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France

# *Electricité de France* **S.A.**

**Statutory auditors' report on  
the consolidated financial statements**

For the year ended December 31, 2022  
Electricité de France S.A.  
22-30, avenue de Wagram - 75008 Paris



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## **Electricité de France S.A.**

Siège social : 22-30, avenue de Wagram - 75008 Paris

### **Statutory auditors' report on the consolidated financial statements**

For the year ended December 31, 2022

*This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users. This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Shareholders,

### **Opinion**

In compliance with the engagement entrusted to us by your General Meeting, we have audited the accompanying consolidated financial statements of Électricité de France S.A. (« EDF », the « Company » or the « Group ») for the year ended December 31, 2022.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2022 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

### **Basis for Opinion**

#### ***Audit Framework***

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described herein in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

### **Independence**

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*Code de Commerce*) and the French Code of Ethics (*Code de Déontologie*) for statutory auditors for the period from January 1, 2022 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

### **Justification of Assessments – Key Audit Matters**

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de Commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

**Valuation of provisions related to nuclear generation in France – back-end of the nuclear cycle, plant decommissioning and last cores – and dedicated assets**  
*Notes 1.3.4.2, 15, 18.1 and 20 to the consolidated financial statements*

<b>Key Audit Matter</b>	<b>Responses</b>
<p>As at December 31, 2022, the provisions recorded to cover obligations relating to nuclear power plants for which EDF is the operator in France total €43,382 million, including €23,854 million with respect to the back-end of the nuclear cycle (management of spent fuel and radioactive waste) and €19,528 million with respect to the decommissioning of nuclear power plants and last cores.</p> <p>The valuation of these provisions depends on the regulatory context is described in Notes 1.3.4.2 and 15. It requires defining technical and financial assumptions and using complex calculation models.</p> <p>They are updated and the assumptions taken into consideration in the models are reviewed at least once a year. The selected assumptions reflect management's best estimate at the reporting date of the impacts of the applicable regulation, the implementation of decommissioning, spent fuel management and storage processes or changes in the main financial parameters, inflation and discounting. More specifically in 2022, they reflect the impacts of (i) the increase in the real discount rate, (ii) the adjustment to 2022 year-end economic conditions in connection with real inflation. In addition, as every year, variations in the provisions include the effects of increasing volumes of spent fuels to be reprocessed and specific revisions of planning and decommissioning cost estimates.</p> <p>Furthermore, the Company is required to allocate so-called "dedicated" assets to secure financing of certain categories of nuclear provisions in France. The realizable value of these assets should allow the Company's</p>	<p>We have analysed the measures for recognising provisions related to nuclear generation in France and gained an understanding of the industrial scenarios for decommissioning nuclear power plants and the technical solutions adopted in terms of management of spent fuel and radioactive waste. We have assessed the compliance of the methods for determining the provisions with regard to applicable accounting, legal and regulatory measures.</p> <p>We have verified the calculation models used by the Company and assessed the assumptions adopted in terms of cost, forecast cash outflows and financial parameters (discount and inflation rates).</p> <p>Our work also consisted in verifying the type of costs used to determine provisions and assessing the reconciliation of forecast costs and forecast cash outflows with industrial scenarios as well as the available studies and quotes, based on the current year change in assumptions.</p> <p>We have also assessed the appropriateness of:</p> <ul style="list-style-type: none"> <li>• margins for uncertainties and risks included in the provisions, to take into account the degree of control over decommissioning techniques and the management of spent fuel and radioactive waste.</li> <li>• the series and mutualisation effects adopted in the quotes for decommissioning nuclear power plants in operation, including the studies carried out to prepared the dismantling of Fessenheim, for which the nominal cost represents €21,381 million to</li> </ul>

commitments relating to the decommissioning of nuclear power plants and long-term storage of radioactive waste in France to be covered (Notes 1.3.4.5, 15.1.2 and 18.1). The realizable value of these dedicated assets, impacted by the decrease in the financial markets, for an amount of €33,904 million (or a net carrying amount of €31,609 million) as of December 31, 2022, was determined based on the fair value of diversified equity and bonds investments, and the equity value of a non-listed assets portfolio managed by the division EDF Invest. These dedicated assets are classified as growth assets, fixed-income assets and yield assets and ought to be compliant with the chart of responsible investor implemented in 2020.

