



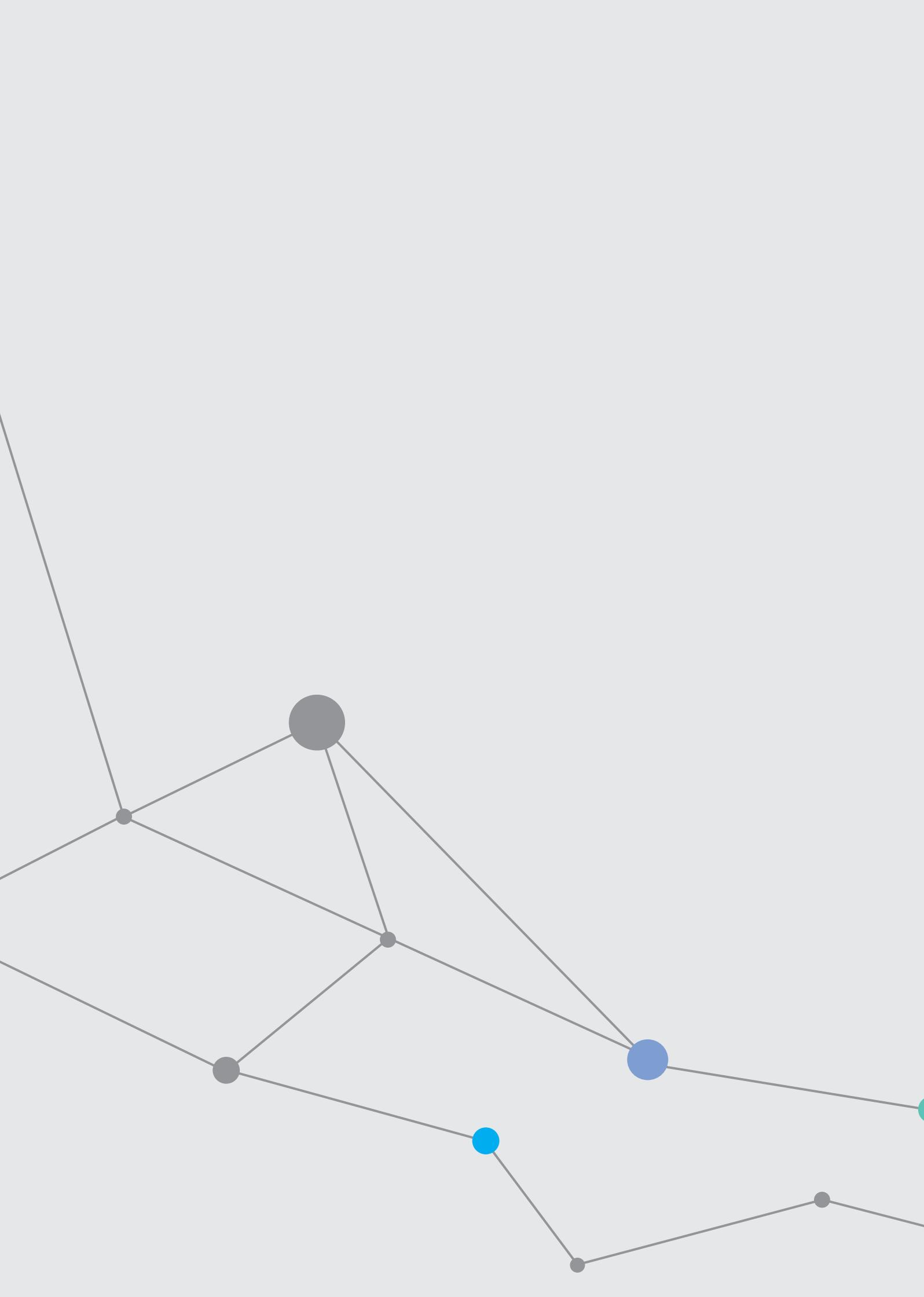
ANNUAL REPORT 2020





Creos Luxembourg S.A. Registered as a société anonyme (public limited company) under Luxembourg law with capital of EUR 198,851,260  
Luxembourg Trade and Companies Register B 4513  
Legal headquarters: 59-61, rue de Bouillon, L-1248 Luxembourg

Annual General Meeting of 11<sup>th</sup> May 2021  
Reports presented to the annual general meeting of shareholders by the Board of Directors and the independent auditor  
Reports and annual accounts for the 2020 financial year



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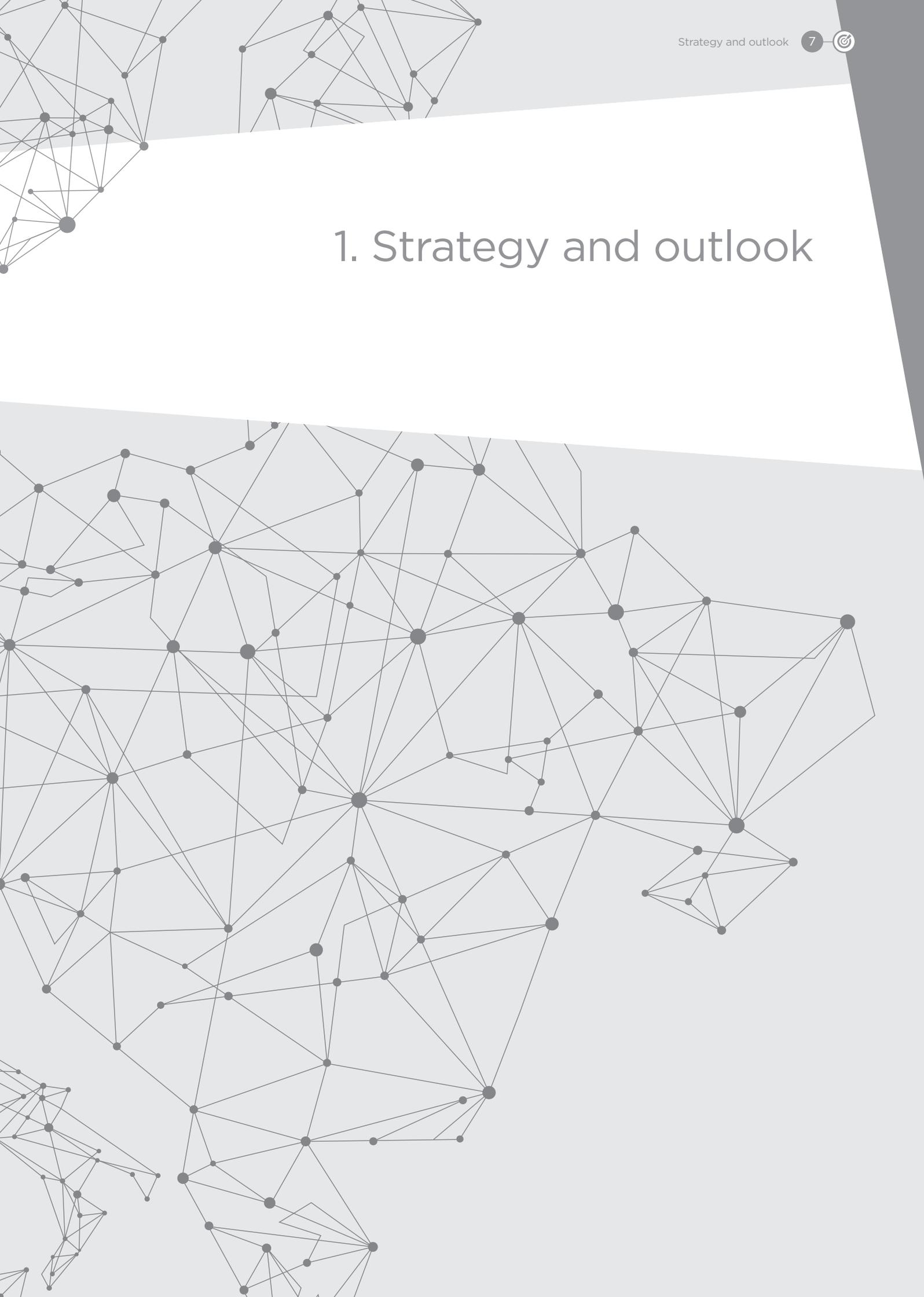
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# 1. Strategy and outlook





***“Our major role is to prepare the country for its energy revolution. In the future, we will have to strengthen our power lines even more and find an alternative for our natural gas networks. This could be hydrogen.”***

Mario Grotz, Chairman



Interview with Mario Grotz, Chairman, and Marc Reiffers, CEO

# A year marked by resilience

IF 2020 WAS UNFORTUNATELY A CRITICAL YEAR FOR MANY COMPANIES BECAUSE OF THE PANDEMIC, THIS WAS NOT THE CASE FOR CREOS. IN SPITE OF SOMETIMES DIFFICULT CONDITIONS, THE NETWORK OPERATOR WAS ABLE TO INITIATE NUMEROUS PROJECTS SUCH AS PROJECT 380, THE RELOCATION OF THE DISPATCHING IN BETTEMBOURG, THE EXTENSION OF THE LUXEMBOURG CITY TRAM LINE, THE INSTALLATION OF ULTRA-FAST CHARGING STATIONS AND THE NEW MYCREOS PORTAL. ACCORDING TO ITS CEO AND CHAIRMAN, THIS IS PROOF IF PROOF BE NEEDED THAT CREOS IS A SOLID BUSINESS THAT CAN RELY ON ITS EMPLOYEES WHEN THE SITUATION REQUIRES IT.

**What impact has the health crisis had on the operation of Creos?**

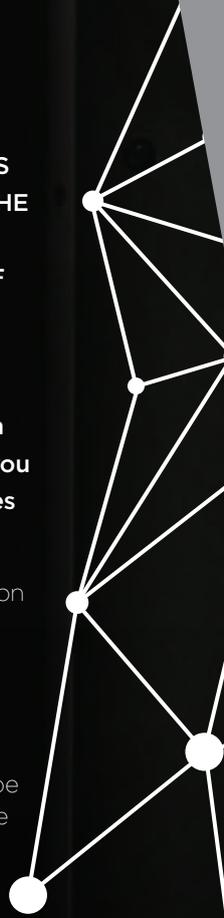
**Marc Reiffers:** Our company has always been prepared to deal with crises, whatever they may be. This pandemic clearly took everyone by surprise but we adapted quickly and continued functioning almost normally. As we equipped all our administrative staff with new laptops in 2019, they switched to teleworking mode within just two days. Our teams in the field managed to close construction sites and reopen them in a very short time at the end of the first lockdown. We have limited the risks of contamination as much as possible by asking our technicians to go directly to the construction sites without going through our workshops. In this respect, the remarkable work carried out by the Facility Management and HSE (Health, Safety & Environment) departments is to be commended. They have made great effort to ensure that health measures are respected.

**Mario Grotz:** The Creos staff has achieved a real tour de force! We managed to make up a large part of our backlog while all of our sites were closed down for more than 5 weeks. The amount of our investments in 2020 even exceeded that of 2019, which was already a record year at 147 million euros.

**Among these investments is project 380, which was launched in the second half of 2020. Can you tell us more about the objectives and challenges of this project?**

**M.R.:** In collaboration with the German transmission system operator Amprion, we plan to install a 380 kV extra-high voltage line from Bertrange via Bofferdange to Aach (near Trier in Germany) and a new transformer station near Bofferdange. This project will update the existing infrastructure. It dates back to the 1960s and will soon no longer be able to guarantee security of supply and meet the ever-increasing demand for electricity.

Four phases are planned, each with a deadline: the Bofferdange-Aach section in 2026, construction near Bofferdange of a new transformer station compatible with the new lines in 2026, the Bofferdange-Bertrange section in 2027, and the dismantling of the old 220 kV high-voltage lines by 2028. The impact on the environment will be minimised as much as possible. On both sections, almost 170 pylons and 50 kilometres of overhead lines will eventually replace some 225 pylons and 75.4 kilometres of overhead lines. As far as possible, the new lines will follow existing routes, except where these are too close to residential areas. So the municipalities of Lorentzweiler and Steinsel will be bypassed and all the existing 65 kV and 220 kV lines will disappear from the Alzette valley.





*“As a TSO, our mission is to design, plan and manage the future national IT platform for energy data (...). It will constitute the next step in the digitalization process implemented in order to satisfy the interests of customers and market operators.”*

Marc Reiffers, CEO



**M.G.:** It is important to specify that this route is provisional. Our legislation requires an environmental impact study to be carried out. This study, carried out by an independent, accredited bureau of experts under the direction of the Ministry of the Environment, will aim to work on all the information gathered from the other ministries, administrations, municipalities and citizens concerned. Alternative routes may be proposed and analysed before the final route is chosen. The results of this study are not expected before the end of 2021, with the actual work expected to begin in 2023.

**The first phase of the relocation of the dispatching in Bettembourg took place in the autumn of 2020. It is planned for the dispatchers to follow the administrative and workshop staff in the first quarter of 2021. How is this new building different from the one in Heisdorf?**

**M.R.:** All the dispatching areas are on the same level. The dispatchers will be able to interact more easily with each other and will become more efficient. Their working conditions will improve: they have more space and larger, better quality screens. There will be greater security, both physically and in terms of information technology. The ecological aspect has also been taken into account. The building has been built according to the latest standards and is more energy efficient.

The proximity of LuxConnect's data centre is also a significant advantage. It will allow our new dispatching centre to be part of its 24/7 surveillance perimeter, to be closer to our servers and to benefit from a continuous supply without any risk of interruption, whether for electricity, heat or cold.

**M.G.:** The construction of the building has also been unique in the way it was managed and designed. The dispatching teams were involved in all discussions from the outset, whether in the choice of site or the definition of technical concepts. They were able to express their opinions and needs at each stage in the project. It is therefore no exaggeration to say that the Bettembourg site has been a success from all points of view: functional, architectural, ecological and, above all, human.

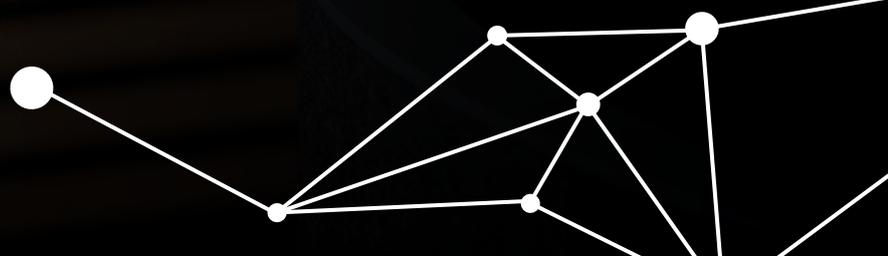
**The tram line has been extended to Central Station with four new stops since 13<sup>th</sup> December 2020. What was the role of Creos in this extension?**

**M.R.:** The construction began in December 2018 and was divided into several phases. The main part of our work was to plan and coordinate the laying of cables for the tram's electricity supply and, if necessary, to relocate electrical cables and natural gas pipes in our network. We invested €6.3 million in this project of modernising and upgrading our networks. I would also like to congratulate our staff at the Luxembourg City Centre, who managed to meet deadlines despite the health crisis that paralysed the site for several weeks.

**The first ultra-fast charging stations were unveiled in the Kirchberg Campus car park on 20<sup>th</sup> January 2021. Why such stations, how many will be deployed and within what timeframe?**

**M.R.:** An ultra-fast charging infrastructure will be introduced throughout the country by 2023 in order to promote electro-mobility for long-distance travel. It will soon be possible to recharge an electric car to 80% in just 20 minutes. A total of 88 SuperChargy direct current (DC) stations will be installed in the main areas of road and motorway services, as well as in some Park & Ride (P+R) car parks, i.e. in 19 locations. About one-third of them will allow charging at up to 160 kW and the other two-thirds will deliver up to more than 320 kW per outlet, depending on the vehicle's capabilities. By comparison, the current Chargy stations have a maximum capacity of 22 kW.

Some of the selected sites are ready for installation now. Others will need additional work such as strengthening the lines and/or resizing the transformers. The two 160 kW high-speed charging stations at the Kirchberg University car park and soon to be followed by a third one of 320 kW will be in the test phase during the first quarter of 2021. After these tests, any readjustments will be undertaken, and actual deployment can begin with the P+R in Junglinster.





**myCreos, the new portal dedicated entirely to customers, went live at the end of February 2021. Creos has integrated a CRM (Customer Relationship Management) application into it. What are the advantages of this new application?**

**M.R.:** They are of several kinds. For customers after they have created an account on the portal, this application will allow them to quickly and easily access our four basic services: requests for low-voltage electricity and/or gas connections, requests for information, complaints and consumption data (consumption profile, consumption history, annual consumption, etc.). Other functionalities such as online appointment scheduling and electronic signature of documents are planned for the future.

Thanks to this new tool, our Creos agents will have a 360° view of each of their customers. Every interaction of a client with Creos will be documented, regardless of the communication channel used (email, telephone or postal mail). Each new time they get in touch with us, customers will be assured of having a contact person in front of them who knows their situation exactly and the different exchanges that have taken place in the past.

In addition to saving time and reducing the administrative burden for both the customer and ourselves, the portal also has the advantage of involving all the parties in the customer's project (installer, electrician, design office, etc.). For example, the customer is notified by email when the electrician makes a connection request via the portal.

**M.G.:** Today, working in silos as it used to be is no longer possible. The myCreos portal and its application will go a long way towards making all teams involved more customer-centric. The teams used an agile method for the first time for this project. Several departments worked collaboratively and focused on the added value for the customer. Numerous training sessions were organized to make our employees more proactive.



**In addition to an increasingly sophisticated customer approach, will Creos' activities not be called upon to diversify further in the years to come?**

**M.R.:** Certainly. Our core business will always remain the same, but we will play other roles in coming years. As a TSO (Transmission System Operator), for example, our mission is to design, plan and manage the future national IT platform for energy data. The aim of this platform is first to collect all the country's gas and electricity consumption and production data and then those for water and heat. Ultimately, it will constitute the next step in the digitalization process implemented in order to satisfy the interests of customers and market operators. The concept is almost finalised and a team is currently defining the technical specifications. An initial version should be available by 2023.

**M.G.:** At the same time, we are in the process of hiring around 40 people to carry out the 17 major projects resulting from a strategic study completed in 2019 and 2020. The purpose of this study was to analyse the positioning that should be ours by 2030. Its conclusions are indisputable: the future of our society clearly lies in the wake of digitisation and the energy transition.

The internal strategy of the Encevo group, of which Creos is a part, says no different. Our major role is to prepare the country for its energy revolution. In the future, we will have to strengthen our power lines even more and find an alternative for our natural gas networks. This could be hydrogen. We are currently conducting a pilot project along these lines. It is called mosaHYc (Mosel Saar HYdrogen Conversion) and was organised in conjunction with Creos Deutschland and the French gas transmission operator GRTgaz.



# Shareholder structure

## Shareholder structure of Creos Luxembourg S.A. as at 31.12.2020

Encevo S.A.	75.43%
City of Luxembourg	20.00%
State of the Grand Duchy of Luxembourg	2.28%
Fédération du Génie Technique	0.10%
42 Luxembourg municipal authorities	2.13%
Creos Luxembourg S.A. (own shares)	0.05%
<b>Total</b>	<b>100.00%</b>

# Key figures

(under Lux GAAP)		2020	2019
Net turnover	(MEUR)	<b>277.4</b>	269.6
EBITDA	(MEUR)	<b>145.8</b>	132.6
EBIT (including income from participating interests)	(MEUR)	<b>50.0</b>	38.6
Profit for the financial year	(MEUR)	<b>41.8</b>	31.6
Investment	(MEUR)	<b>152.9</b>	146.9
Workforce	(number)	<b>789</b>	780
<b>Electricity</b>			
Electricity flow	(GWh)	<b>4,941.7</b>	5,155.1
Electricity network peak	(MW)	<b>823.4</b>	829.4
Network length	(km)	<b>10,123.0</b>	10,023.7
Electric meters	LV-SLP (number)	<b>280,905</b>	275,160
	MV/HV-RLP (number)	<b>10,888</b>	10,959
Chargy charging stations (at country level)	(number)	<b>400</b>	337
<b>Natural gas</b>			
Gas network capacity	(Nm <sup>3</sup> /h)	<b>319,000</b>	319,000
Gas network peak	(Nm <sup>3</sup> /h)	<b>213,528</b>	210,331
Volume transported	(GWh)	<b>8,028</b>	8,839
Network length	(km)	<b>2,157.7</b>	2,133.2
Natural gas meters	(number)	<b>48,188</b>	47,678

The financial year corresponds to the calendar year.



# Mission

Our mission is to viably ensure energy transportation and distribution via electricity and natural gas networks at transparent rates in the Grand Duchy of Luxembourg.

This role is executed equally with respect to all suppliers and by respecting the company's public service and environmental protection obligations.

Aware of the economic, social and environmental issues at stake, Creos has a long-standing commitment to the principles of sustainable development. The Corporate Social Responsibility policy is focused on the company's mission and values, and aims to make an effective contribution to changing the society we live in.

The cornerstones of the day-to-day work of the company are respect, team spirit, commitment and excellence.



# Corporate governance

## Board of Directors of Creos Luxembourg S.A. as at 31.12.2020

### Chairman and Managing Director

Mario Grotz

### Vice-Chairman of the Board

Li Sun

### Members of the Board

Gaston Bohnenberger

Tiancang Du

Doris Engel

Patrick Juchem

Lex Kaufhold

Pierre Kremer

Thierry Kuffer

Daniel Liebermann

Olaf Münichsdorfer

Luis Pinto

Paul Poon

Marc Reiffers

Frank Reimen

Patricia Rix

Christiane Schaul

Jean Schiltz

Laurent Vanetti

Marco Valentiny

Gilbert Zahles

### Government Commissioner for Energy

Simeon Hagspiel

The detailed corporate governance report is available upon request.

## Management of Creos Luxembourg S.A.



**Marc Reiffers**  
is the Managing Director  
and CEO of  
Creos Luxembourg S.A..



**Carlo Bartocci**  
is in charge of the *Grid  
Operations* department,  
i.e. the Gas and  
Electricity dispatchings,  
the SCADA/Comin  
service, the Power MV  
(NOC), the Grid Data  
Management and  
the Smart Grids unit.



**Daniel Christnach**  
heads the  
*Customer Service*  
department including  
Customer Care,  
Contracts and Non-  
Regulated Activities.



**Robert Graglia**  
is responsible for the  
*Grid Support*  
department, which  
heads the Metering and  
Reading service and  
the Back Office.



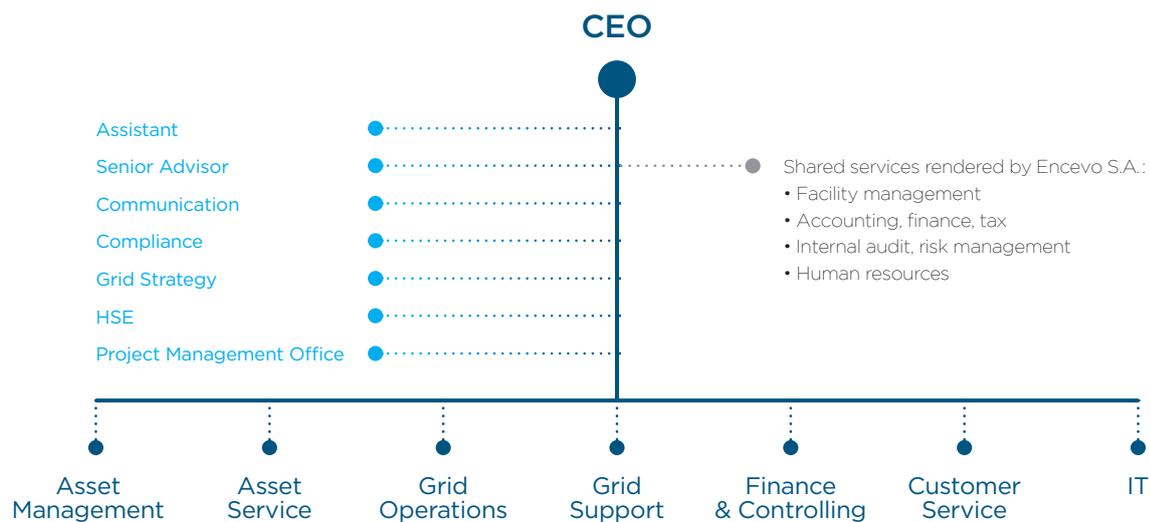
**Eric Mauer**  
is responsible for  
*Finance & Controlling*  
as well as the Legal  
and Purchasing units.

## Compliance Programme Officer

In accordance with the amended laws of 1<sup>st</sup> August 2007 on the organization of the electricity (Art. 32(2)d)) and natural gas markets (Art. 37(2) d)), any grid operator which is part of a vertically integrated structure must establish a compliance programme including measures to guarantee that any discriminatory conduct with regard to actors in the markets in question (producers, suppliers, network clients and users, etc.) is excluded. As such, a compliance programme has been developed and has been published on the Creos Luxembourg S.A. website.

A person has been appointed in this respect to take responsibility for monitoring the implementation of the compliance programme, known as the “Compliance Programme Officer”, or more simply “Compliance Officer” (currently Ms Bernadette Coolens). The officer makes a report each year which is submitted to the “Institut Luxembourgeois de Régulation”. The report is subsequently published by Creos Luxembourg S.A. on its website.

## Organization chart as of 1<sup>st</sup> January 2021



**Marc Meyer** heads the *Asset Service* department and is also responsible for the Operation Centres and the Documentation, Project Management, Connections and Fleet Operations.



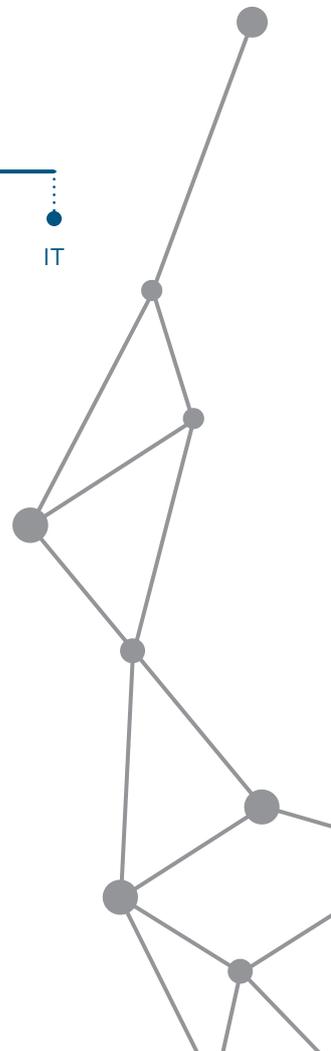
**Alex Michels** manages the *Asset Management* department including Regulation Management, Expert Group Gas, Expert Group Power, Asset Management Services and Special Projects.



**Jean-Marc Verdure** is CIO and responsible for information systems.



**Jean-Paul Wagner** is secretary of the Board of Directors and advises the CEO on strategic issues.



# Highlights 2020

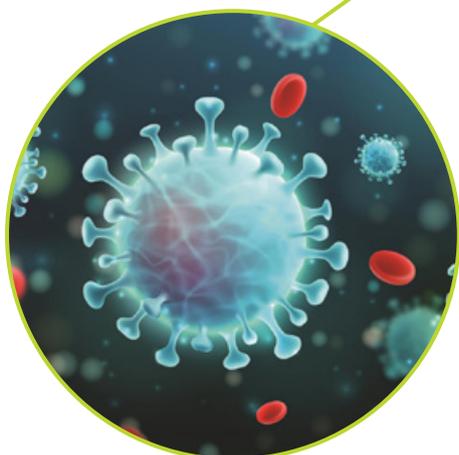


## REUSE TO REDUCE

With the Reuse to Reduce campaign, Creos underlines its commitment to a sustainable world by providing every employee a stainless steel thermos bottle. The aim of this action is to permanently eliminate the use of PET bottles within the company.

