

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: 105, rue de Strassen L-2555 Luxembourg

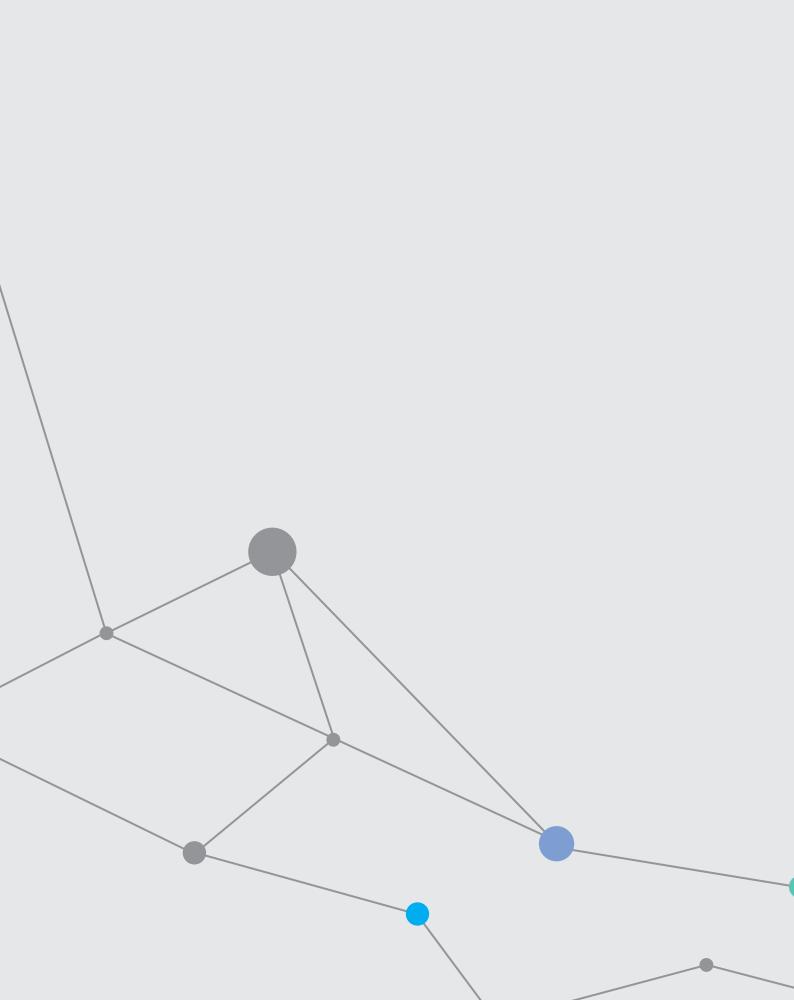
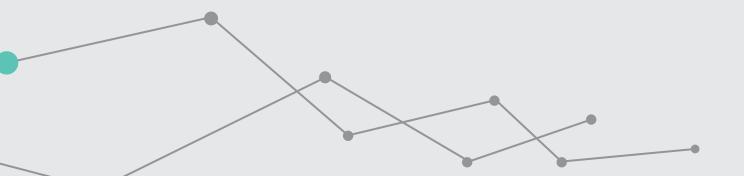


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1. Strategy and outlook



Interview with Mario Grotz, Chairman

Managing the present well and preparing for a better future

YEARS ARE SUCCESSIVE, BUT NOT EQUAL. WHILE THE HEALTH CRISIS MOBILISED MINDS IN 2020 AND 2021, IT WAS QUICKLY SWEPT ASIDE IN 2022 BY INFLATION AND THE ENERGY CRISIS TRIGGERED BY THE WAR IN UKRAINE. FACED WITH ALL THESE CURRENT EVENTS, PUNCTUATED BY A CYBER ATTACK IN JULY 2022, CREOS WAS ABLE TO REACT QUICKLY BY UPDATING ITS PREPAREDNESS PLANS FOR THE RISKS OF ELECTRICITY AND GAS CUTS, LAUNCHING THE "STROUMMONITOR", INTEGRATING THE INFLATION FACTOR INTO ITS FUTURE INVESTMENTS AND QUICKLY AND EFFECTIVELY CONTROLLING COMPUTER INTRUSION. IN ADDITION TO MANAGING THE PRESENT, THE NETWORK OPERATOR ALSO PREPARED FOR THE FUTURE. IN 2022, WITH THE DEVELOPMENT OF A HYDROGEN TRANSPORT NETWORK IN MIND, CREOS CONTINUED TO STRENGTHEN ITS ELECTRICITY NETWORK AND PLAYED AN ACTIVE ROLE IN PREPARING FOR A GREENER EUROPE.

In order to take account of the energy crisis and the new geopolitical situation created by the war in Ukraine, the Government has updated the contingency plans for the risk of electricity and gas cuts in the last quarter of 2022. What exactly are these plans?

In accordance with legislation, Creos has gas and electricity contingency plans. These plans include load shedding. This consists of significantly reducing energy consumption by temporarily restricting or suspending the supply to some users, while guaranteeing consumer safety. This approach is used as a last resort to prevent an exceptional situation that jeopardises the security of supply or the integrity of the networks, and to respond to possible major technical incidents. Following the current energy crisis and the possible risk of a global energy shortage, these contingency plans have been updated in close coordination with the Ministry of Energy. Creos has reviewed the list of industrial consumers

that would be affected by the cuts and the procedures have been discussed with the parties concerned and the authorities in order to draw up coordinated action plans to limit the economic and financial consequences as much as possible. Depending on the severity of the situation, gradual and phased interventions are planned. Finally, protected customers are included, i.e. domestic consumers, collective buildings such as schools and retirement homes, and critical infrastructure such as hospitals.

However, this has to be put into the right perspective. The risk of a shortage in Luxembourg this winter is no higher than in previous years. Nevertheless, we remain cautious and prepared: there is no such thing as zero risk and you never know what the worst-case scenario might be. We remain in close contact with the network operators of neighbouring countries and with the multilateral European bodies activated for this purpose, and we are monitoring the situation on a daily basis.





In response to the energy crisis, the Luxembourg state has strongly encouraged its citizens to change their behaviour in favour of energy sobriety and to invest in the energy renovation of their homes by extending and redirecting financial aid. Has this measure had an impact on the country's total gas and electricity consumption in 2022?

Yes, no doubt. If we compare the consumption in the months of August to December 2022 with the average of the previous 5 years, we see a significant reduction in energy consumption. Gas consumption has fallen by 40% for high pressure customers - mainly industry - and by 20% for medium and low pressure customers. As far as electricity is concerned, it is mainly the high-voltage consumers - again, industrial consumers - that have seen the most significant decrease: -16%.

In December 2022, Creos launched the "StroumMonitor" tool. What is it for and how does it work?

The StroumMonitor, available on our website (www.creos.net), is a graphical tool that shows the national load forecasts for the day and the following three days. White bars indicate the four hours of the day when consumption is expected to peak and when it is important to be careful. The aim is to minimise the generation of electricity from fossil fuels and make better use of renewable energy when it is available by encouraging individuals and industries to reduce their consumption during these peak hours.

The other purpose of the StroumMonitor is to inform the public in the event of tension in the electrical system. The colour of the tool can therefore vary according to the level of vigilance. Three levels of vigilance have been defined, each with an appropriate action plan. If the signal is green, the electrical system is in balance, but it is still recommended to avoid peak hours. When the signal is orange, the electricity system is under stress and customers are advised to reduce their consumption. When the signal is red, the electricity system is very strained and customers should limit their consumption as much as possible to avoid potential blackouts. To date, the signal has always been green.



Since the beginning of 2022, inflation has reached record levels in Europe and Luxembourg has not been spared. What policy has Creos adopted to control its production costs?

The prices of materials needed for maintenance and investment, such as pipes, cables and transformers, have risen significantly in recent months. This increase has reached such a level that we have had to include an inflation factor in our investment plans for the coming years, which will vary between 10 and 20 million euros from 2024 onwards. This is in addition to personnel costs, which are increasing more than in the past as a result of legal indexation. On the other hand, inflation will have no impact on our balance sheet. As our business is regulated and subject to the control of the Institut Luxembourgeois de Régulation (ILR), we are able to pass on the increase in our production costs in the grid tariff. However, the regulator ensures that this tariff increase for our customers remains within the limits of the applicable legislation.

During the night of Friday 22 to Saturday 23 July 2022, the Encevo Group, and in particular Creos, was the victim of a cyber attack. What was the nature of the attack and what were the consequences?

Before answering this question, we would like to point out that we are unfortunately not the only ones to suffer such attacks. Thousands of computer intrusion attempts are made every day in Luxembourg. In addition, network operators like us are increasingly being targeted throughout Europe. The cyber attack of July 2022 had its origins in identity theft. The hackers, a relatively well-known group in the world of cybercrime, stole a large amount of data from us and threatened to publish it on the darknet if we refused to pay the ransom. Needless to say, we did not give in to this blackmail. Our IT teams worked hard throughout the weekend following the cyber attack. Their quick and effective response stopped the intrusion before it spread to all of our servers. No third party, be it a customer, supplier or other stakeholder, suffered any damage and security of supply was guaranteed at all times. That is the most important thing for us.

What can be done to prevent such an attack from happening again?

We have accelerated our cyber security action plan. Today, an intrusion like the one we experienced could not happen again. I should also add that the cyber attack in July 2022 only affected the administrative part of our activities. Our most critical units have an isolated, independent and secure infrastructure and were not affected by the attack, such as the IT systems related to the dispatching, our nationwide control and command centre for the electricity and gas networks.

In which sectors were the largest investments made in 2022? Were the amounts higher than in 2021?

No, they are actually slightly lower than last year for two main reasons. The first is the end of our investment plan in our buildings with the inauguration of our new headquarters and the Luxembourg Operational Centre in Merl in 2022. The second is the progressive reduction of our investments in the gas network, as it is not and will not be expanded. Most of our investments in 2022 will be devoted to reinforcing and extending our electricity network. Our low-voltage investments even exceeded our budget, partly due to the increased cost of certain equipment. Our investments in digitalisation also remained at a high level.

Specifically, what is the status of the 380 project in terms of expanding the electricity grid?

We are on track with the original plan. The timetable and budget have been met so far. The environmental impact studies have been sent to the Ministry of the Environment, Climate and Sustainable Development for the follow-up required by law, i.e. to the authorities for their opinion and public consultation. At this stage, following the comments made by the municipalities concerned and the Ministry of the Environment, certain points in the file need to be completed and clarified by Creos before the actual consultation takes place.. We expect to receive the administrative approvals by the end of 2023 and to start work the following year.

Three information sessions on the 380 project were held in October 2022 in the main municipalities concerned (Bertrange, Junglinster and Steinsel). What was the outcome of these meetings?

Instead of attending a traditional presentation of the project, the public were able to inform themselves during these meetings by consulting the information panels, discovering the different alternatives analysed by means of a 3D visualisation of the lines and exchanging views with the Creos experts. This desire for transparency on our part was very well received by local politicians and the majority of citizens. They understood the need for these investments and appreciated the care we were taking to protect nature and the local population.

The first phase of the national, centralised energy data IT platform - Leneda - will go live in mid-2023. Can you remind us what this platform is about, and more specifically, what this first phase is about?

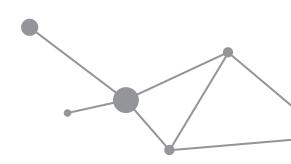
As a TSO (Transmission System Operator), Creos was given the task of setting up a national energy data platform, which we now call Leneda. The aim of this platform is to collect all gas and electricity consumption and production data, make it available to the various market players and facilitate communication between them. In collaboration with the Ministry of Energy and the Institut Luxembourgeois de Régulation (ILR), we have started to define the main functionalities of this platform, namely increased standardisation of market procedures, improved database quality, increased granularity of accessible data and essential basic services.

After several months of preparation, we will now launch the first phase of this two-phase project. The launch is planned for the summer of 2023 and will include all gas and electricity data from the most energy-sensitive players, i.e. large customers with special meters that differ from Smarty meters, energy producers and suppliers, and all energy communities in the country. In total, more than 25,000 supply points will be integrated into the platform. In a second phase, the platform will be extended to all customers. This expansion will take place gradually and is expected to be completed by 2027 or 2028.

What are the next challenges for Creos in the coming years, particularly in the context of the energy transition?

As you are aware, the European Commission's "Green Pact" has set a target of carbon-neutrality by 2050. By then, energy production must be completely decarbonised and more than 80% of electricity must come from renewable sources. Creos, like the other grid operators in the European Union, has its share of responsibility in pursuing the goal of a greener and more digital Europe. But there are many challenges.

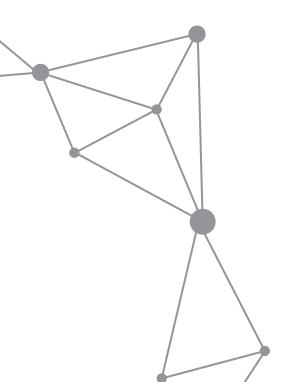
The first is electricity. Over the next 30 to 50 years, demand for electricity will grow exponentially, mainly due to increasing digitalisation, growing electromobility and the decarbonisation of the heating/cooling of buildings. We must prepare for this. We need to increase the power of our transformers and strengthen the capacity of our electricity grid from 220 kV to 380 kV and from 65 kV to 110 kV. In addition, there is potential for decentralised flexibility in the low and mediumvoltage distribution infrastructure. More and more individuals will become both grid customers and energy producers, for example by installing photovoltaic panels. We will therefore need to add more intelligence to our electricity network to better anticipate supply and demand in order to make the best use of the network's capacity and benefit from this potential for decentralised flexibility.



The second is gas. We need to keep the natural gas network in good condition, while reducing costs as much as possible. The use of natural gas, mainly for domestic heating, will gradually disappear as part of the decarbonisation process. The use of natural gas networks must remain affordable in times of declining volumes.

Finally, especially in industry, which alone is responsible for 17% of CO₂ emissions, hydrogen will play an important role in the coming years. For the time being, we do not have a mandate to manage the distribution of this energy source. Decisions have yet to be taken at European level, but it is almost certain that Creos will be given the task of setting up a hydrogen transport network linked to operators in neighbouring countries. We are already working on this. We are participating in studies on the subject in close cooperation with industrial customers and potential partners. We are also involved in the European Hydrogen Backbone (EHB), an initiative of 31 European network operators to promote the development of a pan-European market for competitive liquid hydrogen produced by renewable and low-carbon processes.





