

UNIVERSAL REGISTRATION DOCUMENT

2020, including the annual financial report

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** This information forms an integral part of the Annual Financial Report as provided in the article L. 451-1-2 of the French Monetary and Financial Code.*

2020

Universal Registration Document

Including the annual financial report

Free translation of the French *Document d'Enregistrement Universel incluant le rapport financier* (Universal Registration Document including the annual financial report) of Neoen.

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

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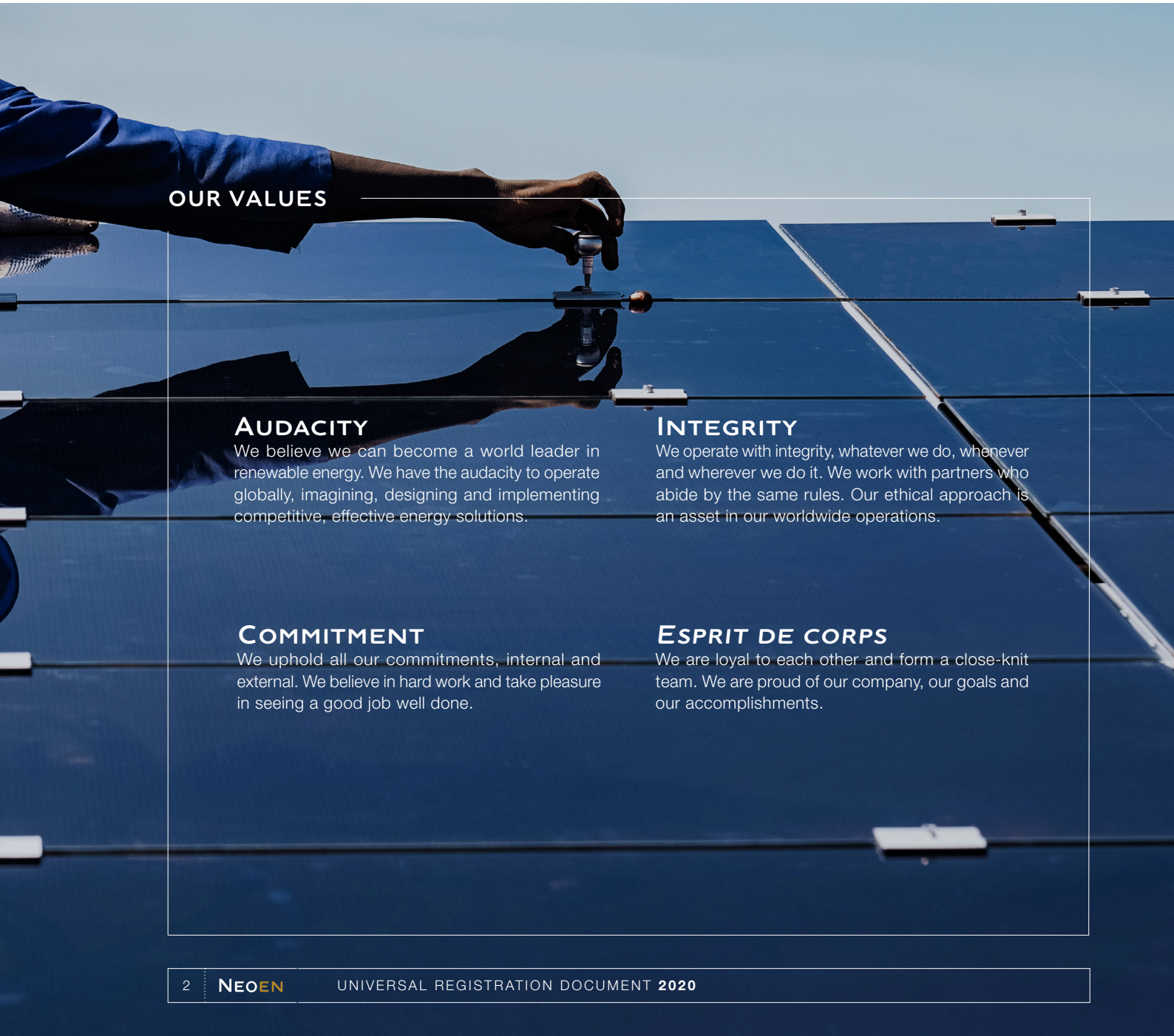
Copies of the French Document d'Enregistrement Universel may be obtained free of charge at Neoen, 6 rue Ménars, 75002 Paris, France, as well as on the websites of Neoen (www.neoen.com) and of the AMF (www.amf-France.org).

Since the company was founded in 2008, Neoen has become an independent player of reference for renewable energies worldwide, with a presence in 15 countries at the end of 2020.

Our rapid and profitable growth stems from the geographical and technological diversification of our assets and our projects portfolio, ensuring robust performance and development dynamics.

As the leading French independent producer of renewable energy and one of the most dynamic in the world, we develop our own projects, arrange their financing and project management and operate them for the long term. Our business model is based on retaining control of our assets and in 2020 we own over than 90% of the facilities we operate. Thanks to this strategy, we guarantee the long-term quality and performance of our assets.

Our company values form the basis of all our relations with business partners, customers and end-users. Our 255-strong workforce embraces some 32 nationalities. The values we share underpin our corporate identity and are borne out in the way we conduct our day-to-day business.



OUR VALUES

AUDACITY
We believe we can become a world leader in renewable energy. We have the audacity to operate globally, imagining, designing and implementing competitive, effective energy solutions.

INTEGRITY
We operate with integrity, whatever we do, whenever and wherever we do it. We work with partners who abide by the same rules. Our ethical approach is an asset in our worldwide operations.

COMMITMENT
We uphold all our commitments, internal and external. We believe in hard work and take pleasure in seeing a good job well done.

ESPRIT DE CORPS
We are loyal to each other and form a close-knit team. We are proud of our company, our goals and our accomplishments.

"Neoen, today, is a key player in the field of renewable energies"



XAVIER BARBARO
Chairman and Chief Executive Officer

We have built our success on the basis of growth that is both strong and value-creating, by choosing to adopt a long-term perspective in the development of its projects. In its third year of listing on Euronext Paris, Neoen continued to vigorously develop its asset portfolio, reaching 4.1 GW of capacity in operation or under construction by the end of 2020, thanks to the addition of 769 MW of new capacity despite the global pandemic.

As a pure player, our strategy revolves around a complete technological mix: solar, wind and storage. Thanks to our expertise we won more than 1 GW of new projects in 2020. The «Victorian Big Battery», near Melbourne, will be one of the largest batteries in the world, and a proof of our ability to anticipate technology. The Power Purchase Agreements (PPA) signed from our Finnish wind farm in Mutkalampi with Dutch industrial buyers, beyond our borders, also demonstrate our capacity for contractual innovation.

Consolidating our presence in Europe, Australia and South America, we have increased our workforce from 213 to 255 employees in 2020. True ambassadors for Neoen in each country in which we operate, our teams convey our values of boldness, integrity, commitment and community spirit on a daily basis.

Neoen has also made its mark financially, having posted positive net income for the tenth consecutive year and issuing Europe's first green convertible bond.

The visibility provided by our PPA, the robustness of our industrial choices and the quality of our financing guarantee Neoen's resilience. Achieving grid parity, the ever-increasing demand for green and local electricity and the new challenges of energy sovereignty underpin our future growth. Neoen's future is more exciting than ever!

OUR MISSION

"We design and implement the means to produce the most competitive renewable electricity, sustainably and on a large scale"

OUR MODEL: TAKING A LONG-TERM PERSPECTIVE

We develop our projects ourselves, so we select the best sites with regard to constraints (distance and power available at the interconnection point, quality of the solar or wind resource, environmental and archaeological constraints, etc.), and we pay great attention to each stage of development. As a long-term shareholder and operator of our plants, we are directly concerned by their construction quality and sustainability.

OUR BUSINESS

Development and design

- Validate the technical, economic, societal and environmental feasibility of our projects
- Define the best project based on the characteristics of the site and the available resource
- Ensure good dialogue with the stakeholders concerned, local residents and communities, elected representatives and administrations

Financing

- Finance our projects through a combination of equity contributions and long-term debt, mainly through non-recourse financing, and the creation of a separate company for each project developed

Project management

- Become involved as project owner in monitoring the construction work on our power plants to make each of them a reliable, sustainable and competitive asset
- Select leading builders and suppliers, and use local manufacturers

Operations

- Ensure our plants are closely monitored in real time by our team of specialists and oversee their maintenance by subcontractors under O&M contracts
- Sell our electricity (non-contracted share) as well as services in certain markets

OUR RESOURCES

HUMAN

255 employees

15 countries - 4 continents
32 different nationalities

Staff growth: + 19.7%

FINANCIAL

Equity: €641.6 million

Total assets: €3.8 billion

Growing since 2008



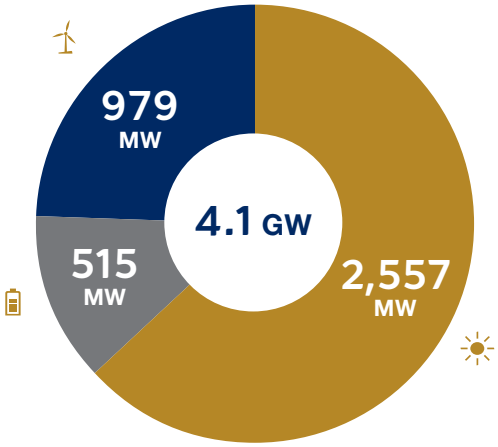
In 2020, Neoen recorded strong new growth. Our revenue amounted to €298.8 million - an increase of 18% over 2019. All the Group's business segments (solar, wind, storage) contributed to this growth, which is mainly attributable to the full-year contribution of assets commissioned in 2019 and to the contribution of new facilities commissioned in 2020.

Neoen's business involves a high level of recurrent activity: nearly 80% of revenues come from «contracted energy sales», carried out under long-term power purchase agreements (PPA). At end-December 2020, the average residual term of these contracts was more than 13 years and the total cumulative income guaranteed under secure purchase contracts was €6 billion.

EBITDA amounted to €270.4 million, an increase of 25% over 2019 in line with the target announced by the Group. All three business lines contributed to the increase which was however particularly attributable to the increase in solar power in the Americas. It also reflected the robust expansion in the wind segment within the Europe-Africa region. The EBITDA margin amounted to 90% of consolidated revenue, compared to 85% in 2019. The improvement notably reflected the recognition of contractual compensation which partly offset the loss of revenue associated with the delayed completion of certain projects.

The Group has robust liquidity with €374.9 million of cash and cash equivalents available as of December 31, 2020. Neoen has continued to strengthen its liquidity with the signature in March 2020 of a €200 million syndicated credit facility. Neoen's balance sheet, which has been increased by 12% to €3.8 billion, is solid and illustrates the growth in the Group's activity.

During the year the Group has added 769 MW of capacity, launched the construction of 987 MW and won almost 1 GW of new projects, thereby possessing 5.2 GW of secured projects at the end of December 2020, in line with the trajectory towards 5 GW in operation or under construction by the end of 2021. The total portfolio has thus continued to grow significantly to reach 12 GW at the end of December 2020, an increase of almost 1.4 GW compared to the end of December 2019.



Capacity in operation or under construction

+1.4 GW

Portfolio growth in 2020

+18%

2020 revenue, compared to 2019

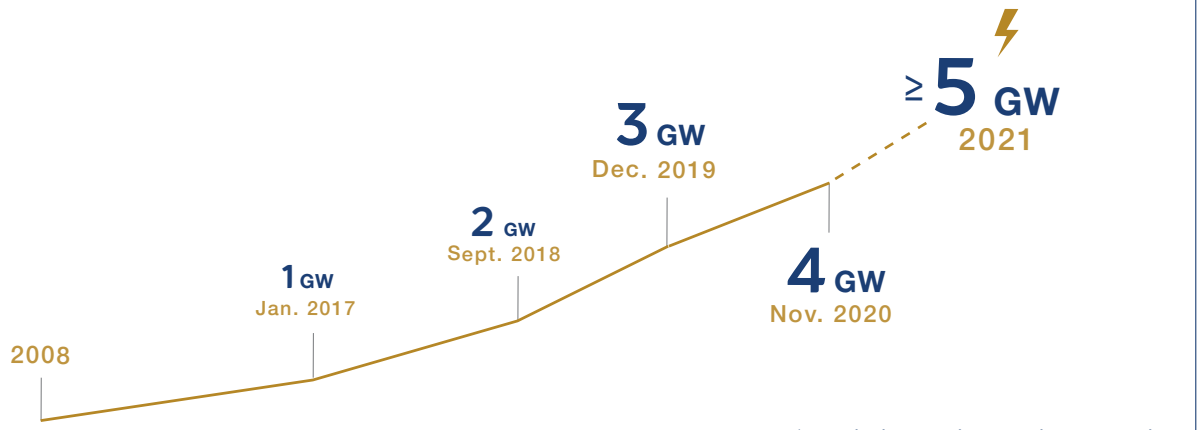
+25%

2020 EBITDA, compared to 2019

90%

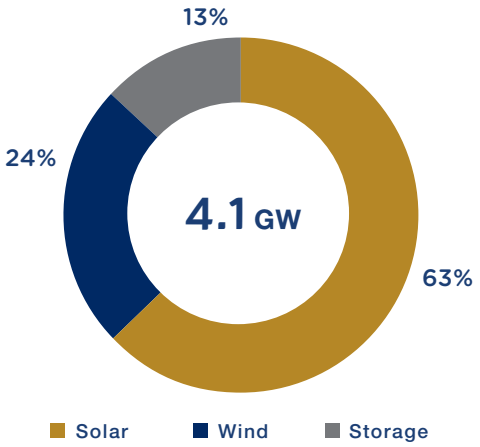
2020 EBITDA margin, compared to 85% in 2019

CAPACITY TARGETED BY THE END OF 2021*

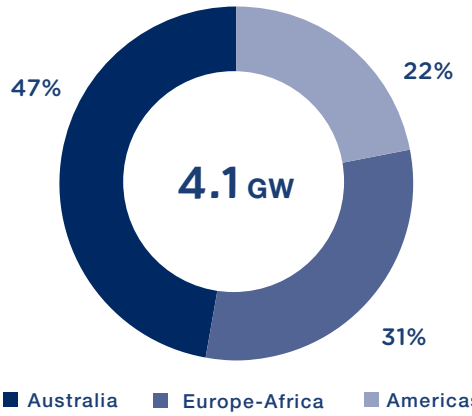


*capacity in operation or under construction

CAPACITY BY TECHNOLOGY



CAPACITY BY GEOGRAPHY

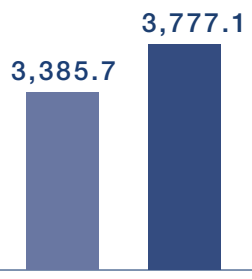


€298.8
million
2020 revenue

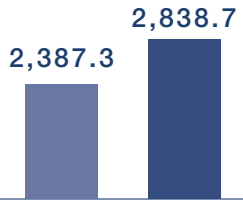
€270.4
million
2020 EBITDA

€3.9
million
2020 Group share of net income

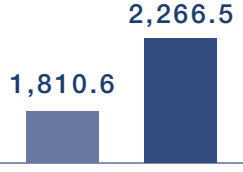
Balance sheet (€ million) at December, 31



Property, plant and equipment (€ million) at December, 31



Consolidated net debt (€ million) at December, 31





A YEAR OF STRONG GROWTH DESPITE THE COVID CRISIS

In 2020, we demonstrated the economic and financial resilience of our business model. Its turnover increased sharply, on the one hand due to a high level of contractualisation (80%), which enabled us to withstand the adverse external events, and on the other hand thanks to the commissioning of 769 MW of new capacity. We also demonstrated our ability to grow in 2020 by winning more than 1 GW in new solar, wind and storage projects, which will contribute to the Group's future revenues.

SIGNIFICANT GROWTH IN STORAGE ACTIVITY

Drawing on our experience in Australia, we expanded the scope of our storage activities in 2020: commissioning of the largest batteries in Scandinavia (Yllikkäla Power Reserve, Finland, 30 MW / 30 MWh) and Central America (Albireo Power Reserve, El Salvador, 3 MW / 2 MWh), new successes in France (2 projects won for a total capacity of 13 MW) and in Australia, in the state of Victoria, where we will build and operate a 300 MW / 450 MWh battery.





CONTRIBUTION TO GREENER FINANCE

In March 2020, we entered into our first syndicated loan agreement for a total of €200 million, indexing the terms of the loan to environmental, social and governance (ESG) indicators. We are thus committed to positive impact financing.
In June 2020, we successfully completed the very first European issue of green convertible bonds ("OCEANE Verte") in Europe for €170 million, enabling us to finance or refinance renewable energy production projects (photovoltaic solar and wind energy) and energy storage projects.



RAMP UP OF CORPORATE PPAS

For the first time in its history, Neoen signed a multi-customer cross-border PPA: part of the energy produced by the future Mutkalampi wind farm in Finland will be intended for four major Dutch industrial customers (Heineken, Philips, Signify and Nouryon).
This shows Neoen's ability to enable its customers to benefit from the scale effects of its wind farms and to carry out transactions between several countries.

GREATER VISIBILITY FOR INVESTORS

In 2020, Neoen was listed on several indices: SBF 120, S&P Global Clean Energy Index and MSCI France Small Cap. Neoen's inclusion in these indices confirms the quality of its stock market performance since its IPO in 2018. Its market capitalisation has in fact more than doubled. This strong growth has been accompanied by a steady increase in volumes traded.



The Group focuses on organic growth through a "multi-local leadership strategy", with local teams that actively support the development of new projects.

Development within a new country always follows three stages:

- Firstly, the identification of a high potential market, through the assessment of its energy needs and of the possibility to meet them with renewables. During this first selection stage, we use a list of predetermined and demanding criteria, particularly in terms of opportunities to build assets "at grid parity", i.e. which are intrinsically competitive, and its capacity to assume a position of market leader and obtain visibility on the part of the local players in development;
- Secondly, the entry into the market through participation in calls for tenders or, from time to time, through bilateral discussions with potential partners;
- Finally, the consolidation and expansion of our local presence by staffing up local teams and hiring the talents necessary to generate and manage development projects on an autonomous basis, enabling Neoen to become a leader in this market. We are aiming for top-tier presence in each of our target markets, which are currently divided into three zones: Europe-Africa, Australia and the Americas, essentially in OECD countries possessing strong currencies.



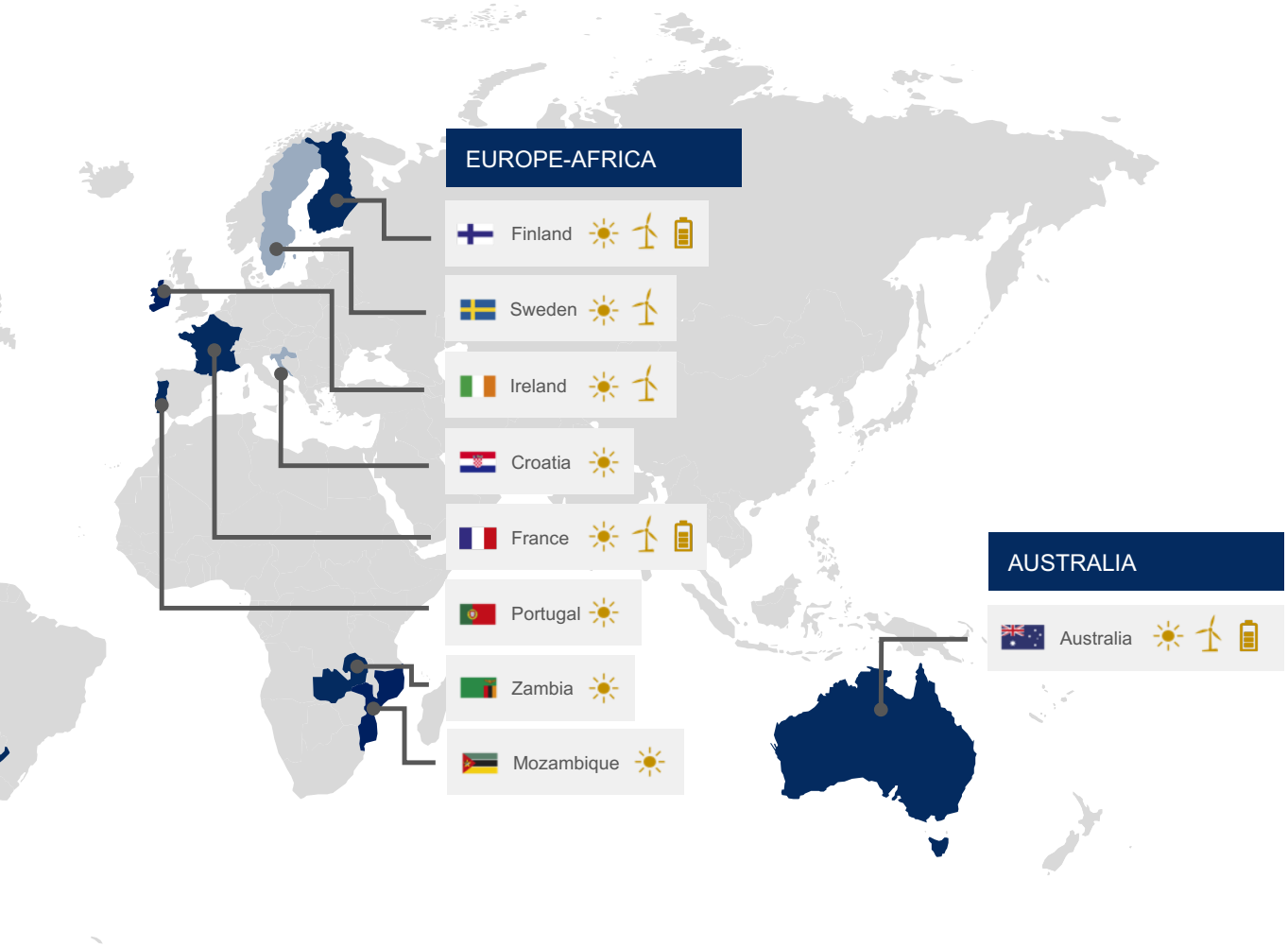
A MULTI-LOCAL LEADER

15
Countries

4
Continents

255
Employees

1ST
French independent power producer of renewable energy



85
Plants in operation

25
Plants under construction

1ST
Leading independent producer in Australia

One of the world's leading and fastest-growing producers of exclusively renewable energy

We are an independent producer of electricity from 100% renewable sources. We develop our own projects, finance them, manage their construction and operate them for the long term.

Our business model involves retaining control over our assets. We own 90% [1] of our plants and operate them in our own name.

This strategy enables us to guarantee the long-term quality and performance of our assets.

2,557 MWp

SOLAR POWER

The sun is the most widely available source of energy on earth and the quickest to be deployed. Solar power has been the focus of technological innovation and has seen spectacular productivity gains. Solar power was Neoen's first sector and remains our main business line.



[1] Assets in operation or under construction (including co-investment), expressed in MW, at December 31,2020

979 MW

WIND POWER

Onshore wind farms are a mature source of renewable energy at competitive rates. We currently focus our wind farm business and our projects under development in France, Australia, United States, Finland, Ireland and Sweden.



515 MW / 717 MWh

STORAGE

Storage is the best response to the intermittent nature of renewable energies. In partnership with Tesla, we have developed the world's largest lithium-ion storage battery facility in Australia (Hornsdale Power Reserve). We now have storage plants in Australia, France, Finland and El Salvador.



ENVIRONMENTAL COMMITMENTS

Thanks to the very nature of our business as a responsible renewable energy operator, we play an active role in the effort to tackle greenhouse gas emissions and climate change.

From project development to the construction and operation of power plants, we pay particular attention to how our business affects the environment and how our activities and those of our co-contractors relate to it. We systematically conduct environmental impact studies and adopt measures that abide or exceed legal requirements whenever necessary to stay true to our values. We strive to use innovative technologies that reduce environmental impact, and we are avid promoters of recycling.

COMMITMENTS TO OUR TEAMS AND SUPPLIERS

This planet and the people on it are important to us. We set and follow high standards and expect the same of our business partners. All Neoen employees and its co-contractors abide by our ethics charter, our anti-corruption Code of Conduct and the employment and health and safety standards of the UN International Labour Organization. Diversity is part of our make-up and our recruitment process reflects our values. We actively combat all forms of discrimination and harassment.

HSE issues are also extended to our subcontractors, taken into account upstream of the contracting process. The selection of subcontractors depends in particular on their effective ability to deliver high quality equipment and services while complying with safety standards applied within the Group.

COMMITMENTS TO OUR COMMUNITIES

Our business places us at the heart of the community and we involve local people at every stage. Decisions on the location of our sites are always made after consultation with the relevant parties. We abide or surpass legal requirements and go out of our way to inform and discuss with authorities and citizens to ensure our projects are in line with local aspirations.

Thanks to our electricity production, communities not only have a supply of clean, sustainable, local energy, but also have added economic benefits too. Construction and operation means tax revenue, land rental and jobs as well as the knock-on effects of an influx of workers on local restaurants and accommodation. As a company, supporting local communities is engrained in our raison d'être and we actively contribute to endeavours to promote renewable energy and access to electricity for all.

ESG RATING

We act on our values and consider environmental protection when financing our projects. We issued an inaugural green bond of €40 million in October 2015 (repaid at the end of 2019) and another of €245 million in December 2017. In 2020, we signed a €200 million syndicated loan incorporating ESG indicators and issued Europe's first green convertible bond.

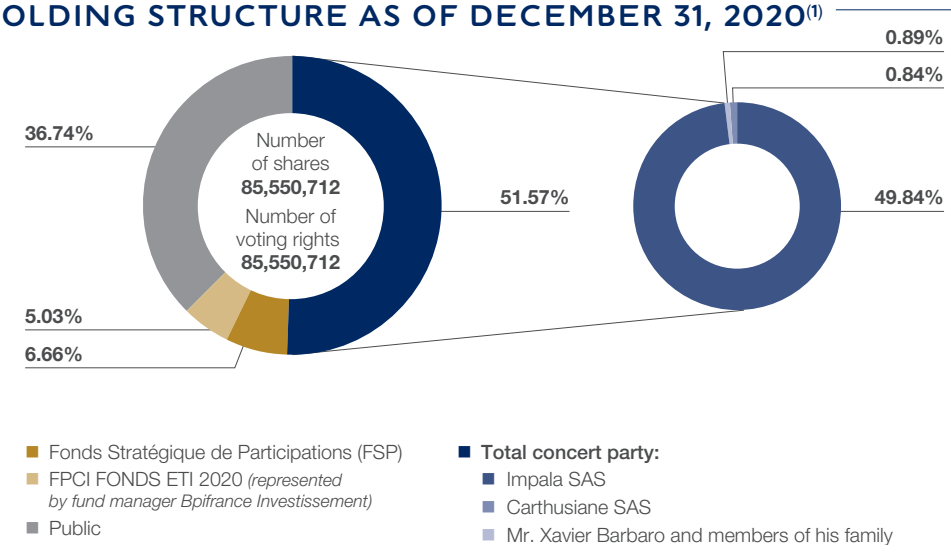
In September 2018, we called on Vigeo Eiris to annually assess our ESG efforts. We were rated 64/100 in 2021 (compared to 57/100 in 2020), placing us in the top 2% of companies audited by Vigeo Eiris and boosting our determination to pursue our ESG efforts.

vigeo eiris 64/100

Since 2019, the Group has voluntarily undertaken to publish an Extra-Financial Performance Declaration (DPEF).
See chapter 5 of this document.



SHAREHOLDING STRUCTURE AS OF DECEMBER 31, 2020[1]



49.8%[1]
IMPALA

Impala, a group owned and managed by Mr. Jacques Veyrat and his family, invests in projects with strong development potential, primarily in five areas: energy (stakes in Neoen, Albioma and Castleton Commodities International), industry (stakes in Technoplus Industries and Arjo Solutions), cosmetics (stakes in Laboratoire Native, owner of the Roger&Gallet, Lierac, Phyto and Jowaé brands, stakes in P&B Group and Augustinus Bader), brands (stakes in Pull-in and L'Exception), asset management (a stake in Eiffel Investment Group and in very strong growth projects in China as well as residential real estate projects in the Paris region, Luxembourg and Spain, and hotel projects in Portugal, France and Germany). Impala is a long-term investor and a flexible controlling shareholder.

6.7%[1]
FSP

Fonds Stratégique de Participations (FSP) is an open-ended investment company (*société d'investissement à capital variable*) registered with the French financial markets authority (*Autorité des Marchés Financiers* - AMF) that promotes long-term equity investment. FSP's purpose is to acquire "strategic" equity stakes in the capital of French companies and participate in their governance by holding a seat on their board of directors. The fund is financed by seven major insurance companies seeking long term investments in French companies to help them with their development and transition projects. FSP's shareholders are BNP Paribas Cardif, CNP Assurances, Crédit Agricole Assurances, Société Générale Assurances, Groupama, Natixis Assurances and Suravenir. At 31 December 2020, FSP held eight equity investments, Arkema, Seb, Safran, Eutelsat Communications, Tikehau Capital, Elior Group, Neoen and Valeo. FSP continues to study equity investment opportunities in French companies.

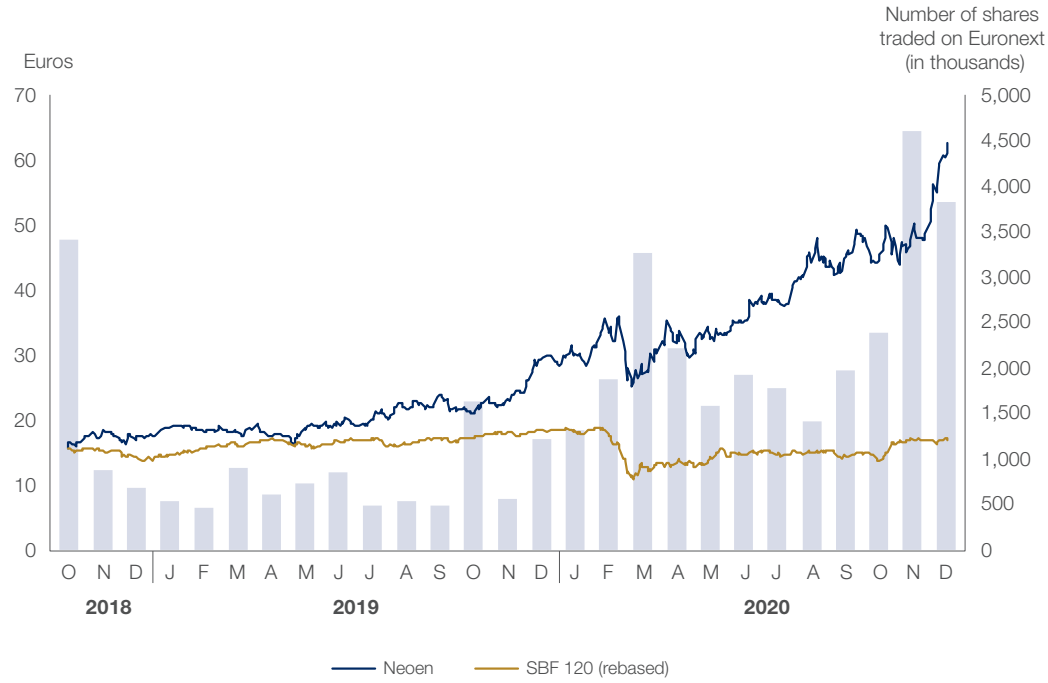
FSP is managed by ISALT (*Investissements Stratégiques en Actions Long Terme*), an independent management company which monitors the companies in which FSP invests and coordinates relations with the permanent representatives of FSP who sit on the boards of directors or supervisory boards of those companies. FSP has appointed Mr. Christophe Gégout as its permanent representative on the Company's board of directors.

5.0%[1]
bpifrance

Bpifrance finances businesses at each stage of their development through loans, guarantees and equity. Bpifrance provides support with their innovation projects and international activities through a wide range of products and services. Bpifrance is particularly involved in the renewable energy sector, with nearly €2.2 billion mobilised to finance and invest in the ecological and energy transition; it sees companies in this sector as genuine catalysts competitiveness for the French economy.

(1) The new shareholder structure following the capital increase carried out on April 9, 2021 is detailed in section 2.6 of this document.

CHANGE IN THE PRICE OF NEOEN SHARES



FINANCIAL AGENDA

11.03.2021	Full-year 2020 results
11.03.2021	Capital Markets Day
11.05.2021	First-quarter 2021 revenue and operational highlights
25.05.2021	Annual general meeting
30.07.2021	First-half 2021 results
09.11.2021	Nine-month 2021 revenue and operational highlights

MANAGEMENT

XAVIER BARBARO
Chairman and CEO



ROMAIN DESROUSSEAUX
Deputy CEO



PAUL-FRANÇOIS CROISILLE
Chief operating officer



OLGA KHARITONOVA
General counsel



LOUIS-MATHIEU PERRIN
Chief financial officer



BOARD OF DIRECTORS



XAVIER BARBARO
Chairman and CEO



HELEN LEE BOUYGUES
Lead independent director

FSP[1]
Represented by
Christophe Gégout
Board member



SIXTO
Represented by
Bertrand Dumazy
Board member





STÉPHANIE LEVAN
Board member



SIMON VEYRAT
Board member

BPIFRANCE INVESTISSEMENT
Represented by
Céline André
Board member



JACQUES VEYRAT
Observer



At December,31 2020*

42% (2)
Independent directors

42% (2)
Female directors

44 years (2)
Average age

98% (2)
Average attendance rate

*2020 statistics based on the total number of directors, excluding the observer.

(1) Fonds Stratégique de Participations
(2) These ratios exclude the observer




1

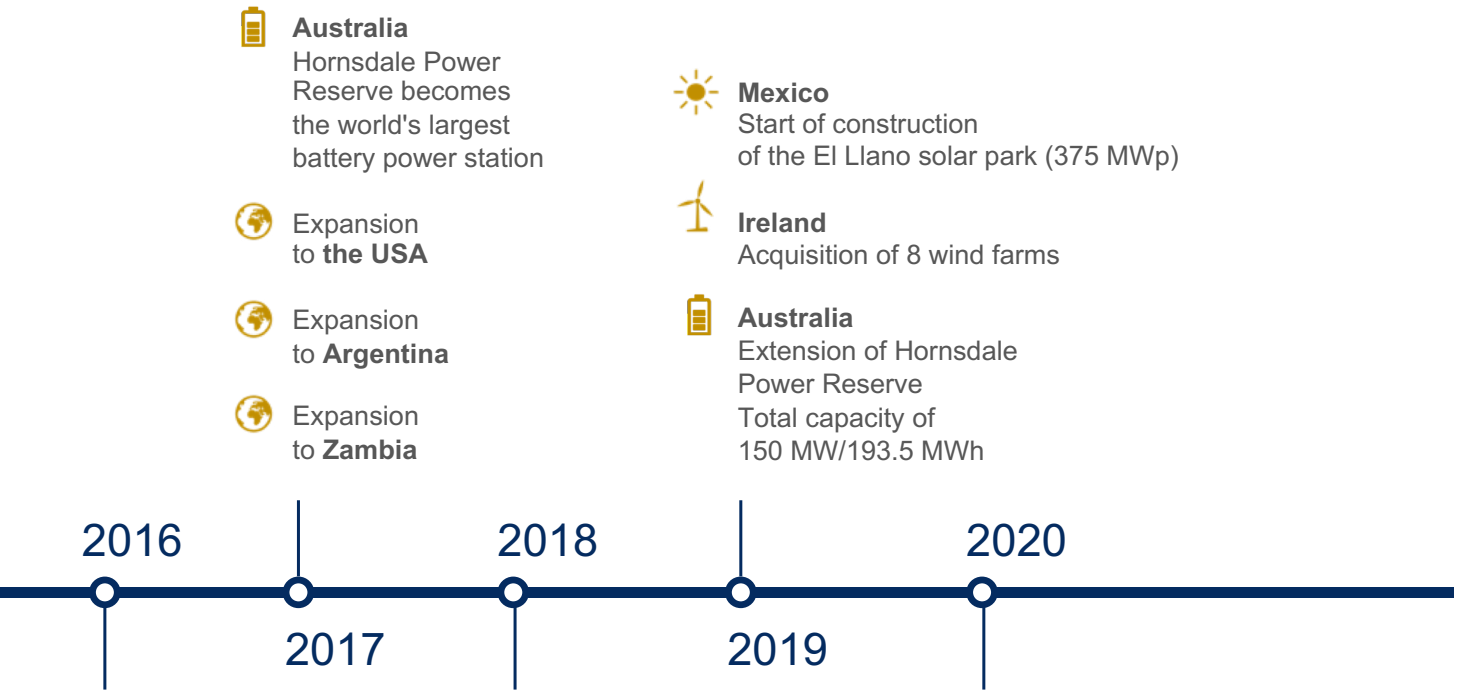
PRESENTATION

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1.4.2	Intellectual property rights	51
1.4.3	Licenses	51

1.1 OVERALL PRESENTATION

1.1.1 HISTORY AND GROUP EVOLUTION





2016

El Salvador
Largest solar farm in Central America (101 MWp)

Expansion to **Jamaica**

Neoen tops the 1 GW in operation or under construction worldwide

2017

Australia
Hornsdale Power Reserve becomes the world's largest battery power station

Expansion to **the USA**

Expansion to **Argentina**

Expansion to **Zambia**

2018

Expansion to **Finland**
signature of a PPA with **Google**

Neoen tops the **1 GW in Australia**

With a current capacity of almost **2 GW** already in operation or under construction, Neoen has doubled its size in over 18 months

Neoen raises €700 million and successfully gets **listed on Euronext Paris regulated market**

2019

Mexico
Start of construction of the El Llano solar park (375 MWp)

Ireland
Acquisition of 8 wind farms

Australia
Extension of Hornsdale Power Reserve
Total capacity of 150 MW/193.5 MWh

2020

Finland
Yllikkälä Power Reserve One, 30 MW/ 30 MWh, Nordics' largest battery storage unit

Neoen joins the **SBF120 index, the MSCI France Small Cap Index and the S&P Global Clean Energy Index**

Start of construction of Western Downs Green Power Hub (460 MWp), largest solar farm in **Australia**

Start of construction of the Victorian Big Battery, 300 MW / 450 MWh, in **Australia**

Neoen tops the 4.1 GW in operation or under construction worldwide and is present in 15 countries

1.1.2 STRATEGY

Our vision

Replacing fossil fuels with renewable energy is the economic, ecological and social revolution of this century.

Only specialised, independent, locally based and financially strong energy producers will provide the most sustainable and efficient solutions to accomplish this revolution.

Our mission

Wherever we are present, designing and implementing locally the means to produce the most competitive renewable electricity sustainably and on a large scale.

Our strategy

Consolidating our existing geographical positioning

Neoen is a geographically widespread player operating in 15 countries and three geographical regions (the Americas, Europe & Africa, and Australia) with a presence on the ground, offices in each country in which it operates and local teams.

In the future, the Group plans to grow mainly in the countries in which it is already established, where it aims to develop a balanced portfolio between wind, solar and storage projects. By strengthening its operations in existing countries and regions, Neoen will be able to take advantage of the resources already present and its experience curve to increase the average size of its projects and their competitiveness.

Neoen also wants to develop in selected new countries, mainly in the OECD zone, which will continue to account for at least 80% of its capacity currently in operation. This geographical expansion will be achieved using the same approach as that adopted by the Group since its IPO, i.e., in countries where solar and wind are intrinsically competitive energies, relying on contracts in strong currencies and mainly financing its projects in the form of project debt without resorting to local and international lenders. These countries must also offer significant development potential enabling the Group to build a leading position.

Positioning Neoen as an integrated company in solar, wind and storage

Neoen is an integrated company with a complete technological mix (solar, wind and storage). Its presence across all three segments, which goes hand-in-hand with geographical diversification, reduces the Group's exposure to weather hazards and stabilises its production. Its approach to storage integration is part of a broader strategy to include elements improving the overall attractiveness of projects from the project design and structuring phase onwards. Storage can then be used to smooth solar and wind power intermittency while providing services to the grid.

