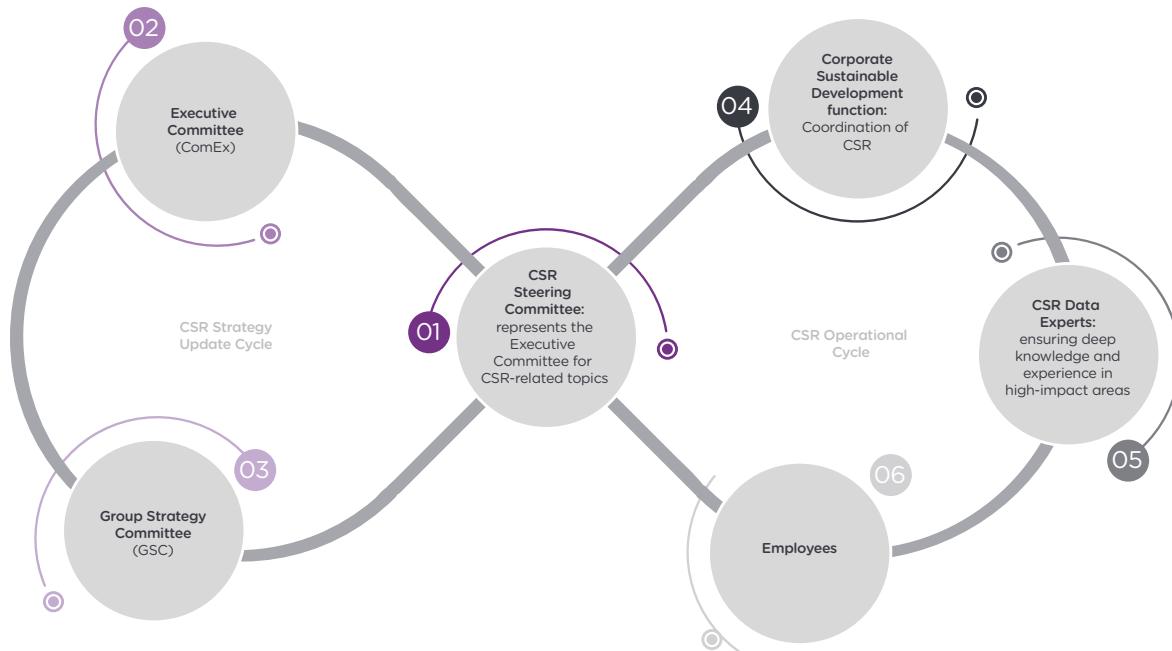
The Executive Board is responsible for the daily management of Encevo S.A.

- **Corporate Social Responsibility Committee**

Encevo S.A. has set up a Corporate Social Responsibility (CSR) Committee, the mission of which is to define the group CSR policy and supervise its implementation.

Driving Sustainability

Sustainability is a key asset for the group, driving the success of Encevo's strategy and performance, and a top priority for our leadership and all our people. It is firmly embedded in our strategy and our decisions every day. This puts us in a strong position to seize new opportunities that arise as the move towards a more sustainable economy continues.

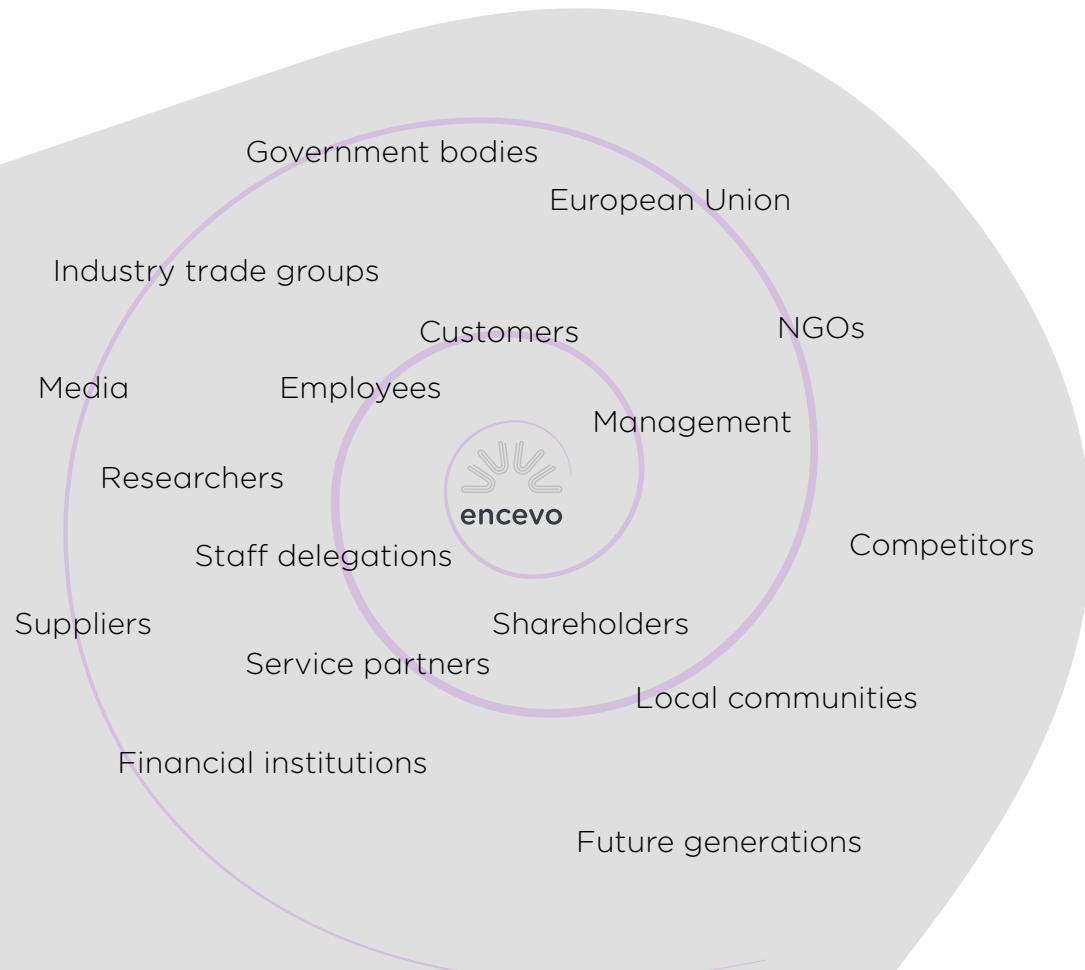


- | | | | |
|---|---|---|--|
| <p>1</p> <ul style="list-style-type: none"> selecting and evaluating CSR projects and initiatives to be undertaken providing senior expertise and contributing to the materiality analysis approach reviewing and validating the proposed CSR approach driving and enhancing the Encevo Group CSR Framework providing management attention by Group CEO acting as Chair | <p>2</p> <ul style="list-style-type: none"> final authority over launch of CSR initiatives and projects, as well as the validation of the CSR approach and materiality analysis | <p>3</p> <ul style="list-style-type: none"> Group Strategy Committee is the leading sponsor of Encevo Group's sustainability strategy | <p>4</p> <ul style="list-style-type: none"> reviewing and proposing updates to the group's CSR approach and materiality analysis coordinating the execution of the group's CSR approach with appropriate stakeholders delivering the CSR Report part of integrated Annual Report for the group acting as a point of contact and facilitator for CSR exchanges between stakeholders and the organisation presenting the results to the Group Strategy Committee and the Executive Committee |
| <p>5</p> <ul style="list-style-type: none"> Raising specific CSR-related issues Participating in materiality assessments Providing data & information on current activities within their field of expertise Analyzing complex data used to determine the level of achievement in various areas | <p>6</p> <ul style="list-style-type: none"> Contributing to CSR projects & actions integrating sustainability in day-to-day operations in their business entities | | |

STAKEHOLDER ENGAGEMENT

GRI 102-40

Encevo Group believes that its relations are significant with those stakeholders that may influence or be affected by the decisions or the value of the company group. The value chain comprised of Encevos' businesses means that there is a large number of stakeholders. The company has identified 17 different stakeholder categories:



The initial identification and selection of the stakeholders of Encevo Group, which was revised and updated during the 2019 CSR strategic review cycle using a process internal reflection conducted by the CSR Steering Committee team in 2015.

Encevo develops a responsible and sustainable business model, which puts stakeholders at the center of its strategy. The company's objective is thus to build relations of trust with the various stakeholders, as well as to deepen their participation, engagement and sense of belonging to Encevo. We therefore have the following principles in our daily decisions, large and small:

- Two-way communication
- Transparency
- Active listening
- Equal treatment

We engage in our day-to-day with our stakeholders in the following way:

Shareholders

Methods of Engagement: Board of Directors Meetings, Questionnaires

Topics: Strategy updates, Compliance, Regulations, Governance

Management

Methods of Engagement: Workshops, Interviews, Meetings, Audit & Risk Committee, Strategy Committee, CSR Committee, Investment Committee; Security Committee

Topics: Strategy Updates, Sustainability Plan and Objectives, Risk evaluation and Strategy, Data Protection, IT/Cyber-Security

Employees

Methods of Engagement: Surveys, Interviews, Workshops, Group Intranet Messages, TV/Screen Channel, Face-to-Face Meetings, Trainings, Knowledge Exchange Sessions

Topics: Wellbeing, Personal Development, Yearly Evaluation, Diversity and Inclusion, Strategy Update Communication, Sensibilization on Health & Safety Topics (Anti Flu Vaccination, Ergonomic Office, Burnout etc.) Access to Information and Transparency (e.g. Working Conditions, Social Benefits, Policies & Procedures, Whistleblowing, Training Catalogues etc.)

Staff Delegations

Methods of Engagement: Workshops, eMails

Topics: Collective Work Agreements, CSR Materiality, Social elections, other social and economic topics

Suppliers

Methods of Engagement: Meetings, eMails, phone calls

Topics: Supplier Code of Conduct, Negotiations, Skills development, Innovation

Customers

Methods of Engagement: Feedback through meetings, eMails, phone calls, site visits, fairs and events, due diligence processes (B2B)

Topics: Grid connection, Supply of Power & Gas, Technical Services, Sustainability questionnaires, Innovation

A specific stakeholders engagement plan has been designed to better understand our impacts and their influence on stakeholders' decisions to refine our sustainability strategy and reporting as disclosed on page 71 of this report.

MATERIALITY ANALYSIS & SUSTAINABILITY STRATEGIC PRIORITIES

GRI 102-46 | GRI 102-47

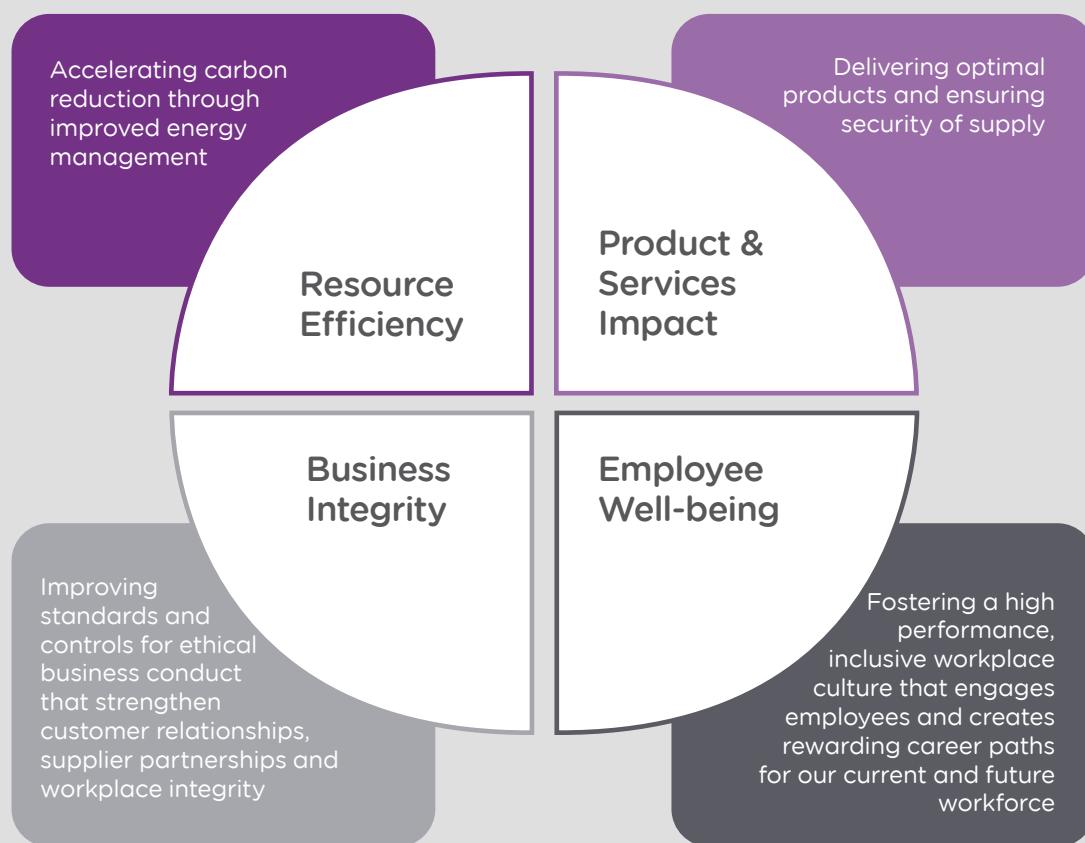
In preparing this report, Encevo conducted a materiality analysis using an inclusive approach with its stakeholders. This analysis assessed the significance of the economic, social, and environmental impacts of Encevo's activities and their influence on stakeholders. Based on this analysis, priority issues were identified:

Sustainable economic performance	Action plans to guarantee results in uncertain environments. Economic value generated and distributed. Tax policy and strategy, cooperation with tax authority, tax contributions. Indirect economic impacts and creation of social value.
Reliable and smart energy supply	The energy transition requires smart devices such as smart meters or loading points for electric vehicles. At the same time data in the context of digital transformation must be managed and steered forward for a successful energy transition.
Clean energy development	Transition toward a low-carbon economy. Energy efficiency to reduce the industry's energy requirements. Governmental objectives for renewable energies in the "mix". Improvements in the systems for inclusion of renewable production within the grid.
Employee development and engagement	Encevo is one of the largest employers in Luxembourg. As such, we take our responsibility to ensure our staff have a safe work environment seriously. Our workforce is crucial to every aspect of our activity. Developing talent and enhancing employees' competencies are key elements to motivate and unify our workforce.
Infrastructure safety	Ensure security of supply as critical infrastructure for the entire economy in Luxembourg. This is one of the key missions of our grid business in its role as TSO and DSO.
Data protection & cybersecurity	Compliance is important because it aligns with Encevo Group's high ethical and governance standards. It protects the group's reputation and its business. It is key to the long-term sustainability of the group. Due to our critical and sensitive infrastructure, we must ensure appropriate protection of the group's physical and IT assets.
Occupational health & safety	Management of employee and contractor health and safety, prevention policies and plans. Establishment of goals and performance standards in accident and absenteeism rates. Employee, supplier and subcontractor training.
Responsible energy supply chain	Reduction or elimination of CO ₂ energy supply to contribute to climate change objectives.

8 secondary topics have been underlined:

- Energy efficiency
- Emissions reduction
- Research & development & sustainable innovation
- Talent attraction & retention
- Circular economy
- Inspiration of STEM talents
- Diversity & Equal Opportunity
- Customer orientation & partnerships

Our sustainability strategy is structured around our materiality topics with identified sustainability issues and objectives. Each issue and how we manage it are detailed in the corresponding chapters of this report. We have defined our core challenges as follows:



This dashboard summarises our core sustainability topics, goals, target dates and progress, which we review and update periodically for relevance and future preparedness. Details on challenges and progress towards goal completion are in the detailed chapters of this report.

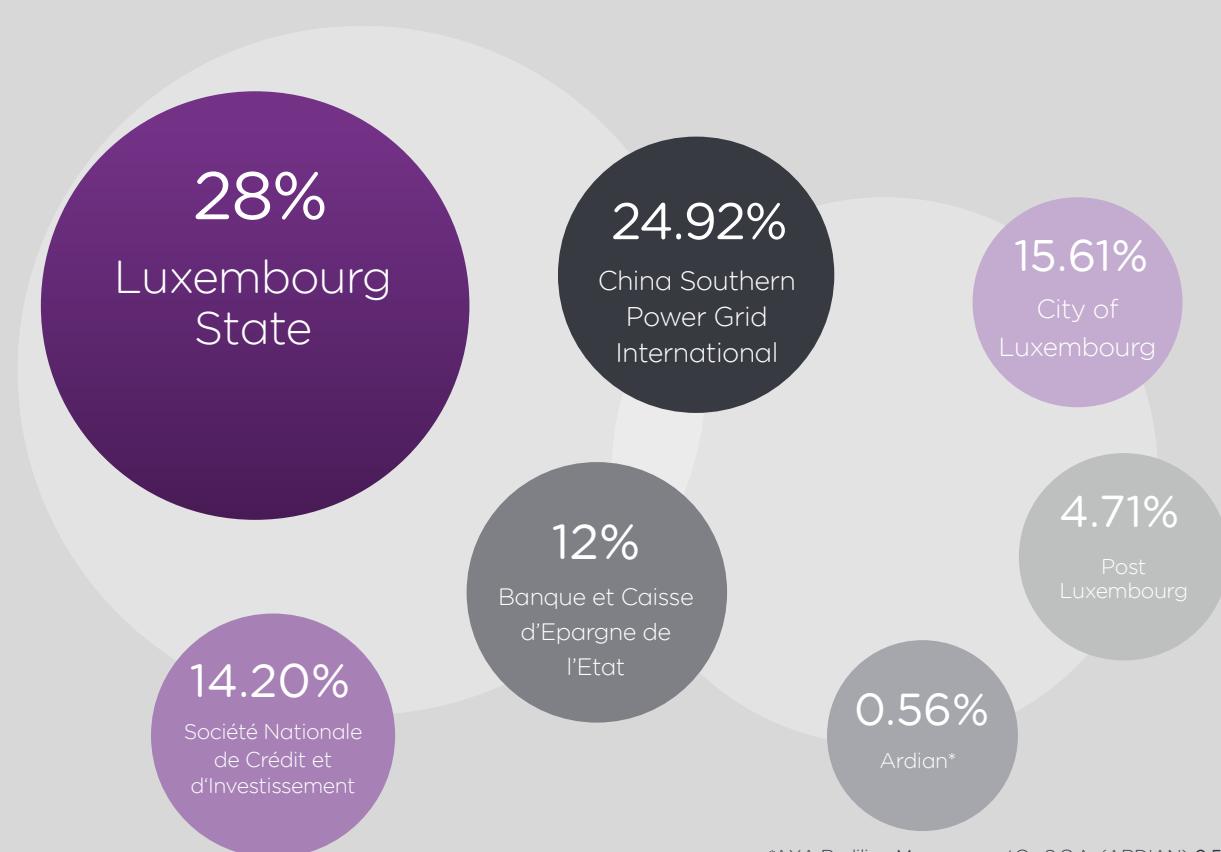
	Material Topics (Mat) & Secondary Topics (2nd)	Sustainability Management Plan	Target Date (YEAR)
Product & Services Impact	Reliable and Smart Energy Supply (Mat)	Build-up of public electric vehicle loading points (=800) Digitalize assets, with particular focus on smart meters, remote control and system connectivity Build and implement national data platform for Luxembourg	2020 2021 2022
	Clean Energy Development (Mat) - Renewables Production	Target renewable production (PV/WIND/Biomass via District Heating) to support governmental objective of 25% green power	2030
	Infrastructure Safety (Mat)	New interconnection of infrastructures with Germany to secure supply & demand challenges Invest 250 M EUR Green Bond Capital into group infrastructure	2028 2018-2020
	Energy Efficiency (2 nd)	Increase energy efficiency services sales to increase energy savings (compared to 132GWh in 2019) increase training days in the field of sustainable/energy-efficient construction and mobility (e.g. engineers, architects, craftsmen, public education etc. – compared to 2019)	2020 2020
Employee Well-being	Employee Development & Engagement (Mat) GRI 401 (Employment), GRI 404 (Training) STEM Talents (2 nd) and Local Communities (2 nd)	Ensure implementation of e-learning to facilitate access to trainings or personal development programs and thus trigger more learning time for our employees Perform regular employee satisfaction survey in 4-5 years cycle and implement validated improvement action plan Social impact - Pursue effort in coaching and being a reliable partner for ministries, local entities, students and jobseekers	2021 2024 2020
	Occupational Health & Safety (Mat) GRI 403	Re-certify SGS (Sécher & Gesond mat System) for Encevo and re-certify VISION ZERO (Creos) Evaluate and prepare for ISO 45001 certification Lux Grid and Encevo Measure & report on internal occupational accident frequency rate	2020 2020 2020
	Diversity and Equal Opportunity (2 nd)	Ensure equal opportunity for parental leave and part time for men and women – (Career Management & Work-Life-Balance) Ensure general management training focusing on unconscious bias Include Diversity & Inclusion in Employer Branding strategy to attract more women or other minorities	2021 2021 2025
Business Integrity	Data Protection & Cybersecurity (Mat) - GRI 418	GDPR: achieve excellent maturity target (based on risk-based approach) to comply with regulation Achieve Information Security Management System certification for Grid Operations Department Information Security Improvement Plan: Implementation of 2 years Cyber Security Plan (2020-2022)	2020 2020 2022
	Sustainable Energy Procurement (Mat) - GRI 204	Define criteria for sustainable (Energy) procurement and drive supplier code of conduct to next maturity level	2021
Resource Efficiency	Energy Consumption GRI 302 (Energy Usage of Production) (2 nd)	Achieve and keep Energy Management Certifications ISO 50001 in 3 year-cycle Zero waste workshop – encourage employee about sustainable behaviour	2022 2021
	Carbon Mgt. (Mat) GRI 305 (Emissions of Production)	Measure Emissions Scope 2 (by 2022) and scope 3 (by 2023)	2022/2023

BUSINESS INTEGRITY: TRANSPARENT GOVERNANCE ^[1] & COMPLIANCE

GRI 102-5 | GRI 102-18

The Shareholders

As of December 31st, 2019, Encevo S.A.'s share capital was distributed between the various shareholders as follows:



In accordance with its by-laws, the annual general meeting of shareholders ("AGM") took place on May 14th, 2019. Having acknowledged the Management Report and the independent statutory auditor's reports, the shareholders unanimously approved the statutory accounts of Encevo S.A. as well as of the consolidated accounts of Encevo

Group with respect to the year 2018. In addition to the decision to distribute a dividend of EUR 20.80 € per share (i.e. dividend of 18.920.283 EUR), the AGM also ratified the appointment by co-option and made the final appointment of several directors and granted full and unrestricted discharge to all directors for 2018.

The Board of directors

As of December 31st, 2019, the Board of directors of Encevo S.A. was composed of the following members:

Marco HOFFMANN (Chairman)
Li SUN (First Vice-Chairman)
Tom THEVES (Second Vice-Chairman)
Changqing JI (Third Vice-Chairman)
Daniel DA CRUZ
Stefan GRÜTZMACHER
Aloyse KOHLL
Paul KONSBRUCK
Uwe LEPRICH *
Claude MORES
Marc REDING
Frank REIMEN
Georges REUTER
Joachim SCHERER
Geneviève SCHLINK
Claude STRASSER

The Board met 4 times in 2019: on 26 April, 28 June, 27 September and 6 December, 2019. The average attendance rate for all meetings, either physically or by phone conference, reached 95% on average. The meetings were also attended by the members of the Executive Board. All meetings were chaired by Mr Marco Hoffmann, who was chosen in his capacity as Chairman among the directors appointed among the candidates submitted by the largest shareholder. The Secretary of the Board is the Secretary General of Encevo S.A.

Please refer to the "Governance Details" section below for a short biographical note on Mr Marco Hoffmann.

Board Committees

Several Board Committees assisted the Board in its supervisory role, in the preparation of the information it received, and in its decision-making process.

Audit Committee

The Audit Committee met 7 times in 2019: on 14 March, 19 March, 4 April, 20 June, 19 September, 21 November and 13 December, 2019.

The average attendance rate for all meetings, either physically or by phone conference, reached 93% on average.

As of December 31st, 2019, the Audit Committee was composed of the following directors:

Vafa MOAYED (Chairman)
Marco HOFFMANN
Changqing JI
Aloyse KOHLL
Uwe LEPRICH
Georges REUTER
Geneviève SCHLINK
Claude STRASSER

All meetings were chaired by Mr Vafa Moayed, who was chosen in his capacity as Chairman among the candidates submitted by the second largest shareholder (the State, the BCEE and the SNCI being counted as one shareholder).

The Secretary of the Audit Committee is the Head of Group Internal Audit.

Please refer to the "Governance Details" section below for a short biographical note on Mr Vafa Moayed.

Group Strategy Committee

The Group Strategy Committee ("GSC") met 4 times in 2019: on 19 March, 20 June, 19 September and 14 November, 2019.

The average attendance rate for all meetings, either physically or by phone conference, reached 85% on average. As of December 31st, 2019, the GSC was composed of the members of the Executive Board and of the following directors:

Marco HOFFMANN (Chairman)
Stefan GRÜTZMACHER
Changqing JI
Aloyse KOHLL
Uwe LEPRICH
Geneviève SCHLINK
Claude STRASSER

The secretary of the Group Strategy Committee is the Secretary of the Board of Encevo S.A.

Investment Committee

The Investment Committee met 3 times in 2019: on 31 January, 20 May and 26 November, 2019.

* permanent representative of the City of Luxembourg

The average attendance rate for all meetings, either physically or by phone conference, reached 93% on average. As of 31st December, 2019, the Investment Committee was composed of the Chairman of the Executive Board, the Group Chief Financial Officer, the Head of Corporate Strategy and of the following directors:

Marco HOFFMANN (Chairman)
Aloyse KOHLL
Paul POON
Marc REDING
Geneviève SCHLINK
Jingqiang SUN
Tom THEVES

The secretary of the Group Strategy Committee is the secretary of the Board of Encevo S.A.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee ("RemCo") met 4 times in 2019: on 6 February, 14 March, 27 June and 28 November, 2019.

The average attendance rate for all meetings, either physically or by phone conference, reached 88% on average. As of 31st December, 2019, the RemCo was composed of the following directors:

Marco HOFFMANN (Chairman)
Mario GROTZ
Changqing JI
Aloyse KOHLL
Vafa MOAYED
Christiane SCHAUL

The secretary of the Remuneration and Nomination Committee is an external adviser from KPMG, who supports the Committee's work based on his expertise in this area.

Executive Board

In accordance with Article 20.8 of the Articles of Association, the daily management of Encevo S.A. is delegated to an Executive Board.

The Executive Board held 44 meetings in 2019. It is composed of 4 members; it being understood that a quorum of 3 members is required for the Executive Board to take decisions.

As of 31 December, 2019, the Executive Board was composed of the following persons:

Claude SEYWERT (Chairman)
Marc REIFFERS
Erik VON SCHOLZ
Guy WEICHERDING

Please refer to the "Governance Details" section below for biographical notes of the Members of the Executive Board.

Corporate Social Responsibility Committee

Encevo S.A. has set up a Corporate Social Responsibility (CSR) Committee, the mission of which is to define the Group CSR policy and supervise its implementation.

It is chaired by the Chairman of the Executive Board of Encevo S.A. and Group CEO and also composed of the Head of Process Excellence, Organisation and CSR; the Secretary General (Head of Corporate Governance, Compliance and in charge of Corporate Communication) of Encevo S.A.; and the Head of Marketing of Enovos Luxembourg S.A.

The Head of CSR reports to the Executive Board at least once a year. As from 2020 the CSR Committee reports to the Group Strategy Committee on an annual basis.

Conflicts of interest reported in corporate bodies

In accordance with applicable law, the by-laws and the Board of Directors' internal procedure of Encevo S.A., members of the Board as well as members of the Executive Committee are obliged to report possible conflicts of interest using a declaration of conflict form.

No conflict, which would have required reporting to the Executive Board, the Board of directors and/or, as the case may be, to the general meeting of shareholders was reported in 2019.

BUSINESS INTEGRITY: GENERAL COMPLIANCE

GRI 103-1 | GRI 103-2



Materiality

At Encevo, integrity is considered a key component of the way business is to be done and seen as a significant requirement of the overall sustainability of the group.

Organisation and Management

Encevo's Executive Board adopted a Group Compliance Policy, which defines the compliance governance in the group, as well as the role and mission of the compliance function. This policy was updated in 2019 in order to take into account the changes of scope in the group's organisation. In addition, the cornerstone of Encevo's compliance program consists of a Code of Business Conduct, which sets out the main ethical principles and legal rules the Encevo Group expects its directors and employees to follow. The Secretary General of Encevo S.A. is the Group Compliance Officer, reporting to the Group CEO and Chairman of the Executive Board. In the most significant fully consolidated group of companies, dedicated compliance managers are responsible for compliance in their respective entities. As for personal data protection compliance^[2], dedicated data protection officers operate at the group level and in each significant fully consolidated subsidiary. With respect to grid activities, compliance officers have also been appointed to ensure compliance with unbundling requirements.

The Group Compliance Officer presented the annual compliance report to the Audit Committee, and reported its activities to the Executive Board twice in 2019.

Progress 2019

- Compliance focused particularly on the following subjects in 2019: Action plans were put in place and began to be implemented following compliance risk assessments conducted in 2018 at Encevo S.A., Enovos Luxembourg, Creos Luxembourg, Enovos Germany and Creos Germany;
- Tailor-made online compliance training, composed of various modules, in the three main languages used in the group, was developed with the aim to raise the level of awareness around Encevo's Code of Business Conduct;
- A Group Economic Sanctions Compliance Policy was adopted, as a result of the above-mentioned risk assessment by the Executive Board. Due diligence capabilities were enhanced with a professional compliance data base to which all significant fully consolidated subsidiaries have received access. A specific instruction was also developed to support the group in relation to its dealings with banks and resulting KYC^[3]-related requests and requirements;
- Under the leadership of Encevo's Data Protection Officer, Encevo's compliance improvement action plan in relation to personal data protection continued to be implemented, focusing on the automation of data protection compliance processes with Encevo S.A., Enovos Luxembourg and Creos Luxembourg.

Compliance (continued)

Regarding anti-corruption compliance, the group continued to apply its zero-tolerance policy set out in its Code of Business Conduct. As a result, in line with Encevo's Code of Business Conduct, online modules focusing on anti-corruption, whistle-blowing and escalation of compliance issues were developed. Deployment of these modules will start in 2020. Encevo's whistleblowing policy ensures that improper or illegal practices, especially cases of fraud and corruption can be reported confidentially through specific channels without risk of retaliation. In addition, one of the channels enables anonymous reporting. Furthermore, the group continues to apply its conflict of interest procedure, which requires members of the Executive Board and senior management reporting to an Executive Board member to complete a conflict of interest declaration form on an annual basis. It is expected that the declaration processes will be digitised and then the scope of the procedure will be further extended. Finally, corruption risks were assessed as part of an overall compliance risk assessment (as mentioned earlier). No significant risk was identified. However, in some areas, improvement actions were defined.