Shareholder structure

Shareholder structure of Creos Luxembourg S.A. as at 31.12.2022

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%
Total	100.00%

Key figures

(under Lux GAAP)		2022	2021
Net turnover	(MEUR)	311.3	289.8
EBITDA	(MEUR)	153.8	140.4
EBIT (including income from participating interests)	(MEUR)	43.4	177.9
Profit for the financial year	(MEUR)	34.8	169.8
Investment	(MEUR)	152.2	169.2
Workforce	(number)	859	828
Electricity			
Electricity flow	(GWh)	4,998.9	5,132.5
Electricity network peak	(MW)	827.7	815.2
Network length	(km)	10,382.8	10,267.3
Electric meters	LV-SLP (number) MV/HV-RLP (number)	296,583 11,743	289,786 11,306
Charging stations (at country level)	Chargy (number) SuperChargy (number)	606 32	538 8
Natural gas			
Gas network capacity	(Nm³/h)	319,000	319,000
Gas network peak	(Nm³/h)	201,866	196,003
Volume transported	(GWh)	6,797	8,655
Network length	(km)	2,192.5	2,175.9
Natural gas meters	(number)	49,384	48,993

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



Corporate governance

Board of Directors of Creos Luxembourg S.A. as at 31.12.2022

Chairman and Managing Director

Mario Grotz

Vice-Chairman of the Board

Yu Xue

Members of the Board

Gaston Bohnenberger Doris Engel Xavier Hansen Patrick Juchem Lex Kaufhold Pierre Kremer Thierry Kuffer Daniel Liebermann Sandra Mathes Luis Pinto

Frank Reimen Christiane Schaul Fernand Schiltz Yingpeng Shi Laurent Vanetti

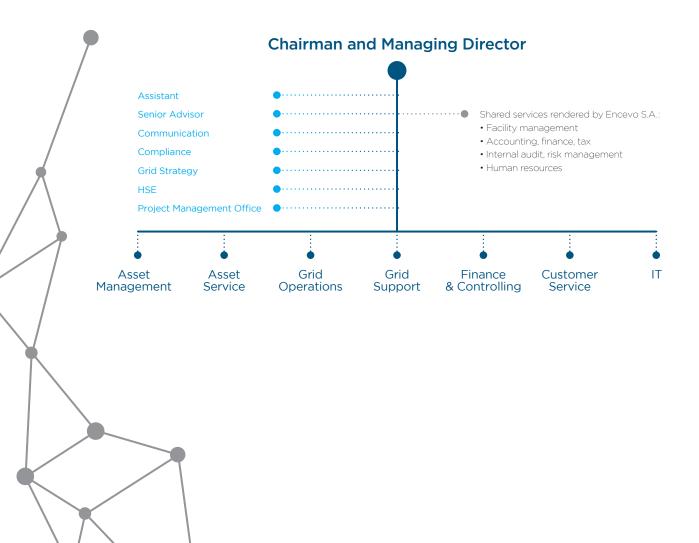
Marco Walentiny Yu Wu Gilbert Zahles

Government Commissioner for Energy

Simeon Hagspiel

The detailed corporate governance report is available upon request.

Organization chart as at 1 January 2023





Management of Creos Luxembourg S.A.



Mario Grotz is the Chairman and the Managing Director.



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 NonRegulated Activities.



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



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 Innovation.



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.

Compliance Programme Officer

In accordance with the amended laws of 1 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 concerned (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 then published by Creos Luxembourg S.A. on its website.

Highlights 2022

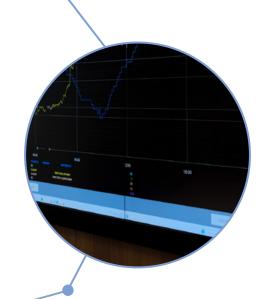


A GUIDE DOG COMES TO VISIT

In January we had the honour of welcoming Roland Welter, president of the association "Chiens Guides d'Aveugles au Luxembourg", and presenting him and his dog Lou with a cheque for EUR 25,000. This money was raised from the sale of machinery and equipment from our former Operations Centre in Hollerich. The entire donation will be used to sponsor a guide dog, for his training from an early age, and eventually for his well-deserved retirement.

ENERGY CRISIS AND WAR IN UKRAINE

Since 24 February 2022, the war in the Ukraine has been dominating the news. It quickly became an energy war, with repercussions felt in Luxembourg. With limited natural gas reserves for the winter across Europe, Creos, in collaboration with the Ministry of Energy, presented an update of the national gas load shedding plan in October.



DENG ENERGIE FIR D'ZUKUNFT **#TEAMCREOS**

Creos is positioning itself as a dynamic, committed and responsible company in the digital world of smart grids with its new recruitment campaign. "Deng Energie fir d'Zukunft" underlines the diversity of future employees who will face tomorrow's challenges together.



VISIT OF HRH THE GRAND DUKE

On 1 June, HRH Grand Duke Henri visited our new site in Bettembourg. He saw the various control rooms for the electricity and gas networks. The Dispatching teams presented their missions and responsibilities and discussed at length the challenges facing critical infrastructures today. The Grand Duke is particularly interested in security of supply and energy transition.

INAUGURATION OF THE HEADQUARTERS AND OPERATIONS CENTRE IN LUXEMBOURG CITY

On 17 June 2022, Creos officially inaugurated its new headquarters and Operational Centre in Luxembourg City in the presence of Claude Turmes, Minister for Energy and Spatial Planning, and national and local authorities. Since November 2021, more than 400 employees have been working in the new buildings in the Merl district.





SUPERCHARGY

SuperChargy is continuing to develop its network. In July, in the presence of Frans Timmermans, Vice-President of the European Commission, and ministers François Bausch and Claude Turmes, it inaugurated 24 ultra-fast charging stations on four motorway service areas in Luxembourg. Chargy's success continues into 2022: in June, the network reached the milestone of three million kWh recharged.



CYBER ATTACK

The Encevo Group was the victim of a cyber attack during the night of 22 to 23 July. The attack affected the Creos management systems and resulted in the exfiltration of a large amount of data. The attack was quickly contained, no data was lost and all systems were restored within two weeks. In order to inform customers and partners, a website dedicated to this incident was created.

LENEDA - LUXEMBOURG ENERGY DATA PLATFORM

Leneda is the name of the new national and centralised energy data platform being implemented by Creos. A first version dedicated to industrial customers should be online by mid-2023.



TSO TOUR

Some 70 cyclists from five countries discovered the Grand Duchy by bike during the TSO Tour in September. This long-standing cycling event is organised each year by a different European gas network operator (TSO); in 2022 it was Creos' turn.







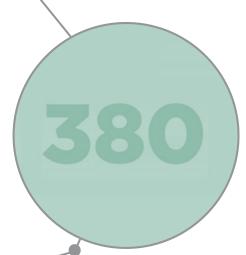
WAT LEEFT HEI?

As part of our communication strategy, which is to give the public an insight into our work and our interventions in the field, the Communication Department has created the mini-series "Wat leeft hei?". Produced in-house, the series shows and explains the daily life of our teams in a short format of one minute maximum.

The episodes are then broadcast internally and on social networks.

DIALOGUE AROUND 380 KV

Following the completion of the Environmental Impact
Assessment and its submission to the Ministry
of the Environment, Climate and Sustainable Development
in October, Creos invited all the inhabitants of the municipalities
affected by the construction of the new 380 kV extra-high
voltage line to three information events. During these events, the
residents had the opportunity to learn about the progress
of the project through information panels, to discover the
different options analysed through a 3D visualisation
and to discuss with Creos experts.





PUBLIC LIGHTING

As part of the national campaign "Zesumme Spueren - Zesummenhalen", Creos, at the request of some 30 municipalities, has changed the nighttime hours for public lighting to be switched off between 1 am and 5 am. The aim of this campaign is to encourage the whole of society - the state, municipalities, companies and households - to save energy.

Human resources

A workforce and careers in constant evolution

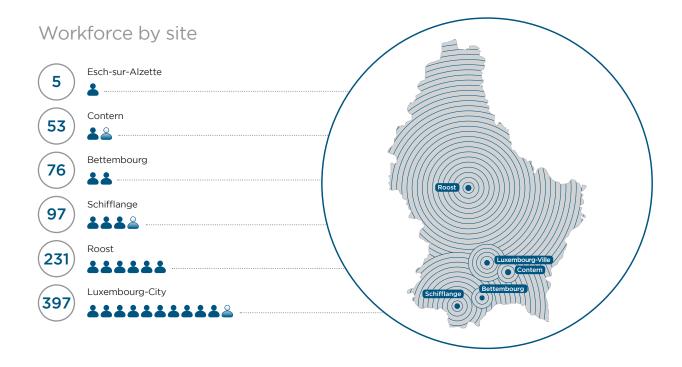
THE PROFESSIONS AND PROFILES WITHIN CREOS HAVE DIVERSIFIED CONSIDERABLY AS A RESULT OF THE GROUP'S GROWTH AND THE EMERGENCE OF NEW TECHNOLOGIES. IN 2022, THE COMPANY RECRUITED 86 NEW EMPLOYEES.

Electricity, Creos' traditional business, continues to mobilise the largest number of employees within the company: 57% of the workforce compared to 14% for gas. In the coming years, experts in IT, data and digitalisation will strengthen our teams.

Creos has always stood out for its commitment to diversity, whether in terms of nationality, gender or age. This commitment is further underlined by the signing of the Diversity Charter in 2018. Today, 14 different nationalities work together at Creos on a daily basis. Although 89% men and 11% women work at Creos, we are committed to further promoting diversity, despite the lack of female profiles in the sector as a whole.

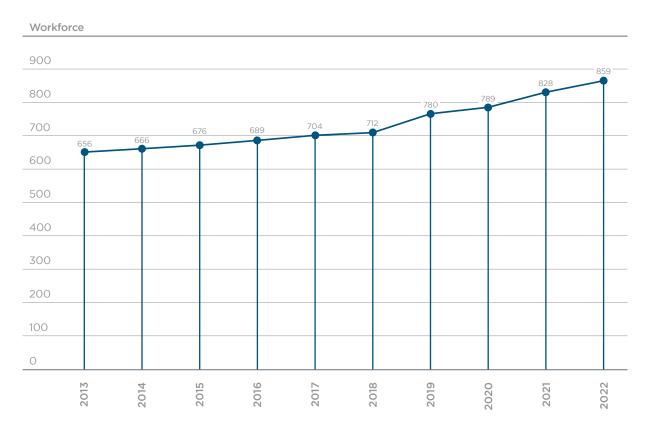
The average age remains relatively stable at 40. There are two factors that explain this stability. Firstly, Creos is committed to recruiting and training young graduates every year. More than 18% of the company's employees at the end of 2022 were under 30 years old, and of the 86 people recruited, 21 were young graduates. The average length of service is 13 years.

Training plans are drawn up every year to ensure that all Creos employees acquire and/or complete the technical knowledge required for their job.



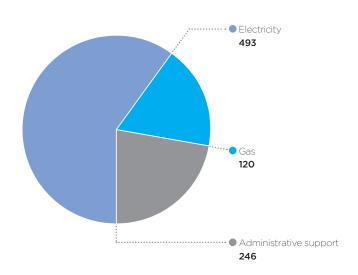


Evolution of the workforce

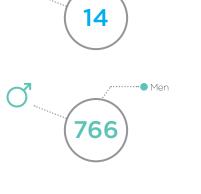


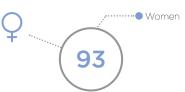
Including parental and maternity leaves.

Workforce by type of activity









Health and safety

Well-trained employees are our capital

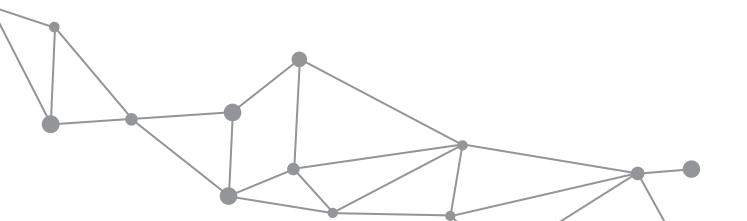


THE MISSION OF THE HSE (HEALTH, SAFETY & ENVIRONMENT) DEPARTMENT AT CREOS IS TO GUARANTEE HEALTH AND SAFETY AT WORK, IN PARTICULAR THROUGH RISK PREVENTION. THE RESPECT AND APPLICATION OF STANDARDS AND DIRECTIVES SERVE TO PROTECT CITIZENS AND THE ENVIRONMENT, BUT ABOVE ALL OUR MAIN RESOURCE: OUR EMPLOYEES.

Health and safety awareness and staff training

The jobs of electrician, gas fitter and driver involve significant risks. In order to make our internal and external employees aware of the risks and to prevent accidents at work, the HSE department regularly organises safety training. The table on the opposite page details the basic and refresher courses organised in 2022 and the number of certificates issued.

In order to avoid the risk of accidents in our high-voltage substations, the HSE department provided to employees of third party companies working there special training on the hazards associated with this type of installation. Some 180 employees from 33 external companies were trained in this way in 2022.





Basic and refresher training 2022

Domain	Designation	Number
First Aid	Rescuer	52
Gas network	Gas expert (Sachkundiger)	66
Electricity network	Electrical qualification (Schaltberechtigung)	20
	Live LV work	8
	Work at height on MV/LV supports	53
Safe driving of machinery	Crane operator / Truck with auxiliary crane	15
	Crane operator / Crane	21
	Front-end forklift truck	2
	Self-propelled multidirectional lifting cranes	29
Safe driving of machinery	MEWPs on vehicles	10
	Telescopic forklifts with variable offset	8
Total certificates issued		284



New "live working" training area in operation

The first "live working" training course in the low-voltage sector took place in November in our newly opened training facility the Regional Center in Luxembourg. Equipped with the latest technology, this room has been designed and equipped

to simulate the reality of work sites so that our employees can be trained in real-life situations and high-risk manoeuvres.

Fire Prevention

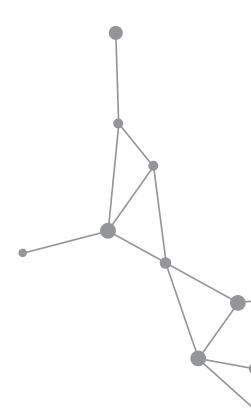
In order to prepare our employees to develop the right reflexes in case of an emergency and to familiarise themselves with the alarm systems, fire extinguishers, emergency exits and the assembly point, all employees have completed an online fire prevention training course. This training is now mandatory for all new employees. In addition, unannounced evacuation drills have been organised at all Creos sites.

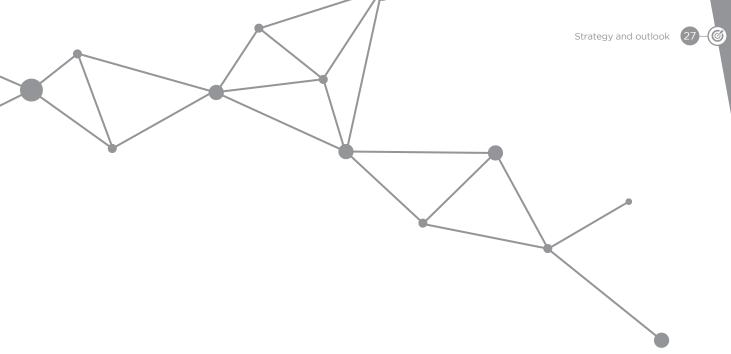
Health and well-being at work

As part of the "Health and Well-being at Work Day", the HSE Department successfully offered all administrative staff various practical workshops aimed at preventing visual fatigue, physical pain and musculoskeletal disorders, managing concentration and knowing how to alternate work and rest periods, as well as recognising and dealing with mental, physical, relational and emotional tensions.

Driver safety training

In view of the high number of commuter accidents, the HSE Department organised a "Safe Driving Training Day "for motorists. More than 50 volunteers took part in this practical training session at the Colmar-Berg Driver Training Centre. In a relaxed and friendly atmosphere, they learnt and practised responsible and defensive driving in daily traffic.