## STEEES DU ÈNNER STROUM? BASS DU DÉCKE GAS?

A large recruitment campaign targeting a young audience has been launched in February. The visuals were displayed on multiple platforms: print, 3D animations on social networks, radio spots, posters on buses and gadgets.



## COVID-19

Following the governmental declaration of a state of crisis on 17<sup>th</sup> March, Creos reduced its activities to the essentials. All the employees started teleworking from one day to another and about 250 people were put on forced rest. The Business Continuity Plan was activated in order to maintain the security of the country's electricity and natural gas supply.



## SHOW RESPECT. WEAR A MASK.

More than 5,000 fabric masks have been distributed to all the companies of the Encevo Group. This communication action, signed by the hashtag #StrongerTogether, aimed to recall one of the Group's core values, which is respect.



# 380

## PROJECT 380

The project 380 has been introduced to the press in September. As the coronavirus crisis prevented the organization of the planned roadshow, an Internet site with a virtual presentation of the new 380 kV extra-high-voltage infrastructure has been published.

## ICT TEAM OF THE YEAR

Creos received the ICT Team of the Year award at the IT One Gala in December. This award honoured the IT solutions developed by Creos IT over the past two years that have enabled the deployment and activation of more than 300,000 smart meters in the country.





## MYCRM PROJECT

Following the UAT (user acceptance tests) and E2E (end-to-end) tests, the first phase of the myCRM project has been launched in September. This customer relationship management solution provides a 360° view of the customer and offers a better service.



## STREET ART ROTONDES

Raphael Gindt, a Luxembourgish artist known for his artistic achievements, many of which are "monumental", was given free rein to carry out this street art project located in front of the Rotondes at the station. A nod to the plague mask and the commedia dell'arte... a motif that has become the artist's signature.

## SUPERCHARGY

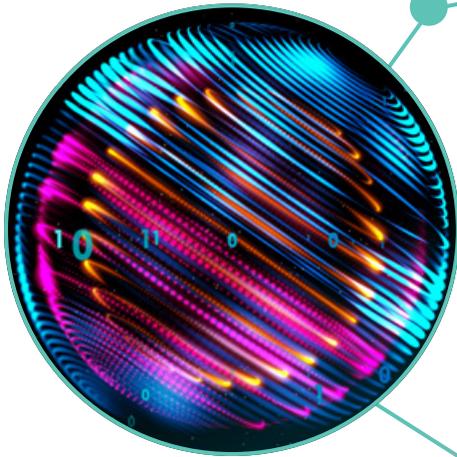
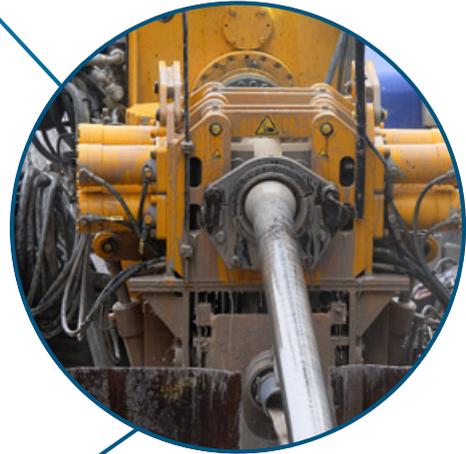
The first two public ultra-fast charging stations for electric vehicles have been installed at Kirchberg on the parking lot of the University of Luxembourg. Creos is in charge of the gradual deployment of 88 such terminals until 2023.





## BUILDING SITE DOMMELDANGE

With a directional borehole over a distance of more than 600 metres and the installation of a DN300 high-pressure pipeline, Creos is strengthening the natural gas supply to Kirchberg from the Dommeldange gas pressure-reducing station.



## DIGITAL ROADMAP 2030

Creos' digital strategy has been finalized and 17 projects have been identified. In order to be able to achieve these objectives, around 45 people will be recruited. One of the major projects is the development of the national IT platform for energy data, which will be a major step in the implementation of smart grids.

## TRAM CONSTRUCTION SITE

The teams of the Luxembourg City Centre carried out a major project to modernize, relocate and reinforce the electricity and gas networks on section B of the tramway between Place de l'Etoile and Place de la Gare. More than 30 km of electricity networks and 2.5 km of gas networks have been installed over a period of 24 months.



## GROUP STRATEGY

Presented at the end of the year, the Encevo Group's strategy reconfirms the essential role played by Creos' high-performance networks in the success of the energy transition. The focus is also placed on the reinforcement of interconnections at TSO level and the development of solutions to improve the customer experience.



**SUPER**  
**CHARGE-Y**

efacec



## SuperChargy report

# Creos gives electro-mobility a boost

**AN IMPORTANT LINK IN THE NATIONAL ELECTRIC MOBILITY STRATEGY WAS RECENTLY ESTABLISHED WITH THE INAUGURATION OF THE FIRST TWO SUPERCHARGY ULTRA-FAST CHARGING TERMINALS AT KIRCHBERG IN JANUARY 2021. FROM NOW ON, THANKS TO THESE NEW TERMINALS, ELECTRIC CARS CAN BE RECHARGED TO 80% IN JUST 20 MINUTES. AS WAS THE CASE WITH CHARGY, CREOS IS AT THE HELM OF THIS AMBITIOUS PROJECT, DUE FOR COMPLETION IN THREE YEARS' TIME. DISCUSSION WITH ALEX MICHELS, HEAD OF ASSET MANAGEMENT, SÉBASTIEN BERTRAND, E-MOBILITY PROJECT MANAGER RESPONSIBLE FOR CHARGY AND SUPERCHARGY PROJECTS, AND CHRISTOPHE MATHGEN, HEAD OF COMMUNICATION.**

*"The installation of these ultra-fast charging terminals had become a necessity, not only to meet the government's desire to promote electro-mobility as part of the energy transition, but also to meet the strong demand," explains Sébastien Bertrand. "The number of cars on our roads continues to increase year after year. You only have to look at the electricity consumption curve at Chargy stations to be convinced of this. This is increasing month upon month. There was certainly a significant drop in spring 2020 following the first lockdown, but the trend started to rise again afterwards, to such an extent that the figures for 2020 were a third higher than those for 2019. The technology of electric vehicles has also evolved. Most car manufacturers today include models with increasingly high charging capacities in their range. It was therefore time for the country to fill this void as quickly as possible."*

By 2023, for a total budget of around 17 million euros, 88 SuperChargy direct current (DC) terminals will be extended along the country's main roads and motorways as well as in some Park & Ride (P&R) car parks, i.e. 19 locations in all. About one-third of them will allow charging at up to 160 kW and the other two-thirds will deliver up to more than 320 kW. Like Chargy terminals, they will exclusively distribute energy produced from 100% renewable sources.

# A configuration without equivalent elsewhere

The first two 160 kW terminals have been in operation at the University of Luxembourg car park at the Kirchberg Campus since 20<sup>th</sup> January 2021. They will be tested by the general public throughout the first quarter. *"This phase of testing is crucial for us,"* comments Alex Michels. *"It should be noted that the configuration we use has no equivalent elsewhere. Our terminals use the most advanced technology. The charging infrastructure is based on a central computer system shared with the other public terminals (Chargy and Chargy OK). This approach enables suppliers to offer their charging services at all terminals and users to charge their electric car with a single recharge card at all compatible stations. In addition, these terminals will be equipped with a debit or credit card payment system from the second quarter of 2021."*

*"In other words, SuperChargy terminals will be very easy to use for the end consumer. They will be able to use the same recharge card for Chargy and SuperChargy or their bank card if they don't have a contract with a charging service provider. For us however, the management of these three elements combined - the terminals, the platform and the credit card payment - is more delicate and more complex to achieve, as we have to ensure that all the transactions taking place on the SuperChargy terminals run smoothly. This is one of the reasons why the conditions and rates applied will be identical to those of the Chargy terminals during the test phase."*

***"Most car manufacturers today include models with increasingly high charging capacities in their range. It was time for the country to fill this void as quickly as possible."***

Sébastien Bertrand, E-Mobility Project Manager





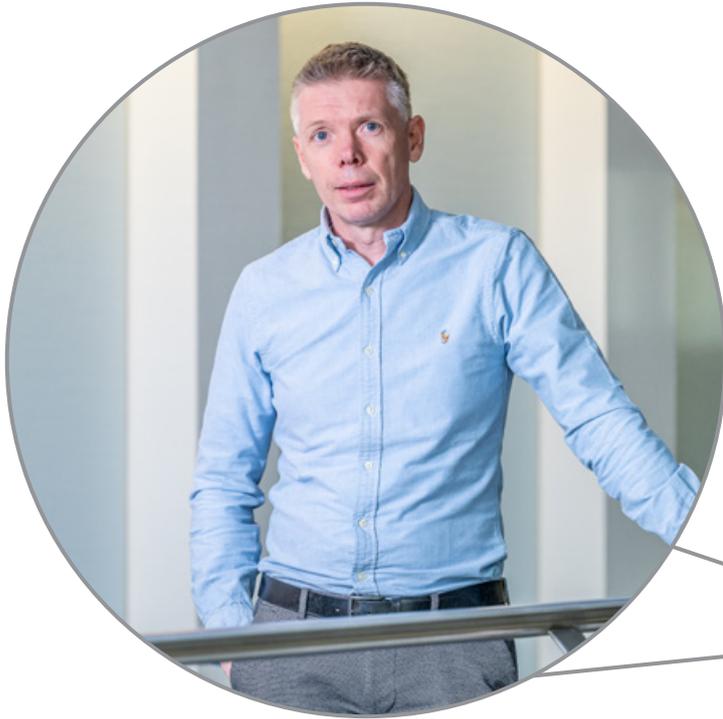
***“Each participant wanted to do their very best. An exemplary dynamic has been created within the project team.”***

Alex Michels, Head of Asset Management

## Four sites operational in 2021

The actual deployment can begin after this test phase, which is scheduled in principle for April-May 2021. *“This will be done progressively,”* continues Sébastien Bertrand. *“We will start first with the sites that are the easiest and quickest to equip, those where there is not too much infrastructure work to be done - just a transformer to be changed and the terminals to be put in place - and/or authorizations will be easily obtained. In 2021, we are planning to complete four sites - the Park & Ride at Junglinster, the Capellen layby area on the A6 to Luxembourg City, the Berchem layby area on the A3 to Thionville and the finalization of the Kirchberg site at the end of the test phase with the addition of a 320 kW terminal.”*

*“At the same time, we’re going to work on the other sites planned by the government and the National Roads Administration,”* explains Alex Michels. *“For many of them, we have to undertake a series of administrative procedures with the authorities, including the municipalities concerned, and undertake major work if necessary. Many sites don’t have the required power to accommodate quick-charging terminals, therefore line reinforcements and resizing of transformers have to be planned. Others do not even have road access or parking spaces! Each site has its own peculiarities and complications, and we have to deal with each one on a case-by-case basis.”*



***“Even if it is in the continuity of Chargy, the logo of the new terminal has some differences. More emphasis has been placed on speed and the technological aspect.”***

Christophe Mathgen, Head of Communication

## A distinct visual identity

A major communication campaign has also been planned to make the public aware of the presence of these new terminals. A press conference was organized in January 2021 in close cooperation with the Ministry of Energy and Spatial Planning and the Ministry of Mobility and Public Works for the launch of the first two stations during the test phase at the Kirchberg Campus car park. A landing page – [superchargy.lu](https://superchargy.lu) – was created at the same time in French, German and English to present the product, its technical details and future locations on a Google map. A new Chargy website is under construction and will include all the products in the Chargy universe. Creos' social networks, and in particular its blog, as well as Chargy's Facebook page, will also be used to provide regular information on the development of ultra-fast charging terminals. Finally, electric cars in the colours of SuperChargy will drive around the country's main arteries to raise awareness of the new brand.

The visual identity of the new stations has not been neglected either, the aim being to differentiate them from other public terminals. *“They are impressive in size and twice as big. Each of them is more than 2.50 m high!”* explains Christophe Mathgen. *“They also have their own logo. Even if it matches the Chargy design, a well-known and well-established brand in Luxembourg, there are still differences. The colour green has been replaced by blue to accentuate the technological aspect. The emphasis was also placed on speed by adding three wing-like stripes and using an italic typeface that accentuates movement.”*



## Intelligent lamp posts

To increase their visibility, each SuperChargy site will have three stylish lamp posts of varying heights (5, 7 and 9 metres). These three elements form a whole – a sort of sculpture – and refer to the three stripes of the logo. In addition to their aesthetic appearance, these lamp posts also have an intelligent function. Not only do they illuminate the site, they also secure it with a surveillance camera. They also have a WiFi router, allowing users to benefit from a free high-speed internet connection.

*“By offering this service, our aim is that customers do not to leave their car to load by itself, but to stay with it during the 20 to 30 minutes of charging so that it does not unnecessarily occupy the station once charging is complete,”* comments Alex Michels.

## An all-round success

Beyond the technological prowess, the implementation of this new electro-mobility infrastructure, and in particular its preparation and start-up phases, is also an all-round success. *“Despite the pandemic and lockdown, we’ve been able to achieve the objectives we initially set ourselves, namely to install the first two terminals in January 2021,”* Alex Michels points out.

*“This achievement in record time is largely due to the willingness of all participants, from the consultants to the Creos teams to the suppliers and subcontractors, to give their best to keep this project on track within the given time frame. An exemplary dynamic has been created within the project team and it is this dynamic that allowed us to succeed.”*

# A workforce and careers in constant evolution

**THE GROWTH OF THE GROUP AND THE EMERGENCE OF NEW TECHNOLOGIES HAVE LED TO SIGNIFICANT DIVERSIFICATION OF JOBS AND PROFILES WITHIN CREOS. IN 2020, THE COMPANY RECRUITED 51 NEW EMPLOYEES.**

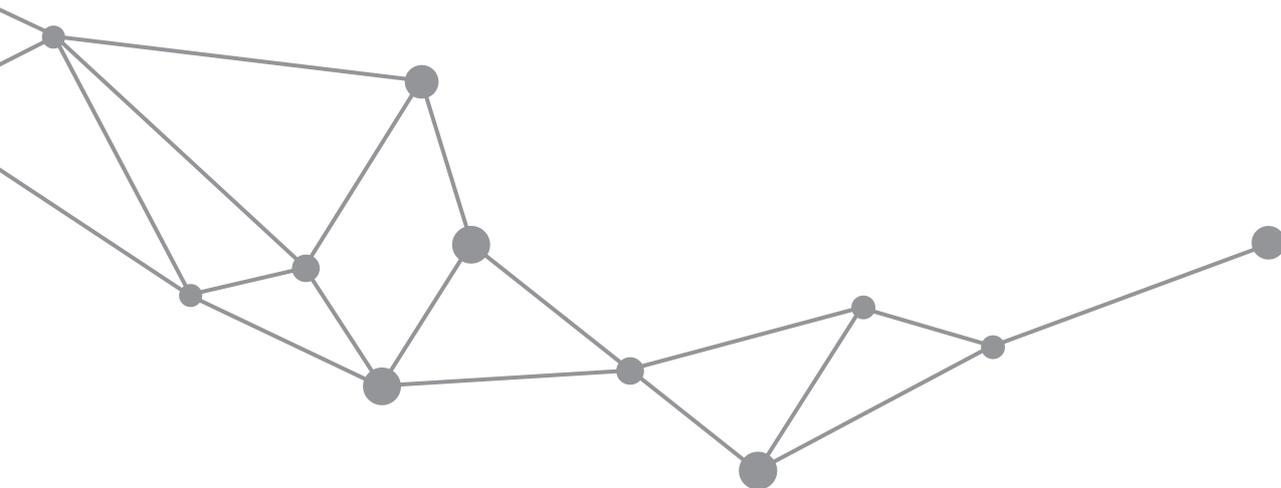
As the traditional area of employment at Creos, most of the company's workforce continue to work in the field of electricity: 57% compared to 16% of the staff working for the gas section. In the coming years, experts in the fields of IT, data and digitalization will strengthen our teams.

Creos ever since stands out because of the way in which it encourages diversity – whether in terms of nationality, gender or age. This commitment is further underlined by the signing of the Diversity Charter in 2018. Today, 11 different nationalities work within Creos on a daily basis. Although 90% men and 10% women work for Creos, we are committed to further encouraging diversity notwithstanding the scarcity of female profiles throughout the sector.

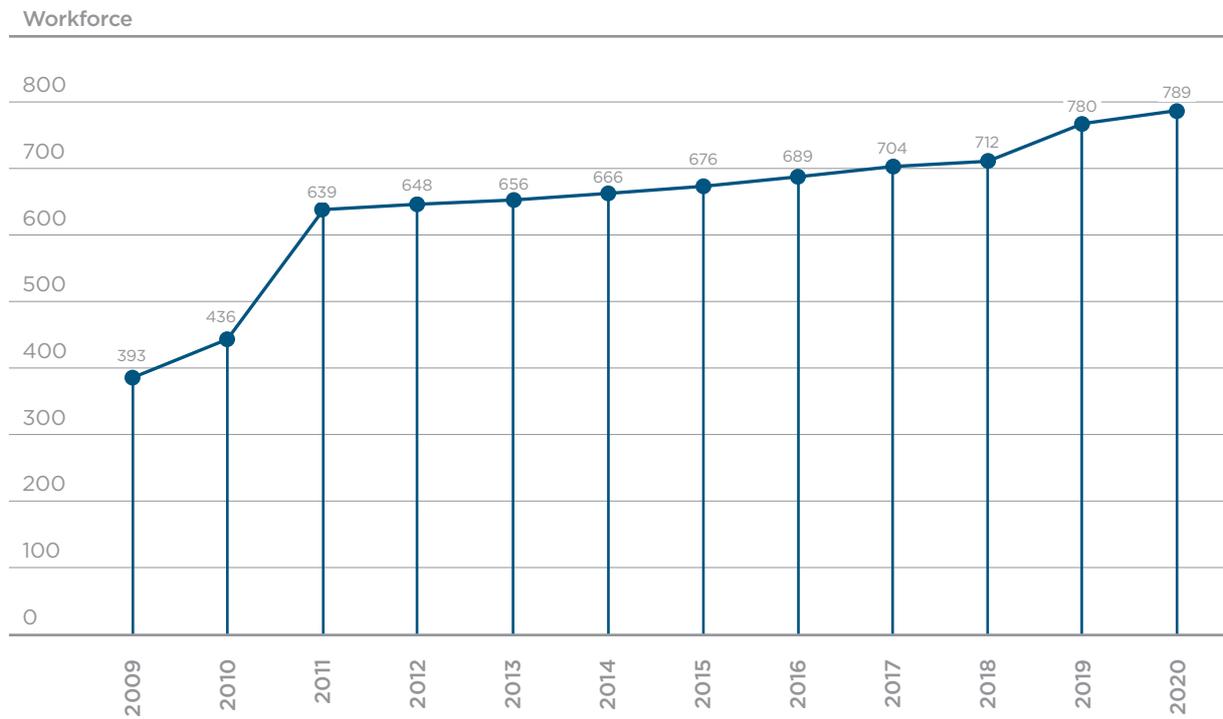
In terms of training, plans are set out each year to ensure that all Creos employees acquire and/or develop the technical skills required to perform their duties.

The average age of 41 remains relatively stable with an average seniority in the company of 14 years. Creos invests in young people and recruits and trains young graduates every year. Over 19% of the company's workforce as at the end of 2020 were under 30 and of the 51 people recruited, 22 were young graduates.

Creos encourages employee commitment through active internal mobility. More than 40% of our recruitments are internal opportunities. This dynamic internal mobility policy enables optimal management of talent and skills within Creos.

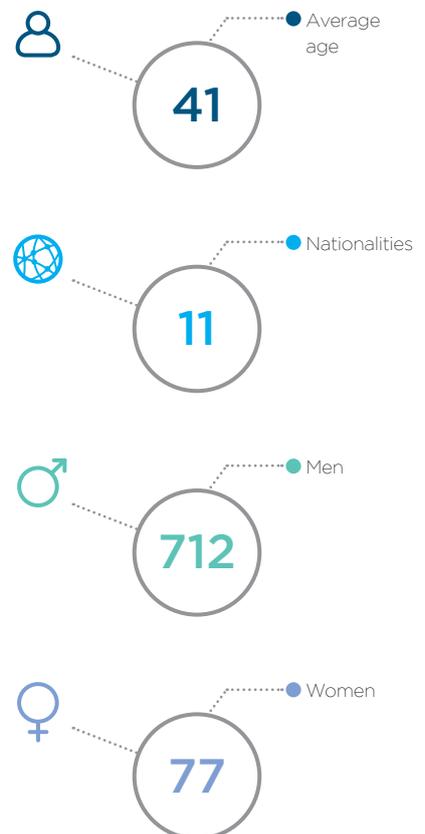
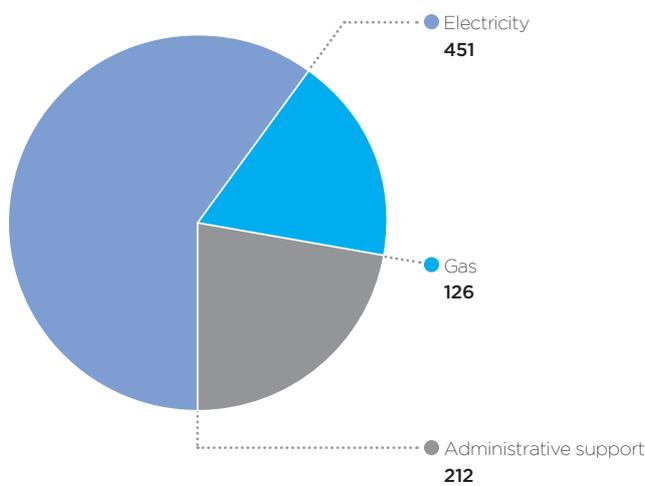


## Evolution of the workforce



As from 2013 including parental and maternity leaves. As from 2019, 53 IT employees were transferred from Encevo to Creos.

## Workforce by type of activity



## Health and safety

# Well-trained employees are our capital

**THE MISSION OF THE CREOS HSE (HEALTH, SAFETY AND ENVIRONMENT) DEPARTMENT IS TO GUARANTEE SAFETY AND HEALTH AT WORK, NOTABLY THROUGH RISK PREVENTION. COMPLYING WITH AND APPLYING STANDARDS AND DIRECTIVES SERVE TO PROTECT CITIZENS AND THE ENVIRONMENT, BUT ABOVE ALL OUR PRINCIPAL RESOURCE: OUR EMPLOYEES.**

## Implementation of a strategy regarding COVID-19

The COVID-19 pandemic has had considerable effects on the daily work of the HSE department in 2020. In order to minimize the risk of infection within the company and on building sites, the HSE department, in close cooperation with management, has implemented pragmatic solutions and effective measures to protect administrative or technical staff

working in the field. In addition to publishing regular communications on the Intranet site to remind people of the barrier gestures and health rules to be respected, the HSE department has been involved in ordering, managing and distributing protective equipment such as masks and disinfectants.

## Health and safety awareness and staff training

Electricians, gas fitters and drivers face significant risks. In order to raise awareness of risks among our internal and external employees and to prevent accidents at work, the HSE department regularly offers safety training. In 2020, these training sessions were organized in small groups in order to comply with the health regulations in force.

The chart on the next page details the basic training courses organized in 2020 as well as the number of certificates delivered.

In order to prevent the risk of accidents in our high-voltage electrical substations, the HSE department has provided special training on the existing dangers to employees of third party companies who are called upon to work there. Around 140 installers from 26 companies have been trained.

## Optimization of work processes and use of new technologies

Creos is constantly improving its work processes and does not hesitate to equip itself with the latest security technology. For example, in 2020,

a "badge" system for starting forklift trucks was deployed, ensuring that only trained employees with a badge can use these kind of machines.



## HSE office at Roost Centre

By the end of 2020, the HSE department has had an office at Roost Centre where a daily presence is ensured. Thanks to this proximity, communication

and exchanges on health and safety issues are facilitated with colleagues working in the field.

## Basic training courses carried out in 2020\*

Domain	Designation	Number
<b>First aid</b>	First aid attendant	14
<b>Gas grid</b>	Gas expert (Sachkundiger)	74
<b>Electricity grid</b>	Electrical certification (Schaltberechtigung)	10
	LV live work	12
<b>Safe machinery operation</b>	Crane operator / Truck with auxiliary crane	10
	Crane operator / Bridge crane	5
<b>Total certificates issued</b>		<b>125</b>

\* "Refresher" courses are not included.

## Accidents and severity rate

In 2020, Creos recorded a total of 49 accidents, 29 of which were minor accidents and 20 accidents with more than 3 days of incapacity. Travel accidents constitute the largest proportion with 31%. Work accidents resulting from false movements

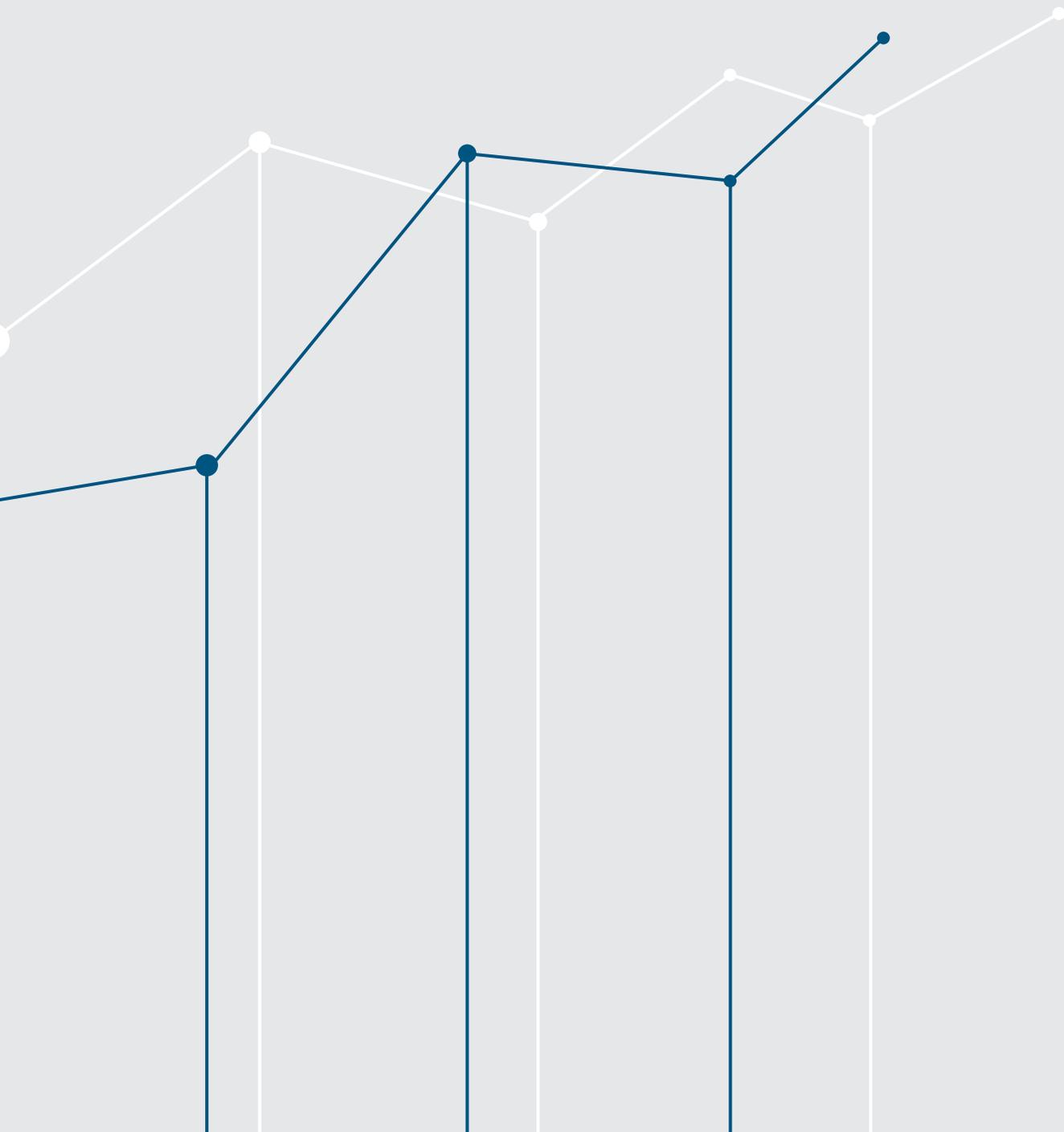
represent 13%. The accident severity rate is 0.3. The definition of this rate is the ratio of lost calendar days to the total productive (working) hours multiplied by 1,000.