The percentage of operations assessed for risks related to corruption is approximately 66% (Energy Grid and Sales Operations). It is planned to gradually assess the remaining operations of the group.

With respect to antitrust compliance, dedicated compliance training was developed by the Legal department of Encevo S.A. Based on the outcome of the compliance risk assessment, the senior legal counsel in charge of competition law provided in-person training to populations exposed to a higher risk in this area. An anti-trust compliance online (e-learning) module was also developed in accordance with the

anti-competition section of the Code of Conduct, and included in Encevo's Code of Conduct training programme.

The whistle-blowing section of the Code of Business Conduct also explicitly covers possible violations of antitrust regulations.

Risk management

Encevo's Executive Board established a dedicated Group Risk Policy and assigned specific responsibilities and resources to risk management. The CFO (Chief Financial Officer) acts as CRO (Chief Risk Officer); he reports to the Executive Board and has the ultimate responsibility for effective risk management operations. Under his lead, the Group Risk Manager coordinates the implementation of the policy, the methodology and tools as well as the meetings of the local risk committees.

Based on the Enterprise Risk Management (ERM) model of the Encevo Group, risk management deals with operational risks, specific energy market risks, regulatory and strategic risks. Appropriate risk management requires the establishment and promotion of a lively risk culture in the various departments of all group companies and the realisation of formal assessments as well as reporting of potential risks.

Group risks were reported each quarter to the Executive Board, which acted as Group Risk Management Committee, as well as to the Audit Committee.

In March 2019, a Market Risk Capital of 100 M€ was set by the Board of Directors for the core business activities of Sales, Portfolio Management and Trading.

Internal Audit

The activities of the Internal Audit function were exercised in accordance with the annual audit plan, which was reviewed and approved by the Audit Committee at the end of the year 2018. The annual plan is based on an annual risk assessment.

The Internal Audit function also monitored the implementation of its internal control recommendations and regularly reported on effective compliance to the Executive Board and the Audit Committee.

The Group Internal Audit function was staffed by a team of three people; the Head of Group Internal Audit, a senior auditor and a junior auditor.

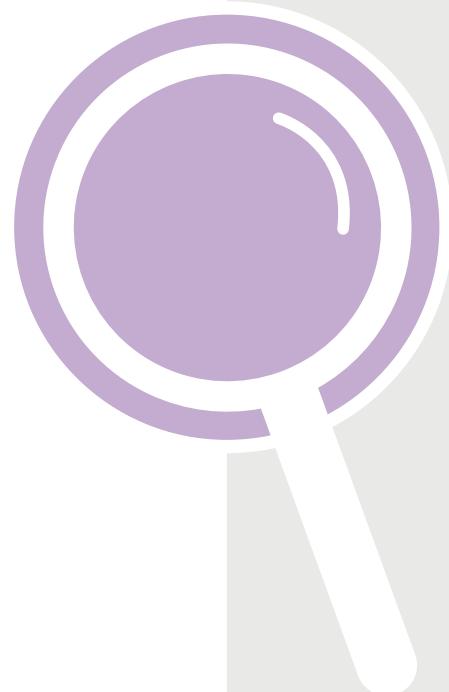
In 2019, the following areas were audited in accordance with the annual audit plan: Controlling and Reporting in all the main German and Luxembourgish entities, Billing, Dunning and Collection in all the main German and Luxembourgish entities, Trading and Origination in Luxembourg.

In addition, in 2019 Group Internal Audit also performed the following ad hoc engagements that were requested by the Executive Board and approved by the Audit Committee: Aligne (Trading and Portfolio Management tool) functional assessment in Enovos Germany and Luxembourg, compensation mechanism assessment in Creos and Enovos Luxembourg.

As approved by the Executive Board and Audit Committee, Group Internal Audit also assisted the Compliance function in the assessment of the group's compliance risks and the drafting of the related improvement action plan.

External Audit

Ernst & Young S.A. was appointed statutory auditor for the year 2019, following the resolution of the annual general meeting of shareholders held in 2018. The statutory auditor regularly reported on its work to the Executive Board and to the Audit Committee.



^[1] More details on the overall governance of Encevo, in particular on the role of the various corporate bodies can be found in the Corporate Governance Chart, which is accessible on www.encevo.eu.

^[2] For more details on personal data protection compliance, see section Business Integrity: Data Protection & Cybersecurity

^[3] "KYC" stands for "Know Your Customer" and essentially refers to anti-money laundering and economic sanctions-related compliance requirements.

BUSINESS INTEGRITY: DATA PROTECTION & CYBERSECURITY (MATERIAL TOPIC)

Materiality

With our missions of supply security and serving a very large customer base in Luxembourg and the Greater Region with our products and services, improving our standards is key to keeping high-trust relationships with customers and partners. The EU General Data Protection Regulation (GDPR) is a set of obligations in terms of handling of personal data. The GDPR is not a completely brand-new set of EU data protection rules. It's an evolution of the existing set of rules, based on the strong data protection principles set out in the Data Protection Directive. Mitigation of cyber risks is always critical as digitalisation of our system landscape evolves.

Organization & Management

Encevo Group and its subsidiaries implemented a set of GDPR policies and procedures and named a Data Protection Officer (DPO) for each entity. The primary role of the data protection officer (DPO) is to ensure that the organisation processes the personal data of its staff, customers, providers or any other individuals (also referred to as data subjects) in compliance with the applicable data protection rules. In this respect, the DPOs, and the GDPR project team, created a GDPR framework and processing register, and organised a communication and training program for all the staff. IT security is addressed by our Chief Information Security Officer (CISO) and local IT teams whose mission is to protect our systems and networks.



Progress 2019

2019 and 2020 marked the final of three phases of our GDPR implementation program. With a high percentage of implementation progress most of the GDPR requirements were already implemented. As well as GDPR-relevant compliance and regulation, during 2019 we prepared for the up-coming ePrivacy regulation by carefully analysing potential impacts on our data processing register.

Key elements in our Change Management approach of 2019 were a balanced mix of trainings, conferences and communications through our different channels. We performed our regular Data Protection Officer Conference 2019 with contributions from all group entities (Enovos

Luxembourg, Creos Luxembourg, LuxEnergie, Enovos Deutschland, EnergieSüdwest, Creos Deutschland and Paul Wagner et Fils). Data Protection Officers (DPO) exchanged on progress and best practices. All employees took mandatory eLearning courses and new-hires must enrol and complete the training within their first 6 months. In September, we launched a campaign 'lets protect personal data' in 4 languages (English, French, German, Luxembourgish) that included a short video clip from APDL (Association pour la protection des Données au Luxembourg). Further sensitisation of Creos Centers' workforce was performed during the mandatory Security Conferences. We are working hard to implement our Cyber-Security 3-year plan that enables a safe and secure digital transformation of our core systems and communication.

So far, we have had no data breaches in Encevo Group which required CNPD notification within 72 hours of becoming aware of the breach.



			Data 2017	Data 2018	Data 2019
Calculated Numbers	by				
GRI-418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	Total complaints	Total in numbers	0	0	0
	Total	received from outside parties (eg. customers, associations, etc.) and substantiated by the organization	0	0	0
	Total	complaints from regulatory bodies/supervising authority	0	0	0
	Total leaks, thefts, losses	Total in numbers	0	0	0
	Total	identified leaks reported to supervising authority	0	0	0
	Total	identified thefts reported to supervising authority	0	0	0
	Total	identified losses of customer data (=data breach) reported to supervising authority	0	0	0

In relation to cyber-security, we do not disclose performance data deemed competitive and proprietary.

PROCUREMENT PRACTICES FOR ENERGY (MATERIAL TOPIC)

Materiality

A fully functioning and interconnected internal energy market is crucial for maintaining security of energy supply, that's why, Creos Luxembourg comply with all the European rules regarding interconnection with adjacent countries on infrastructure level. An appropriate degree of harmonisation in technical, operational and communication areas is key to overcome potential barriers to the energy free flow. On gas side Luxembourg receives molecules from Belgium and Germany and on electricity side electrons from Germany.

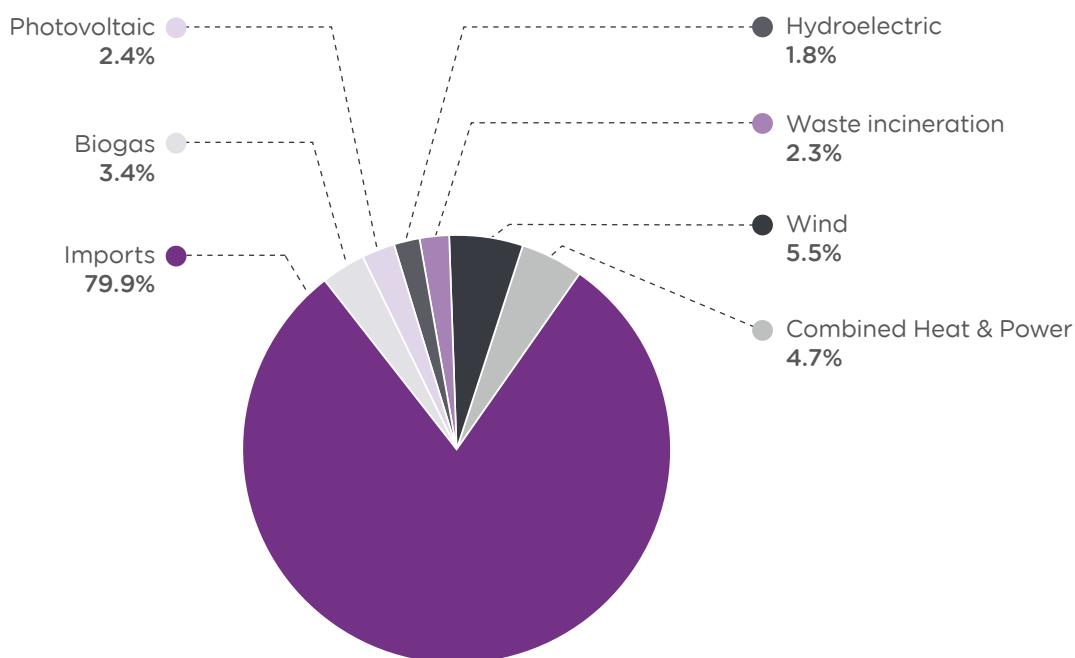
Organisation and Management

The network codes on electricity and gas enable the necessary harmonisation of interconnection agreements, and common set of rules, therefore leading to effective market functioning. Our Procurement & Logistics Team ensures full compliancy on professional procurement practices e.g. by providing procurement checklists, procedures & guidelines. The performance of our procurement processes is closely monitored with process performance management software ensuring high process performance.

Progress 2019

As was previously stated, Encevo Group has a strong policy of integrating renewable energy. Even though most of the electricity is covered by imports (79.9 % in 2019), we can report an increase of the renewable electricity percentage injected into Creos's grid (2.4 % of photovoltaic in 2019, 0.1 % increase compared to 2018, 3.4 % biogas in 2019, 1.1 % increase compared to 2018).

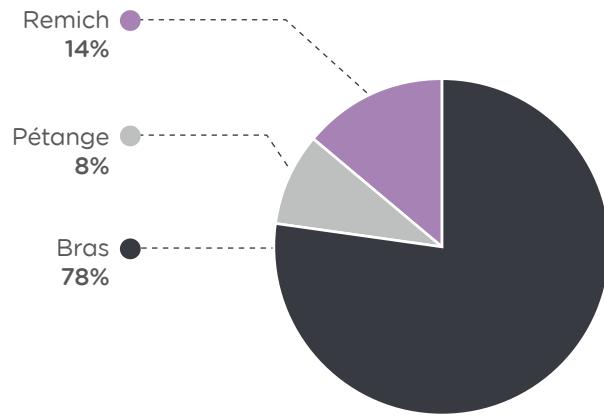
Statistic: Energy Mix 2019 (for more details, please check Creos' Luxembourg Annual Report)



No direct nuclear electricity production can be reported at national level, and the percentage of renewable electricity injection is continuously increasing.

Concerning gas, and gas flow injection into our transmission pipelines, the majority comes from Belgium via the interconnection points Bras / Pétange and the rest from Germany, via the interconnection point Remich. Germany and Belgium are countries with an active policy of switching to greener gases.

Our group is accountable of about 2/3 of biogas injection into the DSO grid via Enovos and Leo.



New Supplier Code of Conduct

This was a true joint effort from Procurement & Logistics Creos/Strategic Procurement Encevo and the CSR teams. The aim is to increase the group's maturity and commitment toward the sustainable aspects of its purchasing practices.

Within this Code of Conduct, Encevo Group promotes the main principles of sustainable development with its suppliers, contractors, subcontractors, service providers and focuses on transparency in this cooperation. We decided to follow the UN Compact Global Principles, which is considered a world-wide best practice. The UN Global Compact is a strategic policy initiative, developed by the United Nations, for businesses that are committed to align their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anticorruption.

This code of conduct, which is available on Encevo Group Intranet and websites, is part of our general terms and conditions and is systematically communicated on our purchase orders. With this new code of conduct for our suppliers, we are further increasing the quality of the professional relationship. It is also planned to report our procurement practices in more detail in the coming Annual Reports.

SUSTAINABLE ECONOMIC PERFORMANCE (MATERIAL TOPIC)

INDIRECT ECONOMIC IMPACTS (TERTIARY TOPIC)

GRI 103-1 | GRI 103-2

Materiality

Through our presence we influence the lives, work and economic conditions of people in Luxembourg and the Greater Region. At our locations, we invest, pay taxes and levies, work with local companies and partners, and offer employment opportunities. We are aware that every corporate decision also has indirect economic consequences, which is why we act responsibly at international, national, regional and local level, and as a living part of the respective communities and locations. Furthermore, it is essential for us to be perceived as a trustworthy and reliable partner.

Organisation & Management

We are dedicated to clear principles that form the framework for our corporate and social activities. Within the framework of these principles, Encevo Group is actively involved, as a company and with its employees, in shaping the community and influencing local conditions for the better. We fulfil the tax obligations triggered by our activities. We see tax payments as a fair contribution to the financing and development of successful communities in all countries in which we operate. We therefore see it as part of our social responsibility to make our tax activities as transparent as possible, and to disclose this information within the legally prescribed framework.

In addition to the statutory payments of taxes and levies, we are also voluntarily committed to the common good through the Fondation Enovos (EUR 330k donation per year), which is a non-profit foundation which aims to enhance and develop renewable energy sources in Luxembourg and the Greater Region, it contributes actively to research in the fields of environment and sustainable development and supports social projects. 2019 was the 8th year that the Fondation Enovos awarded the Prix d'Excellence to 6 young engineers to encourage and enhance their professional career, and recognise their graduate work.

The mission of our foundation is the following:

- Enhancement and development of renewable energy sources in Luxembourg and the Greater Region
- Active promotion of research in the fields of environmental studies and sustainable development by supporting scientific projects in the field of energy, particularly renewable energy
- Social projects



under the aegis of
Fondation de Luxembourg

For more information on our foundation, please see
www.fondation-enovos.lu

Progress indirect economic performance 2019

Encevo Group is part of society as a whole and is committed to the integration of the social dimension into its modus operandi. Throughout the year, Encevo Group has supported various NGOs with donations. This list presents the most important projects supported by Enovos and our commercial activities in Luxembourg:

For the 2019 edition of our concert, Encevo Group supported "Médecins du Monde" offering them the opportunity to present their organisation during this event. The volunteer teams of Médecins du Monde in Luxembourg treat the needy in their medical centres of Esch-sur-Alzette and Bonnevoie. Every year, these centres are visited by hundreds of people without CNS coverage.

Following an employee survey, Encevo Group committed to support l'Île aux Clowns with a donation for every participant. This association of professional clowns aims to bring cheerfulness, joy and smiles to hospitalised children.

Enovos regularly supports Unicef in their work. Funds in 2019 were collected to provide winter equipment for children in Syria or in refugee camps in neighbouring countries.

Relais pour la Vie 2019 organised by Fondation Cancer is a long-time partner event that we support by funding the kilometers pedaled during the 24 hours on the bikes in the arena.

The Hands of Innovation organised by the Chambre des Métiers du Luxembourg rewards craft businesses that stand out for their innovative approach and entrepreneurial spirit. Enovos, as silver partner, was a member of the jury and attended the ceremony to hand out one of the awards.

Enovos was co-sponsor of the ING Night Marathon Luxembourg and was present at the Petrusse Valley with the LEO Light Village, an enchanting setting decorated with hundreds of lights and lanterns. With Leo Light my Fire, supporters had the possibility to accompany the runners for 1 kilometre, equipped with a torch provided by Leo. Enovos also sponsored T-shirts for Encevo Group participants.

The Night of Museums in Luxembourg City is the premier event for culture and heritage enthusiasts. Organised by the 7 museums of the 'groupement d'stater muséeën', in 2019 Enovos partnered with them for the first time and illuminated the site of the 'Musée Dräi Eechelen' with beautiful light and lanterns. We were also present with a food truck to collect money for the ONG Padem project.

In 2019, Enovos started a partnership with the APEMH Foundation (Association of Parents of Mentally Handicapped Children) and participated in the financing of an integrative swing at the Parc Merveilleux de Bettembourg.

For many years, Enovos has supported sport in Luxembourg through its partnership (partenaire principal) with The Luxembourg Olympic and Sports Committee (COSL) and is always present with activities for children at the COSL Spillfest and the Olympia Dag.

In 2019, Enovos partnered with the reorganised Festival of Wiltz and provided the organisers with a free eno-charger phone station for visitors in the amphitheater.

Enovos participated with workshops about energy in the 12th Science Festival organised by The National Museum of Natural History (MNHN) and the National Research Fund (FNR)



at the Neumünster Abbey. The purpose of the event is to present and promote science and research in Luxembourg and to encourage young people and the general public to become more interested in science and technology.

For several years Enovos has supported the non-profit association Jonk Entrepreneuren Luxembourg, whose aim is to promote the creativity of young people in Luxembourg through a partnership between the economic and education sectors, and to introduce young people to professional life.

Within the framework of the 18th edition of Télévie, Enovos supported the Mersch promise centre by donating prizes for the raffle and by providing them with the Enovos hot air balloon.

On World Down's Syndrome Day, Enovos took part in the Lots of Socks campaign and invited its staff to show their support and solidarity for the difference by wearing mismatched socks and identifying Enovos while posting a picture on Facebook or Instagram with 'lofsofsocks'. For each photo published, Enovos made a donation to the Trisomie 21 Luxembourg association.

In 2019, Enovos signed a partnership agreement with the non-governmental development organisation PADEM (Programmes d'Aide et de Développement pour les Enfants du Monde), to co-finance a school electrification project in Senegal, over four years, called ECLAT. Enovos will provide financial support to the project, pass on its expertise in electrification and promote the project in all its forms according to its motto 'Energy for today. Caring for tomorrow'. This project, for which Enovos will raise funds through numerous internal and external activities, reflects the values of our company and the commitment we want to show on a daily basis. The Green Store is the online shop set up to encourage sustainability and environmental protection, while collecting donations for PADEM. All profits

generated on the Green Store are donated to this NGO. A new partnership with 11Friends Luxembourg was signed in 2019, to support the 4th edition of the Luxembourg Gaming Xperience, the first and only convention in Luxembourg that aims to present all the worlds related to Geek Culture: Gaming, Esport, New Technologies, Pop Culture, Cosplay, Manga, Japanese Culture, etc.

As official partner of the imaginary zone and the cosplay contest, Enovos produced a video 'This is my story' with one cosplayer and conducted interviews with several other cosplayers.

The Energy Transition Day is an event which aims to support collaboration among the private and public sectors, institutional entities and academia in order to stimulate environmental protection actions, and to take up the challenge of making the energy transition happen. As a partner and an actor in decarbonisation, Enovos attended to present its vision and answer questions.

The details on Creos support, can be found in the Creos Annual Report.

In total the indirect contributions in donations and manpower for the entire group are as follows:

GRI 203-1	Data 2017	Data 2018	Data 2019
Financial Sponsoring in EUR millions	0.822	0.805	0.809

Since 3 years, we spend per year more than 800,000 EUR on financial sponsoring activities.

DIRECT ECONOMIC IMPACT (MATERIAL TOPIC)

GRI 201

Materiality

During 2019, Encevo Group further strengthened its position as a driving force of the energy transition in Luxembourg and the Greater Region. Besides a considerable growth of the renewable energies asset base, the group kept up with an evolving value chain to be prepared for tomorrow's energy world.

Financially speaking, the group is looking at a good year with results similar to the previous year and in line with expectations. The groups' strategy remains unchanged with further expanding renewable energies production throughout the Greater Region to produce energy locally from renewable sources, all this in the context of a sustainable energy transition.

Progress 2019

Encevo issued its first Green Schultschein of 250 MEUR in 2018, the first issue also by a Luxembourgish company, which was an important milestone in the group's strategy and sustainability vision. We were very pleased to announce that our Green Schultschein has been awarded as "Deal of the Year 2018" by mtn-i, a global financial news, data and analytics platform. By end of 2019, Encevo invested around 80% of the 250 MEUR. For further details, please consult our Green Schultschein Framework and detailed reporting: www.encevo.eu/en/accueil/financial-information

Our direct economic performance for 2019 compared to previous years is as follows:

Data in EUR millions		Data 2017	Data 2018	Data 2019
Direct economic value generated¹	Revenues	1,758.1	2,019.2	2,105.9
Economic value distributed²	Total	345,1	355,9	356,1
Direct economic value generated and distributed	Total	2,103,282.6	2,375	2,461.9
Economic value retained³	Total	1,413.1	1,663.3	1,749.8

¹Revenues: Sum of net sales plus revenues from financial investments and sales of assets.

²Economic value distributed: operating costs, payments to government, payments to providers of capital, employee wages and benefits, community investments

³Economic value retained: Revenues less economic value distributed.

Further details on our economic performance 2019 can be found in our Management Report and related Consolidated Annual Accounts Sections.

RELIABLE AND SMART ENERGY SUPPLY; INFRASTRUCTURE SAFETY (MATERIAL TOPICS)

Materiality

In order to secure the power and gas supply, and to meet the increasing of energy demand, Creos continuously reinforces its assets. Creos attaches great importance to quality. It expressly commits to continuously improving the quality management system and meeting customer requirements. Their work corresponds to the current safety requirements.

Creos is responsible for the planning, construction, maintenance and operation of the high, medium and low voltage electrical lines and the high, medium and low-pressure natural gas pipelines it owns and manages.

As the operator of the electricity and natural gas networks, Creos takes its responsibility as a public utility company seriously and plans its infrastructure to meet changing demand for electricity and natural gas. Security of supply and the reliability of energy networks are central to Creos' concerns. In addition, when planning network maintenance or development, the company takes great care in integrating its structures into the landscape and makes considerable efforts to minimise the resulting impact on the environment. Today, the majority of low-voltage power lines (more than 90% in Luxembourg) and most of the medium-voltage lines (more than 70% for Luxembourg) are buried.

Organisation & Management

The transport grid for electricity managed by Creos Luxembourg, meets the rules imposed by national legislation as well as supplemental valid operating, planning and safety standards. These standards are jointly established by the European Network for Transmission System Operators for Electricity (ENTSO-E), and are published on the ENTSO-E website (www.entsoe.eu).

Similarly, the transport pipelines system for gas managed by Creos Luxembourg S.A., complies with rules imposed by national legislation, as well as supplemental, valid operating, planning and safety standards. These standards are jointly established by the European Network for Transmission System Operators for Gas (ENTSO-G), and are published on the ENTSO-G website (www.entsog.eu).

Progress 2019

In the frame of continuously reinforcing its infrastructure, Creos Luxembourg carried out a number of works in 2019.

Major works at 220 kV and 65 kV levels carried out during 2019:

Substations

Construction work on the Bissen 220 kV substation began in early 2019 and should be completed in late 2020. The purpose of this work is to replace the existing 220 kV substation at Roost, which is the nerve centre of the Creos network and dates back to the 1970s, with a new substation to maintain security of supply for the Creos network.

In the same vein, the 65 kV Echternach/Monsanto substation has been refitted to provide safe electricity supply to the Echternach region.

Tornado of 9 August 2019

The south of the Grand Duchy of Luxembourg was hit by a tornado on 9 August 2019. The municipalities of Bascharage and Pétange suffered major damage. With the exception of a damaged pylon on our 65 kV Bascharage-Biff-Lamadelaine line, none of the Creos civil engineering structures sustained any major damage. However, the 220 kV Esch-Aubange interconnection line, operated by Sotelf/Elia and used by Creos for its interconnection with the Belgian network, was partially destroyed. Creos supported Sotelf to secure the damaged structures and attended the meetings of the government crisis unit.

110 kV infrastructure development

programme

The 110 kV infrastructure development programme, launched several years ago to meet the future energy needs of Luxembourg-City, was maintained with the construction of multi-duct networks on different sections on the Kirchberg Plateau, in Merl, in Gasperich, in Cloche d'Or and towards Leudelange. This work took place in collaboration with the services of the City of Luxembourg and the other stakeholders.

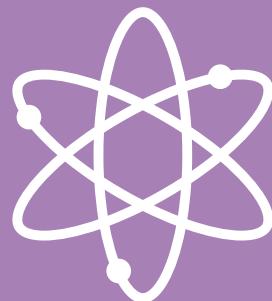
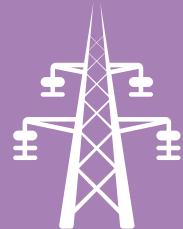
Build-up of Public electric vehicle loading points (=800) is on track and progressed substantially during 2019.

Smart Meter Roll-Out is on track and progressed substantially during 2019.

Creos Germany:

Creos Germany continues the same policy of reinforcing its assets in order to meet the energy demand.

In 2019, the investment in gas pipelines and power projects, was of 14,5 MEUR, which represents an increase of almost 30% compared to previous year (this is a progressive increase, since 2017 by 38%). Most of the investments benefited gas assets, only 7% were invested in power connections.



CLEAN ENERGY DEVELOPMENT (MATERIAL TOPICS)

GRI 103-1 | GRI 103-2

Materiality

Encevo Group has a strong policy related to the development of the renewable energies on the Luxembourgish territory and abroad.

Encevo Group welcomed the Luxembourg government's plans to accelerate the deployment of renewable energy and to increase its share within the country's energy mix. Encevo took note of the ambitious target of 25%, foreseen in the National Energy and Climate Plans, to inform its development of renewable energy in Luxembourg. The fulfilment of this target will only be possible with huge growth rates in all fields of renewable energy (in renewable electricity, heating or transport). Encevo sees itself as the main actor to implement the plan.

For the expansion of wind and solar energy, however, major investments in power grids are needed as Encevo must also adapt to a more decentralised energy system.

Energy consumption, the energy sold, and consequently the energy intensity ratio, are elements that most influence profitability and the environmental footprint.

Organization & Management

Encevo strives to make meaningful contributions to Luxembourg's climate ambition by enabling increased production of local power from renewable sources. The group is actively developing its wind, PV, and CHP business by:

- engaging in collaborations with customers, strategic partners, and communities in a territory with ambitious growth targets
- applying our strong local market knowledge and expertise in assets development and operations
- continuously growing wind activities
- focusing strongly on pipeline development and construction of additional assets to deliver business growth

Photovoltaic – ambitious growth potential for solar power:

- Follow a multi-annual plan for PV tenders, including installation categories and sizes to be issued
- Identify addressable areas and determine inspiring, actionable business approaches to deliver additional assets
- Ensure excellence and competitiveness in development, construction, and operations of PV assets

Cogeneration – as leader in energy contracting advance Luxembourg's sustainable energy plan:

- Continue core business in LuxEnergie's Energy Contracting with the installation and operation of district heating & cooling infrastructure via pellet based CHPs
- Develop innovative business areas i.e. low temperature heating infrastructure
- Providing modular green energy heating system to fulfil temporary needs



Progress in 2019

In Luxembourg:

Photovoltaic

- Public tender for installations > 500 kW
13.9 MW in construction phase with industrial partners
- Solution for single-family houses: pre-registration implemented
- Construction of facilities (private and public) ca. 10 MW in planning, e.g. Philharmonie

Wind

start of construction for new wind parks (9 MW) with commissioning expected in 2020; additional wind projects under development

Biomass

heat networks based on pellets

Abroad:

- Launch in the Netherlands 5,5 MW

In Germany:

Photovoltaic

- Successful bids in public PV tender with 44 MW
- 20 MW of open-space PV projects developed by PV Joint Venture WES Green
- Operation & Maintenance more than 1000 MW contracted

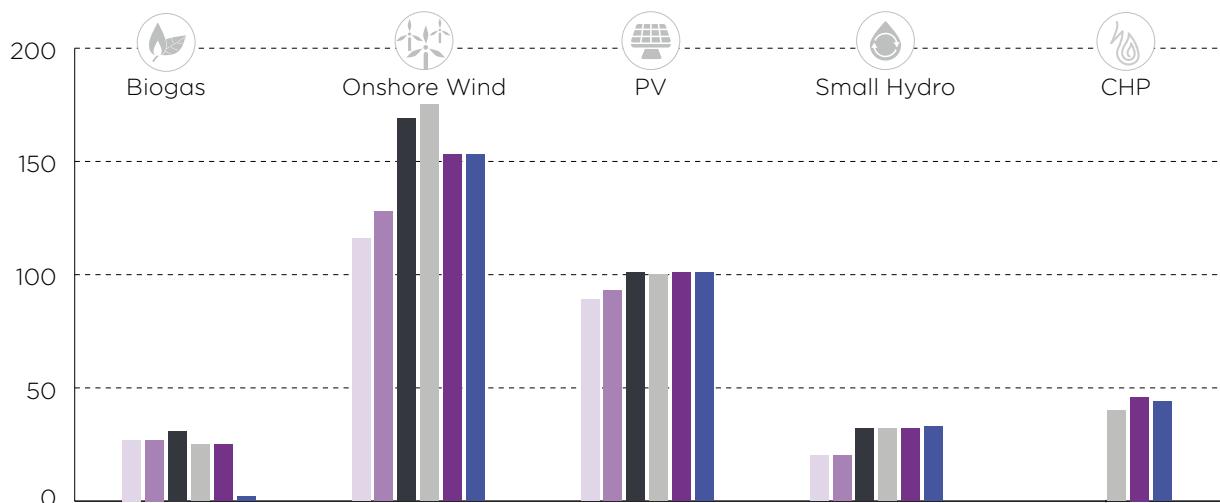
Wind:

- Environmental approval and successful bid in public tender for 1 WTG (3MW);
- Land securement for further 3 WTGs (17MW), approval process planned for 2020

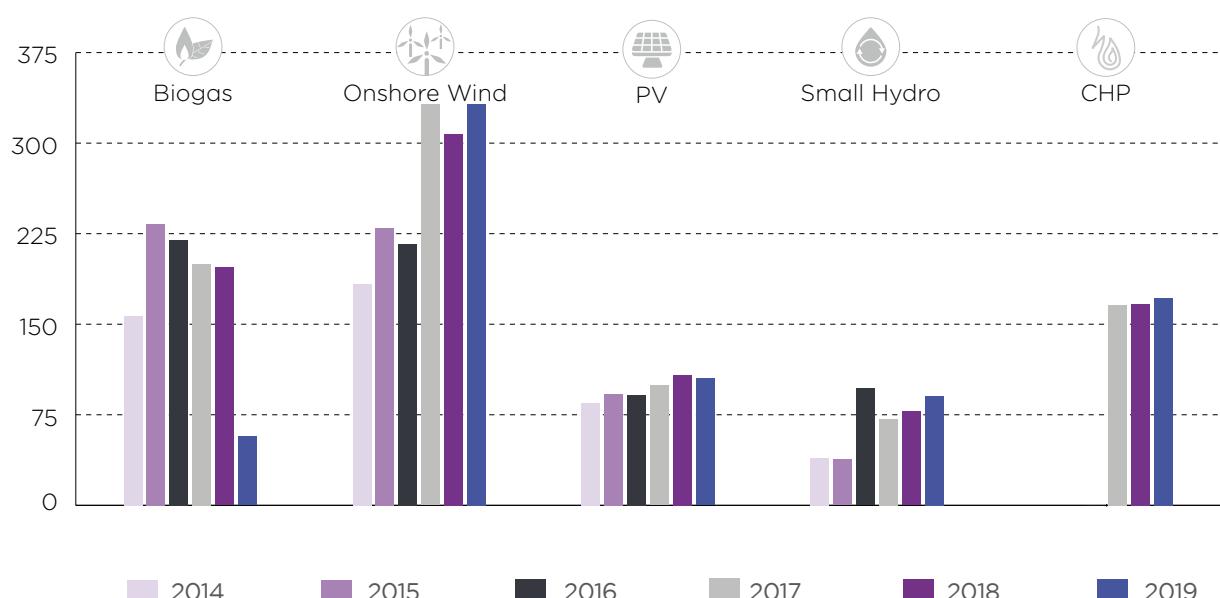
Biogas:

- Sale of 3 Biogas plants (closing in May 2019)

CAPACITY PER YEAR AND TECHNOLOGY [MW]



ELECTRICAL PRODUCTION PER YEAR AND TECHNOLOGY [GWH]





Our Encevo Group Equity Investments in EUR millions:

	2017	2018	2019
Total	16.2	7.3	9.5

EMPLOYEE DEVELOPMENT & ENGAGEMENT (MATERIAL TOPIC)

GRI 103-1 | GRI 103-2

Materiality

A well-structured training program helps employees to continuously improve their knowledge and skills, while providing them with a clear picture of their strengths and weaknesses. This is vital in a continuously changing business world. From an organisational perspective, it minimises weak points and also helps the company increase employee retention, gain their loyalty, and ultimately boost organisational productivity.