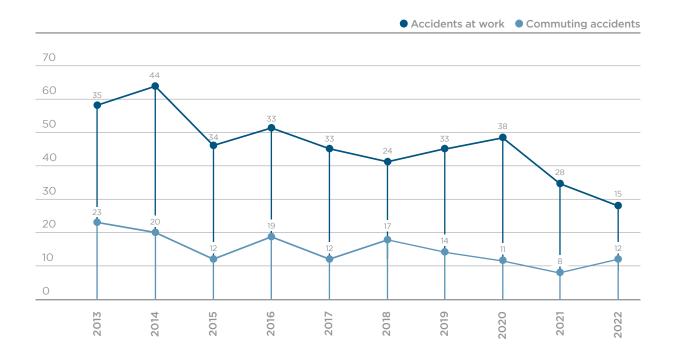


Accidents and severity rate

In 2022, Creos recorded a total of 27 accidents, of which 12 were minor and 15 resulted in more than three days of incapacity to work. Most of these accidents (48%) occurred while commuting, while 26% occurred at work due to twisting and spraining while walking around the site.

The accident severity rate was 0.27. The definition of this rate is the ratio of calendar days lost to total productive hours (worked) multiplied by 1,000.

Number of accidents





Corporate social responsibility (CSR)

2022 was again an important year in which, despite our various challenges, the group's CSR maturity was increased, particularly in relation to Human Rights and Emissions Management.

Encevo has joined the National Pact "Business and Human Rights" (Pacte Nationale Entreprises et Droits de l'Homme) in Luxembourg on 6 July 2022, together with 50 Luxembourgish companies. Encevo was represented by Claude Seywert, CEO. Together with the Minister of Foreign and European Affairs, Jean Asselborn, he signed the National Pact for Business and Human Rights on behalf of our group, including Creos Luxembourg. The "Union des Entreprises Luxembourgeoises" (UEL), the National Institute for Sustainable Development and Corporate Social Responsibility (INDR) and other stakeholders attended the ceremony.

The National Business and Human Rights Pact is a voluntary commitment for companies that wish to implement the UN Guiding Principles on Business and Human Rights. More details can be found in the Encevo Annual Report 2022 in the chapter "Social Performance: Human Rights".

Furthermore, the group finalised a greenhouse gas (GHG) emissions inventory for all fully consolidated entities using the best practice GHG accounting method "Bilan Carbone". This has strengthened and improved our emissions reporting in the Encevo Annual Report 2022, which, for the first time in the group's history, ensures the reporting of a complete emissions inventory including Scope 1 and 2. Further details can be found in the Encevo Annual Report 2022 in the chapter "Environmental Performance: Emissions: Energy and Carbon Management".

Our "Sustainability Management Plan" summarises our key sustainability topics, targets, milestones, and progress, which we review and update annually. We are proud to report significant progress against our objectives, the achievement of our 2022 targets and the setting of new targets for the coming years.

By acting responsibly, Creos continues to create value for its employees, the group, and the community in Luxembourg and in the Greater Region, and it thus contributes to the United Nations' Sustainable Development Goals (SDGs). Further details can be found in the Encevo Annual Report 2022, chapter "Community Empowerment", Contribution to the 3rd Plan Nationale du Development Durable (PNDD) of the Luxembourgish Ministry of Environment, Climate and sustainable Development, which illustrates our contribution to our priority SDGs: 7, 8, 9, 12 and 13:















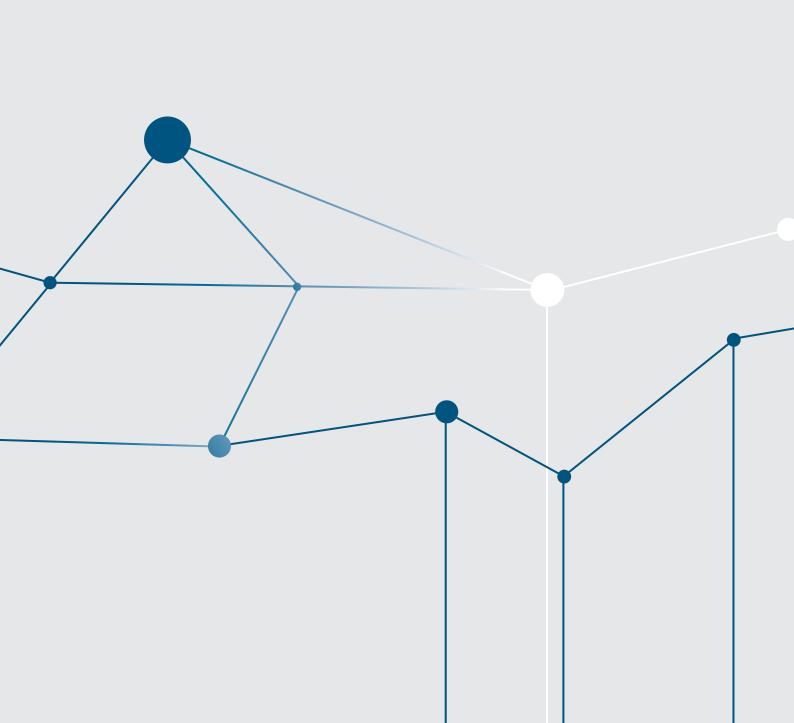






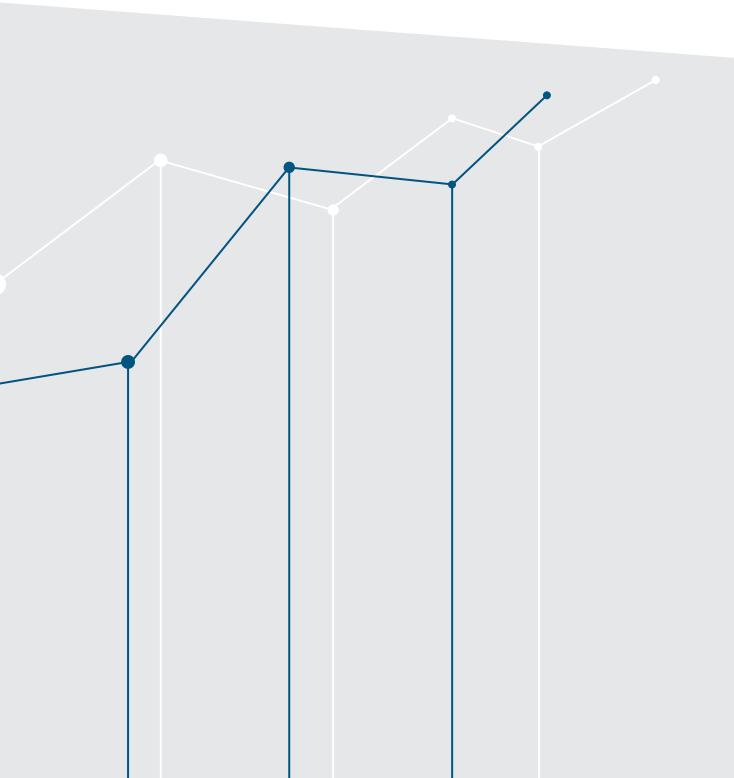
During 2023, we will advance in reporting according to the new Corporate Sustainability Reporting Directive (CSRD) and the EU Taxonomy requirements through a major strategic project that includes the definition of a net-zero emission trajectory and an update based on double materiality principles.







2. Activity



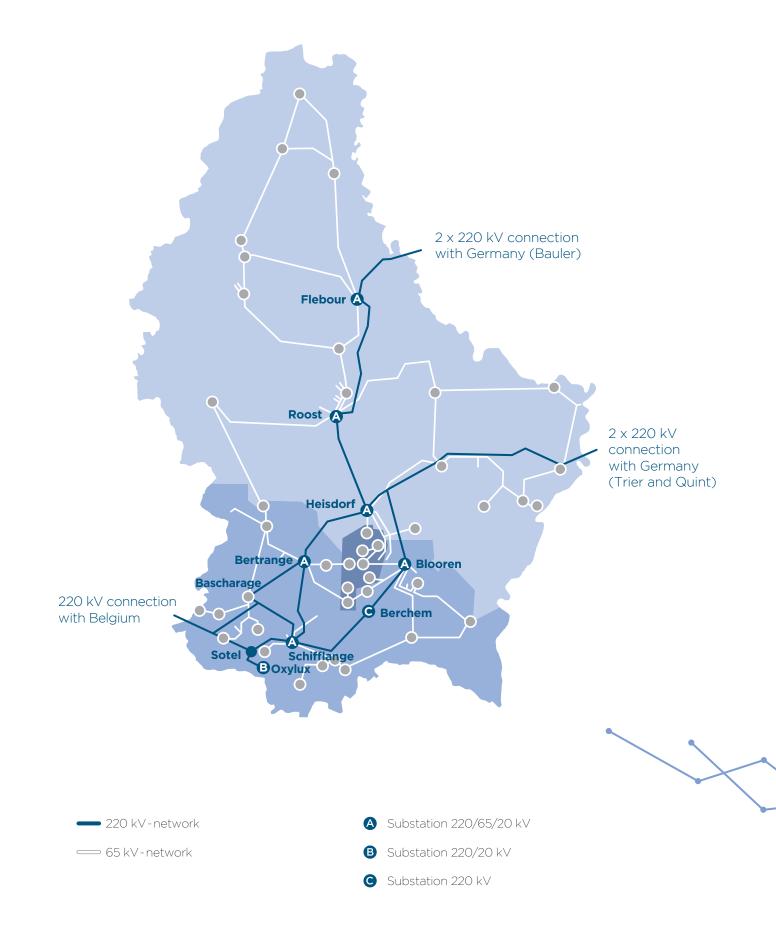




Electricity



The electricity transmission grid



Technical activity

Major achievements at 380 kV, 220 kV and 110-65 kV level in 2022

In order to prepare for the challenges of the energy transition while maintaining optimal security of supply, Creos continued to strengthen its infrastructure

At the end of October 2022, the environmental impact assessment for the 380 kV project was submitted to the competent authorities.

At the 220 kV level, reinforcements were carried out at the Flebour substation and work was carried out to bring the new 220 kV substation in Bissen into service.

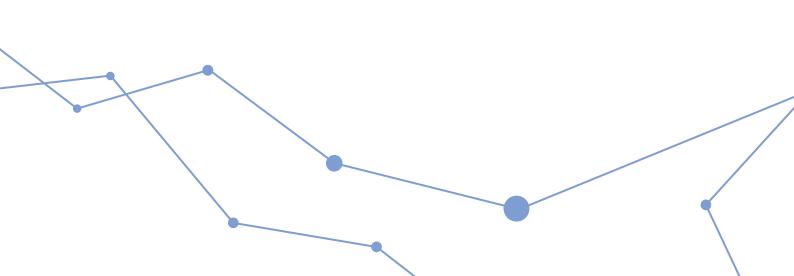
At the 110-65 kV level, work started on the 110 kV part of the Bissen substation.

Work also progressed well on the Senningerberg substation, with the construction of a new building that will replace the old 65/20 kV overhead substation with a 220/(110)65/20 kV substation. At the same time, a number of additional multitubes were installed on the territory of the city of Luxembourg. The aim of this work is to strengthen the security of supply around the capital.

Several other axes of reinforcement of the 110-65 kV infrastructure are being implemented.

The first axis concerns the reinforcement of the 65 kV loop in the south-west of the country. To this end, the high-voltage cable connection of the Niedercorn substation has been completed and this new substation has been commissioned. Work is underway to lay cables between Sanem and Lamadelaine.

A second focus is the work to upgrade the northern region of the country to an operating voltage of 110 kV. To this end, work has begun on the construction of a new 110 kV substation at Colmar and on obtaining authorisation for the construction of a new 110 kV Flebour-Walsdorf-Marnach link. The transition from 65 kV to 110 kV infrastructure is progressing well.







Evolution of the electricity grid

			2022	2021
Transformer substations	220 kV Phase shift	(number)	1	1
Transformer substations	transformer			
	220 kV	(number)	1	1
	220/65/20 kV	(number)	6	6
	220/20 kV	(number)	1	1
	65 kV	(number)	4	4
	65/20 kV	(number)	36	36
	65/20/5 kV	(number)	1	1
	65/6,3 kV	(number)	1	1
	65/5 kV	(number)	1	1
	20/0,4 kV	(number)	2,743	2,715
High-voltage lines	220 kV13-phase line	overhead (km)	10.8	7.0
	220 kV13-phase line	underground (km)	6.5	5.6
	220 kV 2 3-phase lines ¹	overhead (km)	137.5	137.5
	220 kV 2 3-phase lines	underground (km)	10.9	10.9
		Total 220 kV (km)	165.6	161.0
	65 kV 1 3-phase line	overhead (km)	177.6	168.8
	<u>·</u>	underground (km)	32.5	32.5
	65 kV 2 3-phase lines	overhead (km)	183.7	180.5
		underground (km)	50.7	50.3
	65 kV 4 3-phase lines	overhead (km)	0.7	0
		Total 65 kV (km)	445.2	432.1
Medium-voltage lines	20 kV + 5 kV	overhead (km)	942.0	948.3
		underground (km)	2,890.0	2,831.3
		Total MV (km)	3,832.0	3,779.6
		Underground rate (%)	75.4%	74.9%
Low-voltage lines	400/230 V	overhead (km)	283.6	284.1
		underground (km)	5,656.4	5,610.5
		Total LV (km)	5,940.0	5,894.6
		Underground rate (%)	95.2%	95.2%
		Total (km)	10,382.8	10,267.3
Charging stations (at count	ry level)	Chargy (number) SuperChargy (number)	606 32	538

Evolution of the national load

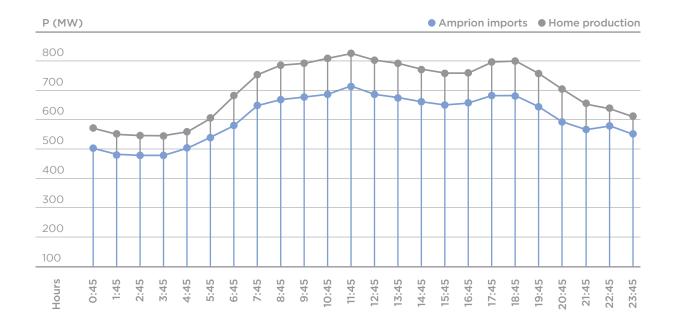
The national peak demand in 2022 was 827.7 MW, compared to 815.2 MW in 2021. This peak was recorded at 11:45 a.m. on 26 January 2022.

The energy peak in 2022 imported via the Amprion lines was 712 MW on 26 January 2022 at 11:45 (compared to 694.6 MW on 9 February 2021).

The usage time of the electricity grid for 2022 amounted to 6,040 hours.

Therefore, the maximum rate of use of the grid was 68.9%.