## Number of accidents





## 2. Activity



# Operation Centres

Creos has four regional Centres which deal with construction, operation, maintenance and repair of electricity and natural gas networks. Their locations ensure flexibility and a rapid reaction nationwide, 24/7.

## ROOST

The Roost Centre is in charge of the electricity and natural gas networks in the central and northern regions of the Grand Duchy. It covers the high-, medium- and low-voltage electricity services and the medium- and low-pressure natural gas services. The central warehouse and mechanical and electrical workshops are also housed in this ultra-modern complex.

## LUXEMBOURG CITY

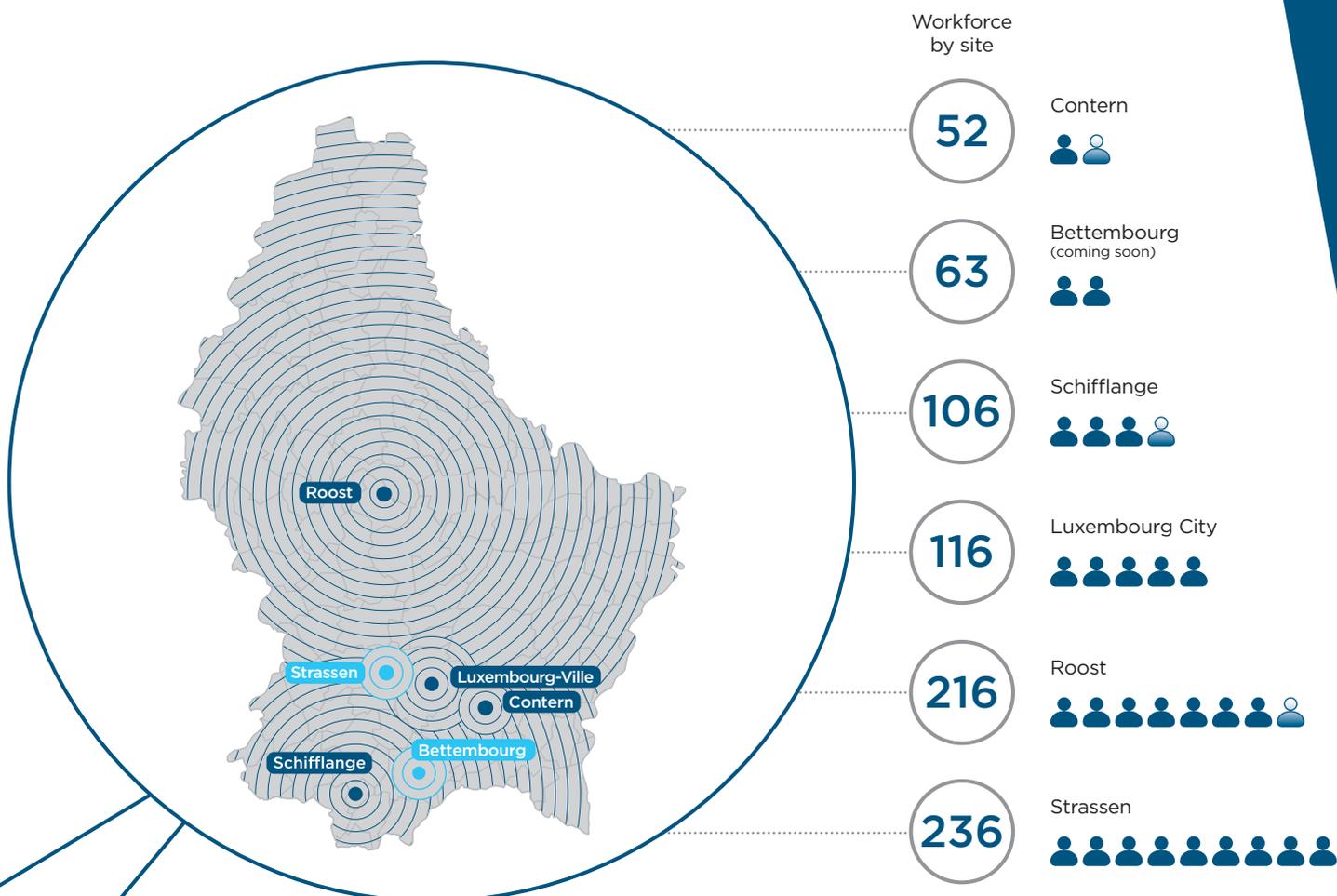
The Luxembourg City Centre (electricity and natural gas) covers the highly populated areas of the capital and the nearby municipalities of Strassen and Hesperange. In autumn 2021, the Centre will move to a brand new site in Merl.

## SCHIFFLANGE

The Schifflange Centre is responsible for electricity networks and infrastructures in the south of the country. The HP Grid department which is in charge of the high-pressure natural gas network at national level will also move to the new site in Merl in the fall of 2021.



Construction of the new headquarters and Centre of Luxembourg City in Merl



## CONTERN

The Creos Metering Services are located in Contern. The gas and electricity metering Centre of expertise is tasked with monitoring and adjusting meters, an area which is changing rapidly with the introduction of smart meters. The Creos laboratory has ISO 17025 accreditation for the calibration of electric meters, gas meters, measuring transformers and volume converters.

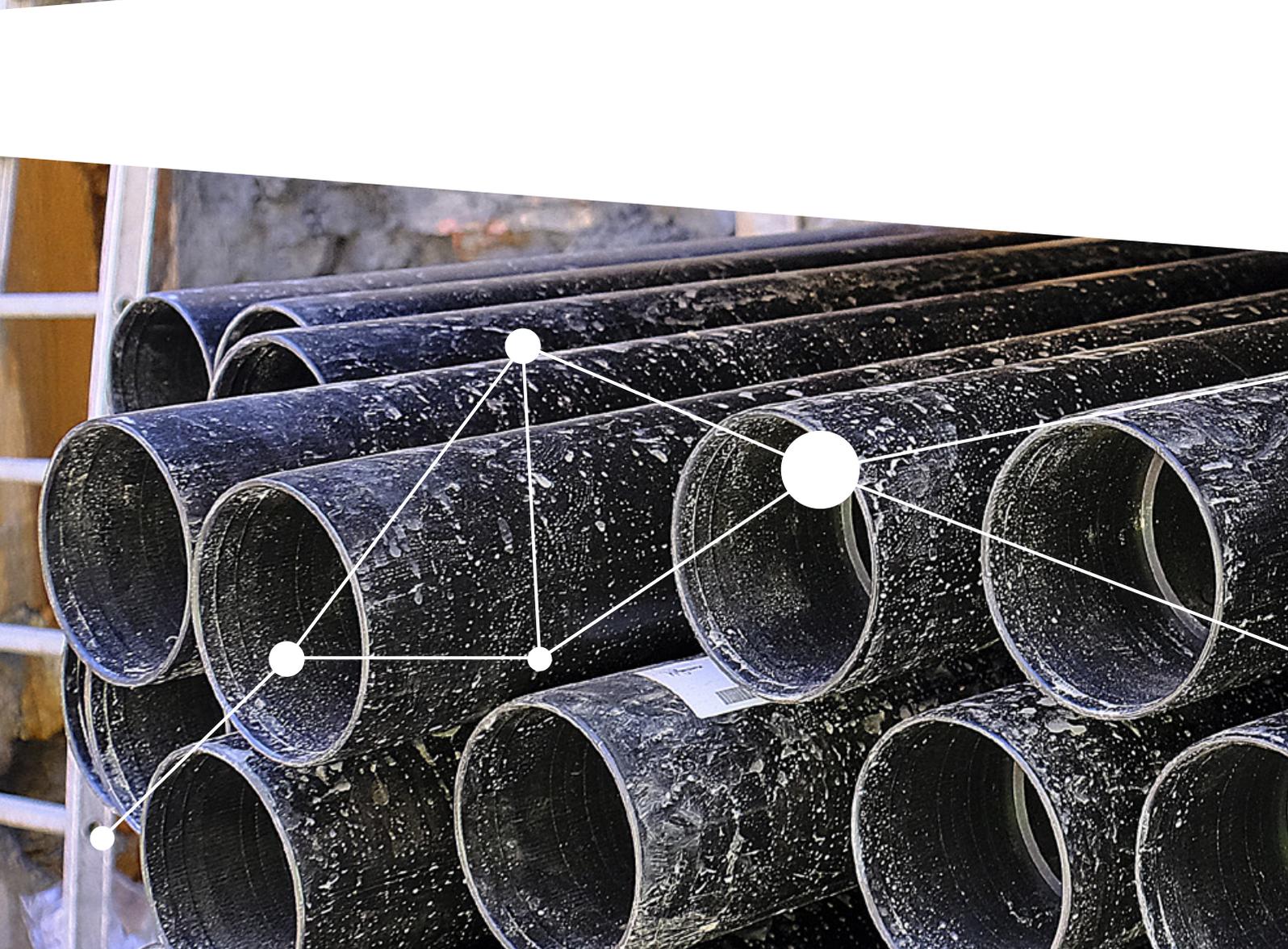
## BETTEMBOURG

Dispatching for electricity and natural gas together with the monitoring rooms for remote network control and management have left the facility in Heisdorf and relocated to Bettembourg by mid-2020. The 3,000 m<sup>2</sup> new building uses the neighbouring data centre's secure networks (Tier IV) as well as its heating, cooling and energy supply networks.

## STRASSEN

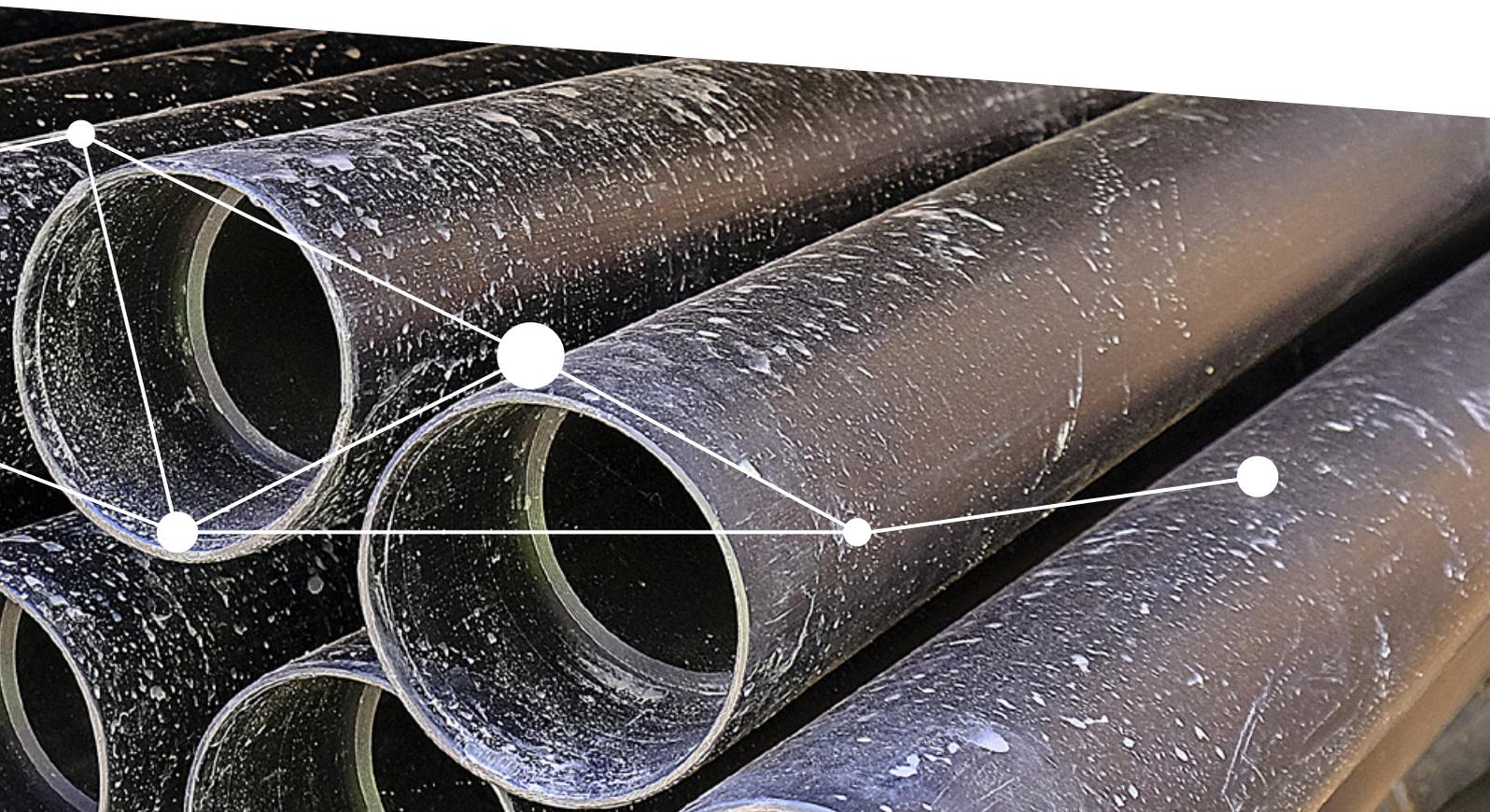
The company's headquarters are in Strassen. In the autumn of 2021, all employees will move to their new working environment in Merl.

The construction of the new headquarters and operation Centre in the City of Luxembourg began in 2017. The buildings meet sustainable development criteria and a DGNB 'platinum' certification has been obtained. More than 400 people will work on these new premises.

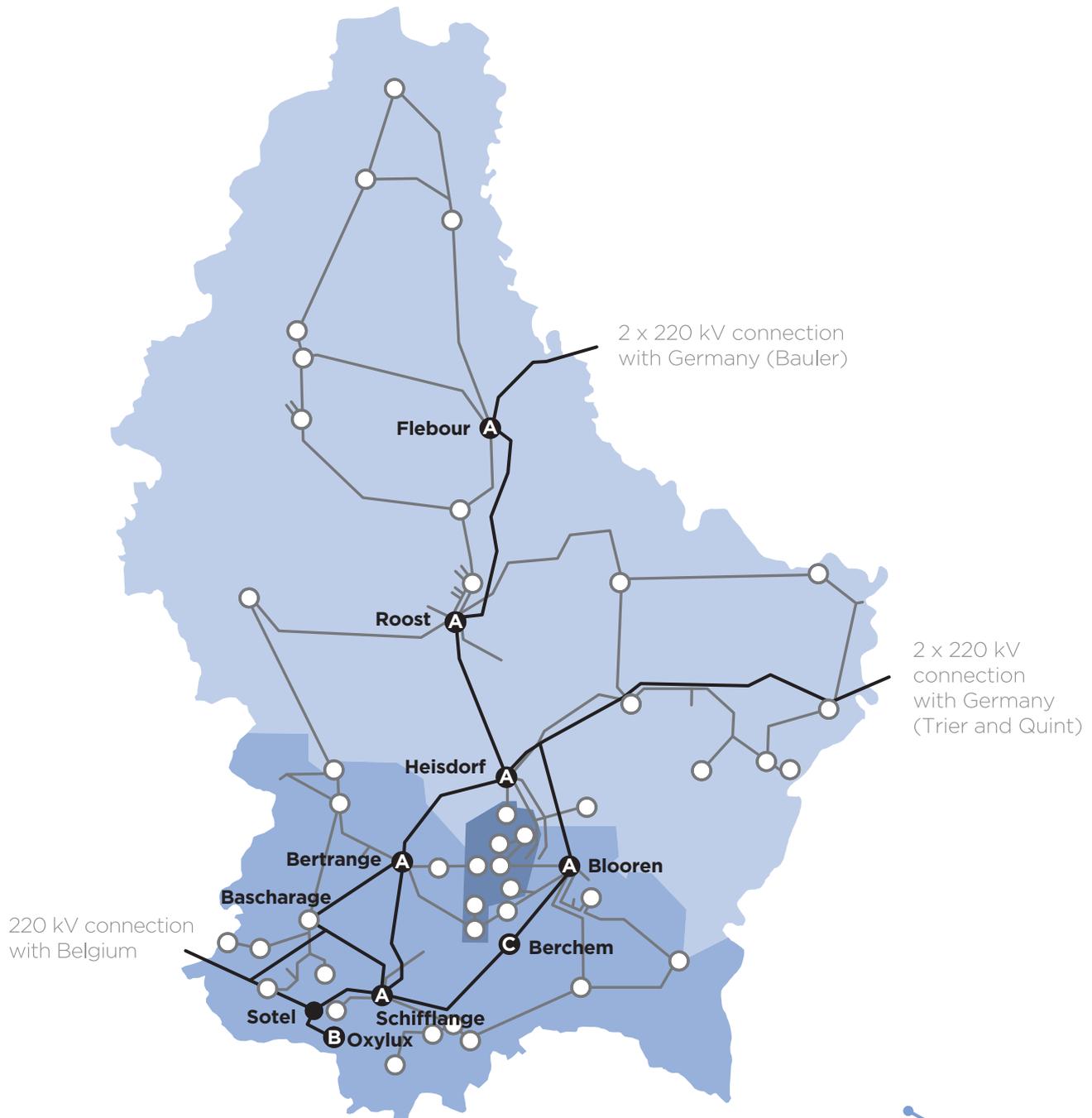




# Electricity



# The electricity transmission grid



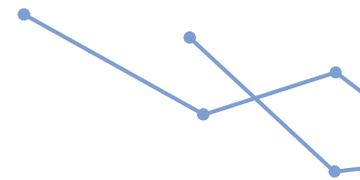
— 220 kV - network

— 65 kV - network

**A** Substation 220/65/20 kV

**B** Substation 220/20 kV

**C** Substation 220 kV





# Technical activity

## Major works at 220 kV and 110-65 kV levels carried out during 2020

### Substations and high-voltage lines

The construction work on the Bissen 220 kV substation was completed by the end of 2020. The purpose of this work was to replace the existing 220 kV substation in Roost, nerve centre of the Creos network and dating back to the 1970s, with a new substation in order to maintain the security of supply of the Creos network.

In the same vein, work has begun on the Senningerberg substation to replace the old 65/20 kV overhead substation with a 220/110-65/20 kV substation, which will help to improve security of supply around Luxembourg City. The work at the Niedercorn substation, which will replace the existing Biff substation, is well advanced in terms of construction of the building. Together with the new Sanem-Lamadelaine cable, this substation will contribute to strengthen the 65 kV loop in the south-west of the country.

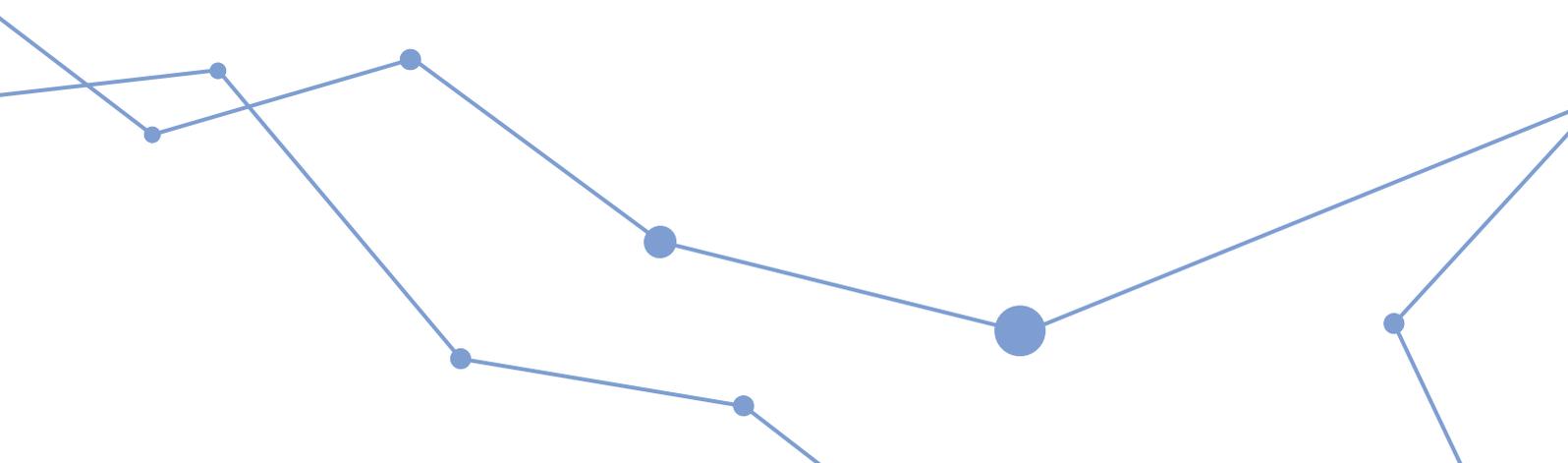
The construction work on the new 65 kV substation in Echternach (east of the country) was completed in June 2020. The 1x65 kV Rosport-Echternach overhead line was diverted to the new substation in Echternach, while work on the 2x65 kV overhead line between Freckeisen and Echternach was completed. The new 65 kV substation in Echternach has therefore been fully operational since September 2020.

The extension work on the 220 kV substation in Flebour (in the north of the country) is proceeding according to schedule, the HV equipment work will continue in 2021, and the new parts of the substation will be operational in 2021.

The B 220/110-65 kV transformer at the Blooren substation was replaced and taken into service in September 2020.

### Tornado of 9<sup>th</sup> August 2019

Due to the tornado of 9<sup>th</sup> August 2019, the 220 kV Esch-Aubange interconnection line of Sotel/Elia, used by Creos for its interconnection with the Belgian grid, had been partially destroyed. Creos supported Sotel to rebuild the facilities, which are operational again since July 2020.