Management and Organisation

In 2019, the HR team has continued its strategic talent management plan by investing in employee's growth and offering development opportunities. Along with this, the Encevo Group has maintained a focus on building from within, with a solid internal mobility as well as an attractive talent approach for the group.

In addition to a diversity & inclusion policy, a Diversity and Inclusion Working Group has been set up with the mission to analyse the current situation and define areas for priority actions. The objective is to offer a workplace where the employees are treated with fairness, dignity and respect and where they can feel valued, included and empowered to share their ideas.

An exclusive partnering with the business has allowed the HR team to play an important role in the development and the implementation of strategic talent plans aligned with organisational strategy. An important talent movement is for example the Development Talk initiative, a qualitative split of learning and development and performance evaluation in order to focus on competency development program for the employees within the organisation.

Progress 2019

The HR team allies perfectly with Encevo Group strategy by implementing a paperless HR management. The HR Digital transformation journey aligns sustainability and transparency to employees. With a 24/7 real-time access to their personal, paperless data, employees are accountable for their professional development; setting goals and signing up for training in an easy and simple way.

A close collaboration with local partners, as ADEM, Chambre de Commerce & Chambre des Salariés, and public representatives, such as ministries and FEDIL, is present to provide feedback on labour law and professional support to schools and universities. The total rate of hires is 8% in 2019.

Group Encevo (without Trainees & parental leaves)	average headcount over 12 months
Creos Luxembourg	760.3
Encevo S.A. Holding	111.6
Envos/LEO Luxembourg	211.8
Envos Deutschland	106.2
Creos Deutschland	175.0
Luxenergie S.A.	96.3
EnergieSüdwest	122.9
Paul Wagner & Fils/Hoffmann S.A.S/...	369.7
Other	18.6
TOTAL	1972

Average number of new hired employees			
Under 30 years old	Female	Luxembourg	7.5
Under 30 years old	Female	Greater Region	8
Under 30 years old	Female	Beyond the Greater Region	0
Under 30 years old	Male	Luxembourg	43
Under 30 years old	Male	Greater Region	8
Under 30 years old	Male	Beyond the Greater Region	0
Between 30-50 years old	Female	Luxembourg	12.7
Between 30-50 years old	Female	Greater Region	7
Between 30-50 years old	Female	Beyond the Greater Region	0
Between 30-50 years old	Male	Luxembourg	21
Between 30-50 years old	Male	Greater Region	8
Between 30-50 years old	Male	Beyond the Greater Region	5
Over 50 years old	Female	Luxembourg	0
Over 50 years old	Female	Greater Region	2
Over 50 years old	Female	Beyond the Greater Region	0
Over 50 years old	Male	Luxembourg	3
Over 50 years old	Male	Greater Region	2
Over 50 years old	Male	Beyond the Greater Region	1
TOTAL			128.2

Please note that 2017 and 2018 data is not available. Data in headcount.

OCCUPATION HEALTH AND SAFETY (MATERIAL TOPIC)

GRI 103-1 | GRI 103-2 | GRI 403-1 | GRI 403-2 | GRI 403-3 | GRI 403-4

Materiality

Encevo Group acknowledges the importance of healthy and safe work conditions for its workers. The prevention of work-related injuries and ill health is given highest priority in all processes and decisions. The Encevo Group handles health and safety topic with the utmost care. Dedicated HSE teams work to ensure reliable health, safety and environmental support and information is supplied to all personnel. Ongoing activities to raise awareness included training sessions, information campaigns, are organised regularly.

Organisation & Management

The goal of HSE management is to ensure that every employee is as safe in the workplace as at home. Family and friends must be confident that each of our employees will return home safe and healthy every day. In order to achieve this, Encevo Group has developed and promotes a culture of prevention, offers security-related trainings, has an approved rehabilitation scheme and impresses upon our workers, their involvement and responsibility for safety. The tools include policies for risk analyses at any intervention, organisational and medical follow-up of every incident and accident, as well as close collaboration between responsible HSE personnel and the "travailleur désigné".

HSE's focus is the overall health and safety of our constituents. The Creos Health, Safety & Environment (HSE) department's mission is to:

1. guarantee occupational safety and health, particularly by preventing risk
2. ensure compliance and the application of standards and directives, and
3. protect our employees, our most valued resource, citizens and the environment.

First and foremost, HSE's concern is to ensure that the whole employees follows HSE principles, and to improve awareness regarding behaviors that are required for a healthy and safe workforce. The infrastructure area is where most hazard occur. This area of activity has risks, and electrician and gas line installers must be especially vigilant to always follow best practices in safe behavior.



As one of the areas of activity where most hazards can occur is the field work , particularly in the area of the infrastructure operators, Creos strives to optimise its work processes and does not hesitate to equip itself with the latest safety technology, with a view to reducing accidents at work. To ensure that employees maintain a heightened level of awareness regarding possible risks and mitigation behavior which will prevent accidents at work, the Creos HSE department regularly organises safety conferences and training sessions.

Creos Luxembourg ensures a compliance with the standard norm ISO 45001:2018 (uncertified!) and labour laws. Creos Luxembourg is also a member of the VISION ZERO program, which requires a common and integrated approach to safety. The goal is to reduce occupational diseases and accidents and their severity while commuting and at work.

For Creos Germany, occupational health and safety is regulated by the principles of prevention, found in the Health and Safety at Work Act (Arbeitsschutzgesetz). It uses different measures ensure safety and compliance (e.g. member of the employers' liability insurance association, designation of safety officers, committee for occupational safety, risk assessment, trainings).

All employees are subject to the regulations of the Health and Safety at Work Act. Regular inspections of construction sites by the department heads of Asset Service and the HSE team include superiors and/or members of the HSE team discussing irregularities with the employees to raise awareness. The HSE team is in close contact with the safety delegate and makes regular risk assessments.

For dangerous work, there are work instructions to which the workers must adhere. The work instructions are in written form and each worker must have received an on-site instruction when carrying out the work for the first time. The work instructions describe safety requirements and specify the point at which dangerous work must be interrupted.

Employees regularly visit the "medecin du travail" to confirm fitness and that employee is still capable of performing high-risk work safely and comfortably. Regular occupational safety conferences, which are mandatory for workers in risk-prone or high-risk areas, are held to inform employees regarding the latest safety news and updates (e.g., security material, processes, rules, personal protective equipment/PPE, analysis of accidents).

The HSE manager reports to the CEO regularly.

Progress 2019

			Data 2017	Data 2018	Data 2019
Calculated Numbers	by				
GRI 403-8: Workers covered by an occupational health and safety management system	Workers: employees & persons who are not employees but whose work and/or workplace is controlled by the organization	Total number	1191	1165	1195
	Workers covered by an H&S management system	Total number	1191	1165	1195
		Percentage	100%	100%	100%
	Workers covered by an H&S management system that has been internally audited	Total number	1098	1068	1094
		Percentage	92.19%	91.67%	91.54%
	Workers covered by an H&S management system that has been audited or certified by an external party	Total number	396	360	323
		Percentage	33.25%	30.90%	27.03%
	Employees				
	Hours worked	Total number	1,297,806	1,407,492	1,326,801
	Fatalities as a result of work-related injury	Total number	0	0	0
		Rate	0	0	0
GRI 403-9: Work-related injuries	High-consequence work-related injuries (excluding fatalities)	Total number	0	0	0
		Rate	0	0	0
	Recordable work-related injuries	Total number	35	34	33
		Rate	26.97	24.16	24.87
	Workers who are not employees				
	Hours worked	Total number	1,154,677	1,160,194	1,230,647
	Fatalities as a result of work-related injury	Total number	0	0	0
		Rate	0	0	0
	High-consequence work-related injuries (excluding fatalities)	Total number	30	25	27
		Rate	25.98	21.55	21.94
	Recordable work-related injuries	Total number	46	41	46
		Rate	39.84	35.34	37.38

Please note that data for 403-8 for PWF is not available.

DIVERSITY AND EQUAL OPPORTUNITY (SECONDARY TOPIC)

GRI 103-1

Materiality

Encevo Group is an equal opportunity employer and is convinced that supporting and promoting diversity and inclusion is essential for future innovation and organisational efficiency.

We seek to create a workplace where each of our employees and all those we interact with as part of our work are treated with fairness, dignity and respect. Our corporate values which are “Respect”, “Team Spirit”, “Commitment” and “Excellence” support this endeavor. Our aim is to benefit from an environment in which all our employees can feel valued, included and empowered to share their ideas.

We are committed to equality of opportunity in all our employment practices, policies and procedures. Furthermore, we strive to build a work environment where people have an equal opportunity to succeed based on their professional qualification in every function and at all levels. Our purpose is to enable all of our employees to release their full potential.

We live in a multicultural environment and within our group, we come from many different cultural backgrounds. We embrace this. Diversity leads to more creative thinking; diverse groups are less prone to group-thinking and face a lesser risk of bias. Of course, diversity does not stop at gender, age, nationality or cultural background. It goes far beyond that. For example, think of cognitive diversity and the different perspectives this can offer within a group. If we all make the

effort to embrace each other's differences - and this is what we mean by inclusion - we can make people feel more motivated and committed at work and have more efficient teams and a better cohesion throughout the group.

As a group, we strongly support the following principles:

- Diversity is recognized as a business interest; each member of the organisation is held responsible.
- All decisions with respect to recruiting, hiring, promotion and disciplinary measures as well as other conditions of employment are free from any illegal discriminatory practices.
- We do not tolerate discrimination against employees or applicants because of race, national or ethnic origin, gender, pregnancy, marital or parental status, age, disability, religion or belief, sexual orientation or any other characteristic specified under applicable Luxembourgish law, company policy or the respective collective bargaining agreement.

Organisation & Management

In order to foster diversity and inclusion in Encevo Group, various steps have already been taken. A consultative team, the Diversity and Inclusion Working Group (DIWG) was constituted to analyse the current state and define areas for priority action. ComEx also approved a group-wide Diversity and Inclusion Policy, which establishes the objectives, principles and rules regarding this important topic and the role and responsibility each employee carries. The policy also describes steps and measures to take in cases discrimination and/or harassment is observed or experienced.

Responsibilities include:

1. Managers' responsibilities
 - Implement this diversity and inclusion policy as part of their day-to-day management of employees, and apply policies and practices in a fair equitable way.
 - Recognize unacceptable behavior and take immediate appropriate action. This action can vary depending on the occurrence or the severity/impact of an unacceptable behavior towards an individual.

2. Employees' responsibilities
 - Implement the diversity and inclusion policy in their day-to-day tasks and responsibilities with colleagues and customers.
 - Report inappropriate behavior to the line manager or (if appropriate) to the Head of Group Human Resources.

3. Diversity & Inclusion Working Group (DIWG) - a consultative team responsible for the following assignments across the group:
 - Carry out a diagnosis and define the areas for priority actions for diversity and inclusion;
 - Develop and pilot the action plan;
 - Evaluate progress;
 - Communicate on the implemented actions;

- Organizes workshops that encourage exchange and discussion
- Welcomes and analyses suggestions

Progress 2019

Timeline of key elements regarding diversity and inclusion



TRAINING AND DEVELOPMENT (MATERIAL TOPIC)

Materiality

Talent Development through training aims to improve individual and group performance by increasing and the skills and knowledge. It is though at most importance that a company should invest in one of the most important assets, its personnel. This will allow to attract, develop, motivate, and retain engaged employees.

Organisation & Management

Encevo Group puts a lot of effort in implementing and providing the necessary means to achieve the above goals. The HR team has a dedicated department (Learning and Development) focusing on quality, cost-effective training designed to increase individual and organizational enrichment.

The mission of the team targets:

- To contribute to the digital HR transition by offering user-friendly tools that facilitate access to the learning & development in-house offer.
- To focus on expanding processes where employees can discuss their personal development needs.
- Maintain a quality support to employees by providing, regular trainings based on the internal training catalog as well as contributing to the administrative support of the whole training offer. The team has implemented a Learning and Development policy which is approved by the management and available on the company intranet site for the transparency purposes.

A regular reporting is made to the Head of L&D department who oversees all the activities of the team members and sets the directions in order to meet the business's growth goals.

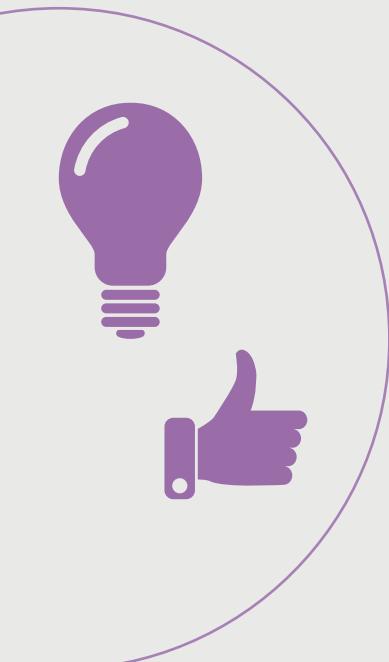
Progress 2019

In 2019, a new platform was provided to employees that aims to give them more transparency regarding the available trainings to support their personal development.

			Data 2018	Data 2019
Calculated Numbers	by			
Total number of training hours during the reporting period	Management/Cadre/ Führungskraft	Male	5,907	4,849
		Female	1,542	1,410
Total number of hours	Management/Cadre/ Führungskraft		7,448	6,259
Average number of hours	Management/Cadre/ Führungskraft		25	21
Total number of training hours during the reporting period	Employee under Collective Work Agreement	Male	17,885	17,416
		Female	1,626	2,035
Total number of hours	Employee under Collective Work Agreement		19,511	19,451
Average number of hours	Employee under Collective Work Agreement		17	16
Total number of training hours	Total	Male	23,792	22,265
		Female	3,168	3,445
Average number of hours		Male	19	18
Average number of hours		Female	15	13
Average number of hours per employee	Total		18	17

Please note that data from PWF is not included here.

RESOURCE EFFICIENCY (SECONDARY TOPIC)



Energy efficiency

Materiality

The Encevo Group ensures optimisation in the use of energy throughout its entire energy chain (production, transmission, distribution, supply and end use). Contemplating energy efficiency as an electricity supplier, it hopes to contribute to a more efficient use of energy by consumers, through information, promotion and supply of solutions and technologies that help them improve their energy efficiency and reduce the environmental impact of their energy habits and consumption. Energy consumption (energy sold) and, consequently, the energy intensity ratio are elements that influence profitability and the environmental footprint. Continuous supervision and regular monitoring, comparison of the energy intensity ratios with benchmarks, have proven to be a reliable method to fulfil the targets.

Organisation & Management

For LuxEnergie, the main goal is a continuous energy supply using highly efficient installation. To reduce the ecological impact, non-renewable fuels are, more and more, being replaced with renewables. Supervised 24/7 these installations guarantee a continuous supply for the clients. The energy ratio as well as other parameters (water consumption, etc.) are regularly monitored by the R&D department to guarantee highly efficient, and clean energy production.

Enovos Luxembourg Sales works mainly in the B2C business but also with municipalities and industrial customers. Enovos continues to be the reference energy supplier in Luxembourg. Enovos implemented the EU Energy Efficiency Directive using enoprimés. Enoprimés encourages energy and costs savings, and provides support for energy-efficient renovation. Furthermore, our entity Energie Agence provides a full portfolio of energy savings and efficiency services.

Progress 2019

During 2019 Enovos also continued its efforts to encourage customers to increase their energy consumption awareness via the Efficiency Obligation Scheme. Continuous efforts were made by the customers and Enovos to support the achievement of Luxembourg's ambitious goals related to energy efficiency. With the enoprimés program, Enovos Luxembourg saved 700 GWh during the last 5 years, where 2019 a total of 132 GWh savings were achieved.

+10,000 requests

+350 partners

+9 FTE

700 GWh & 100,000t CO₂ saved

The following indicators illustrate our progress:

		Data 2017	Data 2018	Data 2019
Calculated Numbers	by			
Total fuel consumption within the organization from non-renewable sources	Total GWh	911	803	824
Total fuel consumption within the organization from renewable sources	Total GWh	50	127	140
Electricity consumption (purchased or self-generated)	Total GWh	167.97	180.31	173.61
Heating consumption (purchased or self-generated)	Total GWh	476.55	450.19	461.20
Cooling consumption (purchased or self-generated)	Total GWh	0.00	0.00	0.00
Steam consumption (purchased or self-generated)	Total GWh	0.00	0.00	0.00
Electricity sold	Total GWh	264.64	277.00	272.52
Heating sold	Total GWh	317.70	320.10	338.73
Cooling sold	Total GWh	30.35	31.97	28.89
Steam sold	Total GWh	0.18	0.20	0.21
Total energy consumption¹	Total GWh	993	932	958

¹Total Energy Consumption = All consumptions less All sold

Please note that data from PWF and Creos Luxembourg is not included here.

Encevo obtains ISO 50001/2018 certification for its Esch-sur-Alzette site

Encevo is the first company in Luxembourg to receive the prestigious ISO 50001/2018 certification. Already among the first to obtain ISO 50001/2011 certifications in Luxembourg in 2016, Encevo obtained certification in this new version of the standard, for its Esch-sur-Alzette site. This certificate was personally delivered by Stefan Zerwes, auditor of the TÜV Rheinland, on 7th October 2019. ISO 50001 is awarded to companies that demonstrate effective management of energy; thereby reducing their energy footprint. All procedures were thoroughly reviewed by the energy team with the support of various experts from different group subsidiaries such as Enovos Services or Global Facilities.

EMISSIONS: ENERGY AND CARBON MANAGEMENT (SECONDARY TOPIC)

Materiality

The majority of greenhouse gas emissions arise from our production and consumption of energy.

The European Union's climate and energy goals¹ stipulate a 40% reduction of carbon dioxide emissions by 2030 (from 1990 level) to be able to limit the global warming, which implies significant changes to be made in the energy sector. In order to meet the ambitious goal set by the Paris Agreement, global greenhouse gases have to be reduced by half until 2030. The Encevo Group welcomes the publication of the National Energy and Climate Plan of Luxembourg (NECP). This binding plan outlines the ambition of the Luxembourg Government in the field of greenhouse gas emissions, energy efficiency and renewable energy between 2020 and 2030. The document foresees the introduction of a CO₂-tax which enters into force at the beginning of 2021.

As stipulated in the National Energy and Climate Plan for Luxembourg¹, Luxembourg government intends to reduce greenhouse gas emissions from all sectors outside the emission trading system by 55% by 2030 compared to the reference year 2005. Ambitious targets are set by Encevo Group for the renewable energies, improvement in energy efficiency for a global energy emission reduction.

Organization & Management

For LuxEnergie, the reduction of the GHG emissions of the installations concerned by the ETS will be more and more important with rising CO₂-prices. Generally, for all of the installations, the reduction of GHG emissions will reduce the environmental footprint. As the emissions are directly influenced by the energy consumption, the continuous supervision and monitoring as well as a regularly maintenance of the installations ensure a minimisation of GHG emissions.

For Enovos Luxembourg, with the enoprimes programme, a major 100,000 tons of CO₂ savings was achieved during the last 5 years.

¹ https://environnement.public.lu/fr/actualites/2020/02/PNEC_2020.html
https://ec.europa.eu/clima/policies/strategies/2030_en

Progress 2019

The following indicators illustrate our progress on our own emissions:

Calculated Numbers by		Data 2017	Data 2018	Data 2019
GRI 305-1: Direct (Scope 1, GHG protocol) GHG emissions	Total	Total in Teq CO ₂	94,855	79,087
	Total	CO ₂	93,726	77,672
	Total	CH4	1,129	1,415
	Total	N ₂ O	0	0
	Total	HFC	0	0
	Total	PFC	0	0
	Total	SF6	0	0
	Total	NF3	0	0

Please note that data from PWF and Creos Luxembourg is not included here.

Replacement of IT Material and achievement of important energy savings

During 2019, we replaced 800 employee laptops to ensure that this technology works effectively with our digital platforms and to reduce energy consumption.

Following the ETEC Annual Energy Consumption, energy reductions realised with new laptop models was 50% (18.38 kWh/year instead of 37.03 kWh/year) which represents an energy saving per year of 14,920 kWh/year. In 2020 1200 screens on the IT infrastructure will be replaced.

Furthermore, in the context of our circular economy initiatives, we supported the 'Mind The Gap' project to reduce the digital divide of schools and students in Africa. 235 pieces of IT equipment (PCs: 102 units, Notebooks: 69 units, Screens/Docking Stations: 64 units) were donated to the Luxembourgish Raoul Follereau Foundation.

Resource efficiency in our offices: Ban of single-use of plastic in all our headquarters meeting rooms

In 2021, sales of single-use plastics such as drinking straws, cutlery and cotton buds will be banned in Europe. We have confidence in the high level of plastic recycling in Luxembourg but nevertheless, we believe that even if this is a small step in our journey, it has an impact on saving our resources and also on the mindset of employees, partners and customers coming together in our meeting rooms.

Therefore, in 2019, we banned single-use plastic bottles from meeting facilities in our headquarters and replaced them with re-usable glass bottles. 27,999 plastic water bottles (01 May 2019 to 31 Dec 2019) and 29,232 plastic coffee creamers (01 June 2019 to 31 Dec 2019) were saved. This approach will be extended to other sites during 2020.

ABOUT THE REPORT

GRI 102-45 | GRI 102-46 | GRI 102-48 | GRI 102-49 | GRI 102-50 | GRI 102-51 | GRI 102-52 | GRI 102-53 | GRI 102-54

This report is the official publication of Encevo's sustainable development achievements and performance for 2019. This report has been prepared in accordance with the GRI Standards: Core option. It covers all Encevo's S.A. activities and entities for the period from January 1 to December 31, 2019, corresponding to the company's fiscal year. Our full consolidated companies have been included - consequently, LuxEnergie, Paul Wagner & Fils and ESW have been added into the scope. The reporting cycle is annual. The previous publication was released in 2019 and covered Encevo's sustainable development achievements and performance for 2018. The next publication will be released in 2021 and will cover Encevo's sustainable development achievements and performance for 2020.

This report was supported by the sustainability advisory firm Forethix, which provided the methodology for the materiality analysis shown in the GRI content principles note below. The report's Content Index refers to general and topic specific disclosures from the GRI standards. Please find GRI Index page 73.

All of our publications are available on our website: www.encevo.eu. Encevo is at your disposal to provide any other information on our sustainability approach. To this end, we are providing an email address dedicated to our stakeholders that we encourage to give feedback on their expectations and concerns: CSR@encevo.eu

GRI CONTENT PRINCIPLES NOTE

Supported by an independent sustainability advisory firm, our materiality analysis in 2019 consisted of the following steps:

Topics identification

27 topics were initially identify based on the following methodology:

- A documentary analysis including Encevo's previous Annual Reports and Sustainable Development Reports as well as the Global Reporting Initiative's standards and Electric Utilities sector supplement.
- A comparative sectoral study of energy companies based on their Sustainable development reports.

Impacts assessment

The significance of the economic, social, and environmental impacts of Encevo's activities was assessed through a workshop with the CSR committee (headed by the CEO of Encevo S.A.). Two assessment criteria were used:

- The impact level (from 1 - not significant to 4 – very significant);
- The level of performance (from 1-high performance to 4-low performance).

Contributions to the SDGs

In order to refine the impact analysis carried out as part of developing the materiality matrix and better identify our contributions to the SDGs, a risk and opportunity analysis throughout the value chain was carried out with the CSR committee. The methodology was based on UNGC and GRI recommendations (Integrating the SDGs into corporate reporting: a practical guide, 2018). An assessment scale from 1 (low) to 4 (very significant) was used to assess the positive and negative impacts throughout the value chain.

Stakeholder's engagement

Encevo has a responsible and sustainable business model, which puts stakeholders at the centre of its strategy. The company's objective is thus to build confidence and relationships based upon trust with stakeholders. Encevo also seeks to deepen stakeholder participation, engagement and sense of connection with Encevo. We therefore hold two-way communication, transparency, active listening and equal treatment as fundamental principles.

At the same time, we take into consideration the legitimate interests of the stakeholders and effectively disclose the activities and businesses of the group.

The stakeholders to be engaged in the materiality analysis were defined as follows:



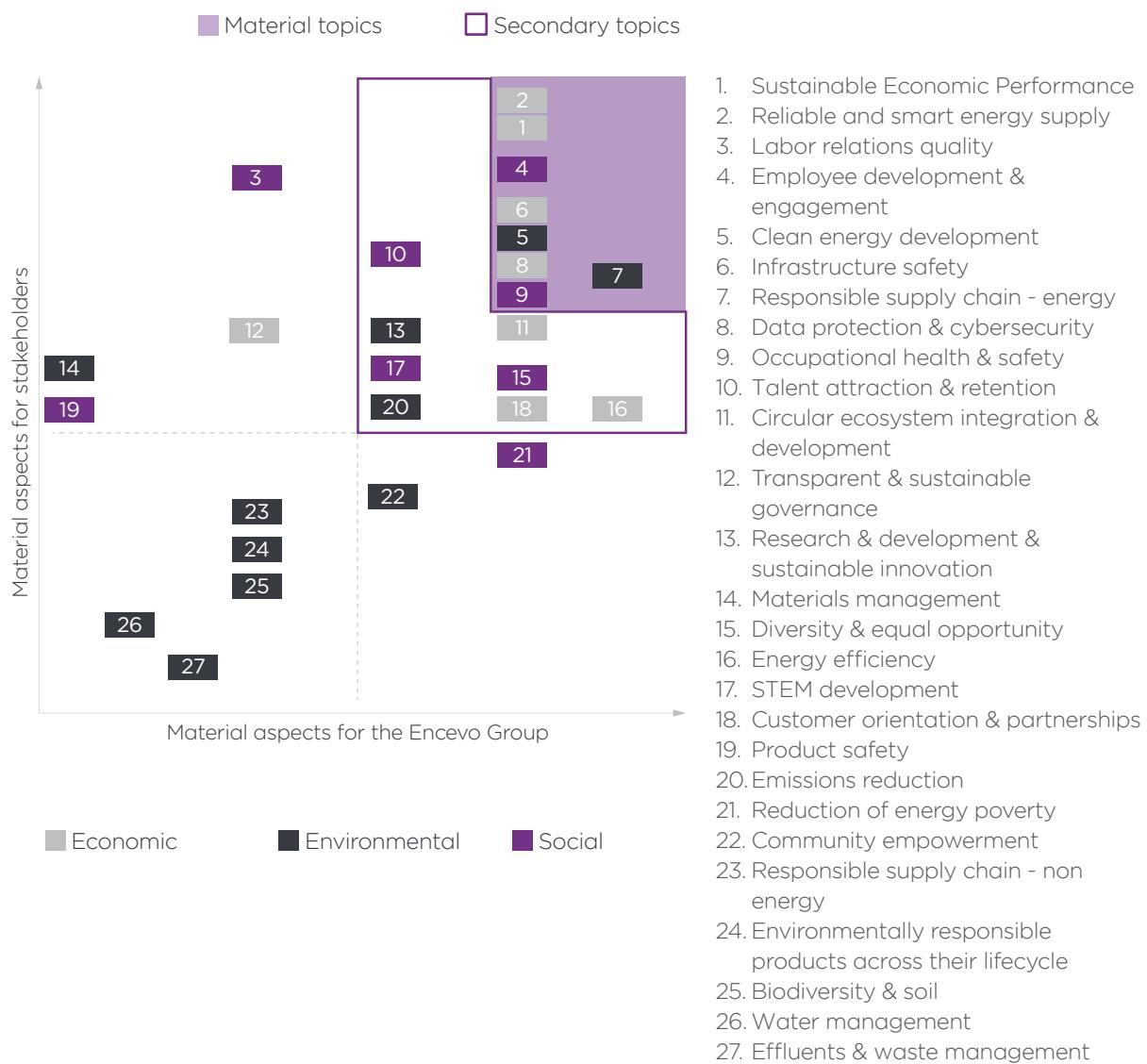
The stakeholders were identified and mapped by the CSR committee according to both their level of influence on Encevo and their level of dependence towards Encevo. An action plan for stakeholders' engagement has been designed in a 3-year plan for the years 2019-2021. In 2019, we engaged:

- The Staff delegation through workshops;
- The Board of Directors through a quantitative questionnaire.