Evolution of the national load during the day of 26.01.2022





Electricity consumption



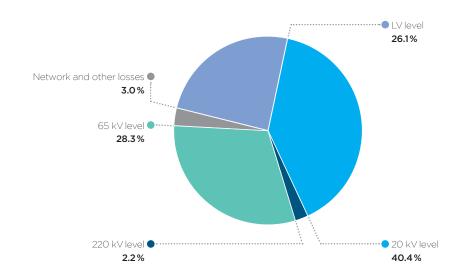
The total volume of electricity fed into the grid at national level via

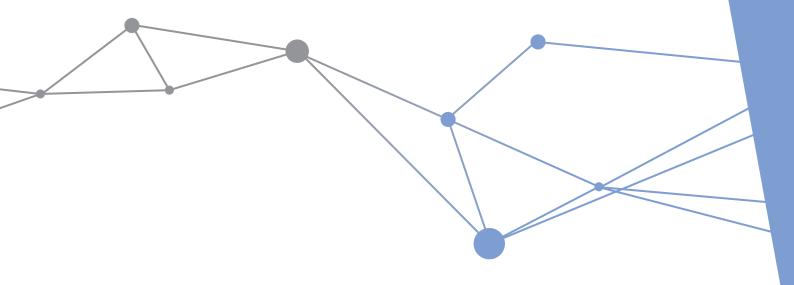
- 220 kV interconnection lines,
- self-generated electricity (with metering on customer sites) or
- local generation sources connected to Creos networks or to those of the four municipal or private distributors.

amounted to 4,998.9 GWh in 2022 (5,132.5 GWh in 2021), corresponding to a decrease of 2.6% 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

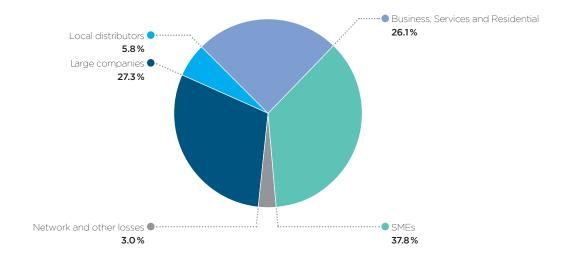
		2022	2021	Variation
Consumption				
220 kV level	(GWh)	111.8	112.7	-0.7%
65 kV level	(GWh)	1,415.3	1,554.0	-8.9%
20 kV level	(GWh)	2,016.1	1,995.3	+1%
LV level	(GWh)	1,306.6	1,316.5	-0.8%
Network and other losses	(GWh)	149.1	154.0	-3.3%
Total	(GWh)	4,998.9	5,132.5	-2.6%





Consumption by sector

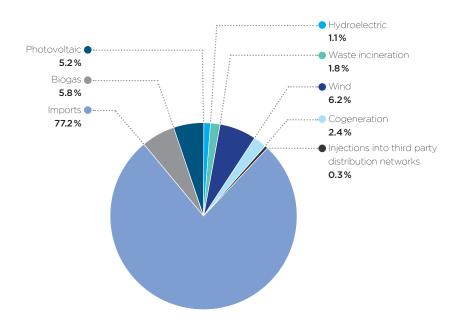
		2022	2021	Variation
End customers				
Large companies	(GWh)	1,362.9	1,501.9	-9.3%
SMEs	(GWh)	1,889.4	1,868.3	+1.1%
Business, Services and Residential	(GWh)	1,306.6	1,316.6	-0.8%
Local distributors	(GWh)	290.9	291.7	-0.3%
Network and other losses	(GWh)	149.1	154.0	-3.3%
Total	(GWh)	4,998.9	5,132.5	-2.6%

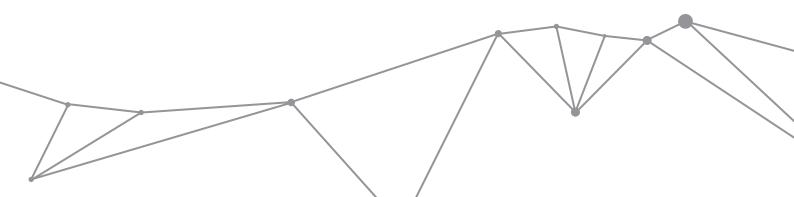


Injections into the electricity network

		2022	2021	Variation
Cross-border exchanges				
Imports	(GWh)	3,858.4	3,946.1	-2.2%
Home production		1,140.5	1,186.4	-3.9%
Cogeneration	(GWh)	121.0	205.2	-41%
Hydroelectric*	(GWh)	57.4	92.9	-38.2%
Wind*	(GWh)	307.9	308.1	-0.1%
Waste incineration **	(GWh)	91.4	93.3	-2.0 %
Biogas*	(GWh)	288.3	289.1	-0.3%
Photovoltaic*	(GWh)	260.2	182.1	+42.9%
Injections into third party distribution networks	(GWh)	14.3	15.8	-9.8%
Total	(GWh)	4,998.9	5,132.5	-2.6%

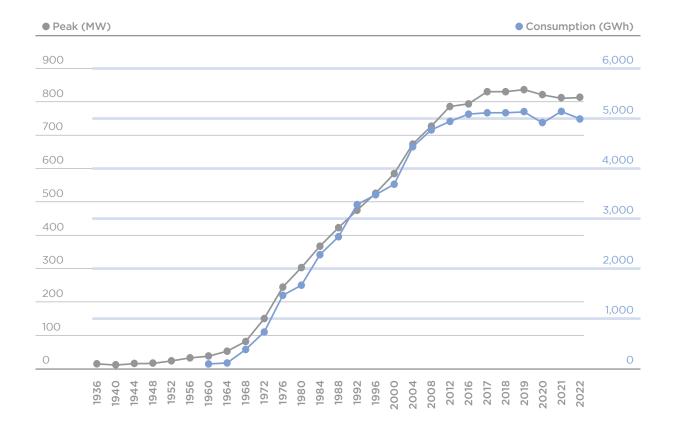
^{*} renewables ** partially renewables

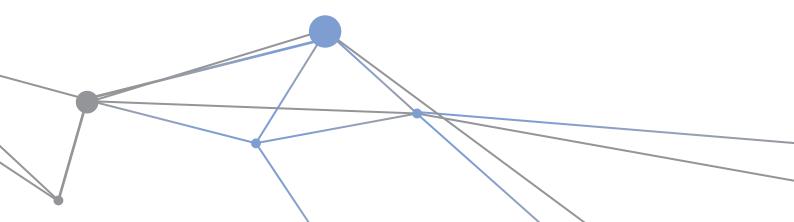






Evolution of the peak and network demand





Network reliability

A diversifying and developing economic base and a rapidly growing population require 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 remains to be the absolute priority for Creos, which is responding to this challenge with a large investment programme. Creos, in cooperation with Amprion, the German transmission system operator, is therefore planning the construction of an extrahigh-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 lie in the integration of renewable energies with consumers becoming also producers. Flows on the grid become bidirectional, and the network operator have the responsibility of managing them through the development of a smart grid.

Many years of efforts 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 has now buried 95.2% of its low-voltage power lines and 75.4% of its medium-voltage lines underground, representing over 8,647 km or 83.3% of the entire network, a level of performance which exceeds European standards.

Creos has always taken care to ensure that its installations are effectively integrated into 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 designed to blend in with the landscape. Low- and medium-voltage substations within the boundaries of local communities are now built 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 keep incidents on the network and the resulting interruptions in supply to an absolute minimum.

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 many interventions on electrical installations.

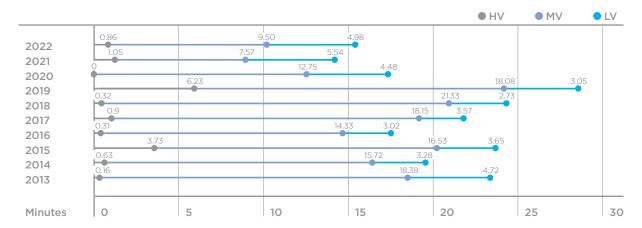
Total length of overhead lines



End 2022 1,736 km

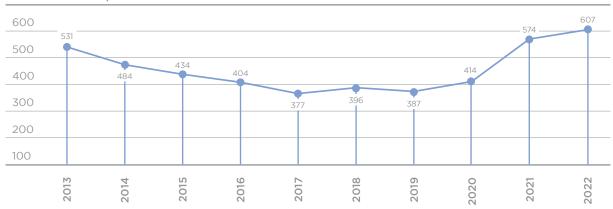


Average duration of interruptions per year in the Creos network (SAIDI)

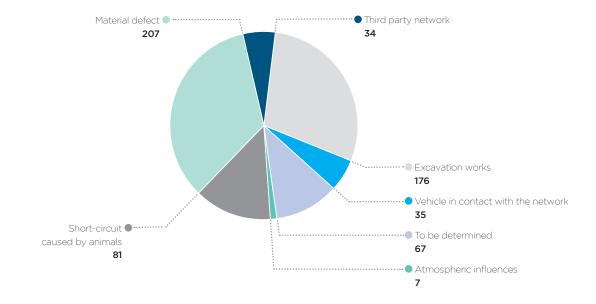


Perceptible LV-interruptions (>3 min) 2013-2022

Number of interruptions



Causes of LV-interruptions



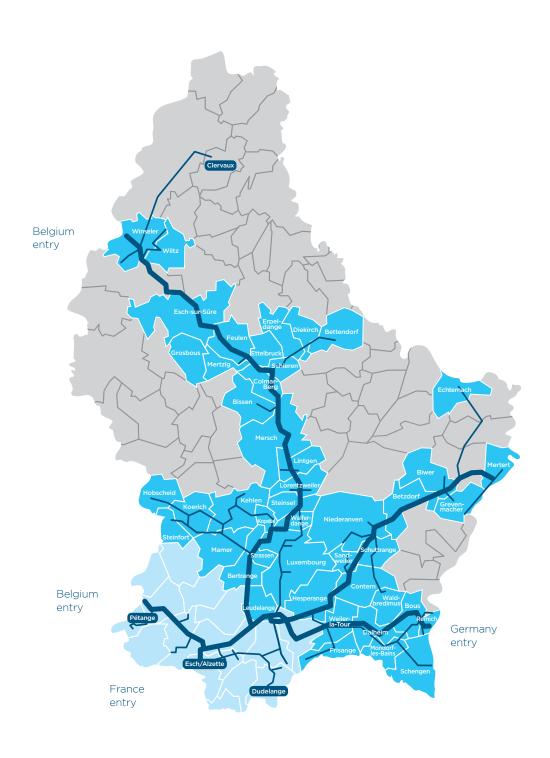




Natural gas



The natural gas transmission grid



- Creos transmission grid
- Municipalities supplied with natural gas by Creos

- SUDenergy, city of Dudelange
- Municipalities not supplied with natural gas

Technical activity

Transport network

Modernisation of the high pressure DN200 PN 40 network (1.2 km) on Avenue de l'Europe in Pétange and dismantling of the pressure reduction station in Rodange.

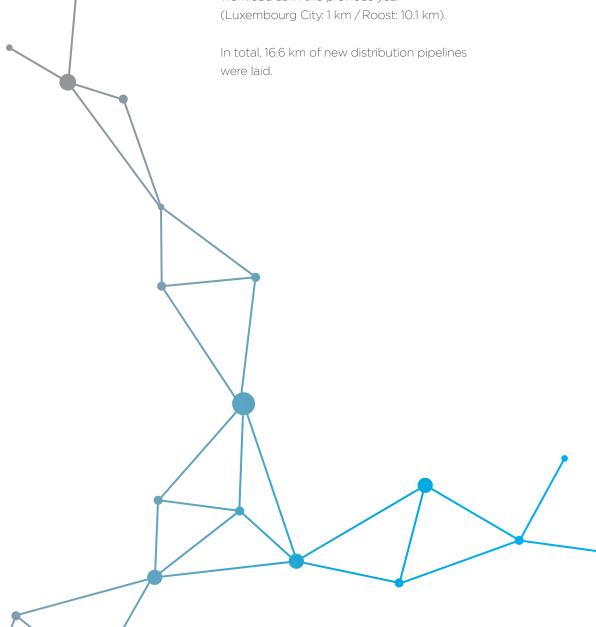
Distribution network

Roost & Luxembourg City Centres

In the city of Luxembourg, intensive efforts were made to modernise the distribution network. 6.1 km of MP/BP pipelines were upgraded and 171 obsolete connections were replaced.

In general, work continued on the extension of the medium pressure (MP) distribution network over 5.5 km in 2022 (Luxembourg City. 2.1 km / Roost: 3.4 km).

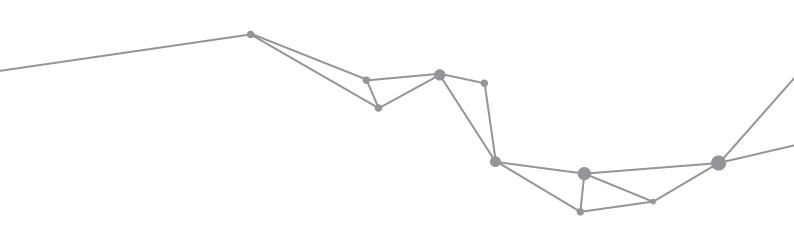
The extension of the low-pressure (LP) distribution network by 11.1 km continued with the same workload as in the previous year (Luxembourg City: 1 km / Roost: 10.1 km).



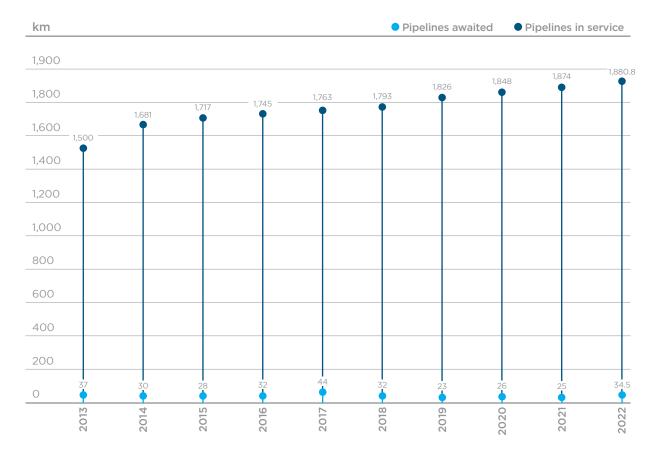
Evolution of the natural gas grid

		2022	2021
Length of the grid by activity			
TSO (transmission)	(km)	277.2	277.2
DSO (distribution)*	(km)	1,915.3	1,898.7
Total	(km)	2,192.5	2,175.9
Length of the grid by PN (nominal pressure)			
PN 80/67.5	(km)	213.8	213.3
PN 40	(km)	39.6	39.6
PN 25	(km)	2.4	2.4
PN 16	(km)	20.3	20.3
PN 4	(km)	1.6	1.6
Total	(km)	277.7	277.2
Pressure-reduction substations on the transmission grid			
Border substations	(number)	4	4
Active stations (with teletransmission capability)	(number)	57	58
Total	(number)	61	62

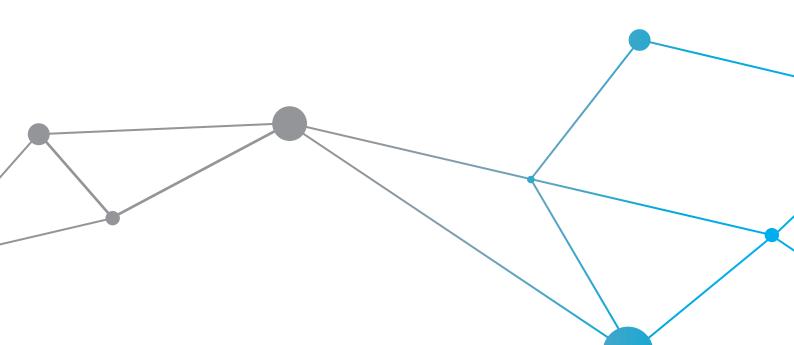
^{*} Grid in service and awaited



Natural gas distribution grid: length of pipelines in service



At 31 December 2022, the Creos distribution network consisted of 1,915.3 km of laid pipelines, of which 1,880.8 km were in service and 34.5 km pressurised with air, pending implementation.



Volume transported

In 2022, the volume carried on the transmission network amounted to a total of 6,797 GWh, a decrease of 21% compared to 2021.