Selling our energy through different channels

In addition to electricity sales agreements with public counterparties, particularly government ones, and electricity distributors, which continue to offer solid revenue prospects for Neoen, the Group plans to diversify its customer base with private off-takers in the form of power purchasing agreements (PPAs), preferably in the medium- and long-term. There is a very strong demand from these private counterparties, for which the Group is ideally positioned thanks to its storage business, dedicated Energy Management team and sophisticated PPA offerings.

In addition, while continuing to focus on securing stable, long-term revenues through off-take contracts, Neoen strategically targets additional market revenues by taking advantage of favourable market prices in countries where spot markets are developed, amounting to up to 20% of its installed non-storage capacity.

Mainly organic growth

The Group's growth is overwhelmingly organic, enabling it to create value throughout project development, from the industrial and financial structuring of projects to their commissioning and beyond.

However, as in the past, the group could opportunistically carry out targeted and value-creating external growth operations, particularly by prioritising assets offering similar repowering potential.

Keeping most of our assets long-term

Neoen's default model consists of retaining control of the assets it has developed and being the majority shareholder. This develop-to-own strategy enables the Group to guarantee the quality and performance of its assets, thereby giving it a significant competitive advantage in tenders. The strategy also enables it to capture the long-term value of the power plants throughout their lifetime and benefit from their repowering potential.

Adopting a complementary, Farm-Down approach

In order to optimise its balance sheet, financial capacity and profitability, the Group plans from 2021 onwards, to regularly but selectively sell all of, or a majority stake in, of projects in its secured portfolio (Farm-Down). These project disposals will be limited to a volume that does not exceed 20% of the gross annual growth of its secured portfolio. The Group plans, as far as possible, to maintain a minority stake in the projects in question, to ensure their administrative and operational management and to retain the related land rights, so as to be able to take part in the subsequent repowering phase of these projects.

Maintaining supplier diversity

Neoen is careful not to rely on a single supplier or subcontractor for its solar panels, wind turbines and other system components.

In order to build a long-term relationship, the Group works with suppliers of major or critical components that are all third parties and meet the most demanding health, safety, environment and quality standards. Regardless of the country where the project is located, Neoen works solely with first-tier EPC contractors that can only be selected after a rigorous pre-selection process.

Implementing protective financing

Neoen mainly finances its assets through debt, the bulk of which consists of non-recourse, long-term debt — fixed-rate where possible — and in the same reliable currencies as project revenues, in order to preserve the stability of the capital structure and, in the future, to minimise related risks.

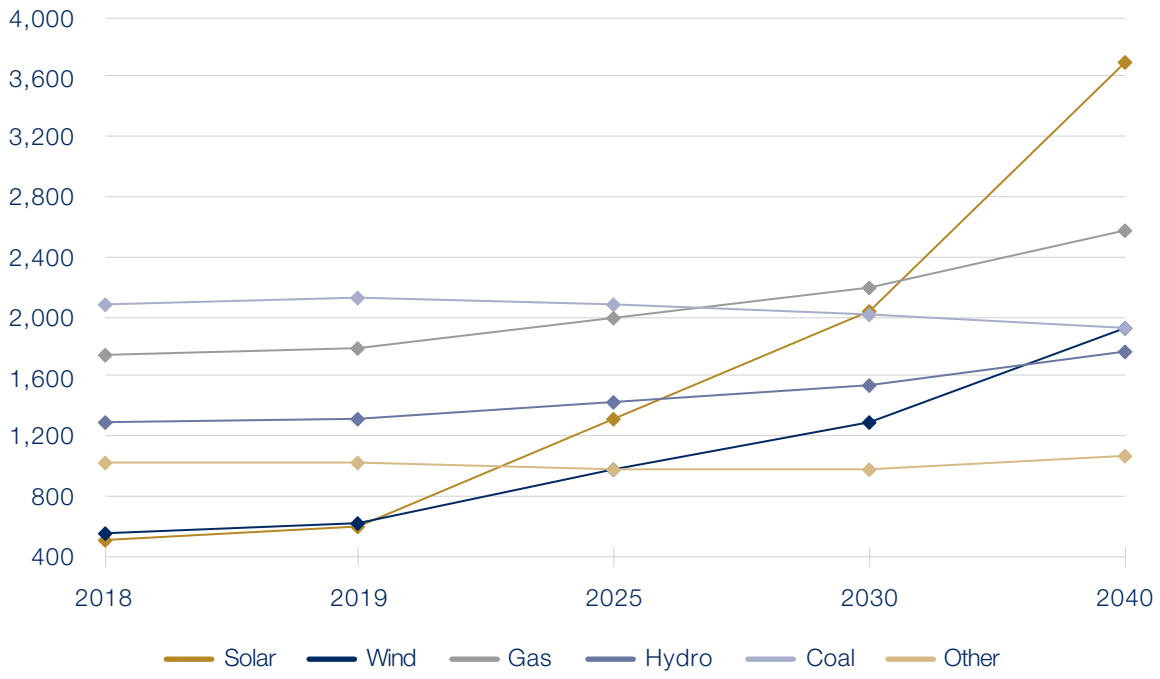
1.2 DESCRIPTION OF THE RENEWABLE ENERGY MARKET

1.2.1 A RAPIDLY GROWING GLOBAL RENEWABLE ENERGY MARKET

Growth in renewable energies is driven by underlying increase in energy needs from all sources coupled with an increasing desire to provide production facilities and populations with green energy at competitive prices.

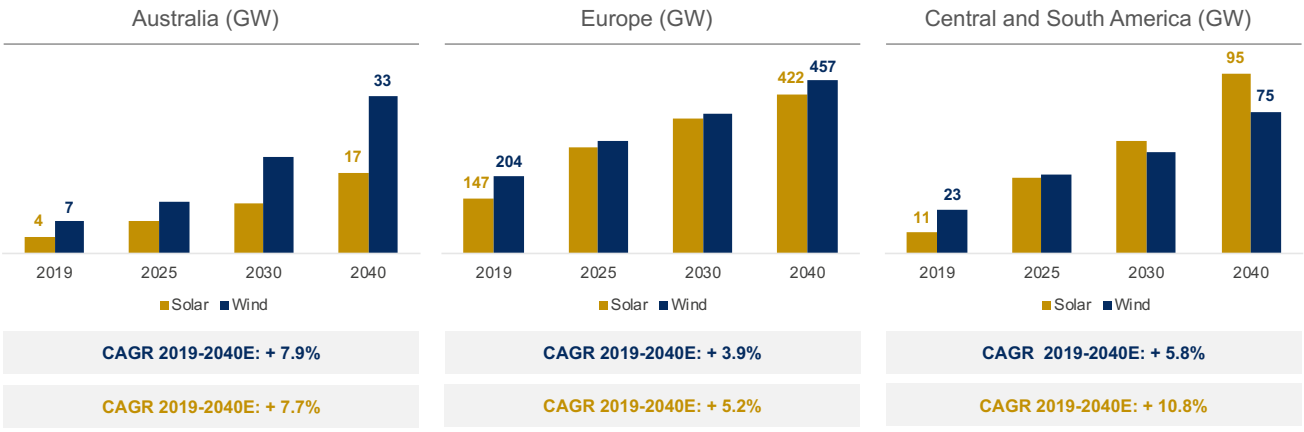
In its latest World Energy Outlook (2020), the International Energy Agency (IEA) estimates that energy generation capacity from all sources is likely to increase from 7.5 TW in 2019 to 13.4 TW in 2040, i.e., nearly double. Among these energy sources, solar should increase fastest with an average annual growth rate of 9% over the period, followed by wind at nearly 6%. Within this generation capacity, the share of solar and wind power is expected to increase from about 16% in 2019 to 42% in 2040.

Projected global operational capacity (in GW)



Source: International Energy Agency (2020), World Energy Outlook 2020, IEA, Paris

Forecast of changes in installed capacity by geographic area



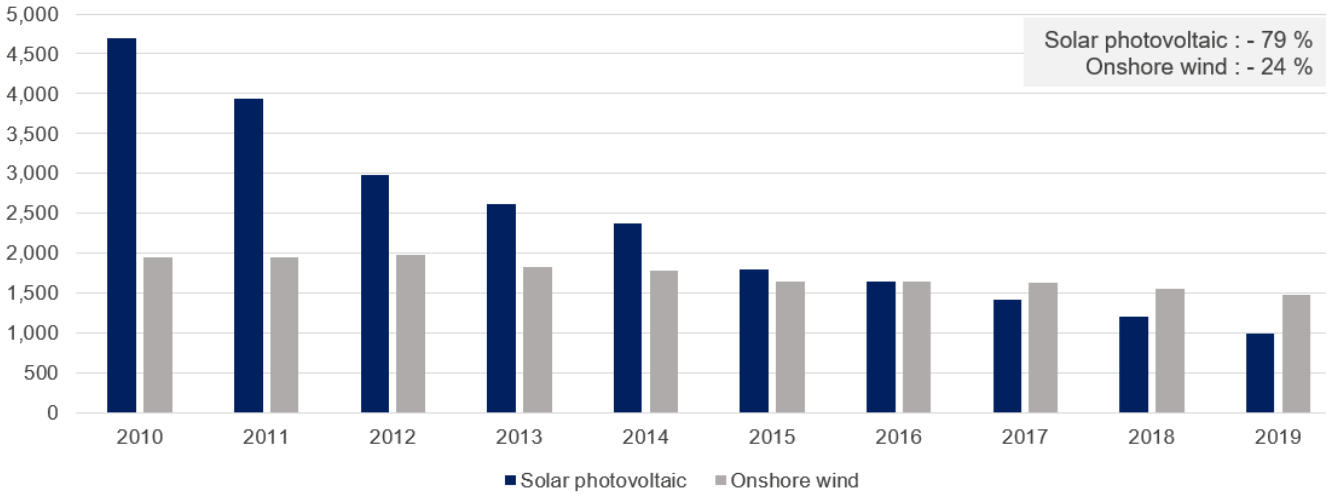
CAGR : Compound Annual Growth Rate
Source: World Energy Outlook 2020, IEA & Baringa study

The IEA "World Energy Outlook 2020" and the Baringa study also estimate that Australia, Europe and Central and South America will see significant growth in their wind and solar capacity in operation by 2040. As regards wind energy, Australia is likely to post the strongest growth, at an annualised average rate of +7.9%, followed by Central and South America with an estimated growth of +5.8% per year and by Europe with an estimated growth of +3.9% per year. As regards solar energy, installed production capacity in Central and South America is expected to increase by +10.8% per year. Australia and Europe are expected to see their solar energy production capacity grow by +7.7% and +5.2% per year, respectively, until 2040.

The expected increase in solar and wind in the energy mix is the result of several positive dynamics, including:

- the commitment of States to fight global warming, as demonstrated by international agreements such as the Paris Agreement. Energy is one of the areas in which most can be done to reduce CO2 emissions today, since low-carbon solutions such as renewable energies exist and are effective;
- the competitiveness of solar and wind power, which are currently the cheapest energy production solutions in many parts of the world. Over and above the political will, replacing ageing thermal power generation facilities by renewable technologies is often an economic no-brainer. The growing competitiveness of renewable energies is reflected in the fact that their costs have decreased considerably due to technological and operational factors;

Decrease in average facility costs since 2010 (in USD/kW)



Source: IRENA (2020), Renewable Power Generation Costs in 2019, International Renewable Energy Agency

- government support now goes beyond subsidies for electricity production and is part of the long-term approach consisting of an energy transition. Some countries see this as an opportunity to boost their economies, ensure sustainable and cheap electricity production and create jobs to offset the loss of those traditionally found in declining carbon-intensive industries. "Hydrogen plans" or support for electric cars in Europe are some of the most recent examples. These new areas of electricity use should also increase medium-term demand and stimulate renewable energies because of their competitiveness;
- the desire to green the energy mix is also evident in the private sector, for civic, economic or marketing reasons. We are seeing an increasing number of corporate purchasing agreements, which stand out from the rest in initiatives such as the "RE100"[1] and highlight their renewable energy acquisition strategy, enabling them to be recognised as "green" companies committed to clean energy policies. Their use of renewables also enables these companies to reduce their costs and mitigate the risk of price volatility affecting their electricity requirements. Neoen expects that a substantial market for corporate off-take agreements for renewables will develop in the coming years, as the grid parity extends and these energy consumers become increasingly sophisticated. In fact, the market for power purchase agreements with private off-takers (corporate PPAs) represented a volume of 23.7 GW in 2020, involving more than 130 companies. This is 18% up on the 20.1 GW in 2019 and more than 75% up on the 13.6 GW in 2018 (Source: *BNEF's 1H 2021 Corporate Energy Market Outlook).*

1.2.2 THE GROWING IMPACT OF STORAGE SOLUTIONS

Traditionally, the major disadvantage associated with solar and wind has been their intermittency. A grid with a large proportion of renewable energy sources was exposed to potential problems of stability and maintaining the balance between supply and demand. To cope with the unpredictable hazards of renewable energy production, grid operators preferred to restrict the number of connected intermittent power plants.

Storage technologies now provide a greater source of market penetration by renewable energies. They have the double advantage of being able to respond to imbalances between supply and demand more quickly than a thermal power plant, and using the energy produced by solar and wind plants after having stored the energy produced in excess of demand on the grid, which would have normally been "lost" (curtailment).

Storage capacity is therefore an important factor in the development of renewable energies, which in turn will contribute to the very strong growth in storage capacity in the coming years.

Forecast of global evolution of storage capacities

In 2019, more than 10 GW of batteries are connected to the electricity grid. For the first time in nearly a decade, annual battery storage capacity decreased in 2019, particularly in the United States and Europe. Conversely, the Australian market continued its momentum with the installation of around 200 MW of additional storage capacity in 2019. Further market expansion was expected in 2020, but the COVID-19 crisis led to short-term delays in the deployment of battery storage facilities due to temporary shutdowns and disruptions in the supply chain (World Energy Outlook, 2020).

Global battery storage capacity is expected to increase 20-fold between 2019 and 2030, with 130 GW of batteries installed worldwide by 2030 (World Energy Outlook, 2020). It will be important to monitor the security of supply for various minerals needed both for battery storage systems and for electric vehicle batteries, including cobalt, lithium and copper (Kim and Karpinski, 2020). The growth in battery storage remains highly dependent on effective regulation that reflects the value of the flexibility services provided and allows equitable access to markets (World Energy Outlook, 2020).

Lower lithium-ion battery costs are one of the main reasons for the greater competitiveness of storage facilities: these costs are 90% lower than in 2010, amounting to USD 150/kWh in 2019 (BNEF, 2020). In addition, the mass deployment of batteries in electric cars is expected to bring about a 40% reduction in current battery costs by 2030 and a 50% reduction by 2040 (World Energy Outlook, 2020).

Depending on whether they are directly connected to the grid or linked to a renewable energy project, storage solutions will be configured according to different business models and generate different types of revenue. Neoen estimates that there are now four revenue models for storage solutions (spare capacity, frequency regulation services, load shifting and arbitrage). For further details, refer to paragraph 1.3.2.3 «energy storage».

1.2.3 MARKET STRUCTURES

1.2.3.1 TERMS OF ELECTRICITY SALE

Renewable energy producers may sell the electricity generated by their plants under different types of long-term contracts with one or more purchasers which may be public or private electricity distribution companies (utilities), public authorities or private off-takers. These contracts are described in more detail in paragraphs 1.3.4.1 «customers» and 1.3.4.2 «power purchase agreement» of this document.

[1] RE100 is an international initiative led by two NGOs, The Climate Group and the Carbon Disclosure Project (CDP). Launched in 2014 during Climate Week in New York, it aims to bring together international companies that pledge to purchase 100% renewable electricity.

This categorisation can be summarised as follows:

- PPAs entered through tenders, for a period of 10, 15, 20 or 25 years, and for a specific electricity capacity at a given price.
- over-the-counter contracts with sophisticated purchasers, such as energy companies or other private companies with specific energy needs. These contracts are usually for a specified power, at contractually defined prices, which is delivered directly or indirectly to the counterparty. They have a shorter duration than contracts with public or para-public purchasers or private electricity distribution companies, usually from 10 to 15 years.

The vast majority of contracts are take-or-pay contracts and do not present any volume risk since the commitment is for a price per MWh, regardless of the volume discharged into the grid.

Off-take agreements are not indexed to electricity, oil or gas prices, but may be fully or partially indexed to inflation. They may also contain protection against exchange rate fluctuations in emerging countries: for example, in the form of a direct payment in a strong currency, or in the form of a payment in local currency, but with an adjustment clause depending on the evolution of the exchange rate with a strong reference currency.

Generators can complement revenues from the above contracts by selling electricity on the spot market (paragraph 1.3.4.1 (iv) «Spot market sales and short-term contracts» of this document). These sales can also be made through short-term contracts and can be used strategically to exploit the capacity that is not intended to be sold through long-term contracts such as PPAs.

These sales may take place in the following ways:

- between the commissioning of the power plant and the entry into force of the PPA;
- at the term of PPAs, whether corporate or public, for all or part of the production volumes;
- for the production volumes that exceed the maximum amount contracted or won through tenders.

These situations are becoming more and more common. They are facilitated by the arrival of aggregators or route-to-market off-takers which make it easier for independent renewable producers to access and sell on the open market. In addition, these sales are increasingly taken into account by lenders when making an analysis of the financial profile of a project.

In addition to revenue generated by electricity sales, operators of solar or wind power plants and storage facilities may receive additional revenue from:

- capacity premiums, in the case of capacity markets (generally proportional to capacity available);
- the sale of green certificates proportional to production, in accordance with the applicable regulations, for example the Large-scale Generation Certificate in Australia;
- a leasing fee for certain storage plants: this is generally a contractual fee paid to enable a grid operator or a State to benefit from the services provided by the battery;
- frequency regulation remuneration: this involves paying stabilisation services sold to the system operators;
- an income related to the postponement of production: the electricity produced is stored during off-peak hours and resold during peak periods during periods of high prices.

It should be noted that the last three remuneration categories mentioned above can also be carried out by independent storage facilities (directly connected to the grid).

1.2.3.2 TENDENCIES HAVING AN IMPACT ON MARKET STRUCTURE

Evolution towards a combination of several business models for the same asset. Assets include increasingly complex remuneration methods. There may be PPAs with different purchasers, on different terms and for different durations. Part of the electricity may therefore be sold to private players. In addition, spot-market sales, although they are opportunistic, may generate additional gains compared with the contractual feed-in tariffs fixed in tenders. This is particularly the case in the Group's key countries, namely Mexico, Australia and Finland, as renewable energies are at grid parity there and so the prices of long-term purchase agreements are generally lower than on the spot market. They can also improve the financial profile of the project in the period between a plant's commissioning and the entry into force of a take-off agreement. In addition, the integration with storage facilities provides revenue for capacity reserves and frequency regulation and enhances the opportunities to make sales on the spot markets through deferral of production.

Development of storage activity. Technological progress and falling production costs for electricity storage equipment have enabled the development of storage facilities in response to the imbalances linked to the intermittency of renewable energies. In addition, grid operators are expected to rely increasingly on batteries to provide production balancing and regulation services.

Development of multi-technology projects. In addition to batteries installed independently of any other asset, more and more wind or solar projects are coupled with a storage solution, making it possible to counter the negative impacts linked to the intermittency of renewable energies. In this context, a player like Neoen, which has several technologies, is naturally at an advantage in comparison to a producer that is specialised in one of these energy sources.

Improvement of project competitiveness. Renewable energies are increasingly competitive, with the number of countries with grid parity constantly increasing. This competitiveness is the result of lower capex and financing costs, combined with two other positive dynamics on project competitiveness: first, there is a tendency to move towards larger-scale projects, generating scale effects, second, the residential solar penetration in many countries, with consumption as close as possible to production.

1.2.4 COMPETITIVE ENVIRONMENT

The renewable energy market is still very open and fragmented, with players of all sizes in many countries. Growing barriers to entry and the desire of incumbent operators in the electricity sector - but also more broadly in the energy sector - to rapidly change their energy mix are likely to contribute to a concentration trend. In addition, investors are increasingly interested in holding portfolios of renewable assets.

National incumbent utilities, which were already regional or global leaders in electricity and have long since emerged from their domestic market, have developed know-how in renewable energies and have dedicated subsidiaries abroad (EDP Renewables, EDF Renewables, Enel, Engie). In addition to these are international players specialised in the field of renewables, such as Neoen or Scatec, Voltalia and Boralex, and small players operating locally, whose proportion is tending to decrease. Also, leading energy companies such as Engie and Total have strengthened their positions in the renewable energy market through recent acquisitions of independent solar and wind power developers and producers. Other competitors have also sought to increase their market share through mergers and combinations of companies that have given rise to larger players with significant financial resources.

Neoen is the leading independent producer of renewable energy in France, the leading independent producer of exclusively renewable energy in Australia and the leading independent producer of photovoltaic energy in the other countries in which it operates.

The award of projects remains competitive. However, while the authorities in charge of tenders are pushing actors to adopt more competitive prices, they are also increasingly taking into account the experience and the history of the operator, especially with regard to the record of having carried out important projects on time and without cost overrun. The ability to pre-qualify projects (obtaining land, environmental studies, technical studies, obtaining building permits), that is, to submit an offer with as little uncertainty as possible regarding its technical and legal fulfilment is also key, which is a plus for Neoen. Lastly, access to financing on acceptable terms and financial soundness testify to the ability to cope with the hazards of construction and operation, and represent, with the elements above, growing barriers to entry in the sector.



Main players in national markets

Country	Markets	Players	**Capacity of assets in operation** (in MW)
Argentina	Wind and solar power 2020	Genneia S.A.	830
		Central Puerto	374
		Petroquímica Comodoro Rivadavia (PCR)	325
		JEMSE	300
		Pampa Energy	206
Australia	Wind and solar power 2020	**Neoen**	931
		Infigen/IBERDROLA	726
		FRV Australia	534
		CWP Renewables	518
		Pacific Hydro	485
Finland	Wind power 2020	Exilion Tuuli Ky	380
		Taaleri Pääomarahastot Oy	208
		EPV Tuulivoima Oy	230
		Suomen Hyötytuuli Oy	186
France	Wind and solar power 2020	Engie	3,637
		EDF Renouvelables	1,973
		Boralex	1,028
		Total Quadran	891
		Neoen	765
Mexico	Wind and solar power 2020	Enel	2,923
		Acciona Energia	1,144
		IEnova (Sempra)	933
		Iberdrola	867
		Zuma Energia	750
Portugal	Wind and solar power 2020	EDP Renewables	1,164
		Finerge	927
		Iberwind	726
		Trustenergy	489
		Generg	467
El Salvador	Wind and solar power, and storage activities 2020	**Neoen**	244
		AES	143
		Real Infrastructure	67
		Ventus	50
		Grupo Borja	24

Source: Annual reports and press releases from the companies concerned.

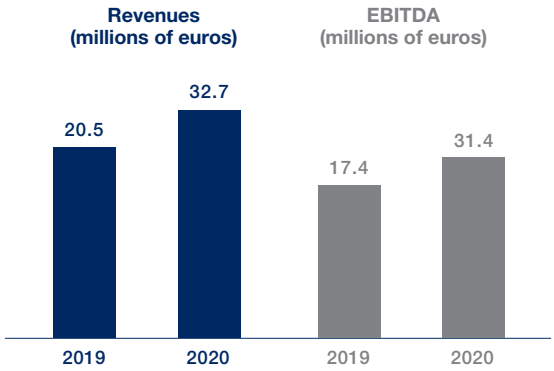


1.3 NEOEN'S BUSINESS

1.3.1 BUSINESS ACTIVITIES AND KEY FIGURES

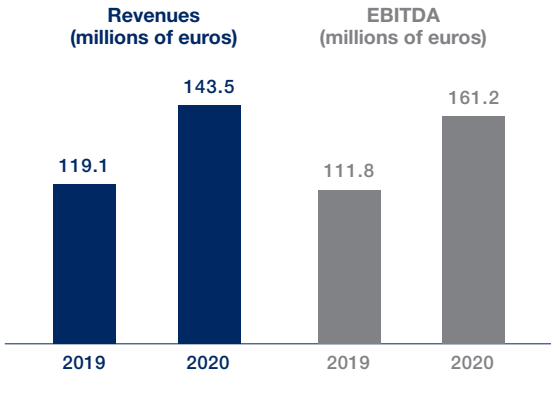
The Group's activity is centered on the production of solar and wind energy and on the development of energy storage solutions. As of December 31, 2020 the Group had 255 employees and was active in 15 countries spanning 4 continents. The main geographical zones in which the Group operates are as follows: Australia, Europe-Africa, and the Americas.

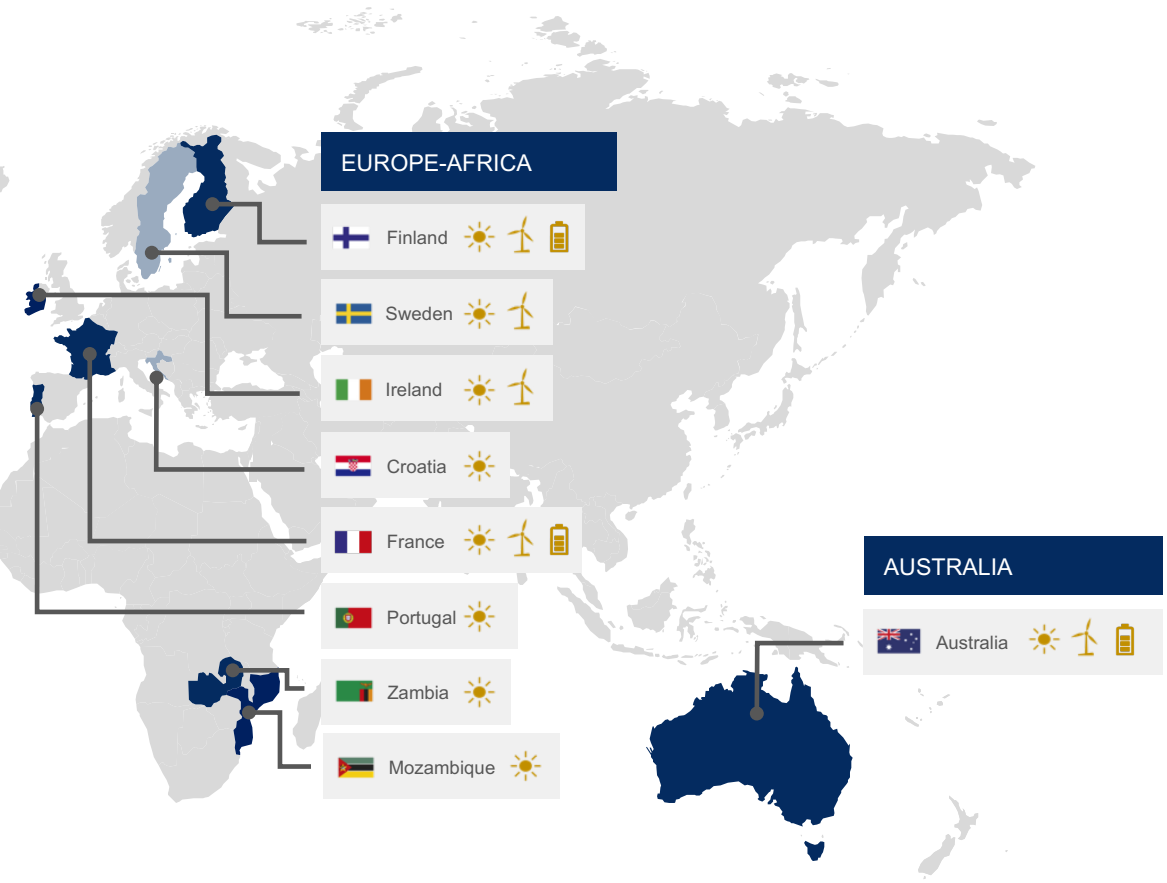
This operating segment solely, as reported in our financial statements, comprises independent storage facilities directly connected to the electricity grid, as opposed to behind the meter storage solutions whose action is coupled upstream with the production of energy by solar or wind power plants. As of December 31, 2020 the Group owned 7 storage facilities under operation or construction, with a cumulative capacity of 515 MW for 717 MWh of storage capacity, of which 4 are directly connected to the network.



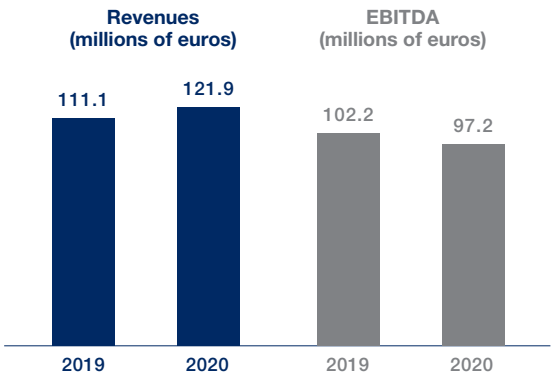


The Group develops and operates solar power facilities in numerous countries, including the Cestas plant which is France's most powerful solar power plant. As of December 31, 2020 the Group had 63 solar parks under operation or construction with cumulative capacity of 2,557 MW.





The Group develops and operates wind farms currently located in Australia, Ireland, Finland and France. As of December 31, 2020 the Group owned 40 wind farms under operation or construction with cumulative capacity of 979 MW.



1.3.2 OPERATING SEGMENTS

1.3.2.1 KEY FINANCIAL AND OPERATIONAL INFORMATION

The table below sets forth key financial and operating data for the Group's solar, wind and storage segments by geography as of December 31, 2020:

Activity	Region	Number of assets in operation as of 31.12.2020	Peak capacity of assets in operation (in MW)	Average availability of assets in operation in 2020	Production of assets in operation in 2020 (in GWh)	Number of assets under construction as of 31.12.2020	Peak capacity of assets under construction (in MW)
	Europe-Africa	35	590	99.4%	456	14	173
Solar	Australia	6	458	97.6%	757	1	460
	Americas	5	667	98.7%	1,099	2	208
	Europe-Africa	31	388	97.1%	932	5	80
Wind	Australia	3	317	99.3%	1,152	1	194
	Americas	-	-	N/A	N/A	-	-
	Europe-Africa	2	36	N/A	N/A	-	-
Storage	Australia	2	156	N/A	N/A	2	320
	Americas	1	3	N/A	N/A	-	-
TOTAL		**85**	**2,615**	98.4%	4,396	**25**	**1,436**

1.3.2.2 PLANNING AND DEVELOPMENT OF SOLAR AND WIND PROJECTS

(i) Identifying opportunities

From the very beginning of the project development process, a prospecting team is set up in the target market and takes charge of the search for sites. The team is generally made up of Group employees. Depending on the target market, it may include local actors who can leverage their field knowledge to better identify new opportunities (e.g. through co-development partnerships in Ireland or preliminary work in Finland) and anticipate local complexities (such as permitting procedures and stakeholder management). Once it identifies a site with significant potential, the prospecting team obtains initial preliminary studies, such as interconnection studies, from reputable third parties and performs initial groundwork in view of obtaining permits and licenses.

As the team makes progress and receives feedback from its studies and initial inquiries, it reports back to management. Management can then from the early stages of development evaluate whether a given opportunity possesses an appropriate risk and reward profile to warrant further investment.

The ability to obtain detailed early information on project sites from its own teams or local partners from the earliest stages provides Neoen with the advantage of reducing ramp-up issues and helping to overcome execution and project quality challenges that might otherwise occur, particularly when the time between tender announcements and bid deadlines is limited. Moreover, the Group is able to conduct this preliminary work at a relatively low initial cost with lean and efficient teams, thereby minimising its financial exposure to the risk of the project being abandoned.

Expenditure relating to these initial investments includes costs relating to travel, human resources, preliminary technical and interconnection studies, environmental impact studies and building and operating permits. The Group covers these development expenses and they are capitalised once a project enters the Group's development portfolio. They may be written down or scrapped if a project is postponed or abandoned.

Once the opportunity to secure a take-off agreement or to sell its electricity on the markets arises, the Group shifts from laying the foundations for its projects into more resource-intensive project-execution mode, including through budgeting and finance modelling.

(ii) Bidding for projects

The tender opportunities that Neoen targets are structured in frameworks that vary by both type of energy and country or state. The Group generally targets tender procedures following which it is offered the opportunity to enter into off-take agreements with solid counterparties. These off-take agreements provide the Group with a relatively stable source of long-term revenue and transform market risk into a limited counterparty risk. In addition, these elements make it easier to obtain financing on favourable terms, which enables the Group to improve its offers' competitiveness.

Tenders in which the Group participates may be launched by both public entities and private off-takers. Public entities include governments, who either organise or back a given tender, and government-controlled entities such as state or regional power companies. Off-take agreements entered into in this context are generally long-term, over 10, 15, 20 or 25 years. They are generally granted on the basis of price considerations with little or no leverage in negotiations. For private off-takers and distributors

(utilities), these PPAs may be shorter in term, ranging from 10 to 15 years, while providing greater leverage when negotiating terms and conditions.

The Group is increasingly participating in tenders from private off-takers, and it considers these to be a promising opportunity going forward. For further details with respect to the types of PPAs to which the Group is a party, please refer to paragraph 1.3.4.2 "power purchase agreements" of this document.

(iii) Developing projects

The specific features of project development depend significantly on the type of energy to be produced by the project and the country or region in which the project is to be developed.

In general, Neoen fully structures its projects (building on and completing its early development work) as soon as it has been awarded a tender. This structuring process involves several aspects, including but not limited to the following:

- obtaining permits and authorisations at the local and state level (though in certain jurisdictions, such as France under the currently applicable regime, the relevant building permit or construction authorisation must be obtained before a bid is made);
- carrying out connection studies to understand the conditions for connection to the grid, as well as the associated costs;
- sourcing engineering, procurement and construction (EPC) services and operation and maintenance (O&M) services with high-quality EPC and O&M contractors and negotiating full-fledged contracts;
- sourcing project financing, predominantly long term and non-recourse, and organising collateral and guarantee packages; and
- hedging, where necessary, interest rate exposure on its financing and any foreign exchange rate exposure (e.g., in certain very rare cases, between the currencies in which the Group pays its construction expenses and the currency of the Group's project financing) that may exist for the period beginning when the Group enters into its project financing and ending at financial closing.

The time required for such a project structuring (in particular between initial contact with the relevant lender and financial closing) depends on the market in which the project is being built. In a mature market such as Australia or Europe, less time is required than in less mature markets such as certain African and Latin American countries, notably when financing has been guaranteed or arranged by development banks. The Group always seeks to reduce a project's time to market as much as possible and, in this respect, believes that its advance work on development aspects is helpful at a later date. Furthermore, thanks to its solid network of partners and its ability to draw on its successful experience in previous procedures, Neoen is able to speed up project structuring. In addition, for countries with mature spot pricing markets or in the context of PPAs, where the Group may structure its bids in order to benefit from more attractive spot pricing before a given PPA's term commences, a shorter time to market for a project enables increased early generation revenues for this project. The Group is therefore able to create significant value from its accelerated structuring processes.

The specifics of project management are handled by the relevant Neoen development team under the development project manager, who reports regularly to senior management. This project manager oversees the structuring of the project and coordinates various teams such as the procurement team, technical, legal and financing specialists. He/she also works closely with lawyers, engineers, tax specialists, financial advisers and others.

From an operational standpoint, project development teams hand off projects to construction teams, who in turn hand off projects to operations teams. On the administrative side, the financing team hands over debt management to a financial controlling team at the appropriate time, as a general rule after the first debt drawdown.

(iv) Procurement and construction

In non-OECD countries, construction itself generally begins after financial closing has been completed. In OECD countries, construction may begin prior to financial closing but only after the relevant permits are secured and a tender has been awarded. Project construction is handled by a construction project manager who takes over from the development project manager.

The construction project manager's responsibilities include all construction and technical aspects of the project from the moment that the NTP ("notice to proceed") is delivered to the EPC contractor, until the hand-off of the asset to the asset manager, as well as the management of relationships with project stakeholders.

In the context of its assignments and as required, the construction project manager is supported by the Group's legal, finance and development teams.

(v) Farm-Down of projects

From the development or construction phase of its projects, and in order to optimise its balance sheet, financial capacity and profitability, the Group plans from 2021 onwards, to regularly but selectively proceed to the total or majority disposal of projects in its secured portfolio (Farm Down), within the limit of a volume of projects not exceeding 20% of the gross annual growth of its secured portfolio.

In the context of these disposals, the Group plans, as far as possible, to maintain a minority stake in the projects in question to ensure their administrative and operational management and to retain the related land rights so as to be able to take part in the subsequent repowering phase of these projects.

(vi) Operating assets

In line with its mainly "develop-to-own" strategy, the Group pays strong attention to the long-term performance and state of its assets. Neoen outsources the maintenance of each asset under protective, long-term, full-scope O&M contracts, and negotiates contractual guarantees from the O&M provider with respect to availability and compensatory payments in the event availability falls below specified minimums, as well as other performance guarantees. As a general rule, the Group's O&M contracts have a minimum duration of 10 years and include options for expansion under pre-approved conditions that can be activated by the Group. Under these contracts, the solar O&M suppliers are generally the same as those involved in building (solar); in wind, the turbine manufacturers maintain their turbines.

Classification of projects

Neoen tracks project development according to a defined set of categories, as projects move through their lifecycle from initial planning to commercial operation date (COD). The Group defines each of these categories across geographies and for solar, wind and storage facilities as follows:

Projects in "early stage" phase	Projects (i) located on land with respect to which the owner has confirmed his or her intention to agree a contract with the Group for the applicable land rights, (ii) in proximity to an electric grid to which the project may be connected and (iii) for which technical studies have been initiated but not yet finalized.
Projects in "advanced development" phase	Projects for which the following elements must be achieved: ▪ real-estate: signature of a contract validating the use of the land; ▪ access to the electricity grid: preliminary grid connection; ▪ technical: completed pre-design engineering.
Projects in "tender-ready" phase	Projects where either: ▪ a building permit has been obtained and all the conditions precedent to the signing of an electricity sales contract have been fulfilled in a country which: - has a renewable energy development program through recurrent tenders, or - has a liquid market for electricity sales contracts with private companies; ▪ feed-in tariffs are available and a building permit application has been submitted. Based on such criteria, once a project reaches the tender-ready stage, it will not be reclassified to a less advanced stage as long as: ▪ the market dynamics of renewable energies in the country in question remain unchanged; and ▪ the requirements for obtaining an electricity sales contract remain the same. Projects in "advanced development" phase and projects in "tender-ready" phase constitute the "advanced pipeline". Projects in "advanced development" that win a tender through a competitive auction process are classified as "awarded" projects without being first classified as tender-ready.
Projects in "awarded" phase	A: The primary authorisation request for the project has resulted in a positive outcome and is no longer subject to an appeal, and there is a guaranteed off-take once the project is built; or B: the project was won through a competitive auction process or a long-term PPA was signed. At this stage, certain additional licenses may be required as long as the Group judges them to be secondary to the applicable primary authorisation. Depending on what could be achieved during the initial development phase, land procurement and additional studies may also be underway. Discussion and contracting with an EPC, as well as project financing negotiations, are usually advanced during this stage.
Projects in "under construction" phase	For these projects the notice to proceed ("NTP") has been given to the relevant EPC contractor. The asset remains in this category until it enters operation in accordance with the requirements specified below.
Projects in "in operation" phase	All the equipment in a solar or wind power plant or a storage facility is installed, commissioned and connected, and the facility is authorised to operate at full power. Performance tests and/or the production of the documentation provided for in the EPC contract may still be in progress up to the provisional acceptance date. Projects in "awarded" phase, projects "under construction" and projects "in operation" form the "secured portfolio".

Finally, it's possible to move directly from the "tender-ready" stage to the "under construction" stage for projects whose electricity is to be sold on the spot market.

1.3.2.3 ENERGY STORAGE

Energy storage occupies an important place within the Group to support the growth of its solar and wind activities. This is both a complement to existing solar and wind power installations to facilitate their integration into electricity grids, as well as a means of providing services in their own right as an independent source of revenue.

Neoen believes that in the future, energy storage will develop to become an essential part of power grids, complementing renewable energy production plants. Some tenders in Australia and Jamaica require candidates to commit to setting up an energy storage facility connected to the main plant. The Group believes this type of tenders will become more common.