Each stakeholder group has been weighted identically. According to our action-plan, we will engage in 2020 with the Luxembourgish government and our employees.

Selection of material topics

Through analysing the activities' economic, social, and environmental impacts and engaging stakeholders, the following materiality matrix was created:



Priority and secondary topics were established using a materiality threshold determined collectively by the CSR committee:

- 8 topics have been identified as “material” and whose coordinates are greater or equal (3;3) as disclosed in the purple area of the matrix.
- 8 secondary topics are the remaining topics in the top right quadrant as disclosed in the matrix.

For 2020, Encevo will continue to engage with the Luxembourgish Government and our employees with a mix of workshops and surveys. The materiality analysis, recorded improvement items, and constructive feedbacks from our stakeholders will provide insights that will be used in the continuous improvement process.

EXPERT ADVICE AND REVIEW

GRI 102-56

As part of the 2019 stakeholder engagement program, we confirm that the preparation of this report was based on the reporting content principles of the Global Reporting Initiative and the Accountability principles AA1000AP (2018) relating to the principles of Inclusivity, Materiality, Responsiveness & Impact.

The progress targets for the next fiscal years are as follows:

- Map all existing and daily stakeholders engagement tools and define a broader stakeholders engagement plan in addition to the specific stakeholders engagement planned for the materiality analysis;
- Extend sustainability key performance indicators and strengthen performance reporting;
- Communicate and raise awareness among employees to engage around sustainable development;
- Improve sustainability governance and ensure top-down and bottom-up cascading of sustainability objectives.

April 6, 2020

Forethix SARL
Stéphanie Deltenre, Partner

GRI CONTENT INDEX

Disclosure	Pages
GRI 101: FOUNDATION 2016	
GRI 102: GENERAL DISCLOSURES 2016	
Organizational profile	
GRI 102-1 Name of the organization	140
GRI 102-2 Activities, brands, products, and services	22
GRI 102-3 Location of headquarters	140
GRI 102-4 Location of operations	23
GRI 102-5 Ownership and legal form	11, 37
GRI 102-6 Markets served	23
GRI 102-7 Scale of the organization	20, 21
GRI 102-8 Information on employees and other workers	58
GRI 102-9 Supply chain	22, 46
GRI 102-10 Significant changes to the organization and its supply chain	22
GRI 102-11 Precautionary Principle or approach	27
GRI 102-12 External initiatives	29
GRI 102-13 Membership of associations	29
Strategy	
GRI 102-14 Statement from senior decision-maker	7-10
Ethics and integrity	
GRI 102-16 Values, principles, standards, and norms of behavior	3
Governance	
GRI 102-18 Governance structure	30, 31, 37-39, 78-80
GRI 102-19 Delegating authority	31
GRI 102-20 Executive-level responsibility for economic, environmental, and social topics	31
GRI 102-22 Composition of the highest governance body and its committees	38, 39, 78-80
GRI 102-23 Chair of the highest governance body	78
GRI 102-25 Conflicts of interest	39
GRI 102-40 List of stakeholder groups	32
GRI 102-41 Collective bargaining agreements	65

GRI 102-42	Identifying and selecting stakeholders	33, 71
GRI 102-43	Approach to stakeholder engagement	33, 71
GRI 102-44	Key topics and concerns raised	33
Reporting Practices		
GRI 102-45	Entities included in the consolidated financial statements	70
GRI 102-46	Defining report content and topic Boundaries	34, 70-72
GRI 102-47	List of material topics	34, 72
GRI 102-48	Restatements of information	70
GRI 102-49	Changes in reporting	70
GRI 102-50	Reporting period	70
GRI 102-51	Date of most recent report	70
GRI 102-52	Reporting cycle	70
GRI 102-53	Contact point for questions regarding the report	70
GRI 102-54	Claims of reporting in accordance with the GRI Standards	70
GRI 102-55	GRI content index	73
GRI 102-56	External assurance	73

MATERIAL TOPICS

ECONOMY

Material topic: GRI 201 - Economic Performance 2016		
GRI 103: Management approach 2016		
GRI 103-1	Explanation of the material topic and its Boundary	51
GRI 103-2	The management approach and its components	51
GRI 103-3	Evaluation of the management approach	51
GRI 201-1	Direct economic value generated and distributed	51
Material topic: GRI 203 - Indirect Economic Impacts 2016		
GRI 103: Management approach 2016		
GRI 103-1	Explanation of the material topic and its Boundary	48
GRI 103-2	The management approach and its components	48, 49, 50
GRI 103-3	Evaluation of the management approach	50
GRI 203-1	Infrastructure investments and services supported	50
Material topic: GRI 204 - Procurement Practices 2016		
GRI 103: Management approach 2016		
GRI 103-1	Explanation of the material topic and its Boundary	46, 47
GRI 103-2	The management approach and its components	46, 47
GRI 103-3	Evaluation of the management approach	46, 47
GRI 204-1	Proportion of spending on local suppliers	46, 47
Material topic: GRI 205 - Anti-corruption 2016		
GRI 103: Management approach 2016		
GRI 103-1	Explanation of the material topic and its Boundary	40
GRI 103-2	The management approach and its components	40
GRI 103-3	Evaluation of the management approach	41
GRI 205-1	Operations assessed for risks related to corruption	41
GRI 205-3	Confirmed incidents of corruption and actions taken	41

ENVIRONMENT

Material topic: GRI 302 - Energy 2016		
GRI 103: Management approach 2016		
GRI 103-1	Explanation of the material topic and its Boundary	54, 66
GRI 103-2	The management approach and its components	54, 55, 66, 67
GRI 103-3	Evaluation of the management approach	55, 66, 67
GRI 302-1	Energy consumption within the organization	55, 67

Material topic: GRI 305 - Emissions 2016	
GRI 103: Management approach 2016	
GRI 103-1 Explanation of the material topic and its Boundary	68
GRI 103-2 The management approach and its components	68, 69
GRI 103-3 Evaluation of the management approach	69
GRI 305-1 Direct (Scope 1) GHG emissions	69
SOCIAL	
Material topic: GRI 401 - Employment 2016	
GRI 103: Management approach 2016	
GRI 103-1 Explanation of the material topic and its Boundary	57
GRI 103-2 The management approach and its components	57
GRI 103-3 Evaluation of the management approach	58
GRI 401-1 New employee hires and employee turnover	58
Material topic: GRI 403 - Occupational Health and Safety 2018	
GRI 103: Management approach 2018	
GRI 103-1 Explanation of the material topic and its Boundary	59
GRI 103-2 The management approach and its components	59, 60
GRI 103-3 Evaluation of the management approach	61
GRI 403-1 Occupational health and safety management system	59, 60
GRI 403-2 Hazard identification, risk assessment, and incident investigation	59, 60
GRI 403-3 Occupational health services	59, 60
GRI 403-4 Worker participation, consultation, and communication on occupational health and safety	59, 60
GRI 403-5 Worker training on occupational health and safety	60
GRI 403-6 Promotion of worker health	60
GRI 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	60
GRI 403-8 Workers covered by an occupational health and safety management system	60, 61
GRI 403-9 Work-related injuries	61
Material topic: GRI 404 - Training and Education 2016	
GRI 103: Management approach 2016	
GRI 103-1 Explanation of the material topic and its Boundary	57, 64
GRI 103-2 The management approach and its components	57, 64
GRI 103-3 Evaluation of the management approach	65
GRI 404-1 Average hours of training per year per employee	65
Material topic: GRI 405 - Diversity and Equal Opportunity 2016	
GRI 103: Management approach 2016	
GRI 103-1 Explanation of the material topic and its Boundary	62
GRI 103-2 The management approach and its components	63
GRI 103-3 Evaluation of the management approach	58
GRI 405-1 Diversity of governance bodies and employees	58
Material topic: GRI 418 - Customer Privacy 2016	
GRI 103: Management approach 2016	
GRI 103-1 Explanation of the material topic and its Boundary	43
GRI 103-2 The management approach and its components	43, 44
GRI 103-3 Evaluation of the management approach	45
GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	45
GRI 205-3 Confirmed incidents of corruption and actions taken	41

GOVERNANCE DETAILS

BIOGRAPHICAL NOTES

Biographical Note on Mr Marco HOFFMANN, Chairman of the Board

Marco Hoffmann was born on 11 January, 1966 in Luxembourg.

He graduated in electrotechnical engineering from the University of Kaiserslautern (Germany). In 1992, Marco Hoffmann started his career at General Motors Luxembourg before entering the Ministry of Energy in 1996, where he currently acts as Senior Advisor to the Luxembourgish Government. In 1999, he was appointed Chairman and Executive Director of SOTEG S.A. and, in 2002, he was appointed to the same positions at Luxgaz Distribution S.A. Subsequent to the constitution of Enovos Group (now Encevo Group), Marco Hoffmann was appointed Chairman and Executive Director of Enovos Luxembourg S.A. and Vice-Chairman of the Board of Enovos International S.A. (now Encevo S.A.).

With effect on 2nd February, 2012, Marco Hoffmann was appointed Chairman of the Board of Directors of Enovos Luxembourg S.A. and Chairman of the Board of Directors of Encevo S.A. (at the time of the appointment Enovos International S.A.).

You can contact Marco Hoffmann at marco.hoffmann@energie.etat.lu

Biographical note on Mr Vafa MOAYED, Chairman of the Audit Committee

Vafa Moayed, was born from Iranian parents, in Casablanca (Morocco) on August 7, 1958.

He is a graduate in management and engineering from the University of Mons (Belgium) and a Réviseur d'Entreprises (certified public accountant) since 1987.

Vafa Moayed began his career with Deloitte in Luxembourg in 1983. His professional experience focused on statutory audit, risk management and forensic assignments for the banking and financial services industry during 33 years.

He was appointed partner in 1993 and served within the firm in various capacities: audit partner, Deloitte Group Risk & Reputation Managing Partner (2005-2017), leader of the "Risk & Attest" department of Deloitte Consulting (2007-2015), member of the Executive Committee (2005-2017). He also served as Deloitte Luxembourg Chief Ethics Officer (2005 to 2010), created and led Deloitte Luxembourg Russia & CIS desk (1998-2015).

Vafa Moayed is currently serving as independent director with a few companies and not for profit organizations.

You can contact Vafa Moayed at vmoayed@pt.lu









As of 31st December, 2019, the Executive Board was composed of the following persons:

Claude SEYWERT
CEO of Encevo S.A.

Claude Seywert was born on 13th July, 1971 in Luxembourg.

He graduated in physics at the Eidgenössische Technische Hochschule (Zürich, Switzerland). He continued his studies in the United States and holds an MSc and PhD in aeronautics from the California Institute of Technology, (CalTech).

He started his professional career as strategy consultant with McKinsey in Germany. In 2002, he joined the Group controlling department of Arcelor (now ArcelorMittal) in its Luxembourg headquarters and subsequently held several senior positions within the ArcelorMittal group before being appointed COO (Chief Operating Officer) Finishing, ArcelorMittal Florange (France). He joined Creos Luxembourg S.A. in 2012 (having previously served in various boards of directors in the Enovos Group). Beginning 2014, he was appointed Deputy CEO of Creos Luxembourg S.A.

As of 1st August, 2015, Claude Seywert was appointed CEO and member of the board of directors of Creos Luxembourg S.A. He has also been a member of the Executive Board of Encevo S.A. since that date and exercised this responsibility until 15 September 2018, when he assumed the position of Chairman of the Executive Board of Encevo S.A. and Group CEO from Mr Jean Lucius. Mr Seywert also took over part of the responsibilities formerly held by Mr Michel Schaus, former Chief of Operational Support, who left the group at the end of the third quarter of 2018. Claude Seywert is also in charge of Corporate Development and Strategy, a responsibility formerly held

by Mr Erik von Scholz. Finally, he is also in charge of Technical Services.

Claude Seywert can be reached at claude.seywert@encevo.eu

Erik VON SCHOLZ
CEO of Enovos Luxembourg S.A.

Erik von Scholz was born on 26th June, 1969 in Brussels. He graduated in Civil Engineering and Economics at Technische Universität Berlin and has an MBA from the Heriot-Watt University from Edinburgh.

From 1995 to 1998, Erik von Scholz worked for PWC in the Audit and Corporate Finance Services departments.

From 1998 to 2015, he held several senior management positions in the Engie group in Brussels and Berlin. Between 2003 and 2015 he was CEO of Engie in Germany and from 2009 Executive Committee Member of the Energy Europe Division.

After joining Encevo in 2016, he was appointed Member of the Executive Board of Encevo S.A. in September of that year, in charge of Corporate Development and Strategy (a responsibility that was transferred to Mr Seywert on 15 September 2018 – see above).

He has also been in charge of Renewables since 1 March, 2017.

He took over the responsibility of CEO and Member of the Board of Directors of Enovos Luxembourg S.A. from Mr Marc Reiffers on 15 September 2018. He is still a Member of the Executive Board of Encevo S.A. in this capacity.

Erik von Scholz can be reached at erik.vonscholz@enovos.eu

Marc REIFFERS

CEO of Creos Luxembourg S.A.

Marc Reiffers was born on 3rd August, 1960 in Ettelbruck (Luxembourg). He graduated in mechanical engineering at the Compiègne University of Technology (France). He has a Master of Science in offshore engineering from the Cranfield Institute of Technology (England) and holds a degree in business administration from the Institute of Business Administration in Aix-en-Provence (France).

From 1986 to 2009, Marc Reiffers held several senior positions in the steel industry group ARBED, Arcelor and ArcelorMittal. In 2009, he joined Enovos Luxembourg S.A. as Head of Markets Strategy & Controlling and was appointed COO in January 2011.

On 1st August, 2015, Marc Reiffers was appointed CEO and Member of the Board of Directors of Enovos Luxembourg S.A. He started to assume the responsibility of CEO and member of the Board of Directors of Creos Luxembourg S.A. a position previously held by Mr Claude Seywert, on 15 September 2018.. He is still a member of the Executive Board of Encevo S.A. in that capacity.

Marc Reiffers can be reached at
marc.reiffers@creos.net

Guy WEICHERDING

CFO of Encevo S.A.

Guy Weicherding was born on 25th September, 1961 in Luxembourg.

He graduated as a commercial engineer from the University Catholique de Louvain in Belgium.

Guy Weicherding started his professional career in 1985 in the Finance department of the steel industry group ARBED (today ArcelorMittal) in Luxembourg. Between 1989 and 2006, he held various senior financial management positions in of the Wire Drawing Division and within the long carbon sector in the ARBED/Arcelor group. In July 2006, Guy Weicherding joined the tooling and machine manufacturer Husky Injection Molding Systems S.A. in Luxembourg as Director of Finance Europe. Finally, he joined Enovos Group in August 2010 as Deputy CFO of Enovos International S.A. before being appointed to his current position of Chief Financial Officer (CFO) and Member of the Executive Board, in charge of Finance and Tax, Accounting, Controlling, Group IT and Risk Management in July 2012. Following the re-organisation at the Executive Board level in 2018, he assumed responsibility for Internal Audit, Real Estate and Facility Management as well as Insurance.

Guy Weicherding can be reached at
guy.weicherding@encevo.eu





MANAGEMENT REPORT

Encevo S.A. is the holding company for the energy supplier Enovos Luxembourg S.A. and for the service provider Enovos Services Luxembourg S.A. which are both not regulated, and the grid operator Creos Luxembourg S.A. which is regulated.

The consolidated annual accounts include those of Encevo S.A. and those of its affiliates (the “group”), including 55 companies, of which 35 are fully consolidated and 20 are consolidated under the equity method.

HIGHLIGHTS

In 2019, the Encevo Group confirms a positive operational performance after a satisfactory year in 2018, with most of the business units reaching or even exceeding their targets. On the supply side, despite increasing competition and challenging market conditions, the group could defend its leadership position as the local energy supplier in Luxembourg. In Germany, while the sales organisation was able to conclude a significant number of customer contracts in 2019 including a dark green supply to the German automotive group Daimler, the financial results remain negative on the sales activities albeit having improved compared to 2018, but are more than compensated by the strong results of our “Stadtwerke” participations. French sales activity, while still facing a negative financial result in 2019, has progressed compared to 2018 and generated a total of 3.6 TWh of contracted volumes for the coming delivery years. Therefore, with a clear focus on profitable customer segments, we expect to achieve break-even during 2021 for the French market, while Belgium sales further declined in 2019 following the strategic decision taken 2 years ago to exit that market.

The group’s energy sales of 1,840 MEUR in 2019 exceeded the prior year’s level by some 4.5%. In 2019, grid investments continued at a high pace. Creos Luxembourg S.A. invested a record amount of 147 MEUR, thus also contributing to an overall increase in grid sales from 145 MEUR up to 163 MEUR. Overall the consolidated turnover increased from 2,019 MEUR in 2018 to 2,106 MEUR in 2019, while the consolidated profit for the financial year reached 67.9 MEUR, 4 MEUR above the 2018 value.

In line with the group’s strategy in regards to the development of technical services activities for its professional and industrial customers, the group reorganized the business unit Technical Services Luxembourg by integrating all of the affiliated undertakings that are active in this field under the company Enovos Services Luxembourg S.A.. The latter continued extending its activities in 2019 by acquiring in December 2019 Power Panels S.A., a Luxembourg based company active in the assembly of electrical panels. As of 31st December 2019, Enovos Services Luxembourg S.A. thus manages the participations held in Global Facilities S.A., Paul Wagner & Fils S.A., Power Panels S.A. and Agence de l’Energie S.A. (energieagence).

The renewable strategy has been further implemented in 2019, the divestment in biogas activities started in 2018 has been completed in 2019, first by finalizing the sale of the biogas companies in Germany closed in early 2019 and secondly by selling at year end 2019 the two remaining biogas assets in Belgium. As a consequence, besides a minority shareholding in Bioenergie Merzig GmbH, the group is no more active in that technology, the strategic focus being on developing photovoltaic and windfarms projects.

With regards to the Italian renewable activities, in the main litigation currently ongoing, the Milan criminal court has issued a first instance judgement on 18th April 2019. The court rejected the claim brought by Norwegian investor EAM to hold Enovos Luxembourg S.A. civilly liable for contractual fraud allegedly committed by former representatives of Aveleos S.A. in the scope of the sale of PV plants to EAM Solar Italy Holding S.r.l.

in 2014. With regards to the claim against Enovos Solar Investments II S.r.l. ("ESI II"), the criminal court also rejected the claims brought by the Italian prosecutor. EAM and the Public Prosecutor filed an appeal against these judgements. The appeal proceedings are expected to last until 2021.

NON-REGULATED ACTIVITIES

Sales Luxembourg

2019 was a good year for the Luxembourg home market, as the positive trend from the previous year continued. Market shares remained at a high level in all sectors and Enovos continues to be the reference supplier in Luxembourg.

2019 natural gas sales of 6.9 TWh were slightly higher than the previous year (6.8 TWh), while electricity sales totalled 4.6 TWh compared to 4.6 TWh in 2018.

The interaction of a proactive procurement strategy and an anticipatory pricing in combination with lower operational expenses, generated a particularly good result.

Innovation combined with continuity in marketing and communications lead to strengthened brand awareness. Beside the award-winning campaign "write your story" the focus was also set on energy transition (i.e. energy efficiency and renewable energy production).

As in the previous year, considerable efforts were made in the Energy Efficiency Obligation Scheme (EEOS). Enovos finalised more than 1,300 energy efficiency measures (incl. LEO S.A.) in all sectors and strengthened the partnership with our industrial customers in the field of energy efficiency.

In preparation for the second period of the EEOS mechanism, which runs from 1st January 2021 to 31st December 2030, a study on the enoprime program, confirming the effectiveness of the existing program, was performed. As a result of the study, an action plan, including alternative measures for generating energy savings, is currently being implemented.

Customer centricity and digitalisation topics were addressed over the year in different projects (e.g. CRM, customer portal, interactive website).

Energy Management and Trading (EMT), Sales France and Belgium

In 2019 our French sales activities grew significantly in the SME and industry segment. This was due to an improved broker network, a strengthened team and sound cooperation between activities in Luxembourg and our French subsidiary in Metz. Apart from increasing revenues, focus will remain on the optimisation and automation of processes to lower specific costs. A customer survey helped to highlight key elements regarding customer care and interaction.

Profitable arbitrage in our power and gas assets contributed to positive financial results for 2019 and beyond. Spreads for gas storages and transport capacities improved and hedges were further optimised during the year. Pump storage assets returned overall margins above our expectations despite intense maintenance works. Our teams worked successfully to improve our automated trading activities and to progress towards automated direct marketing of renewable assets.

The main challenge in EMT remain the long-term supply contracts largely in power which continue to have a strong negative impact on the financial results of the company.

The new book structure which was implemented in 2018 helped to steer the risk monitoring and management of our sales business for all countries. In addition, portfolio tools as well as multidisciplinary teams and committees were elaborated to increase transparency and improve sales position management.

Rationalising the cost structure, upholding risk management and assuring safe and error-free operations are important contributors to improving competitiveness. The teams will continue to expand competences in the field of automation, modelling, and IT to improve efficiency, with the aim of generating a return on risk capital in line with historical performance.

Renewables Luxembourg

During 2019, the installed capacity for renewable assets in Luxembourg increased to 170 MW (2018: 164 MW). Assets comprise 91 MW (2018: 91 MW) of onshore wind, 43.5 MW (2018: 40 MW) of combined heat and power (CHP), 32 MW

(2018: 32 MW) of hydro power and 3.4 MW of photovoltaic installations, which increased from 1.6 MW of previous year.

The total electrical production reached 466 GWh, up from 431 GWh last year. This increase in production was largely driven by the good performance of wind assets, due to exceptional wind conditions in 2019.

From the series of PV projects amounting to 13.9 MW and being awarded a Feed-in Premium in 2018, the first installations were completed in 2019 and the rest is scheduled for commissioning early 2020. Simultaneously new projects were added to the project pipeline covering also carports and floating PV in preparation for the next public tender round for Feed-in Premium in Luxembourg.

The record year of 2018 was followed by an excellent year 2019 for LuxEnergie S.A., as well as for its major subsidiaries Kiowatt S.A., Airport Energy S.A. and Datacenterenergie S.A., with in particular the Woiwer biomass district heating project in Differdange having been successfully finalised, and the contract for the Strassen cogeneration project signed by the City of Luxembourg while construction is scheduled to start in the second quarter of 2020. Several other biomass projects are in development, in line with the objective to replace fossil fuel sources with wood energy in heating and CHP installations.

Renewables International

Among many accomplishments, a few were highly important for the group.

First, following the granting of the environmental permit for the repair of the NPG Bocholt dryers in 2018, those were successfully repaired and commissioned (Biopower Tongeren having been repaired in 2018). The finalisation of the repair of both biogas installations allowed the finalisation of the exit strategy of Enovos in its non-strategic assets. Indeed, both units were sold on 30th December 2019.

Second, the approved strategy to focus on expanding the footprint of the group in renewable energies in the Netherlands and opportunistically in Belgium through development and construction of photovoltaic projects was implemented. Hence, the organisation was reinforced, resulting in stronger positioning on the Dutch PV market and

in the construction of 2 Photovoltaic projects for a total capacity of 5.5 MW. Meanwhile, the group's presence on the Dutch market has increased and other projects are expected in the coming years.

Third, the operational performance of the existing assets ended well above target, thanks to excellent weather conditions, combined with good operational management. The wind assets ended 2019 with the yearly operation production record since the commissioning of the plant.

Business Unit Germany

Despite ongoing market challenges, the German sales team managed to have many clients renew their contracts and concluded several new deals (total of 40 TWh contracted volume). One relevant example is the conclusion of a contract with Daimler, for whom together with the Norwegian energy supplier statkraft, Enovos will supply the German locations from 2022 onwards with 100% green energy. The full green energy supply – which is unprecedented in terms of its size in the German energy market – will be delivered quarter-hourly.

2019 was also an eventful year for renewables. The sale of the Energiepark Trelder Berg 1-3, Oebisfelde and Ohretal biogas plants was closed in May, and the integration of Wirsol O&M, together with the merger of Wirsol O&M and Enovos Renewables O&M, was also completed. Enovos was awarded the Feed-In-Tariff for another wind turbine at the Schiffweiler-Wiebelskirchen wind farm, which will enable the total output of the park to be increased to 15.5 MW. Enovos signed the land lease agreement for the wind farm planned for Saarwellingen with the municipality in November. At this site, three wind turbines with a total capacity of 17 MW are planned to be installed. Six open-space PV parks with a total capacity of 20 MW were developed by our Joint Venture WES Green of which 13.6 MW were connected to the grid in 2019 while the rest is scheduled for commissioning early 2020. In addition, the pipeline for PV projects has been substantially extended.

Enovos Power GmbH closed its Dortmund site and a large proportion of their customer contracts were sold to a German energy supplier.

TECHNICAL SERVICES

In 2019, the business unit Technical Services Luxembourg continued to follow an ambitious growth strategy in the technical services sector which covers a wide range of products: decentralized energy production, simple photovoltaic or condominium, self-consumption, energy community, energy efficiency, smart applications, electromobility, simple charging infrastructure or condominium, management and access platform, technical installations, electrical panel assembly, maintenance of technical installations, facility management.

Jointly with the “Federation des Artisans”, the business unit commercialized 2 products for the B2C end consumers, one in electro-mobility (borne2go) and another for photovoltaic (solar2go) via the joint diego platform (www.diego.lu). The electrician member network is geographically dispersed through the country allowing a full territorial coverage. The aim is to offer various services around a decentralized production, new products are under development and will be presented soon.

New services were also launched in the B2B and B2B2C end of the year. In electromobility, our customers have the possibility to charge their electric vehicles in many European countries. Furthermore, we launched with 3 leasing companies the possibility for companies that offer company cars to their personnel to be reimbursed for the charging of power of their electrical or hybrid company cars. In PV, we launched sunity, a collaborative platform specializing in the management and development of cooperative photovoltaic projects (www.sunity.lu). Technical services Luxembourg acts as a facilitator and coordinator of cooperative projects by offering to citizens, businesses and municipalities the opportunity to become a player in the energy transition.

In line with our strategy to be a major actor in the energy transition, our affiliate Paul Wagner & Fils (“PWF”) in addition to his traditional business, started new activities and received new orders for lighting projects (PWF Light Pro). In the area of charging stations infrastructure (PWF Charge Pro), PWF has installed more than 120 charging points. In photovoltaics (PWF Solar Pro), the

company has delivered PV installations for 9.4 MWp – 8.8 GWh of power, which corresponds to the electricity requirements of approximately 1,800 households.

End of the year, the business unit continued to expand its services in the value chain and achieved a new milestone by acquiring Power Panels S.A. which is a company specialising in the design and assembly of low-voltage electrical panels, control and regulation panels, energy rails and sale of specific electrical components in Luxembourg.

REGULATED ACTIVITIES

Grid Luxembourg

In 2019 Creos Luxembourg S.A. invested a record amount of EUR 146.9 million. This large investment programme was mainly driven by the power sector (EUR 88.9 million), by continuous efforts in the digitalization of the various work-streams of the organization as well as the further deployment of smart meters and e-charging infrastructure. In the gas sector, the replacement activity of grid components remained high whereas the network areas were not further developed. EUR 16.9 million were invested in the construction of the new network operating centre in Bettembourg (expected to be delivered in Q2 2020) and in the premises of the new corporate headquarters together with the new technical centre for Luxembourg City (expected to be delivered in Q2 2021).

In power, with 7,889 additional connections in 2019, the number of active electric meters in the Creos grid increased to 289,359, while a total of 5,121 GWh were transported through the network. In natural gas, with 549 additional gas connections in 2019, the number of active natural gas meters in the Creos grid reached 47,605, while a total of 8,840 GWh was transported through the grid.

Besides reinforcing its own national grid, Creos Luxembourg S.A. has remained highly active at the European level by working together with the adjacent transmission system operators (TSOs) in order to drive forward regional market integration and to create new connections between adjacent markets. In power, 2 other important projects have started in 2019: 1) the northern 220 kV line

("Bauler") will be equipped in 2020/2021 with HTLS (high temperature cables) including the upgrade of the pylons and the replacement of the conductors, and 2) the southern line (Trier/Quint) will be reconstructed to upgrade current from the 220 kV standard to 380/400 kV. In gas Creos and Fluxys Belgium finalised the Belgian-Luxembourg gas market integration, transfer of the BE-Lux balancing activity to Balansys expected to be operational by 1st June 2020.

Furthermore, in 2016 Creos Luxembourg S.A., together with the other DSOs, had started a joint e-mobility project branded "Chargy" to deploy 800 charging stations (741 for Creos) for electric cars by 2020. Beyond the mission to build, operate and maintain the charging stations, the DSOs are also responsible for the installation, operation and maintenance of a shared system to provide all the necessary information and services to electric car customers and provide widespread availability of non-discriminatory supplier access. By the end of 2019, a total of 337 charging stations (674 charging points) were installed and operational in the national system.

In the context of the legally prescribed installation of smart meters, 2019 saw Creos roll out the total of 105,000 smart power meters and 17,400 smart gas meters, as well as nearly 2,000 devices to ensure communication between the meters and headquarters for the monitoring and read-out procedures. With a total of 254,728 installed power meters and 39,471 installed gas meters, Creos nearly accomplished the legal objectives in power metering and exceeded the objectives set for gas meters for end of 2020.

New functionalities were implemented in relation to electronic market communication ("MaCo") between the DSOs and the suppliers. The MaCo processes for power consumers have been actively entered into operations in 2019, while the MaCo for producers and gas customers are expected to be finalized during 2020.

Grid Germany

In Germany, besides continued investments in the gas and power grids amounting 28.7 MEUR, the year 2019 was characterized in particular by the merger Creos Deutschland Stromnetz GmbH with Creos Deutschland GmbH. The aim of the merger is to expand the core competencies of

gas and electricity, with synergies to be leveraged between the areas of all cross-sectional functions. Furthermore, as an electricity and gas network operator, the company is well prepared for future projects in the areas of sector coupling (electricity, heat, industry, transport, power to gas etc...).

During the year, the company reinforced its teams in electricity by taking over the Control and Communication technology of Steag. In the electricity and gas sector, several new connections were implemented or commissioned. These are larger industrial settlements and gas-fired power plants. In September the information security management system was successfully re-certified and in July decision has been taken to continue our digitalization project net4energy as an independent GmbH.

PERSONNEL

The average number of employees of the Encevo Group further increased from 1,948 people in 2018 to 1,972 in 2019. The increase compared to 2018 is mainly due to the increase in activity in the Grids companies and in Paul Wagner & Fils S.A.