# Evolution of the electricity grid

			2020	2019
<b>Transformer substations</b>	220 kV Phase shift transformer	(number)	1	1
	220 kV	(number)	1	1
	220/65/20 kV	(number)	6	6
	220/20 kV	(number)	1	1
	65 kV	(number)	3	3
	65/20 kV	(number)	36	37
	65/20/5 kV	(number)	1	1
	65/6.3 kV	(number)	1	1
	65/5 kV	(number)	1	2
	20/0.4 kV	(number)	2,681	2,659
<b>High-voltage lines</b>	220 kV 1 3-phase line	overhead (km)	7.0	-
	220 kV 1 3-phase line	underground (km)	5.6	5.6
	220 kV 2 3-phase lines <sup>1</sup>	overhead (km)	137.5	137.5
	220 kV 2 3-phase lines	underground (km)	10.5	10.5
	<b>Total 220 kV (km)</b>		<b>160.6</b>	<b>153.6</b>
	65 kV 1 3-phase line	overhead (km)	171.2	175.0
		underground (km)	30.0	27.5
	65 kV 2 3-phase lines	overhead (km)	183.1	183.2
		underground (km)	48.0	47.8
	<b>Total 65 kV (km)</b>		<b>432.3</b>	<b>433.5</b>
<b>Medium-voltage lines</b>	20 kV + 5 kV	overhead (km)	954.2	962.0
		underground (km)	2,748.3	2,691.3
	<b>Total MV (km)</b>		<b>3,702.5</b>	<b>3,653.3</b>
	Underground rate (%)		<b>74.2%</b>	73.7%
<b>Low-voltage lines</b>	400/230 V	overhead (km)	287.6	289.5
		underground (km)	5,540.0	5,493.8
	<b>Total LV (km)</b>		<b>5,827.6</b>	<b>5,783.3</b>
	Underground rate (%)		<b>95.1%</b>	95.0%
<b>Total (km)</b>			<b>10,123.0</b>	<b>10,023.7</b>
<b>Chargy charging stations (at country level)</b>		(number)	<b>400</b>	<b>337</b>

<sup>1</sup> Including Schiffflange-Bascharage-Bertrange (18.7 km) temporarily operated at 65 kV

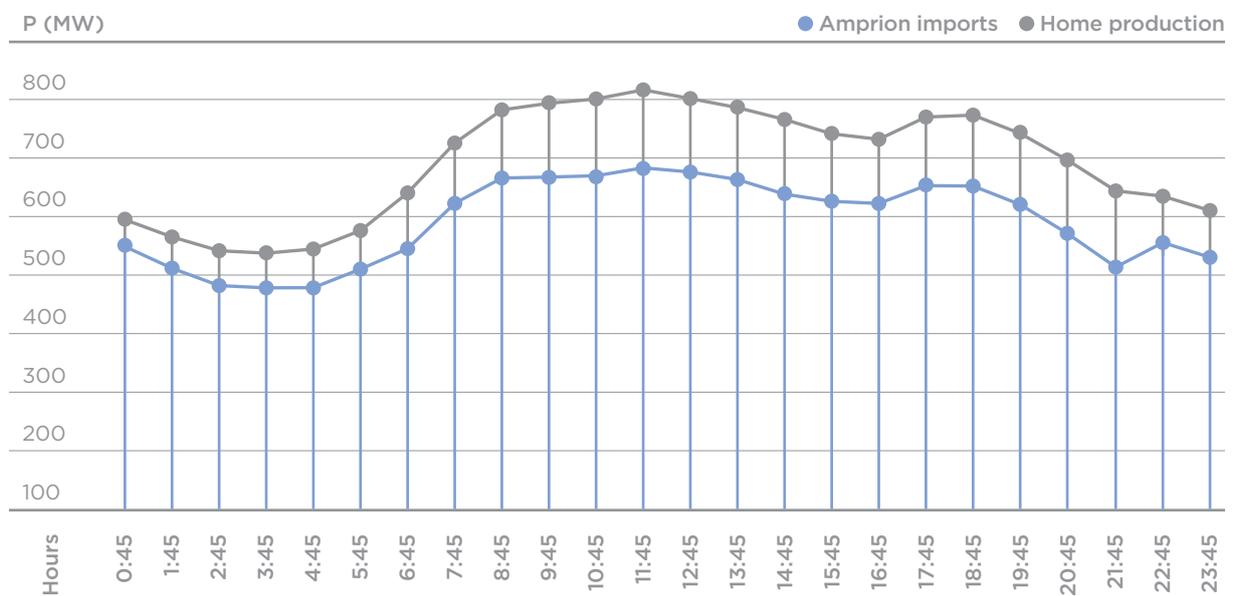
# Evolution of the national load

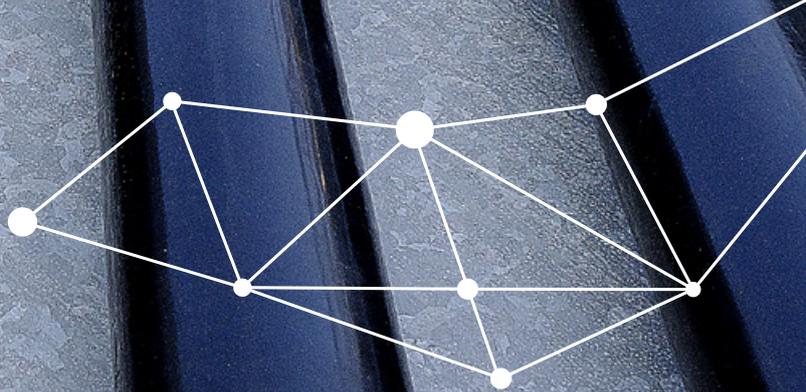
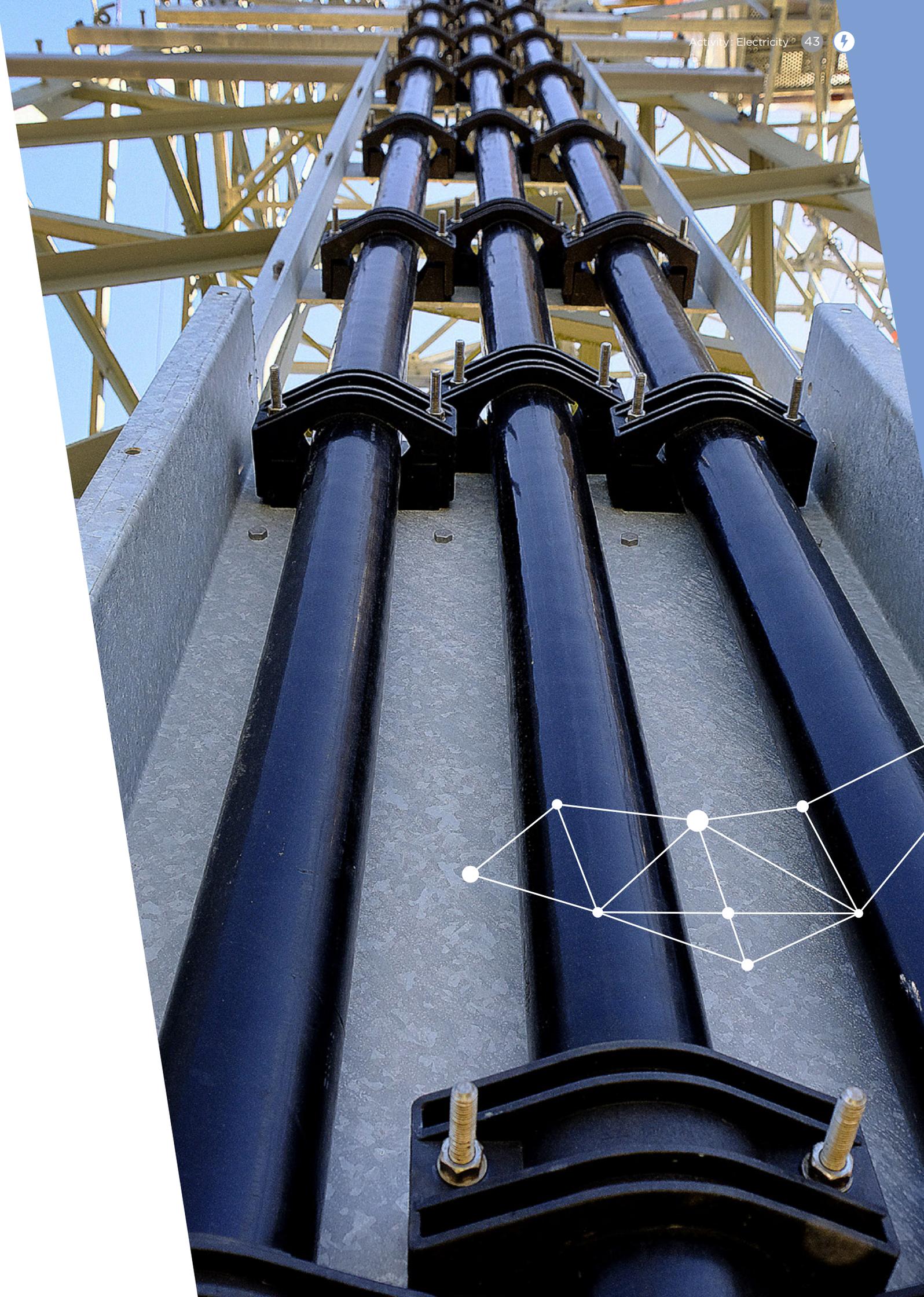
The national peak demand in 2020 was 823.4 MW, compared to 829.4 MW in 2019. This peak was recorded at 11:45 a.m. on 24<sup>th</sup> January 2020.

The energy peak in 2020 imported via the Amprion lines was 689.3 MW on 24<sup>th</sup> January 2020 at 11:45 (compared to 696.4 MW on 22<sup>nd</sup> January 2019).

The usage time of the electricity grid for 2020 amounted to 6,001 hours. Therefore, the maximum rate of use of the grid was 68,3%.

## Evolution of the national load during the day of 24.01.2020





# Electricity consumption

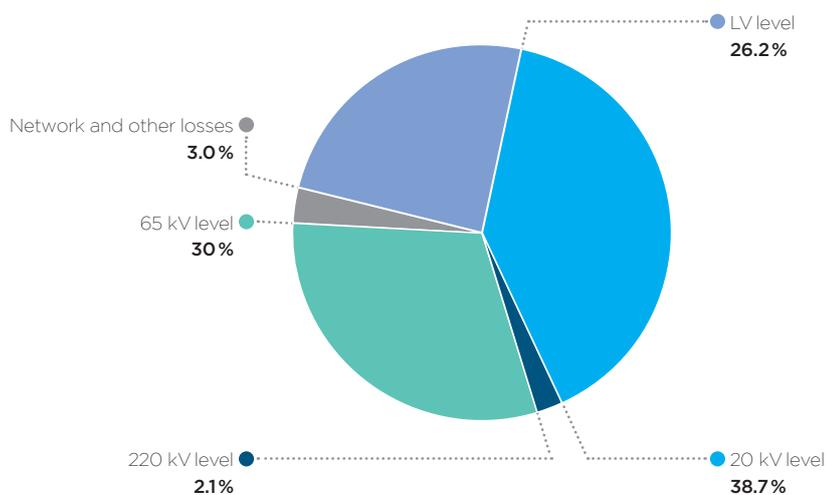
The total volume of electricity fed into the grid at national level via

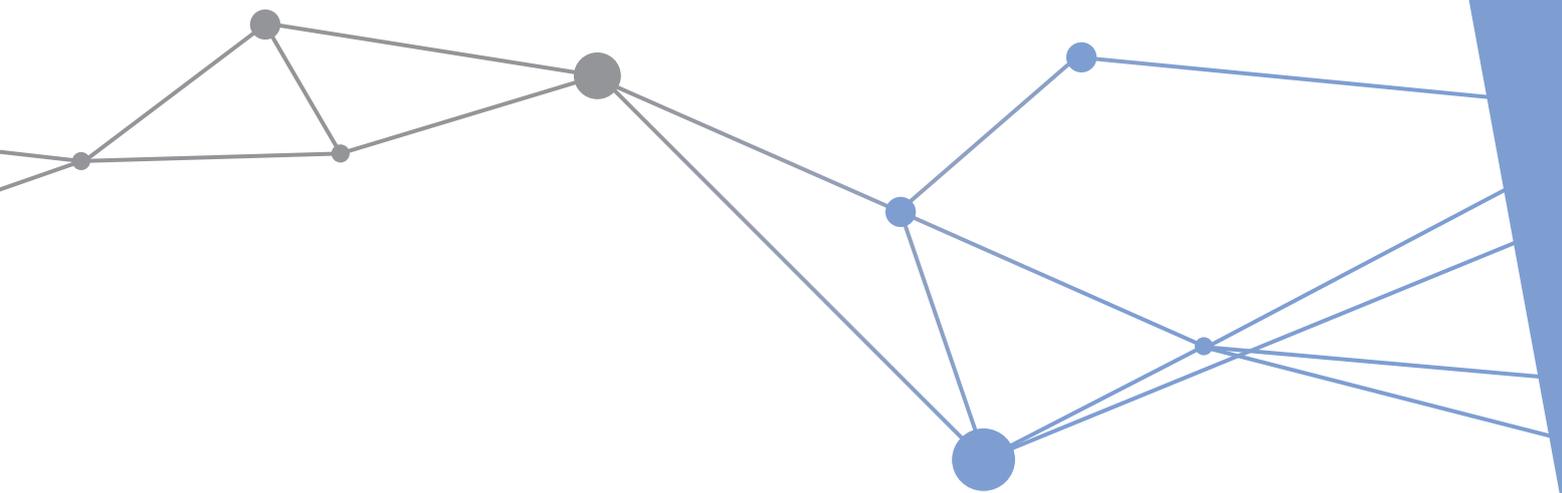
- 220 kV interconnection lines,
- self-generated electricity (with metering on customer sites) or
- local generation sources connected to Creos networks or to those of the four municipal or private distributors,

amounted to 4,941.7 GWh in 2020 (5,155.1 GWh in 2019), corresponding to a decrease of 4.2% in national consumption. The flows coming from the PST (Phase Shifting Transformer) have not been taken into account for this statistics.

## Consumption by voltage level

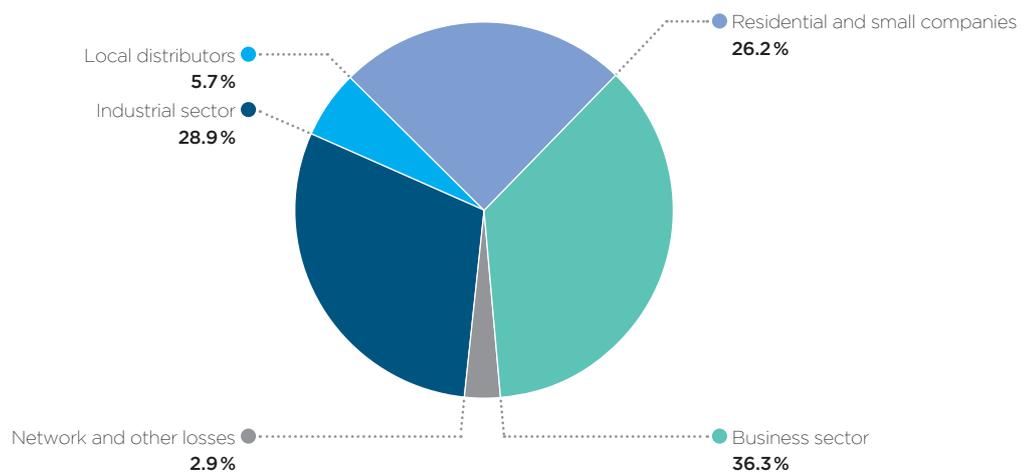
		2020	2019	Variation
<b>Consumption</b>				
220 kV level	(GWh)	105.6	118.8	-11.1%
65 kV level	(GWh)	1,482.3	1,556.5	-4.8%
20 kV level	(GWh)	1,913.6	2,026.0	-5.5%
LV level	(GWh)	1,294.1	1,297.9	-0.3%
<b>Network and other losses</b>	(GWh)	146.1	155.9	-6.2%
<b>Total</b>	(GWh)	<b>4,941.7</b>	5,155.1	-4.2%





## Consumption by sector

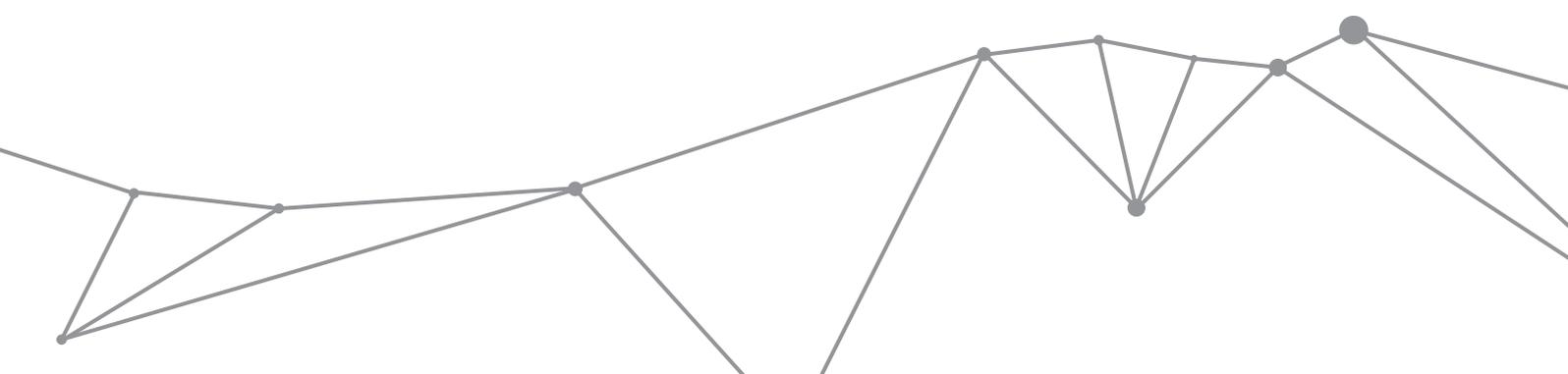
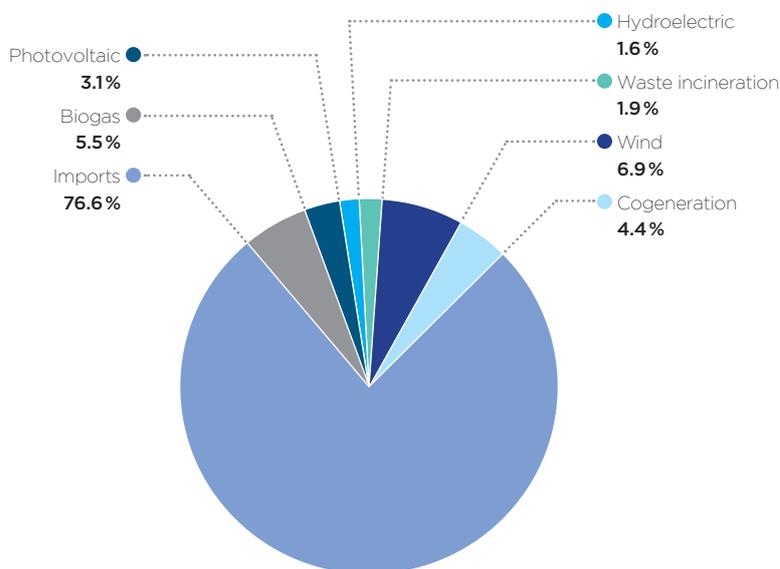
		2020	2019	Variation
<b>End customers</b>				
Industrial sector	(GWh)	1,427.5	1,510.7	-5.5%
Business sector	(GWh)	1,793.2	1,896.6	-5.5%
Residential and small companies	(GWh)	1,294.1	1,297.9	-0.3%
<b>Local distributors</b>				
	(GWh)	280.8	294.0	-4.7%
<b>Network and other losses</b>				
	(GWh)	146.1	155.9	-6.2%
<b>Total</b>	(GWh)	<b>4,941.7</b>	5,155.1	-4.2%



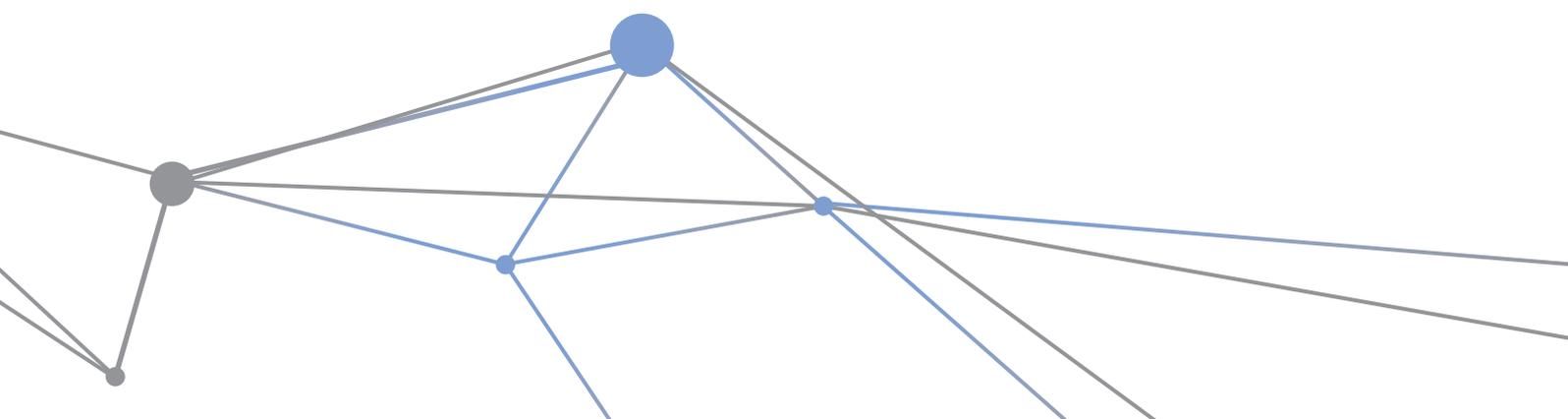
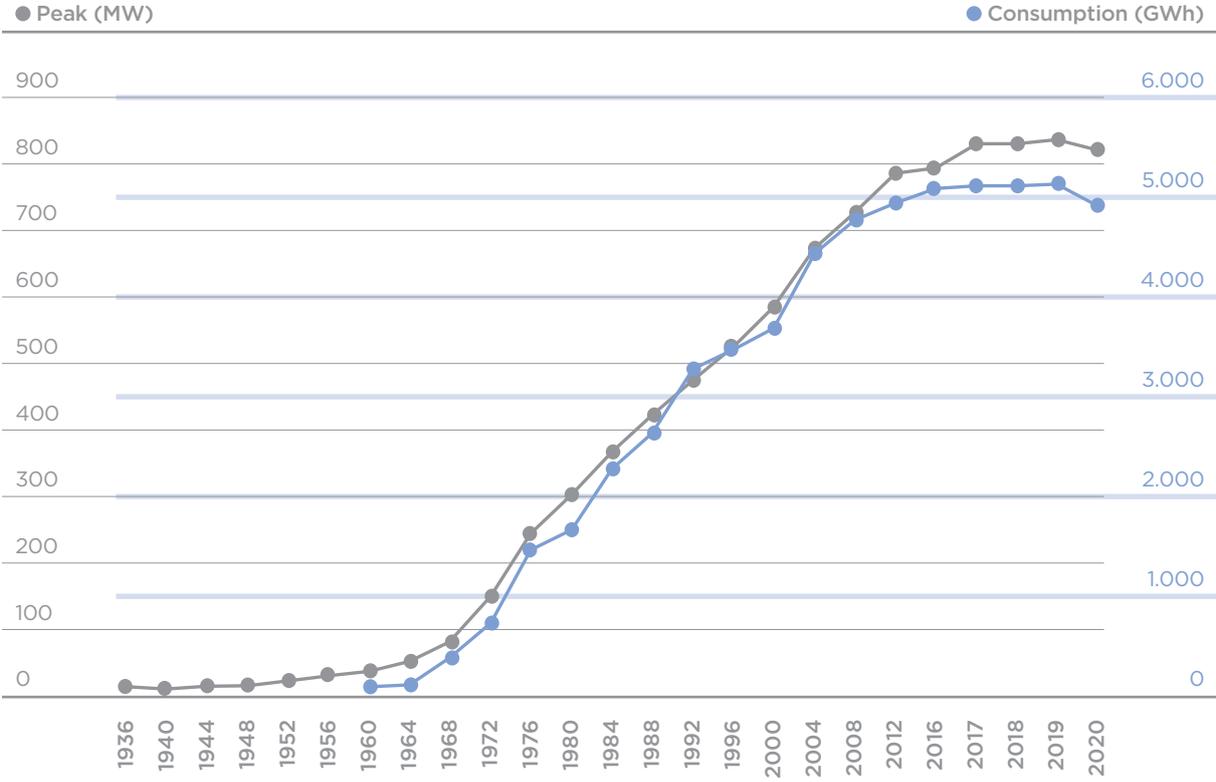
# Injections into the electricity network

		2020	2019	Variation
<b>Cross-border exchanges</b>				
Imports	(GWh)	3,784.0	4,121.0	-8.2%
<b>Home production</b>				
Cogeneration	(GWh)	219.3	241.9	-9.4%
Hydroelectric*	(GWh)	79.9	93.9	-14.9%
Wind*	(GWh)	337.7	281.8	+19.8%
Waste incineration*	(GWh)	95.7	114.6	-16.5%
Biogas*	(GWh)	272.2	176.5	+54.2%
Photovoltaic*	(GWh)	152.9	125.4	+21.8%
<b>Total</b>	(GWh)	<b>4,941.7</b>	<b>5,155.1</b>	<b>-4.2%</b>

\* renewables



# Evolution of the peak and network demand



# Network reliability

An economic base which is diversifying and developing and a rapidly growing population obligate Creos to strengthen and expand its networks in order to maintain a high quality infrastructure and guarantee the security of supply at all times. This continues to be the absolute priority for Creos, which is responding to this challenge with a large programme of investment. Creos, in cooperation with Amprion, the German transmission system operator, is therefore planning the construction of a extra-high-voltage 380 kV line from Aach (Germany) to Bertrange (Luxembourg), as well as a 380/220/110-65 kV transformer station near Bofferdange.

The challenges of the future are to integrate renewable energies and consumers who are also becoming producers. Flows on the grid become bidirectional, and the network operator have the responsibility of managing them through the development of a smart grid.

Efforts over the course of many years to bury as many lines as possible are bearing fruit today. Underground lines are naturally less exposed to weather conditions, and are less vulnerable as a result. Creos now has 95.1% of its low-voltage power lines and 74.2% of its medium-voltage lines underground, representing over 8,380 km or 83% of the entire network, a level of performance which exceeds European standards.

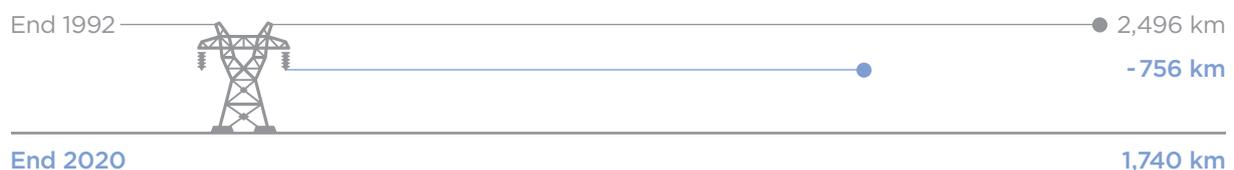
Creos has always been concerned that its facilities should be integrated effectively with the environment. Today, for example, new high-voltage transformer stations are all gas-insulated substations. At the leading edge of technology, these are discreet and compact, with a footprint of only one-fifth of the traditional outdoor substations, and are landscaped to blend in with the scenery. Low- and medium-voltage substations within the boundaries of local communities are today constructed exclusively as shielded substations with stone walls, or prefabricated concrete or steel structures, or are directly integrated into a building.

Creos substations comply with all safety regulations to ensure optimal protection in the event of fire, unauthorized access or bad weather. Accordingly, sites housing transformers are soundproofed and have a leak proof tank to recover the oil in the event of a leak. The substations have surveillance cameras directly connected to the Dispatching.

Creos strives to reduce to a strict minimum incidents on the grid and the interruptions in supply which can result.

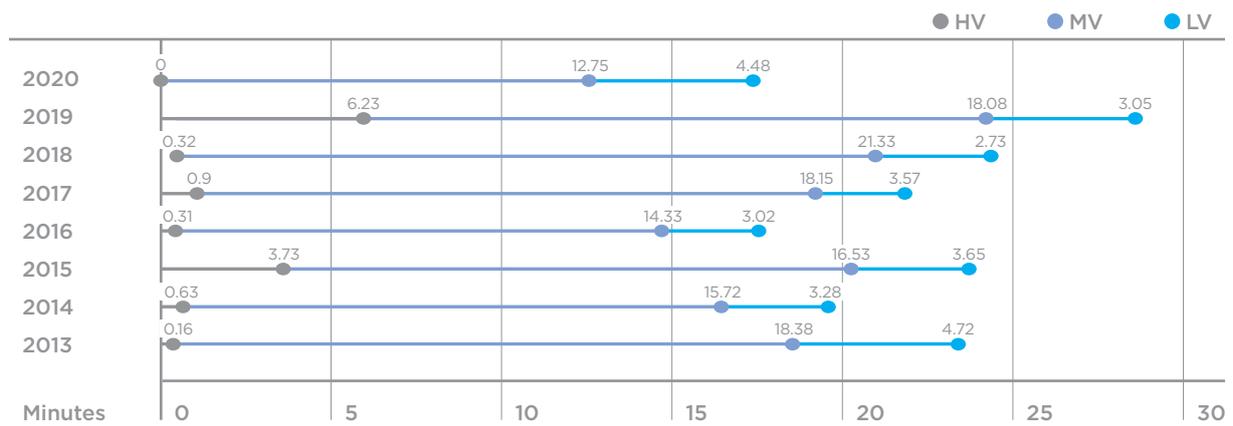
Live working (*Arbeiten unter Spannung* - AuS in German) has become an essential approach for meeting the needs of industry, SMEs and individuals as fully as possible, providing a means of optimizing network operation and avoiding inconvenient outages for clients. Today, this technique is used for numerous interventions on electrical installations.