As of the date of this document, the Group operates three independent energy storage facilities (directly connected to the grid): Hornsdale Power Reserve in Australia, Azur Stockage in France and Yllikkäla Power Reserve, which was commissioned this year and is the first high-capacity independent battery to be connected to the Finnish grid. These are supplemented by a storage solution connected to the DeGrussa off-grid solar plant in Australia.

In addition, the Bulgana wind farm in Australia, which is currently under construction, will include an energy storage facility. Lastly, again in Australia, the Group has launched the construction of the 300 MW / 450 MWh Victoria Big Battery, one of the biggest batteries in the world. Providing an energy reserve that can be drawn on very rapidly, it will increase the interconnection capacity between the States of Victoria and New South Wales, thereby improving the security of the power supply during consumption peaks caused by the summer heat.

(i) Frequency regulation

Electric power grids transmit power from generators to eventual end users through alternating current that oscillates at a specified frequency (for example, 50 Hz in Europe). The differences between electricity production and consumption cause this frequency (in Hz) of the power grid to vary:

- downwards (below 50 Hz) when consumption is greater than production;
- upwards (above 50 Hz) when production is greater than consumption.

Sudden and uncontrolled frequency variations may disrupt the proper operation of the grid and cause power grid blackouts, power cuts or damage to power grid equipment.

All power grids around the world need some form of continuous frequency regulation to prevent uncontrolled variations and ensure their stability. This therefore applies to all countries in which the Group operates.

The batteries directly connected to the power grid and equipped with appropriate software are capable of responding to frequency fluctuations in either direction. They can absorb excess electricity when the frequency is too high or discharge electricity when the frequency is too low. This service, which is categorised in Australia under the name of frequency control ancillary services (FCAS), comes in two forms:

- primary reserve ("Regulation FCAS"). The electricity grid operator continuously specifies (for example, every four seconds) to FCAS providers the increases or decreases in their electricity generation that are required in order to achieve or maintain the appropriate frequency;
- security reserve ("Contingency FCAS"). In the event of a sudden major swing in frequency, the FCAS provider automatically responds to the change in frequency by discharging electricity into the grid or absorbing it to address the imbalance. The Contingency FCAS service is a special form of primary reserve in which the battery directly regulates its production based on the grid frequency it detects and not when instructed by an external signal. The Australian grid operator now plans to set up a primary reserve market like those found in other countries, particularly in Europe.

As batteries respond very rapidly (their production can be adjusted in milliseconds), they are particularly efficient at automatically performing this frequency control service and are often more competitive than thermal power plants, which were historically the main providers of this service.

For example, Hornsdale Power Reserve in Australia provides this service on the state of South Australian grid in return for a fee proportional to the capacity it makes available. The Azur Stockage power plant in France and Yllikkäla Power Reserve in Finland provide a similar service.

At the end of 2020, the majority of the revenue from the storage business segment came from the frequency control services. The Group believes that the frequency control service provided using batteries can be a steady source of revenue in the future.

(ii) Inertia

Inertia is a stabilisation service that prevents the sudden movements that can occur on a power grid. The security of electrical grids demands a minimum, inertia level at all times. This inertia is historically provided by rotating machinery of thermal, hydro or nuclear electricity generators and cannot be provided by renewable power plants.

As these generators are replaced by renewable power plants, grid operators must find new sources of inertia. The rapid response offered by batteries means that they can provide the equivalent of synthetic inertia to grids.

Following its extension of the battery capacity of Hornsdale Power Reserve in 2020, the Group will test the provision of an inertia service for the first time in Australia. This will validate a new outlet for storage facilities and at the same time support the continued development of renewable energy.

(iii) Capacity reserve

Another service that batteries can provide is a capacity reserve, which consists of being able to occasionally supply power (in MW) to the power grid at the most critical times of the year. This mechanism is usually organised by the grid operator, which ensures that it has sufficient power in reserve in case there is a major contingency on the power grid, such as the unplanned shutdown of a power plant or consumption peaks, and will only call on this capacity when needed.

The remuneration method for this capacity depends on each grid operator, but it generally takes the form of an annual or monthly fee proportional to the MW reserved in this way by the grid operator. Capacity tenders vary from country to country. For example, in France, tenders are launched on a multi-year basis.

(iv) Load shifting or arbitrage

Energy storage also enables a load shifting function to be implemented, in order to distribute electricity production by solar and wind installations more evenly and to have a better match between periods of high renewable generation and periods of high electricity consumption.

In particular, the peak daily electricity consumption is generally in the evening, after nightfall, when solar plants are not producing. In this case, electricity must be supplied by means of advanced generation, which is costly to mobilise.

Batteries can replace this peak generation by automatically storing excess electricity during the day, for example when solar generation is abundant and then offloading when demand is greatest. As a result, the batteries are charged at off-peak times (when there abundant power on the market) and discharged at peak times (when there is insufficient power on the market); this arbitrage business represents an additional source of revenue for the batteries.

This operation can be repeated regularly, as soon as prices reach sufficient volatility. In the case of the Hornsdale Power Reserve project, the installation positions itself in real time, depending on market conditions, to the most profitable sources of revenue between arbitrage and frequency regulation.

This arbitrage activity is set to develop significantly in the coming years as renewable energies develop. For these reasons, the Group believes load shifting offers significant growth potential for the energy storage sector.

(v) Approach to energy storage project development

There are significant synergies between energy storage projects and the Group's solar and wind power activities, mainly consisting of joint development activities by grid operators and public authorities.

Though Neoen has developed its energy storage solutions more recently than its initial core competencies of solar and wind power, the Group is devoting significant resources to the further development of energy storage. Neoen has developed a core of expertise consisting of a central team of technical specialists and developers that support energy storage project managers. This team has established links with suppliers and integrators, but with no exclusivity, maintaining the Group's operational and industrial independence. In addition, the Group and its partners purchase batteries from leading suppliers, thereby providing a long-term guarantee regarding aspects including the facility's minimum storage capacity.

As the storage market evolves, Neoen expects that its successful business model for the development and operation of solar and wind plants can be deployed for energy storage tenders. The Group is therefore developing a portfolio of storage projects in several of its geographic locations.

1.3.3 GEOGRAPHIC FOOTPRINT

As of the date of this document, the Group has a presence in 15 countries worldwide: Argentina, Australia, Croatia, Ecuador, El Salvador, Finland, France, Ireland, Jamaica, Mozambique, Mexico, Portugal, Sweden, the United States and Zambia. The Group has diversified its geographic presence over time, while maintaining a general balance of at least 80 % of its operating capacity in OECD countries or equivalent. The Group's goal is to continue expanding selectively and respecting this balanced exposure.

At December 31, 2020, as the projects initiated in Croatia, Ecuador, Sweden and the United States are still in the development phase, the Group does not yet sell electricity in these markets.

The 11 national markets in which the Group has assets in operation or under construction as of the date of this document are presented below by geographic region.

It should be noted that the information below presenting Neoen's different markets are likely to vary, both downwards and upwards, following the impact of COVID-19, particularly concerning the trajectories of countries and their renewable energy policies.

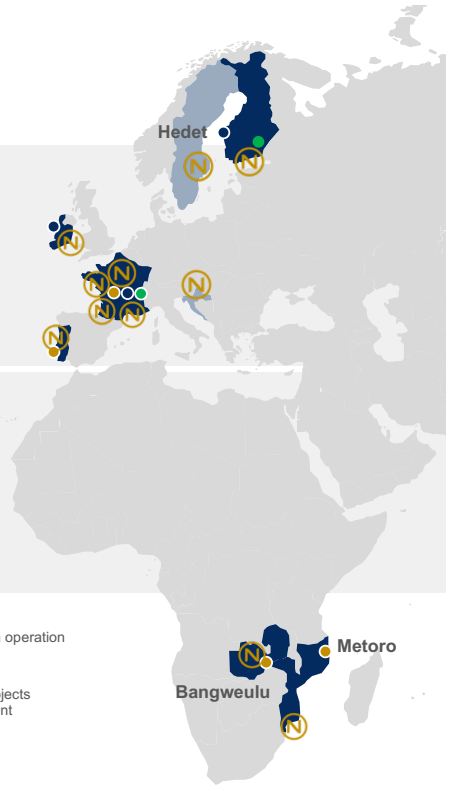
1.3.3.1 EUROPE–AFRICA

Solar
In operation : 590 MWp
Under construction : 173 MWp

Wind
In operation : 388 MW
In construction : 80 MW

Storage
In operation :
36 MW / 36 MWh

11 Offices
Paris • Bordeaux • Nantes • Dublin
Aix en Provence • Helsinki • Maputo
Lisbon • Lusaka • Stockholm • Zagreb



Total Capacity(1)
Total capacity in operation: 1,014 MW
Total capacity under construction : 254 MW

(1) As of December 31st, 2020

Countries with assets in operation and under construction

Other countries with projects in advanced development

A. Main national markets

1. France

Neoen was created in France in 2008, and is now the leading independent French producer of renewable energies. At December 31, 2020, the Group's portfolio in France consisted of:

- 27 wind projects for 334 MW in operation or under construction;
- 44 solar projects for 644 MWp in operation or construction;
- 1 storage project for 6 MW / 6 MWh in operation;
- 4 offices located in Aix-en-Provence, Bordeaux, Nantes and Paris, and a total of 136 employees.

Regulatory context

France has adopted a series of legal instruments to encourage the development of renewable energies in its energy mix. Support mechanisms were introduced as early as 2003, with the launch of the first feed-in tariffs.

In 2015, the Energy Transition Law for Green Growth introduced a compensation mechanism in support of tenders, called the "compensation supplement" mechanism, replacing the feed-in tariff system applicable until then. The electricity is sold either directly to EDF OA, which manages PPAs within the regulatory framework of the purchase obligation, or to aggregators. In this situation, the Group enters into a PPA providing for a contract for differences (CFD) mechanism whereby the Group sells the electricity on the market through the aggregator and receives (or pays, as the case may be) a compensation supplement from or to EDF OA to cover the difference between the market price (on the spot market) and the reference price provided for in the purchase agreement.

On April 21, 2020, the Multi-annual Energy Plan was adopted. This plan defines France's energy guidelines for the period 2019–2028. It has several main objectives, including the following:

- reducing greenhouse gas emissions in 2028 by 40% relative to 1990;
- reducing final energy consumption in 2028 by 16.5% relative to 2012 and, in particular, fossil energy consumption by 35%;
- increasing the proportion of renewables to 33% of total energy consumption by 2028 and double renewable electricity production capacity in 2028 relative to 2017;
- reducing the proportion of nuclear energy in the French energy mix to 50 % by 2035;

The following objectives have been fixed for renewables in order to increase installed capacity from 48.6 GW at end-2017 to 73.5 GW in 2023 and to between 101 and 113 GW in 2028:

Installed capacity as of 31.12 *(in GW)*	**2023**	**2028** *Low option*	**2028** *High option*
Hydro (including tidal energy)	25.7	26.4	26.7
Onshore wind	24.1	33.2	34.7
Solar	20.1	35.1	44.0
Offshore wind	2.4	5.2	6.2
Solid biomass	0.8	0.8	0.8
Methanisation	0.3	0.3	0.4
Geothermal energy	0.024	0.024	0.024
TOTAL	**73.5**	**101**	**113**

Source: Summary of the Multi-annual Energy Plan (Ministry of the Energy Transition)

To help achieve these objectives, the indicative schedule for launching tenders for renewable electrical power generation until 2024 is as follows:

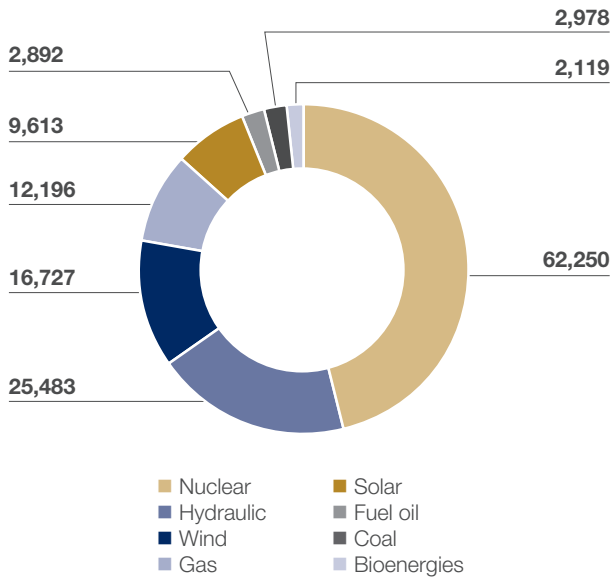
- for onshore wind: two tenders per year amounting to 925 MW per period, from the second half of 2020 onwards (excluding renewal);
- for ground-array solar: two tenders per year amounting to 1 GW per period, from the second half of 2019 (except in 2020, when there are three tenders instead of the two initially planned because of the COVID-19 crisis, still amounting to the same capacity, i.e., a total of 2 GW for the year);
- for solar on buildings: three tenders per year amounting to 300 MW per period;
- for hydro under a permit: 1 tender amounting to 35 MW per year.

Electricity generation capacity

At the end of 2020, France's operating capacity was 134.3 GW, particularly including nuclear (62.3 GW), hydro (25.4 GW), wind (16.7 GW), natural gas (12.2 GW), solar (9.6 GW) and biomass (2.1 GW).

The demand for electricity in France in 2020 was 473 TWh.

Installed capacity by technology (in MW)



Source: RTE - Electricity assessment 2020 (2020 data).

2. Portugal

Neoen was established in Portugal in 2010 and is mainly involved in solar projects. At December 31, 2020, the Group's portfolio in Portugal consisted of:

- 3 solar projects for 24 MWp in operation;
- 1 solar project for 65 MWp under development;
- 1 solar project for 180 MWp under development, in which Neoen is a 49 % minority shareholder;
- 1 office located in Lisbon and a total of 6 employees.

Regulatory context

In December 2019, the ministry of the environment presented its goal of developing renewable capacity by 2030 (*Plano Nacional Integrado de Energía e Clima - PNEC 2030).* At the end of this programme, Portugal's ambition is to be carbon neutral by 2050.

The Portuguese government maintains the goal of achieving 9 GW of solar capacity by 2030 *(Plano Nacional Integrado de Energía e Clima – PNEC 2030),* as part of the ambition to be carbon neutral by 2050.

To this end, the Portuguese government launched a first call for tenders for a capacity of 1.35 GW in June 2019 and awarded in September 2019. Neoen has won a solar project with a total capacity of 65 MWp in this tender.

In 2020, it maintained the compromise and launched a call for tender for 700 MW of renewable capacity with the option for storage in May 2020, awarded in August 2020. The final awarded capacity amounted to 660 MW in fully merchant scheme (with a capacity payment to the electrical system), with only 10 MW being awarded under the CfD scheme. From the 2020 tender also resulted a minimum of 97 MW in new storage capacity associated with solar. A second call for tender was not launched in 2020 given the COVID-19 crisis. The ministry of environment has already announced its willingness to keep on promoting new renewable capacities via public tenders and is considering the inclusion of floating solar in the two call for tenders scheduled for 2021.

In parallel, the Portuguese government launched a wide hydrogen development strategy with the objective of achieving 2 GW in electrolysers by 2030, to further sustain the objectives of decarbonisation and economic recovery in the post-COVID.

The phase-out of coal production if expected to be fully anticipated to 2021, driven by Portugal's decarbonisation commitments under the Paris Agreement and the utilities decision the anticipate closure for economic reasons.

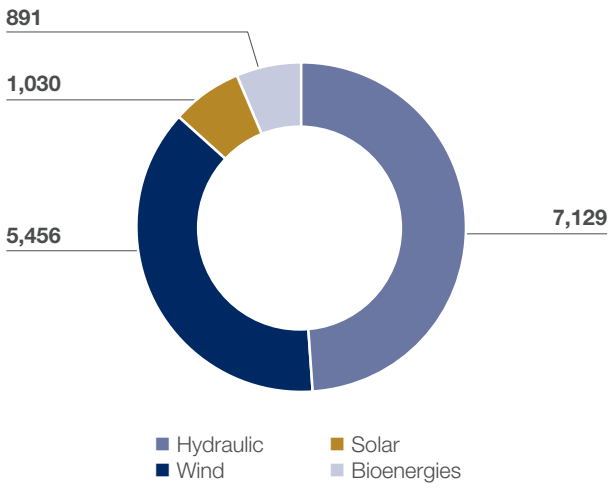
Regulated tariffs are being phased out and the electricity and natural gas sectors are fully liberalised to promote retail competition and build a competitive domestic energy market. The Electricity Market EU-directive on the Energy Communities is being transposed to Portugal and is expected to be implemented during 2021.

Electricity generation capacity

At the end of 2020, electricity production was 52.9 TWh and broke down as follows:

- generation with renewable sources (including hydropower capacities): 30.8 TWh;
- production with fossil sources (and imports): 22.1 TWh.

Installed capacity by technology (in MW)



Source: DGEG - Estatisticas rápidas Dez 2020 (2020 Data).

3. Finland

Neoen was established in Finland in May 2018 following the acquisition of the Hedet and Björkliden wind projects. At December 31, 2020, the Group's portfolio in Finland consisted of:

- 1 wind project for 81 MW in operation;
- 1 storage project for 30 MW / 30 MWh in operation;
- 1 office located in Helsinki and a total of 4 employees.

Regulatory context

The Finnish electricity market has been open to competition since the enforcement of the Finnish Electricity Market Act in 1995.

Finland has set ambitious objectives for the penetration of renewable energies in its energy mix:

- 50 % of overall energy consumption from renewable energies by 2030;
- 5 TWh of electricity generation from wind energy in 2020 and 8 TWh by 2030;
- Carbon neutrality in Finland in 2035.

Since 2011, Finland has created a feed-in tariff plan to support the development of renewable energies:

- premium tariff: the producers of renewable electricity and wind, biomass and biogas technologies receive a variable bonus equal to the difference between the spot price and a maximum tariff of €83.5/MWh. This bonus is paid to the project developers for a period of 12 years.

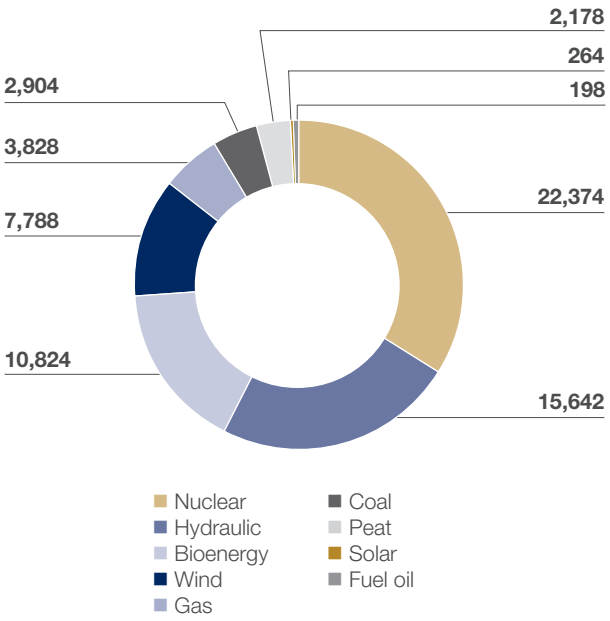
Since the maximum capacity of the feed-in tariff was reached in 2016, a new support programme was drawn up. In May 2018, the Finnish parliament approved the setting up of a tender system for a total capacity of 1.4 TWh for wind, solar, biomass and biogas technologies. Under these tenders, 7 projects were awarded a capacity of 1.36 TWh.

The Finnish government announced the ban on the production of coal-based energy in 2029. It is also preparing incentive measures to support companies dismantling their coal-based generation facilities by 2025.

Electricity generation capacity

At the end of 2020, Finland's electricity consumption was 81 TWh while its production was 66 TWh. Finland is a net importer of electricity. Finland is currently diversifying its import sources (mainly Sweden and Russia).

Power generation by technology (in GWh)



Source : Finnish Energy – Energy Year 2020.

In 2020 renewables accounted 51% of the total power generation (47% in 2019) and CO2 neutral generation was 85% (81% in 2019). Installed wind power capacity in 2020 was 2585 MW.

The total projected nuclear capacity by 2030 is 4.4 GW including the commissioning of Olkiluoto 3 in 2021. Coal-fired power generation capacity is planned to be decommissioned by 2030 to meet Finland's commitment to the Paris Agreement.

B. Other national markets

(i) Ireland

In 2019, 36% of the electricity production in the Irish Republic comes from renewables. 31% of these renewables are wind-generated, which means that Ireland has the second highest level of wind power generation in Europe (after Denmark) and the highest level of onshore wind generation.

However, the Republic of Ireland's CO2 emissions remain 13 % above the EU average given its dependence on coal and peat: overall, its energy needs remain 86 % dependent on fossil fuels.

In this context, the Republic of Ireland's objective is to reduce its emissions by 30 % between 2021 and 2030 even though its energy needs are likely to grow as a result of an expanding economy and the development of new data centres.

This objective and the means to achieve it are described in the Republic of Ireland's Climate Action Plan, which was published in June 2019. According to this plan, the share of renewables in the country's total electricity generation should increase from 37% in 2020 to 70% in 2030 thanks to the addition of 4.2 GW of onshore wind power, 3.5 GW of offshore wind power and around 1.5 GW of solar power.

The Renewable Electricity Support Scheme (RESS) is the main policy driver for this increase in renewable projects, offering long-term guaranteed prices for wind and solar projects through annual auctions. The first RESS procedure published its results on September 10, 2020. Out of a total of 2,550 GWh proposed (108 projects), 2,230 GWh were successful (82 projects) and will be eligible for an electricity purchase tariff guaranteed by the Irish government for more than 15 years. This corresponds to a capacity of 796 MW from solar projects and 479 MW from wind projects. The average tariff in the "solar" category is €73/MWh, while the average tariff in the "all projects" category, including wind and solar projects, is €74/MWh. The Irish government plans to conduct regular tenders by 2025.

The national carbon tax plan is another tangible element contributing to eliminating fossil fuel production: the tax is expected to be raised gradually over the next few years, from €20/tonne to €80/tonne by 2030.

While the maximum penetration rate of intermittent renewables in the Republic of Ireland is expected to reach 90 % by 2030, transport manager Eirgrid has developed a multi-annual programme called DS3 (for Delivering a Secure and Sustainable Electricity System) aimed at increasing the share of intermittent generation for the benefit of the network while maintaining the overall quality of the electricity supply nationally, partly through a strategy to support the massive deployment of storage batteries. A tender conducted in 2019 enabled three battery storage projects (amounting to 110 MW) to win 6-year contracts with guaranteed tariffs for providing services to the grid.

(ii) Mozambique

To expand people's access to electricity, the Mozambican President launched the programme *Energia para Todos* in 2018. This programme aims to extend access to the network to 58 % of its population in 2023, 85 % in 2028 and 100 % by 2030. To this end, the government intends to install 5,780 MW of electricity generation capacity by 2033, with an investment of USD 34 billion, including USD 18 billion in energy project financing.

As regards on-grid renewable energies more specifically, two tender programmes are planned to contribute to help meet the Mozambican timetable.

First, the French Development Agency is financing the deployment of a structured tendering mechanism for the development of three solar power plants and one wind energy production farm ("PROLER"). This programme, which was promoted by the MIREME (Ministry of Mining Resources and Energy) and implemented by the public electricity company EDM (Electricidad de Moçambique) and the ARENE (energy regulatory authority) with the support of international and national consultants, aims to develop the following:

- a solar plant with a total capacity of 40 MWp for which the expression of interest ("EoI") phase was launched in October 2020;
- three additional renewable power generation plants, each with a capacity of 30 to 50 MW, by 2022.

Second, preliminary works started in 2015 as preparation for the launch of the GET FiT Mozambique programme are planning the development of plants to generate electricity from renewable sources with a total capacity ranging between 130 MW and 180 MW. Although there are no deadlines to date, this process will be broken down into three phases:

- phase 1: development of solar facilities with storage of 60 MWp;
- phase 2: development of small hydropower facilities of 40 MW to 60 MW;
- phase 3: development of solar facilities with storage of 30 MWp to 60 MWp.

The first phase provides for a start of programme activities in 2021.

At the same time as these tenders, *Electricidad de Moçambique* promotes the development of renewable sources of energy by awarding contracts signed by mutual agreement with renewable project developers. To date, two over-the-counter projects, amounting to a total capacity of 81 MWp including 41 MWp awarded to Neoen, have reached the financial closure phase. Three other over-the-counter agreements for solar power plant projects, amounting to a total capacity of 80 MWp, were signed in September 2020.

Many off-grid renewable energy development programmes (small solar power plants and mini-grids, for example) are also supported in Mozambique by various development finance institutions (DFIs) to enable access to electricity from remote areas of the electricity grids.

A draft revision of the electricity law (Lei de Electricidad, Lei n°21/97, of 1 de Outubro) is under consideration and was the subject of public consultations in 2018. This revision aims in particular to promote greater private sector participation in power generation and transmission, redefine the roles of different public entities (EDM, ARENE regulator, FUNAE), redefine the processes for awarding licences and concessions and improve institutional coordination. National elections in 2019 delayed its validation process by the government. The work schedule is not yet known.

In the long term, Mozambique aims to be a net exporter of electricity.

(iii) Zambia

The Rural Electrification Authority (REA) was established in 2003 to provide infrastructure for access to electricity in the rural areas and increase the rate of access in these areas. The goal is to increase the electrification rate to 51 % by 2030 versus 3 % in 2017.

In Zambia, most electricity is currently generated from hydropower. Moreover, the Zambian government is also in favour of installing new renewable energy capacity, as evidenced by the instructions given in 2016 by President Lungu to develop at least 600 MWp of solar capacity.

To date, the penetration of renewable energies, excluding hydraulic technology, is therefore supported by the GET FiT Zambia programme launched in 2015 as well as by the World Bank's IFC Scaling Solar programme:

- IFC Scaling Solar is a competitive bidding process that includes pre-arranged financing as well as insurance and risk products. In this context, in 2016, the Group won a capacity

of 54 MWp out of the 100 MW proposed during the first part of the programme. In May 2017, the Industrial Development Corporation, with the support of the IFC decided to launch a second tender for a capacity of 200 to 300 MWp in solar projects. Twelve participants, including the Group, were pre-qualified for the tender in June 2017 but the results of this tender and its schedule are not currently known;

- the 2015 GET FiT Zambia programme aimed to support the deployment of 200 MW of renewable energies by 2020, through a series of projects with a maximum unit size of 20 MW. The first stage of this programme was launched in early 2018: on April 5, 2019, six solar projects won this first tender for a total capacity of 120 MWp.

Moreover, in February 2020, the Zambian government approved new laws governing the country's energy sector. This new regulatory framework strengthens the role of the regulator and also promotes private sector development by opening up the energy market. Zesco, the public company in charge of power generation, transmission and distribution, must now give access to the grid to private producers who will have the opportunity to enter into direct agreements with large national consumers.

The new laws also allow for the emergence of new players such as Africa Greenco, a power aggregator, which will be able to link producers and consumers through the current Southern African electricity market.

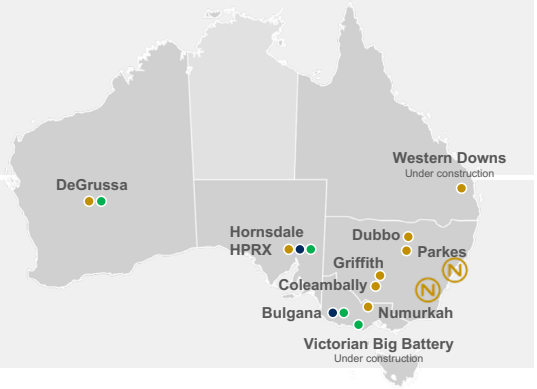
1.3.3.2 AUSTRALIA

Solar
In operation: 458 MWp
In construction : 460 MWp

Wind
In operation : 317 MW
In construction : 194 MW

Storage
In operation : 156 MW / 195 MWh
In construction : 320 MW / 484 MWh

2 Offices
Canberra • Sydney



Total Capacity(1)
Total capacity in operation : 931 MW
Total capacity under construction : 974 MW

(1) As of December 31st, 2020

4. Australia

Neoen was established in Australia in 2012 and is now the country's leading independent producer of renewable energy. It has three activities: solar, wind and storage. At December 31, 2020, the Group's portfolio in Australia consisted of:

- 4 wind projects for 511 MW in operation or under construction;
- 7 solar projects for 918 MWp in operation or under construction;
- 4 storage projects for 476 MW / 679 MWh in operation or under construction;
- 2 offices located in Sydney and Canberra, and a total of 55 employees.

The Hornsdale Power Reserve storage facility is run from an operational control centre located in Canberra which allows the Group to act as a market operator in the Australian electricity market via the sale of network services and arbitrage operations.

Regulatory context

Under the Paris Agreement, Australia undertook to reduce its CO2 emissions by 26 to 28 % by 2030 compared to their 2005 level. The Australian Government also undertook to ensure that by 2030, 49 % of its electricity will be generated from renewable sources, and 78 % by 2050 (including hydropower).

To do so, the Renewable Energy Target (RET) programme, approved by parliament, calls for the generation of an additional 33 TWh of green electricity. The RET programme has set up a system of financial incentives, in particular for large renewable plants for which it grants green certificates (large-scale generation certificates,"LGCs") depending on the quantity of electricity generated, and this until 2030.

At the same time, the aging of the coal-fired power plants (some of which have been in operation for nearly 50 years) will lead to their gradual dismantling. Coal-fired power plants with a capacity of nearly 7 GW are due to be dismantled by 2030, followed by nearly 20 GW more after 2033. Nearly all of the coal-fired power plants are scheduled for dismantling by 2050.

Finally, beyond the national objectives, the Australian states have the possibility to pursue their own targets and structure their own programme for the reduction of carbon emissions and/or the development of renewable energies on their territories. Thus, the State of Canberra achieved its energy mix target of 100% renewables in 2020, the State of Victoria has fixed itself a target of 40% renewables by 2025, the State of Queensland aims to achieve 50% renewables in 2030 (compared with 17% today), the State of South Australia is aiming to achieve 100% renewables by 2030 and lastly, the State of New South Wales has fixed itself a target of 46% renewables for 2030.

In order to achieve these objectives, the states initiated the launch of their own tenders, including in 2020:

- State of Queensland: the finalisation of the Renewables 400 tender for 400 MW capacity, and the conclusion of several tenders by CleanCo, a state-owned company tasked with managing and coordinating the expansion of the renewable energy supply;
- State of South Australia: the finalisation of the tender to supply renewables to State government entities (amounting to 500 GWh/year);
- State of New South Wales: the continuation of the tender (not restricted to renewables alone) to cover the needs of government entities (amounting to 1.8 TWh/year);
- State of Canberra: the conclusion of the tender to install 250 MW of additional renewables capacity, as well as 20 MW / 40 MWh of storage capacity.

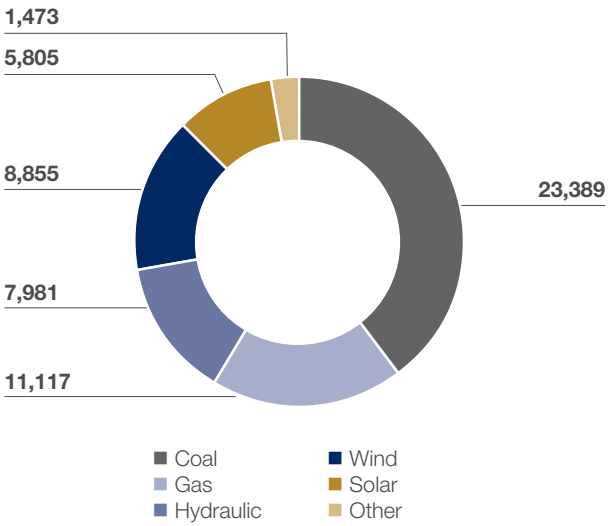
Some major Australian and multinational groups, such as BHP (mining group), Telstra (telecommunications), Coles (mass retailing) and Woolworths (mass retailing), have also launched tenders to cover their power consumption through bilateral agreements to purchase energy from renewable energy generators.

Electricity generation capacity

In 2020, net electricity consumption on Australia's main grid, the National Electricity Market (NEM), was 183 TWh and is expected to grow by 2040 with an average annual growth rate of 0.4%.

At March 2021, the installed electric capacity on the NEM was approx. 58.6 GW, including coal (23.4 GW), natural gas (11.1 GW), hydraulic (8.0 GW), wind (8.8 GW), solar (5.8 GWp) and other (1.4 GW).

Installed capacity by technology (in MW)



Source: AEMO (March 2021 data).

By 2030, the wind and solar power plants are expected to represent 16.9 GW and 8.5 GWp of installed capacity respectively, an increase of 10.7 GW and 5.4 GWp over the period, or an average annual growth rate of 5.8 % and 5.7 %, respectively (Source: Baringa 2020).

1.3.3.3 AMERICAS

Solar
In operation : 667 MWp
In construction : 208 MWp

Storage
In operation :
3 MW / 2 MWh

6 Offices
Buenos Aires • Kingston
Quito • Mexico city
San Salvador • Seattle



Total Capacity(1)
Total capacity in operation : 670 MW
Total capacity under construction 208 MW

(1) As of December 31st, 2020

Countries with assets in operation and under construction

Other countries with projects in advanced development

A. Main national markets

5. El Salvador

Neoen was established in El Salvador in 2014 to develop solar installations and storage solutions. At December 31, 2020, the Group's portfolio in El Salvador consisted of:

- 3 solar projects for 241 MWp in operation;
- 1 storage project for 3 MW / 2 MWh in operation;
- 1 office located in San Salvador and a total of 8 employees.

Regulatory context

The country's electricity market is fully liberalised and had 21 generating companies as of November 2020. The only public producers are the *Comisión Hidroeléctrica del Río Lempa* (CEL), LaGeo, and its subsidiaries, which manage all the hydropower, all geothermal and some thermal capacity connected to El Salvador's grid, and account for 34 % of the country's operating capacity.

El Salvador has set itself the target of reaching 100 % installed renewable generation capacity, but has not yet drawn up any detailed plan to achieve this.

President Nayib Bukele (of the centre-right GANA party and unofficially part of the newly formed Nuevas Ideas party) outlined the following intentions in his national plan:

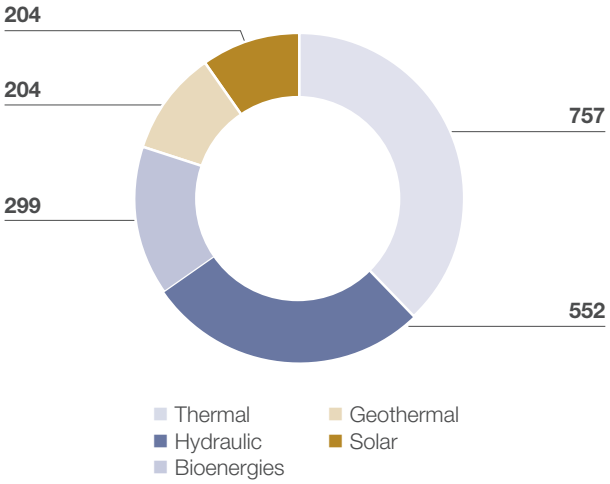
- reaffirmation of the national target of a 100 % renewable energy mix (without a precise timeline);
- promotion of geothermal, photovoltaic (or solar) and hydro energy;

The National Energy Council (CNE) announced that it will soon publish a refreshed National Energy Policy for the 2020-2050 horizon. The plan will consider updates to the 2010-2024 plan and will deepen its support of renewable energy. This plan is expected to continue the modernization of the regulation in order to facilitate more renewable Energy and storage, and will build on top of the existing law enacted in 2007 to provide fiscal incentives for renewable energy projects and in 2013 to regulate long-term energy contracts supported with renewable energy.

Electricity generation capacity

As of December 31, 2020, the total installed capacity in El Salvador was 2,070 MW, broken down into 757 MW of thermal capacity, 552 MW of hydro capacity, 299 MW of biomass capacity, 204 MW of geothermal capacity and 204 MWp of solar energy.

Installed capacity by technology (in MW)



Source: Informe anual 2020 – Consejo Nacional de Energía.

According to the CNE, electricity demand is expected to increase at an average of 2.2% per year, reaching 7,964 GWh (+23%) in 2030.

6. Argentina

Neoen was established in Argentina in 2017. At December 31, 2020, the Group's portfolio in Argentina consisted of:

- 1 solar project for 208 MWp under construction;
- 1 office located in Buenos Aires and a total of 7 employees.

Regulatory context

The Argentine government intends to increase the installed power generation capacity by 14 GW by 2025 compared to its 2017 level (36 GW). The current installed capacity is 42 GW.

In order to achieve this target, the government has implemented a number of measures, including:

- the launch of tenders for electricity generation capacities using renewable energies;
- the launch of tenders for hydro and thermal power generation capacities;
- the launch of tenders for the construction of new transmission capacities (power lines);
- tax incentives;
- an exemption from customs duties on solar modules.

In May 2016, the government launched a «RenovAr» tendering programme dedicated to the development of renewable energy facilities. A total capacity of 2,424 MW and 2,043 MW was awarded in the first two rounds of RenovAr, respectively.

In the third round of the so-called «MiniRen» programme - so named because of the reduced capacities it offers - nearly 260 MW of capacity was awarded in August 2019.

Lastly, the Argentine parliament voted resolution 281/2017 regulating the market of renewable energies (called «MATER» market) in 2017. This law compels large electricity consumers to purchase, via bilateral contracts with developers or with CAMMESA, a percentage of renewable electricity equivalent to national targets for renewable penetration. These national targets are:

- 12 % electricity generation from renewable electricity for 2019;
- 14 % electricity generation from renewable electricity for 2020;
- 16 % electricity generation from renewable electricity for 2021.

Alberto Fernandez, who was elected president of Argentina in the 2019 elections, has not made any dramatic changes to the country's energy policy guidelines or revised its regulatory framework.

In August 2020, Argentina's Energy Secretariat came under the aegis of the Ministry of Economy, demonstrating the government's desire to make the energy sector a source of foreign currency.

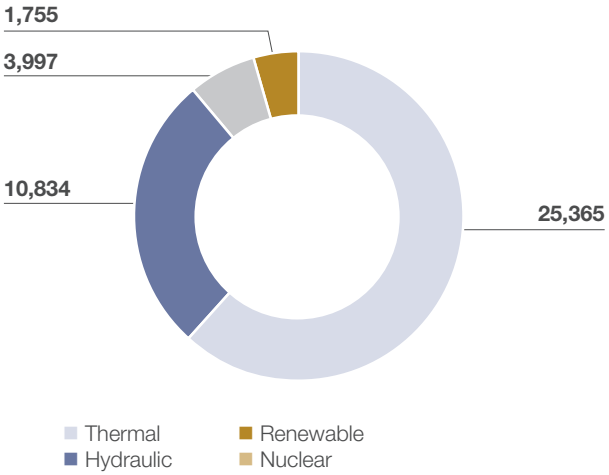
Lastly, Alberto Fernandez has publicly declared his support for renewable energy development in the country, although his government has not drawn up any new specific plans.

Electricity generation capacity

At the end of 2020, total installed electrical capacity (42 GW) was composed of thermal (60.5%), hydro (26%), nuclear (4%) and non-hydro renewable sources (9.5%).

In its energy roadmap for 2025, the Argentine government aims to increase total installed capacity by 14 GW compared to 2017 (36 GW). This increase should be broken down as follows: +10 GW non-hydro renewable energies, +2.5 GW thermal capacity, +1.5 GW hydro capacity and +0.6 GW nuclear capacity.

Installed capacity by technology (in MW)



Source: CAMMESA (2020 data).

7. Mexico

Neoen was established in Mexico in 2013. At December 31, 2020, the Group's portfolio in Mexico consisted of:

- 1 solar project for 375 MWp in operation;
- 1 office located in Mexico City and a total of 16 employees.

Regulatory context

In Mexico, electricity demand is increasing rapidly and constantly (by 2.8% per year since 2004) in line with the country's economic growth. The Mexican electricity market is mainly characterised by sustainable dependence on conventional power plants (coal and other fossil fuels) and hydropower, with a significant transition to natural gas over the last decade and a sharp increase in renewables over the last five years.