The Board of Directors and the Management of Encevo S.A. would like to thank all employees for the fulfilment of their duties, for their contribution throughout the year and for their full support provided to reliable and strong operations of the group's core activities.

FINANCIALS

The consolidated ordinary operating profit (EBITDA) of 211.9 MEUR is slightly below the good performance of 2018 of 213.3 MEUR. Improved results in all Sales BU's compared to last year, as well as an additional contribution by grid activities from continued high investments were offset by the scope change from the sale of the German biogas assets, negative impacts of long term sourcing contracts and strongly decreasing gas prices in the 4th quarter, the latter leading to a 7.1 MEUR value adjustment on the gas stocks at year end.

In renewable activities, the operational result confirmed the 2018 performance, despite the scope changes in biogas activities further explained above. All technologies i.e. in wind, PV,

operation & maintenance and CHP confirmed a positive trend of performance, sustaining the group's strategic orientation.

The contribution from participating interests (non-consolidated) companies and companies accounted for under the equity method increased from 23.4 MEUR in 2018 to 26.7 MEUR in 2019 mainly driven by the improved performance of the German Stadtwerke participations.

As previously mentioned, the consolidated profit for the financial year of 67.9 MEUR is above the 2018 figure of 63.9 MEUR i.e. +4 MEUR. The gap at EBITDA level of -1.4 MEUR is improved by lower interest costs on long term financing following the reimbursement of the retail bond of 200 MEUR in June 2019 and higher share in result from companies accounted for under the equity method. The net profit includes the positive impact from the liquidation of Twinerg S.A of 3.4 MEUR, a gain of 1.6 MEUR on the sale of the Frankfurt Trust fund and a loss on sale of 3.2 MEUR from the exit of the biogas activities in Belgium. In 2018, the caption included a gain on sale on the French wind assets of 6.4 MEUR and a loss on sale of 3.4 MEUR from the exit of biogas activities in Germany.

RISK MANAGEMENT AND REGULATORY AFFAIRS

In March 2019, a Market Risk Capital of EUR 100 million was set by the Board of Directors for the core business activities of Sales, Portfolio Management and Trading activities. There was no violation of this limit during the year.

Concerning regulatory affairs, necessary processual adaptations were implemented resulting from the Regulation (EU) 2019/834 (in short: EMIR Refit) amending Regulation (EU) 648/2012, which was published in the official journal of the European Union on 28th May 2019. In the context of the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16th April 2014 on market abuse (market abuse regulation) as well as the Regulation (EU) No 1227/2011 on wholesale energy market integrity and transparency ("REMIT"), Enovos Luxembourg S.A. is now employing an updated version of its contracted surveillance software, enabling the company to monitor additional potential abuse patterns. With respect to the Directive 2014/65/

EU on markets in financial instruments (MiFID II), Enovos Luxembourg S.A. successfully filed for an exemption from MiFID II for 2019 and will continue to do so for 2020.

During 2019, over 8,000 reports were sent by the Regulatory Affairs Team under REMIT. Furthermore, the Regulatory Affairs team continued monitoring the ever-changing regulatory landscape, analysed impacts and determined steps required to further reduce regulatory risk.

On the grid side, the main operational risks the company has to manage are accidents involving people (in-house and third parties) and network damage due to certain climatic events. Challenges linked to a general electrification of the economy (i.a. e-mobility, energy efficiency in industry, heating and transport, distributed renewable energy generation) over the next decade, aligned to the National Energy and Climate Plan of the Government, are continuously addressed by the group's Asset Management team and inserted in the mid-term investment plan based on detailed project studies.

OUTLOOK

Following the group's strategy, the main focus in Luxembourg remains on being the reference energy provider with a clear customer focus always striving to deliver the best possible service to every customer. Guiding and supporting our customers on their digital customer journey to products and solutions that most suit their personal needs, will be essential for the group in order to keep its leading position in a steadily growing market.

Being the key player in the energy transition towards decarbonisation, the group is developing and investing in local green-source power production in Luxembourg. These projects will play an integral role in Luxembourg's clean energy transition.

In France, the group has enhanced its strategy; focusing on the profitable segments of small & medium enterprises (SME) supported by a refined organisational structure and a well-performing sales team. This prerequisite will allow us to further grow the sales activity on the French market.

The German sales activity is aiming to substantially grow its commodity sales besides strengthening the partnership with the industry as well as with its public utility participations. The renewable portfolio will be further developed, focusing on wind and photovoltaic assets as well as O&M services.

With the biogas exit strategy successfully executed in 2019, the path is cleared to focus on further development in photovoltaic and wind, preferably in Luxembourg and Germany, and opportunistically in Belgium and Netherlands.

In 2020 and the forthcoming years, Creos Luxembourg plans to make record investments into its grid infrastructure, buildings and IT, further increasing its regulated asset base. With yearly investments of more than EUR 100 million on average in the power sector, Creos thus increases its efforts to successfully realize its transition towards an intelligent, flexible and progressively decentralized power grid system that will respond to the country's future energy market design. The investments in the gas sector will exceed EUR 20 million in 2020 and decrease within a 5-year period to approximately EUR 13 million. Due to the global trend of decarbonization, the gas grid infrastructure will only marginally increase, and the focus will be on replacement projects to maintain secured gas supply at its highest levels. Finally, investments in IT infrastructure and applications, including smart metering, smart grid and the development of a National Energy Data Platform at TSO-level, are expected to grow further.

In 2019, the Encevo S.A. had launched a "Digital4Finance" project aiming at identifying improvement potentials in core finance processes in the main group companies, as well as developing a high level roadmap including budget and resources required for migrating its core ERP systems to the latest available technology. 2020 will see the implementation of some of the recommendations from this project including the elaboration of a detailed RFP for migrating the ERP systems of most of the group companies.

In light of the recent developments in the context of the Corona pandemic, Management is currently evaluating the potential impact on the group's operations in 2020 and beyond of the measures taken by the Luxembourgish Government as

well in the neighbouring countries to contain the spreading of the virus. Management expects a negative impact on the overall economy and consequently on the energy consumption which may have a negative impact on credit and market risks as well as on the evaluation of the group's long term investments and its long term energy contracts. Furthermore, such measures could negatively affect the group's ability to achieve its investment targets in grid set by the regulator or to keep up its level of operational business in regards to maintenance and asset service programs due to unavailability of employees or to the restriction to perform these activities as a consequence of such governmental decisions. This situation is thus likely to have a negative impact on the financial results 2020. Given the overall uncertainty on the further evolution of the situation in the coming months, it is not possible yet at this point to give a precise indication on the magnitude of such impacts.

OTHER INFORMATION

Encevo S.A. does not hold own shares and does not perform any research and development activities.

The group issues a corporate and social responsibility report, as well as a corporate governance report.

CHANGES IN 2019 IN THE BOARD OF DIRECTORS OF ENCEVO S.A.

No changes occurred in 2019 in the shareholding of Encevo S.A. Nevertheless, as regard to board members, Mr Charel Hutmacher – representative of the personnel delegation – resigned from his mandate with effect as from January 1st, 2019 and was replaced by Mr Claude Mores as of 28th of May 2019 with a mandate running until the AGM to be held in 2020.

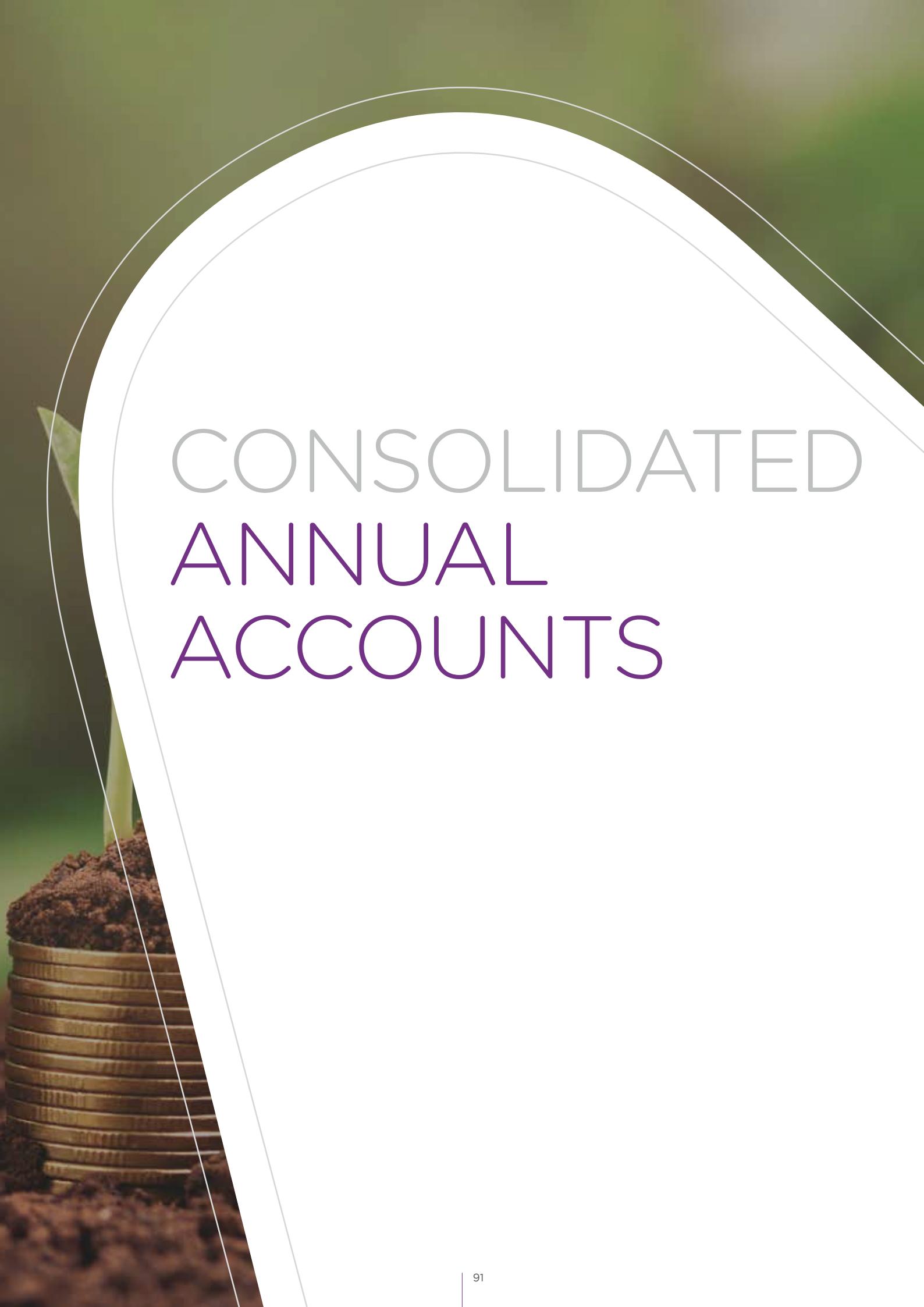
AUDITOR

The mandate of the external independent statutory auditor, Ernst & Young is still running for financial years 2019 and 2020 as appointed at the annual general meeting of shareholders held on 8th May 2018.

The Board of Directors

Esch-sur-Alzette, 3rd April 2020





CONSOLIDATED ANNUAL ACCOUNTS

CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER 2019

ASSETS	Notes	31.12.2019	31.12.2018
		€	€
Denominated in EUR			
A. Goodwill on first consolidation	Note 4	50,637,012	50,949,328
B. Formation expenses	Note 6	402	438
C. Fixed assets		2,007,298,904	1,928,298,128
I. Intangible assets	Note 7		
2. Concessions, patents, licences, trademarks and similar rights and assets, if they were			
a) acquired for valuable consideration and need not be shown under C.I.3.		74,499,834	84,137,842
3. Goodwill, to the extent that it was acquired for valuable consideration		33,125,000	41,500,000
4. Payments on account and intangible assets under development		8,100,225	4,351,704
II. Tangible assets	Note 8		
1. Land and buildings		174,754,198	176,360,756
2. Plant and machinery		1,294,841,043	1,256,212,650
3. Other fixtures and fittings, tools and equipment		33,989,571	34,951,268
4. Payments on account and tangible assets in the course of construction		167,494,883	122,433,013
III. Financial assets			
1. Companies consolidated under the equity method	Note 9.1	121,506,667	116,407,691
2. Investments carried at cost	Note 9.2	75,987,111	71,661,819
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests		22,031,338	18,095,219
5. Investments held as fixed assets		12,032	183,981
6. Other loans		957,002	2,002,185
D. Current assets		600,384,963	837,669,660
I. Stocks	Note 10		
1. Raw materials and consumables		13,513,245	14,665,412
2. Work in progress		23,382,181	21,556,410
3. Finished goods and goods for resale		15,398,533	17,910,342
II. Debtors			
1. Trade debtors	Note 11.1		
a) becoming due and payable within one year		351,231,604	361,407,928
b) becoming due and payable after more than one year		0	0
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	Note 11.2		
a) becoming due and payable within one year		13,709,624	27,439,006
b) becoming due and payable after more than one year		26,000	26,000
4. Other debtors	Note 11.3		
a) becoming due and payable within one year		77,326,407	63,436,138
b) becoming due and payable after more than one year		603,467	569,050
5. Deferred tax assets	Note 11.4	533,662	529,663
III. Investments	Note 12		
3. Other investments		1,382,223	76,307,011
IV. Cash at bank and in hand	Note 13	103,278,018	253,822,700
E. Prepayments	Note 14	26,790,137	28,499,801
TOTAL ASSETS		2,685,111,419	2,845,417,355

The notes in the annex form an integral part of the consolidated annual accounts.

CAPITAL, RESERVES AND LIABILITIES	Notes	31.12.2019	31.12.2018
		€	€
Denominated in EUR			
A. Capital and reserves, group share	Note 15	1,066,937,147	1,049,257,343
I. Subscribed capital		90,962,900	90,962,900
II. Share premium account		387,028,449	387,028,449
IV. Consolidated reserves		468,682,183	466,044,804
IV.b Other non available reserves		23,615,759	23,615,759
V. Profit or loss brought forward		41,796,926	32,309,951
VIII. Capital investment subsidies		5,134,902	5,934,232
Consolidated Profit or loss for the financial year, group share		49,716,028	43,361,248
A.1. Minority interests		261,704,162	257,601,344
A.2. Capital and reserves, total		1,328,641,309	1,306,858,687
B. Provisions		218,891,758	190,791,174
1. Provisions for pensions and similar obligations	Note 16.1	116,862,107	93,199,209
3. Other provisions	Note 16.2	102,029,651	97,591,965
C. Creditors		1,098,431,075	1,303,107,519
1. Debenture loans			
b) Non convertible loans	Note 17		
i) becoming due and payable within one year		2,288,627	206,542,295
ii) becoming due and payable after more than one year		397,000,000	397,000,000
2. Amounts owed to credit institutions	Note 18		
a) becoming due and payable within one year		12,193,544	14,410,907
b) becoming due and payable after more than one year		88,529,607	93,158,292
3. Payments received on account of orders in so far as they are shown separately as deductions from stocks	Note 19		
a) becoming due and payable within one year		14,806,577	11,844,531
b) becoming due and payable after more than one year		0	0
4. Trade creditors	Note 20		
a) becoming due and payable within one year		339,488,978	336,714,216
b) becoming due and payable after more than one year		279,886	351,655
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	Note 21		
a) becoming due and payable within one year		6,101,718	6,863,743
b) becoming due and payable after more than one year		0	0
8. Other creditors	Note 22		
a) Tax authorities		42,518,296	39,060,003
b) Social security authorities		4,727,032	4,926,384
c) Other creditors	Note 23		
i) becoming due and payable within one year		21,691,359	21,880,850
ii) becoming due and payable after more than one year		75,216,685	80,311,932
9. Deferred income tax	Note 24	93,588,764	90,042,712
D. Deferred income	Note 25	39,147,278	44,659,974
TOTAL CAPITAL, RESERVES AND LIABILITIES		2,685,111,419	2,845,417,355

The notes in the annex form an integral part of the consolidated annual accounts.

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2019 –
LEGAL PRESENTATION**

PROFIT AND LOSS ACCOUNT	Notes	31.12.2019	31.12.2018
		€	€
Denominated in EUR			
1. Net turnover	Note 26	2,105,886,405	2,019,154,524
3. Work performed by the undertaking for its own purposes and capitalised	Note 1	46,962,274	41,324,872
4. Other operating income	Note 27	21,166,240	19,815,880
5. Raw materials and consumables and other external expenses	Note 28		
a) Raw materials and consumables		(1,654,122,160)	(1,568,709,563)
b) Other external expenses		(104,969,140)	(100,628,635)
6. Staff costs	Note 29		
a) Wages and salaries		(151,626,211)	(149,878,761)
b) Social security costs			
i) relating to pensions		(11,826,761)	(9,157,829)
ii) other social security costs		(15,472,986)	(12,283,043)
c) Other personnel costs		(7,669,509)	(9,176,767)
7. Value adjustments			
a) in respect of formation expenses and of tangible and intangible fixed assets	Notes 4, 6, 7, 8	(129,661,102)	(127,925,470)
b) in respect of current assets	Note 10	(7,165,042)	(2,927,613)
8. Other operating expenses	Note 30	(9,264,368)	(14,249,232)
9. Income from participating interests			
b) other income from participating interests	Note 31	9,142,033	9,498,326
11. Other interest receivable and similar income			
b) other interest and similar income	Note 32	8,197,267	8,518,975
12. Share of profit or loss undertakings accounted for under the equity method	Note 33	17,607,733	13,948,523
13. Value adjustments in respect of financial assets and of investments held as current assets	Note 34	341,706	(4,043,686)
14. Interest payable and similar expenses			
b) other interest and similar expenses	Note 35	(25,155,766)	(26,150,904)
15. Tax on profit or loss	Note 36	(22,938,139)	(22,089,232)
Consolidated Profit or loss after taxation		69,432,472	65,040,364
17. Other taxes not shown under items 1 to 15		(1,511,447)	(1,132,788)
Consolidated Profit or loss for the financial year		67,921,025	63,907,575
Minority interests		(18,204,997)	(20,546,328)
Consolidated Profit or loss for the financial year, group share		49,716,029	43,361,248

The notes in the annex form an integral part of the consolidated annual accounts.

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2019 –
LIST PRESENTATION**

PROFIT AND LOSS ACCOUNT	31.12.2019	31.12.2018
Denominated in EUR	€	€
Net turnover	2,105,886,405	2,019,154,524
Other operating income	16,850,350	16,774,571
Gain on disposal of fixed assets	163,827	961,524
Work performed by the undertaking for its own purposes and capitalised	46,962,274	41,324,872
Cost of sales	(1,654,122,160)	(1,568,709,563)
Staff costs	(186,595,468)	(180,496,401)
Other operating expenses	(117,246,487)	(115,725,696)
Ordinary operating profit (EBITDA)	211,898,741	213,283,832
Value adjustments in respect of formation expenses and of tangible and intangible fixed assets	(129,661,102)	(127,925,470)
Operating profit (EBIT)	82,237,638	85,358,361
Income from investments carried at cost	9,142,033	9,498,326
Gain on disposal of financial assets	5,050,544	6,626,492
Other interest receivable and similar income	3,618,723	3,270,856
Share in result of companies accounted under the equity method	17,607,733	13,948,523
Interest and other financial charges	(25,286,060)	(31,572,963)
Consolidated Profit or loss before taxation	92,370,612	87,129,596
Current income tax (including net wealth tax)	(15,069,011)	(12,227,920)
Deferred income tax	(9,380,575)	(10,994,101)
Consolidated Profit or loss after taxation	67,921,025	63,907,575
Minority interests	(18,204,997)	(20,546,328)
Consolidated Profit or loss for the financial year, group share	49,716,029	43,361,248

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2019

	31.12.2019	31.12.2018
	€	€
Denominated in EUR		
Result for the financial year, group share	49,716,029	43,361,248
+ Minority interests	18,204,997	20,546,328
+ Amortisation and depreciation	130,078,903	127,187,909
+/ Capital gain/loss on disposals financial assets	(3,842,294)	(6,626,492)
- Capital gain on disposals fixed assets	(163,827)	(961,523)
+/- Change in provisions	8,006,873	11,304,712
- Share in result of companies accounted under the equity method	(17,607,733)	(13,948,523)
+ Dividends received from companies accounted for under the equity method	13,952,809	15,500,636
+ Current and deferred income taxes	24,449,586	23,222,020
- Taxes paid	(12,410,973)	(6,572,402)
- Increase / (+) Decrease in current assets	12,339,235	(87,422,548)
+ Increase / (-) Decrease in current liabilities	(6,640,819)	64,537,036
Operating cash flow	216,082,785	190,128,400
- Capital expenditures on intangible assets	(12,182,319)	(12,607,200)
- Capital expenditures on tangible assets	(175,479,095)	(168,835,540)
- Capital expenditures on financial assets	(6,398,622)	(5,175,883)
- Net Capital expenditures on purchases of subsidiaries	(8,009,109)	(19,795,702)
+ Cash received from disposal of fixed assets	1,126,155	11,723,417
+ Cash received from disposal of financial assets	62,172,549	2,461,347
+ Net cash received from disposal of subsidiaries	4,500,000	20,025,453
+/- Change in loans to participations	(3,380,911)	1,895,593
Cash flow from investing activities	(137,651,352)	(170,308,514)
- Dividends paid to the group shareholders	(18,920,283)	(24,559,983)
- Dividends paid to the minorities of consolidated companies	(12,619,215)	(12,207,670)
+ Change in equity	454,084	(786,660)
+ Subsidies received	25,967	673,530
- Net change in financial liabilities	(211,099,715)	208,402,545
Cash Flow from financing activities	(242,159,163)	171,521,761
CHANGE IN CASH	(163,727,730)	191,341,647
Situation at the beginning of the year	268,866,359	77,524,712
Situation at the end of the year	105,138,629	268,866,359

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

Table of contents

Note	1	Summary of significant accounting principles
Note	2	Creation of the Encevo Group
Note	3	Authorisations
Note	4	Goodwill on first consolidation
Note	5	Scope of consolidation and list of consolidated companies
Note	6	Formation expenses and similar expenses
Note	7	Intangible assets
Note	8	Tangible assets
Note	9	Financial assets
Note	10	Stocks
Note	11	Debtors
Note	12	Investments
Note	13	Cash at bank and in hand
Note	14	Prepayments
Note	15	Capital and reserves
Note	16	Provisions
Note	17	Debenture loans
Note	18	Amounts owed to credit institutions
Note	19	Payments received on account of orders
Note	20	Trade creditors
Note	21	Amounts owed to undertakings with which the group is linked by virtue of participating interests
Note	22	Tax authorities
Note	23	Other creditors
Note	24	Deferred income tax
Note	25	Deferred income
Note	26	Net turnover
Note	27	Other operating income
Note	28	Raw materials and consumable and other external expenses
Note	29	Staff costs
Note	30	Other operating expenses
Note	31	Income from participating interests
Note	32	Other interest receivable and similar income
Note	33	Share of profit or loss undertakings accounted for under the equity method
Note	34	Value adjustments in respect of financial assets and of investments held as current assets
Note	35	Interest payable and similar expenses
Note	36	Current and deferred income tax expense
Note	37	Remuneration paid to members of the administration and management bodies
Note	38	Auditor's fees
Note	39	Financial derivatives
Note	40	Off-balance-sheet liabilities and commitments
Note	41	Subsequent events

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Basis of preparation

The consolidated annual accounts of Encevo S.A. (the “Company”), together with its subsidiaries, (the “Group”) have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention. Accounting policies and valuation rules are, besides the ones laid down by the Commercial Law dated 10th August 1915 as amended and the amended Law of 19th December 2002, determined and applied by the Board of Directors.

The object of the group is to supply electricity, gas and energy related services to customers in Luxembourg and abroad. The group is active all along the energy value chain: Production, storage, supply, transport, trading, distribution and grid operations.

The preparation of consolidated annual accounts requires the use of certain critical accounting judgements and estimates. More particularly, Management continuously evaluates underlying judgements and estimates for impairment testing and for the evaluation of long term contracts, based on experience, available facts and expected future events and evolutions. Changes in assumptions may have a significant impact on the consolidated annual accounts in the period in which the assumptions changed as well as in the following years. In this context, Management has changed in 2019 assumptions related to long term energy prices in order to best reflect the current economic environment.

The Board of Directors believes that the underlying judgements and estimates are appropriate and that the consolidated annual accounts fairly present the financial position and the results of the year. The financial year starts on 1st January and ends on 31st December of each year.

Scope of consolidation

The consolidated annual accounts include those of Encevo S.A. and those of its affiliates, including jointly controlled entities, and its associated companies. Together they form the group (the “Group”). The consolidated companies are listed in Note 5, “Scope of consolidation and list of consolidated companies”.

All consolidated companies prepare their statutory annual accounts as at 31st December.

Significant accounting policies

The main valuation rules applied by the group are the following:

Consolidation methods

The methods used are:

- Full consolidation in the case of those companies that the Encevo Group directly or indirectly controls (generally with more than 50% of the voting rights). With this method, the assets and liabilities of the consolidated companies are incorporated into the consolidated accounts, rather than the book value of the equity interests held by the group in the companies concerned. Use of this method can lead to goodwill on consolidation and minority interests being reported. Similarly, the income and expenses of these subsidiaries are consolidated with those of the parent company and their results for the financial year are apportioned between the group and the minority interests. Intercompany accounts and transactions are eliminated.
- The equity method in the case of those companies over which the Encevo Group exercises either joint control with a limited number of associates or significant influence. With this method, the parent company's share of its affiliate's equity, based on its equity interest, is entered in its balance sheet, rather than the acquisition cost of the equity holding itself. The difference thus generated is posted to group capital and reserves. The dividends received by the respective parent company are eliminated. The other balance sheet and income statement items are not affected and intercompany accounts and transactions are not eliminated.

- Goodwill on consolidation is calculated at the time of acquisition or consolidation of an equity interest. Goodwill on first consolidation represents the excess of the acquisition price over the group's interest share in the equity of the acquired entity. Negative goodwill is accounted for in profit and loss or in provisions if it relates to anticipated future losses. Positive goodwill is recorded as an asset and depreciated over the expected economic life of the underlying assets. The positive and negative goodwills resulting from the restructuring process in 2009 have been by exception recorded in 2009 against the consolidated reserves in the shareholder's equity.
- If the Board of Directors considers that an impairment must be recognized on goodwill on consolidated entities, a corresponding value adjustment is posted.

Foreign currency translation

Transactions expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction. Formation expenses and long-term assets expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain translated at historical exchange rates.

Cash at bank is translated at the exchange rate effective at the balance sheet date, exchange losses and gains are recorded in the profit and loss account for the year.

Other assets and liabilities are translated separately respectively at the lower or at the higher of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. The realised and unrealised exchange losses are recorded in the profit and loss account. The exchange gains are recorded in the profit and loss account at the moment of their realisation.

Where there is an economic link between an asset and a liability, these are valued in total according to the method described above and the net unrealised losses are recorded in the profit and loss account while the net unrealised exchange gains are not recognised.

All group companies use EUR as their functional currency.

Formation expenses

Formation expenses are written off on a straight-line basis over a period of 5 years.

Intangible assets

Intangible assets are valued at purchase price including the expenses incidental thereto or at production cost, less cumulated depreciation amounts written off.

The depreciation rates and methods applied are as follows:

	Depreciation rate	Depreciation method
Concessions, patents, licences, trademarks and similar rights and assets	10% - 33.33%	Straight-line
Goodwill, to extent that it was acquired for valuable consideration	5% - 20%	Straight-line
Customer contracts	6.67% - 20%	Straight-line
Long-term tolling contract	4%	Straight-line

Where the group considers that an intangible asset has suffered a durable depreciation in value, an additional write-down is recorded to reflect this loss. Except for goodwill, these value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Tangible assets

Tangible assets are valued at purchase price including the expenses incidental thereto or at production cost.

The acquisition price is made up of the purchase price, including customs due and non-refundable taxes, after deduction of commercial discounts and rebates, and any cost directly attributable to the asset's transfer to its place of operation and any adaptation needed for its operation.

Depreciation is recorded on the basis of an asset's useful life under the straight line method. The estimated useful lives of the main components of tangible assets are as follows:

	Depreciation rate	Depreciation method
Buildings	2% - 10%	Straight-line
Plant and machinery	2% - 10%	Straight-line
Other fixtures and fittings, tools and equipment	10% - 33.33%	Straight-line

For the grid assets in Luxembourg, when a part of grid assets is to be replaced and cannot be separately identified, no disposal of assets is accounted for and the replaced assets continue to be depreciated with normal rates. This accounting principle has been agreed with the Regulator for the determination of grid tariffs.

Where the group considers that a tangible asset has suffered a durable depreciation in value, an additional write-down is recorded to reflect this loss. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Tangible assets under development are valued at cost, based on the direct and indirect costs of the group and are reviewed for impairment annually.

Work performed by the undertaking for its own purposes and capitalised

The costs incurred on assets under development created by the group itself are recorded in the profit and loss account under financial statement line item "Payments on account and tangible assets in the course of construction" during the year and are transferred at balance sheet date to the appropriate balance sheet line item.

Investments carried at cost and investments held as fixed assets

Investments carried at cost and not consolidated in these accounts are recorded in the balance sheet at their acquisition costs including the expenses incidental thereto. In the case of an impairment that the Board of Directors considers as permanent in nature, value adjustments are made in respect to these long-term investments to apply the lower value to be assigned to them at the balance sheet date. These value adjustments are not maintained when the reasons for making them have ceased to exist.

Investments held as fixed assets are classified as long term financial assets if they are not available for sale. A value adjustment is recorded where the market value is lower than the purchase price.

Raw materials and consumables

Raw materials and consumables are valued at the lower of purchase price calculated on the basis of weighted average cost and market value. Value adjustments are recorded when the estimated realisable value of stocks is lower than the weighted average cost. Their value adjustments are not maintained if the reasons for recording them have ceased to exist.

Finished goods and work in progress

Inventories of finished goods and work and contracts in progress are valued at the lower of production cost including the purchase price of the raw materials and consumables, the costs directly attributable to the product/contract in question and a proportion of the costs indirectly attributable to the product/contract in question, and realizable value. A value adjustment is recorded where the market value is below the production cost. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Debtors

Debtors are recorded at their nominal value. Value adjustments are recorded when there is a risk that all or part of the amounts concerned may not be recovered. These value adjustments are not maintained if the reasons for recording them have ceased to exist.

Short-term investments

Other investments are valued at their purchase price, including expenses incidental thereto, expressed in the currency in which the annual accounts are prepared. A value adjustment is recorded where the market value is lower than the purchase price. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

The market value corresponds to the latest available quote on the valuation day for investments listed on a stock exchange or traded on another regulated market.

For non-listed investments or for investments where the last quote is not representative, the market value corresponds to the probable realisation value estimated with due care and in good faith by the Board of Directors.