## Total length of overhead lines

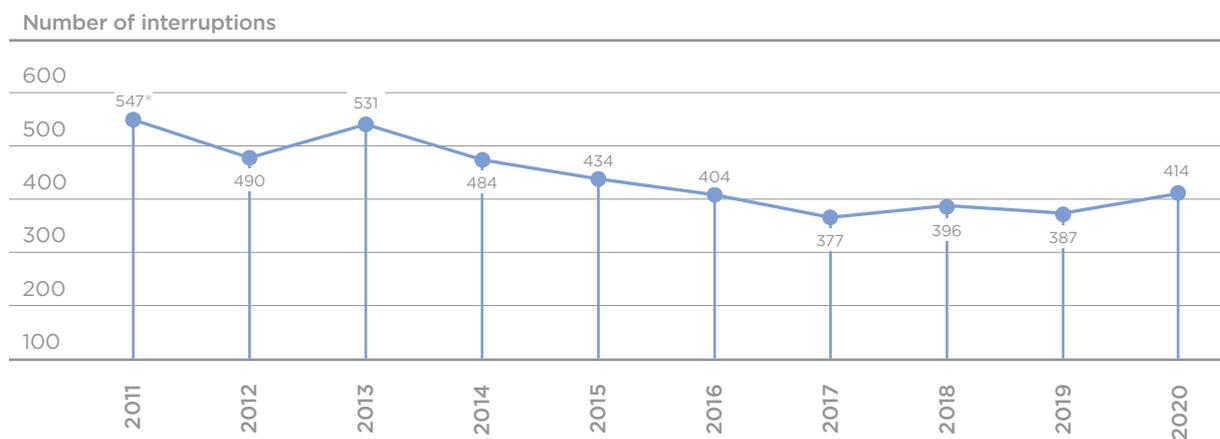




## Average annual power outage time within the Creos network (SAIDI)

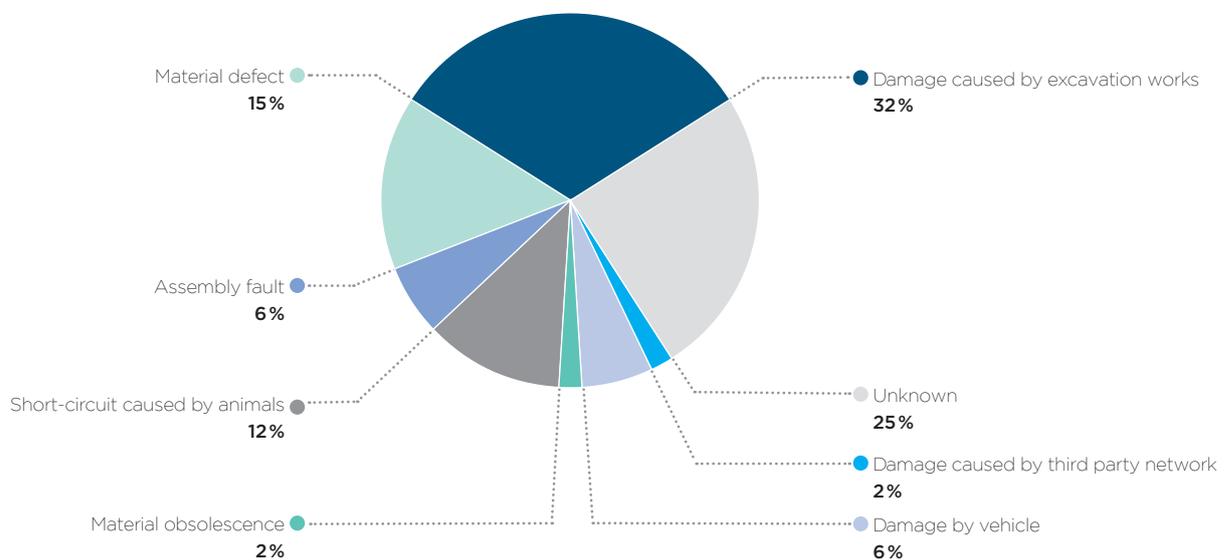


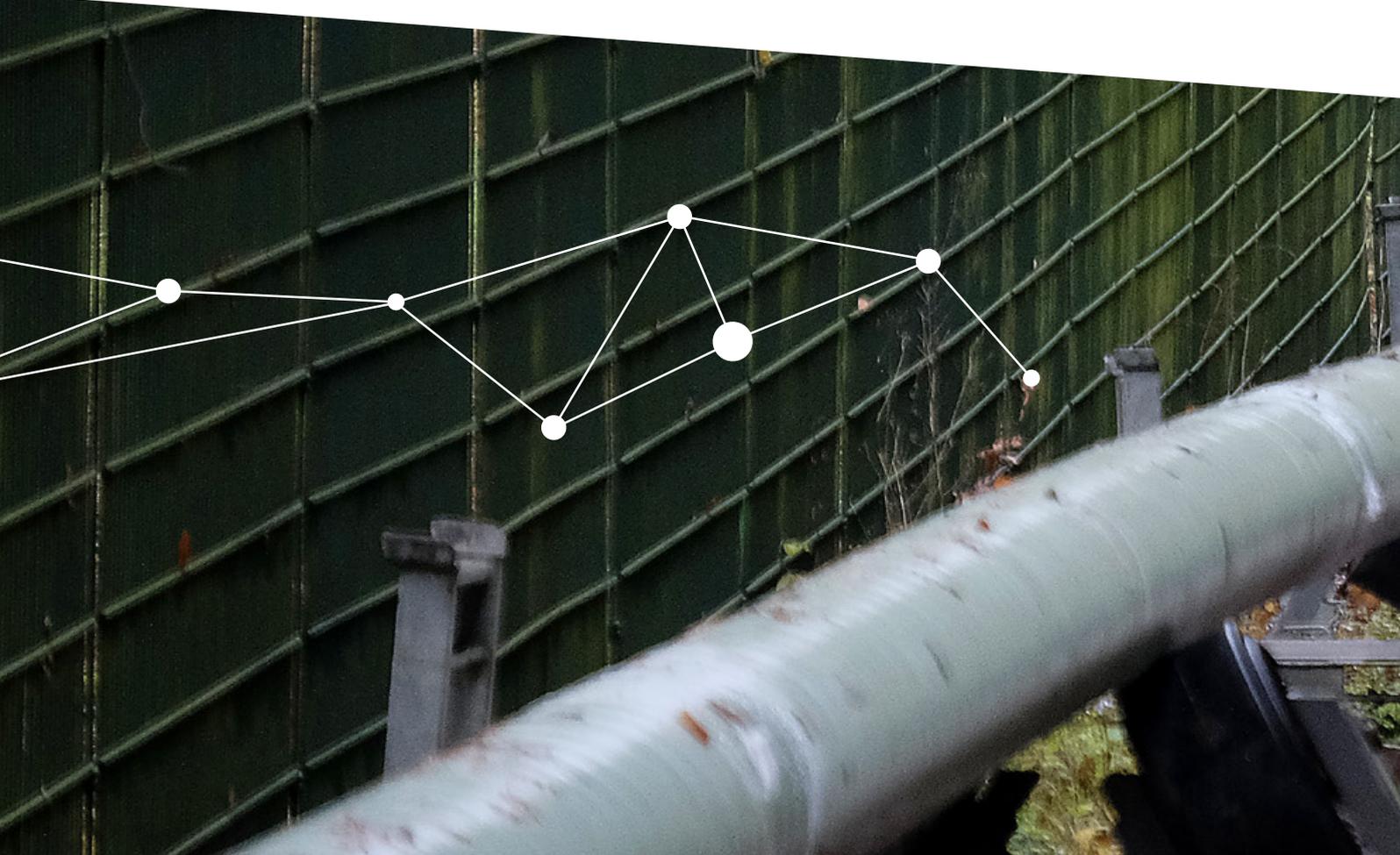
## Perceptible LV-interruptions (>3 min) 2011-2020



\*Integration of the electricity network of the City of Luxembourg (as at 01.01.2011)

## Causes of LV-interruptions



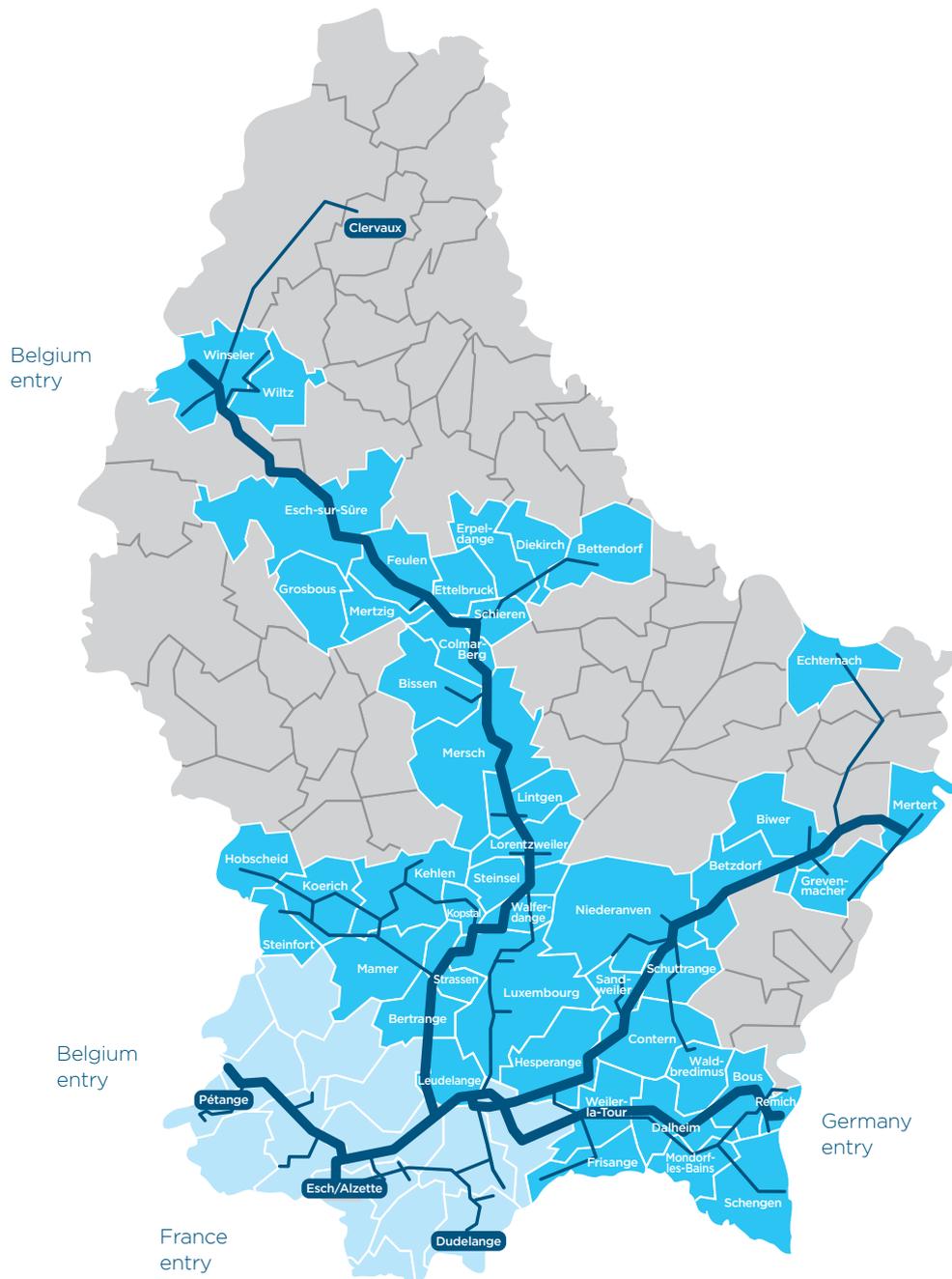




# Natural gas



# The natural gas transmission grid



— Creos transmission grid

● Sudgaz, city of Dudelange

● Municipalities supplied with natural gas by Creos

● Municipalities not supplied with natural gas



# Technical activity

## Transmission system

### Dommeldange-Kirchberg network: directional drilling

In the context of the efforts to improve the natural gas supply to district Kirchberg, Creos completed a 520 m borehole in Dommeldange. Creos opted for the Horizontal Directional Drilling (HDD) method, which allows the realization of a gas infrastructure in urban areas without any impact on traffic.

The drilling itself was divided into several construction phases: After pre-drilling, the borehole section was enlarged by two additional passes until the drill string finally pulled the DN300 gas pipeline, covered with a 6 mm thick layer of GRP (glass fibre reinforced plastic), into its final position.

The drilling work was carried out on 8<sup>th</sup> December 2020. The final commissioning of the section is scheduled for 2021. As part of the project to connect the terminal by Luxtram, Creos also plans to extend and reinforce its high-pressure network at Kirchberg in the direction of the P&R Hoehenhof in Niederanven.

## Distribution network

### Roost and Luxembourg City Centres

Within the territory of Luxembourg City, relentless efforts made it possible to keep upgrading the distribution network (9.3 km MP/BP) and to replace 789 connections.

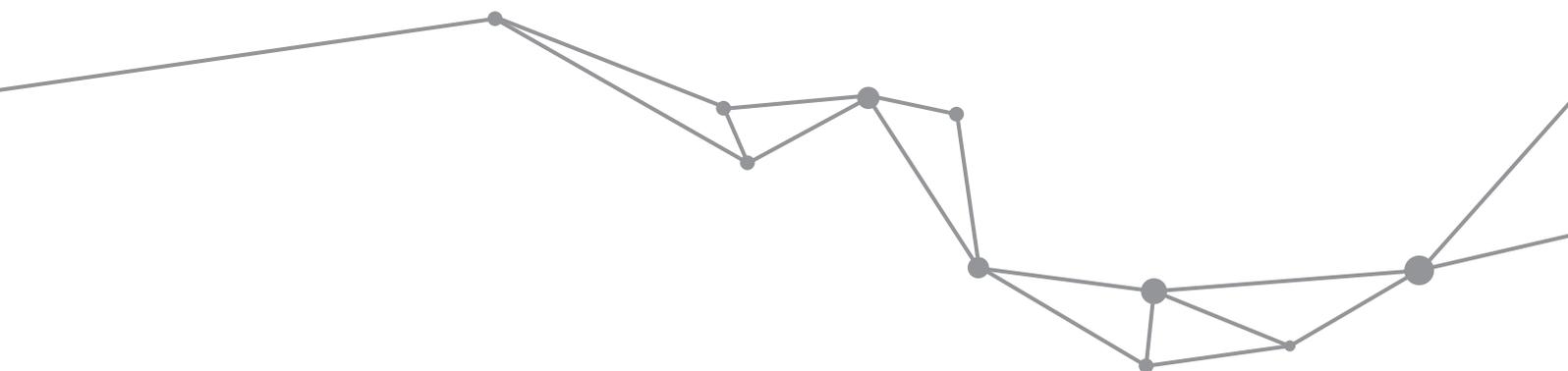
In general, work relating to the extension of the 5.8 km medium-pressure network (MP) (Hollerich: 1.5 km / Roost: 4.3 km) continued during the 2020 financial year. The expansion of the low-pressure distribution network (LP) by 18.4 km continued with the same workload as in the previous financial year (Hollerich: 2.2 km / Roost: 16.2 km).

A total of 24.2 km of new distribution pipelines were laid during in the 2020 financial year.

# Evolution of the natural gas grid

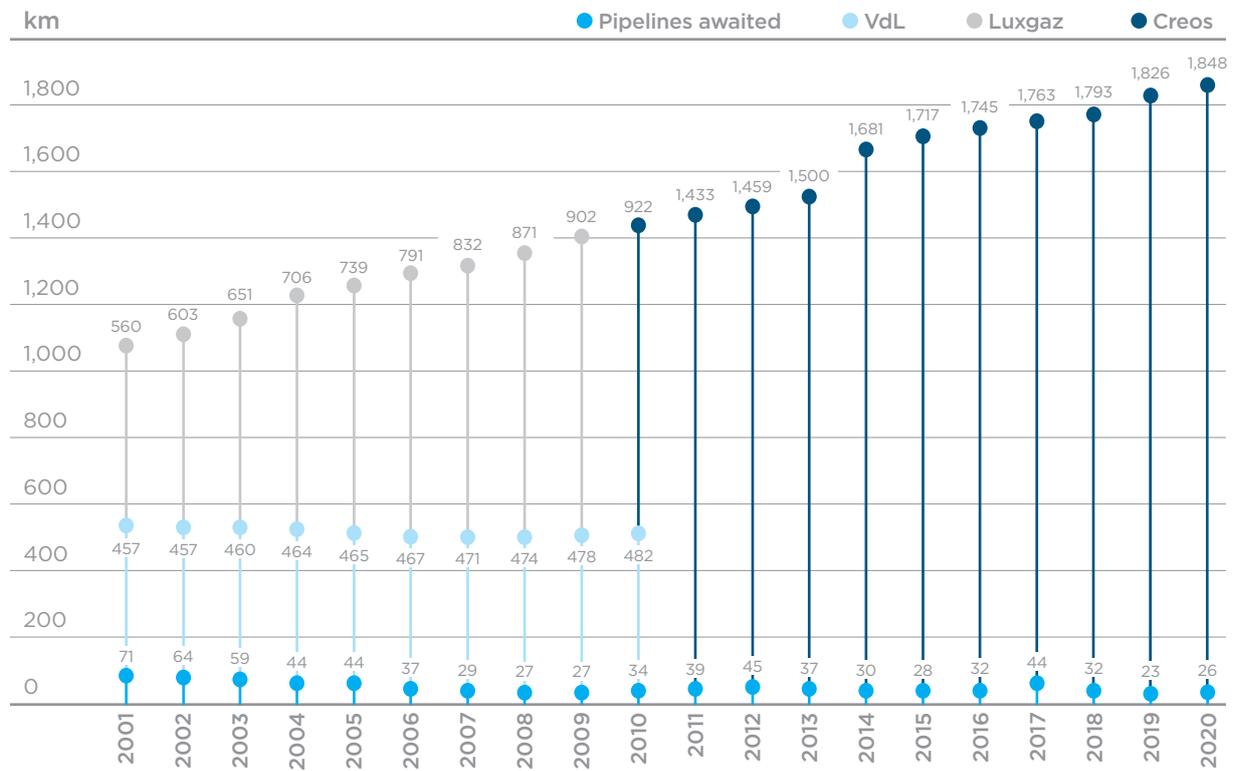
		2020	2019
<b>Length of the grid by activity</b>			
TSO (transmission)	(km)	<b>283.6</b>	283.3
DSO (distribution)*	(km)	<b>1,874.1</b>	1,849.9
<b>Total</b>	(km)	<b>2,157.7</b>	2,133.2
<b>Length of the grid by PN (nominal pressure)</b>			
PN 80/67.5	(km)	<b>216.5</b>	216.5
PN 40	(km)	<b>39.4</b>	39.4
PN 25	(km)	<b>2.4</b>	2.1
PN 16	(km)	<b>22.8</b>	22.8
PN 4	(km)	<b>2.5</b>	2.5
<b>Total</b>	(km)	<b>283.6</b>	283.3
<b>Pressure-reduction substations on the transmission grid</b>			
Border substations	(number)	<b>4</b>	4
Active stations (with teletransmission capability)	(number)	<b>58</b>	58
<b>Total</b>	(number)	<b>62</b>	62

\*grid in service and awaited





## Natural gas distribution grid: length of pipelines in service



At 31<sup>st</sup> December 2020, the Creos distribution network consisted of 1,874.1 km of laid pipelines, of which 1,848.2 km were in service and 25.9 km pressurised with air, pending implementation.

# Volume transported

In 2020, the volume carried on the transmission network amounted to a total of 8,028 GWh, -9.1% compared to 2019.

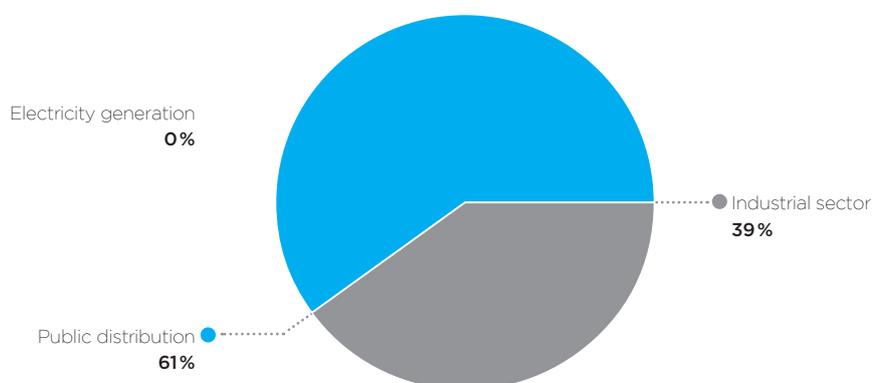
		2020	2019	Variation
Total capacity reserved for transmission	(Nm <sup>3</sup> /h)	319,000	319,000	0%
Gas grid peak	(Nm <sup>3</sup> /h)	213,528	210,331	+1.5%
<b>Total volume carried</b>	(GWh)	<b>8,028</b>	8,839	-9.1%

# Demand on the Luxemburgish market

## Total demand by sector

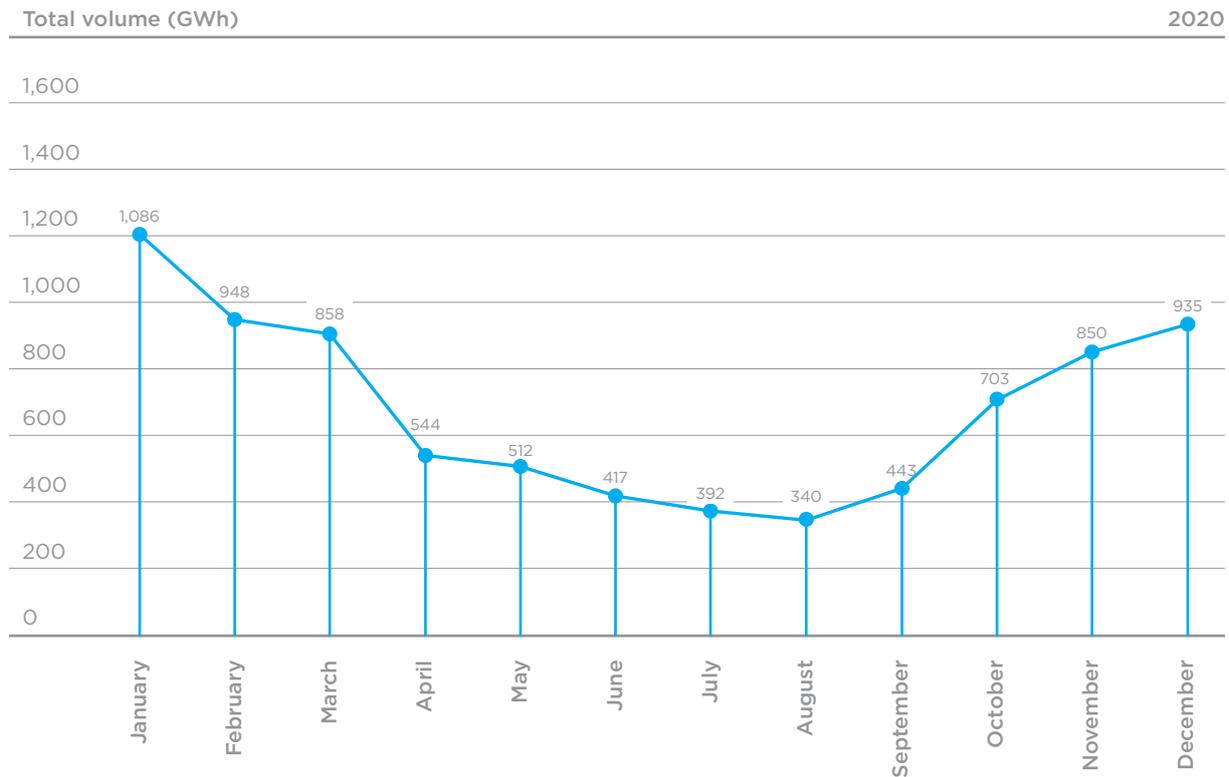
		2020	2019	Variation
Industrial sector	(GWh)	3,116	3,616	-13.8%
Public distribution	(GWh)	4,888	5,197	-5.9%
of which Creos	(GWh)	3,123	3,316	-5.8%
<i>Delta Linepack &amp; own consumption</i>	(GWh)	24	26	
<b>Total</b>	(GWh)	<b>8,028</b>	8,839	-9.1%

Due to the effects of the health crisis, the financial year 2020 is marked by an economic downturn in the industrial sector.



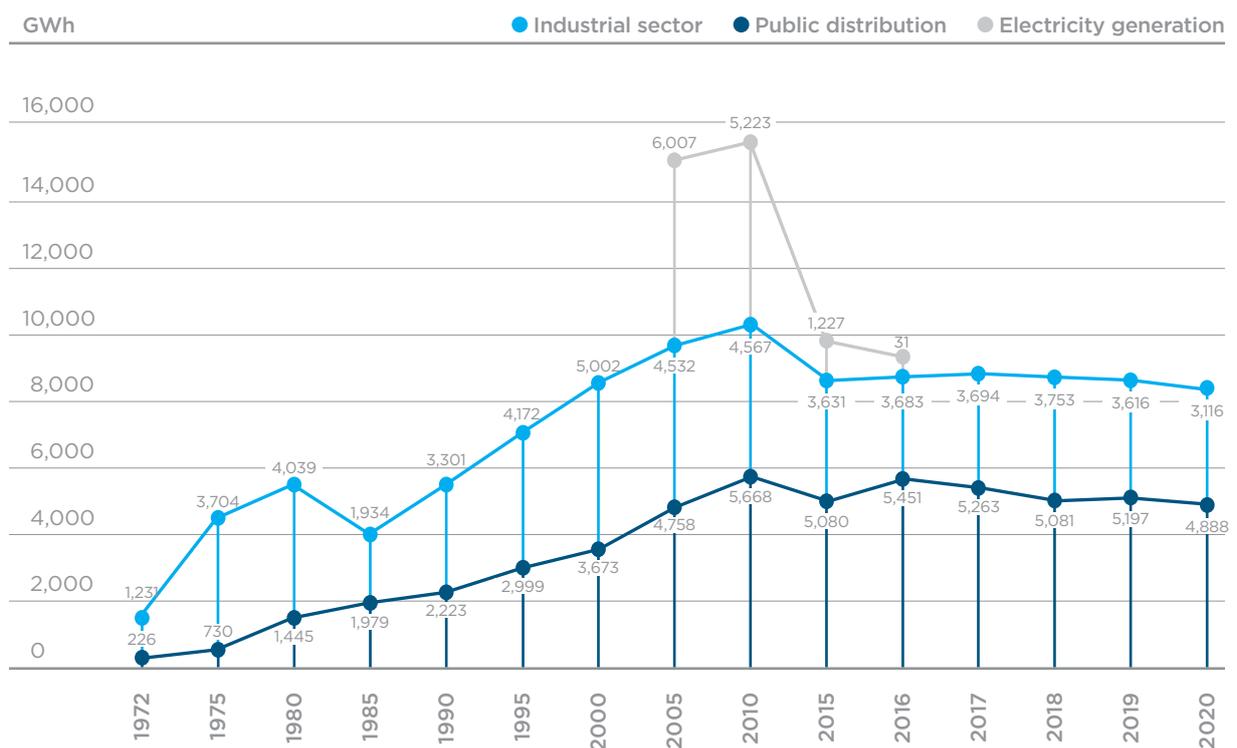


## Total demand per month

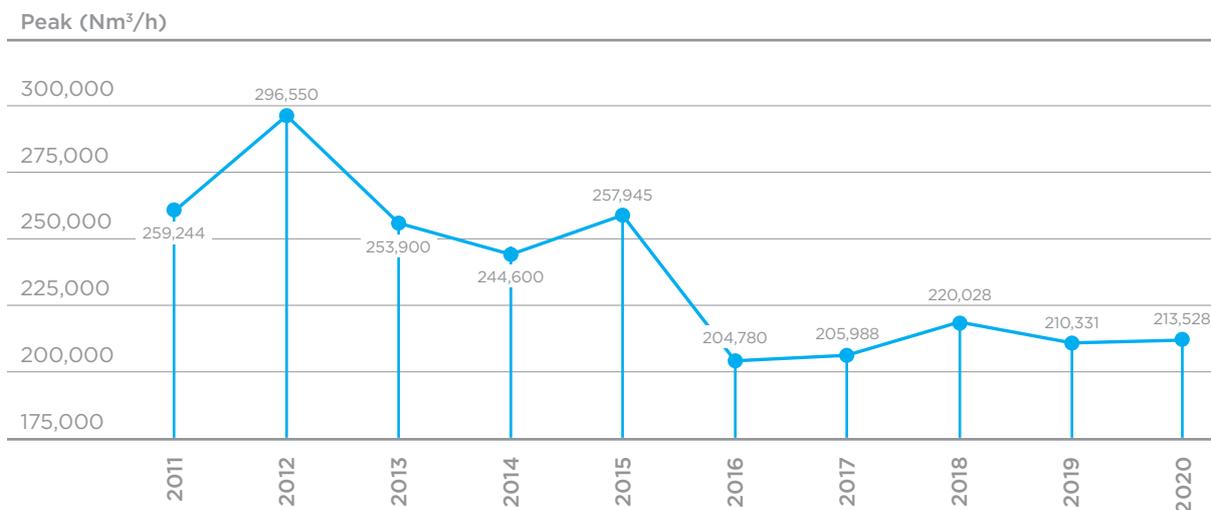


Total demand includes the large-scale industrial and electricity production sector.