In 2013, the energy sector reform resulted in the following:

- the liberalisation of electricity production and retail activities;
- the creation of an independent system operator (ISO), Mexico's National Energy Control Centre (CENACE);
- the segmentation of the *Comisión Federal de Electricidad (CFE)* into several independent entities;
- the structuring of a cost-based electricity marketplace divided into periods (daily market and real-time market);
- the setting-up of sub-markets for selling electricity-related products such as capacity, clean energy certificates (CEL) and ancillary services.

This reform also resulted in the fixing of new objectives for renewable energy development. These should represent 30% of the Mexican energy mix in 2021 and 35% in 2024. Moreover, 50% of the country's electricity production should be generated from renewable sources by 2050. In order to support these ambitions, the 2013 reform also did the following:

- set up a regulation allowing producers to enter into long-term bilateral agreements with qualified suppliers;
- created clean energy certificates (CEL), the objective of which is to increase the demand for electricity generated using clean technologies;
- organised a series of public tenders leading to the signing of fixed-price and long-term PPAs.

Despite this, the energy policy conducted since 2018 by incoming president Andrés Manuel López Obrador (AMLO) calls for strengthening the national oil and electricity companies, PEMEX and CFE respectively, even if this means making new renewable energy projects more complex and so affecting Mexico's ability to achieve its objectives under Mexican law and the Paris Agreements.

Although some uncertainty remains, the government has publicly stated that it wants to avoid any increase in regulated energy tariffs, maintain CFE's market share above 54% of total electricity generation, reduce imports of natural gas and refined products from the United States, boost domestic oil production and Mexico's refining capacity and lastly, review any energy agreements not considered beneficial to the State.

Even though some have been suspended by the Mexican courts and remain ineffective until now, the Mexican government has already taken various measures illustrating its priorities:

- January 2019: cancellation of the fourth public tender relating to renewable energies — effective;
- January 2019: cancellation of transmission line auctions — effective;
- October 2019: revision of the rules for awarding clean energy certificates to include the former "clean" plants (hydro and nuclear) owned by CFE — suspended in court;
- April 2020: CENACE resolution on grid security in the COVID-19 crisis, involving the suspension of pre-operational testing of all Mexican wind and solar power plants — suspended in court;
- May 2020: implementation of a reliability policy by the Mexican Ministry of Energy (*Secretaría de Energía de México* – SENER) — suspended in court;
- July 2020: *SENER* publication of the 2020–2024 Energy Sector Plan — suspended in court;
- January 2021: announcement of an administrative reform to integrate several independent regulatory and transparency organisations (including CRE) into the federal ministries and departments.

Private investment in the Mexican energy sector could nevertheless benefit from positive developments. SENER has studied a list of infrastructure projects for the private sector, 157 of which are electricity generation projects. The Mexican government also presented a private infrastructure investment plan amounting to nearly USD 14 billion in October 2020.

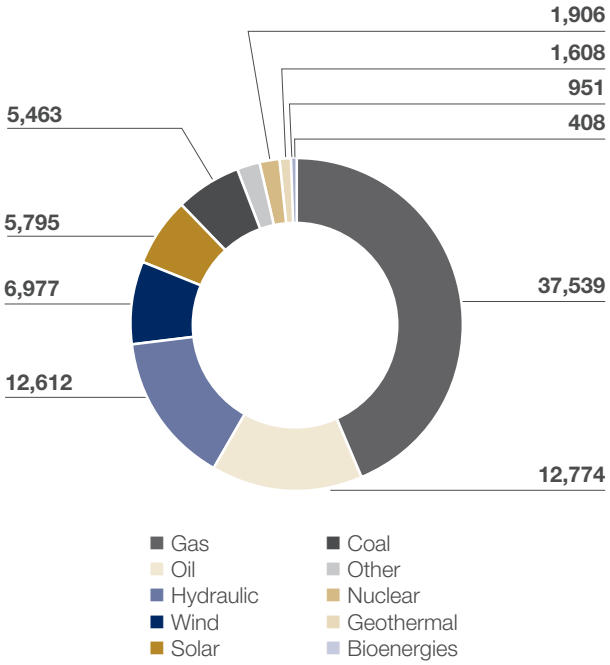
Electricity generation capacity

In Mexico, electricity is still largely generated with fossil energy (notably natural gas imported from the US).

At the end of October 2020, Mexico's total generation capacity was around 86 GW for a demand of 360 TWh. Mexico is interconnected with the United States (905 MW of exports and 1 800 MW of imports), Guatemala (240 MW of imports and exports) and Belize (100 MW of exports).

Renewables have grown + 3.1 GW since 2019.

Installed capacity by technology (in MW)



Source: Prodesen 2021 (2020 data).

B. Other national markets

(i) Jamaica

The 2015 Electricity Act supported Jamaican energy policy by reforming the regulations to privatise and modernise the national electricity market. Under this law, the Generation Procurement Entity (GPE) was established to be responsible for replacing old existing generation capacity with new capacity. The GPE, housed within the Ministry of Energy, operates in partnership with the regulator Office of Utilities Regulation (OUR), which previously carried this mandate, and the Jamaican Public Service (JPS), a private company providing the public power generation, transmission and distribution service. In October 2018, Prime Minister Andrew Holness raised the historic target of 20 % renewable capacity by 2020, and set a target for Jamaica's energy mix to include 30 % renewable electricity by 2030 and 50 % renewable energy from all sectors (including transport) by 2030.

To reach these objectives, two successive tenders were held in 2012 and 2015 for a total capacity of 152 MW. The publication of the new Integrated Resource Plan is expected, following which new tenders are expected to be launched.

The government developed a corpus of incentive policies in favour of renewable energy. As such, developers of renewable energy projects can benefit from tax exemptions on certain imports of renewable energy generation equipment as well on VAT.

In September 2019, the Jamaica Energy Counsel was re-established with the aim of addressing the subjects of "energy policy, energy efficiency and conservation, public communication, electricity, energy resource development (including all sources of energy, particularly renewable energy)".

Some barriers to the increasing penetration of renewable energy in the energy mix are currently being addressed. The commissioning of a storage capacity of around 25 MW (lithium-ion battery and flywheel) in the second half of 2019, for example, has mitigated the problems of network instability noted by the Jamaican Public Service.

1.3.4 CUSTOMERS, SUPPLIERS AND GROUP'S CONTRACTS

1.3.4.1 CUSTOMERS

The electricity generated by Neoen is sold to a variety of entities. The vast majority of Neoen's direct customers are public actors (whether governments or government-controlled entities) and utilities (public or private). In addition to these customers, the Group sells a portion of its electricity to specialised energy companies, to private off-takers and on the spot market. As part of the development of its energy storage business, the Group also sells a number of ancillary services to grid operators and governments.

The following table shows a breakdown of the Group's contracted capacity in MW, based on its direct customers as of December 31, 2020:

Off-taker type	**Capacity** (in MW)	**Capacity** (in %)
Utilities	2,855	55%
Governments and state actors	1,419	28%
Corporate off-takers	375	7%
Market	509	10%
TOTAL	**5,158**	**100%**

As of December 31, 2020, more than 80% of the Group's secured capacity (in MW) covered by existing agreements was allocated to off-takers with an Investment Grade rating at that date.

The following table shows the Group's main clients, broken down by capacity in operation as of December 31, 2020:

Off-taker	**Country**	**Capacity** (in MW)	**Capacity** (in %)
EDF OA	France	765	29%
Australian Capital Territory (ACT)	Australia	317	12%
Comisión Federal de Electricidad (CFE)	Mexico	239	9%
AES Group	El Salvador	150	6%
Other (including markets)	-	1,144	44%
TOTAL		**2,615**	**100%**

As of December 31, 2020, the Group's three main purchasers, which together represented 50 % of the total capacity in operation, had investment grade ratings at that date.

(i) Governments and state actors

At December 31, 2020, about 80 % of the Group's secured capacity (in MW) was being sold via agreements resulting from public tenders (and open window or regulated prices).

As numerous countries worldwide have increasingly sought to decarbonize their energy production and consumption, governments have been instrumental in taking the lead on stimulating investment in renewable energy. Governments and state actors tend to possess a more sophisticated understanding of the logistics and requirements of renewable energy sources and the authority to make decisions on the development of large-scale infrastructure. Historically and still today, public entities have resources and solvency guarantees that cannot be enjoyed by corporate off-takers, which the Group seeks for its counterparties.

In this way, although renewable energies are no longer subsidised in many markets because of price competitiveness, governments and State-owned entities remain key players and preferred customers in the field of renewable energies, notably because of their capacity to make long-term commitments.

(ii) Utilities

Depending on the market, utility customers may be state-owned or private.

In France, electricity is sold either directly to EDF OA which manages the power purchase agreements in the regulatory context of its purchase obligations, or to aggregators. In this situation, the Group signs a power purchase agreement including a "contract for difference" mechanism via which the Group sells electricity in the market via the aggregator and receives (or pays, as applicable) a supplement from (or to) EDF OA covering the difference between the market price (spot market) and the benchmark price stipulated in the power purchase agreement.

In Australia, the Group sells its electricity directly in the market and signs a contract for difference with State-owned counterparties or with private electricity distribution companies in the sector, such as Simply Energy or Energy Australia.

(iii) Corporate off-takers

As the cost of renewable energy falls and corporates become more cognizant of its benefits, Neoen believes that an increasingly large market for private renewable energy off-take will develop. The use of renewable energy enables these companies to reduce their costs and reduce price risk for their electricity needs, in addition to improving their brand image. Although the proportion of corporate off-takers is limited compared to state counterparties, the Group believes that this proportion is likely to increase as the market develops. As such, the Group considers itself to be well placed to enter into relationships with these new customers due to its good positioning in the markets in which it operates as an independent producer of renewable energy, its develop-to-own model, which ensures that potential corporate off-takers have the same contact throughout the life of their electricity purchase contract and their significant experience with major corporate off-takers such as Google in Finland. In December 2020, the Group also signed a contract in Finland to sell 126 MW of wind energy with a consortium formed by Heineken, Philips, Signify and Nouryon.

(iv) Spot market sales and short-term contracts

In some liberalised markets (Australia, Finland, Mexico, El Salvador), the Group supplements its PPA revenue, which forms the bulk of its overall revenue, with sales of energy in (i) spot markets, in particular in markets where electricity from its renewable assets is below grid parity and can be sold at a significant profit or (ii) under short-term PPAs that may be entered into in advance of the start date of long-term PPAs, and which generally provide for fixed prices that exceed those for long-term PPAs. The Group sells electricity via spot market sales and short-term contracts for the following reasons:

Pre-COD revenues. Neoen generates revenue from certain of its plants' initial electricity production before the entirety of a given plant is fully operational. This is in particular the case for the Group's wind farms, where the wind turbines are progressively connected to the grid and where one or more wind turbines can start to generate electricity before the commercial operation date (COD) for the wind farm as a whole. During this period, the Group may sell on the spot market power generated by the wind turbines already commissioned, pending connection of the other installations. However, the relatively short construction lead times for the Group's plants tend to limit the amount of this revenue.

In addition, for strategic and scheduling reasons, the Group sometimes starts its off-take agreements after the theoretical commissioning date. This allows it to both make allowances for delays in construction deadlines, while taking advantage of the relative predictability of spot market prices for a given period before the off-take agreements takes effect, when the market price exceeds the price of the off-take agreement.

Supplementing PPA revenues. The Group builds its power plants with optimal capacity adapted to the land, which sometimes exceeds the contractual capacity sold by over-the-counter contracts. The Group therefore supplements its contractual revenues by selling additional capacity on the market.

Furthermore, in certain markets, the Group derives additional revenue from the sale of green certificates (LGCs in Australia, CELs in Mexico), which can be combined with or separated from the sale of electricity. For example, a counterparty may wish to buy only the green certificates, in which case the energy will be sold on the market, or conversely, it may wish to buy only the electricity, in which case the certificates can be sold separately.

Deploying excess battery capacity. In certain markets whose structure allows it, the Group provides services related to storage facilities, independent sources of revenue, described in paragraph 1.3.2.3 "energy storage" of this document.

1.3.4.2 POWER PURCHASE AGREEMENTS

Neoen sells the electricity produced by its assets either (i) under PPAs with primarily public off-takers and utilities, with a limited number of private-party PPAs, (ii) on the spot market at market prices or under short-term contracts or (iii) term contracts or bilateral spot sale agreements with respect to green certificates. The principal features of these arrangements are summarized below.

Power purchase agreements under the contract for difference scheme and open-window frameworks

The bulk of the Group's electricity sales are made pursuant to PPAs agreed after public tenders, offering a feed-in tariff for periods of between 15 years (historic French wind power) and 20 or even 25 years. However, as renewable energy has become increasingly competitive, an increasing number of the public tenders currently being targeted by the Group involve the signature of contracts for difference. The Group's first project under a CFD-based PPA entered into operation at the end of the first half of 2018.

In the CFD regime, Neoen enters into a long-term PPA (typically with a duration of 20 years) with a set price (the "reference tariff") with a large, stable counterparty, such as EDF in France. Unlike FIT-based contracts, Neoen sells the electricity it produces under CFD-based contracts on the market instead of selling it directly to the PPA counterparty. Neoen sells electricity on the market through an electricity aggregator, who undertakes to sell the electricity produced by Neoen's assets in exchange for a fee per MWh for its services and as compensation for any market risk. In return, the aggregator pays Neoen for the electricity that the aggregator has sold that was produced by its assets. The counterparty within the contract for difference pays the Group the difference between the reference tariff and a benchmark market price, stated in €/MWh over a given month, referred to as the "M_0" tariff.

In the event that the M_0 exceeds the reference tariff, the Group is obligated to pay the PPA counterparty the difference in price.

This contractual structure thus creates two distinct components of remuneration for the Group:

- revenue from electricity sales on the market (through an aggregator) at market prices; and
- revenue from the PPA counterparty under the CFD regime for the difference between the reference tariff and the market price for Neoen's electricity (M_0).

PPAs with CFD mechanisms provide Neoen with predictable, long-term revenues by effectively setting a price for the electricity produced by its assets, while introducing exposure to market functioning.

In addition to PPAs in connection with public tenders, the Group also enters into certain PPAs with CFD mechanisms through open-window frameworks for wind projects, in particular in France. The open-window system requires the government to pay additional compensation to producers whose projects meet predefined criteria in terms of costs, volumes and other technical specifications. However, the additional open-window compensation in France is currently available for low power projects only.

Privately negotiated power purchase agreements

The Group also enters into private PPAs with certain sophisticated off-takers, such as specialized energy companies or private off-takers with specific energy needs. These contracts are usually for a fixed capacity, at contractually defined prices, electricity produced is delivered directly or indirectly to the private PPA counterparty. The quantities of electricity delivered pursuant to such PPAs are generally less than for the large public tender projects that the Group usually targets. Such PPAs currently represent a relatively small percentage of the Group's portfolio in operation or construction. However, the Group aims to increase private electricity sales contracts in the coming years in order to up its revenues, reduce its dependence on electricity sales contracts signed with public counterparties and obtain greater flexibility in establishing price structures and conditions compared to public tenders.

Feed-in tariffs

Certain PPAs that the Group entered into in connection with past tenders or via the open-window framework submissions were based on the mandatory FIT mechanism (as of the date hereof, for the Group, exclusively in France). In FIT contracts, Neoen delivers electricity directly to an off-taker and is paid a reference price, set in advance under the tender or open-window framework, as applicable, for all of the electricity produced by Neoen's asset for the FIT contract, regardless of market price. FIT contracts were used as a means to encourage investment in renewable energy when it was relatively expensive to produce solar and wind power.

1.3.4.3 SIGNIFICANT CONTRACTS AND SUPPLIERS

The most important contracts signed by the Group consist of the contracts for difference, the power purchase agreements described above, the design, procurement and installation agreements (EPC agreements) and the operations and maintenance agreements (O&M agreements) and project financing agreements signed with multiple lenders described in paragraph 2.4.2 "project financing".

The Group has numerous such contracts and is not dependent on any particular one. As indicated in paragraph 2.4.2 "project financing", the Group finances its facilities via non-recourse financing only. In addition, as discussed in paragraph 1.3.2.2 (vi) "operating assets", while it is not uncommon for the Group to engage in repeat business with certain EPCs, it nevertheless remains flexible from an industrial point of view and is able to select its O&M contractors and service providers on a project-by-project basis rather than signing master agreements. It therefore has limited dependence on any particular partner for EPC or O&M services. The Group has however indirectly signed significant contracts via its co-contractors on a case-by-case basis depending on the project.

1.3.4.4 MATERIAL CONTRACTS

As of the date of this Registration Document, no contract (aside from the contracts entered into in the ordinary course of business) containing provisions imposing a significant obligation on any of the Group's companies or commitments for the Group as a whole, has been entered into by the Company or any other Group entity, with the exception of the contracts described in section 1.3 "Neoen's business", in paragraph 1.3.4.2 "power purchase agreements", in section 2.4 "financing and investments" and in section 8.4 "statutory auditors' special report on regulated agreements and commitments" of this document.

1.4 INTELLECTUAL PROPERTY

1.4.1 RESEARCH AND DEVELOPMENT

The Group's research and development (R&D) activity involves the implementation of large-scale pilot projects for technologies not previously engaged in by the Group, as well as the development of new projects (IT developments and additional equipment) and partnerships with companies active in the field of solar power innovation, storage or power forecasting. For each partnership, the applicable agreement provides for a joint approach to one or more projects, but the Group's commitments remain circumscribed. The Group does not therefore finance specific searching out of R&D with the exception of the development costs for its solar, wind or storage projects. Finally, the Group takes account of technological innovation in its project developments in particular when such innovation is a criterion for selection in the framework of government or other tenders.

For example:

- in France and Australia, the Group has launched weather forecasting projects for better renewable energy plant integration into the electricity grids.
- with support from the State of South Australia, a feasibility survey has been launched on the potential for producing hydrogen and injecting it into the network;
- the Hornsdale Power Reserve project in Australia will be extended to enable the Group to provide new services (including inertia) to the Australian grid operator.

Further, and albeit it is not directly an R&D activity, the Group has created its own competence center, comprising four persons in 2020, notably devoted to the identification and analysis of new technologies capable of reducing the cost of energy produced and improving the yield of existing projects or the competitiveness of energy storage, and equally providing their expertise with regard to the Group's projects under development.

1.4.2 INTELLECTUAL PROPERTY RIGHTS

The Group's intellectual property rights mainly comprise the rights to distinctive signs such as brands and domain names, notably the verbal and semi-figurative brands "Neoen", "Neoen Renouvelle l'Énergie", "Neoen Renewing Energy" or "Neoen Développement" and the domain names including the "Neoen" denomination such as www.neoen.com, www.neoen.eu and www.neoen.fr.

Such intellectual property rights held by the Group have been registered, or are in the process of registration, in the main countries where the Group carries out its business in order to give them adequate protection. The verbal "Neoen" trademark has thus been registered in the European Union, Switzerland, the USA and Australia.

The verbal "Boundless energy" trademark has been registered in France, Australia, Ireland, Portugal and Mexico and is in the process of registration in El Salvador.

Finally, semi-figurative brands "Neoen" and "Neoen renouvelle l'énergie" were renewed for the European Union on December 7, 2020 for 10 years.

1.4.3 LICENSES

Group companies hold licenses for the information systems they use in the normal course of business; they do not hold any other significant intellectual property licenses.


2

COMMENTS ON THE FINANCIAL YEAR

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2.1 ALTERNATIVE PERFORMANCE INDICATORS AND OPERATING DATA

2.1.1 NON-GAAP INDICATORS

The Group presents, in addition to the IFRS measures, several supplementary indicators including EBITDA, net debt and gearing ratio. These are not indicators provided for under IFRS and they do not carry standard definitions. Consequently, the definitions used by the Group may not correspond to the definitions of these same terms by other companies. The measures must not be used to the exclusion of, or as a substitution for, the IFRS measures. In particular, net debt must not be considered a substitute for the analysis of Neoen's gross financial debt or cash and cash equivalents as presented in accordance with IFRS. The tables below present these indicators for the periods stated, together with their calculations.

EBITDA reconciliation

(In millions of euros)	FY 2020	FY 2019	Change	Change (in %)
Current operating income	**160.5**	**135.9**	**+ 24.6**	**+ 18%**
Current operating depreciation, amortization and provisions	(109.8)	(80.2)	+ 29.6	+ 37%
EBITDA[1]	**270.4**	**216.1**	**+ 54.2**	**+ 25%**

(1) EBITDA corresponds to current operating income adjusted for current operating depreciation, amortization and provisions. It therefore excludes results for discontinued operations. As announced at the Capital Markets Day on March 11, 2021, EBITDA, from 2021:

- will henceforth exclude the expense resulting from the application of IFRS 2, whose impact for 2020 and 2019 was respectively €(1.8) million and €(1.4) million.

- will henceforth include the net proceeds from the disposal of assets, carried out as part of the Farm-Down activity, which was presented simultaneously.

Consequently, EBITDA as newly defined would have amounted to €272.2 million in 2020 and €217,5 million in 2019.

Net debt

(In millions of euros)	31.12.2020	31.12.2019	Change	Change (in %)
Financial debt [1]	**2,749.4**	**2,414.6**	**+ 334.9**	**+ 14%**
Non-controlling investors and others [2]	(29.2)	(30.4)	+ 1.2	+ 4%
Adjusted financial debt	**2,720.2**	**2,384.1**	**+ 336.1**	**+ 14%**
Total cash and cash equivalents	(374.9)	(460.5)	+ 85.6	+ 19%
Guarantee deposits [3]	(76.6)	(111.0)	+ 34.4	+ 31%
Derivative instruments assets – hedging effect [4]	(2.2)	(2.0)	– 0.2	– 11%
Total net debt	**2,266.5**	**1,810.6**	**+ 455.9**	**+ 25%**

(1) Essentially comprising project financing, the debt component of the convertible bonds into new shares and/or exchangeable for existing shares issued in 2019 ("OCEANE") and the green convertible bonds into new shares and/or exchangeable for existing shares ("OCEANE Verte") issued in 2020, interest rate hedging instruments with a negative market value and lease liabilities included in the calculation of net debt under IFRS 16 «leases» (note that EBITDA therefore excludes lease charges). Financial debt are detailed in note 19.2 to the consolidated financial statements.

(2) Notably comprising non-controlling shareholder loans to project companies (or project holding companies).

(3) Mainly comprising deposits in the framework of project financing, in the form of DSRAs (debt service reserve accounts) or for the purposes of project construction. The decrease in the period is mainly due to the repayment of DSRAs in project companies or financing holding companies, and their replacement by guarantees or credit letters or facilities. In addition, new DSRAs were set up as part of the new financing carried out in 2020.

(4) Interest rate risk hedging derivatives with positive market values. Hedging instruments with negative market values are included in total financial debt (see note 19.2 to the consolidated financial statements).

Gearing ratio

The table below presents the gearing ratio at the dates indicated. This is the ratio between net debt and EBITDA (calculated over the last 12 months).

	31.12.2020	31.12.2019
Gearing ratio	8.4x	8.4x

2.1.2 INFORMATION ON KEY OPERATING DATA

The Group's portfolio amounted to 12 GW at December 31, 2020 versus 10.7 GW at December 31, 2019. Its change is detailed in the table below and in paragraph 2.3.1.1 «continuing portfolio growth».

	31.12.2020	31.12.2019	Change
Total MW in operation [1]	**2,615**	**1,847**	**+ 768**
Europe-Africa	1,014	813	+ 201
Australia	931	881	+ 50
Americas [2]	670	152	+ 518
Total MW under construction [1]	**1,436**	**1,193**	**+ 243**
Europe-Africa	254	203	+ 51
Australia [3]	974	264	+ 710
Americas [2]	208	726	– 518
Total MW for projects awarded [1]	**1,107**	**1,082**	**+ 25**
Europe-Africa	897	730	+ 167
Australia	210	352	– 142
Americas	-	-	-
Total MW for the secured portfolio	**5,158**	**4,122**	**+ 1,036**

Total MW for tender-ready and advanced development projects [1]	31.12.2020	31.12.2019	Change
Europe-Africa	2,539	2,241	+ 298
Australia	2,826	2,287	+ 539
Americas [4]	1,509	2,001	– 492
Total MW for the advanced pipeline	**6,874**	**6,529**	**+ 345**
Total portfolio	**12,033**	**10,652**	**+ 1,381**
Early stage projects	> 4 GW	> 4 GW	

(1) For a definition of the different stages of development of the Group's projects, please refer to section 9.6 "glossary" of this document.

(2) The changes between 2019 and 2020 in the Americas region result from the commissioning in 2020 of the El Llano power plant in Mexico and the Capella power plant in El Salvador, which were under construction in 2019.

(3) The growth in capacity under construction in Australia is due to the launch of the construction of the Victorian Big Battery and the Western Downs solar farm (see paragraph 2.3.1.1 «continuing portfolio growth» of this document).

(4) The decline in the Americas was mainly due to the abandonment of projects in Mexico, the United States, Colombia and Argentina.

	FY 2020	FY 2019	Change
Production (GWh)	**4,396**	**2,982**	**+ 47%**
Average availability of facilities in operation			
solar power (%)	98.5%	98.4%	+ 0.1 pt
wind power (%)	98.3%	99.0%	- 0.7 pt
Average Load factor [1] of facilities in operation			
solar power (%)	18.3%	18.8%	- 0.5 pt
wind power (%)	34.4%	33.6%	+ 0.8 pt
Residual duration of electricity supply contracts			
solar power (years, weighted by MWp)	14.4	14.7	– 0.3
wind power [2] (years, weighted by MW)	12.9	14.7	– 1.8

(1) The load factor is the equivalent time (as a percentage of the period observed) during which grid injection at maximum power would produce the same quantity of energy as that supplied by the facility.

(2) The decrease in the residual term of the wind power purchase agreements is mainly due to the entry into force of Hedet's PPA in Finland in the second quarter of 2020 as well as the acquisition of two French wind farms whose PPA will expire at the end of October 2020.

2.2 OUTLOOK AND TRENDS

2.2.1 OUTLOOK

The forecasts for the year ended December 31, 2021 presented below are based on data, assumptions and estimates that the Group considers reasonable at the date of this document. They are prepared on the basis of the consolidation and business scopes existing at the date of this document and include, in particular, the implementation of the Farm Down activity announced by the Group on its Capital Markets Day on March 11, 2021. However, these data and assumptions may change or be modified due to uncertainties related in particular to the economic, financial, accounting, competitive, regulatory and tax environment or as a result of other factors or risks of which the Group is unaware at the date of this document. In addition, the materialization of certain risks described in chapter 3 «risk factors and management» of this document could have an impact on the Group's business, financial condition, results or prospects and therefore call into question these forecasts.

In addition, the forecasts can be achieved only if the Group's strategy (see paragraph 1.1.2 "strategy" of this document) as presented to investors at the Capital Markets Day on March 11, 2021 is successful.

Accordingly, the Group does not make any commitment or give any guarantee that the forecasts in this section will be achieved.

The forecasts for the financial year ended December 31, 2021 presented below, and the assumptions underlying them, have been established pursuant to the provisions of the Delegated Regulation (EU) No 2019/980 supplementing Regulation (EU) 2017/1129 and the ESMA recommendations on forecasts.

Underlying assumptions

The forecasts for the year ended December 31, 2021 set out below have been prepared in accordance with the accounting policies applied in the Company's consolidated financial statements for the year ended December 31, 2020.

The definition of EBITDA is identical to that used as at December 31, 2020, with the following two exceptions, which were officially announced at the Capital Markets Day on March 11, 2021:

- EBITDA will henceforth exclude the expense resulting from the application of IFRS 2, whose impact for 2020 was €(1.8) million;
- EBITDA will henceforth include the net proceeds from the disposal of assets in the secured portfolio, carried out as part of the Farm-Down activity, presented at the Capital Markets Day on March 11, 2021.

These forecasts are based on Neoen's scope of consolidation at end-December 2020.

They are mainly based on the following assumptions:

Neoen's internal assumptions

The 2021 forecasts are based on an increase in EBITDA compared with the 2020 financial year, which will mainly come from:

- the commissioning during 2021 of wind, solar and storage assets, which were under construction on December 31, 2020 or will enter construction during 2021, as part of the investment plan communicated at the Capital Markets Day on March 11, 2021, in accordance with the contractual schedule agreed with the constructors;
- the full-year impact of the contribution of assets commissioned during 2020;
- the total or majority disposal in 2021 of projects or assets in its secured portfolio (Farm-Down activity, announced by the Group at its Capital Markets Day on March 11, 2021), which, in accordance with the Group's objectives announced at the same time, will be carried out within the following two limits in 2021:
  - a volume of projects not exceeding 20% of the gross annual growth of its secured portfolio, and

– a contribution to consolidated annual EBITDA of less than 20%.

They also take into account the expected effect of the following factors:

- in 2021, the Group expects a lower contribution from the HPR battery which generated exceptional performance in 2020 in a specific market context, as explained in the press release of May 14, 2020 announcing the revenue for the first quarter of 2020;
- given the anticipated commissioning schedule for projects due to enter into operation come on stream in 2021, the Group expects a lower contribution from contractual compensation for revenue losses associated with delays in the commissioning of certain projects (such contractual compensation directly affects the EBITDA margin).

Macroeconomic assumptions

The 2021 forecasts are also based on the following assumptions:

- no significant change in the exchange rates of the currencies of the main countries outside the Eurozone in which the Group generates its income, mainly the Australian dollar and the US dollar, compared with those known at the date of this document;
- a stable political, regulatory and tax environment in the countries in which Neoen operates;
- market prices of electricity and frequency control ancillary services (FCAS) that are at least equivalent to those in force at the end of the 2020 financial year in the different geographical areas where the Group operates;
- network constraints that are not greater than those observed during 2020, in the various countries where the Group operates;
- no delay in the commissioning of its projects due to enter into operation during 2021 compared to their known schedule at the date of this document;
- no impacts on the operating and construction conditions for its assets, which could result from the COVID-19 crisis and in particular from situations of total or partial lockdown, exceeding the lockdown and curfew measures in force at the date of this document in the main countries where Neoen operates and impacting either Neoen or its key suppliers.

Group forecasts for the financial year ended December 31, 2021

For the financial year ended December 31, 2021, subject to uncertainties relating to changes in the pandemic situation in the various countries where the Group operates, Neoen expects consolidated EBITDA to be between €295 million and €325 million, and the EBITDA margin to be around 80%.

Note that the definition of EBITDA has changed from that used in 2020 (see «Underlying assumptions» above).

2.2.2 INFORMATION ON TRENDS AND OBJECTIVES

2.2.2.1 GENERAL PRESENTATION

The objectives presented below are not forecast data or estimates of the Group's profits, but the result of its strategic guidelines. These objectives are based on data, assumptions and estimates that the Group believes to be reasonable. These data, assumptions and estimates may change or be modified due to uncertainties relating in particular to the economic, financial, competitive and regulatory environment affecting the Group. In particular, the materialization of one or more of the risks described in chapter 3 «risk factors and management» of this document could have an impact on the Group's business, results, financial situation or prospects and therefore call into question its ability to achieve the objectives presented below. The Group makes no commitment and gives no guarantee that the objectives described in this chapter 2 will be achieved.

2.2.2.2 BUSINESS TRENDS

A detailed description of the Group's results for the year ended December 31, 2020 is available in section 2.3 «analysis of operations and results» of this document. The reader is also invited to refer to section 2.4 «financing and investments» of this document for a description of the Group's cash flows and net debt. Section 1.2 «description of the renewable energy market « of this document provides an overview of industry trends affecting renewable energy markets.

The Group's medium-term objectives described below are based on the assumption that capital increases will be carried out over the period of execution of its investment plan. These capital increases will be decided, *inter alia,* on the basis of market conditions. The total amount of additional equity needed to finance the Group's growth objectives for the 2021-2025 period is estimated at a maximum of €1.2 billion.

The Group emphasises that it is free to adjust this amount downward by opportunistically reducing its percentage ownership in certain assets that it intends to retain over the long term, while remaining within the framework of its develop-to-own strategy.

These medium-term objectives also reflect its expectations regarding key market trends over the 2021-2025 period, including the following:

- **continued growth in the volume of private calls for tenders.** While the Group continues to seek power purchase agreements through public calls for tenders, it expects an increasing number of private sector players to seek power purchase agreements, due to the growing interest of these players in "green" energy and the trend in renewable energy prices that make wind and solar energy increasingly competitive economically;
- **continued move towards competitively set power purchase prices.** The Group expects that the current trend of setting prices for power purchase agreements through competitive calls for tenders will continue and that the average prices of successful tenders will be lower, for countries that

have already reached grid parity, and closer for other countries to the prices observed in local electricity markets. At the same time, the Group expects that the structuring of projects will increasingly include market revenues. The Group also expects financial institutions and investors to become increasingly comfortable with the risk profile of renewable energy assets, encouraging this development;

- **continued improvement in construction costs per MW.** The Group expects construction costs per MW to continue to fall for both solar and wind projects, with greater expected cost reductions for solar projects;
- **continued technological improvements resulting in efficiency gains.** The Group expects the current trend of technological improvements to continue, particularly for wind power, and to lead to continuous improvements in efficiency and increased electricity production per installation.

2.2.2.3 MEDIUM-TERM OBJECTIVES

- **Capacity increase.** The Group aims to achieve a total capacity in operation and under construction of at least 5 GW by the end of 2021, which will be fully in operation by the end of 2022. Beyond 2021/2022, the Group's objective is to reach a total capacity in operation or under construction of at least 10 GW by the end of 2025, the distribution of which between its three main geographical areas (Europe, Australia, the Americas) is unlikely to change significantly from that in force at the end of December 2020, without any major change in terms of technological mix (solar, wind and storage) as reflected in its secured project portfolio in December 2020 (projects in operation), under construction and in the awarded phase).
  - The Group expects to achieve this objective, as part of its predominantly development-to-own strategy, by completing projects under construction, by building and completing projects currently in the awarded phase, by developing part of its pipeline under construction and in operation, and by gradually increasing its annual volume of awarded projects from slightly more than 1 GW in 2020 to 2 GW or more in 2025. At least 80% of this annual volume of awarded projects is intended to come from countries in which Neoen is already present at the date of this document, with a view to continuing to maintain at least 80% of the Group's installed capacity in OECD countries. At the end of December 2020, the Group's portfolio consisted of 2.6 GW in operation, 1.4 GW under construction and 1.1 GW in the awarded phase. Together, this secured project portfolio represents nearly 5.2 GW of the capacity of at least 5 GW in operation or under construction set as a target by 2021, and that of 10 GW in operation or under construction set as a target by 2025. The remaining 4.8 GW of projects (and any project replacing projects currently in the awarded phase that will not be completed) are expected to come mainly from the Group's current project pipeline, which included a total of approximately 6.9 GW as at December 31, 2020, as well as from new projects that will be developed by the Group during the period, and to a lesser extent, projects under development or assets in operation or under construction that may be acquired from third parties, with a preference for assets with restructuring potential or that offer repowering prospects due to their age.
  - This objective takes into account the fact that from the development or construction phase of its projects, the Group plans, from 2021 onwards, to regularly but selectively sell, in order to optimise its balance sheet, financial capacity and profitability with the total or majority disposal of projects or assets in its secured portfolio (Farm-Down), within the limit of a volume of projects not exceeding 20% of the gross annual growth of its secured portfolio.
  - The Group plans, as far as possible, to maintain a minority stake in the projects in question, to ensure their administrative and operational management and to retain the related land rights, so as to be able to take part in the subsequent repowering phase of these projects.
  - The Group expects total capital expenditure for projects included in the 10 GW target and not yet in operation at the date of this document to amount to approximately €5.3 billion over the period 2021-2025 (see paragraphs 2.4.6 and 2.4.8.4 of this document). By structuring the projects to achieve the aforementioned capacity increases and assuming that interest rates will not deviate significantly from their current levels, the Group expects to be able to target, when responding to public and private calls for tender or bilateral requests for its projects, internal rates of return (IRR) now calculated over a 30-year horizon of:
    - > 7.5% (+/- 150 basis points) in Europe;
    - > 8.5% (+/- 150 basis points) in Australia;
    - > 6% to 10% for other OECD countries;
    - > more than 10% (low double digit) in non-OECD countries.
  - In addition, it now aims to ensure that the share of its operational installed capacity, whose revenues are exposed to market price changes, does not exceed 20%of its total operational capacity, excluding dedicated storage facilities directly connected to the networks.
- **EBITDA growth.** By committing to a new growth trajectory for 2025, Neoen has reassessed its objectives for the 2022 financial year. The Group's objective is now to generate EBITDA growth of more than 20% in 2022 compared to 2021, followed by double-digit annual percentage growth between 2022 and 2025. This level of growth reflects the expected growth in the Group's installed capacity and its expectations in terms of continued growth in the volume of private calls for tender, the trend towards competitively set electricity purchase prices, and trends in the global renewable energy market as presented in section 1.2 of this document.
  - The definition of EBITDA is identical to that used at December 31, 2020, with the following two exceptions, which were officially announced at the Capital Markets Day on March 11, 2021:
    - > EBITDA will henceforth exclude the expense resulting from the application of IFRS 2, whose impact for 2020 was €(1.8) million;
    - > EBITDA will henceforth include the net proceeds from the disposal of assets in the secured portfolio, carried out as part of the Farm-Down activity, which was presented at the Capital Markets Day on March 11, 2021.
- **Net debt to EBITDA ratio.** The Group's objective is to have a net debt to EBITDA (with EBITDA as defined above) ratio of

between 8.0x and 10x at the end of 2025. This level of leverage reflects the financing that the Group considers necessary to finance the investment expenditure described above, as well as its EBITDA growth targets mentioned above. This objective also assumes that the Group maintains a comprehensive project financing approach similar to that used as at the date of this information document and assumes normal repayment of project debt in accordance with its terms and conditions (i.e. without refinancing or early repayment). This also reflects the expected impact of increasing the share of its projects incorporating market revenues, given that the leverage levels accepted by banks are generally lower for these projects. This objective assumes a financial leverage ratio greater than 70% of invested capital on an all-in basis including all Group debt, whether corporate or set up at the level of dedicated project companies, in the form of senior or mezzanine debt.

Dividend policy

In light of its medium-term objectives, the Group expects to be able to pay a dividend for the first time in respect of the 2021 financial year, which would be payable in 2022. The size of this potential dividend will depend on market opportunities and the Group's analysis of how best to obtain a total return for shareholders depending on market conditions prevailing at the time. Beyond 2022 and until 2025, the Group intends to gradually increase its dividend, particularly in light of the evolution of its results and financial situation.

2.3 ANALYSIS OF OPERATIONS AND RESULTS

2.3.1 KEY EVENTS OF THE PERIOD

2.3.1.1 CONTINUING PORTFOLIO GROWTH

Capacity in operation or under construction amounted to 4.1 GW at December 31, 2020 compared to 3 GW at December 31, 2019.

In 2020, the Group commissioned the solar power plants El Llano in Mexico (375 MWp) and Capella in El Salvador (143 MWp), the Hedet wind farm (81 MW) in Finland, the extension of the Hornsdale Power Reserve battery in Australia (50 MW, bringing its total capacity to 150 MW), the Yllikällä battery in Finland (30 MW / 30 MWh), as well as six solar power plants (38 MWp in total) and two wind farms (28 MW in total) in France.

Neoen also acquired two French wind farms with a total capacity of 24 MW in October 2020. This transaction is in line with Neoen's strategy of occasionally acquiring assets that are coming to the end of long-term PPA-type contracts and therefore offer significant repowering potential.

In 2020, the Group also launched the construction of 987 MW, including 383 MW in the fourth quarter with the start of the construction of the Victorian Big Battery (300 MW / 450 MWh) and several solar (62 MWp in total) and wind (20 MW in total) projects in France.

Among the 1.4 GW of assets under construction, the Bulgana wind farm in Australia (214 MW, including 20 MW of storage), which already produces electricity, is expected to come on stream in the second half of 2021. The commissioning of the Altiplano 200 solar power plant in Argentina (208 MWp) is scheduled for the third quarter of 2021, and that of Metoro in Mozambique (41 MWp) for the second half of 2021.

The Victorian Big Battery and the Western Downs solar power plant (460 MWp) in Australia are expected to come on stream in the fourth quarter of 2021 and 2022, respectively.