Derivative financial instruments

The group may enter into derivative financial instruments such as options, swaps, futures or foreign exchange contracts. The group records initially derivative financial instruments at cost.

At each balance sheet date, unrealised losses are recognised in the profit and loss account whereas gains are accounted for when realised. In the case of hedging of an asset or a liability, unrealised gains or losses on the hedge as well as the underlying asset/liability are deferred until the recognition of the realised gains or losses on the hedged item.

Prepayments

This asset item includes expenditure incurred during the financial year but relating to a subsequent financial year.

Temporarily tax exempted capital gains

Temporarily tax exempted capital gains include gains for which the taxation is deferred by virtue of Article 54 LIR (Income tax law). Such gains, which are rolled over, are recorded at their initial value. Reinvested gains are written off using the same method and over the same period as the assets to which they relate. This financial statement line item is disclosed under "Other non-available reserves" on the balance sheet.

Provisions

The aim of provisions is to cover clearly defined charges and liabilities, which, on the balance sheet date, are either probable or certain but for which the amount or date of occurrence cannot be determined with certainty. A review is carried out at year-end to determine the provisions to be recorded for the group's liabilities and charges. Provisions recorded in previous years are reviewed annually and those no longer needed are released.

Provisions may be created to cover charges which originate in the financial year under review or in a previous financial year, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

Provisions for pensions and similar obligations

Different group companies offer their employees a defined benefit plan and a defined contribution plan. Those plans are provided for based on acceptable principles in the different countries of the group companies.

Defined benefit plan

A defined benefit plan defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date. The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to historical evolution of long-term interest rates.

Defined contribution plan

A defined contribution plan is a pension plan under which the group pays fixed contributions to a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions paid are directly registered in the profit and loss account during the year in which they are paid. The commitment of the group is limited to the contributions that the group agreed to pay into the fund on behalf of its employees.

Change in accounting method:

Up to December 31, 2018, actuarial gains and losses had been charged or credited in the profit and loss account in accordance with the corridor method. Actuarial gains and losses outside a predefined corridor were recorded in the profit and loss account pro rata to the remaining duration of the pension scheme.

In 2019, management has decided to change the accounting method and to record all actuarial gains and losses in the provision for pensions and in the consolidation reserves. Management believes that this presentation better reflects the pension commitments of the group towards its employees. (Note 16.1)

Creditors

Debts are recorded at their reimbursement value. Where the amount repayable on account is greater than the amount received, the difference is shown as an asset and is written off over the period of the debt based on a linear method. All fixed costs related to setting up the facilities are depreciated over the duration of the loan.

Deferred income

This item includes income received during the financial year but relating to a subsequent financial year.

Current and deferred income tax

Provisions for current income tax include the current taxes charged. Deferred taxes are recorded on the temporary differences existing between the tax rules and those used for preparing the consolidated

annual accounts. Deferred taxes are calculated in accordance with the variable carrying forward method based on the tax rate expected at the time that the receivable or liability materialises. Active deferred taxes are recorded only if it is likely that future taxable profits will be available.

Net turnover

Net turnover relates to transportation and distribution of electricity and gas, sales of gas and electricity, cogeneration provided as well as related services as part of the group's ordinary activities, net of discounts, value-added tax and other taxes directly linked to sales.

In energy supply, revenue is recognised at the time of physical delivery except for supplies of electricity and gas to residential and commercial customers from Enovos Luxembourg S.A. and Leo S.A. for which revenue recognition is based on five respectively eleven flat-rate advance payments and one detailed final billing following meter reading as invoiced annually.

Other operating income

Other operating income comprises all income only indirectly linked to usual business activities.

Cost of sales

The EMT (Energy Management and Trading) department within Enovos Luxembourg S.A. provides sales entities with gas and electricity sourced via bilateral procurement contracts. As both the procurement side as well as the sales sides are being managed as interdependent portfolios, there is no precise link possible between a specific sourcing contracts and a specific customer or group of customers. It is EMT's role to balance the physical and financial exposure on the sales side with the overall sourcing commitments on the upstream side.

Income from participating interests

Dividend income is recorded when dividends are paid.

NOTE 2 – CREATION OF THE ENCEVO GROUP (FORMERLY ENOVOS GROUP)

Encevo S.A. (formerly Enovos International S.A.) was incorporated under the name of Soteg S.A. in Luxembourg on 5th February 1974. The Company is registered under RCS nr. B11723. In the context of the below described operations, the Company has been renamed Enovos International S.A. in 2009. The registered office of the Company is established in Esch-sur-Alzette.

As of 23rd January 2009, the shareholders of Cegedel S.A. and Saar Ferngas AG contributed their respective shares into Soteg S.A.. Soteg S.A. then launched a mandatory public offer on all Cegedel S.A. shares not yet in its possession and Cegedel S.A. was delisted after a successful squeeze-out process. A process of restructuring took place thereafter and resulted in a new energy group named Enovos consisting of the parent company, Enovos International S.A. (formerly Soteg S.A.) and its two main subsidiaries, Creos Luxembourg S.A. (formerly Cegedel S.A.) in charge of grid activities and Enovos Luxembourg S.A. (formerly Cegedel Participations S.A.) dealing with energy generation, sales and trading activities. This restructuring has been made with retroactive effect as of 1st January 2009. Enovos Luxembourg S.A. has a subsidiary, Enovos Deutschland SE, (former Enovos Deutschland AG), for the German market and Creos Luxembourg S.A. has a subsidiary, Creos Deutschland Holding GmbH (former Creos Deutschland GmbH), for the German grid.

In the context of this restructuring, former Cegedel S.A. and Soteg S.A. sales activities were contributed to Enovos Luxembourg S.A. against issuing new shares. Enovos Luxembourg S.A. acquired 86.2% of Enovos Deutschland SE (former Enovos Deutschland AG). Cegedel Participations S.A. was sold to Soteg S.A. and the former Cegedel S.A. sales activity has been contributed to Enovos Luxembourg S.A. in exchange for shares. Former Soteg S.A. grid activities have been contributed to Creos Luxembourg S.A. in exchange for shares.

In October 2016, Enovos International S.A. has been renamed Encevo S.A., the parent company of the Encevo Group.

Finally, in early 2019, the group reorganised its activities of energy related services by integrating all of the affiliated undertakings that are active in this field under the newly founded company Enovos Services Luxembourg S.A., a 100% subsidiary of Encevo S.A.. As of 31st December 2019, Enovos Services Luxembourg S.A. thus manages the participations held in Global Facilities S.A., Paul Wagner & Fils S.A., Power Panels S.A. and Agence de l'Energie S.A..

NOTE 3 - AUTHORISATIONS

Following the two European directives 2003/54 and 55, of 26th June 2003, concerning common rules for the internal markets in electricity and natural gas, and the laws that transposed these directives into national law, namely the laws of 1st August 2007, as amended by the Laws of 18th December 2009, 17th October 2010 and 7th August 2012, regarding the organisation of the electricity and natural gas markets, transportation and distribution grid-management activities have been legally separated from the other activities of electric or gas power generation and sale.

NOTE 4 - GOODWILL ON FIRST CONSOLIDATION

Goodwill on acquisitions is recognised on the asset side and is depreciated over the expected economic life of the underlying assets. As of 31st December 2019, the group has recognised goodwill on the following acquisitions (see also note 5):

	31.12.2019	31.12.2018
	Goodwill Gross value	Goodwill Net value
Denominated in EUR	€	€
Surré S.A.	989,661	0
Enovos Luxembourg S.A. (Luxgas S.à r.l.)	14,871,586	5,287,675
Creos Luxembourg S.A.	9,285,306	3,301,443
Enovos Solar Investment I S.r.l. Unipersonale	805,849	0
Enovos Solar Investment II S.r.l. Unipersonale	3,035,199	0
Enovos Energie Deutschland GmbH	7,296,109	2,918,444
Creos Deutschland GmbH (*)	9,721,789	7,607,088
Leo S.A.	21,157,085	8,462,835
ESW Energie Südwest AG	2,205,965	1,066,216
DiSUN Deutsche SolarService GmbH	1,106,662	81,552
Enovos Deutschland SE	1,992,075	1,062,440
Creos Deutschland Holding GmbH	689,965	378,801
Enovos Green Power Group (formerly NPG Group)	5,993,455	770,040
Paul Wagner & Fils S.A.	12,722,485	10,177,988
Power Panels SA	5,815,415	5,815,415
Enovos Renewables O&M GmbH (**)	3,243,786	2,977,075
	100,932,392	50,637,012

(*) The goodwill relates to the acquisition of Creos Deutschland Stromnetz GmbH subsequently merged in Creos Deutschland GmbH in 2019.

(**) The goodwill relates to the acquisition of Wirsol O&M GmbH subsequently merged in Enovos Renewables O&M GmbH in 2019.

Value adjustments have been recorded using a straight-line depreciation method:

	31.12.2019	31.12.2018
Denominated in EUR	€	€
Gross book value - opening balance	95,116,978	111,734,403
Additions for the year	5,815,414	15,966,272
Disposals for the year	0	(32,583,698)
Transfers for the year	0	0
Gross book value - closing balance	100,932,392	95,116,978
Accumulated value adjustment - opening balance	(44,167,650)	(56,834,223)
Allocations for the year	(6,127,730)	(7,119,878)
Disposals for the year	0	20,182,317
Exceptional depreciation for the year	0	(395,865)
Accumulated value adjustment - closing balance	(50,295,380)	(44,167,650)
Net book value - closing balance	50,637,012	50,949,328

The additions of the year concern the acquisition, with effective date on 18th December 2019 of Power Panels S.A., on which a goodwill of EUR 5,815,415 was posted (see also note 5).

The Board of Directors is of the opinion that no additional exceptional depreciations are necessary.

NOTE 5 – SCOPE OF CONSOLIDATION AND LIST OF CONSOLIDATED COMPANIES

The consolidation scope is as follows as at 31st December 2019:

Fully consolidated group companies:

Name	Country	2019		2018		Main activity
		% of control	% of interest	% of control	% of interest	
Encevo S.A.	LU	100.00%	100.00%	100.00%	100.00%	Holding company and shared service provider
Enovos Luxembourg S.A.	LU	100.00%	100.00%	100.00%	100.00%	Supply of power and gas
Creos Luxembourg S.A.	LU	75.47%	75.47%	75.47%	75.47%	Transport and distribution of gas and power
Encevo Re S.A.	LU	100.00%	100.00%	100.00%	100.00%	Reinsurance
Luxenergie S.A.	LU	60.35%	60.35%	60.35%	60.35%	Production of heat and power
Surré S.A.	LU	100.00%	60.35%	100.00%	60.35%	Production of heat and power
Leo S.A.	LU	100.00%	100.00%	100.00%	100.00%	Supply of power and gas
Real Estate Enovos Esch S.A.	LU	100.00%	100.00%	100.00%	100.00%	Real estate
Enovos Real Estate Luxembourg S.A.	LU	100.00%	100.00%	100.00%	100.00%	Holding company in Real estate
Paul Wagner & Fils Group (*)	LU	100.00%	100.00%	100.00%	100.00%	Technical services provider
Power Panels S.A.	LU	100.00%	100.00%	0.00%	0.00%	Technical services provider
Enovos Services Luxembourg S.A.	LU	100.00%	100.00%	0.00%	0.00%	Holding company in technical services
Enovos Solar Investment I S.r.l. Unipersonale	IT	100.00%	100.00%	100.00%	100.00%	Production of power
Enovos Solar Investment II S.r.l. Unipersonale	IT	100.00%	100.00%	100.00%	100.00%	Production of power
Windpark Mosberg GmbH & Co KG	DE	100.00%	100.00%	100.00%	100.00%	Production of power
Enovos Deutschland SE	DE	100.00%	100.00%	100.00%	100.00%	Holding company and shared service provider
Enovos Energie Deutschland GmbH	DE	100.00%	100.00%	100.00%	100.00%	Supply of power and gas
Enovos Future GmbH	DE	100.00%	100.00%	100.00%	100.00%	Facility management
Enovos Renewables O&M GmbH	DE	100.00%	100.00%	100.00%	100.00%	Operation & maintenance of solar- and windparks
Enovos Properties GmbH	DE	100.00%	100.00%	100.00%	100.00%	Real estate
Enovos Storage GmbH	DE	100.00%	100.00%	100.00%	100.00%	Gas Storage
Enovos Renewables GmbH	DE	100.00%	100.00%	100.00%	100.00%	Holding company for power producers
Enovos Power GmbH	DE	100.00%	100.00%	100.00%	100.00%	Supply of power
Energie Südpfalz Shared Service GmbH	DE	64.00%	32.64%	64.00%	32.64%	Service provider
Creos Deutschland Holding GmbH	DE	98.03%	73.70%	98.03%	73.70%	Holding company and shared service provider
Creos Deutschland GmbH	DE	100.00%	73.70%	100.00%	73.70%	Transport and distribution of gas
Creos Deutschland Services GmbH	DE	100.00%	73.70%	100.00%	73.70%	Service provider
Energie Südwest AG	DE	51.00%	51.00%	51.00%	51.00%	Supply of power, gas and heat
Energie Südwest Netz GmbH	DE	100.00%	51.00%	100.00%	51.00%	Transport and distribution of gas, power, water and heat
Energie Südwest Projektentwicklung GmbH	DE	100.00%	51.00%	100.00%	51.00%	Supply of heat / Provider of services in gas and power
Solarkraftwerk Frauenthal GmbH	DE	90.40%	53.75%	90.40%	53.75%	Production of power
DiSUN Deutsche Solarservice GmbH	DE	80.00%	80.00%	80.00%	80.00%	Operation & maintenance of solar- and windparks
Neustromland Energieprojekt 1 GmbH & Co. KG	DE	100.00%	100.00%	100.00%	100.00%	Production of power
Neustromland Energieprojekt 2 GmbH & Co. KG	DE	100.00%	100.00%	100.00%	100.00%	Production of power
Enovos Green Power Group (**)	BE	100.00%	100.00%	100.00%	100.00%	Production of power
Creos Deutschland Stromnetz GmbH	DE	0.00%	0.00%	100.00%	73.70%	Transport and distribution of electricity (merged in 2019)
Wirsol O&M GmbH	DE	0.00%	0.00%	100.00%	100.00%	Operation & maintenance of solar- and windparks (merged in 2019)

(*) Paul Wagner & Fils Group comprises the following entities: Paul Wagner & Fils S.A., Electricité Wagner Troisvierges S.A., Hoffmann SAS and BlitzschutzbauRhein-Main Adam Herbert GmbH.

(**) Enovos Green Power Group comprises the following entities: Enovos Green Power NV, NPG Green I NV, NPG Green II NV, NPG Willebroek NV and Wind Farm Sankt Vith NV.

In early 2019, Encevo S.A. further reorganised its participations active in the energy services business. On 26th February 2019, the entity transferred its participations in Global Facilities S.A. and Paul Wagner & Fils S.A. to Enovos Services Luxembourg S.A.. Enovos Services Luxembourg S.A., formerly held at cost, has then entered the consolidation scope. These operations had no P&L impact.

In Germany, Wirsol O&M GmbH has been merged with Enovos Renewables O&M GmbH and Creos Deutschland Stromnetz GmbH has been merged with Creos Deutschland GmbH. Both operations had no profit and loss impact.

Energiepark Trelder Berg GmbH, Biogas Oebisfeld GmbH and Biogas Ohretal GmbH have been sold in December 2018, with the closing date in May 2019. As all entities have been deconsolidated in 2018 and all profit and loss impacts accounted for in 2018, there was no further impact in 2019.

On 27th November 2019, Enovos Services Luxembourg S.A. purchased 100% of the shares of Power Panels S.A. for EUR 8.000.000. A goodwill of EUR 5,494,405 has been posted on that operation. The group took control of the company 18th December 2019.

In December 2019, Enovos Green Power Group (formerly NPG Group) sold its 2 remaining biogas plants for EUR 4,500,000. Following the deconsolidation of both entities, a consolidated loss of EUR 3,065,209 was posted under the financial statement line item “Interest payable and similar expenses”.

Companies consolidated under the equity method:

Name	Country	2019		2018		Main activity
		% of control	% of interest	% of control	% of interest	
Global Facilities S.A.	LU	50.00%	50.00%	50.00%	50.00%	Facility management
Steinergy S.A.	LU	50.00%	50.00%	50.00%	50.00%	Supply of power
Soler S.A.	LU	50.00%	50.00%	50.00%	50.00%	Production of power
Cegyco S.A.	LU	50.00%	50.00%	50.00%	50.00%	Production of steam
Nordenergie S.A.	LU	33.33%	33.33%	33.33%	33.33%	Supply of power
Airportenergy S.A.	LU	50.00%	30.18%	50.00%	30.18%	Production of heat and power
Datacenterenergie S.A.	LU	50.00%	30.18%	50.00%	30.18%	Production of heat and power
Kiowatt S.A.	LU	50.00%	30.18%	50.00%	30.18%	Production of power
Pfalzgas GmbH	DE	50.00%	50.00%	50.00%	50.00%	Supply of energy
Projecta 14 GmbH	DE	50.00%	36.85%	50.00%	36.85%	Holding company
Energis GmbH	DE	28.06%	28.06%	28.06%	28.06%	Supply of energy
Windpark Wremen GmbH & Co. KG	DE	40.00%	30.20%	40.00%	30.20%	Production of power
SK Ahorn GmbH & Co. KG	DE	49.10%	49.10%	49.10%	49.10%	Production of power
NSL Projekt 2 GmbH	DE	75.00%	62.75%	75.00%	62.75%	Production of power
Solarwerk Barderup GmbH & Co. KG	DE	32.50%	19.68%	32.50%	19.68%	Production of power
NPG Willebroek NV	BE	50.00%	50.00%	50.00%	50.00%	Production of power
Bioenergie Merzig GmbH	DE	39.00%	39.00%	39.00%	39.00%	Production of power
WES Green GmbH	DE	50.00%	50.00%	50.00%	50.00%	Production of power
ESW Grune Energie GmbH	DE	84.90%	43.30%	84.90%	43.30%	Production of power
Energie Sudpfalz GmbH & Co KG	DE	50.00%	25.50%	50.00%	25.50%	Production of power

In 2019, there was no change in the consolidation scope.

NOTE 6 – FORMATION EXPENSES AND SIMILAR EXPENSES

Formation expenses comprise costs incurred in the course of the creation of the Company.

Movements of the year are as follows:

	Total 31.12.2019	Total 31.12.2018
Denominated in EUR	€	€
Gross book value - opening balance	314,511	314,511
Additions for the year	0	0
Disposals for the year	0	0
Transfers for the year	0	0
Change in consolidation scope	0	0
Gross book value - closing balance	314,511	314,511
Accumulated value adjustment - opening balance	(314,073)	(275,489)
Allocations for the year	(36)	(38,584)
Reversals for the year	0	0
Transfers for the year	0	0
Change in consolidation scope	0	0
Accumulated value adjustment - closing balance	(314,109)	(314,073)
Net book value - closing balance	402	438

The Board of Directors considers that no value adjustments are needed as of 31st December 2019.

NOTE 7 – INTANGIBLE ASSETS

Movements for the year are as follows:

	Concessions, patents, licences, trademarks and similar rights and assets	Goodwill acquired for valuable consideration	Payments on account and intangible fixed assets under development	Total 31.12.2019	Total 31.12.2018
Denominated in EUR	€	€	€	€	€
Gross book value - opening balance	224,206,079	125,280,000	6,130,696	355,616,775	344,420,948
Additions for the year	2,471,609	0	9,912,114	12,383,724	12,602,728
Disposals for the year	(49,608)	0	0	(49,608)	(352,350)
Transfers for the year	5,947,038	0	(6,163,593)	(216,555)	57,756
Change in consolidation scope	15,150	0	0	15,150	(1,112,308)
Gross book value - closing balance	232,590,269	125,280,000	9,879,218	367,749,486	355,616,775
Accumulated value adjustments - opening balance	(140,068,238)	(83,780,000)	(1,778,993)	(225,627,230)	(200,233,631)
Allocations for the year	(18,068,679)	(8,375,000)	0	(26,443,679)	(25,730,299)
Exceptional depreciation for the year	0	0	0	0	0
Reversals for the year	49,608	0	0	49,608	258,919
Transfers for the year	(849)	0	0	(849)	(54,508)
Change in consolidation scope	(2,278)	0	0	(2,278)	132,289
Accumulated value adjustment - closing balance	(158,090,435)	(92,155,000)	(1,778,993)	(252,024,428)	(225,627,230)
Net book value - closing balance	74,499,833	33,125,000	8,100,225	115,725,058	129,989,545

On 1st January 2013, the Company started buying a flat base load of 50 MW power from two pulverised coal-fired power plants, under the terms and conditions of a long-term contract signed with Innogy SE (former RWE AG) (see also note 22). Its share of financing the plants of EUR 89,466,245 has been fully paid up and is depreciated over a period of 25 years, which corresponds to the duration of the commitment. In the light of the ongoing developments, the Board of Directors decided that no additional impairment is necessary as of 31st December 2019 (previous impairments of EUR 19,000,000 in 2015 and EUR 14,000,000 in 2014).

The goodwill acquired for valuable consideration relates to the customers of LEO S.A. for an amount of EUR 120,000,000 and Enovos Luxembourg S.A. for EUR 5,280,000.

The transfers for the year of EUR 5,947,038 mainly concern software projects by Enovos Luxembourg S.A. in support of the sales business and by Creos Luxembourg S.A. for the implementation of a standardised electronic market communication and of smart meter systems.

The additions for the year concern mainly other software investments in support of the sales business.

The item "change in consolidation scope" concerns the first consolidation of Enovos Services Luxembourg S.A..

The Board of Directors is further of the opinion that no exceptional value adjustments of the intangible assets are necessary.

NOTE 8 – TANGIBLE ASSETS

Movements for the year are as follows:

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Payments on account and tangible fixed assets in the course of construction	Total 31.12.2019	Total 31.12.2018
Denominated in EUR	€	€	€	€	€	€
Gross book value - opening balance	259,877,804	2,590,531,141	136,805,247	122,433,013	3,109,647,204	2,993,335,427
Additions for the year	1,824,355	17,332,819	4,434,771	160,416,195	184,008,140	170,605,485
Disposals for the year	(1,968)	(990,942)	(959,023)	(382,883)	(2,334,817)	(19,012,447)
Transfers for the year	4,724,456	106,983,661	3,338,437	(114,829,150)	217,405	1,521,292
Change in consolidation scope	(6,681,275)	(20,593,248)	(444,935)	(142,292)	(27,861,751)	(36,802,553)
Gross book value - closing balance	259,743,371	2,693,263,431	143,174,498	167,494,883	3,263,676,182	3,109,647,204
Accumulated value adjustment - opening balance	(83,517,048)	(1,334,318,491)	(101,853,979)	0	(1,519,689,518)	(1,465,188,277)
Allocations for the year	(6,777,724)	(81,736,769)	(8,486,433)	0	(97,000,926)	(94,615,275)
Exceptional depreciation for the year	0	0	0	0	0	0
Reversals for the year	345	465,861	906,283	0	1,372,489	9,130,591
Transfers for the year	0	0	0	0	0	(1,221,508)
Change in consolidation scope	5,305,253	17,167,011	249,202	0	22,721,466	32,204,951
Accumulated value adjustment - closing balance	(84,989,173)	(1,398,422,388)	(109,184,927)		0 (1,592,596,488)	(1,519,689,518)
Net book value - closing balance	174,754,198	1,294,841,043	33,989,570	167,494,883	1,671,079,693	1,589,957,685

Enovos Luxembourg S.A. has participated in the construction of the 11th turbine at the Vianden pumping station of SEO S.A.. This investment qualifies as a finance lease from a tax point of view and consequently has been recorded in the books of Enovos Luxembourg S.A.. Production at the pumping station has started on 1st August 2015. The depreciation period mirrors the duration of the contract between the Company and SEO S.A. which ends in 2063. The total gross value for that project amounts to EUR 111,346,944. The remaining balance of the finance obligation towards SEO S.A. of EUR 68,812,200 (2018: EUR 73,727,250) is posted under the financial statement line item “Other creditors becoming due and payable after more than one year” and EUR 4,915,050 (2018: EUR 4,915,050) is posted under the financial statement line item “Other creditors becoming due and payable within one year” (see also note 23).

In 2019, Creos Luxembourg S.A. invested EUR 108,119,477 in the electricity grid and EUR 21,475,181 in the gas grid. As of 31st December 2018, investment projects by Creos Luxembourg S.A. of EUR 105,613,091 have been definitively closed and transferred to their respective asset class.

Also, Creos Deutschland GmbH invested EUR 23,665,544 in its electricity and gas grid. As of 31st December 2019, investment projects of EUR 12,142,020 have been definitively closed and transferred to their respective asset class.

The item “change in consolidation scope” concerns the deconsolidation of two affiliates of Enovos Green Power S.A. and the first consolidation of Power Panels S.A..

The Board of Directors is of the opinion that no further value adjustments of tangible assets are necessary.

NOTE 9 - FINANCIAL ASSETS

9.1. Companies consolidated under the equity method

Companies consolidated under the equity method are companies in which the group has a significant influence. The undertakings consolidated accordingly break down as follows:

	31.12.2019	31.12.2018
	€	€
Denominated in EUR		
Energis GmbH	38,570,876	36,113,623
Pfalzgas GmbH	22,986,259	23,254,611
Soler S.A.	20,073,290	19,621,120
Projecta 14 GmbH	13,931,883	13,676,103
Datacenterenergie S.A.	4,938,138	3,921,052
Kiowatt S.A.	4,430,947	4,124,557
Cegyco S.A.	2,241,823	2,235,062
SK Ahorn GmbH & Co. KG	2,239,645	2,412,689
ESW - Grüne Energie GmbH	1,803,047	1,193,508
Global Facilities S.A.	1,732,962	1,491,628
EnergieSüdpfalz GmbH & Co. KG	1,616,154	1,564,548
NSL Projekt 2 GmbH	1,511,577	1,566,726
SKW Barderup GmbH&CoKG	1,431,609	1,522,357
Bioenergie Merzig GmbH	1,195,360	1,137,212
Windpark Wremen GmbH & Co. KG	775,314	757,748
Nordenergie S.A.	676,688	625,998
NPG Willebroek NV	668,767	664,149
Airportenergy S.A.	343,007	280,043
Steinergy S.A.	265,452	244,957
WES Green GmbH	73,870	0
	121,506,667	116,407,691

In 2019, Enovos Luxembourg S.A. increased its participation in Soler S.A. by EUR 600,000.

9.2. Investments carried at cost

Investments carried at cost are recorded at acquisition cost. This financial statement line item also includes companies which are not consolidated because of minor significance or for which the activities have not yet started as at 31st December 2019:

Name	Location	2019		2018	
		Percentage owned	Net value €	Percentage owned	Net value €
Stadtwerke Bad Kreuznach GmbH	DE	24.52%	15,000,000	24.52%	15,000,000
Vialis S.A.	FR	10.00%	11,100,000	10.00%	11,100,000
Stadtwerke Pirmasens Versorgungs GmbH	DE	12.99%	7,367,000	12.99%	7,367,000
Stadtwerke Trier Versorgungs GmbH	DE	24.90%	5,146,780	24.90%	5,087,722
Enovos Pfalzwerke BG St. Ingbert GmbH	DE	50.00%	5,000,000	50.00%	5,000,000
Pfalzwerke AG	DE	1.86%	4,628,000	1.86%	4,628,000
Stadtwerke Sulzbach GmbH	DE	15.00%	3,306,062	15.00%	3,306,062
Stadtwerke Völklingen Netz GmbH	DE	17.60%	3,232,302	17.60%	3,232,302
GasLINE GmbH & Co. KG	DE	5.00%	2,387,520	5.00%	2,017,612
SEO S.A.	LU	4.46%	1,971,596	4.46%	1,971,596
AMPACIMON S.A.	BE	21.48%	1,759,542	21.48%	1,759,542
Solar Kraftwerk Kenn GmbH	DE	49.00%	1,749,526	49.00%	1,749,526
Stadtwerke Bliestal GmbH	DE	23.50%	1,333,000	23.50%	1,333,000
Enovos Energie SA	LU	100.00%	1,310,250	-	-
SWT Erneuerbare Energien GmbH & Co. KG	DE	49.00%	1,225,000	49.00%	1,323,000
Queichtal Energie Offenbach GmbH & Co.KG (former VG Offenbach GmbH & Co. KG)	DE	49.00%	1,173,650	49.00%	1,173,650
Energiency	LU	11.48%	1,131,542	-	-
Stadtwerke Völklingen Vertrieb GmbH	DE	17.60%	1,100,000	17.60%	1,100,000
NPG Energy Nederland N.V.	NL	100.00%	828,000	50.00%	18,250
Heliosos S.A.	LU	100.00%	570,690	100.00%	15,300
Windpark Meckel/Gilzem GmbH & Co. KG	DE	10.00%	560,340	10.00%	560,340
Solarwerk Niersbach GmbH	DE	37.50%	551,309	25.00%	367,500
Nextlab S.A.	LU	50.00%	500,000	50.00%	500,000
Trifels Gas GmbH	DE	49.00%	492,250	49.00%	492,250
Solarpark Nordband GmbH & Co. KG	DE	49.00%	387,590	49.00%	436,590
Encasol S.A.	LU	50.00%	320,000	50.00%	320,000
Stadtwerke Lambrecht GmbH	DE	15.00%	255,043	15.00%	251,043
energieagence S.A.	LU	50.00%	233,736	50.00%	233,736
Stadtwerke Homburg GmbH	DE	10.67%	233,452	10.67%	233,452
JAO S.A. (former CASC EU S.A.)	LU	5.00%	209,809	5.00%	209,809
Neustromland GmbH & Co. KG	DE	5.56%	145,215	5.56%	191,309
Solarpark St. Wendel GmbH	DE	15.00%	142,500	15.00%	142,500
EnergieSüdpfalz PV-Anlage Leinefelde-Worbis GmbH & Co. KG	DE	10.00%	127,500	10.00%	128,950
Blue Wizzard Beteiligungsverwaltungsgesellschaft GmbH	DE	8.26%	125,000	100.00%	125,000
Panhelios S.A.	LU	100.00%	91,800	100.00%	15,300
Enovos France	FR	50.00%	70,000	100.00%	70,000
IZES GmbH	DE	100.00%	67,700	8.26%	67,700
Voltranovos S.A.	LU	100.00%	47,430	100.00%	15,300
Windpark Gimbsheimer & Mosberg Infr. GbR	DE	100.00%	34,347	50.00%	34,347
ESWL.CAB GmbH	DE	100.00%	25,000	100.00%	25,000
BALANSYS S.A.	LU	50.00%	15,500	5.00%	15,500
Energie Südpfalz Verwaltung GmbH	DE	50.00%	12,500	50.00%	12,500
My green e Beteiligungsgesellschaft GmbH 49.00%	DE	49.00%	12,250	49.00%	12,250
Neustromland Projekt 1 GmbH	DE	100.00%	5,000	100.00%	5,000
GasLINE Geschäftsführungs GmbH	DE	5.00%	1,278	33.00%	1,278
NPG Energy Nederland B.V.	NL	100.00%	100	50.00%	100
GuD KW Krefeld GmbH	DE	100.00%	1	100.00%	1
Forward Forstservice GmbH	DE	33.00%	0	100.00%	1
Aveleos S.A.	LU	59.02%	0	59.02%	0
Active Smarhome S.A.	LU	0%	0	50.00%	0
WE Sun GmbH (50%)	DE	-	-	100.00%	12,500
City Mov S.à r.l.	LU	0%	0	100.00%	0
Twinerg S.A.	LU	0%	0	17.50%	0
			75,987,111		71,661,818

On 18th December 2019, the Enovos Luxembourg S.A. subscribed to an equity increase of EUR 1,310,250 in Ceduco S.A.. The entity, which was previously completely depreciated, was renamed Enovos Energie S.A. and will sell electricity in France beginning January 2020.