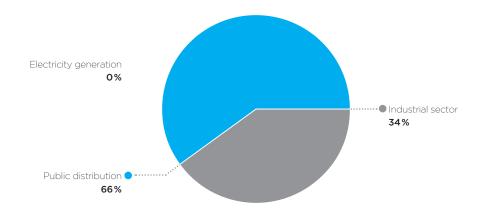
		2022	2021	Variation
Total capacity reserved for transmission	(Nm^3/h)	319,000	319,000	0%
Gas grid peak	(Nm^3/h)	201,866	196,003	+3%
Total volume carried	(GWh)	6,797	8,655	-21%

Demand on the Luxemburgish market

Total demand by sector

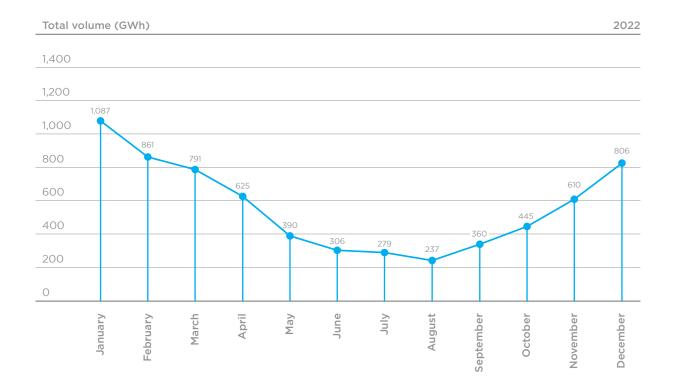
		2022	2021	Variation
Industrial sector	(GWh)	2,284	3,110	-27%
Public distribution	(GWh)	4,504	5,520	-18%
of which Creos	(GWh)	2,856	3,556	-20%
Delta Linepack & own consumption		9	25	-64%
Total	(GWh)	6,797	8,655	-21%

Due to high outdoor temperatures during the winter period and artificially high prices in the wake of the Ukrainian crisis, the 2022 financial year saw a significant decline in domestic gas consumption.

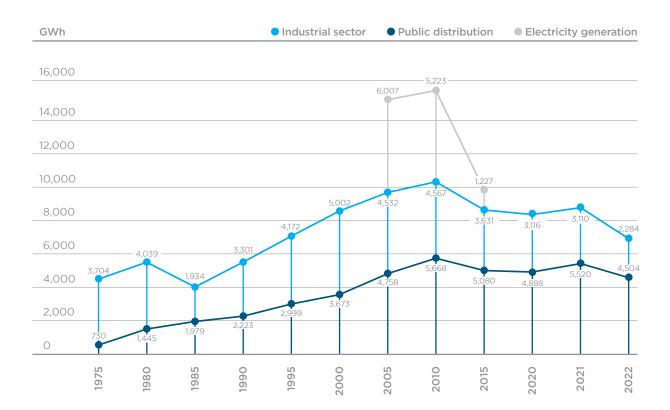




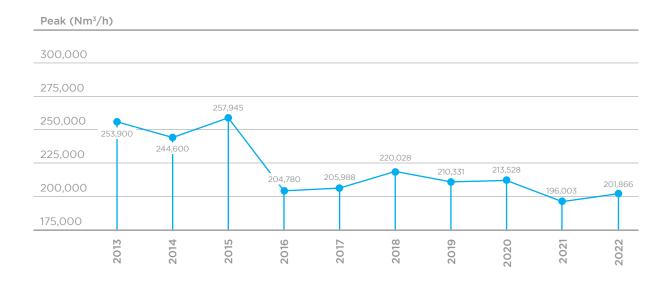
Total demand per month



Evolution of the total demand per year

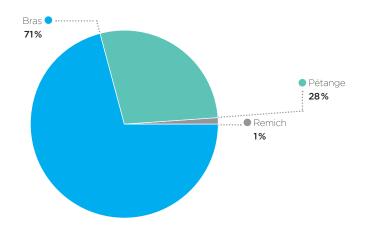


Evolution of the network peak



Breakdown of flows per interconnection point

			2022	2021	Variation
Remich	German network	(GWh)	40	1,780	-98%
Bras	Belgian network	(GWh)	4,818	6,277	-23%
Pétange	Belgian network	(GWh)	1,939	598	+324%
Total		(GWh)	6,797	8,655	-21%







Main participations





Luxmetering

Luxmetering is an economic interest grouping (EIG) created in 2012 by the seven electricity and gas network operators in Luxembourg: Creos Luxembourg, city of Ettelbruck, city of Diekirch, Hoffmann Frères (Electris), city of Dudelange, Sudstroum and SUDenergie (formerly Sudgaz).

It operates the national IT platform common to the network operators, which collects the data from the smart meters for electricity, gas and water on a daily basis and transmits them to the respective network operators after processing.

From 1 July 2016, all new electricity and gas meters installed in Luxembourg must be smart meters. As of 31 December 2022, 305,443 electricity meters and 44,103 gas meters will be collected daily by Creos, with a collection rate of around 99%. The platform is also open to water and heat meters. As of 31 December 2022, Luxmetering collects 4,970 water meters on behalf of 7 municipalities. A project to integrate heat meters is currently being studied.

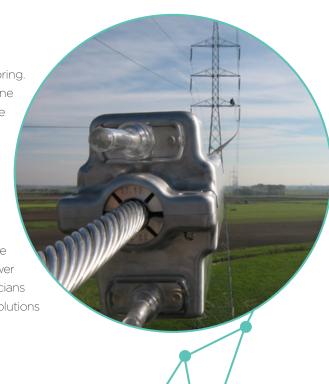
For more information, visit: www.luxmetering.lu

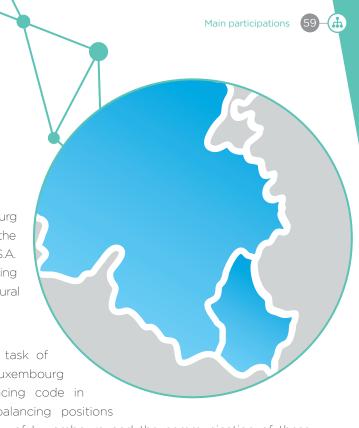
Ampacimon

Ampacimon is the world leader in electricity grid monitoring. The company has deployed the largest number of dynamic line rating systems in the world. The patented technologies increase the capacity of existing transmission and distribution systems, monitor critical asset health conditions, and identify mechanical and electrical faults.

Ampacimon has approximately 50 employees worldwide, located in Atlanta (USA), Madrid (Spain) and Liège (Belgium). Passionate about technology and driven by the desire to make a positive contribution to the world of tomorrow, Ampacimon works with power grid companies around the world. Engineers, sales managers, technicians and support teams are dedicated to providing innovative solutions to their customers' challenges.

For more information, visit: www.ampacimon.com





Balansys

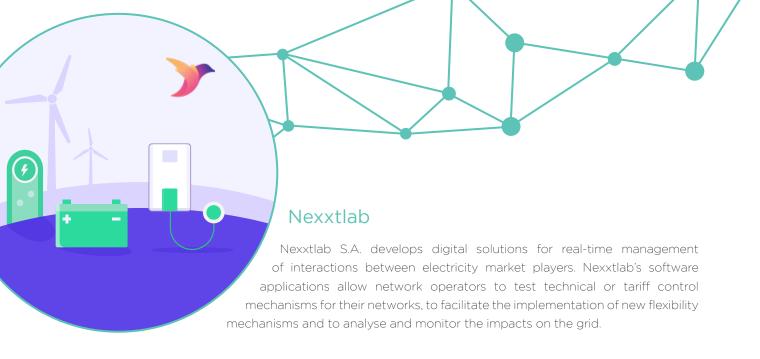
Balansys is a public limited company under Luxembourg law, created on 7 May 2015 in equal parts by the transmission system operators Creos Luxembourg S.A. and Fluxys Belgium NV/S.A. with the the aim of facilitating the integration of the Belgian and Luxembourg natural H gas market sectors into a single zone.

The mission of Balansys S.A. is to perform the task of the balance coordinator in the joint Belgian-Luxembourg zone in accordance with the European balancing code in force. This includes the aggregation of the balancing positions

of the shippers in Belgium and the Grand Duchy of Luxembourg and the communication of these individual balancing positions and those of the overall market to the network users. In this context, Balansys S.A. is responsible for the sale/purchase of natural gas on an anonymous exchange platform for balancing purposes and for the invoicing of the balancing costs to the network users in the common area.

The task of the balancing coordinator is a regulated activity. The first cross-border integration in Europe between two gas markets could only start after public consultations and a concerted approval process between the regulators CREG (Belgium) and ILR (Luxembourg) on the contractual and tariff framework applicable to the Belgian-Luxembourg joint market area, as well as the approval of the compliance programme by ACER (Agency for the Cooperation of Energy Regulators) on 16 October 2019. Balansys S.A. has been appointed balancing coordinator for the entire Belgian-Luxembourg area as of 1 June 2020. At the end of 2022, 119 commercial players were participating in this market and had signed a balancing contract with Balansys S.A.

For more information, visit: www.balansys.eu



The solutions developed by Nexxtlab are also used by various energy service providers to enable them to activate all the new flexible operating modes of their mainly low voltage customers' equipment.

With a team of 15 people, Nexxtlab has developed a range of functional and intelligent modules enabling users to actively participate in the dynamics of the energy transition.

For more information, visit: www.nexxtlab.lu

TSCNET

In order to comply with European regulations, Creos acquired a 6.25% stake in the Munich-based company TSCNET Services GmbH in June 2022. This makes Creos an equal partner with 15 other Central European transmission system operators. TSCNET provides regional coordination centre services on behalf of its shareholders and for their respective territories.

TSCNET ensures that grid capacity is used safely and efficiently. It coordinates countermeasures in the event of imminent bottlenecks or fluctuations in electricity production or consumption.

Together with its partners, TSCNET makes the energy transition possible.

TSCNET

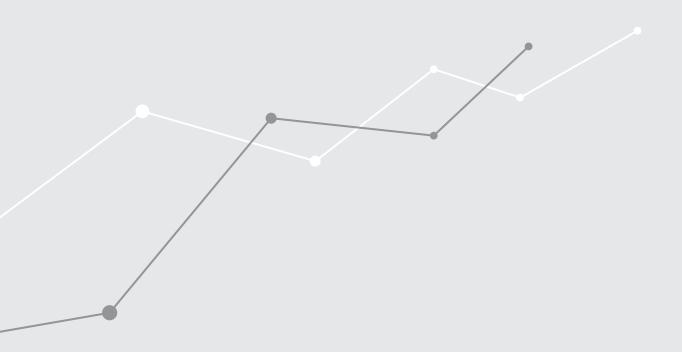
It is owned and operated by 16 Transmission System Operators (TSOs) located in twelve European countries: 50Hertz (Germany), Amprion (Germany), APG (Austria), ČEPS (Czech Republic), Creos (Luxembourg), ELES (Slovenia), Energinet (Denmark), HOPS (Croatia), MAVIR (Hungary), PSE (Poland), SEPS (Slovakia), Swissgrid (Switzerland), TenneT (Germany), TenneT (Netherlands), Transelectrica (Romania) and TransnetBW (Germany).

For more information, visit: www.tscnet.eu





3. Management report of the Board and annual accounts



Management report of the Board of Directors

The companies of the Encevo Group must comply with certain legal and governance rules. The main principle of these rules is the strict separation between the operation of energy network infrastructure and other activities such as the production, sale, purchase, and wholesale of energy, as well as technical sales services

Within the Encevo Group, Creos Luxembourg S.A. (hereinafter referred to as "Creos") is the owner of the energy networks and is responsible for all activities related to its networks, i.e. the planning, construction, operation and maintenance of the gas and electricity networks as well as the meters installed at the premises of the network users. Creos is also responsible, together with the other distribution network operators in Luxembourg, for the implementation of a public charging infrastructure for electric vehicles and, as Transmission System Operator ("TSO"), for the development, operation, and maintenance of a national energy data platform.

In addition to these regulated activities, the Company also provides non-regulated services to third parties as well as IT infrastructure services and capabilities to several companies within the Enceyo Group.

Regulation and non-discrimination

Network operators must ensure non-discriminatory access to their networks. This access is governed by the amended laws of 1 August 2007 on the organisation of the electricity and gas markets. It is supervised by a regulator, the Institut Luxembourgeois de Régulation (ILR).

As required by the above-mentioned laws, Creos has implemented a so-called "Commitment Programme", which specifies the appropriate measures to avoid any discriminatory practices in the treatment of different network users. The details of this programme and the results of its annual monitoring are published on the website www.creos.net.

In accordance with the amended laws of 1 August 2007, the regulator annually approves the tariffs proposed by the network operators that all users of the energy networks must pay. Creos' six main activities (which make up most of its turnover) are all regulated and invoiced through network tariffs: electricity transmission (TSO electricity), gas transmission (TSO gas), electricity distribution (DSO electricity), gas distribution (DSO gas) and metering of electricity and gas consumption.

2022 is the second year of the third regulatory period. In accordance with ILR/E20/22 (electricity) and ILR/G20/21 (gas) of 26 May 2020, the return on capital has been set at 4.81%, compared with 6.12% for the second regulatory period. The allowed revenues consist of capital charges (remuneration of the regulated asset base and depreciation) and allowed operating charges. A limited number of "non-controllable" operating

costs (e.g. upstream network costs, transaction costs) are included in the network tariffs at cost. All other operating costs are considered controllable and are included in the network tariffs on a "photo year" basis (i.e. 2019 for 2022), using a regulatory formula that takes into account annual inflation, wage developments, network developments and volume and efficiency factors (set at zero for 2022). The regulator has also introduced additional measures for the third regulatory period to address new challenges facing network operators, such as digitisation, smart grids, and energy transition, including allowing network operators to recover costs related to staff hired after the reference year and therefore not accounted for in the reference year.

Detailed information on the applicable regulations, as well as on the tariffs approved by the regulator and applied by Creos, is available at www.ilr.lu.

Also note that the ILR is the competent authority for designating and supervising operators of essential services under the Law of 28 May 2019 transposing Directive (EU) 2016/1148 of 6 July 2016 on measures to ensure a common high level of network and information system security. Creos has been designated as an essential service operator in February 2020. Information security management is a key component of this legal framework, and the Grid Operations department of Creos has implemented an information security management system "ISMS: Information Security Management System" with ISO 27001 certification as of November 2021.

Highlights of the year 2022

A safe and reliable energy transmission and distribution infrastructure is a key element in ensuring the well-being of citizens and the sustainable development of an economy. Creos therefore continues to invest heavily in its electricity and gas networks to be able to meet future energy needs, and security of supply remains its top priority. In addition to these primary tasks as a network operator, Creos has continued to develop functionalities, particularly digital ones, to facilitate the development of renewable energies and to pave the way for new trends such as electric mobility, electric heating, decentralised electricity production and batteries or other means of storing electricity.

A number of new challenges are emerging in the context of the energy crisis, which is becoming increasingly acute in Europe following the military aggression by Russia against Ukraine in February. The main concern is the risk of a shortage of natural gas and electricity, which would affect Luxembourg through its imports from neighbouring countries, especially since the gradual reduction or even cessation of Russian gas exports to the European Union. In this context, Creos, as gas and electricity TSO, has started intensive consultations with the national authorities, its European counterparts and representatives of major industrial



consumers to review and verify the procedures and impact of its contingency plans, including the gas load shedding plan and the electricity defense plan.