Assets in operation, under construction or awarded reached 5.2 GW at December 31, 2020 compared with 4.1 GW at December 31, 2019. Neoen has more than 1 GW of new projects awarded in 2020, including 616 MW in the fourth quarter with:

- the future Victorian Big Battery with a capacity of 300 MW;
- a 126 MW PPA concluded with the consortium formed by Heineken, Philips, Signify and Nouryon, whose electricity will be generated by the future Mutkalampi wind farm in Finland;
- a 110 MW wind project in Australia that is the subject of a PPA with CleanCo Queensland; and
- 80 MW of wind, solar and storage projects in France.

The total portfolio amounted to 12.0 GW at December 31, 2020 versus 10.7 GW at December 31, 2019.

2.3.1.2 IMPACTS OF THE COVID-19 HEALTH CRISIS

On January 30, 2020, the World Health Organisation declared a public health emergency of international concern following the spread of the COVID-19 virus and declared it a pandemic on March 11, 2020. In response to this health crisis, governments around the world were forced to adopt restrictive social and economic measures to contain the spread of the virus. These measures triggered significant disruptions for companies, leading to a global economic slowdown.

In this context, the Group's primary responsibility was to protect the health of all its employees while continuing to operate. The Group therefore limited staff travel, massively deployed alternative working methods and used remote working whenever possible, while actively pursuing the development of its portfolio with a total of 769 MW of capacity in operation added over the period, the launch of the construction of more than 987 MW and the strengthening of its portfolio of secure projects.

The Group thereby managed to continue its development, despite occasional delays in the completion of its projects, and to maintain dynamic growth in its sales and EBITDA while maintaining its cash and liquidity throughout the period. As a result, it did not use government support measures. As the Group's assets operate mainly under long-term power purchase

agreements with mainly first-rate counterparties, they were only slightly affected by the fluctuations that impacted the financial and electricity markets during the year. With the exception of the Altiplano 200 project currently under construction in Argentina, which is the subject of specific issues, the Group has not identified any indication of impairment likely to affect these assets (please refer to section 4.1 - note 10 «non-current operating items» of this document).

In addition, the crisis has not revealed any new significant risk factors, thanks to the resilience of the Group's business model, which has enabled it to continue to operate its assets normally, to commission assets under construction despite delays in certain regions, and to win new projects.

Furthermore, the Group has not identified any liquidity risk inherent to the health crisis, and in the period completed the issue of its first corporate syndicated credit facility and a green convertible bond ("OCEANE Verte") (see section 4.1 - notes 17 "shareholders' equity and details of dilutive instruments" and 19.2 "net debt").

Lastly, the specific costs related to the COVID-19 epidemic remain marginal at Group level and have been recognised in current operating income.

2.3.1.3 REFINANCING OF THE HORNSDALE WIND PROJECTS IN AUSTRALIA

As part of an active financing management, on January 21, 2020 the Group completed the refinancing of the debts of the Hornsdale 1, 2 and 3 plants in operation, resulting in a repayment of existing debts of AUD 527.2 million (plus AUD 52.5 million in swap repayments) as well as the issue of new debts of AUD 606.5 million. This transaction enabled the Group to benefit from more advantageous financing conditions, in particular by extending the repayment horizon (up to 22 years from refinancing).

In accordance with the principles set by IFRS 9 «Financial Instruments», as this is a substantial modification of the financing, the Group has recognised issuance costs not yet amortised and early repayment penalties in financial expenses in the amount of (€4.9) million (see section 4.1 - note 19.1 «net financial result»).

2.3.1.4 SIGNING OF €200 MILLION SYNDICATED CREDIT FACILITY INCORPORATING ESG CRITERIA

In March 2020, Neoen S.A. entered into an initial syndicated credit facility of €200 million, indexing its financial conditions to environmental, social and governance (ESG) indicators. This agreement includes an amortisable loan of a total amount of €125 million and a revolving credit facility of €75 million, both of which mature on July 31, 2024. This transaction was carried out in order to strengthen the financial resources of the Group as part of its growth strategy. Issuance costs for this syndicated facilities agreement were €2 million. At December 31, 2020, these two instruments had not yet been used (please refer to section 4.1 - note 19.1 "net financial result").

2.3.1.5 CAPITAL INCREASE RESERVED FOR EMPLOYEES

On April 29, 2020, Neoen S.A. carried out a capital increase reserved for its employees in France. This plan offered each beneficiary to buy a maximum number of 118 new shares at the preferential subscription price of €21.92 per share (benefiting from a 30% discount compared to the average share price over the last twenty trading sessions preceding the date on which the Board of Directors set the price on March 25, 2020) and an employer contribution on the basis of one free share for one share subscribed.

The Group recorded this transaction in accordance with IFRS 2 «Share-based Payment». This resulted in an impact of €0.7 million in shareholders' equity and €(0.4) million in personnel expenses.

2.3.1.6 ISSUE OF GREEN CONVERTIBLE BONDS ("OCEANE VERTE")

On June 2, 2020, Neoen S.A. issued convertible bonds into new shares and/or exchangeable for existing shares for a nominal amount of €170 million, bearing interest at an annual rate of 2.0% payable semi-annually in arrears on December 2 and June 2 of each year, and for the first time on December 2, 2020.

The unit value of the bonds was set at €46.20, corresponding to a 40% premium over Neoen's reference price. Unless they have been converted, exchanged, redeemed or bought back and cancelled, the bonds will be repaid at par on June 2, 2025.

In accordance with the principles set out in IAS 32 «financial Instruments: Presentation», this issue was treated as a compound instrument, with the debt component (bond without conversion option) amounting, net of costs, to approximately €142.8 million and the equity component (conversion option) to approximately €24.9 million, net of costs (see section 4.1 of this document - notes 17 «shareholders' equity and details of dilutive instruments» and 19.2 «net debt») The effective interest rate of the debt component is 5.80%.

As part of this issue, Neoen S.A. bought 60,606 of its own shares for €2 million. For accounting purposes, these shares have been treated as treasury shares in the consolidated financial statements.

2.3.1.7 NEOEN JOINED THE SBF 120 INDEX

On June 11, 2020, Neoen announced its inclusion in the SBF 120 index, which comprises the 120 leading stocks listed on Euronext Paris in terms of liquidity and market capitalisation. As part of the quarterly review of Euronext Paris indices, the Expert Indices Committee decided to include Neoen in the SBF 120 index, as well as in the CAC Mid 60 index. Neoen's inclusion in these indices confirms the quality of its stock market performance since its IPO in October 2018. The company's market capitalisation has since then more than doubled to about €3.6 billion. This strong growth has been accompanied by a steady increase in volumes traded.

2.3.1.8 FREE SHARE PLAN

On July 2, 2020, the Board of Directors decided to grant 140,000 free Neoen S.A. shares to certain group employees. The granting of shares will only be final, subject to meeting the conditions set out in the award plan, at the end of a vesting period of 3 years.

2.3.1.9 SHARE BUYBACK PLAN

On 6 July 2020, Neoen signed a mandate to buy back a maximum of 100,000 shares over the period from July 7 to September 25, 2020, for a maximum purchase price of €40 per share. Under this plan, the Company acquired 41,874 shares at a price of €38.49.

On September 24, 2020, Neoen signed a mandate to buy back a maximum of 163,000 shares over the period from September 28 to May 15, 2021, for a maximum purchase price of €45 per share. At December 31, 2020, the Company had acquired 11,273 shares at a price of €44.18.

The purpose of these transactions is to acquire shares for delivery under expiring free share plans (please refer to section 4.1 - note 8.3 «share-based payments»).

2.3.1.10 SIGNING OF A WIND POWER PURCHASE AGREEMENT IN FINLAND

On 11 December 2020, Neoen announced that it had signed a new green power purchase agreement with a consortium formed by Heineken, Philips, Signify and Nouryon. This 10-year agreement covers a capacity of 126 MW. The electricity and guarantees of origin will be generated by the future Mutkalampi wind farm in Finland, co-developed with Prokon and owned by Neoen, and which already has a 125 MW[1] agreement with Google signed in September 2019. The total power of the Mutkalampi farm, initially announced at 250 MW will be increased to 404 MW[2], making it one of the largest in Finland.

2.3.1.11 FINANCING OF THE WESTERN DOWNS GREEN POWER HUB IN AUSTRALIA

On October 26, 2020, Neoen announced the completion of financing for the Western Downs Green Power Hub, Australia's largest solar farm with a capacity of 460 MWp located in south-west Queensland.

This financing was completed five months after Neoen obtained a 352 MWp power purchase agreement with CleanCo Queensland[3]. This project, which is wholly owned by Neoen, will contribute to the Sunshine State's objectives of achieving 50% renewable energy by 2030 and creating new investments and more than 400 jobs.

The total cost of the project will be approximately AUD 600 million. The debt is financed by a group of seven lenders: Natixis, Société Générale, Sumitomo Mitsui Banking Corporation, MUFG Bank, NORD/LB, HSBC and Commonwealth Bank of Australia.

2.3.1.12 NEOEN CLOSES FINANCING FOR VICTORIAN BIG BATTERY (300MW) IN AUSTRALIA

On February 25, 2021, Neoen announced that it had finalised financing for the Victorian Big Battery, which will be one of the most powerful batteries in the world with a capacity of 300 MW / 450 MWh. This financing was completed only three months after the Group obtained a 250 MW network services contract with AEMO. The project will be financed by an equity contribution from Neoen and a loan in the form of senior debt of AUD 160 million from the Clean Energy Finance Corporation (CEFC) on behalf of the Australian federal government. The battery, currently under construction, is due to be commissioned before the start of the next Australian summer.

2.3.1.13 THE GROUP'S EXPOSURE TO ARGENTINA

At December 31, 2020, the contribution of all the Argentinean entities to the Group's balance sheet amounted to €201.9 million, breaking down as follows:

- intangible assets and property, plant and equipment: €188.4 million;
- cash and cash equivalents: €4.8 million;
- project financing liabilities: €131 million.

In addition, to guarantee Neoen's commitments under the Altiplano project, bank guarantees in the form of letters of credit were issued by credit institutions, of which USD 27.8 million were in force on December 31, 2020, covered by cash guarantee deposits made by the Neoen group in the amount of USD 20.9 million. Neoen has also counter-guaranteed, in the amount of USD 55 million, the guarantees issued by an insurer for the proper performance of the project companies' obligations under the Power Purchase Agreement signed with CAMMESA (electricity market administrator).

On May 22, 2020, the Argentine government formally exceeded the grace period granted for the payment of a USD 502 million maturity on its sovereign debt. Negotiations between the government and the main creditor groups have, however, led to the conclusion of a sovereign debt restructuring, effective from the beginning of September 2020. This has led to a massive reduction in the country's financial burden by reducing the present value of payments by 45% and granting a grace period before the next scheduled repayments in 2024.

Despite the country's macroeconomic and financial situation, the group's financial partners have continued to support the project by authorising debt drawdowns and extending the

[1] Against 130 MW initially planned.

[2] Of which 251 MW are included in the MW awarded as of December 31, 2020.

[3] A state-owned company in the State of Queensland, producer and supplier of renewable energy.

period of availability of undrawn amounts beyond the initial drawdown schedule. In addition, although affected by the COVID-19 pandemic and the restrictions imposed by the federal and provincial governments, construction operations have been suspended for a period of time (six weeks in total) and are still in progress with commissioning scheduled for the third quarter of 2021.

On the other hand, the depreciation of the Argentine peso - the functional currency of the Argentine entities - against the US dollar generated unrealised foreign exchange losses, mainly relating to VAT credits denominated in Argentine pesos pending reimbursement, affecting the consolidated financial income for an amount of €(8.5) million (or USD (9.7) million) on the Altiplano 200 project for the financial year 2020.

In addition, the rules put in place by the Central Bank of the Republic of Argentina during the second half of 2019, aimed at restricting access to foreign currencies for Argentine companies and individuals in order to stem the devaluation of the Argentine peso (ARS) against the US dollar (USD), have the consequence, at the date of publication of the Group's financial statements, of substantially restricting the possibility of buying dollars on the Argentine foreign exchange market for the purposes of i) repayments of shareholders' loans denominated in USD in favour of the Altiplano 200 project (amounting to USD 96.2 million, including accrued interest for USD 14.2 million, at December 31, 2020) and ii) dividend payments. However, these restrictions do not affect payments in respect of servicing USD denominated debt (repayment of principal or interest), to the foreign lenders on this project.

In this context, the Group considers that the lack of prospect for a rapid recovery of all VAT credits pending reimbursement despite the completion of the necessary administrative formalities and the prolonged maintenance of foreign exchange control constitute an impairment trigger as part of the annual closing on December 31, 2020.

In accordance with IAS 36 «impairment of assets», the Group has therefore carried out an impairment test on the carrying amount of the assets of the Altiplano 200 power plant in order to identify any impairment losses. The cash flows used for the test are mainly based on the following key assumptions: i) production forecasts based on the most recent technical model; ii) revenue projections based on PPAs signed with CAMMESA; iii) the outlook for changes in the exchange control system; iv) the procedures and timetable for the gradual clearance of VAT credits to be recovered. The value in use was estimated using a discount rate of 12.2%.

An impairment loss was therefore recorded in the consolidated financial statements for €(13.4) million (i.e. USD (15.3) million) as non-current impairment at December 31, 2020.

2.3.1.14 STATUS OF THE EL LLANO PROJECT

As at the date of this document, the Provisional Acceptance (PA) of the Mexican plant in El Llano had not yet been declared, due in particular to delays in finalising construction operations, and due to delays in the performance of pre-operational tests by the National Energy Control Centre (CENACE), which were only finalised in the fourth quarter of 2020, resulting in certain documentary non-compliances within the meaning of the financing contracts for this plant. As a result, the financing raised for this project has been presented as current financial debt for an amount of €120.1 million in the Group's annual financial statements.

At the date of publication of its financial statements, the Group continues to actively work with the constructor to bring the production of the El Llano plant as soon as possible to levels close to its nominal capacity and to carry out its provisional technical acceptance, in order to eliminate these documentary non-compliances. The plant, which began injecting electricity into the network in February 2020, also continues to produce electricity sold in the spot market.

2.3.2 COMMENTS ON OPERATIONS

The consolidated statement of income for 2020 and 2019 is presented and analysed at two levels in respect of revenues, EBITDA and current operating income: a Group overview followed by segment analysis in terms of geography (Europe-Africa, Australia and the Americas) and of operating segments (wind power, solar power and storage plus development-investment and operating eliminations).

Operating income, net financial expense and other components of consolidated net income are the subject of global analysis.

Given the nature of its business and its geographical outreach, the Group's results are affected by foreign currency fluctuation. For an analysis of the Group's exposure to foreign currency risk, see paragraph 3.1.3 of this document.

The reference to changes in revenues or EBITDA at "constant exchange rates" (cer) means that the impact of changes in foreign exchange rates has been adjusted by recalculating the various components of the applicable aggregate on the basis of the foreign exchange rates prevailing during the previous year.

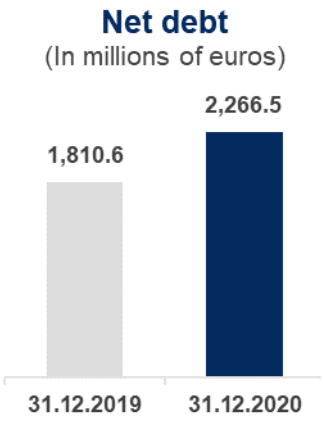
The Group's consolidated financial statements for the year ended December 31, 2020 have been audited by the Company's statutory auditors and are presented in their entirety in chapter 4 of this document.

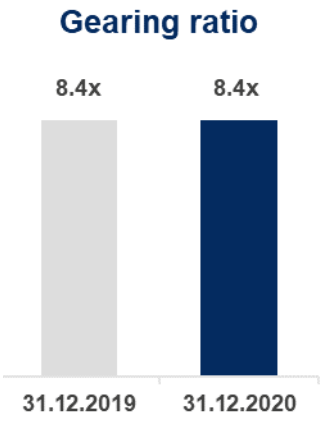
2.3.2.1 KEY FIGURES

(In millions of euros)	FY 2020	FY 2020 (cer)	FY 2019	Change (cer)	Change (cer) (in %)	Change	Change (in %)
Revenue	**298.8**	**303.4**	**253.2**	**+ 50.2**	**+ 20%**	**+ 45.6**	**+ 18%**
Of which: Energy sales under contract	235.1	238.2	214.7	+ 23.5	+ 11%	+ 20.4	+ 10%
Of which: Energy sales in the market	58.7	60.1	32.7	+ 27.5	+ 84%	+ 26.0	+ 80%
Of which: Other revenues	5.0	5.1	5.9	– 0.7	– 13%	– 0.8	– 14%
EBITDA (1)	**270.4**	**274.8**	**216.1**	+ 58.7	+ 27%	+ 54.2	+ 25%
EBITDA margin	90%	91%	85%				
Current operating income	**160.5**	**163.3**	**135.9**	**+ 27.4**	**+ 20%**	**+ 24.6**	**+ 18%**
Operating income	**142.4**	**144.8**	**131.9**	**+ 12.9**	**+ 10%**	**+ 10.5**	**+ 8%**
Net financial result	**(117.7)**	**(119.4)**	**(87.0)**	**– 32.4**	**– 37%**	**– 30.7**	**– 35%**
Net income from continuing operations	3.3	2.7	21.2	– 18.5	– 87%	– 17.9	– 84%
Net income from discontinued operations	-	-	15.8	– 15.8	– 100%	– 15.8	– 100%
Consolidated net income	**3.3**	**2.7**	**37.0**	**– 34.3**	**– 93%**	**– 33.7**	**– 91%**
Of which: Group share of net income	3.9	3.2	36.0	– 32.8	– 91%	– 32.2	– 89%

(3) EBITDA corresponds to current operating income adjusted for current operating depreciation, amortization and provisions. It therefore excludes results for discontinued operations.

Net debt and gearing ratio are presented in paragraph 2.1.1 of this document.



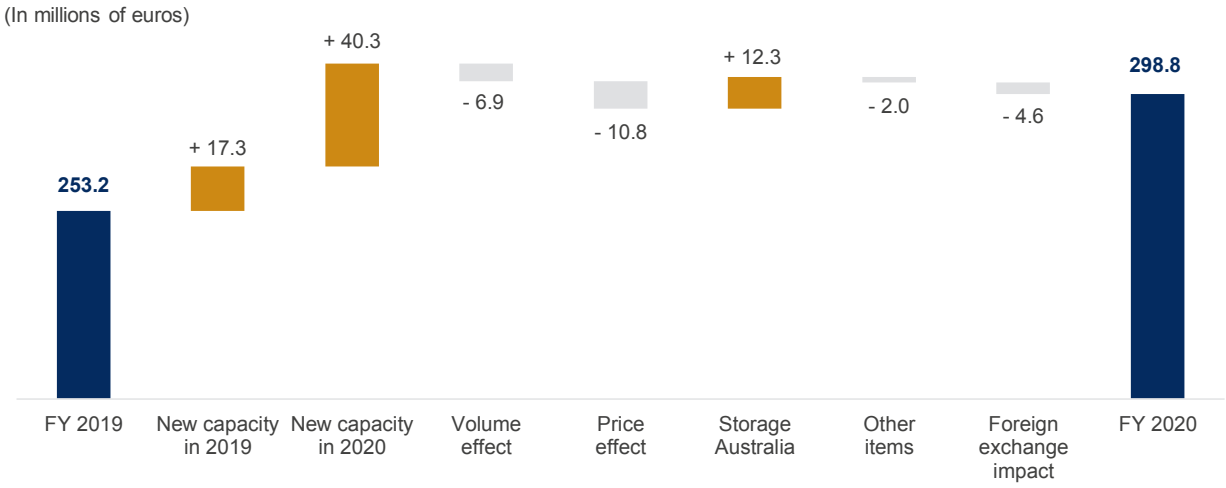


The stabilisation of the gearing ratio at 8.4x is explained by a similar rate of increase in net debt and in EBITDA of 25%.

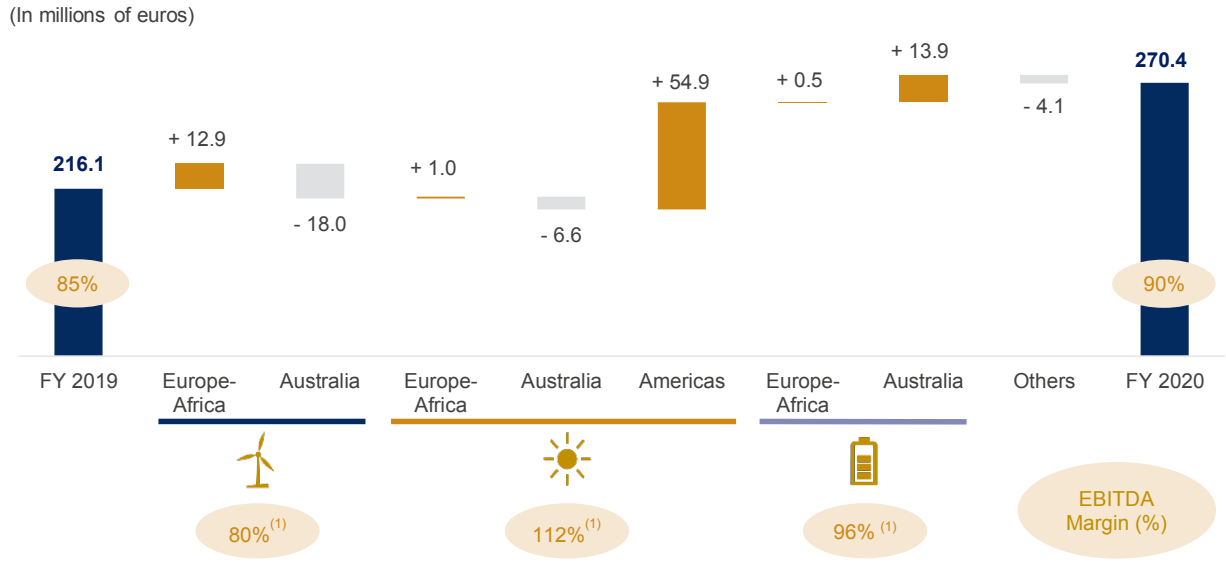
2.3.2.2 EVOLUTION OF REVENUE AND EBITDA

The Group's consolidated revenue and EBITDA have evolved as follows between 2019 and 2020 (the data are expressed in millions).

Evolution of revenue



Evolution of EBITDA



(1) *Restated for the effect of compensation for loss of revenues, EBITDA margins would be 78% for wind power, 83% for solar power and 94% for storage.*

2.3.2.3 SEGMENT RESULTS

Segment results for 2019 and 2020 are thus presented for each of the Group's operating segments: wind power, solar power, storage, development-investment and eliminations.

(In millions of euros)	Revenue				EBITDA [1]				Current operating income			
	FY 2020	FY 2019	Change	Change (in %)	FY 2020	FY 2019	Change	Change (in %)	FY 2020	FY 2019	Change	Change (in %)
Europe-Africa												
Wind power	64.9	47.6	+ 17.3	+ 36%	50.8	37.9	+ 12.9	+ 34%	23.7	19.4	+ 4.3	+ 22%
Solar power	56.3	53.2	+ 3.0	+ 6%	48.6	47.6	+ 1.0	+ 2%	28.3	30.0	– 1.7	– 6%
Storage	1.3	0.4	+ 0.8	+ 182%	0.8	0.3	+ 0.5	+ 147%	0.5	0.1	+ 0.4	+ 302%
Total	**122.4**	**101.2**	**+ 21.2**	**+ 21%**	**100.3**	**85.9**	**+ 14.4**	**+ 17%**	**52.5**	**49.5**	**+ 3.0**	**+ 6%**
As a %	41% [4]	41% [4]			82% [5]	85% [5]			43% [6]	49% [6]		
Australia												
Wind power	57.0	63.5	– 6.5	– 10%	46.3	64.3	– 18.0	– 28%	27.6	45.6	– 18.1	– 40%
Solar power	41.0	45.3	– 4.2	– 9%	37.5	44.1	– 6.6	– 15%	16.1	25.6	– 9.5	– 37%
Storage	31.5	20.1	+ 11.4	+ 57%	30.6	17.1	+ 13.6	+ 79%	23.3	11.9	+ 11.4	+ 95%
Total	**129.5**	**128.8**	**+ 0.7**	+ 1%	**114.5**	**125.5**	**– 11.0**	**– 9%**	**67.0**	**83.2**	**– 16.2**	**– 19%**
As a %	43% [4]	51% [4]			88% [5]	97% [5]			52% [6]	65% [6]	52%	65%
Americas												
Wind power	-	-	N/A	N/A	(0.0)	-	– 0.0	N/A	(0.0)	-	– 0.0	N/A
Solar power	46.2	20.6	+ 25.6	+ 124%	75.0	20.0	+ 54.9	+ 274%	54.7	14.1	+ 40.6	+ 288%
Total	**46.2**	**20.6**	**+ 25.6**	**+ 124%**	**75.0**	**20.0**	**+ 54.9**	**+ 274%**	**54.7**	**14.1**	**+ 40.6**	**+ 288%**
As a %	16% [4]	8% [4]			162% [5]	97% [5]			118% [6]	68% [6]		
Development - Investment and Eliminations												
Development and investments [2]	70.1	64.9	+ 5.1	+ 8%	(0.6)	(4.5)	+ 4.0	+ 87%	(3.6)	(7.4)	+ 3.8	+ 52%
Eliminations [3]	(69.4)	(62.4)	– 7.0	– 11%	(18.8)	(10.7)	– 8.1	– 76%	(10.1)	(3.5)	– 6.5	– 186%
Total	**0.7**	**2.5**	**– 1.8**	– 74%	**(19.4)**	**(15.3)**	**– 4.1**	**– 27%**	**(13.6)**	**(10.9)**	**– 2.7**	**– 25%**
TOTAL	**298.8**	**253.2**	**+ 45.6**	**+ 18%**	**270.4**	**216.1**	**+ 54.2**	**+ 25%**	**160.5**	**135.9**	**+ 24.6**	**+ 18%**
Of which: wind power	**121.9**	111.1	+ 10.9	+ 10%	**97.2**	102.2	– 5.1	– 5%	**51.2**	65.0	– 13.8	– 21%
Of which: Solar power	**143.5**	119.1	+ 24.4	+ 20%	**161.2**	111.8	+ 49.4	+ 44%	**99.1**	69.7	+ 29.4	+ 42%
Of which: storage	**32.7**	20.5	+ 12.2	+ 60%	**31.4**	17.4	+ 14.0	+ 80%	**23.8**	12.1	+ 11.7	+ 97%

(1) EBITDA corresponds to current operating income adjusted for current operating depreciation, amortization and provisions.

(2) Revenue for this segment essentially comprises sales of services to other Group entities (eliminated on consolidation with the exception of amounts billed to entities not fully consolidated), but also includes sales of services to third parties.

(3) The eliminations mainly relate to services billed by Neoen S.A. to its project companies for the development, supervision and administration of power facilities, as well as development costs capitalized in accordance with IAS 38 "intangible assets".

(4) The percentages are the contribution of each geographical zone to the Group's revenues (excluding Development - Investments and Eliminations).

(5) The percentages reflect EBITDA margin by geographical zone.

(6) The percentages reflect current operating margin by geographical zone.

Revenue

The Group's consolidated revenue amounted to €298.8 million in 2020 (€303.4 million at constant exchange rates), a rise of +€45.6 million or 18% compared to 2019 (and +20% at constant exchange rates). This growth is mainly explained by the full-year contribution of new capacity added during 2019 in Ireland, Australia, Jamaica, France and Zambia, and by the *prorata temporis* contribution of new plants commissioned in 2020 in El Salvador, Mexico, Finland, Australia and France. It was also the result of the sharp increase in revenue from the storage activity in the first quarter, linked to specific and non-recurring conditions in Australia.

The solar segment remained the largest contributor to the Group's consolidated revenue (48% in 2020 compared to 47% in 2019).

Revenues for this segment amounted to €143.5 million in 2020, a rise of +€24.4 million or +20% compared with 2019. This results from:

- the sharp increase in revenue in the Americas region (+€25.6 million), mainly due to the full-year contribution of the plants commissioned in 2019 in Jamaica (€2.7 million) and the new power plants commissioned in 2020 in Mexico and El Salvador (€23.9 million);
- the increase in revenue in the Europe-Africa region (+€3 million), resulting mainly from the full-year contribution of the power plants commissioned in 2019 in France and Zambia (€2.6 million) and the new power plants commissioned in 2020 in France (€1.8 million); and
- the decline in Australia's contribution (-€4.2 million) due to unfavourable sunshine conditions over the entire period, the reduced availability of an Australian asset in the first half of the year due to network renovation work that has now been completed, as well as the fall in market prices over the last three quarters of 2020 compared to the previous year.

The wind power segment accounted for 41% of the Group's revenue in 2020 (compared with 44% in 2019).

Revenues for this segment were €121.9 million, a rise of +€10.9 million or +10% compared with 2019. This increase mainly reflects:

- the strong growth in the Europe-Africa region (+€17.3 million), driven by the contribution of added capacity in Ireland and France in 2019 as well as commissioning in Finland and France in 2020; and
- the decrease in revenue in Australia (-€6.5 million), mainly due to the fall in the average price captured by the Hornsdale 3 farm over the first 9 months of 2020 compared to the same period in 2019. It had temporarily benefited from the sale of short-term energy before the entry into force of its long-term purchase agreement in October 2019. Australia also benefited from early generation sales recorded in the second half of 2020 by the Australian power plant in Bulgana.

The storage segment accounted for 11% of the Group's revenue in 2020 (compared with 8% in 2019).

Revenues in this segment increased significantly, contributing €32.7 million to the Group's revenues in 2020, up +€12.2 million, i.e. +60% compared to 2019. This very strong growth is mainly linked to an exceptional event during the first quarter of 2020 in Australia. The shutdown of an interconnection line between the states of South Australia and Victoria following a tornado in late January 2020 created specific conditions generating a high level of non-recurring revenue.

On the other hand, over the last three quarters of the year, the Group recorded a fall in revenues compared to 2019, due to less favourable market conditions in Australia for network services sales (FCAS).

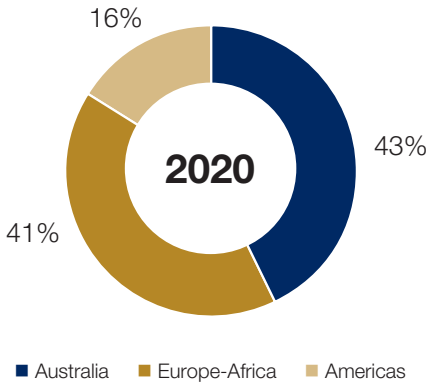
The development-investment and eliminations segment represented revenue of €0.7 million in 2020 compared with €2.5 million in 2019, a decrease of -€1.8 million.

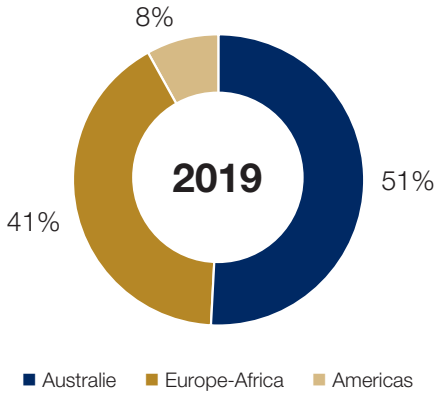
This change is explained by higher billing of services to third parties in 2019 than in 2020.

Australia was the largest contributor to the Group's revenue in 2020, but its relative share decreased (43% in 2020 versus 51% in 2019) under the effect of the strong growth in the Americas region (16% of Group revenue in 2020 versus 8% in 2019), a direct consequence of a significant increase in capacity commissioned in 2019 and 2020 in this region.

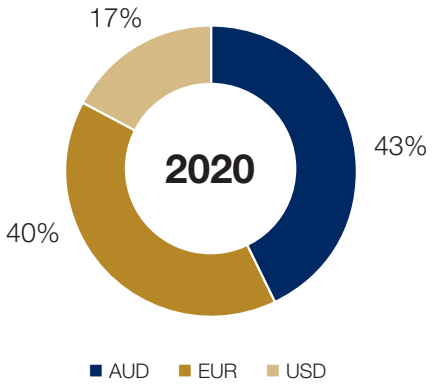
In 2020, the share of energy sales in the market reached 20% of consolidated revenue (11% excluding the contribution of the storage segment), a temporarily high level which is mainly explained by the non-recurring share of revenue generated by the storage activity in Australia in the first quarter. Neoen also benefited from early generation revenue from the power plants Capella in El Salvador, Hedet in Finland and El Llano in Mexico before their PPA came into effect and from the Bulgana power plant in Australia in the second half of the year.

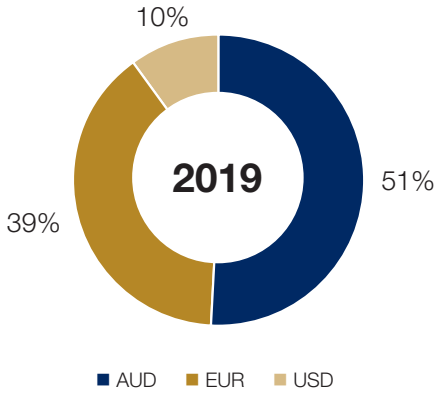
Revenue breakdown by geographic area [4]





Revenue breakdown by currency





EBITDA

In 2020, the Group's consolidated EBITDA amounted to €270.4 million (€274.8 million at constant exchange rates), a rise of +€54.2 million or +25% compared with 2019. This increase was mainly driven by growth in the Group's revenues of +€45.6 million compared to 2019 (please refer to the revenue analysis above). It also resulted from the recognition of contractual indemnities offsetting loss of revenues due to delays in the commissioning of certain projects during the year (mainly in the Americas, Australia and to a lesser extent in Europe-Africa) and recognised in other current operating income in the Group's financial statements.

The Group's EBITDA margin was 90% in 2020 compared to 85% in 2019. This increase results from the recognition of the aforementioned contractual indemnities and the sharp increase in the EBITDA margin of the storage activity, in line with the exceptional performance of this activity in Australia in the first quarter of 2020.

The solar power segment contributed €161.2 million to the Group's EBITDA, a rise of +€49.4 million or +44% compared to 2019. This increase mainly reflects:

- the +€24.4 million revenue growth in this segment, mainly driven by the Americas and Europe-Africa regions (see revenue analysis above);
- the +€30 million increase in contractual indemnities compensating for loss of revenues related to delays in the commissioning of certain projects between 2019 and 2020, mainly in the Americas region; and
- the -€4.9 million increase in operating expenses, mainly in the Americas region due to the strong growth in activity in this region.

The EBITDA margin for this segment was 112% in 2020 compared to 94% in 2019.

The wind power segment contributed €97.2 million to the Group's EBITDA, a decrease of -€5.1 million or -5% compared to 2019.

This decline is mainly due to the weaker performance of the Australia region (-€18 million) due to:

- the decrease in its revenues (-€6.5 million), mainly due to the fall in the average price captured by the Hornsdale 3 farm;
- a lower recognition of contractual indemnities compensating for loss of revenues due to delays in commissioning (-€10.8 million); and
- the -€0.7 million increase in network services costs (FCAS) in the first quarter of 2020 following the specific conditions resulting from the shutdown of an interconnection line.

[4] Excluding Development - Investments and Eliminations.

However, the segment's EBITDA benefited from an increase in the performance of the Europe-Africa region in 2020 (+€12.9 million), resulting in particular from:

- the +€17.3 million revenue growth in the region (see revenue analysis above); and
- offset by an increase in operating expenses as a result of the growth in activity (-€4.9 million).

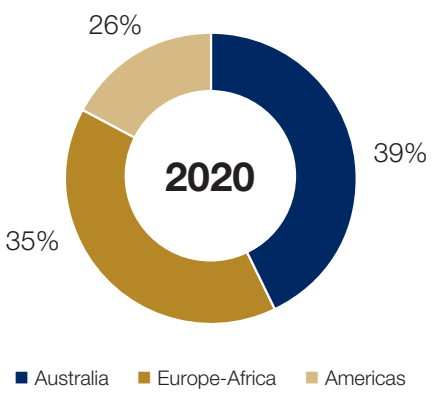
The EBITDA margin for this segment was 80% in 2020 compared to 92% in 2019.

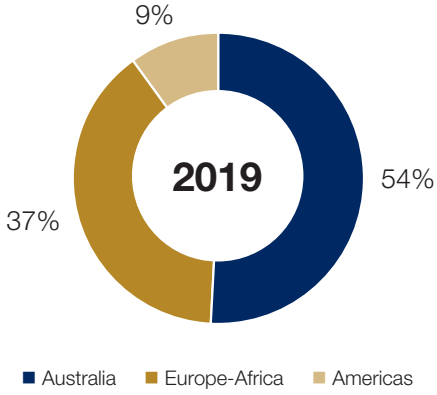
The storage segment generated EBITDA of €31.4 million in 2020, up +€14 million compared to 2019, directly linked to the growth in revenues in Australia and associated with the network shutdown that occurred during the first quarter of 2020. As revenue growth enabled better coverage of operating expenses (see revenue analysis above), the EBITDA margin was 96% in 2020, compared to 85% in 2019.

The development-investments and eliminations segment contributed €(19.4) million to Group EBITDA in 2020, compared to €(15.3) million in 2019, directly related to the +€4.2 million increase in payroll costs, mainly due to the increase in staff numbers and social charges for the free share plan expiring in 2020 (see section 4.1 - note 8.1 "payroll costs").

As for revenues, Australia remains the largest contributor to the Group's EBITDA in 2020, but has seen its relative share decrease significantly (39% in 2020 compared with 54% in 2019) under the effect of strong growth in the Americas region (26% of the Group's EBITDA in 2020 compared with 9% in 2019), a direct consequence of the increase in activity in this region and the recognition of contractual compensation for revenue losses linked to delays in the commissioning of certain projects. Lastly, the share of the Europe-Africa region fell slightly to 35% in 2020 compared to 37% in 2019, despite the growth in activity in this region.

EBITDA breakdown by geographic area [5]





Current operating income

The Group's current operating income was €160.5 million in 2020, a rise of +€24.6 million or +18%. This increase was largely due to growth in EBITDA (+€54.2 million or +25%), partially offset by the increase in depreciation and amortisation (-€29.6 million or -37%) resulting from the growth in the number of assets in operation, as a result of the commissioning carried out in 2019 and 2020 (see EBITDA analysis).

The solar power segment contributed €99.1 million to the Group's current operating income, a rise of +€29.4 million or +42% compared with 2019. This is mainly due to the increase in this segment's EBITDA over the period of +€49.4 million or +44% (see EBITDA analysis), partially offset by an increase in depreciation and amortisation over the period (-€19.9 million), a direct consequence of the commissioning carried out in 2019 and 2020.

The wind power segment contributed €51.2 million to the Group's current operating income, a decline of -€13.8 million or -21% compared to 2019. This is mainly due to the decrease in this segment's EBITDA of -€5.1 million (see EBITDA analysis above) combined with the increase in depreciation and amortisation over the period (-€8.7 million), a direct consequence of the commissioning carried out in 2019 and 2020.

The storage segment contributed €23.8 million to the Group's operating income in 2020, a rise of +€11.7 million compared to 2019, a direct consequence of the increase in this segment's EBITDA over the period of +€14 million (see EBITDA analysis above), partially offset by an increase in depreciation and amortisation over the period (-€2.2 million), mainly due to the commissioning of the Hornsdale Power Reserve battery extension in the third quarter of 2020.

The development-investments and eliminations segment contributed €(13.6) million to the Group's current operating profit compared to €(10.9) million in 2019, directly related to the change in this segment's EBITDA over the period.

[5] Excluding Development - Investments and Eliminations.

2.3.2.4 ANALYSIS OF THE OTHER CONSOLIDATED INCOME STATEMENT ITEMS

From current operating income to operating income

(In millions of euros)	FY 2020	FY 2019	Change	Change (in %)
Current operating income	**160.5**	**135.9**	**+ 24.6**	**+ 18%**
Other non-current operating income and expenses	(4.0)	(5.5)	+ 1.5	+ 27%
Impairment of non-current assets	(14.1)	1.5	– 15.6	– 1014%
Operating income	**142.4**	**131.9**	**+ 10.5**	**+ 8%**
Impact of foreign exchange rate fluctuation	2.4	0.8	+ 1.6	+ 200%
Operating income at constant foreign exchange rate	**144.8**	**132.7**	**+ 12.1**	**+ 9%**

Current operating income

Current operating income is analysed in paragraph 2.3.2.3 of this document.