On 19th December 2019, the Encevo S.A. paid EUR 1,000,000 for a stake of 11.48% in the start-up

company Energy. As transaction costs for EUR 131,542 have been capitalised, the entire investment amounted to EUR 1,131,542. The purpose of the company is to automate energy analytics with artificial intelligence driven technology dedicated to manufacturing.

In June 2019, the group acquired the remaining 50% of WE Sun for a total amount of EUR 60,000 and the entity was merged into Enovos O&M GmbH in August 2019.

The entities Active Smarthome S.A., City Mov S.à r.l., Forward Forstservices GmbH and Twinerg S.A. have been liquidated in 2019 (see also note 32).

The Board of Directors is of the opinion that no additional value adjustments are necessary for all the investments considered as financial fixed assets.

The group increased its share in Solarkraftwerk Niersbach GmbH from 25% to 37.5% for an amount of EUR 183,809.

The group increased the equity in NPG Nederland NV by EUR 809,750, in Helios S.A. by EUR 555,390, in Panhelios S.A. by EUR 76,500 and in Voltrans S.A. by EUR 32,130.

NOTE 10 – STOCKS

Raw materials of EUR 13,513,245 (2018: EUR 14,665,412) consist mainly of parts inventory of Creos Luxembourg S.A..

Work and contracts in progress of EUR 23,382,181 (2018: EUR 21,556,410) are mainly made up of work in progress for grid customers of Creos Luxembourg S.A. and for technical services for Paul Wagner & Fils which will be invoiced to customers once completed.

Finished goods of EUR 15,398,533 (2018: EUR 17,910,342) mainly consist of gas stocks held in France and Germany. A value adjustment of EUR 7,094,951 has been recognised in 2019 under the financial statement line item “Value adjustments in respect of current assets” (2018: EUR 0).

NOTE 11 – DEBTORS

11.1. Trade debtors

Trade receivables are mainly related to energy sales, transportation and distribution of electricity and gas.

	31.12.2019	31.12.2018
	€	€
Denominated in EUR		
Trade debtors - Gross value	362,425,299	372,523,464
Value adjustment	(11,193,694)	(11,115,536)
Trade debtors - Net value	351,231,604	361,407,928

11.2. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests

Receivables due by undertakings with which the group is linked by virtue of participating interests relate to commercial activities mainly due within 30 days and to shareholder loans.

11.3. Other debtors

This financial statement line item mainly includes tax receivable in Luxembourg of EUR 27,247,100 (2018: EUR 19,505,513) and in Germany of EUR 9,358,641 (2018: EUR 14,634,211).

Furthermore, VAT recoverable in Luxembourg amounts to EUR 4,149,380 (2018: EUR 2,465,547).

In 2019, there is no longer a receivable on gas and electricity taxes in Germany (2018: EUR 909,559).

As of 31st December 2019, this financial statement line item also comprises a receivable on the "Institut Luxembourgeois de Régulation" ("ILR") of EUR 25,723,953 (2018: EUR 15,595,864) in the context of the mechanism of the "Fonds de compensation" for Creos Luxembourg S.A..

11.4. Deferred tax assets

Deferred tax assets have been computed by Enovos Solar Investment II S.r.l. Unipersonale as a result of the partial non-deductibility of interest costs and a change in law concerning depreciation duration for photovoltaic plants.

NOTE 12 – INVESTMENTS

In 2019, the investment in the Frankfurt Trust fund has been sold for an amount of EUR 42,443,007. A gain of EUR 1,559,971 has been realized on that transaction.

Also, in 2019, EUR 32,665,655, corresponding to the outstanding net equity value and intercompany loans of Energiepark Trelder Berg GmbH and its subsidiaries have been paid.

NOTE 13 – CASH AT BANK AND IN HAND

This financial statement line item comprises sight deposits and term deposits for investment periods of less than three months. The financial statement line item also comprises an amount of EUR 8,128,137 posted on clearing accounts linked to the group's activities on the energy exchange (2018: EUR 2,220,943).

NOTE 14 – PREPAYMENTS

In 2018, Encevo S.A. decided to issue a new German Certificate of Indebtedness ("Schuldschein") amounting to EUR 250,000,000. In order to pre-hedge this amount, five forward swaps have been done: The first on 9th February 2018 with an amount of EUR 100,000,000 (starting on 13th July 2018 with a tenor of 10 years), the second one on 15th February 2018 with an amount of EUR 50,000,000 (starting on 13th July 2018 with a tenor of 7 years), the third one on 20th February 2018 again with an amount of EUR 50,000,000 (starting on 20th July 2018 with a tenor of 7 years), the fourth and fifth one on 6th July 2018 with an amount of EUR 25,000,000 each (starting on 27th July 2018 with a tenor of 12 years and 15 years respectively). The average tenor of all five pre-hedges is 9.5 years – close to the average tenor of the new "Schuldschein". On 27th July 2018, one day after the issuance of the new "Schuldschein", all forward swaps have been unwound and the related costs of EUR 6,341,590 were deferred, as part of the financing fees, over the lifetime of the underlying Schuldschein financing. As of 31st December 2019, an amount of EUR 5,575,733 was posted under the financial statement line item "Prepayments" (2018: EUR 6,218,349) related to these forward swap contracts, EUR 642,616 having been transferred to P&L in 2019 (2018: EUR 123,241).

In 2019, this financial statement line item includes a prepaid electricity invoice for an amount of EUR 1,884,254 (2018: EUR 2,443,594) and sales commissions for an amount of EUR 2,578,659 (2018: EUR 519,908) relating to the subsequent year.

Furthermore, are included French capacity guarantees with delivery year 2020 for an amount of EUR 2,044,427 (2018: EUR 902,721).

According to the grid regulation scheme, the amount of revenues (grid tariffs) deriving from regulated activities is authorised on an annual basis by the Regulator ILR. The difference between actual and authorised revenues is assessed each year by the Regulator. This difference is considered in the determination of the electricity and gas grid tariffs for subsequent years. In case actual revenues are over (respectively under) revenues as accepted by the ILR, tariffs for subsequent years will be reduced (respectively increased) and consequently such difference is provided for. According to the regulation

scheme, a cumulated difference (2019 and prior years) is calculated individually for each regulated activity (electricity, gas transport, gas distribution, metering electricity, metering gas) and is provided for, when positive, in the financial statement line item "Prepayments" for an amount of EUR 3,906,348 (2018: EUR 5,714,587) and when negative, in the financial statement line item "Deferred income" for an amount of EUR 25,960,946 (2018: EUR 33,241,471).

Furthermore, Creos Luxembourg S.A. participated early 2013 together with the other grid operators in Luxembourg in the "Luxmetering GIE" to develop an IT platform dedicated to the smart metering system. The GIE has no capital and the financial stake of Creos Luxembourg S.A. in the GIE corresponds to the ratio number of meters owned by Creos Luxembourg S.A. / number of meters owned by all GIE members and is around 80%. Cash advances of EUR 2,786,187 paid to Luxmetering G.I.E. are posted under the financial statement line item "Prepayments" (2018: EUR 2,820,869).

An amount of EUR 1,405,194 represents advance leasing payments by Enovos Solar Investment I S.r.l. Unipersonale for the year 2019 (2018: EUR 1,551,856).

NOTE 15 – CAPITAL AND RESERVES

As at 31st December 2019, the share capital of Encevo S.A. amounted to EUR 90,962,900. It was fully paid-up and was represented by 909,629 ordinary shares (2017: 909,629), with a nominal value of EUR 100 per share and with no preferential rights.

The Company is required to allocate a minimum of 5% of its annual net income to a legal reserve, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

Consolidated capital and reserves, group share:

	31.12.2018	Distribution of dividends	Appropriation of profit	Change in scope	Other	Profit for the year	31.12.2019
Denominated in EUR	€	€	€	€	€	€	€
Subscribed capital	90,962,900	0	0	0	0	0	90,962,900
Share premium	387,028,449	0	0	0	0	0	387,028,449
Consolidated Reserves	466,044,803	0	14,953,990	(15,007) (12,301,603)	0	0	468,682,183
Legal Reserve	9,096,290	0	0	0	0	0	9,096,290
Reserve of 1 st consolidation	(57,960,816)	0	0	0	0	0	(57,960,816)
Consolidation reserves	449,977,177	0	14,953,990	(15,007) (12,301,603)	0	0	452,614,557
Other reserves	64,932,152	0	0	0	0	0	64,932,152
Retained earnings	32,309,951	0	9,486,975	0	0	0	41,796,926
Capital investment subsidies	5,934,233	0	0	0	(799,331)	0	5,134,902
Temporarily not taxable capital gains	23,615,759	0	0	0	0	0	23,615,759
Profit for the year	43,361,248	(18,920,283)	(24,440,965)	0	0	49,716,028	49,716,028
Total shareholder's equity Group share	1,049,257,343	(18,920,283)	0	(15,007) (13,100,934)	49,716,028	1,066,937,147	
Minority interest	257,601,344	(12,619,215)	0	0 (1,482,965)	18,204,997	261,704,162	
Total shareholder's equity	1,306,858,687	(31,539,498)	0	(15,007) (14,583,899)	67,921,026	1,328,641,309	

In 2019, an amount of EUR 13,625,001 has been posted to consolidated reserves, following a change in the accounting method of the computation of actuarial gain and losses for pension provisions (see also notes 1, 16.1 and 24).

NOTE 16 - PROVISIONS

16.1. Provisions for pensions and similar obligations

This financial statement line item includes provisions relating to pension commitments. Under a supplementary pension scheme, Encevo S.A., Enovos Luxembourg S.A., Creos Luxembourg S.A., LEO S.A., Enovos Deutschland SE and its subsidiaries and Creos Deutschland Holding GmbH and its subsidiaries have contracted defined benefit schemes. The amount reported in the balance sheet is based on the following assumptions:

- retirement age taken into account for financing: 60 years (for Luxembourg), 62 years (for Germany)
- yearly discount rate of 3.29%
- estimated salary at time of retirement based on past experience
- turnover rate of employees

Actuarial profits and losses are immediately recognised in the income statement.

Up to December 31, 2018, actuarial gains and losses had been recognized in the income statement in accordance with the corridor method. Starting in 2019, all actuarial gains and losses are recorded in the provision for pensions and in consolidation reserves. On total actuarial gains and losses of EUR 19,463,523 have thus been recorded in the provision for pensions, thereof EUR 1,144,780 related to 2019, and EUR 18,318,743 related to previous years (thereof EUR 2,669,665 related to 2018). The net impact after deferred tax of EUR 13,625,001 has directly been booked into consolidation reserves. (see also notes 1, 15 and 24).

16.2 Other provisions

The financial statement line item "Other provisions" comprises provisions to cover the following risks:

	31.12.2019	31.12.2018
Denominated in EUR	€	€
Provisions for regulatory and environmental risks	59,985,877	54,566,095
Provisions for purchases	0	0
Provisions for staff costs	17,321,244	18,521,726
Provisions for sales risks	4,347,906	3,589,291
Provisions for derivatives	293,104	386,138
Provisions for litigation	2,282,026	1,459,440
Other provisions	17,799,494	19,069,275
	102,029,651	97,591,965

Enovos Luxembourg S.A. has entered into an interest rate swap agreement in order to hedge its floating rate exposure from a loan it had received from Encevo S.A. to refinance Enovos Solar Investment II S.r.l. Unipersonale. As of 31st of December 2019, the notional amount equals EUR 12,650,720 (2018: EUR 13,593,077) with a negative fair value of EUR -1,238,704 (2018: EUR -1,281,600).

Creos Luxembourg S.A. posted a provision for other risks for an amount of EUR 5,374,359 (2018: EUR 6,400,000) to consider the risks related to defective assets (HV transformers) and other sundry risks.

Enovos Energie Deutschland S.A. increased its provision for commercial risks in the biogas supply contract with Bioenergie Merzig GmbH from EUR 4,241,671 to EUR 4,347,906.

NOTE 17 - DEBENTURE LOANS

On 15th June 2012, Encevo S.A. issued a public bond of EUR 200,000,000 which was listed on the secondary Euro MTF market in Luxembourg. The bond bears an interest of 3.75% and has been entirely redeemed on 15th June 2019.

Furthermore, on 26th June 2013, the Company issued a first German Certificate of Indebtedness ("Schuldschein") of EUR 102,000,000 with tenors of 7, 10, 12 and 15 years. In 2018, the tranche with a tenor of 7 years has been reimbursed early (EUR 35,000,000). The remaining tranches are bearing a fixed interest rate of 2.81%, 3.22% and 3.5% for the 10, 12 and 15 years tenors respectively. The interests on

the fixed rate tenors are paid in June every year. The accrued interests payable as at 31st December 2019 amount to EUR 1,080,233 (2018: EUR 1,083,193).

On 21th November 2014, the Company issued an additional German Certificate of Indebtedness (“Schuldschein”) of EUR 80,000,000 with tenors of 7, 10 and 12 years. The Schuldschein bears a fixed interest rate for the 7 years of 1.547%, 2.004% for the 10 years and 2.297% for 12 years. The interests on the fixed rate tenors are paid in November every year. The accrued interests payable as at 31st December 2019 amount to EUR 153,271 (2018: EUR 153,271).

On 26th July 2018, Encevo S.A. issued a third (green) German Certificate of Indebtedness (“Schuldschein”) of EUR 250,000,000 with tenors of 7, 10, 12 and 15 years with two different pay-out dates – the first pay-out date was on 23rd August 2018 (EUR 150,000,000) for the 7 and 10 years tranches and the second pay-out date was on 23rd October 2018 (EUR 100,000,000) for the 12 and 15 years tranches. One of the two 7 years tranches as well as one of the two 10 years tranches bear a floating interest rate. The remaining tranches bear fixed interest rates of 1.158%, 1.641%, 1.926% and 2.257% for the 7, 10, 12 and 15 years maturities respectively. Both floating interest rate tranches have been hedged on the date of the closing on 26th July 2018. The interests for the floating 7 years tenor and 10 years tenor are paid twice a year in April and October whereas the interests on the fixed 7 and 10 years tenors are paid once in October every year and the fixed 12 and 15 years tenors are paid once in August every year. The accrued interests payable as at 31st December 2019 amount to EUR 1,055,123 (2018: EUR 1,055,831).

Below the detailed maturities of all non-convertible debenture loans:

	Within one year	After one year and within five years	After more than five years	Total 2019	Total 2018
Denominated in EUR	€	€		€	€
Non-convertible debenture loans	2,288,627	40,000,000	357,000,000	399,288,627	603,542,295
Total	2,288,627	40,000,000	357,000,000	399,288,627	603,542,295

NOTE 18 – AMOUNTS OWED TO CREDIT INSTITUTIONS

On 17th August 2016, Encevo S.A. successfully completed the replacement of the agreement linked to the Revolving credit Facility (“RCF”) of 2013, with a committed amount of EUR 200,000,000 with 7 banks. This credit line had an initial tenor of 5 years until August 2021. In August 2017, all participating banks agreed to extend the credit facility by one year, and in July 2018, all participating banks again agreed to extend the credit facility by one more year, until August 2023. The amount drawn on the committed RCF as of 31st December 2019 is EUR 0 (2018: EUR 0).

Interests to be paid are based on Euribor plus a margin, which may vary depending on the consolidated gearing ratio (ratio of net financial debt to equity on a consolidated basis) as well as on the utilization rate of the credit facility.

The amounts owed to credit institutions break down as follows:

	31.12.2019	31.12.2018
Denominated in EUR	€	€
Current financial liabilities due to financial institutions		
due within one year	12,193,544	14,410,907
Non-current financial liabilities due to financial institutions		
due after one year and within five years	12,825,542	42,380,308
due in more than five years	75,635,537	50,777,984

The main outstanding current financial liabilities are loans of EUR 5,664,311 due by Luxenergie S.A., loans of EUR 1,989,822 due by Enovos Green Power NV, loans of EUR 1,260,000 due by NSL Energieproject 1

GmbH & Co.KG and EUR 1,078,452 due by NSL Energieproject 2 GmbH & Co.KG. The main outstanding non-current financial liabilities are loans of EUR 30,582,235 due by Luxenergie S.A., EUR 18,900,000 due by Real Estate Enovos Esch S.A., EUR 15,120,000 due by NSL Energieprojekt 1 GmbH & Co. KG., EUR 11,593,353 due by NSL Energieprojekt 2 GmbH & Co. KG and EUR 3,308,974 due by Enovos Green Power NV.

NOTE 19 - PAYMENTS RECEIVED ON ACCOUNT OF ORDERS

Are recorded under this financial statement line item down-payments received, largely on works performed for third party grid customers.

NOTE 20 - TRADE CREDITORS

Trade creditors are mainly related to energy purchases / supplies and trading activities.

NOTE 21 - AMOUNTS OWED TO UNDERTAKINGS WITH WHICH THE UNDERTAKING IS LINKED BY VIRTUE OF PARTICIPATING INTERESTS

This financial statement line item includes mainly provisions on accrued interests related to the financing of the investment in machine11 in the SEO pumping station in Vianden and receivables on Pfalzgas GmbH which is also a major gas supplier.

NOTE 22 - TAX AUTHORITIES

This financial statement line item includes corporate income taxes, value added tax (VAT) liabilities, taxes on gas and electricity sales, and social taxes on pensions and salaries.

Encevo S.A. is subject to all taxes applicable to Luxembourg companies and the tax provisions have been provided in accordance with the relevant laws. Since 2009, Encevo S.A. is part of the fiscal unity with Enovos Luxembourg S.A., Enovos Services Luxembourg S.A. (formerly Cegedel International S.A.) and Encevo Re S.A.. Beginning 2012, LEO S.A. has joined that fiscal unity. In 2014, Enovos Real Estate Luxembourg S.A. and Real Estate Enovos Esch S.A. have joined the fiscal unity. In the frame of the fiscal unity, the taxes in the accounts are recorded as follows:

- Tax expenses are booked in the subsidiaries' accounts as would be the case if no tax unity exists;
- Tax savings relating to a loss-making subsidiary are recorded as a deduction of tax expenses in the head of the fiscal unity;
- Encevo S.A., as the head of the fiscal unity, books the tax provisions on the basis of the consolidated results of the companies included in the scope of the fiscal unity.

In order to benefit from the fiscal unity regime, the companies concerned have agreed to be part of the fiscal unity for a period of at least five financial years. This means that if the conditions laid down in Article 164bis LIR (Income tax law) are not met at any time during these five years period, the fiscal unity ceases to apply, retroactively, as from the first year in which it was granted.

There are two other fiscal unities in Germany, one for Creos Deutschland Holding GmbH, regrouping Creos Deutschland GmbH and Creos Deutschland Services GmbH, another for Enovos Deutschland SE, regrouping Enovos Energie Deutschland GmbH, Enovos Renewables GmbH, Enovos Properties GmbH, Enovos Storage GmbH, Enovos Renewables O&M GmbH and Enovos Future GmbH.

NOTE 23 – OTHER CREDITORS

In the course of the financing agreement reached with SEO S.A. over the financing of the 11th turbine at the Vianden pumping station of SEO, an amount of EUR 73,727,250 (2018: EUR 78,642,300) has been posted under this financial statement line item in 2019, of which EUR 68,812,200 are due after more than one year (2018: EUR 73,727,250), (see also note 8).

As of 31st December 2019, Enovos Deutschland SE and Enovos Renewables GmbH have a long term liability of EUR 1,700,000 and 1,500,000 respectively towards “Pensionskasse der Enovos Deutschland VVaG” (2018: EUR 1,700,000 and EUR 1,500,000).

Furthermore, in the context of the financing of renewable projects, Energie Südwest AG has a liability towards its customers of EUR 2,707,275 (2017: EUR 2,646,500), which becomes due in 2029

NOTE 24 – DEFERRED INCOME TAX

The deferred income tax liability is mainly related

- to the different depreciation methods used in consolidated accounts (linear) compared with the statutory accounts (degressive) of several group companies
- to the different calculation method of the pension obligations in consolidated accounts compared with statutory accounts of several group companies
- to a provision reversal at Encevo Re S.A. in the consolidated accounts.

In 2019, an amount of EUR 5,838,522 has been transferred to the consolidated reserves following a change in accounting policies considering the computation of pensions liabilities in Germany (see also notes 1, 15 and 16.1).

NOTE 25 – DEFERRED INCOME

As described in note 14, Creos Luxembourg S.A. has posted under the financial statement line item “Deferred income” an amount of EUR 25,960,946 (2018: EUR 33,241,471) related to the regulated activities.

This heading also relates to realised power portfolio positions from 2020 to 2021 for an amount of EUR 304,777 (2018: EUR 4,233,445).

Finally, EUR 11,409,225 relate to derivatives which are used to hedge operations to be settled in subsequent years (2018: EUR 5,569,380).

NOTE 26 – NET TURNOVER

Sales break-down is as follows:

Denominated in EUR	2019	2018
	€	€
Sales electricity	1,180,018,783	1,076,460,644
Sales gas	637,347,921	658,418,889
Other energy sales	23,274,376	27,168,509
Grid sales electricity	54,875,360	48,065,256
Grid sales gas	108,022,129	97,886,148
Sales Technical Services	50,494,271	48,108,242
Other sales	56,941,598	65,934,319
Rebates & discounts	(5,088,033)	(2,887,481)
Total sales	2,105,886,405	2,019,154,524

Other sales include sales of services to electricity and gas customers like metering and costs for grid connections. Sales relating to gas and electricity trading are shown net of purchases under "Raw materials and consumables".

Geographical sales break down as follows:

Denominated in EUR	2019 €	2018 €
Luxembourg	749,031,174	709,331,416
Germany	1,171,753,232	1,128,320,658
France	138,423,268	108,027,268
Belgium	40,420,527	66,480,399
Other countries	6,258,204	6,994,783
Total sales	2,105,886,405	2,019,154,525
	100.00%	100.00%

NOTE 27 – OTHER OPERATING INCOME

The financial statement line item "Other operating income" includes mainly the activities unrelated to the supply of gas and electricity, such as reversals of value adjustments, income from asset sales, renting fees, income from employees, re-insurance fee.

NOTE 28 – RAW MATERIALS AND CONSUMABLES AND OTHER EXTERNAL EXPENSES

Denominated in EUR	2019 €	2018 €
Electricity supplies	1,053,092,528	885,460,835
Trading sales electricity	(311,376,533)	(217,032,331)
Gas supplies	1,239,097,806	1,561,407,700
Trading sales gas	(685,622,768)	(1,025,977,166)
Other supplies	360,759,957	363,500,261
Derivatives	(1,828,829)	1,350,266
Total Raw materials and consumables	1,654,122,160	1,568,709,563

The financial statement line item "Raw material and consumables" includes energy procurement and energy trading costs. Electricity and gas trading sales are shown net of cost of sales, since they were made partly to reduce procurement costs. The margin achieved on trading activities is therefore included under "Raw materials and consumable and other external expenses", as well as the realised profit or loss and the unrealised loss on derivative financial instruments.

The financial statement line item "Other external expenses" includes amongst others professional fees, subcontracting and maintenance costs, marketing and communication costs, rental costs and insurance premiums.

NOTE 29 – STAFF COSTS

The group had on average 1,972 employees in 2019 (2018: 1,948). The figure in 2019 includes the staff of the City of Luxembourg made available to Creos Luxembourg S.A., 69 employees (2018: 79 employees), whose costs are shown under wages and salaries for EUR 7,453,184 (2018: EUR 8,239,462).

NOTE 30 – OTHER OPERATING EXPENSES

The financial statement line item “Other operating expenses” comprises mainly provisions for risks, attendance fees, losses on receivables, extraordinary charges and sundry taxes.

NOTE 31 – INCOME FROM PARTICIPATING INTERESTS

Income from participating interests relates to dividends received from entities held at acquisition costs.

NOTE 32 – OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

In 2019, the financial statement line item includes a gain of EUR 3,490.573 resulting from the liquidation of Active SmartHome S.A., Twinerg S.A. and City Mov' S.à r.l. (see also note 9).

In 2019, a gain of EUR 1,559,971 has been realised on the sale of funds held in the Frankfurt Trust (see also note 12).

Other interest receivable and similar income is also composed of interests received on short-term bank deposits.

NOTE 33 – SHARE OF PROFIT OR LOSS UNDERTAKINGS ACCOUNTED FOR UNDER THE EQUITY METHOD

The share of profit or loss undertakings accounted for under the equity method breaks down as follows:

	31.12.2019	31.12.2018
Denominated in EUR	€	€
Energis GmbH	38,570,876	36,113,623
Pfalzgas GmbH	22,986,259	23,254,611
Soler S.A.	20,073,290	19,621,120
Projecta 14 GmbH	13,931,883	13,676,103
Datacenterenergie S.A.	4,938,138	3,921,052
Kiowatt S.A.	4,430,947	4,124,557
Cegyco S.A.	2,241,823	2,235,062
SK Ahorn GmbH & Co. KG	2,239,645	2,412,689
ESW - Grüne Energie GmbH	1,803,047	1,193,508
Global Facilities S.A.	1,732,962	1,491,628
EnergieSüdpfalz GmbH & Co. KG	1,616,154	1,564,548
NSL Projekt 2 GmbH	1,511,577	1,566,726
SKW Barderup GmbH&CoKG	1,431,609	1,522,357
Bioenergie Merzig GmbH	1,195,360	1,137,212
Windpark Wremen GmbH & Co. KG	775,314	757,748
Nordenergie S.A.	676,688	625,998
NPG Willebroek NV	668,767	664,149
Airportenergy S.A.	343,007	280,043
Steinergy S.A.	265,452	244,957
WES Green GmbH	73,870	0
	121,506,667	116,407,691

NOTE 34 – VALUE ADJUSTMENTS IN RESPECT OF FINANCIAL ASSETS AND OF INVESTMENTS HELD AS CURRENT ASSETS

As City Mov' S.à r.l. has been liquidated in 2019, a waiver agreement for the loan of EUR 472,000 has been signed on 10th December 2019 and posted under the financial statement line item "Other interest and similar expenses". A previous value adjustment booked in 2018 of EUR 250,000 has been reversed under the financial statement line item "Value adjustment in respect of financial assets and assets held as current assets."

NOTE 35 – INTEREST PAYABLE AND SIMILAR EXPENSES

The financial statement line item "Interest payable and similar expenses" is mostly composed of interests paid on bank loans, on the public bond and on the German certificates of indebtedness, as well as of the depreciation of the hedge costs related to the 2012 bond issuance and the 2018 German certificate of indebtedness.

In 2019, this financial statement line item also includes a loss of EUR 3,065,409 due to the sale of two subsidiaries (see also note 5).

NOTE 36 – CURRENT AND DEFERRED INCOME TAX EXPENSE

The current tax provisions have been provided in accordance with the relevant laws applicable in Luxembourg, Germany, Belgium, France and Italy.

Deferred taxes are recorded on the time differences existing between the tax rules and those used for preparing the consolidated annual accounts. Deferred taxes are calculated in accordance with the variable carrying forward method based on the tax rate expected at the time that the receivable or liability materialises. Active deferred taxes are recorded only if it is likely that future taxable profits will be available.

NOTE 37 – REMUNERATION PAID TO MEMBERS OF THE ADMINISTRATION AND MANAGEMENT BODIES

Remuneration paid to members of the management and supervisory bodies of Encevo S.A. totalled EUR 624,911 in 2019 (2018: EUR 689,500). No advances nor loans were granted to members of the administration and supervisory bodies, nor was any commitment undertaken on their behalf in respect of any form of guarantee.

NOTE 38 – AUDITOR'S FEES

Audit and audit-related fees for the year 2019 amount to EUR 543,150 (2018: EUR 486,000). Non-audit related fees amount to EUR 65,940 (2018: EUR 231,573).

NOTE 39 – FINANCIAL DERIVATIVES

The group is further engaged in spot and forward electricity and gas trading on organised markets and by private sales. These transactions are made using different instruments. Among these instruments are forward contracts, which imply final delivery of electricity and gas, swap contracts, which entail promises of payment to and from counterparties in conjunction with the difference between a fixed price and a variable price indexed on underlying products, options or other contractual agreements.

These contracts are not accounted for in the balance sheet as the group has chosen to not apply the option to use fair value accounting in its annual accounts. Only the unrealized losses are accounted for in the profit and loss account according to principles disclosed in Note 1 to the accounts.

Derivative financial instruments – Unrealised gains (losses) on Sell positions

	31.12.2019	31.12.2018
Denominated in EUR	€	€
Financial derivatives on electricity futures	(3,060,996)	(102,035,757)
Other financial derivatives (gas, CO ₂ certificates, coal)	24,215,550	(2,880,415)
Total	21,154,554	(104,916,172)

Derivative financial instruments – Unrealised gains (losses) on – Buy positions

	31.12.2019	31.12.2018
Denominated in EUR	€	€
Financial derivatives on electricity futures	3,323,066	102,185,804
Other financial derivatives (gas, CO ₂ certificates, coal)	(23,509,234)	2,632,505
Total	(20,186,168)	104,818,310

The total nominal value (purchases and sales) of derivatives contracts and the net fair value break down as follows:

Denominated in EUR	31.12.2019		31.12.2018	
	Nominal value	Fair value	Nominal value	Fair value
Financial derivatives on electricity futures	163,702,369	262,070	235,838,397	150,048
Other financial derivatives (gas, CO ₂ certificates, coal)	95,779,916	706,316	132,616,900	(247,910)

The net fair value of the derivative contracts amounts to a gain of EUR 968,386 (2018: loss of EUR 97,862). That value comprises the net market value of all proprietary trading positions. When netting by commodity type and maturity year, there could be negative as well positive market values. According to current accounting principles, a provision is posted for negative positions. Thus, in 2019, a provision of EUR 293,104 (2017: EUR 386,138) is recorded under the financial statement line item other “Other provisions – Provisions for derivatives” (see note 16.2).