Throughout the year, Creos participated in numerous regular and extraordinary meetings enabling European consultation between transmission system operators. Ultimately, Creos did not have to activate any of its intervention plans during the year, and regular and constant energy supplies were guaranteed at all times. Creos was also affected by the sharp rise in energy prices on the European markets, which increased the cost of energy purchases to cover network losses. The increasing need for intervention by the transmission system operator Amprion, which provides the systemic voltage services for Luxembourg, coupled with very volatile market prices at very high levels, represent uncontrollable costs that are increasing significantly for Creos. These cost increases are reflected to a significant extent in the network tariffs proposed by Creos and accepted by the regulator, which will apply to all end users from January 2023.

Still in the context of the energy crisis, the government has taken a number of decisions aimed at limiting the increase in integrated energy tariffs in the interest of residential consumers in particular. Thus, since May 2022. Creos has been charging the state for its tariffs for the use of the gas networks (categories 1 and 2). Other measures have been added to this system by legal and regulatory provisions adopted as part of the so-called "tripartite" agreement concluded at the end of September 2022.

On 1 June 2022, HRH Grand Duke Henri honoured Creos with a private visit to the new facilities of the Network Operations Department, the high- and medium-voltage and gas dispatching plants and the Network Operations Centre in Bettembourg.

The new headquarters of Creos and the new technical centre for the city of Luxembourg were inaugurated on 17 June. The event was attended by Claude Turmes, Minister for Energy and Spatial Planning, as well as national and local authorities.

In July 2022, Creos was the victim of a cyber attack that affected, to varying degrees, several of the Encevo Group's IT systems. The affected departments carried out all analyses and took corrective measures to limit the impact of the incident. As a result, no ransom was paid, all services returned to normal within two weeks and no data was lost. The data leakage resulting from this attack was rigorously managed, both in terms of personal data and data that could potentially affect the security of the country's critical infrastructure. Creos cooperated in an exemplary manner with all national authorities and ensured strict compliance with data protection laws. Apart from the reputational impact, the impact of the attack remained limited, but managing the crisis cost the IT Department more than 1,000 working days and delayed a number of projects. In view of the increasing cyber threats, the group will accelerate the implementation of its information security strategy. It should be noted that the IT systems that monitor and manage the energy networks ("Grid Operations") were not affected, and the country's energy supply was guaranteed at all times.

The composition of the Executive Board of the Company changed in 2022 following the retirement of the Managing Director and CEO, Mr Marc REIFFERS with effect from 31 October 2022. The Board of Directors confirmed that Mr Mario GROTZ, Chairman and Managing Director, would assume sole responsibility for the day-to-day management of Creos until the appointment of a new Managing Director and

Strategy

Creos' strategy is essentially based on its main mission, which is to ensure the supply of electricity and natural gas under the best possible conditions at national level. This task has become increasingly complex in recent years, due to the integration of developments in decentralised energy production, the consequences of climate change in the consumption sector and, more generally, the introduction of digitalised and automated processes in almost all the sector's activities.

Creos' priority objectives include ensuring:

- the continuity of secure energy supplies. This includes the continuous modernisation of network monitoring and intervention tools ("dispatching") and the provision of a rapid and efficient intervention service in the event of an incident. Since 2020, Creos offers one of the most reliable electricity supplies in Europe. with a System Average Interruption Duration Index (SAIDI) coefficient of around 15 minutes.
- the safety of its employees and third parties. Through training, awareness campaigns and the replacement of safety equipment, Creos has progressively reduced the number and impact of accidents in the workplace and on construction sites.
- efficient, responsive and modern customer service. The interactive communication tools "myCRM" and "myCreos", launched in 2020, have enabled the digitalisation and documentation of most customer processes. The development of the national energy platform should lead to the standardisation and simplification of certain market processes and should contribute to the improvement of data quality and data access for customers on a national level.
- the planning and implementation of energy networks of the future. Creos conducts its own studies on the evolution of national demand and production, including the publication of its 2040 electricity development plan based on a medium- and long-term scenario report. In the gas sector, in full compliance with the decarbonisation objectives, Creos is preparing the long-term phase-out of natural gas supply and the transition to hydrogen supply.
- the digitisation of energy networks. In this field, Creos has launched an ambitious project lasting several years for the digitalisation of its fleet of medium and low voltage transformers. While all its customers are now equipped with smart meters for electricity and gas, Creos is turning its attention to the "smart grid" with a series of digital initiatives and developments that will enable it not only to measure the flow of electricity, but also to monitor, take decisions and ultimately act upon all the critical components of its networks.
- connecting a large and diverse range of producers to the grid, from single-family photovoltaic systems to wind farms and, in the future, smart aggregators and

energy storage.

- future needs in terms of electrical energy consumption. New challenges include the electrification of industry, data centres, electromobility in its various forms and the installation of heat pumps in buildings.
- in this context of increased demand and new locations and forms of electricity production, Creos is preparing and implementing the reinforcement of its networks by increasing the voltage from 220 kV to 380 kV and from 65 kV to 110 kV. Furthermore, the "smart grid" currently under preparation will make it possible to utilise the potential for flexibility at all connection levels.

Investments

During 2022, Creos invested a total of EUR 152.1 million (excluding investments in participations), slightly below the record year of 2021 (2021: EUR 169.2 million), which saw the completion of the "Bové" project with the delivery of the new head office and administrative headquarters and the technical centre in Luxembourg City.

This major investment programme mainly concerns the electricity sector (EUR 105.4 million in 2022, compared to EUR 96 million in 2021), with a focus on the medium-voltage sector and the initiation of studies for the 380 kV extra high voltage project. Investments have increased by around 10% compared to 2021, with a surplus of EUR 10.6 million for 65/110kV projects and the realisation of numerous low- and medium-voltage projects.

Replacement of network components remains important, while network areas are not extended in the gas sector. With a total of EUR 18.5 million, investments have decreased by around 15% compared to 2021.

With investments of EUR 9.5 million in 2022, compared to EUR 9.7 million in 2021, the digitisation of the electricity network remains an important area of investment and includes equipment for communication and remote control of the infrastructure. The new project for the development of a national energy data platform was launched in 2022 at a cost of EUR 2.4 million. At the same time, investment in the various software packages and IT infrastructure was maintained at the multiannual rate described in the Information Technology chapter below, with a total investment of EUR 7.9 million (2021: EUR 8.5 million).

After the delivery of the Bové building, no new real estate projects were launched in 2022. In addition to its own investments, Creos has carried out investments financed by third parties for an amount of EUR 7.1 million in 2022 (2021: EUR 9.1 million).

Participations

In order to comply with European regulations, Creos subscribed in June 2022 for EUR 756,250 for a 6.25% stake in the Munich-based company TSCNET Services GmbH, thus becoming an equal partner with 15 other Central European transmission system operators. TSCNET provides regional coordination centre services on behalf of its shareholders and for their respective territories.

Creos confirmed its commitment to Balansys S.A.,

a 50/50 joint venture with Fluxys Belgium for the management of gas balancing in the Belgium-Luxembourg joint zone, by providing the Company with several cumulative tranches of credit in the form of "shareholder loans". These funds were used to ensure the operating liquidity of Balansys S.A., which was faced with major uncertainties and risks due to the multiple crises affecting the European natural gas markets; Balansys did not have to draw on all the facilities granted by its two shareholders.

Power

By the end of 2022, the number of electricity meters installed in the Creos network has reached 296,583 low-voltage meters (2021: 289,786 meters), an increase of 2.3% compared to 2021, and 11,743 medium-voltage meters (2021: 11,306 meters), an increase of 3.8% compared to 2021. The deployment of smart meters exceeds 9.9%

A total of 4,999 GWh was transported in the network (2021: 5,132 GWh), which represents a decrease in consumption of 2% compared to the average of the previous 5 years, with the decrease coming from industrial customers, while medium- and low-voltage customers continue to maintain a stable average consumption in 2022.

The volume of national electricity production, mainly renewable, was 1,141 GWh in 2022 (2021: 1,186 GWh). Hydro, wind, photovoltaic and biogas producers injected a total of 914 GWh into the Creos grids.

The electricity network covers 10,382.8 km. This represents an increase of 115.4 km compared to the end of 2021.

In addition to the usual maintenance and replacement activities on the low- and medium-voltage networks, Creos continued the replacement of several transformer sites and high-voltage overhead lines. In order to further strengthen the interconnection with Germany, Creos continued the "Project 380", which involves the reconstruction of the existing high-voltage lines to raise the voltage level from 220 kV to 380 kV. The lines concerned range from Trier/Quint to Steinsel/ Bofferdange and from there to Bertrange, including a new substation in the Steinsel/Bofferdange area. The environmental impact studies were carried out in 2022, as were the first public information meetings. Commissioning of this major project, which is currently in the environmental impact assessment phase, is still planned for 2027.

In terms of security of supply, no major interruptions to the electricity network were reported in 2022 and the regulated indicator SAIDI (average duration of interruptions per year per customer served) was 15.14 minutes. This value is the second best in the last 10 years and places Creos among the best network operators in Europe.

The Company has continued to innovate, notably with the development of the Heatmap, Gridscope, PowerFactory and Alva software packages, based on increasingly reliable data from digital meters and transformers. These new tools allow intelligent monitoring of the state of the network and simulation of network flows and capacities in the event of increased implementation of decentralised production (wind, photovoltaic) and consumption (electric

mobility, heat pumps). These tools have now been developed and tested and will be deployed in the near future in the most sensitive sectors of the network. These innovations will allow better targeting of grid reinforcements and pave the way for intelligent local and regional flexibility tools.

With regard to the energy transition, it should also be noted that in 2022 Creos processed a record number of 2,541 (+82.7%) requests for the connection of renewable energy production systems (2021: 1,391 requests), mainly photovoltaic, and 3,357 (+69%) requests for the connection of electric mobility charging stations (2021: 1,983 requests). During the year, a web application was developed to allow installers to declare installations carried out on their own initiative and under their responsibility, thus reducing the need for Creos teams to intervene in the field and the time taken by the network operator's procedures

In its capacity as public transmission system operator, Creos continued to implement a national energy data platform in accordance with the Electricity Market Organisation Act. The platform is expected to be operational for large business customers, energy producers and energy communities in the spring of 2023, pending new provisions in the legislation currently under discussion.

Natural gas

The number of active gas meters in the Creos network reached 49,384 at the end of 2022 (+0.8% - 2021: 48,993 meters). A total of 6,797 GWh were transported on the network, a decrease of 21.5% compared to the average consumption of the last 5 years (2021: 8,655 meters). At -33.6%, the decrease in consumption by high-pressure industrial consumers was more significant than in the distribution networks (-13.3%).

Compared to previous years, the size of the natural gas network remains almost unchanged at 2,192.5 km (2021: 2,176 km). In the broader context of decarbonisation, Creos no longer plans to expand its network, except for security of supply, replacement or at the request of third parties at their own expense.

There were no particular peaks in demand for gas services and no major operational incidents. Compared to 2021, investments for the replacement of existing networks and customer connections decreased by approximately 14%, in particular in the low and medium pressure network on the territory of the city of Luxembourg

Balansys S.A., a 50/50 joint venture between Creos and Fluxys Belgium providing balancing services for the joint Belgian-Luxembourg gas market, performed well. While the European gas markets were severely shaken by price spikes and risks of shortages in 2022, Balansys' shareholders granted several tranches of credit lines in the form of shareholder loans to ensure the Company's operational continuity.

Electromobility

In 2016, as part of the tasks assigned to network operators by the Electricity Market Organisation Act, Creos launched a joint electric mobility project with the other distribution network operators under the "Chargy" brand. The project aims to install 800

charging points (741 for Creos) for electric cars. In addition to the construction, operation and maintenance of the charging stations, the project also includes the installation, operation and maintenance of a common system to manage all the information and services required by electric car customers and to provide broad, non-discriminatory access to charging service providers and station operators (Chargy OK and SuperChargy OK).

Following the constraints imposed by European legislation, the Ministry of Energy launched a market test at the end of 2021 to identify the possible interest of third parties in taking over this activity set up by the Luxembourg electricity network operators.

By the end of 2022, a total of 561 charging stations (1302 charging points) will be installed and operational in the national system (2021: 538 charging stations and 1,076 charging points). In addition, 448 municipal or private charging stations (896 charging points) will be integrated into the common system and will also be available to the public (2021: 354 municipal or private charging stations, 708 charging points).

In 2020, the government has requested the conversion of 90 standard Chargy charging points into fast charging points, all of which are located on the Creos network. To meet this demand, Creos has developed the "SuperChargy" infrastructure (with a charging capacity of 160-350 kW) with specific branding, to be installed at 16 sites along motorways and main roads throughout the country. A first SuperChargy site was inaugurated on 20 January 2021 in Luxembourg-Kirchberg for a test phase. At the end of 2022, 32 SuperChargy stations and 1 SuperChargy OK station were in operation, including 4 motorway service areas with 6 stations per area.

Its success is reflected in growing consumption, which will reach 7,660 MWh in 2022 (+108% compared to 2021: 3,670 MWh).

Information technology

The Creos IT department has global expertise in technical infrastructure, information systems architecture, application development and integration, office equipment, communication and collaboration tools. On the basis of framework service agreements, the department provides these services both to Creos and to other companies in the Encevo Group.

In order to have the necessary skills to develop and integrate IT solutions in the area of smart grids, the department recruited around ten new employees in the areas of IT development, cloud and data management in 2022.

Creos has continued to strengthen its IT infrastructure in terms of network, telephony and workstations in order to effectively support the introduction of teleworking in the Company.

The security architecture has evolved in response to growing cyber threats and to ensure our compliance with the European directive on a common high level of security for networks and information systems in the Union (NIS directive). Strong authentication has been generalised for access to critical resources and the backup architecture has been reinforced.

In 2022, Creos further extended its reach into the

cloud by developing an operational data consolidation platform, enabling the development and integration of solutions to support the development of smart grids. This is the case of Alva, which uses the data from the Smarty smart meters and now offers a digital twin of the low-voltage electricity network in Luxembourg. The application displays the different components of the network on a digital map with actual energy consumption and production. It allows forecasts to be made, risks associated with production or consumption peaks to be identified and different scenarios for the evolution of the network to be simulated.

The functionalities of the myCreos user portal are being expanded to include digital contract management to improve the customer experience and to make the process more straightforward and faster. Lovion, a system for digitising field operations, was enhanced with a new technological base, greatly improving usability and performance.

In the section above on the highlights of the year 2022, the cyber attack that occurred in July 2022 has been discussed in more detail.

Customer service

In 2022, the number of requests for information fell slightly and their processing time was significantly reduced, despite a significant increase in overall activity. The gradual development of the myCreos portal, which allows customers to create and track all their applications online, in particular applications for electricity and gas connections, contributed to this good performance.

It is noteworthy that the demand for the connection of new photovoltaic installations and new electric vehicles exploded in the course of 2022. The commissioning of installations remained at the same level as in 2021. On the one hand, customers were waiting for better subsidy conditions, and on the other hand, the industry was affected by a lack of manpower or delays in the delivery of materials. Due to the recent evolution of energy prices, a number of older PV installations are switching from the compensation mechanism regime to self-consumption or energy communities. This option has attracted the interest of the vast majority of new producers in 2022.