## Evolution of the total demand per year

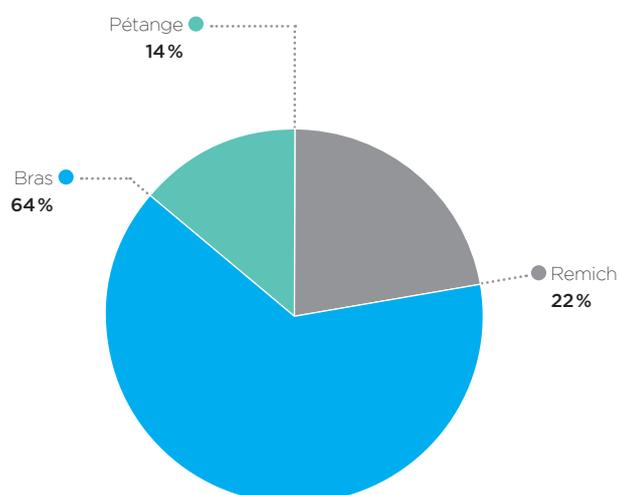


# Evolution of the network peak



## Breakdown of flows per point of interconnection

			2020	2019	Variation
Remich	German network	(GWh)	1,773	1,207	+47%
Bras	Belgian network	(GWh)	5,122	6,895	-26%
Pétange	Belgian network	(GWh)	1,133	737	+54%
<b>Total</b>		(GWh)	<b>8,028</b>	<b>8,839</b>	<b>-9.1%</b>

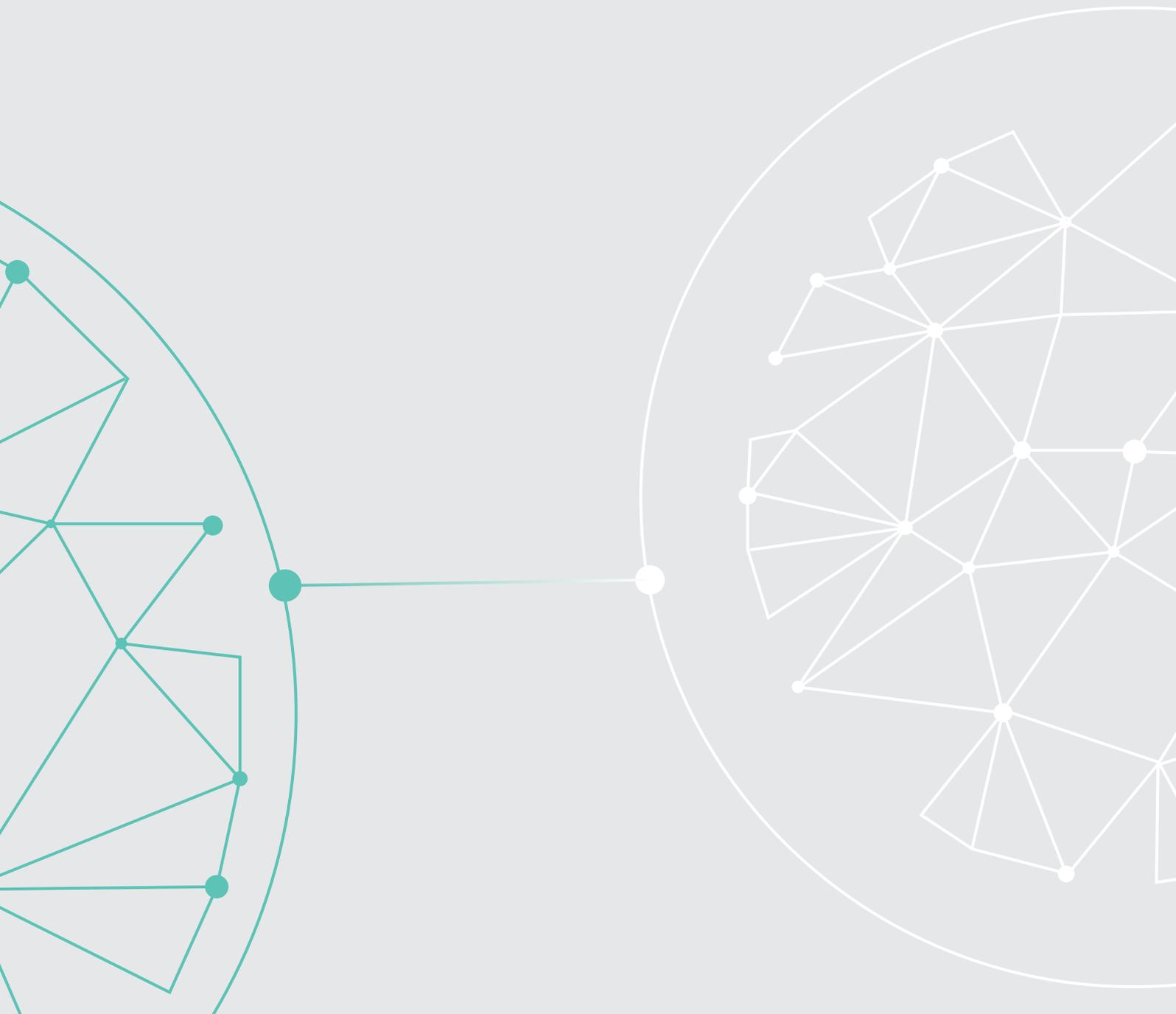








# Subsidiaries, equity interests and partnerships of Creos Luxembourg



# Interview with Jens Apelt, Managing Director of Creos Deutschland Group



**What impact has COVID-19 had on your business?**

**Jens Apelt:** We introduced strict distance rules, a general mask requirement, fixed work teams and generous regulations for mobile work very early in March 2020. As a result, COVID-19 had hardly any direct influence on our business. The network operation could be carried out without any problems, as well as all planned construction measures. However, the nature of our cooperation has changed considerably. I assume, for example, that the increased use of video conferencing will continue after Corona and that our working world will experience changes in the long term.

**Has the health crisis affected trends in the German gas and electricity market?**

**J.A.:** The lockdown has slightly reduced the amount of electricity and gas transported. However, I do not believe that the development of the German electricity and gas market will be affected by the pandemic in the mid-term.

**In May 2020, Creos Deutschland signed a collaboration agreement with GRTgaz SA, France's leading gas transmission operator, as part of the mosaHYc (Mosel Saar HYdrogen Conversion) project. What exactly does this project consist of? What European objectives does it meet?**

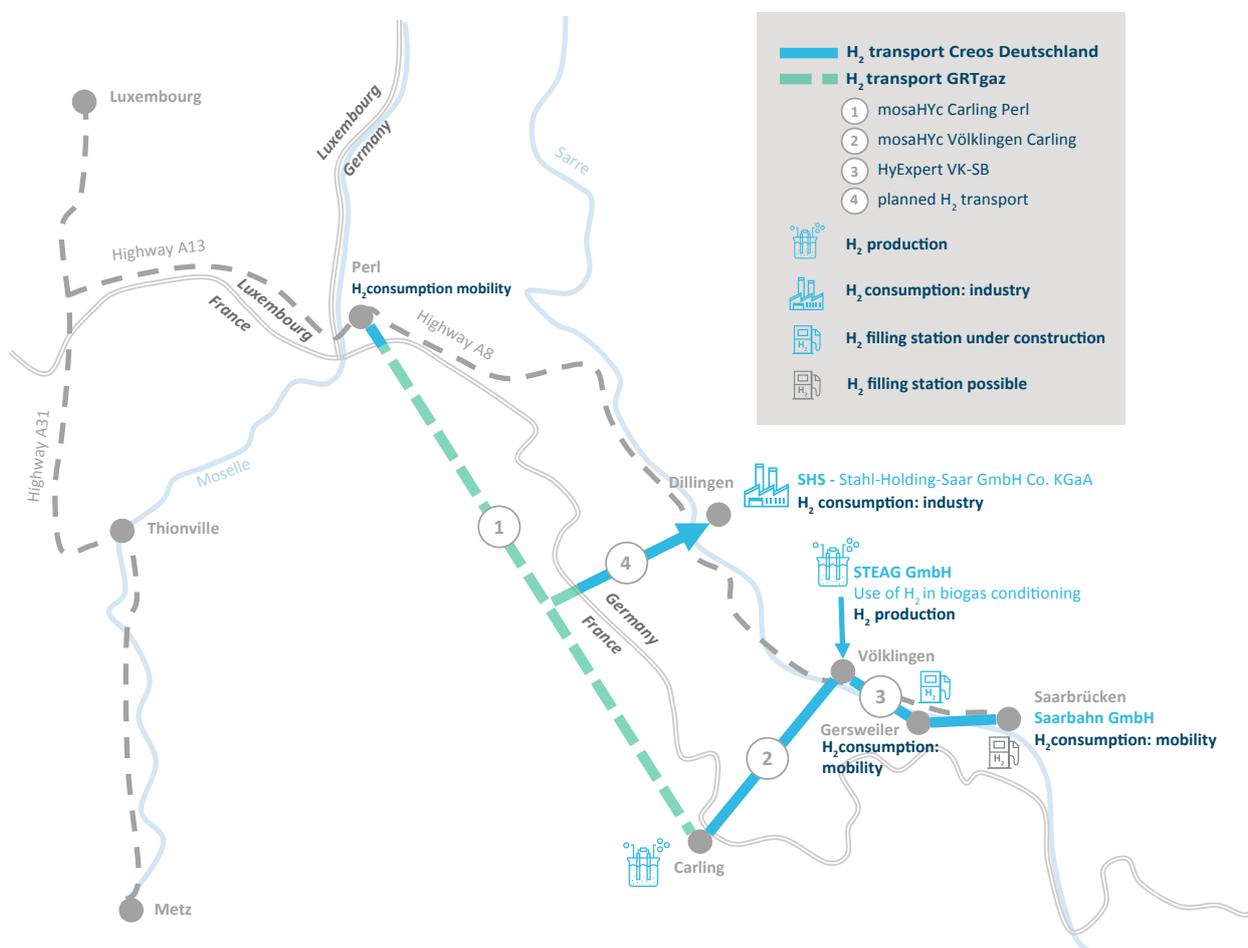
**J.A.:** Together we want to establish a hydrogen infrastructure between Saarbrücken, Carling and Perl, for which we will repurpose existing gas pipelines. In this way, we will create a regional transport platform for H<sub>2</sub> feeders and H<sub>2</sub> customers. On both the French and German sides, potential investors who want to invest in electrolyzers for the production of green hydrogen as well as in application technologies in the industrial and mobility sectors are ready and waiting. However, such investments will not be possible without public sponsorship. The metagoal is the early connection of our large region to a European hydrogen network (hydrogen backbone).

**In addition to the event mentioned above, what are the strong points of the year 2020 for Creos Deutschland?**

**J.A.:** 2020 was the base year for the gas sector. It is the starting point for our network revenues between 2023 and 2027. That is why it was particularly important to achieve the commercial goals in 2020. Taking the "European Green Deal" into consideration, we have fundamentally revised and aligned our target network planning in the electricity and gas sector, making it fit for the future. And in the service business, we have strengthened our workforce in order to take into account further developments.

**What are tomorrow's challenges in your field of activity, and how are you preparing to meet them?**

**J.A.:** The biggest challenge will be the transition to green decarbonised gases. At present it is not clear to what extent hydrogen and biomethane will become established. In this respect, we will have to continue and adapt our gas network plans dynamically. This is a real challenge given the long depreciation periods of more than 50 years. For this reason, it is invaluable that we have established two more pillars in recent years – power grids and service business. In both areas, however, we have not yet reached the critical size that would be necessary to fully compensate for the long-term risks arising from the gas grid business. That is precisely what we will be working on for the next few years.



mosaHYc: Gas pipelines in Germany and France are to enable the first local network for the transport of hydrogen in the "Grande Region".

## Key figures \*

		2020	2019
Volume transported natural gas	(GWh)	29,403	30,795
Electricity flow	(GWh)	637.0	641.8
Net turnover	(MEUR)	134.6	127.2
EBITDA	(MEUR)	24.4	33.1
EBIT	(MEUR)	12.4	22.9
Profit for the financial year	(MEUR)	5.0	9.9
Investment	(MEUR)	23.6	29.9
Workforce	(number)	175	166

\* Pro-forma consolidation of the German Creos companies

# Equity interests

## Luxmetering

Luxmetering is an economic interest group (EIG) created in 2012 by Luxembourg's seven electricity and gas network administrators: Creos Luxembourg, Ville d'Ettelbruck, Ville de Diekirch, Hoffmann Frères (Electris), Ville de Dudelange, Sudstrom and Sudgaz. Luxmetering focuses on commissioning and operating a new IT platform that manages the metering data of the smart meters.

## Balansys

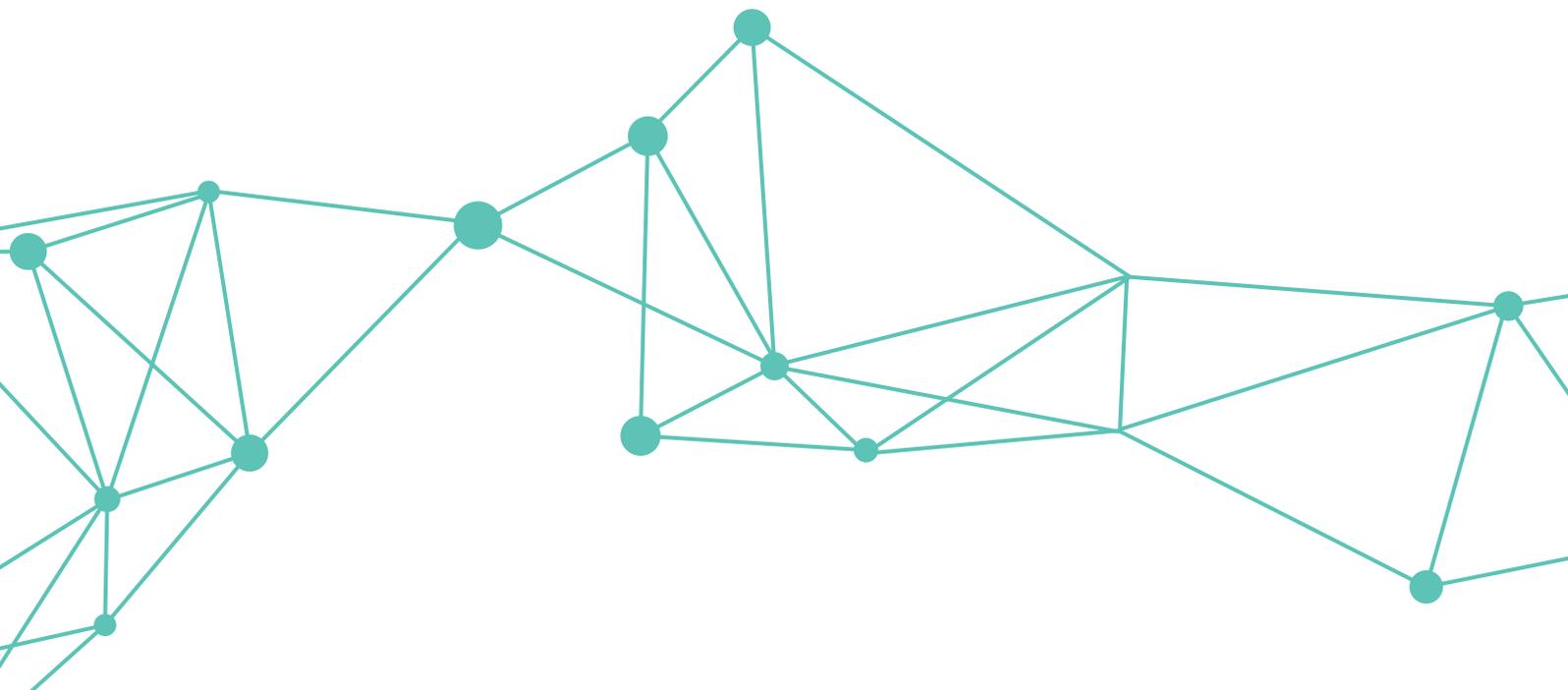
Balansys S.A. was formed in 2015 for the integration of the Luxembourg gas market and the Belgian gas market. The two network administrators, Creos Luxembourg S.A. and Fluxys Belgium, hold equal shares in Balansys, which is responsible for applying the rules and balancing tariffs in the integrated Belgium-Luxembourg zone.

## Ampacimon

Ampacimon S.A. is a company formed in 2010 by researchers from the University of Liège. Its activity is to develop and market Dynamic Line Rating (DLR), an innovative system of stand-alone sensors which makes it possible to forecast the true capacity of high-voltage transmission lines. In 2021, Ampacimon acquired the Spanish underground cable monitoring specialist DIAEL in order to offer its customers an even wider range of products and services.

## NEXXTLAB

NEXXTLAB aims to develop innovative solutions in the field of EM2 (energy management in relation to the mass introduction of electric mobility). Founded by Creos Luxembourg S.A. and Powerdale S.A. in 2018, NEXXTLAB is an open entity that focuses on collaboration with research centres, universities and partner companies.





# Partnerships

## Forum pour l'emploi

With the installation of new smart meters, Creos is also internalizing the circular economy. Creos has decided to support the non-profit organization Forum pour l'Emploi to dismantle old electric meters, facilitating resale and reuse of materials such as copper, brass, aluminium, iron and plastic. This partnership meets two main objectives, one social, as it provides work for people currently unemployed, the other environmental, by facilitating the recycling of raw materials.

## Skoda Tour de Luxembourg

Creos pursues a policy of social responsibility by encouraging projects for talented young people at various levels. Thus, it sponsors the jersey of the "best young rider" in the Skoda Tour de Luxembourg, a national cycling race held in stages.

## natur&ëmwelt / Hëllef fir d'Natur foundation

The natur&ëmwelt association aims to preserve biodiversity in a varied natural and cultural landscape by raising awareness, providing advice and through practical, scientific and political activities at local, national and international level. As a long-term partner, Creos funds the publication of a pocket guide each year.

## Da Vinci non-profit association – Wëssensatelier

Since 2015, Creos has supported the Wëssensatelier's activities of the Da Vinci association, bringing together engineers, architects, scientists and business representatives. The Wëssensatelier aims to inspire young people aged 8 to 12 to take an interest in technology through creative, fun and innovative activities and to encourage them to consider education in the field of science.



## Luxembourg Science Center

Creos is a partner of the Luxembourg Science Center and has funded the construction of a Helmholtz-type electromagnet which has become one of the main experimental facilities at this temple of science and technology which has twin goals – enabling the general public to discover scientific phenomena and encouraging young people to pursue careers in the fields of maths, chemistry, physics, biology and astronomy.

## Luxembourg Foundation of Engineering, Architecture and Industry (FLIAI)

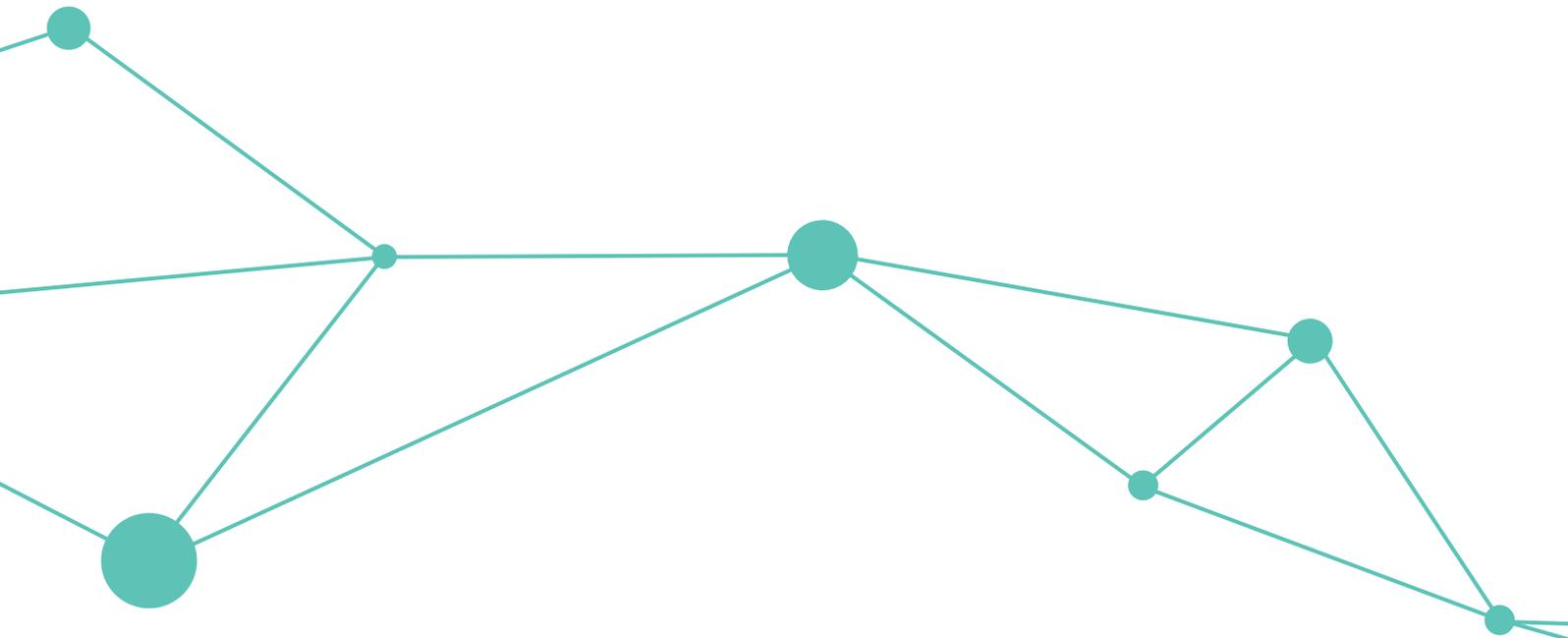
Creos supports FLIAI to promote the sciences, applied sciences and industrial values.

## Student associations

Creos actively supports student associations in Luxembourg in the field of science and engineering. In this way, Creos helps to promote industrial careers amongst students in Luxembourg and also aims to position itself as an attractive employer for young graduates in the sector. REEL (Réunion Européenne des Etudiants Luxembourgeois) and ANEIL (Association Nationale des Etudiants Ingénieurs Luxembourgeois) receive every year financial support from Creos.

## Donations

For a number of years, Creos has been making donations to charitable and public-interest organizations instead of providing traditional gifts at the end of the year. In 2020, Médecins du Monde and ALAN - Maladies Rares Luxembourg each received a cheque in the amount of €5,000.





# Corporate social responsibility (CSR)

During 2020, we updated our Group strategy which naturally embeds the sustainable energy transition. This also means a continuous CSR update and progress through a structured process that includes stakeholder feedback, identification of priority topics, objectives and key performance indicators (KPIs) and proactively tracking current and emerging trends. Since our annual report 2019, we report now the 2nd time in accordance to GRI CORE option. Within the adoption of this new standard we also reviewed completely our materiality analysis, our stakeholder approach and our reporting structure. We are reporting and disclosing our progress against our objectives and adjust where necessary by reviewing instructions or processes. Our "Sustainability management plan" summarises our core sustainability topics, goals, target dates and progress, which we review and update on a yearly basis. We are proud to report substantial progress on the set objectives.

Due to its responsible behaviour, Creos creates value for its employees, its Group and the community in Luxembourg and the Greater Region. It thus supports the United Nations sustainable development goals. Our core value creation model (pls. refer to Encevo annual report 2020) illustrates an impact especially on goals 7, 8, 9, 12 and 13:

**7** AFFORDABLE AND CLEAN ENERGY



**8** DECENT WORK AND ECONOMIC GROWTH



**9** INDUSTRY, INNOVATION AND INFRASTRUCTURE



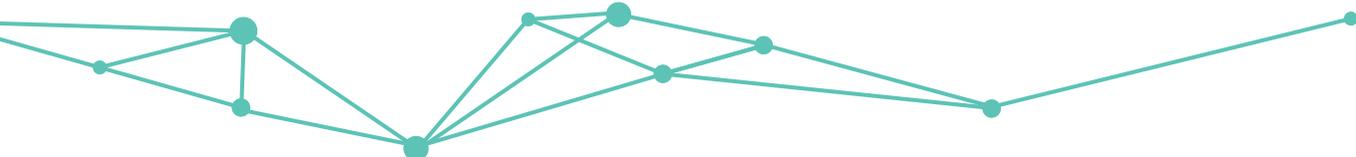
**12** RESPONSIBLE CONSUMPTION AND PRODUCTION



**13** CLIMATE ACTION

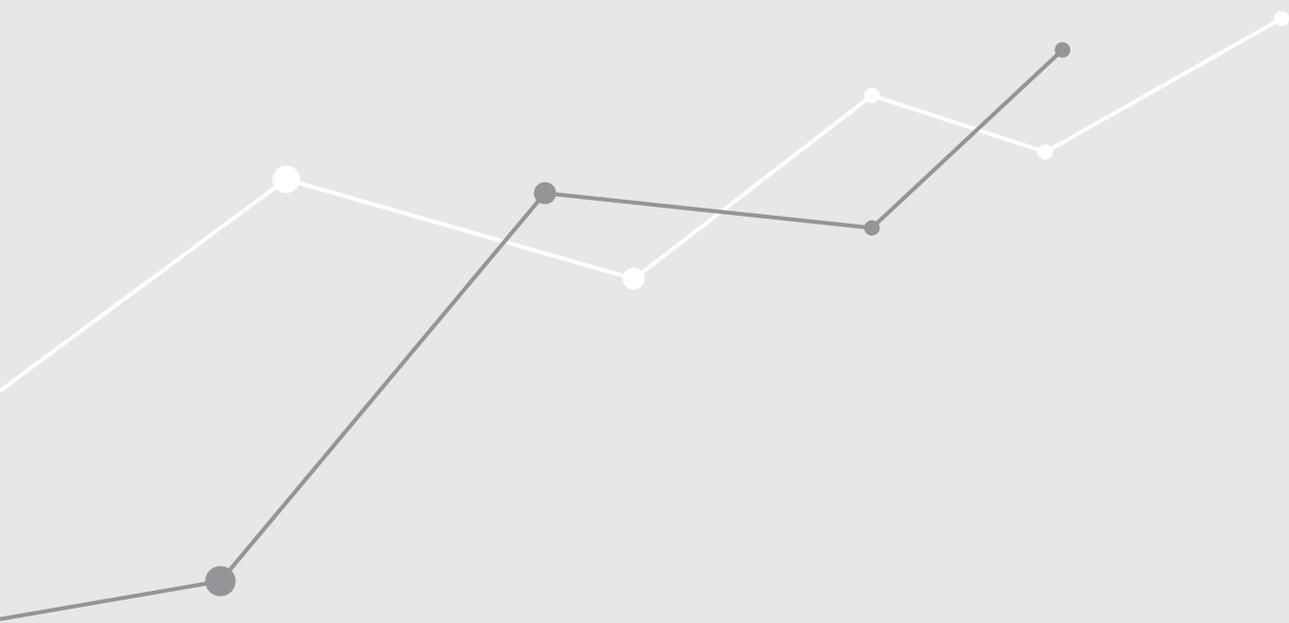


The verification of our CSR efforts is done through the 3-year cycle of ESR (Entreprise Socialement Responsable) certification, which will be done during 2021. For more details related to CSR management approach but also on detailed reporting on material topics and KPIs, pls. refer to the Encevo annual report.