NOTE 40 - OFF-BALANCE SHEET LIABILITIES AND COMMITMENTS

Commercial commitments

Enovos Luxembourg S.A. concluded a number of forward contracts for the purchase and sale of electricity and gas as part of its usual operations. The entity has thus contracted purchase commitments for physical delivery of electricity and gas amounting to EUR 2.15 billion, as of 31st December 2019 (2018: EUR 1.97 billion). The amount of the aforementioned forward purchase contracts includes only forward contracts signed with counterparties. In addition, Enovos Luxembourg S.A. holds long-term electricity-sourcing contracts amounting to EUR 74 million (2018: EUR 97 million) and a natural gas purchase commitment from the 1st January 2020 until 2025 for a volume of 30.8 TWh. Enovos Luxembourg S.A. furthermore has a power-sourcing contract from 1st of January 2019 until 2037 with a total volume of 7.89 TWh. The cross-border gas-transportation capacity commitments account for EUR 27.2 million and run until 2025 (2018: EUR 26.7 million).

For its activities as an electricity distributor in Belgium, Enovos Luxembourg S.A. is obliged to deliver a certain amount of quota (green) certificates and guarantee of origin certificates to local regulators. In order to respect its obligations, the company, as of 31st December 2019, has a commitment, for the period 2020-2024, to purchase certificates valued at EUR 11.3 million from producers of alternative sources of energy (2018: EUR 13.4 million).

Enovos Luxembourg S.A. further entered into a variety of financially settled derivative contracts (mainly futures and swaps in gas, electricity and allowances) in order to hedge the procurements for customer business and assets. As of 31st December 2018, the unrealised loss of these transactions amounts to EUR 3.77 million (2018: unrealized profit of EUR 7.91 million).

Financial commitments

Within the framework of the sales process of photovoltaic installations held by Aveleos S.A., Enovos Luxembourg S.A. provided parent company guarantees amounting to EUR 20,946,075 (2018: EUR 23,312,900) to hold the buyer harmless from contingent liabilities. A provision of EUR 8,600,000 has been posted in 2017 to cover the risks on part of these guarantees.

Enovos Solar Investment I S.r.l. Unipersonale has outstanding operating lease obligations for a total amount of EUR 10,196,778 (2018: EUR 11,246,814) maturing in 2029. All leasing obligations are guaranteed by a comfort letter issued by Enovos Luxembourg S.A..

Bank and parent company commitments

Encevo S.A. has given customary parental support letters to several energy providers and trading counterparts of Enovos Luxembourg S.A. amounting to EUR 115,000,000 (2018: EUR 110,000,000).

For the electricity and gas trades, Enovos Luxembourg S.A. has received from counterparties parental support letters totalling EUR 100,000,000 (2018: EUR 100,000,000).

By order of Enovos Luxembourg S.A., the group's core banks have issued a number of bank guarantees to its suppliers, in the context of its regular business, totalling EUR 11,792,655 (2018: EUR 7,474,177).

In the context of the on-going litigation in Italy, Enovos Luxembourg S.A. ordered a bank guarantee for the account of Enovos Solar Investments II S.r.l. Unipersonale amounting to EUR 7,494,558 for the benefit of the Italian authorities. The risks associated to this guarantee have been considered in the impairment testing performed on Enovos Solar Investments II S.r.l. Unipersonale.

In the context of the financing of the group's new administrative building in Esch, Real Estate Enovos Esch S.A. has granted to the lending bank a mortgage on its property in Domaine Schlassgaard for a maximum amount of 50% of the outstanding debt, or EUR 10,125,000 at the end of 2019 (2018: EUR 10,800,000).

Luxenergie S.A., together with Société de l'Aéroport de Luxembourg S.A., has provided a joint and several guarantee in the context of the financing of their joint-venture Airport-Energy S.A., for an initial amount of EUR 15,800,000. The remaining balance as of 31st December 2019 amounts to EUR 7,383,066 (2018: EUR 7,978,838).

In the context of the sale of Real Estate Strassen S.A., holding the administrative building in Strassen, Encevo S.A. has provided the buyer with a parent company guarantee of EUR 6,630,000. Furthermore, Encevo S.A. provided a bank guarantee of EUR 325,000 (2018: EUR 325,000) to Real Estate Strassen S.A. to guarantee its commitments under the lease agreement entered into with that company.

Enovos Deutschland SE and Enovos Renewables GmbH have granted various shareholder loans to non-consolidated participations for which the undrawn portions amount to EUR 3,311,973 on total (EUR 3,143,932 in 2018).

Paul Wagner & Fils S.A. and its three subsidiaries have provided diverse guarantees to its customers for a total amount of EUR 10,116,178.

Creos Luxembourg S.A. has issued bank guarantees in the context of its regular business for a total amount of EUR 1,000,992 (2018: EUR 1,000,992).

Other off balance guarantees

Under the shareholder agreements to which Encevo S.A. is a signatory, and as mentioned in the by-laws of the Company, the Luxembourg State (the "State"), and/or Société Nationale de Crédit et d'Investissement (the "SNCI"), a Luxembourg public law banking institution, and/or the Banque et Caisse d'Epargne de l'Etat (the "BCEE"), an "établissement public autonome" under the laws of Luxembourg, shall obtain at any time upon one or more successive requests from the State individually or the State and the SNCI jointly, or the State and the BCEE jointly, or the State, the SNCI and the BCEE jointly, if applicable each time for a portion (and regardless of the level of participation of Encevo in the subsidiaries) a direct participation and if so requested even a qualified (e.g. two third) majority in the share capital of Creos Luxembourg S.A. and the shareholders shall take the necessary actions, resolutions and approvals to be taken to such effect (including by Encevo S.A.) and in particular to cause the resolutions of the shareholders and/or the subsidiaries to be taken in order to allow the State and/or the SNCI and/or the BCEE to obtain the participation(s) as set forth here above in one or more successive operations. All transactions necessary in that respect must respect the arm's length principle. The State and/or the SNCI and/or the BCEE, as applicable, agree not to transfer for commercial reasons, during a period of ten (10) years, starting at the date of the acquisition of the relevant shares in Creos Luxembourg S.A., all or part of the shares it/they has/have acquired in the share capital of Creos Luxembourg S.A., subject to certain exceptions, including transfers between the State and SNCI, or between the State and the BCEE, transfers to their affiliates or municipalities or public bodies or transfers pursuant to legal or regulatory constraints or a court order.

Subject to the same exceptions, if at any time after the above 10 year period, the State and/or the SNCI and/or the BCEE (or the affiliates, municipalities or public bodies referred to in the preceding sentence), as applicable, propose to make a transfer of all or part of such shares Encevo S.A. has a pre-emption right over such shares.

Transfer of shares in Encevo S.A. by the shareholders will be subject to pre-emption rights (with certain exceptions in case of transfer to affiliates) which are largely reflected in the Articles of Association of Encevo S.A.. The same pre-emption rights apply in case of a change of control of a shareholder.

The Board of Directors is of the opinion that all necessary provisions have been made to cover potential losses out of the off balance sheet liabilities and commitments.

NOTE 41 – SUBSEQUENT EVENTS

In light of the recent developments in the context of the Corona pandemic, Management is currently evaluating the potential impact on the group's operations in 2020 and beyond of the measures taken by the Luxembourgish Government as well in the neighbouring countries to contain the spreading of the virus. Management expects a negative impact on the overall economy and consequently on the energy consumption which may have a negative impact on credit and market risks as well as on the evaluation of the group's long term investments and its long term energy contracts. Furthermore, such measures could negatively affect the group's ability to achieve its investment targets in grid set by the regulator or to keep up its level of operational business in regards to maintenance and asset service programs due to unavailability of employees or to the restriction to perform these activities as a consequence of such governmental decisions. This situation is thus likely to have a negative impact on the financial results 2020. Given the overall uncertainty on the further evolution of the situation in the coming months, it is not possible yet at this point to give a precise indication on the magnitude of such impacts.



AUDITOR'S REPORT



Ernst & Young
Société anonyme

35E, Avenue John F. Kennedy
L-1855 Luxembourg
Tel : +352 42 124 1
www.ey.com/luxembourg

B.P. 780
L-2017 Luxembourg
R.C.S. Luxembourg B 47 771
TVA LU 16063074

Independent auditor's report

To the Shareholders of
Encevo S.A.
2 Domaine du Schlassgaard,
4327 Esch-sur-Alzette

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Encevo S.A. and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as at 31 December 2019, and the consolidated profit and loss account for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of the consolidated results of its operations and its cash flow for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the consolidated financial statements.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs are further described in the "responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements" section of our report. We are also independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the consolidated management report and the "consolidated profit and loss account for the year ended 31 December 2019 – List presentation" but does not include the consolidated financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with governance for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the consolidated financial statements, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Responsibilities of the “réviseur d’entreprises agréé” for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “réviseur d’entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.



Building a better
working world

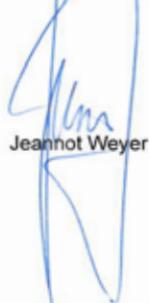
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

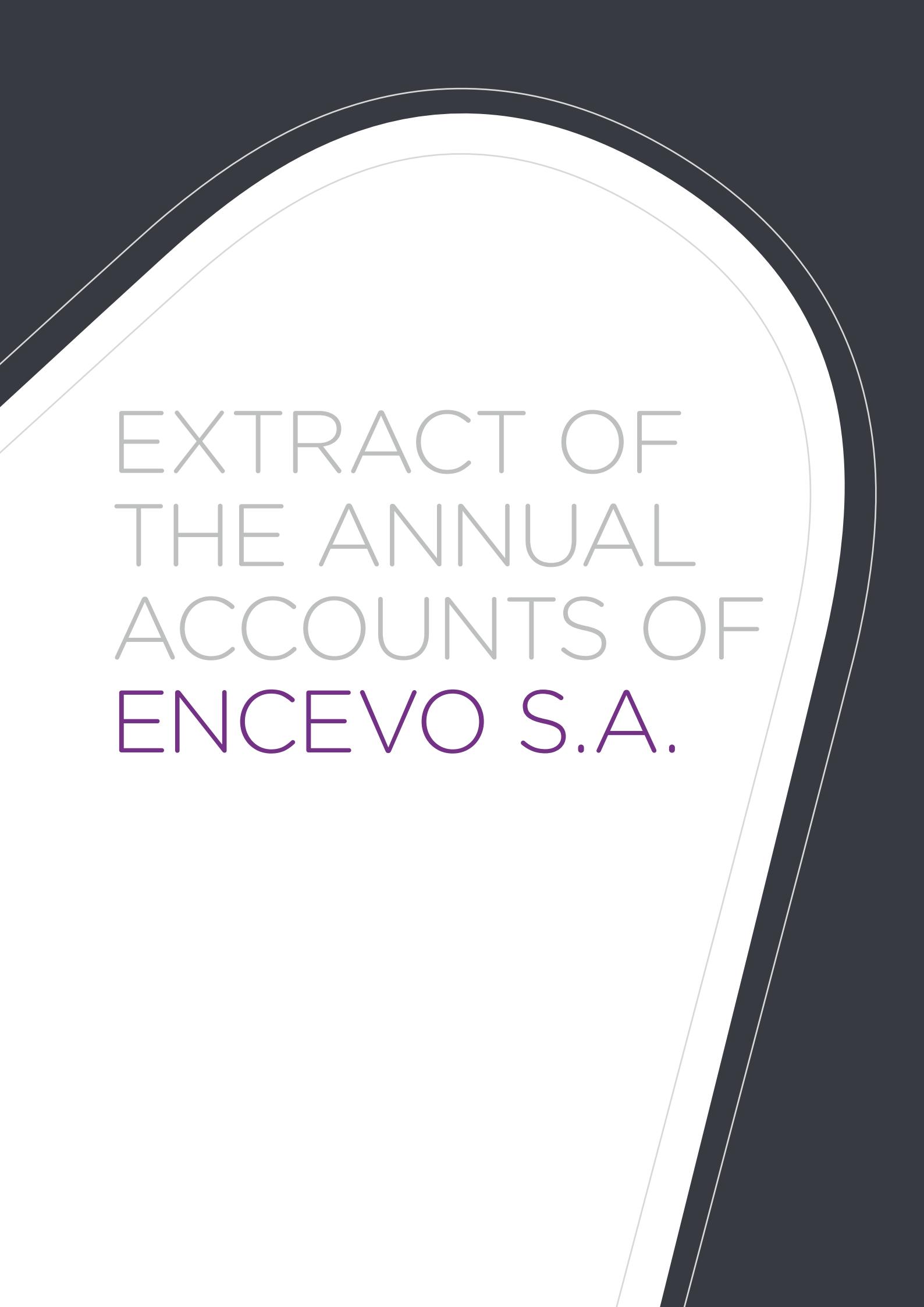
The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

Ernst & Young
Société anonyme
Cabinet de révision agréé



Jeannot Weyer

Luxembourg, 3 April 2020



EXTRACT OF THE ANNUAL ACCOUNTS OF ENCEVO S.A.

The main activity of Encevo S.A. the “Company”, as the parent company of the Encevo Group, is the holding of financial interests in affiliated companies and the providing for the latter of financing and corporate services. The balance sheet and profit and loss account are therefore largely influenced by the financing needs of the group’s subsidiaries, the dividend income from the subsidiaries, as well as by the income from corporate services and the costs associated to provide these services, costs which are re-allocated to group companies based on specific keys or individual projects.

As the Company is centralising the financing for the main subsidiaries, management follows external net financial debt as one of the key performance indicators. Adequate treasury tools are implemented and management ensures a strict cash flow follow-up, including daily reporting of consolidated cash in the Company’s cash pool system which regroups 12 subsidiaries (down from 17 in 2018 following the sale of the biogas companies in Belgium and Germany and the liquidation of NPG Agro), as well as a monthly cash forecast, in order to support the development of the group and to ensure sufficient liquidity at all times

2019 Highlights

The main event in 2019 in Encevo S.A. was the transfer of the Company’s Group IT department to Creos Luxembourg S.A. and to Enovos Luxembourg S.A. for a better alignment of the various IT activities and projects with the specific business needs of the two companies. This transfer was effective as at 1st January 2019 and consequently triggered a strong decrease of personnel within Encevo S.A. (55 FTEs transferred). Furthermore, it also resulted in lower costs incurred, mirrored by lower turnover due to the IT expenses no longer being incurred in Encevo S.A. and then re-invoiced to the affiliated undertakings. Instead, starting 2019, Encevo S.A. is being invoiced by Creos Luxembourg S.A., as the newly created Creos IT department is now in charge, amongst others, to provide IT services to Encevo S.A..

In line with the group’s strategic review performed in 2017 in regards to the development of technical services activities for the group’s professional and industrial customers, the Company

restructured the business unit Technical Services Luxembourg by integrating all of the affiliated undertakings that are active in this field under the company Enovos Services Luxembourg S.A. (previously named Cedegel International S.A.). The shares held in Global Facilities S.A. and in Paul Wagner & Fils S.A. were thus all sold by Encevo S.A. to Enovos Services Luxembourg S.A. (held itself at 100% by Encevo S.A.). Following these transactions, a further capital increase and the acquisition of Agence de l’Energie from Enovos Luxembourg S.A., the value of the shares held in Enovos Services S.A. amounts to 27,441,000 EUR as at December 2019. Enovos Services continued extending its activities in 2019 by acquiring in December Power Panel S.A., a Luxembourg based company active in the assembly of electrical panels. Furthermore, 13 employees working in the Technical Services business unit were transferred from Enovos Luxembourg S.A. to Encevo S.A. on 1st January 2019.

Encevo S.A. develops the strategy of the group and coordinates the group's innovation activities. In the latter context Encevo S.A. took a stake in the start up company Energycy for an amount of 1,131,542 EUR in December 2019 (1,000,000 EUR of shares and 131,542 EUR of transaction costs that were capitalised), representing 11.48% the total shareholding.

As for the long term financing, the 2012 retail bond of 200,000,000 EUR was reimbursed on 17th June 2019. No new long term financing was issued by the Company since the 250,000,000 EUR raised last year with an average maturity of 9.9 years were still not totally used as at 31st December 2019 (cash position December 2019: 46,698,126.60 EUR, 2018: 211,158,557.40).

Consequently, the amount drawn on the Revolving Credit Facility ("RCF") - maturing in August 2023 with a committed amount of EUR 200,000,000 with 7 banks – as of 31st December 2019 is EUR 0 (2018: EUR 0).

Non-convertible loans amount to EUR 397,000,000 excluding accrued interests (2018: EUR 597,000,000), the decrease compared to last year stems from the reimbursement of the retail bond of EUR 200 million in June 2019 as foreseen in the terms. On the other hand, loans granted to affiliated undertakings and participations did also decrease, to EUR 384,399,476 (2018: 506,938,362) mainly from the mirror reimbursement of EUR 200 million by Enovos Luxembourg S.A. and from the sale of the German biogas companies that reimbursed their shareholder loans at the end of the sale process (EUR 28.1 million redemption), partially compensated by new loans of EUR 35 million to Enovos Luxembourg S.A., EUR 50 million to Creos Luxembourg S.A., EUR 10 million to Creos Deutschland, EUR 8.3 million to the technical services companies and EUR 8.5 million were that were granted to the NPG entities. Total movements of the year add up to EUR

114.6 million new loans, EUR 241.7 million loan redemption and a reversal of impairments of various shareholder loans of a net amount of EUR 4.5 million.

We refer to Note 5 in the annual accounts for more details on the Company's financing of the investments and working capital needs of its core subsidiaries.

During the year, the Company distributed a dividend of EUR 18,920,283 (EUR 24,559,983 in 2018).

Cash and cash equivalents of the Company decreased significantly from EUR 211,158,557 in 2018 to EUR 45,698,127 in 2019 largely from the various group financing transactions. The repayment of the EUR 200 million retail bond was partially compensated by the decrease of the loans to affiliated undertakings as described above (EUR 384.4 million in 2019 vs EUR 507 million in 2018).

The Net Financial Debt decreased from 406,242,274 EUR end of 2018 to 367,615,649 EUR as at December 2019, mainly due to the reimbursement of the EUR 200 million bond, partially compensated by the lower net deposits from affiliated undertakings of EUR 108 million, and to other financing activities in the Company as explained above.

As of 31st December 2019, the total cash managed on behalf of the subsidiaries with which the Company entered into a cash pooling agreement is EUR 103,754,906 (2018: EUR 211,675,642). This decrease is mainly due to less deposits from Enovos Luxembourg S.A. and its subsidiary Leo S.A. which used their cash in order to reimburse the EUR 200 million loan owed by Enovos Luxembourg S.A. to Encevo S.A. that came to term in June 2019.

Personnel

The number of employees decreased from 146 FTE at year end 2018 to 107 FTE at year end 2019 mainly from the

transfer of the Group IT department to Creos Luxembourg S.A. and Enovos Luxembourg S.A., partially compensated by the takeover of the Technical Services personnel from Enovos Luxembourg S.A..

The Board of Directors and the Management of Encevo S.A. would like to thank all the employees for the fulfilment of their duties, for their contribution throughout the year, and for their full support in providing reliable and strong operational support for the group's core activities.

Financial results

In 2019, the net turnover amounted to EUR 30,042,997 (2018: EUR 46,181,666) and is mainly generated by the service level agreements with affiliated companies. The shared services are related to central services for Facility Management, Human Resources, Internal Communication, Finance and Tax, Corporate Development, Risk Management, Insurance, Legal, Internal audit, Management, Controlling, Regulatory and Public Affairs, services provided by Encevo S.A. to the main subsidiaries and re-invoiced through a transparent and systematic allocation key or through specific projects for which the Company has rendered these services. The decrease of the turnover is due to the transfer of the IT services to Creos Luxembourg S.A. and Enovos Luxembourg S.A. as explained above.

Income from participating interests increased from EUR 24,495,876 in 2018 to EUR 30,314,285 in 2019 mainly due to no dividends received from Enovos Luxembourg S.A. in 2018 while the company distributed 3,242,896 EUR in 2019. Furthermore, when Global Facilities S.A. was sold to Enovos Services Luxembourg S.A. as explained above, a gain on sale of 4,175,650 EUR has been realized.

Interest payable and similar expenses of EUR 14,357,950 in 2019 (EUR 16,660,182 in 2018) mainly on lower interest costs

on the 2018 Green Schultschein of EUR 250 million compared to the EUR 200 million retail bond reimbursed in 2019. Similarly, interest receivable and similar income of EUR 13,660,634 in 2019 (EUR 18,926,901 in 2018) which are mainly related to the interests received on the shareholder loans granted to the group companies, have decreased since Enovos Luxembourg S.A. reimbursed its EUR 200 million shareholder loan to Encevo S.A. in June (back-to-back loan with the proceeds from the 2012 retail bond).

Value adjustments in respect of financial assets amount to a net reversal of 4,745,220 EUR and comprise the reversal of the following impairments from prior years: 31,000 EUR from Cegedel International, renamed Enovos Services Luxembourg S.A.; 1,200,000 EUR following the reimbursement of the related loan by NPG Agro (the entity was liquidated in 2019); 3,070,000 EUR following the reimbursement of the related loan by NPG Bocholt (the entity was sold in December 2019); and 250,000 EUR reversal of loan impairment on the credit line to City Mov' following the loan waiver of 472,000 EUR granted to the company in the frame of its liquidation.

Risk management

The Group Risk Management department is centralizing all risk management reporting from the core group companies including i.a. market risks related to the commercial activities of the Company's subsidiaries, and reports to the Group Risk Committee who monitors the main risks identified across the Encevo Group.

Specific risks directly managed at the Company level relate to the financial liquidity risk, the credit risk of the subsidiaries supported by financings from Encevo S.A. as well the interest rate risk. While the credit risk of the subsidiaries is followed on a monthly basis for the core companies and on a quarterly basis for the non-core companies by

the Group Controlling department, the liquidity risk is mitigated by the Group Finance & Tax department through the setting up of a EUR 200,000,000 revolving credit facility (“RCF”) which ensures sufficient liquidity to the main group companies. The maturity of the RCF is in August 2023. Group Finance & Tax department is further monitoring on a continuous basis the evolution of short- and long-term interest rates to evaluate the need to hedge the interest rate risk. It should be noted that in regards to the long term financings in place amounting to EUR 147,000,000 German Certificate (Schuldschein I and II) and the new Schuldschein III of EUR 250,000,000 obtained in 2018, the interest rates on the various maturities are all fixed rates, either directly by the underwriter, or fixed via an interest swap on the day of the closing of the transaction in order to mitigate the related risk.

With regards to the main litigation in Italy, the Milan criminal Court acquitted ESI II as well as all Aveleos' SPVs and rejected all the compensation requests against Enovos and Avelar. Enovos did not appeal this decision whereas the other parties have started an appeal procedure.

Outlook

The Company will provide further financing means to realize the ambitious green investment program of its subsidiaries mainly into grid and renewable energy generation activities through the distribution of the remaining amount of the new Green Schuldschein that is held as cash at year-end.

The Encevo Group positions itself as a driving force of the energy transition in the greater region around Luxembourg. As such the group will continue to develop the supply business, to invest in the grid activity, to expand renewable production capacities, and to grow in the technical services field. Management is furthermore expecting

that the Company will continue to provide corporate services in order to support the various business units to achieve their respective targets.

In 2019, the Company had launched a “Digital4Finance” project aiming at identifying improvement potentials in core finance processes in the main group companies, as well as developing a high level roadmap including budget and resources required for migrating its core ERP systems to the latest available technology. 2020 will see the implementation of the main recommendations from this project including the elaboration of a detailed RFP for migrating the ERP systems of most of the group companies.

In light of the recent developments in the context of the Corona pandemic, Management is currently evaluating the potential impact on its operations in 2020 and beyond of the measures taken by the Luxembourgish Government to contain the spreading of the virus. In the aftermath of the state of emergency declared on March 17th for the whole country, Management expects a negative impact on the overall economy which may have a negative impact on the activities and financial results of the Company's main subsidiaries i.a. in regards to credit and market risks, on the evaluation of long term energy contracts, or on the ability to achieve the investment targets in grid and renewable assets. This situation is thus likely to also have a negative impact on the financial results of Encevo S.A.. Given the overall uncertainty on the further evolution of the situation in the coming months, it is not possible yet at this point to give a precise indication on the magnitude of such impacts.

Other information

No research and development activities have been performed during the year. The Company doesn't hold own shares. The Company does not operate any branches.

Board of Directors of Encevo S.A.

No changes occurred in 2019 in the shareholding of Encevo S.A. Nevertheless, as regard to board members, Mr Charel Hutmacher – representative of the personnel delegation – resigned from his mandate with effect as of 1st of January 2019 and was replaced by Mr Claude Mores as of 28th of May 2019 with a mandate running until the AGM to be held in 2020.

Auditor

The mandate of the external independent statutory auditor, Ernst & Young is still running for financial years 2019 and 2020 as appointed at the annual general meeting of shareholders held on 8th May 2018.

Proposed appropriation of net profit

The profit available for appropriation of EUR 72,148,339 includes the profit for the year of EUR 30,351,413 and the profit brought forward of EUR 41,796,926. The Board of Directors proposes to the Annual Shareholder's Meeting to be held on 12th May 2020 the following appropriation of net profit:

Dividend of 27.35 Euros per share*	24,878,353
Allocation to the legal reserve	0
Allocation to the blocked reserve	0
Allocation to other reserves	0
Amount carried forward	47,269,986
	72,148,339

* Number of shares 909,629

The Board of Directors
Esch-sur-Alzette, 3rd April 2020

ASSETS	2019	2018
Denominated in EUR	€	€
C. Fixed assets	1,189,754,401	1,302,805,160
I. Intangible assets		
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were		
a) acquired for valuable consideration	2,080,378	2,510,351
4. Payments on account and intangible assets under development	521,558	496,469
II. Tangible assets		
3. Other fixtures and fittings, tools and equipment	763,206	811,082
4. Payments on account and tangible assets in the course of construction	22,658	134,872
III. Financial assets		
1. Shares in affiliated undertakings	800,835,583	790,689,674
2. Loans to affiliated undertakings	382,156,485	506,938,362
3. Participating interests	1,131,542	1,224,350
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	2,242,991	0
D. Current assets	101,383,702	292,940,430
I. Stocks		
3. Finished goods and goods for resale	0	767,056
II. Debtors		
1. Trade debtors		
a) becoming due and payable within one year	2,522	585
2. Amounts owed by affiliated undertakings		
a) becoming due and payable within one year	55,512,220	80,474,389
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests		
a) becoming due and payable within one year	22,358	65,279
4. Other debtors		
a) becoming due and payable within one year	136,475	461,564
b) becoming due and payable after more than one year	12,000	13,000
IV. Cash at bank and in hand	45,698,127	211,158,557
E. Prepayments	7,122,864	9,974,109
TOTAL ASSETS	1,298,260,967	1,605,719,699

The notes in the annex form an integral part of the annual accounts.

CAPITAL, RESERVES AND LIABILITIES	2019	2018
	€	€
A. Capital and reserves	721,113,816	709,682,686
I. Subscribed capital	90,962,900	90,962,900
II. Share premium account	387,028,449	387,028,449
IV. Reserves		
1. Legal reserve	9,096,290	9,096,290
4. Other reserves, including the fair value reserve		
a) other available reserves	161,438,164	161,438,164
b) other non available reserves	439,674	5,139,674
V. Profit or loss brought forward	41,796,926	32,309,952
VI. Profit or loss for the financial year	30,351,413	23,707,257
B. Provisions	7,383,896	7,648,231
1. Provisions for pensions and similar obligations	5,993,858	6,030,279
3. Other provisions	1,390,038	1,617,952
C. Creditors	569,763,255	888,188,400
1. Debenture loans		
b) Non convertible loans		
i) becoming due and payable within one year	2,288,627	206,375,628
ii) becoming due and payable after more than one year	397,000,000	397,000,000
2. Amounts owed to credit institutions		
a) becoming due and payable within one year	25,083	25,083
4. Trade creditors		
a) becoming due and payable within one year	1,365,995	5,953,500
6. Amounts owed to affiliated undertakings		
a) becoming due and payable within one year	165,078,164	260,110,884
b) becoming due and payable after more than one year	0	14,000,000
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests		
a) becoming due and payable within one year	21,321	88
8. Other creditors		
a) Tax authorities	1,327,222	1,708,283
b) Social security authorities	404,534	596,097
c) Other creditors		
i) becoming due and payable within one year	2,248,109	2,414,637
ii) becoming due and payable after more than one year	4,200	4,200
D. Deferred income	0	200,382
TOTAL CAPITAL, RESERVES AND LIABILITIES	1,298,260,967	1,605,719,699

PROFIT AND LOSS ACCOUNT	2019	2018
	€	€
Denominated in EUR		
1. Net turnover	30,042,997	46,181,666
3. Work performed by the undertaking for its own purposes and capitalised	0	64,521
4. Other operating income	606,662	786,167
5. Raw materials and consumables and other external expenses		
a) Raw materials and consumables	(136,319)	(490,156)
b) Other external expenses	(17,299,810)	(26,312,615)
6. Staff costs		
a) Wages and salaries	(14,062,993)	(19,143,813)
b) Social security costs		
i) relating to pensions	(873,550)	(1,171,935)
ii) other social security costs	(408,971)	(1,028,017)
c) Other staff costs	(1,866,037)	(776,608)
7. Value adjustments		
a) in respect of formation expenses and of tangible and intangible fixed assets	(1,674,153)	(1,793,501)
b) in respect of current assets	(34,650)	(159,176)
8. Other operating expenses	(629,370)	(696,475)
9. Income from participating interests		
a) derived from affiliated undertakings	26,139,285	23,921,580
b) other income from participating interests	4,175,650	574,296
11. Other interest receivable and similar income		
a) derived from affiliated undertakings	13,613,001	18,886,188
b) other interest and similar income	47,633	40,713
13. Value adjustments in respect of financial assets and of investments held as current assets	4,745,220	(250,000)
14. Interest payable and similar expenses		
a) concerning affiliated undertakings	(516,089)	(26,746)
b) other interest and similar expenses	(13,841,861)	(16,633,436)
15. Tax on profit or loss	2,585,856	1,734,604
16. Profit or loss after taxation	30,612,501	23,707,257
17. Other taxes not shown under items 1 to 16	(261,088)	0
18. Profit or loss for the financial year	30,351,413	23,707,257

The notes in the annex form an integral part of the annual accounts.

The Encevo Annual Report is published in English.

We would like to thank all those involved in the preparation
and publication of this annual report.

Publication team:

Under the leadership of the Corporate Communication Department of Encevo

Design, production and editorial direction:
Corporate Communication

Photos:

Edouard Olszewski
Adobe Stock
Kim Fink

Printers:

Reka

Encevo S.A.
2, Domaine du Schlassgaard
L-4327 Esch-sur-Alzette

Postal address: B.P. 558
L-2015 Luxembourg

Tel.: (+352) 2737-1
encevo.eu