Faced with the challenges posed by new technologies and their success, but also with a view to even more frequent interaction with customers following the introduction of a new network usage tariff in 2024, the Customer Service department is preparing the next versions of its management tool. It is also pursuing the digitalisation and automation of customer contracts to achieve the objective of reducing paper processing and the average processing time of files, on the one hand, and offering customers the best possible experience, on the other.

Communication and corporate responsibility

Creos has launched a large number of external and internal communication initiatives and campaigns in 2022:

- "Deng Energie fir d'Zukunft": a recruitment campaign focused on tomorrow's challenges, disseminated via social media and specialised media;
- "Wat leeft hei?": an internally produced mini-series aimed at giving an insight into the diversity of the daily life of our teams in the field;
- Inauguration of the Headquarters and Operational Centre of Luxembourg City: organisation of the academic session in the presence of the Minister of Energy and Spatial Planning, Claude Turmes, as well as the Welcome Day for all employees and their families

As in previous years, the sponsorship was focused on the very popular cycling event "Skoda Tour Luxembourg".

For several years, Creos has replaced the traditional end-of-year gifts with donations to charity. In 2022, the Kriibskrank Kanner Foundation and the Foyer Éislécker Heem & Lëlljer Gaart each received a cheque for EUR 5.000.

Support functions

It is worth mentioning the cross-functional activities and departments that once again made a significant contribution to the Company's good operational and financial results in 2022: legal services, finance and management control, regulatory management, communications, project management, as well as the support services of the Encevo Group, the most important of which include the management of human resources and facilities.

Personnel

Headcount increased to 859 (2021: 828), or 846 full-time equivalents (2021: 815), including trainees and parental leave. The average number of employees during the year was 838 (2021: 817), or 825 full-time equivalents (2021: 805). The Company filled 130 vacancies through external recruitment and internal transfers.

By 2022, the number of accidents, both on the road and at work, were around 40% below the average of the previous seven years, and the frequency and severity ratios changed in the same proportion, resulting from the multi-annual safety training and equipment programme. All incidents are analysed. If necessary, work instructions and safety training are adapted.

The Board of Directors and the Management of Creos Luxembourg S.A. would like to thank all employees for the fulfilment of their duties, for their contribution throughout the year, and for their full support in providing reliable and strong operational support for the group's core activities in a very challenging environment marked amongst others by the war between Russia and Ukraine and all related impacts as well as by the cyber attack.

Financial results

Summary of annual accounts (under Lux GAAP)

Income statement

Net turnover amounted to EUR 311,292,236 (EUR 289,772,644 in 2021). The increase in net turnover (see note 15) is mainly due to the increase in the maximum allowable network revenue resulting from the high investments in networks.

The operating result (EBITDA) amounts to EUR 153,842,906 in 2022 (EUR 140,381,609 in 2021). This is due to an increase in sales, an increase in other operating income and an increase in sales and work done for the Company, partially offset by an increase in operating expenses and personnel expenses.

The net result for the year is EUR 34,757,872 (2021: EUR 169,779,503 including a gain of EUR 136,162,320 resulting from the sale of Creos Deutschland Holding GmbH).

The impacts of the cyber attack, the energy crisis and the pandemic crisis were minor in financial terms and are included in the operating result.

Balance sheet

Since the Extraordinary General Meeting of 6 January 2011, which approved the integration of the gas and electricity networks of the city of Luxembourg into Creos Luxembourg S.A. through the issue of new shares, there has been no change in the Company's subscribed capital. The subscribed capital amounts to EUR 198,851,260 and the share premium to EUR 189,562,253 (2021: EUR 189,562,253)

Following the merger of the communities and in accordance with the Company's articles of association and a resolution of the general meeting of 8 May 2012, Creos Luxembourg S.A. bought back 5,045 of its own shares from the community of Schengen for an amount of EUR 469,595. The shares have been recorded as current assets. An unavailable reserve was created for the same amount in accordance with the law on commercial companies.

Proposed appropriation of available earnings

The result available for appropriation of EUR 49,800,537 comprises the net profit for the year of EUR 34,757,872, the release of the unavailable reserve (wealth tax) of EUR 12,440,000 and the profit carried forward from previous years of EUR 2,602,665.

The Board of Directors will propose to the Annual General Meeting of Shareholders, to be held on 10th May 2023, the following appropriation of available earnings:

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)	13,125,000
Allocation to other reserve	15,000,000
Amount carried forward	1,800,501
Total	49,800,537

^{*} Number of shares 9,937,518 (total shares issued of 9,942,563 minus 5,045 own shares)

Compliance and risk management

The main operational risks faced by the Company were accidents to people (employees and third parties) and damage to the network caused by certain meteorological events.

Creos continuously implements active risk management processes through a reporting tool to assess, record, review and monitor mitigation measures for identified operational, financial, legal or strategic risks.

The Creos Management Committee reviews the risk reports twice a year. A full risk review was carried out in the fourth quarter.

The main challenges that are proving more difficult to assess are those related to the energy transition processes that require additional innovative digital technologies, cyber risks, as well as those related to political developments (e.g. the pace of decarbonisation and electrification of the economy and civil society, geopolitical developments) and administrative decisions (e.g. permits for the construction of new network infrastructure). In the wider context of the crises of the year, financial risks have emerged that challenge short-term budgetary targets. These include rising costs (system services, network losses), unanticipated costs (supply chain and material price inflation) and falling revenues (due to reduced energy consumption).

The measures that Creos has taken in response to the uncertainties in relation to these developments are described in the specific chapters.

Outlook

Creos will maintain a very ambitious investment plan for the period 2023-2025. A detailed plan has been presented to the Board of Directors.

Total investment is expected to reach EUR 180 million in 2023, rising to EUR 194 million in 2024 and EUR 224 million in 2025. The investment plan reflects the general trends of the energy transition towards decarbonisation of the economy. However, investments in the gas network will be limited to maintenance at around EUR 10 million per year, while investments in the electricity networks will increase to EUR 173 million in 2025. The budgets do not yet include the renovation and modernisation of the buildings of the Operational Centres in Schifflange and Contern. These are currently being studied. Investments in IT projects, including IT hardware as well as digital communication components and application development, will continue at a steady pace, with around EUR 24 million planned in 2023.

Increasing investment volumes will lead to an increase in regulated assets, which should rise from around EUR 1,695 million in 2023 to EUR 1,911 million in 2025.

The multi-annual financial plan foresees an increase in operating and financial results, with EBIT (including income from participating interests) expected to rise from EUR 62 million in 2023 to EUR 72 million in 2025.

The number of employees (full-time equivalents) is expected to overpass 880 by 2024 and to maintain this level thereafter. Budgetary and financial projections remain subject to external risk factors such as inflationary developments (material costs, wage indexation) and geopolitical developments with unpredictable impacts on supply chains, energy demand and energy markets. Despite the fact that regulation allows for the recovery of the increase in regulated costs through user tariffs in subsequent years, there could be a working capital effect in times of crisis and uncertainty.

Other information

The Company holds 5,045 of its own shares with a value of EUR 469,595.

The Company does not have a branch.

The Company does not hold any financial instruments.

Changes in 2022 in the Board of Directors of Creos Luxembourg S.A.

The resignation of Mr Yu GONG from his position as a director was noted and accepted at the Ordinary General Meeting of Shareholders held on 10 May 2022 in accordance with the letter dated 7 April 2022.

In accordance with articles 20 and 21 of the Articles of Association and following the proposal made by China Southern Power Grid International (Luxembourg) Co, Ltd, a shareholder of Encevo S.A., by letter dated 12 April 2022, the Ordinary General Meeting of Shareholders held on 10 May 2022 elected Mr Yu WU as a new director of the Company with immediate effect. The term of office of Mr Yu WU will expire on the date of the Ordinary General Meeting in 2026 convened to approve the financial statements for the year 2025.

The composition of the Board of Directors of the Company changed in 2022 following the retirement of the Managing Director and CEO, Mr Marc REIFFERS with effect from 31 October 2022. The Board of Directors confirmed that Mr Mario GROTZ, Chairman and Managing Director, would assume sole responsibility for the day-to-day management of Creos until the appointment of a new Managing Director and CEO.



The Board of Directors also decided that the day-to-day management of the Company will be carried out by Mr Mario GROTZ, who will represent the Company, sign the day-to-day transactions together with a member of the Creos Management Committee and be authorised to draw up and amend the Company's delegation of powers together with Mr Thierry KUFFER, director.

All the above decisions of the Board of Directors were taken unanimously by all the directors present or represented at the respective meetings.

The composition of the Board of Directors on 31 December 2022 was the following:

Mr Mario GROTZ, Chairman Mr Yu XUE, Vice-chairman

Mr Gaston BOHNENBERGER, director

Mrs Doris ENGEL, director
Mr Xavier HANSEN, director
Mr Patrick JUCHEM, director
Mr Lex KAUHHOLD, director
Mr Pierre KREMER, director
Mr Thierry KUFFER, director

Mr Daniel LIEBERMANN, director

Mrs Sandra MATHES, director

Mr Luis PINTO, director Mr Frank REIMEN, director Mrs Christiane SCHAUL, director Mr Fernand SCHILTZ, director

Mr Yingpeng SHI, director
Mr Laurent VANETTI, director
Mr Marco WALENTINY, director

Mr Yu WU, director

Mr Gilbert ZAHLES, director

According to Art. 52(3) of the electricity law of 1 August 2007, as amended, the "Commissaire du Gouvernement à l'Energie", Mr Simeon HAGSPIEL is invited to attend the Board of Director's meetings without voting rights.

In its meeting of 30 March 2023, the Board of Directors decided to propose to the shareholders meeting scheduled on May 10, 2023, to appoint Mrs Laurence ZENNER as a new member of the Board of Directors with effect as of 1st July 2023 and, provided this appointment, the Board of Directors decided to delegate to Mrs Laurence ZENNER the day-to-day management of the business of the company ("Executive Director") with effect as of 1st July 2023.

Board meetings held and attended in 2022

Due to the restrictive rules governing the Covid pandemic health situation, all Board meetings were held in a hybrid format, allowing physical attendance in the meeting room or participation via video conference.

The attendance rate for the four Board meetings was 87%, the proxy representation rate was 8% and the excused absence rate was 5%.

Company auditor

The mandate of the external independent statutory auditor, Ernst & Young, initially appointed for a three-year term at the annual general meeting of shareholders held on 8 May 2018, expired with the audit review of the financial year 2020. Considering the Board of Directors' recommendation, the shareholders appointed Ernst & Young for a new mandate for the financial years 2021 and 2022 during the annual general meeting of shareholders held on 11th May 2021. A new public tender was initiated to appoint an external auditor for the financial years 2023 and 2024. The external auditor for 2023 and 2024 will be appointed by the annual general meeting of shareholders to be held on 10th May 2023.

Annual accounts

Balance sheet as of 31st December 2022

ASSETS	Notes	2022	2021
		EUR	EUR
Fixed assets		1,098,360,922	1,050,250,027
Intangible assets	Note 3	20,646,632	15,652,327
Concessions, patents, licences, trade marks and similar rights and assets, if they were		9,253,983	10,051,501
a) acquired for valuable consideration		9,253,983	10,051,501
Payments on account and intangible fixed assets under development		11,392,649	5,600,826
Tangible assets	Note 4	1,058,559,018	1,022,198,679
Land and buildings		173,881,524	160,232,924
Plant and machinery		685,970,834	678,327,894
Other fixtures and fittings, tools and equipment		62,701,540	63,528,474
Payments on account and tangible assets in the course of construction		136,005,121	120,109,387
Financial assets	Note 5	19,155,271	12,399,021
Participating interests		4,025,271	3,269,021
Loans to undertakings with which the undertaking is linked by virtue of participating interests		15,130,000	9,130,000
Current assets		219,980,168	249,808,848
Stocks		21,229,221	22,365,666
Raw materials and consumables		16,501,927	12,220,039
Work in progress		4,544,230	9,962,562
Payments on account		183,065	183,065
Debtors		197,421,568	226,161,677
Trade debtors	Note 6	28,489,607	17,965,350
a) becoming due and payable within one year		28,489,607	17,965,350
Amounts owed by affiliated undertakings		150,463,759	197,148,405
a) becoming due and payable within one year	Note 7	150,463,759	197,148,405
Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests		354,854	525,450
a) becoming due and payable within one year		354,854	525,450
Other debtors		18,113,348	10,522,472
a) becoming due and payable within one year	Note 8	18,113,348	10,522,472
Investments		469,595	469,595
Own shares	Note 9	469,595	469,595
Cash at bank and in hand		859,785	811,910
Prepayments	Note 10	17,521,158	9,020,839
TOTAL ASSETS		1,335,862,248	1,309,079,714



The accompanying notes form an integral part of the annual accounts

CAPITAL, RESERVES AND LIABILITIES	Notes	2022	2021
		EUR	EUR
Capital and reserves	Note 11	867,014,257	852,131,422
Subscribed capital		198,851,260	198,851,260
Share premium account		189,562,253	189,562,253
Reserves		441,240,207	288,190,207
Legal reserve		19,885,126	19,885,126
Reserve for own shares		469,595	469,595
Other reserves, including the fair value reserve		420,885,486	267,835,486
a) other available reserves		344,805,486	204,805,486
b) other non available reserves		76,080,000	63,030,000
Profit or loss brought forward		2,602,665	5,748,199
Profit or loss for the financial year		34,757,872	169,779,503
Provisions		59,265,551	51,243,223
Provisions for pensions and similar obligations	Note 12.1.	35,972,882	36,473,364
Other provisions	Note 12.2.	23,292,669	14,769,859
Creditors		391,862,597	374,198,992
Amounts owed to credit institutions		52	35
a) becoming due and payable within one year		52	35
Payments received on account of orders as far as they are not shown separately as deductions from stocks		13,782,168	17,696,311
a) becoming due and payable within one year		13,782,168	17,696,311
Trade creditors		56,832,427	36,445,278
a) becoming due and payable within one year		56,832,427	36,445,278
Amounts owed to affiliated undertakings	Note 13	275,770,109	281,663,107
a) becoming due and payable within one year		15,194,109	8,342,107
b) becoming due and payable after more than one year		260,576,000	273,321,000
Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests		317,026	313,963
a) becoming due and payable within one year		317,026	313,963
Other creditors		45,160,815	38,080,298
a) Tax authorities	Note 14.1.	10,088,252	10,373,455
b) Social security authorities		3,142,289	3,143,552
c) Other creditors		31,930,274	24,563,291
i) becoming due and payable within one year	Note 14.2.	31,930,274	24,563,291
Deferred income	Note 10	17,719,843	31,506,077
TOTAL DU PASSIF		1,335,862,248	1,309,079,714

Profit and loss account for the year ended 31st December 2022

	Notes	2022	2021
		ELID	FLID
Not town over	Note 1F	EUR	EUR
Net turnover Work performed by the undertaking for its own purpose	Note 15	311,292,236	289,772,644
and capitalised	Note 16	49,667,917	47,692,055
Other operating income		5,516,575	1,797,460
Raw materials and consumables and other external expenses		(108,292,432)	(105,912,317)
a) Raw materials and consumables		(55,879,562)	(54,830,326)
b) Other external expenses		(52,412,870)	(51,081,991)
Staff costs	Note 17	(91,502,278)	(88,258,477)
a) Wages and salaries		(77,185,080)	(74,633,230)
b) Social security costs		(9,526,780)	(9,291,416)
i) relating to pensions		(5,475,517)	(5,175,772)
ii) other social security costs		(4,051,263)	(4,115,644)
c) Other staff costs		(4,790,417)	(4,333,831)
Value adjustments		(113,187,021)	(103,926,482)
 a) in respect of formation expenses and of tangible and intangible fixed assets 	Notes 3, 4	(110,399,064)	(103,968,697)
b) in respect of current assets		(2,787,958)	42,215
Others operating expenses		(10,051,155)	(4,751,971)
Income from participating interests	Note 18	0	141,006,090
a) derived from affiliated undertakings		0	141,006,090
Other interest receivable and similar income		386,424	537,147
b) other interests and similar income		386,424	537,147
Interest payable and similar expenses		(5,713,756)	(5,703,702)
a) concerning affiliated undertakings		(5,680,621)	(5,679,780)
b) other interest and similar expenses		(33,134)	(23,922)
Tax on profit or loss	Note 14.1.	(3,358,638)	(2,465,948)
Profit or loss after taxation		34,757,872	169,786,499
Other taxes not shown under items above		0	(6,996)
Profit or loss for the financial year		34,757,872	169,779,503

The accompanying notes form an integral part of the annual accounts

 ${\it Comparative~2021~figures~above~including~reclassifications~of~EUR~453,} 499~from~financial~item~line~9.$

a) Income from participating interests derived from affiliated undertaking (2021 Published: EUR 141,459,589) to item 11.

b) Other interest and similar income (2021 Published: EUR 83,648)



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 27th 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.