# 3. Management report of the Board and annual accounts



# Management report of the Board

There have been no new basic legislative texts at EU-level in the year 2020 and the national legislation was updated only on minor technical elements applicable to renewable energy and e-mobility infrastructure. Nevertheless, have been adopted a long list of new codes in the framework of transnational initiatives and bodies applicable in particular in the power sector and which needed to be implemented by the national regulator ILR and the national TSO Creos.

Considering legal and governance provisions to be respected by the Encevo Group of companies, the main principle is a strict separation between the energy grid infrastructure management and other activities such as the production, sale, purchase and trading of energy as well as commercial technical services. Within Encevo Group, Creos Luxembourg S.A. (hereinafter referred to as "Creos") owns the energy grids and is in charge of all the related activities, i.e. planning, building, operating and maintaining gas and power networks. Alongside these regulated activities, the company also delivers some non-regulated services to third parties and provides IT services and infrastructure capacities to several companies of Encevo based on intra-group Service Framework agreements.

The most remarkable element affecting the companies' operations was the COVID-19 pandemic when the technical field services were restricted during the spring lockdown period as well as by the later limited confinement measures. A total of 60 Creos employees were infected by the virus and a larger number of persons had to be isolated for several time periods. Creos concentrated its efforts on its SCADA energy dispatching premises and teams which are fundamental to ensure the national security of supply. Limited dispatching services would strongly affect field operations like civil works, grid maintenance and grid construction when secured switching of energy flows would be restrained, but the Company was able to maintain its operations without any disruption. To be mentioned also that administrative services could continue without restrictions in the form of up to 75% home office as the company's IT department had put in place in the course of 2019 a new laptop park and according communicating facilities in place. As a result, Creos passed the challenges raised by the 2020 COVID-19 crisis without notable service quality loss and the company could insure 100% energy supply to all the customers at all time without restrictions.

## Regulation and non-discrimination

Network access is organized and supervised by a regulator, the Luxembourg Institute of Regulation (ILR). The regulator's primary task is to ensure the non-discriminatory access and use of energy grid infrastructure, as well as effective competition and the efficient operation of the markets.

In particular, the regulator approves the tariffs proposed annually by the grid operators which all users of the energy networks have to pay. The six main activities of Creos (which account for most of its turnover) are all regulated activities and are invoiced in grid tariffs: transport of electricity (TSO power), transport of gas (TSO gas), distribution of electricity (DSO power), distribution of gas (DSO gas), as well as metering for both electricity and gas.

As required by law, Creos has established a programme encompassing the appropriate measures to rule out any discriminatory practices in the treatment of different network users. The programme and its annual monitoring are outlined on the website [www.creos.net](http://www.creos.net).

Since 1<sup>st</sup> January 2017, the second regulation period, which runs for four years up to and including 2020, is in force. According to the ILR regulations E/16/12 (electricity), E/16/13 (gas) dated 13<sup>th</sup> April 2016 and E16/14 (smart metering) dated 14<sup>th</sup> April 2016, the capital remuneration rate applied to investments has been reduced to 6.12% (vs 7.60% in the first regulation period applicable until 2016). A limited number of "non-controllable costs" (i.e. upstream grid costs, training expenses...) are included in grid tariffs on a case by case basis. All other costs are considered controllable and are included in the grid tariffs based on the "photo year" (2015 for years 2017-2020; 2019 for the third regulation period running from 2021 to 2024) taken as a reference and by applying a regulatory formula taking into account the annual grid evolution and an efficiency factor.

For the third regulation period, starting in 2021, a public consultation process has been launched by the regulator between 29<sup>th</sup> January 2020 and 5<sup>th</sup> March 2020 for power and between 6<sup>th</sup> February 2020 and 13<sup>th</sup> March 2020 for gas, leading to new ILR regulations ILR/E20/22 (electricity) and ILR/G20/21 (gas), dated 26<sup>th</sup> May 2020. The new capital remuneration rate has been fixed to 4.81%, down from 6.12% for the 2nd regulation period on one side. On the other side the efficiency factor, lowering allowed operational costs year by year, has been set to



zero, down from 0.5% for the 2nd regulation period. Supplementary measures have been introduced by the regulator, allowing grid operators to recruit additional people, not present in the photo year 2019, to tackle new challenges like digitalization, smart grids and energy transition.

Detailed information on the applicable regulation as well as the tariffs approved for Creos is available at [www.ilr.lu](http://www.ilr.lu).

### Highlights of 2020

A safe and reliable energy transport and distribution infrastructure is a key element in guaranteeing the well-being of citizens and the sustainable development of a country's economy. That is why security of supply remains the top priority for Creos and why Creos continues to invest heavily in its power and gas networks in order to meet future energy demand requirements, to accommodate the development of renewable energies and to prepare for innovative consumer trends such as electromobility, decentralized production, distributed storage and power-only buildings, etc.

### Strategy

In 2019, Creos management ran through a strategic process to develop its Vision 2030 of the grid activities of the future. Out of this overall exercise that identified more than 100 action points, the Company conducted in the first half of 2020 a deeper dive into 17 projects, most in the field of energy transition and digitization of the energy grids, that were considered as priority to be included in the mid-term 5-year business plan. Later in the year, a larger project referring to the build-up of smart grid infrastructure started and, in parallel, the smart meter activation project was further pushed involving the development of an internal data platform on which Creos will build-up monitoring tools in 2021.

In 2020, Encevo Group underwent a review of the global Group strategy with the input of the management of the various subsidiaries. Creos' vision 2030 concept was inserted and completed in that document and a final presentation was made to the Board of Directors on 12<sup>th</sup> December 2020.

It should be mentioned that the strategic path of Creos will lead through a very broad spectrum of new investments in consideration of the decarbonization of the economy and the digitization of all relevant business fields. The progressive switch from petrol and gas to electricity in most economic sectors (industry, mobility, heating/cooling) as well as the increase of decentralized renewable power generation will furthermore require substantial upgrade investments in the power grid infrastructure.

### Investments

In 2020, Creos invested EUR 152.9 million, reaching a new record (EUR 146.9 million in 2019) although a number of projects were affected by the sanitary crisis, mainly due to the national shutdown period in spring and to difficulties in the supply chain and travel conditions for technical suppliers.

This large investment programme was mainly driven by the power sector (EUR 82.9 million) and continuous efforts in the digitalization of the various work-streams of the organization as well as the 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 22.8 million were invested in the construction of the new network operating centre in Bettembourg and in the premises of the new corporate headquarters together with the new technical centre for Luxembourg City.

To be mentioned beyond a large number of IT projects in particular the operational launch of a global CRM (customer relationship management) software package.

Finally, Creos confirmed its commitment in its joint-venture Balansys S.A. which covers from 1<sup>st</sup> June 2020 on all regulated gas balancing services in the new common Belgium-Luxembourg zone, as well as in its participation Ampacimon S.A. that further develops new technology in the domain of dynamic and intelligent grid surveillance.

### Power

The number of active electric meters in the Creos grid increased by nearly 5,700 to reach 291,793. A total of 4,942 GWh were transported through the network, which runs to 10,123 km.

Besides reinforcing its own national grid, Creos 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 order to reinforce the capacity of its high voltage interconnectors to Germany, Creos went public in September with details on its "Project 380" meaning an upgrade of its current 220 kV line to 380 kV. The project concerns the lines from Trier/Quint to Steinsel/Bofferdange and continuing to Bertrange, including an integrated new transformer station in Steinsel/Bofferdange.

As follow-up on the two major incidents that occurred in 2019, it is to be mentioned that full

operations has been restored for the HV-line to Belgium in August 2020 as well as to the Blooren transformer station as of September 2020.

No major power grid interruption is to be reported in 2020, and the regulated SAIDI indicator (average outage duration for each customer served) has been fixed for Creos to 17.23 minutes. This value situates the company among the best in class in Europe and it has to be outlined that it stands at the Company's best performance since 2013 especially due the absence of any outage at high voltage level.

Creos continued its studies to implement, in its capacity of power TSO, a national energy data platform and delivered a concept paper to the Minister of Energy on 1<sup>st</sup> February 2021, accordingly to the new law on behalf the organization of the electricity market dated 3<sup>rd</sup> February 2021.

### Natural gas

With 510 additional gas connections realized in 2020, the number of active natural gas meters in the Creos grid reached 48,188. In total, 8,028 GWh were transported through the grid, which runs to 2,158 km.

The ordinary activities of the gas departments registered no particular peak in demand and no operational incident is to be reported. The investment to replace existing networks and household connections, in particular in the medium and low-pressure grid in the City of Luxembourg, remained at former years levels.

On 1<sup>st</sup> June 2020, Balansys S.A., the 50/50 joint-venture between Creos and Fluxys Belgium, took over the full operations of the Belgian-Luxembourg gas market balancing activity. This innovative European flagship project could be accomplished and went live in accordance with Luxembourg's regulatory authority (ILR) and Belgium's Regulatory Commission for Electricity and Gas (CREG), under the auspice of the European regulatory agency ACER.

### Electromobility

In accordance with the tasks assigned by the law to the power grid operators, Creos started in 2016 a joint e-mobility project branded "Chargy" to deploy 800 charging stations (741 for Creos) for electric cars. 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 2020, a total of 400 charging stations (800 charging points) were installed and operational in the national system, thereof 366 installed by Creos

(732 charging points). Further 227 charging stations (454 charging points) owned both privately or by communes have been integrated in the common system and are also available in public access.

In 2020, the Government asked to not build 88 regular Chargy charging stations but to install super fast charging stations to be situated in the Creos electricity grid. To fulfil this demand, Creos conceived the "SuperChargy" infrastructure (160-320 kW load capacity) with specific branding to be installed on 19 sites along motorway and principal main roads throughout the country. A first site of SuperChargy was inaugurated for its test phase on 20<sup>th</sup> January 2021, at Kirchberg in Luxembourg-City.

The success materializes by a growing consumption that reached nearly 1,000 MWh in 2020.

In the domain of public transport, Creos continued and further enlarged its technical partnership with the Luxembourg City tram project, providing power connection as well as maintenance support for the electrification system that further expanded its operations in 2020. Furthermore, Creos continued projects with the national railway company to respond to its forecasted HV supply demand and successfully operates with a larger private bus operator a smart energy management project to allow extended capacity allocation to its fast charging devices in times of lower district demand.

### Metering

In the context of the legally prescribed installation of smart meters, 2020 saw Creos progress with the roll out to reach up to 95% of power meters and 92% smart gas meters. With a total of 269,092 installed smart power meters and 44,111 installed smart gas meters, Creos materially densified the network and will now focus on the more difficult installations. The entire chain of metering data communication was fully set up. At the end of 2020 Creos had launched the transfer of data of 61,668 power meters to the commercial suppliers.

New functionalities were implemented in relation to the electronic market communication ("MaCo") system between the DSOs and the suppliers. Creos is preparing with the other market partners the processes and systems to handle energy communities. The first energy communities are expected to enter into operations during 2021.



## Information Technologies

Creos' IT department has overall competence for technical infrastructure, information system architecture, applications, office equipment, communication and collaboration tools. In this respect, the department provides those services as well to Encevo and other Group companies based on dedicated service framework agreements.

The department proved outstanding performance in 2020 when nearly all office employees were sent to home working on shortest notice. It is to be credited to the strong concept and the long vision of its responsible managers that Creos IT succeeded in that challenge without any material default of service.

In this respect it should be outlined that Creos IT has been awarded the title "ICT Team of the Year 2020" for its outstanding achievements, inter alia in the digitization of the work force through enhanced mobile capacities and the highly secured daily smart meter data transmission.

Furthermore, Creos IT was recognized by the government authorities as "essential services operator" and passed successfully all tests of the "National Scrubbing Center" set up by the government to protect critical companies against certain types of cyber threats like denial of service attack. As well, Creos Grid Operations department continued its ISMS (Information Security Management System) endeavors with the goal to achieve a certification in the 2nd quarter of 2021.

## Corporate communication and social responsibility

Creos launched in 2020 a large number of initiatives and internal communication campaigns to be mentioned:

- "Reuse to Reduce": provision of a water inox bottle to replace PET bottle usage
- "Show respect – Wear a mask": to promote sanitary conform behaviour
- Distribution of masks and other sanitary equipment to all employees

In consideration of the tight conditions of the Luxembourg employment market, the external communication was centred around the recruitment initiatives, mainly on social media, radio, bus and gadgets.

As the years before, the sponsoring focused on the very popular cycling event "Tour de Luxembourg".

For a number of years, Creos has been making donations to charitable and public-interest organizations instead of providing traditional gifts at the end of the year. In 2020, "Médecins du Monde" and "ALAN – Maladies Rares Luxembourg" received each a cheque in the amount of EUR 5,000.

## Various

The construction of the new national control centre of the Grid Operations department in Bettembourg was finalized in 2020 with the move of the first services; the new dispatching technology has been put into test and final operations will be taken up in the new premises in course of the first semester 2021.

The construction of the new company headquarters and technical centre of Luxembourg City in Merl has been delayed due to pandemic related problems; the move-in is scheduled for Q3/2021.

It is also to be mentioned that several transversal activities contributed extensively to the company's 2020 operational and financial results: legal, finance & controlling, regulatory management, communication, project management and several other supporting departments.

## Personnel

The number of employees increased to 789 at year-end 2020, representing 760 full-time-equivalent jobs. The average number of persons employed during the year amounted to 744 full-time-equivalent jobs.

In February 2020, the HR-department of Encevo presented the results of an employment survey to enquire about well-being and motivation at work that had been held in Q4/2019, and in the course of 2020 has been agreed on a new collective work agreement running for the years 2020 to 2022.

On behalf of employee safety and security, no major accident is to be deplored in 2020, and the emphasis in terms of training and equipment has been continued.

The Board of Directors and the management of Creos Luxembourg S.A. would like to thank all employees for carrying out their duties, their contribution throughout the year and their full support in ensuring the reliability and strength of the Company's core activities.

## Financial results of Creos Luxembourg S.A.

### Summary of the annual accounts (according to Lux GAAP standards)

#### Profit and loss account

**Net turnover** reached EUR 277,359,256 (EUR 269,554,043 in 2019). The increase in net turnover (see Note 16) was mainly due to the rise in grid revenues resulting from high investment in the grids, as well as energy sales power (equilibrium).

**Operating profit (EBITDA)** totalled EUR 145,763,527 in 2020 (EUR 132,566,644 in 2019) thanks to increased revenues, work capitalised as well as higher operating income (we refer to Notes 5 and 12 to the accounts for further details).

**Net profit for the financial year** ran to EUR 41,773,199 (EUR 31,654,460 in 2019). This figure includes a dividend received from Creos Deutschland Holding GmbH of 5,812,524 EUR (EUR 5,812,524 in 2019).

Overall in 2020, the impact of the Corona crisis on the company's financial results was minor, and mainly felt in the delays of several investment projects during the lock down period in spring of 2020.

#### Balance sheet

There has been no change in the company's subscribed capital since the extraordinary meeting of shareholders held on 6<sup>th</sup> January 2011, which

approved the incorporation of the gas and electricity networks of the City of Luxembourg into Creos Luxembourg S.A. via the issue of new shares. The subscribed capital amounts to EUR 198,851,260 and the share premium to EUR 189,562,253.

Pursuant to a merger of municipalities and in accordance with the company's articles of association and a resolution of the General Assembly dated 8<sup>th</sup> May 2012, Creos Luxembourg S.A. bought back 5,045 of its own shares from Schengen municipality for an amount of EUR 469,595. The shares have been recorded as current assets (see Note 10). A blocked reserve for the same amount has been designated pursuant to the law on commercial companies.

#### Proposed appropriation of net profit

The profit available for appropriation of EUR 73,373,235 includes the net profit for the year of EUR 41,773,199, the reversal of the blocked reserve (wealth tax) of EUR 28,765,000 and the profit brought forward from last year of EUR 2,835,036.

The Board of Directors proposes the following appropriation of net profit to the annual shareholder's meeting, which is scheduled for 11<sup>th</sup> May 2021:

Dividend of EUR 2 per share*	19,875,036
Allocation to the legal reserve (5% of net profit until 10% of subscribed capital)	0
Allocation to the blocked reserve (wealth tax)	12,750,000
Allocation to other reserve	35,000,000
Amount carried forward	5,748,199
<b>Total</b>	<b>73,373,235</b>

\* Number of shares 9,937,518 (total shares issued of 9,942,563 minus 5,045 own shares).

## Compliance and risk management

There were no compliance incidents to be reported in 2020.

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.

The number of accidents, either on travel or at work, remained in the average of the last 5 years, as well as the severity indicator whereas the ratio for frequency of light accidents slightly increased. No outstanding event needed to be reported and the high level of security equipment and training was continued.

Creos continuously implements active risk management processes supported by a reporting tool to assess, record, review and monitor mitigations

for identified operational, financial, legal or strategic risks. The Creos Management Committee reviews risk reporting bi-annually.

Major challenges that reveal difficult to assess are those in relation to the energy transition process that requires additional innovative digital technologies, the cyber risks as well as those related to political guidelines (i.e. speed of decarbonization and electrification of the economy and the civil society) and administrative decisions (i.e. construction authorizations of new grid infrastructure). The management maintains constant constructive relationships with the authorities and includes these challenges faced by the Company's asset management team in the mid-term investment plan based on strong project studies.



## Outlook

In 2021 and subsequent years up to 2025, Creos plans to make record investments of EUR 821 million, of which EUR 649 million will concern the electricity grid infrastructure and related modernization and digitization required by the future power market design. Thus, the regulated asset base (RAB) will grow from EUR 1,416 million in 2020 to EUR 1,852 million in 2025. The increasing balance sheet, alongside with a strict cost controlling, guarantees strong financial results despite the decrease of the regulated return on investment (WACC) as a consequence of falling interest rates on the capital markets.

A new law amending the amended law of 1<sup>st</sup> August 2007 on the organisation of the electricity market will enter into force on 15<sup>th</sup> April 2021. In addition to some adaptations, new themes affecting Creos' business are introduced, such as the self-consumption, energy communities and the national energy data platform.

At this stage, the company does not foresee any technical or financial events that are likely to impact its economic or financial situation. The further evolution of the sanitary situation in Luxembourg and Europe remains an uncertainty on the general economy and thereby on the energy consumption and the company's operational and financial context.

## Other information

No research and development activities have been performed during the year.

The Company holds 5,045 own shares for an amount of EUR 469,595.

The Company does not operate any branches.

The Company does not have any financial instruments.

## Changes in 2020 in the Board of Directors of Creos Luxembourg S.A.

The ordinary general meeting of shareholders, held on 12<sup>th</sup> May 2020, resolved to confirm, all unanimously, the co-optation decided by the Board of Directors since the 2019 ordinary general meeting of shareholders.

In the same meeting, the shareholders elected the following directors for mandated to end with the

- ordinary general meeting of shareholders of 2022 to approve the annual report of the financial year 2021: Paul POON

- ordinary general meeting of shareholders of 2026 to approve the annual report of the financial year 2025:

Gaston BOHNENBERGER  
 Tiancang DU  
 Doris ENGEL  
 Mario GROTZ  
 Patrick JUCHEM  
 Lex KAUFHOLD  
 Pierre KREMER  
 Thierry KUFFER  
 Daniel LIEBERMANN  
 Olaf MÜNICHSDORFER  
 Luis PINTO  
 Marc REIFFERS  
 Frank REIMEN  
 Christiane SCHAUL  
 Jean SCHILTZ  
 Li SUN  
 Laurent VANETTI  
 Gilbert ZAHLES

There were no further changes in the Board of Directors during the year 2020.

## Auditor

It is reminded that the ordinary general meeting of shareholders, held on 8<sup>th</sup> May 2018, appointed Ernst & Young as the company's external independent statutory auditor for the financial years 2018, 2019 and 2020.

The mandate of the statutory auditor has come to term with the audit of the financial year 2020. The Board of directors will submit a proposal on this behalf to the annual general meeting of shareholders.

Luxembourg, 18<sup>th</sup> March 2021

The Board of Directors

# Annual accounts

## Balance sheet as at 31<sup>st</sup> December 2020

ASSETS	Notes	2020	2019
		EUR	EUR
<b>Fixed assets</b>		<b>1,022,064,284</b>	966,487,002
Intangible assets	Note 4		
Concessions, patents, licences, trade marks and similar rights and assets, if they were			
a) acquired for valuable consideration		<b>6,536,805</b>	8,396,082
Payments on account and intangible fixed assets under development		<b>5,668,662</b>	1,878,634
Tangible assets	Note 5		
Land and buildings		<b>128,632,455</b>	116,784,720
Plant and machinery		<b>646,789,820</b>	646,663,546
Other fixtures and fittings, tools and equipment		<b>20,396,119</b>	17,609,861
Payments on account and tangible assets in the course of construction		<b>164,773,166</b>	130,249,308
Financial assets	Note 6		
Shares in affiliated undertakings		<b>42,000,000</b>	42,000,000
Participating interests		<b>3,269,010</b>	2,484,851
Loans to undertakings with which the undertaking is linked by virtue of participating interests		<b>3,998,247</b>	420,000
<b>Current assets</b>		<b>99,230,562</b>	119,256,170
Stocks			
Raw materials and consumables		<b>11,095,614</b>	11,888,356
Work in progress		<b>10,769,710</b>	11,980,626
Payments on account		<b>353,925</b>	258,533
Debtors			
Trade debtors	Note 7		
a) becoming due and payable within one year		<b>17,191,709</b>	10,257,124
Amounts owed by affiliated undertakings			
a) becoming due and payable within one year	Note 8	<b>32,310,680</b>	27,415,821
Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests			
a) becoming due and payable within one year		<b>495,882</b>	219,078
Other debtors			
a) becoming due and payable within one year	Note 9	<b>25,414,317</b>	56,453,686
Investments			
Own shares	Note 10	<b>469,595</b>	469,595
Cash at bank and in hand		<b>1,129,130</b>	313,351
Prepayments	Note 11	<b>9,384,061</b>	7,910,671
<b>TOTAL ASSETS</b>		<b>1,130,678,907</b>	1,093,653,843

The accompanying notes form an integral part of the annual accounts

<b>CAPITAL, RESERVES AND LIABILITIES</b>	Notes	2020	2019
		EUR	EUR
<b>Capital and reserves</b>	Note 12	<b>702,226,955</b>	681,830,746
Subscribed capital		<b>198,851,260</b>	198,851,260
Share premium account		<b>189,562,253</b>	189,562,253
Reserves			
Legal reserve		<b>19,885,126</b>	19,885,126
Reserve for own shares		<b>469,595</b>	469,595
Other reserves, including the fair value reserve			
a) other available reserves		<b>169,805,486</b>	169,805,486
b) other non available reserves		<b>79,045,000</b>	67,796,954
Profit or loss brought forward		<b>2,835,036</b>	3,805,612
Profit or loss for the financial year		<b>41,773,199</b>	31,654,460
<b>Provisions</b>		<b>47,015,560</b>	45,924,508
Provisions for pensions and similar obligations	Note 13.1.	<b>35,308,429</b>	34,598,793
Other provisions	Note 13.2.	<b>11,707,131</b>	11,325,715
<b>Creditors</b>		<b>358,317,719</b>	339,937,643
Amounts owed to credit institutions			
a) becoming due and payable within one year		<b>0</b>	53
Payments received on account of orders as far as they are not shown separately as deductions from stocks			
a) becoming due and payable within one year		<b>21,299,766</b>	13,899,314
Trade creditors			
a) becoming due and payable within one year		<b>50,373,095</b>	43,289,714
Amounts owed to affiliated undertakings			
a) becoming due and payable within one year	Note 14	<b>21,477,198</b>	19,300,653
b) becoming due and payable after more than one year	Note 14	<b>252,000,000</b>	252,000,000
Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests			
a) becoming due and payable within one year		<b>496,682</b>	1,177,016
Other creditors			
a) Tax authorities	Note 15.1.	<b>5,752,358</b>	5,029,828
b) Social security authorities		<b>2,845,887</b>	2,654,951
c) Other creditors			
i) becoming due and payable within one year	Note 15.2.	<b>4,072,733</b>	2,586,114
<b>Deferred income</b>	Note 11	<b>23,118,673</b>	25,960,946
<b>TOTAL CAPITAL, RESERVES AND LIABILITIES</b>		<b>1,130,678,907</b>	1,093,653,843

## Profit and loss account for the year ended 31<sup>st</sup> December 2020

	Notes	2020	2019
		EUR	EUR
Net turnover	Note 16	<b>277,359,256</b>	269,554,043
Work performed by the undertaking for its own purpose and capitalised	Note 17	<b>42,161,751</b>	40,459,676
Other operating income	Notes 5, 12	<b>8,998,780</b>	6,013,302
Raw materials and consumables and other external expenses			
a) Raw materials and consumables		<b>(51,369,215)</b>	(45,482,281)
b) Other external expenses		<b>(45,802,535)</b>	(51,864,931)
Staff costs	Note 18		
a) Wages and salaries		<b>(69,549,874)</b>	(67,058,539)
b) Social security costs			
i) relating to pensions		<b>(4,751,312)</b>	(4,557,050)
ii) other social security costs		<b>(3,375,144)</b>	(2,759,916)
c) Other staff costs		<b>(4,857,564)</b>	(4,998,964)
Value adjustments			
a) in respect of formation expenses and of tangible and intangible fixed assets	Notes 4, 5	<b>(101,532,360)</b>	(99,785,075)
b) in respect of current assets		<b>(14,170)</b>	4,956
Others operating expenses		<b>(3,036,446)</b>	(6,743,652)
Income from participating interests	Note 19		
a) derived from affiliated undertakings		<b>5,812,524</b>	5,812,524
Other interest receivable and similar income			
b) other interests and similar income		<b>425,286</b>	117,293
Value adjustments in respect of financial assets and of investments held as current assets	Note 6	<b>0</b>	0
Interest payable and similar expenses			
a) concerning affiliated undertakings		<b>(5,437,510)</b>	(4,639,868)
b) other interest and similar expenses		<b>(19,083)</b>	(16,728)
Tax on profit or loss	Note 15.1	<b>(3,260,585)</b>	(2,389,180)
Profit or loss after taxation		<b>41,751,799</b>	31,665,610
Other taxes not shown under items above		<b>21,400</b>	(11,150)
Profit or loss for the financial year		<b>41,773,199</b>	31,654,460

The accompanying notes form an integral part of the annual accounts



## Notes to the annual accounts

### Note 1 – General information

Creos Luxembourg S.A. (“the Company”) was incorporated in Luxembourg under the name of Cegedel S.A. on 27<sup>th</sup> March 1928. The Company is registered under RCS nr. B4513 as a “société anonyme” for an unlimited period. In the context of the below described operations, the Company has been renamed Creos Luxembourg S.A. in 2009.