Other non-current operating income and expenses

Other non-recurring operating income and expenses amounted to €(4.0) million, an improvement of +€1.5 million or +27% and break down as follows:

(In millions of euros)	FY 2020	FY 2019	Change	Change (in %)
Prior period development costs [1]	(4.1)	(2.4)	– 1.6	– 67%
Gains and losses on disposal of assets [2]	0.1	(0.6)	+ 0.8	+ 121%
Other non-recurrent items [3]	(0.1)	(2.5)	+ 2.4	+ 96%
Total other non-current operating income and expenses	**(4.0)**	**(5.5)**	**+ 1.5**	**+ 27%**

(1) Capitalised development costs for which the Group, following external events beyond its control, considers that the criteria for capitalisation provided for in IAS 38 are no longer met, are recognised in other non-recurring operating expenses for the period. These are mainly related to the abandonment of projects in France, Mexico, the United States, Ecuador and Colombia (see section 4.1 - notes 10 and 12.2).

(2) In 2019, income from asset disposals mainly corresponded to the impact of the disposal of the Montsinery project for €(0.5) million.

(3) In 2019, this item mainly included the scrapping of offshore wind power surveys for €(1.5) million, following the liquidation of Neoen Marine Développement and wind farm acquisition costs in Ireland for €(0.8) million.

Impairment of non-current assets

In 2020, impairment of non-current assets amounted to €(14.1) million and mainly corresponds to the impairment recognised on the Altiplano 200 project (see section 4.1 - note 10).

Operating income

Given the aforementioned developments, the Group's operating income increased by +€10.5 million or +8% from €131.9 million in 2019 to €142.4 million in 2020 (€144.8 million at constant exchange rates).

Net financial result

(In millions of euros)	FY 2020	FY 2019	Change	Change (in %)
Cost of debt	**(101.8)**	**(79.0)**	**– 22.8**	**– 29%**
Total other financial income and expenses	**(15.9)**	**(8.0)**	**– 7.8**	**– 98%**
Shareholder loan interest income and expenses	(0.8)	(0.2)	– 0.5	– 234%
Foreign exchange gains and losses	(9.4)	0.3	– 9.8	– 2 963%
Other financial income and expenses	(5.7)	(8.1)	+ 2.5	+ 30%
Net financial result	**(117.7)**	**(87.0)**	**– 30.7**	**– 35%**

The -€30.7 million decrease in net financial result was mainly due to:

- **-€22.8 million** of increased cost of debt essentially reflecting:
  - **-€11.9 million** of increased interest expenses on debt, mainly due to:
    - > the convertible bonds ("OCEANE") issue in October 2019 and the green convertible bonds ("OCEANE Verte") issue in June 2020, the respective contributions of which totalled -€7.6 million6 (€9.4 million in 2020 versus €1.8 million in 2019) and -€3.1 million7 (see section 4.1 - note 19.1 «net financial result»);
    - > the -€10.7 million increase in the number of plants under financing, offset by the positive impact on interest expenses in 2020 resulting from the refinancing of the Hornsdale plants in January 2020 for +€3.3 million and a group of French plants in December 2019 for +€5.5 million; and
  - **-€9.7 million** of additional financial charges on derivatives, corresponding to the recycling to profit or loss of the fair value of derivative financial instruments considered effective and initially recognized in other comprehensive income (see section 4.1 - note 19.1 "net financial result");

In 2020, the cost of debt breaks down as to €(76.4) million of interest on debt for the financing of production assets (€(64.5) million in 2019), €(20.1) million of interest charges on derivatives (€(10.4) million in 2019) and €(5.2) million of interest on rights of use (€(4.0) million in 2019).

- **-€9.8 million** of foreign exchange impact on the financial result. In 2020, the Group recorded a foreign exchange loss of €(8.5) million resulting mainly from the effect of the devaluation of the Argentine peso on VAT credits generated by the Altiplano 200 project and awaiting reimbursement; and
- **+€2.5 million** of other financial income and expenses:
  - in 2020, the financial expense of €(5.7) million corresponds mainly to the impact of the refinancing of the Australian projects Hornsdale 1, 2 and 3, which generated a financial expense of €(4.9) million, corresponding to indemnities and early repayment costs incurred for the extinguishment of the historical debt;
  - in 2019, the financial expense of €(8.1) million mainly corresponded to:
    - > the impact of the renegotiation of the debt of the Arena Solar scope, which led to the recognition of a renegotiation gain of €5.9 million;
    - > The effect of the refinancing of a portfolio of substantial French projects in operation which had generated a charge of €(5.6) million corresponding to compensation and early repayment costs incurred in connection with the extinguishment of historical liabilities;
    - > the discounting effects associated in particular with a revision of the payment schedule for certain investment expenditures. They were contractually entitled to a deferral of repayment granted by a co-contractor, which could be spread over several years. Given the operating performance recorded in 2019, in accordance with the contract's stipulations, they saw their repayment outlook accelerate very significantly, generating a discounting expense of €(6.6) million (compared with a discounting expense of €(0.2) million in 2020).

[6] The effective interest rate of the debt component is 4.27%.

[7] The effective interest rate of the debt component is 5.80%.

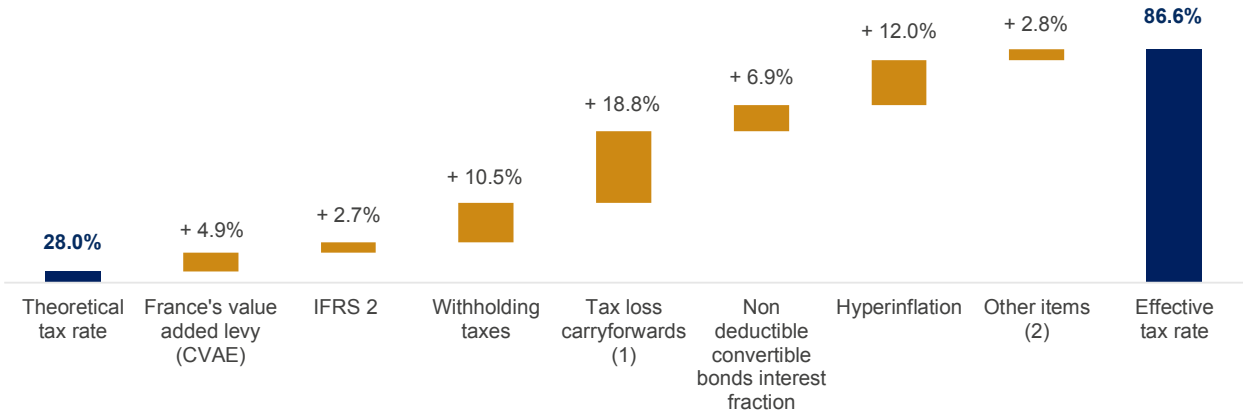
Income tax

Consolidated income tax includes: (i) current and deferred tax for continuing operations; (ii) France's value-added levy (CVAE) and (iii) withholding tax for which no tax credit is recognized. Other fiscal charges are excluded, such as local taxes recognized at the level of current operating income.

Numerous factors can affect the Group's effective tax rate from one period to the next, by reason in particular of the evolution of tax rates in the various jurisdictions in which the Group operates, of the extent of non-deductible expenses and of the impact of thin capitalization mechanisms.

The tax expense amounted to €(21.4) million in 2020 (of which: €(14.5) million in current tax and €(6.9) million in deferred tax), compared with €(23.7) million in 2019 (of which: €(15.3) million of current tax and €(8.4) million of deferred tax). The effective tax rate increased significantly between 2019 (52.8%) and 2020 (86.6%), due to the factors detailed below (see also section 4.1 - note 11.2 "income tax").

In 2020, the difference of 58.6 percentage points between the theoretical tax rate of 28% and the effective tax rate of 86.6% may be broken down as follows:



(1) Given the earnings outlook for certain regions and time limitations in the use of tax losses, no deferred tax assets were recognised for certain tax losses.
(2) This item comprises permanent differences that are individually immaterial.

In 2019, the difference of 21.8 percentage points between the theoretical tax rate of 31% and the effective tax rate of 52.8% may be broken down as follows:



(1) The other items mainly included 1.8% for tax losses not giving rise to the recognition of deferred tax assets, 1.2% of intragroup dividend and disposal adjustments, 1.2% of permanent differences and 1.0% for differences in tax rates and changes in rates.

Net income from continuing operations

Given the factors presented above, net income from the Group's continuing operations declined by -€17.9 million, from €21.2 million in 2019 to €3.3 million in 2020.

Net income from discontinued operations

Net income from discontinued operations amounted to €15.8 million in 2019 and corresponded to the result of the disposal of the biomass activity, definitively sold on September 4, 2019.

Group share of net income

Group share of net income thus declined by -€32.1 million, from €36 million in 2019 to €3.9 million in 2020.

Net income attributable to non-controlling interests

Net income attributable to non-controlling interests amounted to €(0.5) million in 2020 compared to €1 million a year earlier. It represents the share of other shareholders in the income generated by companies in which Neoen is not the only shareholder, mainly in Australia and Jamaica.

2.3.2.5 SIMPLIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(In millions of euros)	31.12.2020	31.12.2019	Change	Change (in %)
Non-current assets	**3,212.0**	**2,761.0**	**+ 451.0**	**+ 16%**
Of which: property, plant and equipment	2,838.7	2,387.3	+ 451.4	+ 19%
Current assets	**565.1**	**624.7**	**– 59.6**	**– 10%**
Of which: cash and cash equivalents	374.9	460.5	– 85.6	– 19%
Total assets	**3,777.1**	**3,385.7**	**+ 391.4**	**+ 12%**
Equity (1)	**641.6**	**680.5**	**– 38.9**	**– 6%**
Financial liabilities (2)	**2,749.4**	**2,414.6**	**+ 334.9**	**+ 14%**
Of which: project financing by banks	1,948.7	1,757.9	+ 190.8	+ 11%
Of which: project financing by bond issues	154.4	199.5	– 45.2	– 23%
Of which: corporate financing	339.4	194.6	+ 144.8	+ 74%
Total equity and liabilities	**3,777.1**	**3,385.7**	**+ 391.4**	**+ 12%**

(1) Movements on the Group's equity in 2019 and 2020 are detailed in the consolidated statement of changes in equity and the associated financial statement note (see paragraph 4.1.4 and section 4.1 – note 17 "shareholders' equity and details of dilutive instruments" of this document).

(2) Consolidated financial liabilities are specifically analysed in paragraph 2.4.4 of this document.

Property, plant and equipment increased by 19% over the period due to the increase in the volumes of projects in operation and under construction during 2020 (see section 4.1 - note 12.3 "property, plant and equipment" and paragraph 2.3.1.1 of this document). The Group's capital investment is detailed in paragraph 2.4.8.2 of this document.

The -€85.6 million decrease in the Group's cash and cash equivalents is mainly due to:

- Neoen S.A. (€60.4 million, down -€125 million from December 31, 2019), mainly as a result of investments made in 2020 in the form of capital contributions and shareholder loans in new projects for €(335.6) million, partially offset by the issue of green convertible bonds ("OCEANE Verte") for a gross amount of €170 million in June 2020 and cash transfers (for €48 million) from project companies, related to net cash flows generated by operating plants and the refinancing of the Hornsdale 1, 2 and 2 plants.
- project companies and project holding companies (€293.3 million, up +€48.7 million from 2020) as a result of:
  - drawdowns on senior debt and equity contributions to finance investments in production assets;
  - net operating cash flows for assets in operation whose vocation is to repay project financing and remunerate shareholders' contributions; and
- holding companies with junior debt (€20.6 million, i.e. -€9.3 million), linked to cash flows generated by cash surpluses from production assets, making it possible to repay maturities of junior debt and remunerate shareholder contributions.

The -€38.9 million decrease in equity essentially reflects:

- +€3.3 million of net income for the period;
- the impact of the green convertible bonds ("OCEANE Verte") issue in June 2020, corresponding to the equity component of this composite instrument within the meaning of IFRS, for an amount net of expenses of +€24.9 million;

- the negative change of -€55.8 million in other comprehensive income, mainly resulting from the change in:
  - foreign exchange differences for €(25.5) million, of which -€31.2 million corresponds to the unfavourable change in the US dollar exchange rate and +€5.7 million to the favourable change in the Australian dollar exchange rate;
  - the fair value (as well as the effect of recycling) of derivative instruments, net of deferred taxes, a direct consequence of the decrease in market interest rates over the period for -€30.3 million in 2020; and
- €(10.9) million of dividend payments to non-controlling shareholders, mainly in Australia.

The Group's financial structure is solid, with 88% of its total debt at the end of December 2020 backed up by its electricity production facilities which are for the most part financed by long-term project debt denominated in strong currencies (the euro, US and Australian dollars). The Group's liabilities are detailed in paragraph 2.4.4 of this document.

2.4 FINANCING AND INVESTMENTS

2.4.1 FINANCING AND CASH MANAGEMENT POLICY

The Group's cash requirements are mainly determined by its investment in the development and construction of wind power, solar power and electricity storage facilities, by repayment of the debt contracted by project companies or project holding companies and, to a lesser extent, by working capital requirements.

The Group meets its cash requirements for the construction of its facilities mainly through non-recourse or limited recourse project financing, and in the long term, with some exceptions, at the level of the project companies or holding companies that hold them and mezzanine loans at the level of intermediate holding companies. This debt is then repaid through cash flows generated by project companies with operating assets, the resources of which come mainly from the sale of energy under long-term contracts (PPA) and to a lesser extent in wholesale markets (for more details see paragraph 2.4.2 "project financing").

The Group structures its project debt in the currency of the revenue flows to be generated by the projects.

Historically, the equity provided to project companies by the Group was mainly covered by share capital increases of the Company, by mezzanine loans and, to a lesser extent, by the surplus net cash flows generated by projects' operating activities.

In the first half of 2020, the Group issued its first ever green convertible bonds in Europe for a nominal amount of around €170 million, maturing in 2025, under a Green Bond Framework (framework document) that governs its terms of use, thereby strengthening its commitment to sustainable finance. This transaction followed the first issue, in the second half of 2019, of convertible bonds with a nominal amount of around €200 million, maturing in 2024. The main purpose of these issues is to finance the Group's development with a view to achieving its capacity target at the end of 2021 (more than 5 GW of capacity under construction or in operation) while optimising its balance sheet according to the stated objective of a gearing ratio now higher than 70%[8] of the capital invested on an all-in basis including all the Group's debt, whether corporate or set up at the level of dedicated project companies, in the form of senior or mezzanine debt. Please refer to paragraph 2.3.1 "key events of the period" and section 2.2 "outlook and trends" of this document.

In March 2020, the Group set up a syndicated credit facility for a nominal amount of €200 million, including a €125 million term loan and a revolving credit facility for a nominal amount of €75 million, whose financial conditions are indexed to environmental, social and governance (ESG) indicators and which matures in July 2024, both of which were undrawn at December 31, 2020, it should be noted, however, that the Company carried out, during the first quarter of 2021, several drawings for an amount of €75 million, at the date of this document, on its revolving credit facility to finance its working capital. This transaction strengthened the Group's financial resources as part of the execution of its growth strategy. It thus contributes to continuing its investments in the development of new projects. (please refer to paragraph 2.3.1 "key events of the period" of this document).

To finance its working capital requirements and development, the Group essentially uses to the surplus cash flows generated by its operations, the €75 million revolving credit facility set up in March 2020, and the revenues associated with its developer activity (mainly in the form of development agreements).

The cash requirements for the development and construction of projects vary depending on each project's stage of completion.

2.4.2 PROJECT FINANCING

2.4.2.1 FINANCING PROCESS

Once a project's development is sufficiently advanced, the Group begins to consult potential lenders in order to obtain competitive financing terms and conditions and thereby prepare its applications for the anticipated tender procedures or power production contracting procedures. Once the power sale contract or mechanism has been concluded, including in particular the

[8] At its Capital Markets Day on March 11, 2021, the Group adjusted its financial leverage target as a percentage of invested capital on an all-in basis including all Group debt, whether corporate or set up at the level of dedicated project companies, in the form of senior or mezzanine debt, from a level of around 80-85% to a level now above 70%. This change takes into account the level of coverage of project costs by external financing and the Group's new ambitions in terms of installed capacity in operation and under construction by 2025, set at 10 GW.

use of aggregation contracts, the Group organises the project's financing as part of a detailed and structured process, involving due diligence by the lenders and the negotiation of loan contracts. For the purpose of these negotiations, the Group is supported by its Paris-based legal department and financing team for all contracts outside Australia, where the Group has a specific financing team and local in-house legal support.

2.4.2.2 STRUCTURING AND SCOPE OF FINANCING

The Group generally structures its projects' financing via a project company dedicated to a project or a group of projects. In a limited number of cases, a whole project may be held by several project companies.

The scope of financing thus encompasses both individual projects and groups of projects, in particular when the projects are small, in which case the Group may include several projects within a single financing vehicle in order to obtain more favorable terms than if the financing were arranged project by project, given the volume effect and the pooling of risks (cross-guarantees and diversification of resources).

The loans subscribed by the Group on behalf of each project company or, if several projects are financed by the same vehicle, on behalf of each financing vehicle, are very largely without recourse (or of only limited recourse during construction) with regard to assets of the Company or of other Group entities.

2.4.2.3 LEVERAGE AND GEARING

Projects are generally financed by senior debt, as previously described (as well as by mezzanine loans in certain instances), and by equity contributions by the Company and sometimes by non-controlling investors.

Some projects for electricity storage facilities, for which the level of exposure to market risk is not consistent with the use of dedicated non-recourse financing, are exclusively financed by equity provided by the Company.

The applicable lenders depend on each applicable market:

- in developed markets, the Group has established solid relationships with a range of partner banks such as KfW Ipex, Société Générale, BPCE, BNP Paribas, Banque Postale, Clean Energy Finance Corporation, HSBC, NORD/LB or Bpifrance, but retains the option of selecting other lenders depending on the attractiveness of their financing proposals;
- in developing markets, the Group mainly deals with development banks, alongside its partner banks, such as Proparco, Inter-American Development Bank, International Finance Corporation (part of the World Bank) and Development Finance Corporation.

Loan terms and conditions, in particular the level of debt for a given project, depend on a range of factors such as the forecast cash flows, the project's location or counterparty and market risk.

Based on the aforementioned and other factors, the lenders determine the requisite minimum debt service coverage ratio, i.e. the maximum amount of the project's forecast cash flows they are prepared to finance. In certain cases, the lenders also determine a maximum gearing ratio in order to impose a minimum level of equity for a particular project.

2.4.3 INDICATORS MONITORED BY THE GROUP

The average remaining maturity of the financing for the Group's projects in operation as of December 31, 2020 and 2019 may be summarized as follows:

Weighted average remaining maturity of financing (in years)	**Solar power**	**Wind power**	**Total**
AUD	13.6	21.0	18.0
EUR	16.3	14.0	15.1
USD	15.4	N/A	15.4
TOTAL 31.12.2020	**15.2**	**17.6**	**16.3**
TOTAL 31.12.2019	**16.0**	**15.6**	**15.8**

The increase in the average remaining maturity in the wind power segment between FY 2019 and FY 2020 is mainly due to the effect of the refinancing of the Hornsdale 1, 2 and 3 wind farms in Australia.

The weighted average ratio of project debt to capital expenditure for the project's development and construction, for all the Group's projects in operation as of December 31, 2020 and 2019, may be summarized as follows:

Ration of project debt to investment expenditure	Solar power	Wind power	Total
AUD	65%	92%	78%
EUR	90%	72%	80%
USD	71%	N/A	71%
TOTAL 31.12.2020	**75%**	**81%**	**78%**
TOTAL 31.12.2019	**77%**	**74%**	**75%**

The change between December 31, 2019 and December 31, 2020 in the wind power segment is mainly due to the effect of the refinancing of the Hornsdale 1, 2 and 3 wind farms in Australia.

The Group's gearing ratio (as a percentage of capital employed), on an all-in basis including the totality of its debt, whether corporate or associated with project financing, was more than 80% at December 31, 2020.

The weighted average interest rate associated with project financing for all the Group's projects in operation on an all-in basis i.e. inclusive of the spread applied by the applicable bank and of the impact of any interest rate swaps or other interest rate derivatives, may be summarized as follows:

All-in weighted average interest rate for project financing	Solar power	Wind power	Total
AUD	4.7%	3.3%	3.9%
EUR	1.8%	1.9%	1.8%
USD	6.7%	N/A	6.7%
TOTAL 31.12.2020	**4.0%**	**2.6%**	**3.4%**
TOTAL 31.12.2019	**3.9%**	**3.4%**	**3.7%**

The interest rate reduction observed between 2019 and 2020 essentially reflects the continuation of a relatively low interest rate environment and the effect of the refinancing of Hornsdale 1, 2 and 3 wind farms in Australia (see paragraph 2.3.1 "key events of the period" of this document).

By currency, at December 31, 2020 the weighted average interest rate for the Group's project, mezzanine and corporate debt was about 2.1% in euros, 4.4% in Australian dollars and 6.4% in US dollars. The weighted average interest rate is (i) calculated on the basis of all outstanding financing (signed, drawn down, under repayment or consolidated), (ii) weighted on the basis of total debt outstanding at December 31, 2020, (iii) calculated on an all-in basis i.e. inclusive of the spread applied by the applicable bank and of the impact of any interest rate swaps or other interest rate derivatives and (iv) calculated excluding the costs of debt structuring.

At December 31, 2019, the weighted average interest rate for the Group's project, mezzanine and corporate debt was about 2.3% in euros, 5.1% in Australian dollars and 6.8% in US dollars.

At December 31, 2020, the overall average debt interest rate for the Group was about 3.7% compared with about 4.2% at December 31, 2019, due in particular to a relatively low interest rate environment and the issue of green convertible bonds ("OCEANE Verte") in June 2020 at an annual interest rate of 2%[9].

The Group's financial debt terms and conditions and financing structure are detailed in section 4.1 – note 19 on financing and financial instruments.

[9] The effective interest rate of the debt component is 5.8%.

2.4.4 RECONCILIATION OF CONSOLIDATED LIABILITIES AND NET DEBT

In the framework of the analysis and management of its liabilities, the Group assesses both the overall level of its gross consolidated liabilities and its net debt which is not an IFRS indicator.

(In millions of euros)	31.12.2020	31.12.2019	Change	Change (in %)
Financial debt [1]	**2,749.4**	**2,414.6**	**+ 334.9**	**+ 14%**
Non-controlling investors and others [2]	(29.2)	(30.4)	+ 1.2	+ 4%
Adjusted financial debt	**2,720.2**	**2,384.1**	**+ 336.1**	**+ 14%**
Total cash and cash equivalents	(374.9)	(460.5)	+ 85.6	+ 19%
Guarantee deposits [3]	(76.6)	(111.0)	+ 34.4	+ 31%
Derivative instruments assets – hedging effect [4]	(2.2)	(2.0)	– 0.2	– 11%
Total net debt	**2,266.5**	**1,810.6**	**+ 455.9**	**+ 25%**

(1) Essentially comprising project financing, the debt component of the convertible bonds issued in 2019 ("OCEANE") and the green convertible bonds ("OCEANE Verte") issued in 2020, interest rate hedging instruments with a negative market value and lease liabilities included in the calculation of net debt under IFRS 16 "leases" (note that EBITDA therefore excludes lease charges). Financial debt are detailed in note 19.2 to the consolidated financial statements.

(2) Notably comprising non-controlling shareholder loans to project companies (or project holding companies).

(3) Mainly comprising deposits in the framework of project financing, in the form of DSRAs (debt service reserve accounts) or for the purposes of project construction. The decrease in the period is mainly due to the repayment of DSRAs in project companies or financing holding companies, and their replacement by guarantees or credit letters or facilities. In addition, new DSRAs were set up as part of the new financing carried out in 2020.

(4) Interest rate risk hedging derivatives with positive market values. Instruments with negative market values are included in total financial debt (see note 19.2 to the consolidated financial statements).

Analysis of liabilities by type

(In millions of euros)	Non-current	Current	31.12.2020	Non-current	Current	31.12.2019	Change
Senior project financing	1,696.7	252.0	1,948.7	1,648.4	109.5	1,757.9	+ 190.8
Bond financing for projects	140.4	14.0	154.4	173.0	26.6	199.5	– 45.2
Lease liabilities	160.8	7.1	167.9	130.5	6.2	136.7	+ 31.2
Corporate financing	325.4	14.0	339.4	190.6	4.0	194.6	+ 144.8
Non-controlling investors and others	29.2	-	29.2	28.0	2.5	30.4	– 1.2
Derivative instruments – impact of hedging	90.2	19.6	109.8	83.8	11.6	95.4	+ 14.4
Total financial liabilities	**2,442.8**	**306.6**	**2,749.4**	**2,254.2**	**160.4**	**2,414.6**	**+ 334.9**

Senior project financing (+€190.8 million)

In 2020, the Group issued an additional **€289.6 million** of new project financing, mainly for the following facilities: El Llano (€75.2 million) in Mexico and Capella (€28.9 million) in El Salvador, Hornsdale Power Reserve (€28.9 million) in Australia, Altiplano 200 (€12.2 million) in Argentina, Hedet (€11.3 million) in Finland and several wind (€94.8 million) and solar (€35 million) power plants in France.

In addition to this:

- the refinancing of the Hornsdale 1, 2 and 3 projects in Australia for an amount net of expenses of **€361.1 million** (resulting in €(295) million in repayments of previous project financing debts);
- other loan repayments in 2020 amounted to **€(143.4) million;**
- foreign exchange impact **€(34.8) million;**
- the change in the amortised cost of debt for **€8.5 million** and in accrued interest for **€4.9 million.**

At December 31, 2020, the various companies financed by project and mezzanine debt were in compliance with their financial covenants on minimum debt service coverage ratios (DSCR) or minimum shareholders' equity[10].

[10] The debt relating to the El Llano project has been reclassified as current financial debt due to certain documentary non-compliance within the meaning of the financing contracts of this power plant (see paragraph 2.3.1 "key events of the period" of this document).

Bond financing for projects (-€45.2 million)

Bond financing mainly comprises junior debt on projects. The decrease in 2020 mainly corresponds to the repayment made in connection with the refinancing of the Hornsdale 1, 2 and 3 power plants for **€(23.5) million**, as well as the payment of the contractual maturity of the mezzanine debt carried by Neoen Production 2 for **€(22.1) million.**

Lease liabilities (+€31.2 million)

The lease liability is initially measured at the present value of lease payments that are not settled at the effective date, discounted at the marginal debt rate of the lessee. It is then repaid and discounted at the rate of rent payments. The increase in lease liabilities is mainly due to the effect of new projects that came into operation over the period for €29.9 million.

Corporate financing (+€144.8 million)

At December 31, 2019, corporate financing mainly corresponded to the convertible bonds ("OCEANE") issued in 2019 for an amount of about €200 million. In accordance with IFRS, the issue has been accounted for as a composite instrument with a debt component amounting to €180.5 million (€179 million net of expenses) and an equity component amounting to €19.5 million (€19.4 million net of expenses).

The increase in this item in 2020 is due to the €170 million green convertible bonds ("OCEANE Verte") issue. As this is a compound instrument within the meaning of IAS 32 "financial instruments: presentation", **€144.8 million** (€142.8 million net of expenses) was recognised for the debt component and €25.2 million (€24.9 million net of expenses) recorded for the equity component (refer to section 4.1 - notes 1.2 and 14).

Non-controlling investors and others (-€1.2 million)

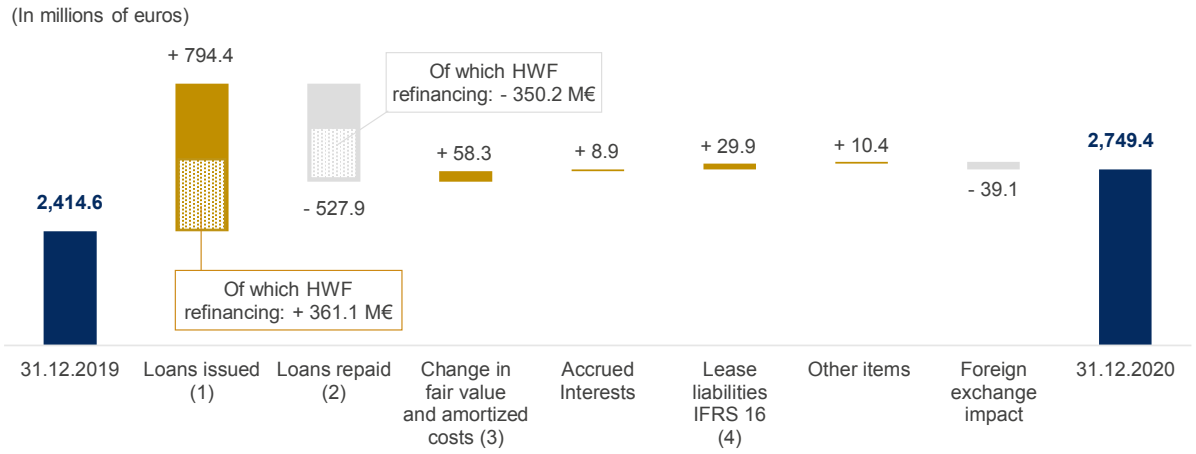
This item consists essentially of the shareholder contributions of the co-shareholders to finance the projects of the co-owned entities. The changes in 2020 concern the power plants Hedet and Mutkalampi in Finland and Paradise Park in Jamaica.

Derivative instruments – impact of hedging (+€14.4 million)

The increase in derivative financial instruments with negative values was mainly due to a negative change in fair value, which had a positive impact of +€47.7 million on this contributor to financial debts, in turn reflecting the combined impact of new instruments contracted during the period and of the substantial fall in interest rates observed in most of the geographic areas in which the Group operates and the impact of the refinancing of the Hornsdale 1, 2 and 3 power plants of €(31.7) million corresponding to the change in fair value associated with the unwinding of historical swaps.

Evolution of the Group's liabilities

The evolution of the Group's liabilities in 2020 may be summarized as follows (the amounts are expressed in millions).



(1) Loans issued essentially comprise the +€289.6 million of financing for new projects (see above the analysis of liabilities by type), the issue of green convertible bonds ("OCEANE Verte") for an amount of €142.8 million (net of expenses) and the refinancing of Hornsdale 1, 2 and 3 projects in Australia for an amount net of expenses of €361.1 million.

(2) They include -€177.7 million of loan repayments in the period (including -€143.4 million in bank loans), -€350.2 million of repayment associated with the refinancing of Hornsdale 1, 2 and 3 projects in Australia (including -€295.0 million in bank loans, -€23.5 million in bond financing and -€31.7 million in the unwinding of historical swaps).

(3) They include amortised costs of €10.6 million and fair value of €47.7 million.

(4) The increase in lease liabilities is due to new projects that entered into operation during the period for €29.9 million (see paragraph above "analysis of liabilities by type").

2.4.5 EVENTUAL RESTRICTIONS ON THE USE OF CAPITAL

The Company's financing contracts are subject to compliance with a number of commitments described paragraph 3.1.3 «risks linked to the financial covenants included in project financing agreements».

Bank financing

The non-recourse bank financing for project companies, and the mezzanine loans held by intermediate holding companies, include clauses restricting the payment to the entities' shareholders of cash in the form of dividends or repayment of advances on current account. The restrictions mainly take the form of the requirement for compliance with financial covenants including, at the level of the project companies, a DSCR (debt service coverage ratio) lock-up clause generally set slightly above the minimum ratio provided for by the financing agreement.

The non-recourse bank financing implemented at the level of the project companies may also provide for the constitution of a guarantee deposit in the form of a debt service reserve account (DSRA) amounting to the equivalent of one or more debt maturity. Payments of cash to shareholders are generally restricted so long as the requisite reserve account balance has not been entirely constituted or reconstituted in the event of use.

Financial covenants

At December 31, 2020, all companies financed by project and mezzanine debt were in compliance with their financial covenants on minimum DSCR[11] or minimum shareholders' equity[12].

For more information on the description of finance contracts and the associated risks, see paragraph 3.1.2 "risks relating to projects in the process of development and construction".

Corporate financing

The syndicated credit facility set up in March 2020 contains specific restrictions requiring the Company to pay dividends in accordance with two specific conditions. First, that this dividend will only be paid from 1 January 2022 and, second, that it does not exceed a certain level expressed as a percentage of the Group's consolidated net income.

Situation in Argentina

The rules put in place by the Central Bank of the Republic of Argentina during the second half of 2019, aimed at restricting access to foreign currencies for Argentine companies and individuals in order to stem the devaluation of the Argentine peso (ARS) against the US dollar (USD), have the consequence, at the date of publication of the Group's financial statements 2020, of substantially restricting the possibility of buying dollars on the Argentine foreign exchange market for the purposes of :

- repayment of shareholder loans denominated in millions of USD for the Altiplano 200 project (amounting to USD 96.2 million, including accrued interest for USD 14.2 million, at December 31, 2020);
- dividend payments.

However, these restrictions do not affect payments in respect of servicing USD denominated debt (repayment of principal or interest), to the foreign lenders on this project.

2.4.6 SOURCES OF FINANCING FOR FUTURE INVESTMENT

The Group envisages continuing to finance the majority of its cash requirements for the construction of its future facilities by means of long-term non-recourse financing at the level of its project companies, or the holding companies controlling them, eventually complemented by other (notably corporate) financing, excluding project companies, compatible with the Company's objective of a gearing ratio now higher than 70%[13] of invested capital on an all-in basis including the entirety of the Group's debt whether corporate or project.

Thus, as a means of complementing the financial resources required for its growth and attaining the Group's targeted capacity of more than 5 GW under construction or in operation by the end of 2021, the Group:

- carried out two issues of convertible bonds into new shares and/or exchangeable for existing shares ("OCEANE"), carried out respectively by the Company in October 2019, for approximately €200 million, and in June 2020 in the form of green convertible bonds ("OCEANE Verte"), for approximately €170 million;
- set up in place a syndicated credit facility in March 2020 for a nominal amount of €200 million, maturing in 2024, which was undrawn at the 2020 annual closing date.

In addition to reaching its objective of more than 5 GW of capacity under construction and in operation by the end of 2021, the Group now aims for capacity under construction and in operation of more than 10 GW by the end of 2025. The Group expects that the total capital expenditure for the projects included in the 10 GW target, and not yet in operation as of the date of this document, will amount to approximately €5.3 billion over the 2021-2025 period.

In this context, in addition to the long-term non-recourse project financing that the Group plans to set up at the level of the project companies or the holding companies that hold them, the planned refinancing of its corporate financing at maturity, the net cash flows generated by its activity, after repayment of the principal and interest on its loans, and the net income generated by the

11 The debt service coverage ratio or DSCR is the ratio for debt cover by liquidities defined in project financing agreements containing financial covenants.The debt service coverage ratio or DSCR is the ratio for debt cover by liquidities defined in project financing agreements containing financial covenants.

12 The debt relating to the El Llano project has been reclassified as current financial debt due to certain documentary non-compliance within the meaning of the financing contracts of this power plant (see paragraph 2.3.1 "key events of the period" of this document).

13 At its Capital Markets Day on March 11, 2021, the Group adjusted its financial leverage target as a percentage of invested capital on an all-in basis including all Group debt, whether corporate or set up at the level of dedicated project companies, in the form of senior or mezzanine debt, from a level of around 80-85% to a level now above 70%. This change takes into account the level of coverage of project costs by external financing and the Group's new ambitions in terms of installed capacity in operation and under construction by 2025, set at 10 GW.

Farm-Down activity, the Group will have to raise additional equity for an amount estimated by the Group at a maximum of €1.2 billion over the period of achieving this 10 GW target by the end of 2025, in order to finance its future capacity increases, of which around €600 million were raised in connection with the capital increase carried out on April 9, 2021 (refer to section 2.6 of this document).

This need has been estimated by taking into account, in particular, the investment costs per MW installed expected over the period for solar, wind and electricity storage technologies, and the average leverage ratio observed in the financing of solar, wind and storage projects in the different geographical areas where the Group operates.

The Group emphasises that it is free to adjust this amount downward by opportunistically reducing its percentage ownership in certain assets that it intends to retain over the long term, while remaining within the framework of its develop-to-own strategy.

As of December 31, 2020, the Group disposed of gross cash and cash equivalents of €374.9 million and of €238 million of unused corporate borrowing facilities.

The investment plan announced by Neoen on the occasion of its Capital Markets Day, combined with the obligations already undertaken by the Group, requires additional financial resources of an estimated amount of around €300 million to be raised over the next twelve months. Given the Group's flexibility in terms of the timetable for carrying out its projects, its available resources are nevertheless sufficient to enable it to cover its non-deferrable spending commitments for the next twelve months.

2.4.7 CASH POSITION AND CASH FLOWS

(In millions of euros)	FY 2020	FY 2019	Change
Net cash flows from operating activities	222.3	184.5	+ 37.9
Net cash flows from investing activities	(502.4)	(812.3)	+ 309.9
Net cash flows from financing activities	204.0	581.6	– 377.6
Impact of foreign exchange rate fluctuation	(9.5)	2.8	– 12.4
Change in cash and cash equivalent	**(85.6)**	**(43.3)**	**– 42.3**

2.4.7.1 NET CASH FLOWS FROM OPERATING ACTIVITIES

(In millions of euros)	FY 2020	FY 2019	Change
Consolidated net income	3.3	37.0	– 33.7
Eliminations [1]	248.5	202.4	+ 46.1
Impact of changes in working capital [2]	(11.3)	(44.5)	+ 33.2
Tax paid (received)	(18.1)	(10.4)	– 7.7
Net cash flows from operating activities	**222.3**	**184.5**	**+ 37.9**
Of which: operating cash flows associated with discontinued operations [3]	-	1.5	– 1.5

(1) Comprising non-cash movements notably including amortisation and provisions, the recycling to profit or loss of derivative financial instruments, gains and losses on disposal, the cost of debt and the deferred and current tax charge or (credit). The increase for the period is mainly attributable to growth in the number of operating companies.

(2) In 2019, the impact of the change in working capital requirement was mainly due to an increase in trade receivables and an increase in VAT receivables awaiting reimbursement in connection with the construction of the El Llano project in Mexico and the Altiplano 200 project in Argentina. At the reporting date, these receivables had only been partially recovered. In 2020, the impact of the change in the working capital requirement is mainly due to contractual indemnities offsetting revenue losses due to delays in the commissioning of certain projects, pending settlement.

(3) The increase in taxes paid is mainly due to the operating growth of the Group's entities.

(4) These flows corresponded to the biomass activity sold on September 4, 2019.

The +€37.9 million increase in cash flows from operating activities essentially reflects the increase in EBITDA (detailed in paragraph 2.3.2.3 of this document), partially offset by the negative change in the working capital requirement over the reporting period and the increase in tax paid (these effects are detailed in the table above).

2.4.7.2 NET CASH FLOWS FROM INVESTING ACTIVITIES

(In millions of euros)	FY 2020	FY 2019	Change
Acquisitions of subsidiaries net of treasury acquired [1]	(11.0)	(36.5)	+ 25.5
Sales of subsidiaries net of the cash transferred [2]	0.0	10.6	– 10.5
Acquisition of intangible and tangible fixed assets [3]	(529.7)	(764.0)	+ 234.3
Sale of intangible and tangible fixed assets	0.1	0.2	– 0.1
Change in financial assets [4]	37.3	(23.2)	+ 60.5
Dividends received	0.9	0.8	+ 0.1
Net cash flows from investing activities	**(502.4)**	**(812.3)**	**+ 309.9**
Of which: investing cash flows associated with discontinued operations [5]	-	(3.2)	+ 3.2

(1) In 2020, this flow corresponds mainly to the acquisition of two French wind farms (see paragraph 2.3.1.1 "continuing portfolio growth" of this document). In 2019, this flow essentially corresponded to the acquisition of Irish wind power plants, as well as a Finnish project under development.