Following the latest EU directives concerning electricity and gas, a strict separation (unbundling) between transmission /distribution and supply/generation activities must be applied. Network operators must ensure a non discrimination between the different market actors (network users, suppliers, etc.).

In 2021, two successive amendments to the amended law of 1 August 2007 concerning the organisation of the electricity market on 3 February and 3 June 2021 implemented certain concepts (energy communities, national energy data platform, etc.) and clarified others ("activités accessoires", electric mobility, self-consumption, etc.) on the basis of the European directives published in the Clean Energy Package adopted in 2019.

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").

The Russia/Ukraine conflict continues to strongly influence European gas and power prices. This remains a continued source of uncertainty regarding the overall economic outlook and regarding energy market prices, counterparty credit risk as well as physical supply risk. Regulatory/governmental intervention to cap the prices for B2C customers (amongst others) has occurred in several countries. In this challenging environment, the group is focussing even more on serving its customers, energy efficiency and renewable energy production. Encevo Group will continue to develop its risk management capabilities and invest in operational excellence and digitalisation.

Annual accounts

The Company's financial year runs from 1st January to 31st 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.

Note 2 - 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 10th August 1915 as amended and the amended Law of 19th December 2002, determined and applied by the Board of Directors.

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.

Note 2 - Summary of significant accounting policies (cont.)

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.

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 11th November 1927 and in the Agreement of 8th 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 2 - **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 3 - 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 2022	TOTAL 2021
	EUR	EUR	EUR	EUR
Gross book value - opening balance	59,224,048	5,600,826	64,824,874	56,825,129
Additions for the year	0	10,071,597	10,071,597	8,092,422
Disposals for the year	(30,951)	0	(30.951)	0
Transfers for the year	4,368,757	(4,279,774)	88,984	(92,677)
Gross book value - closing balance	63,561,855	11,392,649	74,954,504	64,824,874
Accumulated value adjustments - opening balance	(49,172,547)	0	(49,172,547)	(44,619,662)
Allocations for the year	(5,135,325)	0	(5,135,325)	(4,552,885)
Accumulated value adjustments - closing balance	(54,307,872)	0	(54,307,872)	(49,172,547)
Net book value - closing balance	9,253,983	11,392,649	20,646,632	15,652,327

The additions of the year of EUR 10,071,597 relate mainly to software required for operations, standardised electronic market communication and smart meter systems.

The Board of Directors is further of the opinion that no exceptional depreciation of the intangible assets is necessary.

Note 4 - 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 2022	TOTAL 2021
	EUR	EUR	EUR	EUR	EUR	EUR
Gross book value - opening balance	211,286,384	2,028,698,057	131,323,149	120,109,387	2,491,416,977	2,328,787,559
Additions for the year	1,095,094	2,380,213	937,512	154,836,060	159,248,879	177,121,463
Disposals for the year	0	(2,541,510)	(55,035)	(132,177)	(2,728,722)	(1,059,610)
Subsidies for the year	(478,727)	(16,653,876)	0	0	(17,132,604)	(16,851,013)
Transfers for the year	18,992,561	111,644,698	8,081,905	(138,808,148)	(88,984)	92,677
Gross book value - closing balance	230,895,312	2,123,527,582	140,287,531	136,005,121	2,630,715,546	2,491,416,977
Accumulated value adjustments - opening balance	(51,053,460)	(1,350,370,163)	(67,794,675)	0	(1,469,218,298)	(1,368,195,999)
Allocations for the year	(5,960,329)	(89,457,061)	(9,846,351)	0	(105,263,740)	(99,415,812)
Vianden network accumulated value adjustments from preceding years	0	0	0	0	0	(2,499,702)
Reversals for the year	0	2,270,476	55,035	0	2,325,511	893,215
Accumulated value adjustments - closing balance	(57,013,788)	(1,437,556,748)	(77,585,991)	0	(1,572,156,527)	(1,469,218,298)
Net book value - closing balance	173,881,524	685,970,934	62,701,540	136,005,121	1,058,559,018	1,022,198,679

The additions for the year (net of subsidies) of EUR 142,106,461 include investments in:

- Electricity grid of EUR 105,047,231
- Gas grid of EUR 18,943,763
- Other assets of EUR 18,115,467

As of 31st December 2022, investment projects of EUR 138,798,335 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.

The Board of Directors is further of the opinion that no exceptional depreciation of the tangible assets is necessary.



Note 5 - Financial assets

Movements for the year were as follows:

Loans to undertakings with which the undertaking is linked by virtue of Participating participating

TOTAL 2022 TOTAL 2021 interests interests

	EUR	EUR	EUR	EUR
Gross book value - opening balance	3,269,021	9,130,000	12,399,021	49,267,257
Additions for the year	756,250	12,400,000	13,156,250	5,131,764
Disposals / Reimbursements for the year	0	(6,400,000)	(6,400,000)	(42,000,000)
Gross book value - closing balance	4,025,271	15,130,000	19,155,271	12,399,021
Net book value - closing balance	4,025,271	15,130,000	19,155,271	12,399,021

On 20th June 2022, the Company subscribed for EUR 756,250 for a 6.25% stake in the Munich-based company TSCNET Services GmbH.

The loans granted to participation interests summarized as follows:

	31/12/2022	31/12/2021
	EUR	EUR
Balansys S.A.	15,000,000	9,000,000
Nexxtlab S.A.	130,000	130,000
Total	15,130,000	9,130,000

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 31/12/2022	Participation net book value 31/12/2021
		%		EUR	EUR	EUR	EUR
Balansys S.A.	Luxembourg (Luxembourg)	50.00	31/12/2022	100,000	0	50,000	50,000
Ampacimon S.A.*	Grâce-Hollogne (Belgique)	21.59	31/12/2021	7,565,799	(295,250)	2,509,212	2,509,212
Nexxtlab S.A.*	Luxembourg (Luxembourg)	50.00	31/12/2021	705,396	(124,648)	500,000	500,000

^{*} last available figures

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

Note 6 - Trade debtors

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

Value adjustments of current assets are calculated for the customers for whom realisation of the outstanding receivable is not assured. As of 31st December 2022, the value adjustments amount to EUR 3,005,585 (2021: EUR 217,628).

Value adjustments are recorded in the income statement under "Value adjustments in respect of current assets" for an amount of EUR 2.787.958 (2021: EUR -42.215).

Note 7 - Amounts owed by affiliated undertakings

As of 31st December 2022, the Company has a receivable of EUR 29,211,386 from affiliated undertakings (2021: EUR 57,873,341) mainly relating to business activities with affiliated undertakings.

Creos Luxembourg S.A. has entered into a cash pooling agreement with Encevo S.A. which, as of 31st December 2022, is owed a cash amount of EUR 121,252,373 (2021: EUR 139,275,064) by the parent company. The Company paid an interest rate based on ESTR floored to zero plus a margin for overdrafts (respectively is paid an interest based on ESTR capped at zero for deposits).

Note 8 - Other debtors

As of 31st December 2022, this financial statement line item mainly comprises income tax receivables of EUR 9,310,817 (2021: EUR 9,169,456), receivables for state subsidies for the public electromobility network of EUR 6,454,698 (2021: EUR 0) and VAT receivables of EUR 2,347,833 (2021: EUR 1,343,017).

Note 9 - 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 8th 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 11).

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

Note 10 - 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 (2022 and prior years) is calculated individually for each regulated activity and is recorded, when positive, in the financial statement line item "Prepayments" for an amount of EUR 9,955,897 (2021: EUR 4,308,703) and when negative, in the financial statement line item "Deferred income" for an amount of EUR 17,719,843 (2021: EUR 31,506,077).

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 4,638,341 paid to Luxmetering G.I.E. are posted under the financial statement line item "Prepayments" (2021: EUR 2,190,268).

The same financial statement line item also comprises prepaid expenses related to software licenses for an amount of EUR 2,926,920 (2021: EUR 2,521,867) relating to a subsequent financial year.

Note 11 - Capital and reserves

As of 31st December 2022, 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:

	31/12/2021	Distribution of dividends	Allocation of previous year's profit	Profit or loss of the financial year	31/12/2022
	EUR	EUR	EUR	EUR	EUR
Subscribed capital	198,851,260	0	0	0	198,581,260
Share premium account	189,562,253	0	0	0	189,562,253
Legal reserve	19,885,126	0	0	0	19,885,126
Reserve for own shares	469,595	0	0	0	469,595
Other reserves	267,835,486	0	153,050,000	0	420,885,486
Other available reserves	204,805,486	0	140,000,0001)	0	344,805,486
Other non available reserves	63,030,000	0	13,050,0001)	0	76,080,000
Profit brought forward	5,748,199	0	(3,154,533)1)	0	2,602,665
Profit or loss for the financial year	169,779,503	(19,875,036)1)	(149,904,467)1)	34,757,872	34,757,872
Total	852,131,422	(19,875,036)	0	34,757,872	867,014,257

¹⁾ Decision of the ordinary general meeting of shareholders of 10th May 2022.

The amount allocated to the blocked reserve is equal to five times the amount of the net wealth tax credit. The total reserve amounts to EUR 76,080,000 for 2016 to 2021 (see note 14.1). This reserve is non distributable for a period of five years from the year following that during which the Net Wealth Tax was reduced.

Note 12 - Provisions

12.1. 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 1st 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 2.63%
- 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.

Note 12 - Provisions (suite)

In addition, for a defined contribution pension scheme for staff members who joined the Company after 1st January 2001, the Company pays a contribution to an insurance company that is recorded under expenses for the year. For 2022, expenses for the pension scheme amount to EUR 1,572,425 (2021: EUR 1,391,403).

12.2. Other provisions

The financial statement line item "Other provisions" comprises provisions to cover untaken holidays for employees of EUR 9,211,063 (2021: EUR 7,769,859).

Additionally, a provision for other risks for an amount of EUR 14,081,606 (2021: EUR 7,000,000) has been accounted for to consider the risks related to:

- Defective assets (HV transformers for EUR 4,100,000 (2021: EUR 4,100,000) and cable terminal EUR 650,000 (2021: EUR 0),
- Other sundry risks including defective works for EUR 2,400,000 (2021: EUR 900,000),
- Potential legal cases for EUR 6,031,606 (2021: EUR 0)
- Sharing factor risks for EUR 900,000 (2021: EUR 2,000,000)

Note 13 - Amounts owed to affiliated undertakings

Included under the financial statement line item are EUR 629,549 owed to affiliated undertakings becoming due and payable within one year (2021: 6,599,017) corresponding mainly to the invoicing by Enovos Luxembourg S.A. of the amount due in relation with the "Mechanism of compensation" scheme.

As of end of December 2022, the Company has outstanding shareholder loans (bullet repayment) with Encevo S.A. amounting to EUR 273,321,000 (2021: EUR 273,321,000), for which the amount due within one year is EUR 12,745,000 (2021: EUR 0). These loans are priced at arm length with a fixed interest.

The accrued interest payable as of 31st December 2022 amounts to EUR 1,819,560 (2021: EUR 1,743,090).

Below the detail maturities for the above mentioned amounts:

	Within one year	year and within five years	After more than five years	TOTAL 2022	TOTAL 2021
	EUR	EUR	EUR	EUR	EUR
Amounts owed to affiliated undertakings	15,194,109	136,753,648	123,822,352	275,770,109	281,663,107
Total	15,194,109	136,753,648	123,822,352	275,770,109	281,663,107

Note 14 - Other creditors

14.1. 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 16th October 1934 as amended, Creos Luxembourg S.A. opted for the reduction of the net wealth tax due for the years 2016 to 2021 by setting up a special reserve equal to five times the amount of the net wealth tax reduced (see note 11).

Income tax debts are recorded under the financial statement line item "Tax authorities". As of 31st December 2022, income tax debts cover principally the year 2020 and 2022. For the years 2019 and 2021, 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 8).

Debts to the tax authorities also include other tax debts, such as taxes on electricity, gas and Carbon dioxide ("CO₂"), municipal business taxes, taxes on salaries and pensions. As of 31st December 2022, these other tax debts amount to EUR 10,088,252 (2021: EUR 10,373,455).



14.2. Other creditors

This financial statement line item mainly comprises a payable of EUR 27,046,225 (2021: EUR 21,160,574) in the context of the mechanism of compensation and salaries to be paid.

Note 15 - Net turnover

Net turnover is generated from activities realised in Luxembourg. For the year 2022, it breaks down as follows:

	2022	2021
	EUR	EUR
Sales grid power	191,726,281	171,497,290
Sales grid gas	63,506,773	59,770,840
Metering revenues	28,861,974	26,556,242
Energy sales power (equilibrium)	(3,641,690)	4,898,346
Other revenues	30,838,899	27,049,926
Total	311,292,236	289,772,644

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 16 - 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 17 - Staff costs

Staff costs include salaries, social security costs as well as costs for the pension plans. In 2022, the Company had on average 829 employees (2021: 809 average headcount). The figure in 2022 includes the staff of the city of Luxembourg made available to Creos Luxembourg S.A. for a total of 46 employees (2021: 51 average headcount), the costs of which are shown under wages and salaries for EUR 5,258,778 (2021: EUR 6,021,655). The number of employees increased from 800 FTE at year end 2021 to 826 FTE at year end 2022.

Note 18 - Income from participating interests

In 2021, this financial statement line item included the dividends paid by Creos Deutschland Holding GmbH for an amount of EUR 4,843,770 and a gain of EUR 136,162,320 resulting from the sale of Creos Deutschland Holding GmbH.

Note 19 - Remuneration paid to members of the administration and supervisory bodies

Remuneration paid to members of the administration and supervisory bodies totalled EUR 726,997 (2021: EUR 681,997). 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 20 - 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 21 - Off balance sheet commitments

The Company has issued bank guarantees in the context of its regular business for a total amount of EUR 3,250,992 (2021: EUR 3,250,992).

Note 22 - Subsequent events

There are no subsequent events affecting the 2022 annual 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 December 2022, 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 December 2022, 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 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs 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 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 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, 25 April 2023 Represented by Olivier Lemaire and 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.

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