Following a business combination in 2009 of the grid activities of Cegedel S.A. and Soteg S.A., the integration of the grid activities of Luxgaz Distribution S.A. in 2010 and the integration of the grid activities of the City of Luxembourg in 2011, the main activities of Creos Luxembourg S.A. are to operate in Luxembourg electricity and gas transport and distribution networks. Creos Luxembourg S.A. holds a 96.88% participation in Creos Deutschland Holding GmbH, which owns a 100% participation in Creos Deutschland GmbH, a result of the merger in 2009 of Saar Ferngas Transport GmbH in Germany with the network activities of Saar Ferngas AG.

The registered office of the Company is established in Luxembourg.

The regulated activities are under the supervision of a Regulator, namely the “Institut Luxembourgeois de Régulation” (“ILR”).

#### Annual accounts

The Company’s financial year runs from 1<sup>st</sup> January to 31<sup>st</sup> December each year. The company’s annual accounts are consolidated into the annual accounts of its main shareholder Encevo S.A., forming at once the largest and the smallest body of undertaking of which the Company forms a part as a subsidiary undertaking. Encevo S.A. is established in 2, Domaine du Schlassgoard, L-4327 Esch-sur-Alzette, Luxembourg, RCS nr. B11723. The consolidated accounts are available at this address.

#### 2020 COVID-19 pandemic

The world economy has been affected by the spread of the COVID-19 virus during 2020. Various measures were taken by the Luxembourg Government to mitigate the negative impacts from this crisis. For the Company, all key functions were maintained, and measures were taken to ensure the safety of the employees, energy supply and grid stability. Despite the pandemic, the operating results were maintained with limited impact, overall (we refer to the Company’s Management Report for further details). During the year 2020 the management adapted to the measures and was continuously analysing the risks resulting from the COVID-19 pandemic.

At the beginning of 2021, the global spread of COVID-19 is still very dynamic and unpredictable. The future economic development and forecasts are thus subject to uncertainty, and the impact on the global economy, and on the Company in particular, as well as the length of the impact will depend on the measures taken by the Luxembourgish Government and those in the neighbouring countries during 2021.

### Note 2 – Authorisations

Following the two European directives 2009/72 and 73 of 13<sup>th</sup> July 2009 concerning common rules for the internal markets in electricity and natural gas, and the laws that transposed these directives into national laws, namely the amended laws of 1<sup>st</sup> August 2007 regarding the organization of the electricity and natural gas markets, transport and distribution grid management activities have been legally separated from the other activities of generation and sale of electricity and gas.

### Note 3 – Summary of significant accounting policies

#### Basis of preparation

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention. The amounts are rounded to the nearest EUR. Accounting policies and valuation rules are, besides the ones laid down by the Commercial Law dated 10<sup>th</sup> August 1915 as amended and the amended Law of 19<sup>th</sup> December 2002, determined and applied by the Board of Directors.

## Note 3 – Summary of significant accounting policies (cont.)

The preparation of annual accounts requires the use of certain important accounting judgements and estimates. It also requires the Board of Directors to exercise its judgment in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. The Board of Directors believes that the underlying judgments and estimates are appropriate and that the annual accounts fairly present the financial position and the results of the year.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### Significant accounting policies

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

#### Foreign currency translation

The Company maintains its books and records in EUR (€). 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.

#### Presentation of the comparative financial data

With the application of the new chart of accounts, when necessary, comparative amounts were aligned with the presentation of the current year.

#### Intangible assets

Intangible assets are valued at purchase price including the expenses incidental thereto or at production cost, less accumulated amortisation and value adjustments. Where the Company considers that an intangible 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. The amortisation method is straight-line and the duration three years.

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

#### Tangible assets

Tangible assets are valued at purchase price including the expenses incidental thereto or at production costs. Tangible assets are depreciated over their estimated useful economic lives.

*Value adjustments for electricity assets are made in accordance with the following principles:*

- Plant and equipment that are part of the grid: depreciation using the declining-balance method based on coefficients equal to double those laid down in Article 30 of the Concession Agreement of 11<sup>th</sup> November 1927 and in the Agreement of 8<sup>th</sup> September 1998 for investments completed before 1990, and to triple for investments completed thereafter.
- Buildings: straight-line depreciation over 50 years for structural work and 3 to 10 years for internal and external equipment.



- Other equipment, machines and furniture: straight-line depreciation over 3 years in general.
- Fixed assets contributed by the City of Luxembourg or purchased from Echternach: straight-line depreciation, duration from 4 to 40 years.

*Value adjustments for gas assets are made in accordance with the following principles:*

- Buildings, plant and equipment contributed by Luxgaz Distribution S.A. and by the City of Luxembourg: straight-line depreciation, duration from 4 to 25 years. The historical structural assets of the buildings had a duration from 33 to 50 years.
- The tangible assets bought since 2010 by Creos Luxembourg S.A. are depreciated using the declining-balance method, based on coefficients equal to triple to linear and a duration from 3 to 25 years.

When a part of grid assets has 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 Company 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 costs of the Company, and are reviewed annually for impairment.

### **Work performed by the undertaking for its own purposes and capitalised**

The costs incurred on fixed assets under development created by the Company itself are recorded in the profit and loss account. As of year-end, the amount of own work capitalised is transferred to the respective balance sheet line items and disclosed in the profit and loss account under financial statement line item "Work performed by the undertaking for its own purposes and capitalised".

### **Financial assets**

Shares in affiliated undertakings and participating interests are recorded in the balance sheet at their acquisition cost including the expenses incidental thereto. Loans to affiliated undertakings and loans to undertakings with which the undertaking is linked by virtue of participating interests are included at their nominal value. 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.

### **Raw materials and consumables**

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

### **Finished goods and goods for resale**

Finished goods and goods for resale are valued at the lower of purchase price including the expenses incidental thereto and the realizable value. A value adjustment is recorded where the market value is below the purchase price. 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.

## Note 3 – Summary of significant accounting policies (cont.)

### Investments

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.

### 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 Company's liabilities and charges. Provisions recorded in previous years are reviewed annually and those no longer needed are released.

Provisions may also 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

The Company offers its employees a defined benefit plan and a defined contribution plan.

#### *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 the historical evolution of long-term interest rates.

Actuarial gains and losses are charged or credited in the profit and loss in the period in which they arise.

Past-service costs are recognised immediately in the profit and loss account.

#### *Defined contribution plan*

A defined contribution plan is a pension plan under which the Company 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 recorded in the profit and loss during the year they are paid. The commitment of the Company is limited to the contributions that the Company agreed to pay into the fund on behalf of its employees.

## Creditors

Creditors 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 or preceding years but relating to a subsequent financial year.

## Net turnover

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

## Other operating income

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

## Income from participating interests

Dividend income is recorded when dividends are paid.

## Note 4 – Intangible assets

Intangible assets comprise IT software licences and IT projects. Movements for the year were as follows:

	Concessions, patents, licences, trade marks and similar rights and assets	Payments on account and intangible assets under development	TOTAL 2020	TOTAL 2019
	EUR	EUR	EUR	EUR
Gross book value - opening balance	47,335,682	1,878,634	<b>49,214,316</b>	44,767,698
Additions for the year	30,620	7,296,262	<b>7,326,882</b>	4,708,231
Disposals for the year				
Transfers for the year	3,790,165	(3,506,234)	<b>283,931</b>	(261,613)
Gross book value - closing balance	51,156,467	5,668,662	<b>56,825,129</b>	49,214,316
Accumulated value adjustments - opening balance	(38,939,600)		<b>(38,939,600)</b>	(31,581,592)
Allocations for the year	(5,680,062)		<b>(5,680,062)</b>	(7,358,008)
Reversals for the year				
Accumulated value adjustments - closing balance	(44,619,662)		<b>(44,619,662)</b>	(38,939,600)
<b>Net book value - closing balance</b>	<b>6,536,805</b>	<b>5,668,662</b>	<b>12,205,467</b>	<b>10,274,716</b>

The transfers for the year of EUR 3,790,165 relate mainly to software investments required for the implementation of a standardised electronic market communication and smart meter systems.

## Note 5 – Tangible assets

Movements for the year were as follows:

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Payments on account and tangible assets in the course of construction	TOTAL 2020	TOTAL 2019
	EUR	EUR	EUR	EUR	EUR	EUR
<b>Gross book value - opening balance</b>	158,519,081	1,819,896,850	76,691,672	130,249,308	<b>2,185,356,911</b>	2,043,346,162
Additions for the year	123,503	5,446,827	895,360	150,274,010	<b>156,739,700</b>	150,932,187
Disposals for the year	(7,404)	(26,400)	(1,718,874)	(72,184)	<b>(1,824,862)</b>	(457,543)
Subsidies for the year	(478,882)	(10,721,377)	0	0	<b>(11,200,259)</b>	(8,725,509)
Transfers for the year	16,426,868	91,973,261	6,993,908	(115,677,968)	<b>(283,931)</b>	261,614
<b>Gross book value - closing balance</b>	174,583,166	1,906,569,161	82,862,066	164,773,166	<b>2,328,787,559</b>	2,185,356,911
<b>Accumulated value adjustments - opening balance</b>	(41,734,361)	(1,173,233,304)	(59,081,811)	0	<b>(1,274,049,476)</b>	(1,181,693,641)
Allocations for the year	(4,216,350)	(86,556,927)	(5,079,022)	0	<b>(95,852,299)</b>	(92,427,067)
Reversals for the year	0	10,890	1,694,886	0	<b>1,705,776</b>	71,232
Transfers for the year	0	0	0	0	<b>0</b>	0
<b>Accumulated value adjustments - closing balance</b>	(45,950,711)	(1,259,779,341)	(62,465,947)	0	<b>(1,368,195,999)</b>	(1,274,049,476)
<b>Net book value - closing balance</b>	128,632,455	646,789,820	20,396,119	164,773,166	<b>960,591,560</b>	911,307,435

The additions of EUR 150,274,010 include mainly investments during the year in the electricity grid of EUR 82,858,521, in the gas grid of EUR 19,502,736 and in other assets of EUR 44,991,863.

As of 31<sup>st</sup> December 2020, investment projects of EUR 110,659,468 have been closed and transferred to their respective asset class.

The subsidies received from third parties are shown as a separate line in the table above.

On 15<sup>th</sup> December 2020, the Company sold the land in Itzig for EUR 4,400,000. The resulting gain of EUR 4,392,596 has been posted under the financial statement line item "Other operating income". As agreed with the ILR, EUR 2,176,131 of this capital gain has been deducted from allowed grid revenues under the financial statement line item "Net turnover".



## Note 6 – Financial assets

Movements for the year were as follows:

	Shares in affiliated undertakings	Participating interests	Loans to undertakings with which the undertaking is linked by virtue of participating interests	TOTAL 2020	TOTAL 2019
	EUR	EUR	EUR	EUR	EUR
<b>Gross book value - opening balance</b>	42,000,000	2,484,851	420,000	<b>44,904,851</b>	44,904,851
Additions for the year		784,159	4,000,000	<b>4,784,159</b>	0
Disposals for the year			(421,753)	<b>(421,753)</b>	0
<b>Gross book value - closing balance</b>	42,000,000	3,269,010	3,998,247	<b>49,267,257</b>	44,904,851
<b>Net book value - closing balance</b>	42,000,000	3,269,010	3,998,247	<b>49,267,257</b>	44,904,851

On 6<sup>th</sup> February 2020, the Company subscribed to a capital increase in Balansys S.A. of EUR 34,500.

On 3<sup>rd</sup> August 2020, the Company subscribed to a capital increase in Ampacimon S.A. of EUR 749,659.

During the year, the Company completed no other increase in participations.

During the year 2020, the Company granted shareholder loans of EUR 4,000,000 to Balansys S.A. and a loan of EUR 421,753 was reimbursed by the same subsidiary.

The Company holds at least 20% of the capital in the following undertakings:

Company name	Headquarters	Proportion of capital held	Last available annual accounts	Shareholders' equity at year-end	Of which result for the year	Participation net book value 31/12/2020	Participation net book value 31/12/2019
		%		EUR	EUR	EUR	EUR
Creos Deutschland Holding GmbH	Homburg (Germany)	96.88	31/12/2020	57,266,457	5,031,650	42,000,000	42,000,000
Balansys S.A.	Luxembourg (Luxembourg)	50.00	31/12/2020	100,000	0	50,000	15,500
Ampacimon S.A.*	Grâce-Hollogne (Belgium)	21.98	31/12/2020	7,523,259	548,486	2,509,201	1,759,542
Nexxtlab S.A.**	Luxembourg (Luxembourg)	50.00	31/12/2019	814,956	(59,311)	500,000	500,000

\* Unaudited figures - \*\* Last available figures

The Board of Directors is of the opinion that no additional value adjustments on these investments are necessary.

## Note 7 – Trade debtors

Trade debtors relate mainly to revenues from transportation and distribution of electricity and gas.

## Note 8 – Amounts owed by affiliated undertakings

As of 31<sup>st</sup> December 2020, the Company has a receivable of EUR 32,310,680 from affiliated undertakings (2019: EUR 27,415,821) mainly relating to business activities with affiliated undertakings.

## Note 9 – Other debtors

As of 31<sup>st</sup> December 2020, this financial statement line item mainly comprises a receivable of EUR 1,446,765 (2019: EUR 25,723,953) in the context of the mechanism of compensation, income tax recoverable of EUR 21,325,305 (2019: EUR 27,193,740), and VAT receivable of EUR 2,632,247 (2019: EUR 3,513,761).

## Note 10 – Own shares

Pursuant to a merger of municipalities and in accordance with the Company's by-laws and a resolution of the General Assembly dated 8<sup>th</sup> May 2012, Creos Luxembourg S.A. bought back 5,045 own shares from Schengen municipality for an amount of EUR 469,595 which has been recorded as current assets. A blocked reserve for the same amount has been provided for according to the law on commercial companies (see also note 12).

The Board of Directors is of the opinion that no additional value adjustments on this investment is necessary.

## Note 11 – Prepayments and deferred income

According to the 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 recorded in prepayments or deferred income.

According to the regulation scheme, a cumulated difference (2020 and prior years) is calculated individually for each regulated activity (electricity, gas transport, gas distribution, metering electricity, metering gas) and is recorded, when positive, in the financial statement line item "Prepayments" for an amount of EUR 2,086,720 (2019: EUR 3,906,348) and when negative, in the financial statement line item "Deferred income" for an amount of EUR 23,118,673 (2019: EUR 25,960,946).

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 6,114,165 paid to Luxmetering GIE are posted under the financial statement line item "Prepayments" (2019: EUR 2,786,187).

The same financial statement line item also comprises prepaid expenses related to software licences for an amount of EUR 1,183,176 (2019: EUR 609,641) relating to a subsequent financial year. In 2019, the financial statement line item comprised prepaid expenses related to gas grid usage for an amount of EUR 344,727 and not delivered hardware for an amount of EUR 263,767.



## Note 12 – Capital and reserves

As at 31<sup>st</sup> December 2020, the Company's subscribed capital was EUR 198,851,260. The capital is fully paid-up and represented by 9,942,563 shares without designation of a nominal value.

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. The reserve is already fully allocated.

The movements for the year are as follows:

	31/12/2018	Distribution of dividends	Allocation of previous year's profit	Profit or loss of the financial year	Other movements		31/12/2020
	EUR	EUR	EUR	EUR	Increase	Decrease	EUR
Subscribed capital	198,851,260	0	0		0	0	<b>198,851,260</b>
Share premium account	189,562,253	0	0		0	0	<b>189,562,253</b>
Legal reserve	19,885,126	0	0		0	0	<b>19,885,126</b>
Reserve for own shares	469,595	0	0		0	0	<b>469,595</b>
Other reserves	237,602,440	0	12,750,000		0	(1,501,954)	<b>248,850,486</b>
Other available reserves	169,805,486	0	0		0	0	<b>169,805,486</b>
Other non available reserves	67,796,954	0	12,750,000 <sup>1)</sup>		0	(1,501,954)	<b>79,045,000</b>
Profit brought forward	3,805,612	0	(970,576) <sup>1)</sup>		0	0	<b>2,835,036</b>
Profit or loss for the financial year	31,654,460	(19,875,036) <sup>1)</sup>	(11,779,424) <sup>1)</sup>	41,773,199	0	0	<b>41,773,199</b>
<b>Total</b>	<b>681,830,746</b>	<b>(19,875,036)</b>	<b>0</b>	<b>41,773,199</b>	<b>0</b>	<b>(1,501,954)</b>	<b>702,226,955</b>

1) Decision of the ordinary general meeting of shareholders of 12<sup>th</sup> May 2020.

The amount allocated to the blocked reserve is equal to five times the amount of the wealth tax credit. The total reserve amounts to EUR 79,045,000 for 2014 to 2019 (see note 15.1.). This reserve is non distributable for a period of five years from the year following that during which the Net Wealth Tax was reduced.

According to Art. 54 of the Tax law, a capital gain amount of EUR 1,501,954 has been transferred to a blocked reserve in 2018. In 2020, this reserve has been reversed and posted under the financial statement line item "Other operating income".

## Note 13 – Provisions

### 13.1. Provisions for pensions and similar obligations

Under a supplementary pension scheme, Creos Luxembourg S.A. has contracted a defined benefit scheme for staff members who started their employment with the Company before 1<sup>st</sup> January 2001. The Company is committed to pay a lump sum at the retirement of each employee. The amount reported in the balance sheet is estimated based on the following assumptions:

- retirement age taken into account for financing: 60 years
- yearly discount rate of 3.01%
- estimated wage at time of retirement
- turnover rate of employees of 3%.

Actuarial profits and losses are immediately recognised in the profit and loss account based on a calculation done by an external actuary.

In addition, for a defined contribution pension scheme for staff members who joined the Company after 1<sup>st</sup> January 2001, the Company pays a contribution to an insurance company that is recorded under expenses for the year. For 2020, expenses for the pension scheme amount to EUR 1,157,432 (2019: EUR 1,210,406).

### 13.2. Other provisions

The financial statement line item "Other provisions" comprises provisions to cover untaken holidays for employees of EUR 6,557,131 (2019: EUR 5,951,356).

Additionally, a provision for other risks for an amount of EUR 5,150,000 (2019: EUR 5,374,359) has been accounted for to consider the risks related to defective assets (HV transformers for EUR 4,100,000) and other sundry risks (defective works for EUR 900,000).

## Note 14 – Amounts owed to affiliated undertakings

Creos Luxembourg S.A. has entered into a cash pooling agreement with Encevo S.A. which, as of 31<sup>st</sup> December 2020, is owed a cash amount of EUR 4,055,085 by the Company (2019: EUR 9,381,691). The Company paid an interest rate based on Euribor plus a margin for loans (respectively is paid an interest based on Euribor minus a margin for deposits).

Included under the same financial statement line item are EUR 17,422,113 owed to affiliated undertakings becoming due and payable within one year (2019: EUR 9,918,962), corresponding mainly to the invoicing by Enovos Luxembourg S.A. of the amount due in relation with the "Mechanism of compensation" scheme.

On 26<sup>th</sup> June 2013, Encevo S.A. issued a German Certificate of Indebtedness (Schuldschein) of EUR 102,000,000 with a tenor of 7, 10, 12 and 15 years, of which EUR 65,000,000 were lent to the Company at back-to-back conditions. In order to comply with the back-to-back conditions of the "Schuldschein" of Encevo S.A., Creos Luxembourg S.A. early reimbursed the variable 7 year tranche amounting to EUR 22,304,000 in October 2018 – as a consequence of the early reimbursement of the variable 7 years "Schuldschein" tranche by Encevo S.A. in June 2018. The interest rate charged reflects the costs incurred by Encevo S.A. to raise the funds in the financial markets. The remaining tranches bear fix interest rates of 2.814%, 3.224% and 3.5% for the 10, 12 and 15 years tenor respectively which are paid in June and December every year. The interests are appropriately provisioned in the accounts. The accrued interest payable as at 31<sup>st</sup> December 2020 amounts to EUR 1,435,904 (2019: EUR 1,431,913).

On 21<sup>st</sup> November 2014, Encevo S.A. issued an additional German Certificate of Indebtedness ("Schuldschein") of EUR 80,000,000, of which EUR 25,000,000 were lent to Creos Luxembourg S.A. at back-to-back conditions. The interest rate charged reflects the costs incurred by Encevo S.A. to raise the funds in the financial markets. 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 tenors are paid in November every year.

On 11<sup>th</sup> October 2016, Encevo S.A. granted another long-term loan to the Company, amounting to EUR 42,000,000. This financing is split into two tranches, each of EUR 21,000,000, one due after 11 years and one due after 12 years, with a floating interest rate of Euribor 6 months plus 1%.

In July 2018, Encevo S.A. issued another German Certificate of Indebtedness (“Green Schuldschein”) of EUR 250,000,000, of which EUR 134,304,000 were lent as of 1<sup>st</sup> October 2018 to Creos Luxembourg S.A. at back-to-back conditions in order to finance the Company’s sustainable capital expenditures. The fixed interest rate charged reflects the average all-in costs incurred by Encevo S.A. to raise the funds in the financial markets and is fixed at 1.8915% per year to be paid every year on 1<sup>st</sup> October. This EUR 134,304,000 loan has 4 tranches with tenors of 7, 10, 12 and 15 years – corresponding to maturities in the new “Schuldschein” of Encevo S.A..

On 16<sup>th</sup> December 2019, an additional shareholder loan of Encevo of EUR 50,000,000 were lent to Creos Luxembourg S.A. at back-to-back conditions in order to finance the Company’s sustainable capital expenditures. The fixed interest rate charged reflects the average all-in costs incurred by Encevo S.A. to raise the funds in the financial markets and is fixed at 1.8915% per year to be paid every year on 15<sup>th</sup> December. This EUR 50,000,000 loan has 4 tranches with tenors of 7, 10, 12 and 15 years – corresponding to maturities in the new “Schuldschein” of Encevo S.A..

## Note 15 – Other creditors

### 15.1. Tax authorities

Creos Luxembourg S.A. is subject to all taxes applicable to Luxembourg companies and the tax provisions have been provided in accordance with the relevant laws. In accordance with paragraph 8a of the Law dated 16<sup>th</sup> October 1934 as amended, Creos Luxembourg S.A. will opt for the reduction of the net wealth tax due for the year 2020 by setting up a special reserve equal to five times the amount of the net wealth tax reduced (see note 12).

Income tax debts are recorded under the financial statement line item “Tax authorities”. As of 31<sup>st</sup> December 2020, income tax debts cover principally the year 2020. For the years 2017, 2018 and 2019, the Company has a receivable, as advance payments were higher than provisions for the year. This receivable is recorded under the financial statement line item “Other debtors” (see also note 9).

Debts to the tax authorities also include other tax debts, such as taxes on electricity and gas, taxes on salaries and pensions. As of 31<sup>st</sup> December 2020, these other tax debts amount to EUR 5,752,358 (2019: EUR 5,029,828).

### 15.2. Other creditors

This financial statement line item mainly includes salaries to be paid.

## Note 16 – Net turnover

Net turnover is generated from activities realised in Luxembourg. For the year 2020, it breaks down as follows:

	2020	2019
	EUR	EUR
Sales grid power	167,619,610	164,106,038
Sales grid gas	57,306,628	57,038,358
Metering revenues	24,081,047	24,322,151
Energy sales power (equilibrium)	1,269,382	(1,117,651)
Other revenues	27,082,589	25,205,147
<b>Total</b>	<b>277,359,256</b>	<b>269,554,043</b>

Energy sales power (Equilibrium) are the differences between nominations made by suppliers and their actual purchases. This difference, which can be a cost (or a revenue) for the Company is re-invoiced (or credited) to the suppliers.

Other revenues comprise connection revenues and other sales.

### **Note 17 – Work performed by the undertaking for its own purposes and capitalised**

This financial statement line item accounts for capitalised transport costs, overheads and hours worked by employees on projects activated by the Company.

### **Note 18 – Staff costs**

Staff costs include salaries, social security costs as well as costs for the pension plans. In 2020, the Company had on average 744 FTE employees (2019: 742). The figure in 2020 includes the staff of the City of Luxembourg made available to Creos Luxembourg S.A. (57 employees), the costs of which are shown under wages and salaries for EUR 6,393,576 (2019: EUR 7,453,184). The number of employees increased from 748 FTE at year end 2019 to 760 FTE at year-end 2020.

### **Note 19 – Income from participating interests**

This financial statement line item includes the dividends paid by Creos Deutschland Holding GmbH for an amount of EUR 5,812,524 (2019: EUR 5,812,524).

### **Note 20 – Remuneration paid to members of the administration and supervisory bodies**

Remuneration paid to members of the administration and supervisory bodies totalled EUR 684,000 (2019: EUR 689,651). No advance or loan was granted to members of the administration and supervisory bodies, nor was any commitment given on their behalf in respect of any form of guarantee.

### **Note 21 – Related parties transactions**

During the financial year, the Company did not conclude any significant transactions with related parties which were not done at market conditions.

### **Note 22 – Off balance sheet commitments**

The Company has issued bank guarantees in the context of its regular business for a total amount of EUR 1,000,992 (2019: EUR 1,000,992).

### **Note 23 – Subsequent events**

There are no subsequent events affecting the 2020 accounts.



## Independent auditor's report

### To the Shareholders of Creos Luxembourg S.A.

#### Report on the audit of the financial statements

##### *Opinion*

We have audited the financial statements of Creos Luxembourg S.A. (the "Company"), which comprise the balance sheet as at 31<sup>st</sup> December 2020, and the profit and loss account for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31<sup>st</sup> December 2020, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

##### *Basis for Opinion*

We conducted our audit in accordance with the Law of 23<sup>rd</sup> July 2016 on the audit profession (the "Law of 23<sup>rd</sup> 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<sup>rd</sup> July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the 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 management report but does not include the financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 financial statements*

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

In preparing the financial statements, the Board of Directors is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

##### *Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the 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<sup>rd</sup> 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 financial statements.

As part of an audit in accordance with the Law of 23<sup>rd</sup> 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 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 Company's internal control.
- 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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Ernst & Young, Société anonyme  
Cabinet de révision agréé  
Luxembourg, 18<sup>th</sup> March 2021  
Represented by Monika Reschka



Creos Luxembourg's annual report is published in both English and French. Only the English version may be considered the original.

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

**Coordination:**

Under the leadership of the Communication department Creos Luxembourg S.A.

**Design and artwork:**

Agence Vous

**Interviews and proofreading:**

Hypallages

**Photos:**

Marion Dessard, Manuela Mayer, Philippe Hurlin, Marc Lazzarini, Frédéric Bajard, Christophe Mathgen, archives Creos, Moskito, Shutterstock

**Printer:**

Reka, Luxembourg



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