(2) In 2019, this flow corresponded exclusively to the impact of the sale of the biomass activity.

(3) These flows are detailed in the paragraph below and in paragraph 2.4.8.2 "main investment performed" of this document.

(4) The change in financial assets is mainly due to the repayment of deposits related to the financing of production assets. In 2020, acquisitions amounted to €41.3 million and disposals to €78.6 million. In 2019, acquisitions amounted to €84.8 million and disposals to €61.5 million.

(5) These flows corresponded to the biomass activity sold on September 4, 2019.

The +€309.9 million decrease in investment-related expenditure was mainly due to a temporary slowdown in purchases of property, plant and equipment and intangible assets during the period as a direct result of the Group's project completion timetable and, to a lesser extent, one-off delays inherent in particular the COVID-19 epidemic, which slowed the timing of the completion of certain assets under construction, and also a positive change in financial assets, associated mainly with the repayment during the year of deposits historically made in connection with the financing of the Group's projects (guarantee deposits are detailed in note 14 to the consolidated financial statements).

In 2019, investments in projects resulted in the acquisition of property, plant and equipment and intangible assets in the amount of €764 million, mainly in the Bulgana (€86.7 million) and Numurkah (€58.8 million) projects in Australia, El Llano (€165 million) in Mexico, Altiplano 200 (€156.3 million) in Argentina, Paradise Park (€31.2 million) in Jamaica and Capella (€72.7 million) in El Salvador, Hedet (€43.1 million) and Mutkalampi (€12.1 million) projects in Finland, wind power plants (€53.8 million) in Ireland and Hauts Chemins (€10.5 million) in France.

In 2020, the €529.7 million in tangible and intangible asset acquisitions mainly concerned the projects Altiplano 200 (€60.9 million) in Argentina, El Llano (€48.2 million) and Itzoteno (€20 million) in Mexico, Capella (€23.3 million) in El Salvador, Hornsdale Power Reserve (€53.2 million), Western Downs (€37 million), Victorian Big Battery (€25.1 million) and Bulgana (€16.8 million).) in Australia, Mutkalampi (€36.1 million), Hedet (€11.2 million) and Yllikkälä Power Reserve (€12.9 million) in Finland, Paradise Park (€7.8 million) in Jamaica, Bangweulu (€10.2 million) in Zambia as well as wind (€73.3 million) and solar (€44.6 million) projects in France.

Investments made during the period are detailed in paragraph 2.4.8.2 of this document.

2.4.7.3 NET CASH FLOWS FROM FINANCING ACTIVITIES

(In millions of euros)	FY 2020	FY 2019	Change
Share capital increase by the parent company [1]	26.9	19.9	+ 7.2
Contribution of non-controlling interests to share capital increases	0.2	1.8	- 1.8
Net sale (acquisition) of treasury shares	(4.1)	(3.1)	- 1.0
Issue of loans [1] et [2]	794.4	906.6	- 112.2
Dividends paid [3]	(10.9)	(4.1)	- 6.8
Repayment of loans [2]	(527.9)	(267.6)	- 260.3
Interests paid	(74.6)	(72.0)	- 2.7
Net cash flows from financing activities	**204.0**	**581.6**	**- 377.6**
Of which: financing cash flows associated with discontinued operations [4]	-	(1.0)	+ 1.0

(1) In 2020, green convertible bonds ("OCEANE Verte") were issued for an amount of about €170 million. As this is a composite instrument within the meaning of IFRS, €144.8 million (€142.8 million net of expenses) was recognised under the "debt" component and €25.2 million (€24.9 million net of expenses) was recognised under the "equity" component, before deduction of expenses (see paragraph 2.3.1 "key events of the period"). In 2019, convertible bonds ("OCEANE") were issued for an amount of about €200 million. In accordance with IFRS, the issue has been accounted for as a composite instrument with a debt component amounting to €180.5 million (€179 million net of expenses) and an equity component amounting to €19.5 million (€19.4 million net of expenses).

(2) In 2020, the Group refinanced the Hornsdale 1.2 and 3 power plants, which resulted in a repayment of -€350.2 million in debt (including -€295 million in bank loans, -€23.5 million in bond financing and -€31.7 million in the unwinding of historical swaps), with a corresponding issue of new debt in the amount of €361.1 million (net of expenses). In 2019, the Group refinanced a portfolio of projects in operation, which resulted in a repayment of -€155.6 million in debt (including -€145.1 million in bank loans and -€10.5 million in unwinding of historical swaps), with a corresponding issuance of new debt for €167.2 million (net of expenses). Loan issues and repayments are detailed in paragraph 2.4.4 of this document.

(3) They correspond to dividends paid to non-controlling shareholders and relate exclusively to Australia.

(4) These flows corresponded to the biomass activity sold on September 4, 2019.

Excluding the effects of the convertible bonds ("OCEANE") issues and project refinancing in 2019 and 2020, described in the table above, the -€377.6 million decrease in cash flows from financing activities was also due to:

- a -€269.9 million reduction in project financing issues (€290.5 million in 2020 versus €560.4 million in 2019), directly related to the decrease in investments made by the Group between 2019 and 2020 (detailed in paragraph 2.4.7.2 of this document); and
- a -€65.7 million increase in repayments of existing financing (€(177.7) million in 2020 versus €(112.0) million in 2019) as a result of continued growth in assets in operations and related project financing.

2.4.8 CAPITAL INVESTMENT

2.4.8.1 INVESTMENT POLICY

The Group's investment expenditure is essentially devoted to projects for solar and wind energy power plants, and for electricity storage, under development or in construction, and both to intangible assets and property, plant and equipment. Investing cash flows also include investment in financial assets, essentially in the form of DSRAs, and acquisitions of subsidiaries and of assets under development.

The Group's investment policy is determined by the Board of Directors which approves the annual capital expenditure budget as well as (i) any current or future equity or project investment by the Company or a subsidiary for a project not included in the budget (including any form of partnership or joint venture) with an individual amount in excess of €15 million and (ii) any investment or other expenditure by the Company or a subsidiary for a project included in the budget, or previously authorized by the Board of Directors, for an amount requiring an increase in excess of 15% of the budgeted equity or amount previously authorized by the Board of Directors for the project.

2.4.8.2 MAIN INVESTMENTS MADE

The table below details the Group's consolidated investment for 2020 and 2019:

(In millions of euros)	FY 2020	FY 2019	Change	Change (in %)
Acquisitions of intangible and tangible fixed assets [1]	**529.7**	**764.0**	**- 234.3**	**– 31%**
Of which: Intangible assets [2]	40.0	34.6	+ 5.4	+ 16%
Of which: Property, plant and equipment	489.7	729.4	- 239.7	– 33%
Financial investments [3]	**52.3**	**121.3**	**- 69.0**	**– 57%**
Of which: Acquisitions of financial assets	41.3	84.8	- 43.5	– 51%
Of which: Acquisitions of subsidiaries net of treasury acquired [4]	11.0	36.5	- 25.5	– 70%

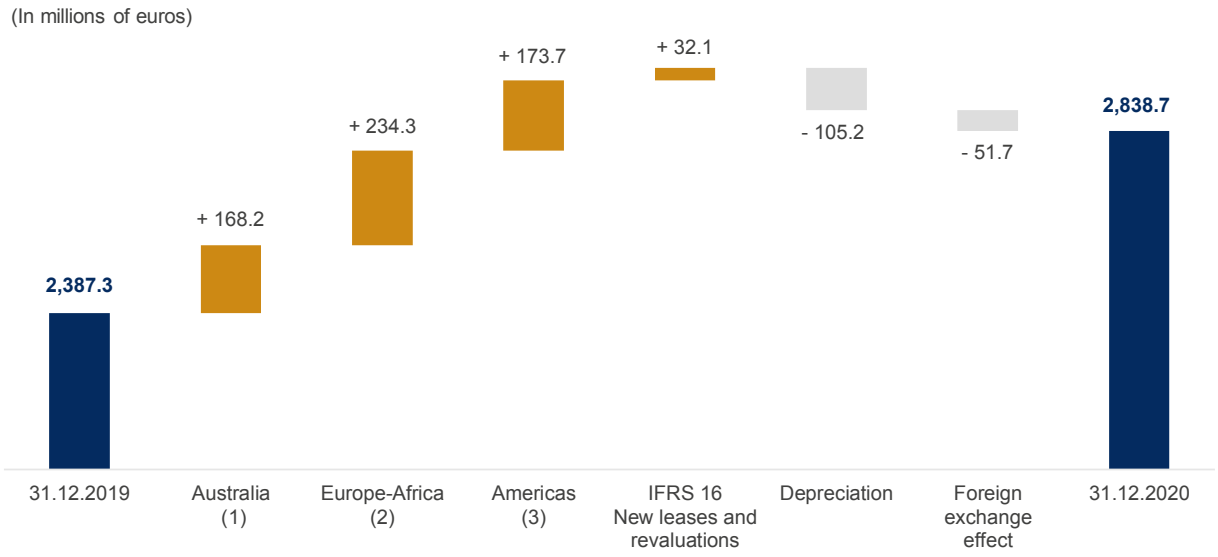
(1) The gross amounts of acquisitions presented above include any change in the applicable supplier payables thereby facilitating reconciliation of their amounts with the corresponding cash payments. The gross amounts of these changes, excluding payables to suppliers of fixed assets, for the years ended December 31, 2020 and December 31, 2019 amounted to €561.6 million and €737.5 million, respectively.

(2) The increase of the period is mainly attributable to the increase in capitalised development costs.

(3) Financial investments are analysed in paragraph 2.4.7.2 of this document.

(4) Acquisitions of financial assets correspond to the creation of DSRA and other guarantees.

The change between December 31, 2019 and December 31, 2020 in the Group's property, plant and equipment may be broken down as follows (the amounts are expressed in millions):



The increase for the period corresponded to power plants under construction, mainly including:

(1) In Australia: extension of Hornsdale Power Reserve (€59.2 million), Western Down (€52.9 million), Victoria Big Battery (€25.9 million), Bulgana (€13.4 million) and HWF (€13.1 million);

(2) In the Americas: El Llano (€71.6 million) and Itzoteno (€24.2 million) in Mexico; Altiplano 200 (€41.6 million) in Argentina and Capella (€28.5 million) in El Salvador ;

(3) In Europe: Mutkalampi (€64.4 million), Hedet (€16.2 million) and Yllikkälä Power Reserve (€14.9 million) in Finland and wind (€88,7 million) and solar (€43,7 million) projects in France.

2.4.8.3 MAIN INVESTMENTS IN PROGRESS

The Group's main investment in progress equates with projects under construction and as yet uncompleted at December 31, 2020 Assets under construction amounted to €634.4 million for 2020 compared to €610.2 million for 2019 (see section 4.1 - note 12 "goodwill, intangible assets and property, plant and equipment" and section 4.3 - note 12.2 "intangible assets" and note 12.3 "property, plant and equipment" of this document).

2.4.8.4 MAIN INVESTMENTS ENVISAGED

The Group mainly pursues a strategy of develop-to-own under which it develops its projects with the intention of controlling and operating its production assets.

From the development or construction phase of its projects, the Group plans, from 2021 onwards, to regularly but selectively sell, in order to optimise its balance sheet, financial capacity and profitability with the total or majority disposal of projects in its secured portfolio (Farm-Down), within the limit of a volume of projects not exceeding 20% of the gross annual growth of its secured portfolio.

In the context of these disposals, the Group plans, as far as possible, to maintain a minority stake in the projects in question, to ensure their administrative and operational management, and to retain the related land rights, so as to be able to take part in the subsequent repowering phase of these projects.

In that framework, its future envisaged investment will mainly consist in adding new projects to its portfolio and pursuing its existing projects until the facilities are commissioned or sold in the context of its Farm-Down activity[14]. The latter concern projects that have entered the awarded phase (for a total volume of 1,097 MW at the date of this document against 1,107 MW at December 31, 2020) but whose construction launch has not yet taken place. The Group also continues to develop its advanced development and tender ready[15] projects with a total volume of 6,947 MW at the date of this document (against 6,874 MW at December 31, 2020).

2.4.8.5 ENVIRONMENTAL CONSTRAINTS LIABLE TO INFLUENCE THE GROUP'S USE OF ITS PROPERTY, PLANT AND EQUIPMENT

The environmental constraints liable to influence the group's use of its facilities which are fully owned and/or operated by the Group are described in chapter 5 on sustainable development and corporate social responsibility.

Dismantling provisions are dealt with in section 4.1 – note 18 of this document dealing with provisions.

2.5 LEGAL AND ARBITRATION PROCEEDINGS

The Group may be involved in legal, administrative or regulatory proceedings in the normal course of its business. Whenever there is a sufficient probability that such proceedings will result in costs for the Company or one of its subsidiaries and the amount can be reasonably estimated, the Group records a provision in its financial statements.

At the date of this document, the Group is not aware of any governmental, administrative, legal or arbitration proceedings other than those mentioned below that may have, or have had in the last twelve months, a material adverse effect on the financial position or results of the Company or the Group.

El Llano

The El Llano power plant in Mexico has suffered significant delays in the construction phase. Accordingly, it has not been possible to declare its Provisional Acceptance (PA), even though this power plant has started to gradually inject electricity into the grid since February 2020. These delays have led to demands from the construction company to cover construction overruns, which the Group has now very strongly disputed. In this respect, the Group and the construction company are parties to a dispute resolution procedure by a group of experts (dispute adjudication board), the conclusions of which are not expected by the second half of 2021. This procedure could lead to a decision resulting in the project subsidiary bearing higher construction costs than initially anticipated. The Group currently believes that it has very solid contractual and legal arguments to challenge the coverage of these costs. As a result, no provision has been recorded in the financial statements of the subsidiary in question.

HWF 1/AER

In August 2019, the Australian Energy Regulator ("AER") commenced proceedings against HWF 1 Pty Ltd ("HWF 1") (and separately against three other renewable energy providers) in the Federal Court of Australia in connection with a power failure which occurred on September 28, 2016, throughout the State of South Australia, Australia. In the proceedings the AER alleged contraventions by HWF 1 of the National Electricity Rules ("NER") and seeks (amongst other things) an order requiring HWF 1 to pay an unspecified civil penalty.

In December 2020, the AER and HWF 1 reached an agreement in principle in this dispute. The terms of this resolution will remain conditional until the Federal Court of Australia has considered them and decides that they are appropriate in all the circumstances of the case. A date has not yet been set for the Court to hear from the parties on those terms. The parties consider that the terms are appropriate and, therefore, anticipate the Court to order that:

(i) HWF 1 contravened the NER between June 2, 2016 and October 10, 2016 by operating the generating units of the Hornsdale wind farm and allowing those generating units to supply electricity to the power system when the settings for the repeat low voltage ride-through protection system applied to them had not been approved in writing by the network service provider or the Australian Energy Market Operator ("AEMO");

(ii) the appointment of an independent compliance expert to review and report on HWF 1's compliance program under the NER; and

[14] On April 9, 2021, Neoen carried out a capital increase for a total amount of around € 600 million, providing it with additional resources to finance its investment program. This operation is detailed in section 2.6 of this document.

[15] For a definition of the various stages of development of the Group's projects, please see the glossary in section 9.6 of this document.

(iii) HWF 1 to pay a civil penalty of AUD550,000, and contribute AUD175,000 towards the AER's legal costs of the litigation.

In deciding to resolve the litigation, HWF 1 has considered various factors including the time and money that the settlement will release which can be directed towards other business requirements.

The Company has therefore recorded the provision in respect of this litigation in its consolidated financial statements as of December 31, 2020 in an amount corresponding to the one agreed with the AER. HWF 1 nevertheless believes that it has a solid basis for recovering the fine and the legal costs of the AER referred to above, as well as its own legal costs incurred in connection with its defence, from the co-contractor selected for the development and construction of the wind farm as provided for in the corresponding EPC contract. The conclusion of the settlement agreement with the AER and its validation by the Court does not extinguish the risk of a possible class action against HWF 1 by parties who may seek compensation for alleged losses attributed to the black-out.

2.6 SIGNIFICANT CHANGE IN THE ISSUER'S FINANCIAL OR TRADING POSITION

This section presents additional information to the management report as approved by the Company's Board of Directors on March 10, 2021 (refer to the management report cross-reference table presented in paragraph 9.5.2 of this document).

2.6.1 CAPITAL INCREASE

Description of the operation

On April 9, 2021, Neoen successfully completed a capital increase with maintenance of preferential subscription rights, launched on March 16, 2021, for which the subscription period ran from March 19 to 31, 2021 inclusive.

The capital increase provides Neoen with supplemental resources to fund its investment program of €5.3 billion over the 2021-2025 period, in order to meet its target of over 10 GW of capacity in operation or under construction by 2025, as presented during its Capital Markets Day on March 11, 2021. The net proceeds from the issuance of the new shares will be used for the funding of its future projects as part of a first investment cycle due to last at least until end of 2022.

Results of the operation

The gross proceeds of the capital increase (including the issue premium) amount to around €600 million and result in 21,393,678 new shares being issued with a nominal value of €2 at a subscription price of €28 per new share.

The total demand amounted to more than €1,046 million. The transaction has been largely oversubscribed with a subscription rate of approximately 174.6%, breaking down as follow:

- 21,289,296 new shares were subscribed on an irreducible basis *("à titre irréductible"),* representing approximately 99.51% of the new shares to be issued;
- orders submitted on a reducible basis *("à titre réductible")* represented 16,061,275 new shares and has therefore only be partially allocated for a number of 104,382 new shares.

The issue, settlement-delivery and admission of the new shares to trading on the regulated market of Euronext Paris took place on April 9, 2021. New shares entitle their holders to receive dividends declared by Neoen as from the date of issuance. They are fungible with existing shares of the Company and are traded on the same line under the ISIN code FR0011675362.

Subscription of key shareholders

The subscription commitments undertaken by Impala SAS, the Fonds Stratégique de Participations ("FSP") and the FPCI Fonds ETI 2020 (represented by fund manager Bpifrance Investissement) represented, at the launch date of the capital increase, a minimum amount of approximately €253 million, representing approximately 42.2% of the capital increase.

Impala SAS

Impala SAS exercised 28,424,156 preferential subscription rights leading to a subscription of 7,106,039 new shares on an irreducible basis and 53,981 new shares on a reducible basis, representing an aggregate subscription in an amount of approximately €200.5 million.

Fonds Stratégique de Participations ("FSP")

The FSP exercised 5,000,000 preferential subscription rights and subscribed to 1,250,000 new shares for an amount of €35 million.

FPCI Fonds ETI 2020 (represented by Bpifrance Investissement)

The FPCI Fonds ETI 2020 exercised 2,866,348 preferential subscription rights and subscribed to 716,587 new shares for an amount of approximately €20 million.

Carthusiane SAS

Carthusiane SAS, the long-term investment vehicle held by Mr. Xavier Barbaro and his family, exercised 720,000 preferential subscription rights and subscribed to 181,366 new shares for an amount of approximately €5 million.

2.6.2 IMPACT OF THE CAPITAL INCREASE ON THE ALLOCATION OF THE SHARE CAPITAL

Following the capital increase, Neoen's share capital amount to €213,936,780 divided into 106,968,390 shares with a nominal value of €2 each. It will break down as follows:

Shareholders	Number of ordinary shares	% share capital	Number of voting rights	% voting rights
Impala SAS	49,796,256	46.55%	49,796,256	46.55%
Carthusiane SAS	901,366	0.84%	901,366	0.84%
Mr. Xavier Barbaro and members of his family	819,991	0.77%	819,991	0.77%
Total acting in concert	**51,517,613**	**48.16%**	**51,517,613**	**48.16%**
Fonds Stratégique de Participations (FSP)	6,950,000	6.50%	6,950,000	6.50%
FPCI Fonds ETI 2020	5,016,112	4.69%	5,016,112	4.69%
Float[1]	43,484,665	40.65%	43,484,665	40.65%
TOTAL	**106,968,390**	**100%**	**106,968,390**	**100%**

(1) Including the participation of Blackrock that, to the knowledge of the Company, held 4,983,929 shares on 17 March 2021. At this stage, the Company is not aware of its participation following the capital increase.

Lock-up commitment of the Company

From March 15, 2021, date of approval by the *Autorité des Marchés Financiers* ("AMF") of the prospectus relating to the capital increase, and for a period expiring 120 calendar days following the settlement-delivery date of the new shares, subject to certain usual exceptions.

Lock-up commitments from Impala, FSP and Bpifrance

From March 15, 2021, date of approval by the AMF of the prospectus relating to the capital increase, and for a period expiring 90 calendar days following the settlement-delivery date of the new shares, subject to certain usual exceptions.

2.7 OTHER INFORMATION

2.7.1 SUBSEQUENT EVENTS

Please refer to section 4.1 - note 25 "subsequent events" of this document.

Free share allocation plan

On March 10, 2021, the Board of Directors decided to allocate 272,302 Company shares free of charge to its corporate officers and certain Group employees. The allocation of shares will only be final, subject to fulfilling the conditions set out in the allocation plan, after a vesting period of 3 years.

2.7.2 OTHER INFORMATION RELATING TO THE NEOEN S.A. PARENT COMPANY

2.7.2.1 ACTIVITIES

Neoen S.A., the Group's parent company, is specialized in the development, financing and operation of facilities for the production of electricity from renewable energy sources.

2.7.2.2 COMMENTS ON THE ACTIVITY OF NEOEN S.A.

Key figures

(In millions of euros)	FY 2020	FY 2019	Change	Change (in %)
Revenue	61.5	57.5	+ 4.0	+ 7%
Operating result	**(7.9)**	**(1.5)**	– 6.4	– 430%
Operating margin	– 13%	– 3%		
Net financial result	22.6	21.3	+ 1.3	+ 6%
Current profit (loss) before tax	**14.6**	**19.8**	**– 5.2**	**– 26%**
Non-current profit (loss)	13.6	4.2	+ 9.4	+ 224%
Employee profit sharing	(0.8)	(0.7)	– 0.1	– 15%
Income tax	(0.8)	(2.2)	+ 1.4	+ 63%
Net income	**26.6**	**21.1**	**+ 5.5**	**+ 26,1%**
Equity	739.9	711.6	+ 28.3	+ 4%
Financial debt	401.0	233.5	+ 167.5	+ 72%
Cash and cash equivalents	60.4	182.4	– 122.0	– 67%

Revenue

Revenues stood at €61.5 million in 2020, up +€4 million from 2019 (or +7%). It consists mainly of development services up +€19.4 million due to the growth in the portfolio of power plants under construction and in operation. These generally take place from the start of the construction of the project or its financial closing. However, rebilling of costs in connection with project development or performance fell by €15.4 million. In 2019, Neoen S.A. had, as part of the structuring of the development of an Argentinean project, borne and then reinvoiced costs to it.

Operating result

It amounted to €(7.9) million in 2020 compared with €(1.5) million in 2019. This -€6.4 million decrease is mainly due to the -€13.2 million increase in payroll costs, partly offset by the +€4 million increase in revenues and the +€3 million decrease in external expenses.

The increase in payroll costs is mainly due to the impact of free share plans for employees. A plan that expired in October generated an expense of (€7.8) million (due to the use of treasury shares) and social security contributions of (€4.0) million. Provisions for social security contributions were also set aside in connection with ongoing free share plans, which expire in 2021, 2022 and 2023 in the amount of (€1.9) million.

The balance of the €1.5 million increase in payroll costs was due to the 18% increase in the workforce over the period.

External expenses decreased by +€3 million as a result of the €1.2 million decrease in travel and seminar expenses due to the health crisis and the €2 million reduction in fees.

Net financial result

In 2020, the financial result was positive at €22.6 million, up +€1.3 million from 2019. This improvement was mainly due to an +€8.7 million increase in interest income on shareholder loans. This is a direct result of continued growth in investments in new projects. In return, financial expenses increased by €7.4 million, mainly due to the increase in interest expenses of €4.7 million due to the increase in Neoen S.A.'s debt following the two issues of convertible bonds into new shares and/or exchangeable for existing shares ("OCEANE") in the second half of 2019 for around €200 million and the first half of 2020 for around €170 million, respectively. In addition, realised foreign exchange losses increased by €4.2 million, partially offset by a €1.5 million decrease in provisions for unrealised foreign exchange losses.

This aggregate is detailed in section 4.3 - note 10.1 "net financial income (expenses)" of this document.

Non-current profit (loss)

It amounts to €13.6 million in 2020. This exceptional, non-taxable income is the result of a capital reduction at Neoen Services, which generated a surplus corresponding to the difference between the value of the shares at Neoen S.A. and the amount of Neoen Services' share capital.

This aggregate is detailed in section 4.3 - note 11 «non-current profit (loss)» of this document.

Income tax

In 2020, the Company recognised current tax of €(0.8) million compared with €(2.2) million in 2019 as a result of a decrease in its taxable income.

This aggregate is detailed in section 4.3 - note 12 «taxation» of this document.

Net income

Net profit therefore amounted to €26.6 million, up by +€5.5 million compared with 2019.

Financial position

The Company's equity amounted to €739.9 million at December 31, 2020 compared with €711.6 million at December 31, 2019 (an increase of +€28.3 million or +4%) due to the recognition of the profit for the financial year and capital increases carried out during 2020 (see section 4.3 - note 2 «activity and key events»).

The +€167.5 million increase in financial debt (€401.0 million at December 31, 2020 compared with €233.5 million in 2019) was mainly due to the issue of convertible bonds into new shares and/or exchangeable for existing shares ("OCEANE") on June 2, 2020 (see section 4.3 - note 2 "activity and key events").

Available cash stood at €60.4 million compared with €182.4 million a year earlier, down -€122 million, after taking into account the proceeds of the convertible bonds ("OCEANE") issue of approximately €170 million, mainly due to an increase in equity investments made in the context of the development and construction of new power plants, again marking an acceleration in investments in new projects this year.

2.7.2.3 RESULTS OF THE LAST FIVE YEARS

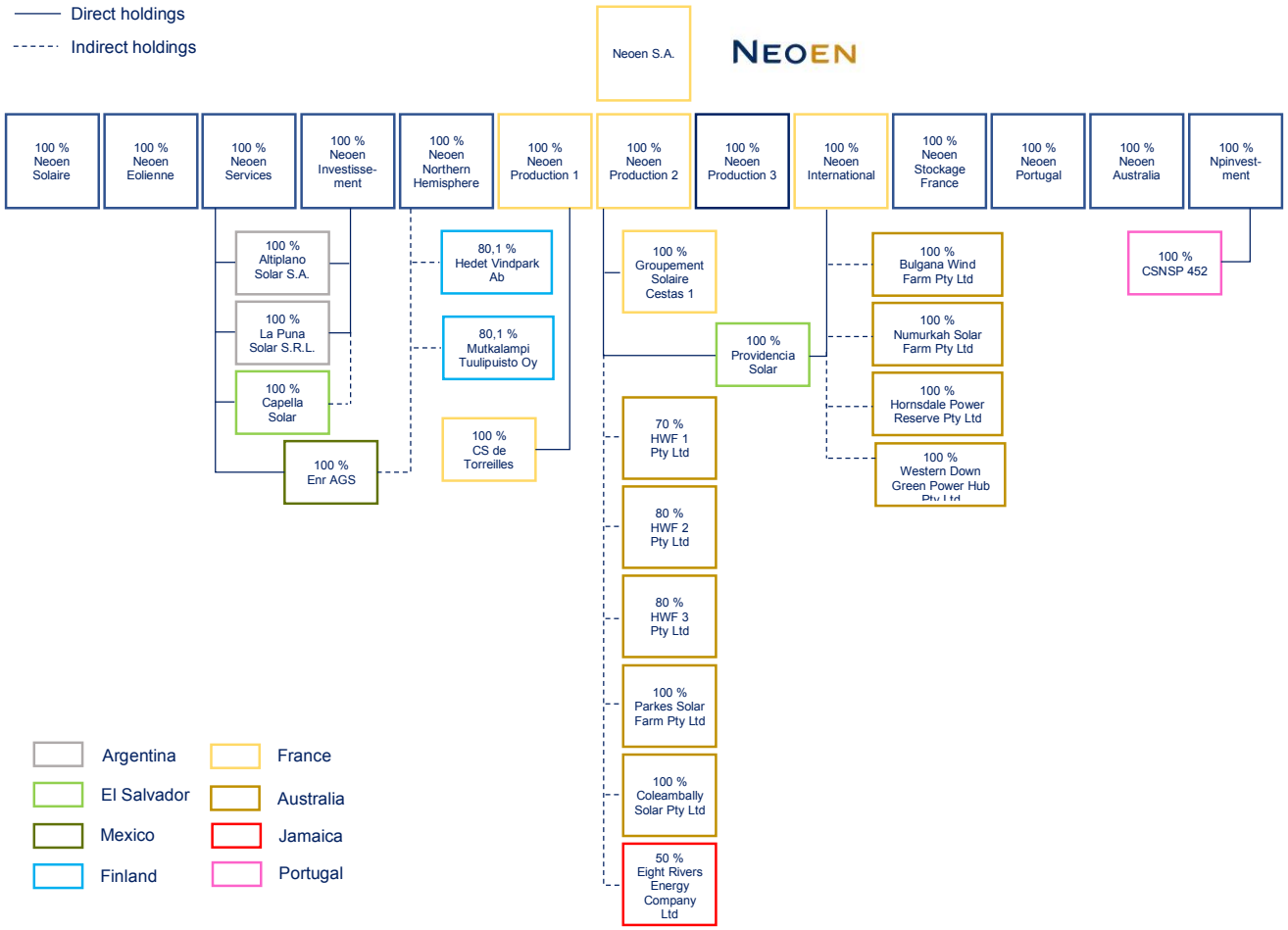
Amounts	31.12.2020	31.12.2019	31.12.2018	31.12.2017	31.12.2016
I. Financial position at the year-end (in millions of euros)					
a) Share capital [1]	171.1	170.2	169.9	108.0	105.9
b) Number of shares comprising the share capital [1]	85,550,712	85,088,748	84,957,498	107,964,140	105,907,569
Shares issued with a par value of €1	-	-	830,000	2,056,571	20,089,601
Shares issued with a par value of €2	461,964	131,250	30,560,428	-	-
c) Number of convertible bonds into shares	10,308,754	6,629,101	-	-	-
II. Results from operations (in millions of euros)					
a) Revenue net of taxes	61.5	57.5	50.7	36.1	29.0
b) Profit before tax, depreciation, amortization, impairment and provisions	29.1	24.1	14.5	8.9	7.9
c) Taxes on income	(0.8)	(2.2)	(3.1)	0.1	(0.9)
d) Profit after tax, depreciation, amortization, impairment and provisions	26.6	21.1	9.4	8.5	7.5
e) Profit distributed	-	-	-	-	-
III. Result per share from operations (in euros)					
a) Profit after tax but before depreciation, amortization, impairment and provisions	0.3	0.2	0.1	0.1	0.1
b) Profit after tax, depreciation, amortization, impairment and provisions	0.3	0.2	0.1	0.1	0.1
c) Dividend per share	-	-	-	-	-
IV. Personnel (in millions of euros)					
a) Number of employees	126.6	107.0	90.0	79.0	71.0
b) Gross payroll [2]	10.3	9.5	7.9	6.4	5.7
c) Amounts paid for social security and other benefits	20.0	7.5	4.2	4.1	3.2

(1) On October 1, 2018, the Company consolidated its shares on the basis of one new share for two old shares, with a consequential increase in shares' par value from €1 to €2.

(2) In 2020, the increase is explained by a free share plan that expired in 2020 that generated an expense of €(7.8) million (due to the use of treasury shares) and social security contributions of €(4) million. In addition, €(1.9) million in social security contributions were also provisioned for plans expiring between 2021 and 2023.

2.7.2.4 GROUP STRUCTURE

The following simplified organisational chart shows the legal organisation of the Group as of the date of this Registration Document. The percentages indicated for each entity correspond to their share in the capital and voting rights.



Neoen S.A., the parent company

Neoen S.A., the parent company in the form of a *société anonyme* governed by French law, was initially constituted and registered in Paris on September 29, 2008 under company number 508 320 017 and in the form of a *société par actions simplifiée*. The Company was listed on the Euronext Paris regulated market on October 17, 2018. It is controlled by its shareholder of reference described in section 7.3 on shareholdings of this document.

It also holds intermediate holding companies for each of its operating sectors (wind, solar and storage) and/or for certain geographical zones.

Thus, Neoen S.A. generally directly or indirectly owns 100% of the companies carrying the projects, with the exceptions presented below.

Significant subsidiaries

See section 4.1 – note 5 on the Group's scope of consolidation.

Recent acquisitions and sales of subsidiaries

Acquisitions

In the framework of its project development activity, the Group occasionally acquires companies holding solar or wind power projects that are generally at an intermediate stage of development rather than already developed by third parties. It may also have occasion to acquire companies holding assets in the process of exiting long-term (e.g. PPA) contracts and thereby offering significant potential for repowering.

On October 15, 2020, Neoen Eolienne acquired Energie d'Eole, a company that indirectly owns 100% of two wind farms located in the municipality of Chapelle-Vallon (10), each with a capacity of 12 MW. This acquisition is part of a twofold strategy of (i) repowering a power plant whose state-guaranteed feed-in tariff is expiring and (ii) pooling the maintenance costs of these two projects with the Chapelle-Vallon wind power plant, owned and operated by the Group in the same municipality for several years.

Sales and liquidations

The following write-offs were made as part of a simplification of the Group's legal and operational organisation:

- Neoen Solar Washington was liquidated voluntarily on 3 March 2020;
- Neoen AO 2012, Neoen Holding Egypt and Neoen Services International were merged by their respective sole shareholder, effective on September 1, 2020 and were subsequently struck off;
- Val Energie and Chapelle Energie were merged by their sole shareholder, Energie d'Eole, effective on December 31, 2020 and were subsequently struck off; and
- Energie d'Eole was merged by its sole shareholder, Neoen Eolienne, effective on December 31, 2020 and was subsequently struck off.

Lastly, the two Colombian companies, Neoen Colombia SAS and ENR Colombia SA ESP, were the subject of a voluntary liquidation and were struck off in December 2020, due to the cessation of business development in that country.

Investments and joint ventures

For a presentation of the Group's investments, see section 4.1 – note 5 "consolidation scope".

For a presentation of the Group's joint venture investments, see section 4.1 – note 5 "consolidation scope".

2.7.2.5 CUSTOMER AND SUPPLIER PAYMENT PERIODS

Article D441 I.-1° of the French code of commercial law: Supplier invoices received and due but not paid at the year end

	0 day (indicative)	**1-30 days**	**31-60 days**	**61-90 days**	**91 days and more**	**Total** (1 day and more)
(A) Payment delay bands						
Number of applicable invoices	75	67	4	6	14	91
Total invoice amounts inclusive of VAT [1]	4,651,688	531,341	17,993	374,734	(1,339,312)	(415,244)
Percentage of total purchases of the year inclusive of VAT	11%	1%	0%	1%	- 3%	- 1%
(B) Invoices excluded from (A) relating to disputed or unrecorded liabilities						
Number of invoices excluded		0				
Total amount of invoices excluded		0				
(C) Payment period of reference (contractual or as provided for by article L441-6 or article L443-1 of the French code of commercial law)						
Payment period retained for the calculation of payment delays	30 days from the invoice date					

(1) Negative amounts correspond to advance payments from suppliers.

Article D441 I.-2° of the French code of commercial law: Customer invoices issued and due but not paid at the year-end

	0 day (indicative)	1-30 days	31-60 days	61-90 days	91 days and more	Total (1 day and more)
(A) Payment delay bands						
Number of applicable invoices	7	1	1	2	2	6
Total invoice amounts inclusive of VAT [1]	12,027,237	3,000	(3,334)	53,112	(1,586)	51,192
Percentage of total revenue of the year inclusive of VAT	16%	0%	0%	0%	0%	0%
(B) Invoices excluded from (A) relating to disputed or unrecorded liabilities						
Number of invoices excluded		0				
Total amount of invoices excluded		0				
(C) Payment period of reference (contractual or as provided for by article L441-6 or article L443-1 of the French code of commercial law)						
Payment period retained for the calculation of payment delays	30 days from the invoice date					

(1) Negative amounts correspond to credit notes issued during the period

2.7.2.6 PECUNIARY SANCTIONS

None.

2.7.2.7 EXPENDITURE ON LUXURIES

Lease charges for company cars not deductible for tax purposes amounted to €93,699 for 2020.

2.7.2.8 OVERHEAD EXPENSES DISALLOWED FOR TAX PURPOSES FOLLOWING INSPECTION

None.




3

RISK FACTORS

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3.1 MAIN RISK FACTORS TO WHICH THE GROUP IS EXPOSED

The main risks to which the Group is exposed are mapped every three years. The main risk factors described in the following table were identified in the risk map updated in the second half of 2019.

During the second half of 2020, this map, and more generally the risk environment, were analysed by the Group's management, especially in view of the health crisis, and presented to the Audit Committee. At this stage, their net importance does not seem to have increased or changed compared with the previous situation, notably given the risk reduction measures implemented by the Group.

Consequently, the main risks mentioned in the following table are, as at the date of this document, those to which the Company believes it is exposed because of its business model and activities.

They are classified under a limited number of categories depending on their nature. Their level of importance is assessed according to their likelihood and the related negative impact. The risks are ranked in order of decreasing importance within each of these categories. The risks were assessed by taking into account the risk management measures implemented within the Group.

These risks, as well as other unidentified risks or risks that the Group does not consider significant, may arise as a result of external factors outside the Group's control and could potentially affect its business activities, financial position or development prospects.

Lastly, it should be noted that the non-financial performance disclosure contains a description of the non-financial risks, some of which are included here if they are considered significant.



CATEGORY	RISK FACTOR	NET IMPACT [1]
Risks related to the Group's line of business	Risk linked to competition in the renewable energy sector	HIGH
	Risk linked to connection to the distribution or transmission networks and to their use	MODERATE
	Risk linked to variations in the price of components necessary for the production of renewable equipment	MODERATE
	Wholesale electricity market price risk	MODERATE
Risks related to the Group's activity and strategy	Risk linked to the employment of third party contractors	HIGH
	Risk linked to financing arrangements obtained from various sources and particularly external debt financing	HIGH
	Risk linked to the Group's expansion in emerging markets Chapter 5	HIGH
	Risk relating to projects in the process of development and construction	MODERATE
	Risk linked to the ability to obtain profitable power purchase agreements	MODERATE
	Risk linked to the termination of an electricity sales contract or defaults or late payments by counterparties	MODERATE
	Risk linked to repairs and renovation of electricity production plants	LOW
Risks related to the Group's financial position	Risk linked to the Group's level of gearing and means of financing	HIGH
	Risk linked to the financial covenants included in project financing agreements	MODERATE
	Risk linked to the recoverability of deferred tax assets	MODERATE
	Risk linked to changes in tax rules	MODERATE
	Foreign exchange risk	MODERATE
Legal and regulatory risks	Risk linked to unfavorable changes in the regulatory environment or in public policies to promote the development of renewable energies	MODERATE
	Risk linked to the ability to obtain the necessary permits, licenses and authorizations for the conduct of the Group's business or the construction of its facilities	MODERATE
	Risk linked to the reduction or questioning of regulated prices and tariffs for the purchase of renewable electricity Chapter 5	MODERATE
Environmental, social and corporate governance risks	Risk linked to any opposition to the construction of facilities from local communities or any challenge to permits, licenses and authorizations once granted to the Group	MODERATE
	Risk linked to computer infrastructure	MODERATE
	Risk linked to the Group's ability to retain key executives and employees and to attract and retain new qualified employees Chapter 5	MODERATE
	Risk linked to climate change and to extreme weather events	MODERATE
	Risk linked to meteorological conditions, notably wind and sun resources	LOW

[1] The risks were assessed by taking into account the risk management measures implemented within the Group.

3.1.1 RISKS RELATED TO THE GROUP'S LINE OF BUSINESS

Risk linked to competition in the renewable energy sector

The solar and wind energy markets are highly competitive. This is mainly the result of the following:

- the growth in the number of players in the renewable energy field;
- lower photovoltaic panel, wind turbine and other system component costs as well as lower construction, maintenance, capital and other costs;
- electricity prices, whether on the spot market or in mandatory purchase prices or competitive tenders; or
- rapid technological changes affecting the sector, causing some competitors to consider choosing longer asset lives than those chosen by the Group.