We considered the valuation of provisions related to nuclear generation and dedicated assets to be a key audit matter due to:

- the sensitivity of the assumptions on which the valuation of these provisions is based, notably in terms of assumptions considered for decommissioning, spent fuel reprocessing, storage, costs, uncertainties and aleas, inflation and long-term discount rates, as well as the depreciation periods of nuclear power plants in operation, and forecast cash outflows; the modification of these parameters can lead to a material revision in the provisioned amounts;
- the negative impacts on the financial position of the Company (cash earmarked to increase the amount of dedicated assets) in the event of an increase in nuclear provisions in France, a change in the realisable values of dedicated assets or changes

economic conditions at the end of the period, for a provision of €12,125 million in discounted value (Note 15.1.1.5).

Concerning the inflation and discount rates and their calculation methods adopted by management described in note 15.1.1.5, we have verified their compliance with applicable accounting standards and regulatory measures, since 2020. We have reconciled the data used for this purpose with available market data or expertise-based documentation.

Concerning the securing of financing for certain of these provisions through dedicated assets, we have reconciled the realisable value of the dedicated assets in the portfolio at the reporting date with the available certificate of depository statements, and available external data and valuations. We have also assessed the accounting treatment and their valuation, in particular, the compliance with the IFRS 9 accounting standard of the impairment model described in the accounting principles and methods of the Note 18.1.

Finally, we have verified the appropriateness of the disclosures given in the Notes for the provisions related to nuclear generation in France and the dedicated assets, notably regarding the sensitivity of the valuation of provisions to changes in macro-economic and technical assumptions (Note 15.1.1.5) and the climate and environmental matters taken into consideration (notes 20.2.1 et 20.4).

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in the coverage rate of nuclear  
provisions for dedicated assets,

it being specified that the valuation of  
provisions covers and includes uncertainties  
related to the fact that certain scenarios and  
technical solutions have never been  
implemented.

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**Valuation of goodwill, intangible assets with indefinite useful live, property, plants and equipments**

*Notes 1.3.4.1, 1.3.4.4, 10 and 20.2.2. to the consolidated financial statements*

<b>Key Audit Matter</b>	<b>Responses</b>
<p>As at December 31, 2022, the goodwill, intangible assets with indefinite useful live, tangible assets and investments in associates and joint ventures represent significant amounts of the Group's equity. They are mostly related to non-regulated activities</p> <p>Notes 1.3.4.4 and 10.8 describe the methodologies adopted and applied to determine if indicators exist showing that an asset may be subject to an impairment loss. These notes also describe the methods for performing impairment tests. Note 20.2.2. also describes how the impairment tests took into consideration climate and environmental matters. The tests and the determination of recoverable amounts are carried out annually at the cash-generating unit (CGU) level for those holding intangible assets with indefinite lives or goodwill. The recoverable amount corresponds, for the majority of these CGU, to the value in use determined based on the discounted value of future cash flows.</p> <p>Those tests led, as described in note 10.8, to the accounting of a total impairment for €1,762 million in 2022, including €1,176 million for the goodwill and €551 million for the nuclear assets under construction of EDF Energy.</p> <p>We considered in particular the valuation of non-regulated assets in France, the United Kingdom and in Italy, to be a key audit matter, due to the sensitivity of valuations to macro-economic, industry and financial assumptions to determine recoverable amounts and the estimates and judgments that they require from management. This sensitivity is increased by the specific 2022 context, including the rise and volatility of energy market prices, inflation,</p>	<p>As part of our work, we examined the existence of indicators of impairment losses (or reversal of impairment losses) at the CGU level. We have also gained an understanding of the process for formulating estimates and assumptions made by management as part of impairment testing and we have also assessed the appropriateness of the valuation model.</p> <p>We have verified, for the CGU tested, that the discounted future cash flow projections correspond to those generated by the assets included in these CGU and that they were consistent with (i) the CGU budget data, and, beyond, with the Group's long-term assumptions, (ii) past performances, (iii), market outlook and (iv) the expected operating life of the assets.</p> <p>We have assessed, by conducting interviews with management, the different underlying assumptions (economic growth, price of raw material and CO<sub>2</sub>, electricity demands, production capacities and interconnections and changes in energetic mix) on which the medium and long-term price assumptions are based, by substantiating them with external studies carried out by international organisms or experts in energy.</p> <p>In particular, we have verified the underlying assumptions of the long-term price scenarios were on track with European targets for decarbonization, as described in Note 10.8.2 and examined the reasonableness, with regard to IAS 36, of the assumption of full market exposure in the construction of tariffs and prices in France applied from 2026, end of the Arenh mechanism, as described in the notes.</p>

interest rates and discount rates, a lower nuclear power output in France and the government measures implemented to limit the amounts billed to final customers

In particular, as indicated in note 10.8.2, in a market environment with upward trends of power price, increasing European efforts towards decarbonized power mix and persistent low interest rates, a lowering demand for energy, in connection with energy efficiency policies and development of renewable energies, tariff increases limited by laws or strained power generation plants, may significantly decrease the recoverable amount of certain goodwill, intangible and tangible assets related to non-regulated activities and may lead to significant impairment losses.

We have verified the determination methods and the consistency of the discount rate assumptions, based on the weighted average cost of capital (WACC) by geographic area and by activity and, in particular, analyzed, with the assistance of our internal experts, the consistency of risk-free rates and the risk premiums adopted by management with the underlying market assumptions.

Finally, we have verified that Notes 1.3.4.4 and 10.8 of the consolidated financial statements provide appropriate disclosure in particular in terms of assumptions adopted to perform impairment tests and sensitivity analyses.

**Valuation and accounting of deferred tax assets in connection with tax loss carryforwards in France**

*Notes 1.3.4.8 and 9 to the consolidated financial statements*

**Key Audit Matter**

**Responses**

Deferred tax assets on tax loss carryforwards amount to €7,898 million as at 31 December 2022. They include €6,812 million in connection with the France tax group loss for 2022. Non recognized tax assets related to this tax loss amount to €1,060 million, due to uncertainties regarding its allocation on French future tax results in a foreseeable time horizon.

As described in note 9, the Group determines deferred tax at a level of a tax entity or tax group and recognizes deferred tax assets only when it is probable that the tax entity or tax group will have sufficient taxable profit to utilize the benefit of the assets on a foreseeable future. As at 31 December 2022, according to the accounting Group policy, this foreseeable future corresponds to a period of 10 years for the French tax group.

We considered the valuation and the accounting of deferred tax assets in connection

Our audit approach consisted in assessing the documentation used by Management to estimate the probability that the Group could use within a 10-year horizon its tax losses carried forward generated to date, in particular with regard to the ability of the France tax group to generate future taxable profits.

We have, with the assistance of our internal experts:

- reviewed the process for preparing the 2023 budget established by Management and approved by the Board of Directors, as well as the underlying assumptions of the Group's internal financial trajectory;

- assessed the relevance of the methods for extrapolating tax results beyond the financial year 2026;

- compared the earnings projections for previous fiscal years with the actual results for



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with tax loss carryforwards in France, to be a key audit matter, due to their materiality at closing date, the sensitivity of the assumptions to estimate their expected recoverability, and the justification of the accounting, in particular in terms of future taxable profits and management judgment.

the fiscal years concerned, in order to assess the reliability of the process for preparing tax earnings projections;

- analyzed the reversal of the main timing differences over the projection horizon;
- studied the assumptions used to carry out sensitivity analyzes in the event of unfavorable scenarios defined by the Group;

We have also assessed the appropriate nature of the information given with respect to these deferred tax assets in note 9 to the appendix.

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### **Specific Verifications**

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code is included in the information pertaining to the Group presented in the management report, being specified that, in accordance with the provisions of Article L.823-10 of the code, we have not verified the fair presentation and the consistency with the consolidated financial statements of the information contained therein and should be reported on by an independent insurance services provider.

### **Report on Other Legal and Regulatory Requirements**

#### ***Format of presentation of the consolidated financial statements intended to be included in the annual financial report***

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and

consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (code monétaire et financier), prepared under the responsibility of the Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation N° 2019/815 of 17 December 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

Due to the technical limits inherent in the block-tagging of the consolidated financial statements according to the European single electronic format, the content of certain tags of the notes may not be rendered identically to the accompanying consolidated financial statements.

In addition, we have no responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

#### ***Appointment of the Statutory Auditors***

We were appointed as statutory auditors of Electricité de France S.A. by the General meeting of June 6, 2005 for KPMG Audit and the by decision of the Board of Directors of April 25, 2002 for Deloitte & Associés.

As at December 31, 2021, KPMG Audit was in the 17<sup>th</sup> year of total uninterrupted engagement and Deloitte & Associés was in the 20<sup>th</sup> year of total uninterrupted engagement, which for both 17 years since securities of the Company were admitted to trading on a regulated market.

#### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management 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 it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

## **Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

### *Objectives and audit approach*

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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.
- Obtains 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 internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's 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. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

#### *Report to the Audit Committee*

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (*Code de Déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.



**Deloitte.**

**Electricité de France S.A.**  
*Statutory auditors' report on the consolidated financial statements*  
February 16, 2023

Paris La Défense, February 16, 2023

The Statutory Auditors

KPMG S.A.

Deloitte & Associés

Marie Guillemot

Michel Piette

Damien Leurent

Christophe Patrier