All these factors are liable to reduce the average selling price in electricity purchase contracts or make it more difficult for the Group to win tenders at prices guaranteeing the desired returns. This competition, along with the lower procurement costs, has helped to create a downward trend in the prices proposed in competitive tenders, hence the increasingly low prices seen in recent tenders, such as the state tender in Portugal in August 2020.

In each of the markets in which it operates, the Group faces both local and worldwide competitors, many of which have extensive experience (both domestically and internationally) in developing and operating electricity production plants and financial resources that are at least equivalent, if not superior, to those of the Group.

Among the Group's competitors are companies in which the Company's significant shareholders hold or could hold an equity interest, which could give rise to potential conflicts of interest Depending on the rules applicable to calls for tender, particularly government tenders, where competitors are considered to be under common control with the Company, the Group could be faced with restrictions on its participation in such calls for tender. While the Group has not been confronted with such restrictions in any significant respect to date, this type of situation would be examined in the context of the conflict of interest management mechanisms put in place by the Company, notably through the appointment of a Lead Independent Director in April 2019, whose role includes the management of conflicts of interest brought to his or her attention by members of the Board.

In addition, the renewable energy sector has in recent years been marked by a trend towards consolidation, in particular with international energy groups joining the market. Leading energy companies such as Total, Iberdrola and RWE have strengthened their positions in the renewable energy market through recent acquisitions of independent solar and wind power developers and producers and are diversifying more and more (with increasingly large budgets) in the area of renewable energy. Lastly, other competitors have sought to increase their market share through company mergers and alliances that have resulted in larger players with significant financial resources, exceeding those of the Group in many cases.

Risk management approach

By developing its projects internally whenever possible, the Group tends to optimize their development costs and can select the most suitable sites and technological options, enabling it to be more competitive than competitors which may be obliged to make acquisitions instead.

The Group has also set itself objectives for return on investment (internal rates of return (IRRs) at single digit[2] for OECD countries and greater than 10% (low double digit) for non-OECD countries) which are approved by its Board of Directors and the compliance with which is constantly monitored at all project phases from development through to final construction. The Group thereby ensures that those objectives are systematically respected in the framework of projects under development or construction.

The Group's presence in several markets also enables it to follow attentively the measures of optimization implemented by the various players in the industry (more so than for purely local players). Lastly, its long-term strategy, which is based on the principle of majority ownership of its assets over their operating life, excluding projects in the secured portfolio sold as part of its Farm-Down[3] activity, gives it an advantage in negotiating PPAs with private players.

Finally, in April 2019, the Company's Board of Directors appointed a Lead Independent Director whose role includes the management of any conflict of interest situation, even potential.

Risk linked to connection to the distribution or transmission networks and to their use

In order to sell the electricity produced by the plants it operates, the Group must have these plants connected to the public electricity distribution or transmission networks. Consequently, the possibility of building an electricity production plant in a specific place greatly depends on the options for connecting it to the distribution and/or transmission networks. As the sites available for installing power plants are sometimes some distance away from the distribution and/or transmission networks, the Group cannot guarantee that it will obtain adequate network connections, within the planned deadlines and budget, for installing its future power plants, particularly in non-mature or emerging markets where the network manager does not always have sufficient experience of connecting renewable energy production plants.

Moreover, insufficient network capacity caused by network congestion, by over-production, by connected facilities or by excessive fluctuations in electricity market prices could cause material damage to the Group's projects and lead to a reduction in project size, delays in the implementation of projects, the

[2] The target IRRs for OECD countries now stand at 7.5% (+/- 150 basis point) for Europe, 8.5% (+/- 150 basis points) for Australia, and 6-10% for the other OECD countries, calculated over a 30-year horizon.

[3] From the development or construction phase of its projects, and with a view to optimising its balance sheet, financial capacity and profitability, the Group plans from 2021 to regularly but selectively sell all of or a majority stake in the projects in its secured portfolio (Farm-Down), within the limit of a volume of projects not exceeding 20% of the gross annual growth of its secured portfolio.

cancellation of projects, an increase in costs due to network improvements and the potential forfeiture of the guarantees put in place for the Group with the network manager in the context of connection to a given project.

Technical limitations could also cause the network manager to ask the Group to cap its electricity generation so that the quantity of power it supplies to the network is less than the production capacity of the power plants ("grid curtailment"). In the state of South Australia and in the state of Victoria, the network's limited capacity has led the operator to regularly restrict the injection of wind energy into the network there, depending on the number of gas-fired power plants operating at the same time. This partially curtails output, resulting in lost revenue. Another phenomenon found in Australia is the marginal loss factors (MLF) coefficient. The revenue of power producers is affected by the MLF, which represents the estimated electricity network transmission losses. The construction of many new renewable energy plants in recent years has increased these losses and so reduced this coefficient. These effects reduce the profitability of the assets.

Finally, in certain markets (notably Australia) the Group (like other producers) has to make a contribution to the compensation paid to energy producers for services rendered for the stabilization of the electricity network (the so-called FCASs or "frequency control ancillary services").

Details of the value of these FCAS contributions as well as of the compensation received by the Group for its FCAS services for the financial years ended December 31, 2019 and 2020 are set out in the table below:

(In Australian dollars)	**31.12.2020**	**31.12.2019**
FCAS revenue	47,227,696	25,610,586
FCAS contributions	(8,023,767)	(6,585,561)
BALANCE	**39,203,928**	**19,025,025**

The value of these FCAS contributions is unpredictable, may be material and could be greater than the hypotheses adopted in the financial models and not be offset by the compensation received by the Group in its capacity as a supplier of these FCAS services via its storage facilities. If applicable, this would potentially have a material adverse effect on the internal rates of return of the projects in question.

Risk management approach

For each of its projects in Australia, the Group draws up financial models that take into account forecast grid curtailment and MLF values. These values are based on scenarios prepared by independent experts and deemed realistic at the financial closing date.

Given the recent network changes in Australia, whenever the Group is choosing a site it pays particular attention to the network's robustness and any additional investments needed to carry out its projects, in order to limit the operational risks.

In every country in which it operates, if the networks are weak, the Group seeks a very high-voltage connection.

Lastly, the introduction of energy storage measures by the Group has also provided a partial response to the risks generated by curtailment.

Risk linked to variations in the price of components necessary for the production of renewable equipment

The prices of wind turbines, photovoltaic panels and other system components (BOS or BOP units) may increase or fluctuate due to many factors beyond the control of the Group, including the following:

- an increase in the price of the raw materials needed to produce renewable power plant equipment (steel, lithium, cobalt, etc.);
- the growing concentration seen in certain segments of the value chain, restricting the choice of potential contractors, particularly in terms of onshore wind power generation;
- anti-dumping measures aimed at Chinese panel manufacturers, and the adoption of any other intergovernmental commercial measure targeting key materials used in the plants.

These measures could therefore increase the Group's supply costs, which could reduce the value of its projects or render certain projects non-viable, each of these circumstances potentially having a material adverse effect on the Group's business, results or financial position.

Risk management approach

EPC (Engineering Procurement Construction) contractors are systematically subject to competitive tendering extending to at least three top rank contractors. The cost trends for materials such as steel, copper, cobalt, aluminum, silver and polysilicon are monitored month-by-month. Depending on the importance of each project, the purchase team secures the price, power class and capacity of solar modules through framework contracts so as to avoid price volatility (with particular regard to fluctuating demand in China and to the USA's anti-dumping barrier).

Wholesale electricity market price risk

The Group is exposed to price risks on the wholesale electricity market (spot market), including the prices of green certificates or any other similar instruments specific to a given market (for example, large-scale generation certificates or LGCs in Australia or CELs, Certificados de Energías Limpias, in Mexico) in which it sells part of the electricity generated by its facilities.

A fall in market prices of more than 20% was observed in Australia in 2020 at plants for which part of their production was exposed to price volatility in the wholesale markets. Due to its temporary nature, this price decrease did not have a significant effect on a consolidated level. A prolonged decline in market prices could have such an impact, either in terms of reduced revenues or profitability prospects for certain projects.

In 2020, market revenues amounted to €58.7 million, or 19.6% of the Group's total revenues. The Group's current policy consists of keeping market prices exposure below the 20% threshold of plant capacity, excluding dedicated storage facilities directly connected to the networks.

Wholesale electricity prices, which have slumped due to the present COVID-19 epidemic, are generally highly volatile, very specific to a given market and dependent on many factors, such as the level of demand — which is currently affected by the COVID-19 epidemic — and the time, availability and cost of

production of the available capacity needed to meet demand, as well as the structure of the wholesale markets (the order in which production capacity is distributed, and factors affecting the volume of electricity that can be distributed by the available infrastructure at given points and times).

Electricity prices on the wholesale market partly depend on the relative cost, the efficiency and the investments required for the development and operation of conventional energy sources (such as oil, coal, natural gas or nuclear energy) as well as of renewables such as those operated by the Group. As a consequence, a decrease in the costs of other sources of electricity, such as fossil fuels, may lead to a decrease in the wholesale market price. Similarly, new electricity generation capacity may also lead to a decrease in the wholesale market price or even cause prices to be negative at certain times.

More significant regulatory changes in the electricity market could also have an impact on electricity prices (please refer to section 3.1.4 of this document). Given the intermittency of solar and wind resources (and in the absence of energy storage facilities near its sites) it is difficult for the Group to capitalize on the periods of strongest demand in the wholesale markets when those periods occur when sunshine and wind are not sufficient to cope with demand. Incidentally, prices fall and may at times even become negative in markets with a high solar generation capacity during periods where electricity supply increases due to prolonged sunshine.

A project's revenue is less predictable when it sells all or part of its electricity on the wholesale market than if it sold it through a contract for the sale of electricity covering the entire production of the installation. The greater volatility of income from a project exposed to market prices also reduces the percentage of the financing of a project by debt and is likely to affect its ability to comply with its financial covenants in terms of ensuring the servicing of its debt through available cash.

In return, market prices are, on average, and with the exception of special situations such as those currently existing due to the COVID-19 epidemic, significantly higher than the long-term contractual prices. They are based on a concept of value (supply-demand equilibrium) rather than cost, which is normally the case in sales contracts. They therefore help to generate higher, but more volatile, revenues.

Lastly, the Group generates income from the sale of renewable energy certificates or green certificates (LGCs in Australia and CELs in Mexico), which it obtains by producing electricity in its wind and photovoltaic projects in Australia and Mexico. It then sells its certificates either as part of bundled packages together with the power sold under an electricity sales contract, or in over-the-counter sales on the market via brokers or directly to distributors, or else under certificate sales contracts. In the latter cases, the Group is exposed to the risk of the certificate sale prices decreasing or being highly volatile. In 2020, revenues from the sale of green certificates amounted to €50.2 million, mainly in the context of energy sales contracts, or 16.8% of the Group's total revenues.

A slump in the market price of electricity or certificates could have a negative impact on the financial appeal of new projects and the profitability of the Group's facilities. The impact on the Group's operating results and financial position may be significant depending on the extent of the market exposure of its portfolio.

Effects of COVID-19

The prolonged global economic recession resulting from the COVID-19 epidemic could expose certain projects to a lasting price slump in the wholesale electricity markets, impacting their ability to comply with their financial covenants, and reducing the Group's profitability and results and its ability to contract new projects.

Risk management approach

Market price risk is managed at several project stages on the following bases:

- forecasting and preventive measures: Neoen relies for its medium and long-term pricing scenarios on external market analyses produced by specialist companies developing sophisticated models for forecasting market change. The models enable the definition of a central scenario as well as of alternative scenarios capable of testing project revenues' resistance and their ability to comply with their financial covenants in the event of more unexpected circumstances. In certain cases, the Group develops certain alternative scenarios directly as a means of testing its models;
- market risk hedging: in markets where projects are in the production phase and exposed to price risk in wholesale markets (such as in Australia), the Group has teams dedicated to minutely analysing the market risks over shorter periods (ranging from a few months to a few years). These teams develop futures market risk hedging strategies validated by a committee comprising the management teams. Their first practical applications apply to LGC certificates in Australia, and the Group intends to extend its market risk hedging policy to CELs in Mexico;
- operating management of production assets: if there is a risk of negative prices, teams are devoted to monitoring production on a continuous basis. For example, Australia possesses an operating control center functioning in 24/7 mode. Its operators continuously confront spot prices and production; if required, they can modify the level of production or even cease production completely in the event of negative prices;
- asset complementarity: market risk can also be managed through other assets such as battery storage plants. Battery storage plants enable the Group to reap the benefit of market volatility with low exposure to structural price increases or decreases. Battery storage plants provide effective revenue protection against intra-day price distortions, including negative prices. The Group has acquired extensive experience in battery storage operation, in particular thanks to Hornsdale Power Reserve, the world's first large-scale electricity storage plant which was extended to 50 MW in 2020, in the state of South Australia and to Yllikkälä Power Reserve in Finland.

3.1.2 RISKS RELATED TO THE GROUP'S ACTIVITY AND STRATEGY

Risk linked to the employment of third party contractors

The Group uses various service providers to construct its projects and provide operational and maintenance (O&M) services as well as for certain aspects of project development, such as technical and environmental studies. If the Group's service providers (or their subcontractors) do not fulfil their obligations, provide services that do not meet the Group's quality standards, encounter financial difficulties or do not comply with the laws and regulations in force, including HSE guidelines, its reputation could suffer as well as it being exposed to the risk of criminal sanctions or significant third party liability. The Group's ability to obtain indemnities from its subcontractors may be limited by their financial solvency or contractual limitations of liability, and the guarantees provided by such subcontractors or their affiliates may not fully cover its losses.

In particular, commissioning delays can have a substantial impact on the Group's income for the current year, if their financial consequences exceed the amount of the guarantees given by the EPC contractors in respect of the performance of their obligations as set out in the related contracts, and notably covering the risk of failure to meet deadlines, and beyond a certain date contracts for the sale of electricity may be cancelled owing to their strict deadlines for commissioning plants.

Furthermore, the Group's contractors, particularly in the context of the performance of EPC contracts, may be required to seek coverage for additional construction costs that could increase the initially planned investment and thus affect the profitability assumptions projected at the time of the initial investment. In the event of a disagreement regarding liability, as per the contractual provisions, for the assumption of these additional construction costs, the Group may be required to engage in amicable resolution procedures, resolution by a group of experts (dispute adjudication board), as is currently the case in the context of the El Llano project in Mexico, arbitration, or legal proceedings, which may result in rulings that require the Group's subsidiaries to assume additional construction costs that exceed the budget contractually provided for, and thus potentially affect the amount of capex investments and the return on investment of the project concerned.

Lastly, the Group may see its ability to transfer certain execution risks to its industrial contractors reduced relative to its wishes or its historical practice. Although it does not depend on a single supplier/provider for essential products and services, in some cases and depending on the geographical location, there may be few potential suppliers/providers that would be acceptable to lenders, or even very few in the case of wind power, meaning that the withdrawal of a major player may affect the availability, price or guarantees of the products or services concerned.

The growth of the renewable energy industry, intense competition and the Group's strict contractual requirements may limit the availability of a sufficient number of EPC contractors to ensure effective submissions to requests for tender at prices and terms complying with the Group's expectations.

Effects of COVID-19

The procurement difficulties, delivery delays and risk of supply chain disruption caused by the COVID-19 epidemic are likely to affect the price and conditions for obtaining the components needed to produce renewable energy equipment and disrupt the development and construction of certain projects.

Risk management approach

The Group enters into contracts with Tier 1 suppliers, whenever possible turnkey contracts, with allotment contracts currently accounting for a small proportion of its portfolio of construction contracts. These contracts are negotiated by highly experienced and dedicated teams of professionals from the Company's procurement and legal departments, assisted by technical experts and lawyers as and when necessary. The Heath, Safety and Environmental (HSE) obligations of contractors are systematically subject to specific clauses that comply with industry best practices in the contracts entered into by the Group.

Contractual performance is monitored by a highly experienced and dedicated construction team assisted by leading consultants and technical experts in the construction phase, and by a highly experienced and dedicated operating team in the O&M phase. In the event of a disagreement regarding the performance of its contracts, the Group may be required to seek the services of leading law firms specialised in such matters.

The Group does not generally enter into framework contracts and EPC suppliers are specifically selected for each project. EPC suppliers provide the Group with performance guarantees, subject to negotiated limits, with regard in particular to delay in completion, which are implemented by financial institutions to which the Group pays particular attention.

Risk linked to financing arrangements obtained from various sources and particularly external debt financing

The Group's development and construction of photovoltaic plants and wind farms, supplemented in some cases by energy storage facilities, are capital-intensive and require significant financing, mainly through the use of equity and external debt. This external financing generally covers 50% to 90% of project costs for projects in OECD countries or between 50% and 70% for projects outside the OECD, and can fall to 40% for projects highly exposed to market prices. As at 31 December 2020, the Group's outstanding bank debt amounted to €1,948.7 million in project financing, plus €154.4 million in project bond financing (mainly mezzanine debt) for energy production plants and €370 million in two convertible bonds into new shares and/or exchangeable for existing shares ("OCEANE") issued by the Company in October 2019 for €200 million and in June 2020 for €170 million, the latter being a green bond.

The Group's ability to obtain financing for its projects can vary from country to country and no guarantee can be given as to whether the banks that financed the Group's projects in the past will continue to do so for new projects or markets, as the Group expands into new markets, or under similar conditions, particularly in terms of leverage, maturity or cost of credit, to those seen for previous projects in markets where the Group already operates, particularly given the present COVID-19 epidemic that had impacts on some financing margin in 2020, representing a maximum of a few dozen basis points, and having affected a very limited number of projects for which financing was arranged during 2020.

In some cases, the Group may not be able to close its financing after obtaining initial financing commitments, if it cannot obtain the necessary permits or administrative authorizations or there are extreme weather conditions or political problems, for example. In some countries, the Group is often required to provide financial guarantees or deposits in order to participate in competitive tenders.

Risk management approach

In these cases, the Group primarily focuses on developing projects in OECD countries and spreading its geographical exposure. In order to limit its risk exposure, the Group currently has a policy of aiming to spread its installed capacity, locating 80% of it inside OECD countries and 20% outside the OECD.

Nevertheless, the Group's accelerating international development may expose it to less stable or less predictable financing terms.

Before any significant investment in a project, the Group systematically begins by assessing its "bankability" by consulting credit institutions or development banks.

The Group also tries to diversify its banking counterparties by ensuring that, in the various regions in which it operates, it forms a pool of regular lending banks capable of meeting the needs associated with the development of its projects there.

Risk linked to the Group's expansion in emerging markets

The main markets in which the Group currently operates are France and Australia. In 2020, it generated nearly 75.3% of its revenue from solar and wind farms and electricity storage facilities.

To a lesser extent, the Group also operates solar and wind farms in selected markets in Europe, a battery storage plant in Finland and solar farms in Latin America (a market in which the Group generated 15.5% of its revenue in 2020 but which amounts to 17% of the MW in its portfolio of secured projects as at 31 December 2020) and Africa.

Current and planned operations in emerging countries, particularly in Latin America and Africa, expose the Group to the following specific risks:

- the developmental disparities in these markets can result in security flaws and increase the risk of the infrastructure failing or being too small. In particular, the safety of personnel or even subcontractors may be affected in fragile geopolitical situations (including the risk of terrorism);
- the development and construction of renewable energy plants and their connection to the electricity network could cause problems if some network managers and other key counterparties have limited or no experience relating to the technical requirements (please refer to section 3.1.1 of this document);
- the political instability of certain countries could expose the Group to the risk of losses (if the assets and property are expropriated, nationalized or confiscated), restrictions on foreign investment and repatriation of invested capital, or adverse regulatory changes that were not anticipated when the investments were made;
- the imposition of foreign exchange controls or a lack of acceptable foreign currency could result in restrictions on the exchange of local currency into foreign currency and the transfer of funds abroad, as is currently the case in Argentina, which could limit upstream dividend payments or repayments of shareholder loans to the Company (please refer to section 4.1 - note 2.2 of this document);
- the economic difficulties caused by the COVID-19 epidemic and the increase in public debt to finance support measures in response may limit the ability of the Group's public counterparties to meet their payment maturities within the contractual deadlines or even result in some of these countries defaulting on their sovereign debt or having to restructure it, potentially constituting cross-default events for some of the project financing put in place by the Group;
- the elimination of certain measures taken to encourage foreign investment, including tax benefits, could adversely affect the Group's results or else the cost or even the availability of its project financing in some countries;
- weaknesses in the legal systems and legislation of certain countries may create uncertainty for the Group's investments and activities there;
- the perceived risk of corruption may be higher in some of these countries than in others. Although the Group has adopted a code of conduct designed to address these risks, its controls and procedures may not be capable of preventing breaches of anti-corruption legislation and regulations and its ethics charter or its anti-corruption Code of Conduct.

The Group's inability to cope with the risks in connection with operations and investment in developing markets could have a significant negative effect on its activity, reputation, financial position and results.

Risk management approach

The Group's intention is to increase its international presence.

The expansion of its business activity to new countries each year, sometimes in geopolitically fragile regions, creates new potential exposure. The Group has a policy of taking out special insurance policies to protect its assets against the risks of material damage and the associated loss of income, including those caused by terrorism.

This expansion nevertheless creates a risk dispersion effect, which remains latent in sensitive geographical areas even when the Group's business becomes more mature locally.

In addition, the Group's HSE policy is constantly being strengthened and includes elements dedicated to the health and safety of its employees.

Lastly, whenever the Group chooses its future investments, it minutely monitors the economic, political and regulatory situation of the countries in which it is likely to invest. It is also careful to diversify its investments in order to limit its risk exposure in emerging countries and its sources of external financing, mainly relying on international development finance institutions (DFIs). The Group currently has a policy of aiming to spread its installed capacity, locating 80% of it inside OECD countries and 20% outside the OECD.

Risk linked to projects in the process of development and construction

The Group devotes considerable time to developing the projects it has in its pipeline, especially in prospecting and identifying sites, obtaining land licenses, arranging third-party environmental studies, undertaking technical assessments and involving local stakeholders. The Group allocates financial resources to these activities, which increase as projects progress through their development stages.

On December 31, 2020, the Group's pipeline of projects under development was made up of 153 projects at various stages of development (tender ready and advanced development projects, excluding early stage projects)[4], please refer to section 2.1.2 of this document.

The obstacles faced by the Group during the project development phases may create delays or additional costs which could make the projects less competitive than initially planned. In certain cases, this could result in the project being postponed or abandoned and in the loss or impairment of the development expenses incurred (see note 12 of the consolidated financial statements of the year ended December 31, 2020 for more information on the accounting of these development costs, including their amount recorded on the balance sheet at that date). As a result, the Group may be unable to secure the requisite contracts for the sale of electricity planned for those projects, obtain financing on terms enabling adequate profitability or achieve the anticipated investment returns.

In the same way, the Group's inability to complete the construction of a facility or meet deadlines is likely to result in, for example, breaches of contract, early termination of electricity sales contracts, facility depreciation, a reduction of the period of eligibility for negotiated tariffs or delays and/or cost overruns due to potential requests by contracting parties which may not be fully covered or adequately provided for by guarantees, indemnification clauses or EPC insurance.

On December 31, 2020, the Group's projects under construction represented 1,436 MW[5].

Effects of COVID-19

The completion of some construction or development projects and Group operations has occasionally been disrupted, due either to delays in obtaining certain permits or in the routing of certain components provided for in the construction contracts or to the health measures implemented by certain countries in which the Group operates, the intrinsic effects of the COVID-19 epidemic.

The Group constantly monitors the possible effects of the health crisis upon the construction deadlines and commissioning date of its ongoing projects, which are stated in section 4.1 - note 12 and in section 4.3 – note 14.

Risk management approach

The Group's development teams essentially concentrate their efforts on familiar regions and projects with real prospects for achievement. Investment in new countries and initial prospection is closely monitored and controlled.

For the construction of its facilities, the Group enters into essentially turnkey contracts, with first-tier EPC contractors, which provide for penalties and/or compensation, up to a contractually defined limit, for related revenue losses, in the event of non-compliance with contractual deadlines and the performance of which is closely monitored and supervised by the Group's own construction teams.

Risk linked to the ability to obtain profitable power purchase agreements

The value and viability of its renewable energy projects depend on its ability to sell the electricity generated by these projects under contracts signed with creditworthy counterparties at sufficiently high prices, including in public tenders. As at 31 December 2020, 88% of the Group's capacity in operation and under construction (in terms of MW) was the subject of electricity sale contracts resulting from tendering (or open-ended) procedures. The residual capacity was intended to be sold on the market.

Such public tenders are usually governed by specific regulatory frameworks and/or government initiatives. Tenders are mainly won on the basis of the price in the offer.

If the Group is unable to secure power purchase agreements for a given project under a public tender or under sufficiently favorable terms, it will generally be unable to finance that project or will only be able to do so on unfavorable financing terms.

Lastly, the Group cannot guarantee that it will be able to renew or negotiate new power purchase agreements after the expiry of the initial agreements or that it will be able to negotiate sales prices under future contracts or on the wholesale markets on terms equivalent to those obtained initially.

The Group may incur additional interim costs in order to maintain projects that may never be built. If those projects are not carried out, all the associated prior development costs that are capitalized in the balance sheet will be written off and a corresponding

[4] For a definition of the various stages of development of the Group's projects, see the glossary in the section 9.6 of this document.

[5] At 31 December 2020, the projects in operation represented 2,615 MW (see paragraph 2.1.2 of this document).

expense will be recognized in the Group's income statement.

Risk management approach

The Group may retain such projects in its pipeline and attempt to obtain power purchase agreements afterwards, through future tenders, but cannot guarantee that such tenders will take place or that it will be successful in winning them.

The Group may also consider selling these projects to third parties, as part of the implementation of its Farm-Down[6] activity, within an annual limit of a volume of projects concerned not exceeding 20% of the gross annual growth of its secured portfolio, its priority continuing to be a develop-to-own strategy.

The Group may also design and develop some of its projects with a view to selling their electricity production on the future or spot markets, in accordance with the objectives set for exposure to electricity market risks. It now aims to ensure that the share of its operational installed capacity, whose revenues are exposed to market price changes, does not exceed 20% of its total operational capacity, excluding dedicated storage facilities directly connected to the networks.

In 2020, 12.4% of its capacities in operation and under construction was exposed to market pricing whilst the Group's merchant revenues amounted to 19.6% of total consolidated revenues.

Risk linked to the termination of an electricity sales contract or defaults or late payments by counterparties

The Group sells most of the electricity generated by its assets under long-term power sale agreements (up to 25 years) with state counterparties (states or state-owned companies), utilities and a limited number of corporate buyers.

Even when the Group obtains such state guarantees, the guarantor may not have an investment grade credit rating or may lose it. At 31 December 2020, more than 80% of the Group's secured capacity (in MW) under contract was allocated to buyers with an investment grade rating at that date.

Similarly, the Group may not be able to fully limit its exposure to regional economic crises, and the resulting credit risk, despite locating its facilities in different geographical areas and therefore risk diversification. These risks may increase when the global economy or regional economies experience periods of volatility or recession.

Also, as long as the Group's purchasers are state entities or state-owned entities, its facilities are exposed to an increased risk of expropriation or legislative or political risks, including the privatization of counterparties, which may affect the proper performance of the applicable contracts.

For an analysis on the Group's exposure to counterparty risk, please refer to paragraph 3.2.2.4 of this document.

The financial performance of its facilities depends both on the quality of credit and on the Group's counterparties regularly fulfilling their contractual obligations under electricity sales contracts. The Group's business, financial position and results may be materially adversely affected if its counterparties fail to meet their obligations under their electricity purchase contracts and/or fail to meet payment deadlines.

Risk management approach

Power purchase agreements entered into by the Group may be terminated by the counterparties in limited circumstances including events that render any payment made under such contracts illegal, force majeure events (including acts of state) and certain tax events. This termination option for counterparties is generally subject to the payment of compensation on termination.

It seeks to reduce its counterparty risk in electricity sales contracts, partly by entering into contracts with states, state-owned power distribution companies or other highly creditworthy customers and by obtaining guarantees covering the obligations of the customers concerned. However, whenever one of the Group's current or future counterparties does not have, or ceases to have, an investment grade credit rating and the Group cannot obtain state guarantees, the Group is or will be exposed to a higher counterparty risk. In non-OECD countries, the Group also tends to finance its projects through development banks, which are likely to support it in its relationship with its counterparties whenever there is a known counterparty risk, or prior to its realization.

Finally, when setting and negotiating the selling prices proposed for electricity produced, whether in the context of public tenders or of bilateral negotiation with counterparties, the Group systematically takes account of counterparty risk for the purpose of determining its desired rates of investment return.

Risk linked to repairs and renovation of electricity production plants

The operation of Group facilities involves risks of all or part of the equipment or some of its components or procedures breaking down or failing as well as the risk of them failing to reach the expected levels of production or efficiency. These failures and performance problems can be caused by a number of factors such as human error, lack of maintenance and general wear and tear over time. Unexpected interruptions to production units, or other problems related to the Group's production facilities, may also occur and are a risk inherent in its business.

Unexpected interruptions to the Group's electricity production units generally increase the O&M costs. It may not be possible to recover these increased costs under the electricity sales contracts, thereby reducing the Group's revenue due to the sale of less electricity or forcing the Group to incur significant expenses due to the increased cost of operating the facility. In extreme cases, such increased O&M costs could even constitute a case of default under an electricity sales contract, resulting in its termination and potentially causing early repayment of the corresponding project financing. In addition, essential equipment and components may not always be immediately available when needed, potentially resulting in significant downtime and delaying the resumption of facility operation, involving a loss of earnings

[6] From the development or construction phase of its projects, and with a view to optimising its balance sheet, financial capacity and profitability, the Group plans from 2021 to regularly but selectively sell all of or a majority stake in the projects in its secured portfolio (Farm-Down), within the limit of a volume of projects not exceeding 20% of the gross annual growth of its secured portfolio.

that may not be fully offset by the penal clauses included in the O&M contracts. Some custom-designed equipment and parts require considerable production and delivery times and costs: if these items do not operate as planned or are damaged, their replacement may require significant Group expenditure and cause significant downtime for the facility in question.

Risk management approach

The maintenance and refurbishment of electricity production facilities are performed by leading third party service-providers selected by the Group, generally on the basis of turnkey O&M contracts incorporating availability and performance requirements sanctioned by penalties.

3.1.3 RISKS LINKED TO THE GROUP'S FINANCIAL POSITION

Risk linked to the Group's level of gearing and means of financing

As part of the financing of its projects, the Group uses significant leverage to limit its capital contribution. Accordingly, as at 31 December 2020, the Group's leverage ratio, defined as the ratio between its net debt and its EBITDA (calculated over the previous 12 months) was 8.4x (please refer to paragraph 2.1.1 of this document). The Group's medium-term objectives, including its target net debt/EBITDA ratio, require a gearing ratio now higher than 70%[7] of the capital invested, taking into account all financing, whether corporate or set up for dedicated project companies, in the form of senior or mezzanine debt. The Group's project financing therefore involves significant use of debt by the project company, which includes the risks described below and in section 3.2.2.4 of this document. Furthermore, the Group may not be able to maintain the level of leverage required to achieve its growth objectives for various reasons (including a possible interest rate hike or a higher capital requirement by lenders, notably if a greater proportion of electricity generated by a project is sold at market prices or a fall in wholesale electricity prices on the market), which would involve greater demands on its shareholders in order to meet the Group's equity needs.

On December 31, 2020, the Group's consolidated financial debt amounted to €2,749.4 million, of which €1,948.7 million of project financing debts contracted by project companies or intermediate holding companies, €154.4 million of bonds and €339.4 million of corporate financing contracted by the Company. The remaining €306.9 million comprise (following application of IFRS 16) lease liabilities (€167.9 million), shareholder loans granted to project companies or project company holding companies by minority shareholders (€29.2 million) and hedging instruments (€109.8 million). For a description of the Group's indebtedness, please refer to paragraph 2.4.4 "reconciliation of consolidated liabilities and net debt" of this document.

If a project company, or its holding company, were to default on its financing agreements (for example, because of an unforeseen event or a deterioration of its financial position) or fail to meet certain minimum debt service coverage ratios, such failure could make the project debt immediately payable. In the absence of a waiver or restructuring agreement, the lenders may be entitled to seize the assets or securities pledged as collateral (in particular the Group's interest in the subsidiary that owns the project).

In the case of the Company, failure to meet its payment obligations under its corporate financing or to comply with the financial ratios provided for in the syndicated loan implemented in March 2020 would render all of these corporate debts immediately due.

Moreover, the failure of a project company or a holding company to repay its indebtedness could affect its ability to pay dividends to the Group, pay fees or interest, reimburse intragroup loans and make any other distribution of its liquidities, as the defaulting entity is generally prohibited from distributing cash. This would probably result in a loss of confidence by the Group's customers, lenders or contractors, which would adversely affect the Group's access to other sources of financing for its projects.

Finally, in the event of insolvency, liquidation or reorganization of any project company, its creditors (including suppliers, adjudicated creditors and tax authorities) would be entitled to full payment of their claims from the project's revenues before the Group could be authorized to receive any distribution from the project. Where there is indebtedness for a given project, the lenders may request forfeiture of the term of their debt and seize any collateral; the Group could then lose its interest in the project company.

Risk management approach

The debt of each project company in the Group contracted for the amount of the project is non-recourse or limited-recourse for the Company and the other entities outside the scope of the specific financing, excluding isolated and temporary exceptions such as, for example, a guarantee granted by the Company during the period prior to the commissioning of the Altiplano 200 project in Argentina, scheduled for the third quarter of 2021.

Consequently, the debt can be repaid solely from the revenues generated by the relevant project company or its direct holding company (if projects are combined), and the repayment of such borrowings (and interest thereon) is generally secured by the project company's equity securities, the facility's physical assets and the contracts, insurance policies and cash flows of the project company or its direct holding company, as the case may be.

Mezzanine debt, whose repayment is funded by the dividend flows and repayment of shareholders' loans of the applicable project companies, is equally not subject to any recourse or with limited recourse against the Company and other entities beyond the scope of the specific financing.

With regard to the Group's corporate financing, including the syndicated credit facility put in place in March 2020, which is subject to compliance with specific covenants and remained undrawn as at 31 December 2020, the principal and interest payments are made by dividend and shareholder current

[7] At its Capital Markets Day on March 11, 2021, the Group adjusted its financial leverage target as a percentage of invested capital on an all-in basis including all Group debt, whether corporate or set up at the level of dedicated project companies, in the form of senior or mezzanine debt, from a level of around 80-85% to a level now above 70%. This change takes into account the level of coverage of project costs by external financing (see section 3.1.2 "risk linked to financing arrangements obtained from various sources and particularly from external debt financing" of this document) and the Group's new ambitions in terms of installed capacity in operation and under construction by 2025, set at 10 GW.

account repayment flows from the various projects, once any interest associated with interim mezzanine debt has been repaid and paid. These flows undergo special monitoring and regular forecasts intended to continuously manage the terms and conditions for covering the principal and interest of this financing.

Risk linked to the financial covenants included in project financing agreements

Due to its project financing strategy the Group has to manage multiple financing contracts signed by numerous project companies in different countries and jurisdictions. Although the Group endeavors to negotiate its financing on a uniform basis for all its projects, the terms of certain financing agreements may vary or provide for specific provisions or commitments that may prove difficult to meet or to manage on an ongoing basis.

Each financing contract contains financial and non-financial covenants for which the project company is responsible. The financing contracts generally also contain a minimum debt service coverage ratio (minimum DSCR), which is generally 1.05x to 1.10x, depending on the contract. The standard financing contract also imposes terms and conditions governing the distribution of funds to shareholders or the repayment of current account advances, including compliance with a lock-up DSCR, which is generally fixed at a higher value than the minimum DSCR (generally from 1.10x to 1.15x, depending on the contract, or even higher for projects located in countries that are not members of the OECD or which are highly exposed to market prices), and the maintenance of a debt service reserve account. Some financing contracts set a maximum gearing ratio to ensure a minimum percentage of equity in the project in question. Lastly, certain contracts also include cross-default clauses with respect to the project company or its direct holding company and, in some cases, with respect to the Company's financial position.

Failure by the Group to comply with these covenants, which has occurred a limited number of times in the past, could lead in the future to default in respect of project financing, and could have adverse consequences such as the blocking of project distribution, increased costs or even early repayment of the project debt, and in the latter case, this could have a material adverse impact on the Group's ability to obtain financing in the future or affect the cost of its future financing. Furthermore, should the Company encounter significant financial difficulties, this could activate the cross-default clauses included in certain financing contracts and so result in the project companies simultaneous defaulting on several projects.

The convertible bond issued by the Company in 2019 for a nominal amount of approximately €200 million and the green convertible bond issued by it in 2020 for a nominal amount of approximately €170 million are not subject to special financial covenants. However, they require compliance with a number of commitments (including a negative pledge clause and a change of control clause) and cases of default corresponding to market practice for this type of financing.

The syndicated credit facility set up by the Company in March 2020 for a nominal amount of €200 million, including a term loan of €125 million, and a revolving credit facility for a nominal amount of €75 million, maturing in 2024, which remained undrawn as at December 31, 2020, (it being noted, however, that the Company carried out, during the first quarter of 2021, several drawings for an amount of €75 million, at the date of this document, on its revolving credit facility to finance its working capital) is subject to two specific financial covenants for the Company for both of its two components, the term loan and the revolving credit facility. These covenants provide for a minimum level of debt service coverage ratio and a maximum level of loan-to-value, measured as the ratio between the sum of its net financial debt and its financial guarantees issued on the one hand and its financial assets on the other, as well as compliance with a number of undertakings (and in particular negative pledge and change of control) and events of default corresponding to market practice for this type of financing.

Risk management approach

The Group closely monitors compliance with the covenants defined in all its financing contracts. Should it anticipate any non-compliance with these covenants over a given period, it would begin discussions with the counterparties with the aim of obtaining a waiver.

At December 31, 2020, the various companies financed by project and mezzanine debt were in compliance with their financial ratio covenants on minimum debt service coverage ratios (DSCR) or minimum shareholders' equity[8].

As at the date of this document, the provisional acceptance (PA) of the Mexican plant in El Llano had not yet been declared, due in particular to delays in the finalisation of construction operations and due to delays in the performance of pre-operational tests by the *Centro Nacional de Control de Energía ("CENACE")*, which were only finalised in the fourth quarter of 2020, resulting in the failure to provide certain documents required under the financing contracts for this plant. As a result, the financing raised for this project has been presented as current financial debt in the Group's annual financial statements.

As at the date of publication of its accounts, the Group continued to work actively with the builder to bring the production of the El Llano plant close to its nominal capacity as soon as possible, and to obtain provisional acceptance and comply with its documentary requirements. The plant, which started production in February 2020, continued to generate electricity for sale on the spot market.

Risk linked to the recoverability of deferred tax assets

The Group may record deferred tax assets on its balance sheet as the difference between the tax recorded in accordance with IFRSs and the actual tax paid by Group entities. This difference includes the deferred impact of any reduction in tax on losses carried forward. On December 31, 2020, deferred tax assets net of liabilities stood at €8.9 million including the deferred tax assets equating with Group tax losses carried forward, and tax credits, for €74.3 million (see section 4.1 – note 11.3 "deferred taxes").

[8] The debt relating to the El Llano project was reclassified as current financial debt due to certain failures to comply with documentary requirements pursuant to the financing agreements for this plant (see paragraph 2.3.1 "key events of the period" of this document).

The actual realization of these assets in future years depends on a range of factors including (i) the ability to generate taxable profits and the degree of adequacy between the level of realization of profits and the level of losses, (ii) the general limit applicable to French tax losses, according to which the percentage of any loss carried forward for tax purposes which can be used to offset the portion of taxable earnings in excess of €1 million for each subsequent financial year is capped at 50%, (iii) the limits imposed on the use of tax losses imposed by foreign laws and regulations, (iv) the consequences of any current or future tax inspections or litigation and (v) any potential changes to the applicable laws and regulations.

The impact of those risks could increase the tax burden imposed on the Group and thereby have an adverse effect on its effective tax rate, financial position and results. In 2020, given the profit outlook for certain regions and the time limitations on the use of tax losses, no deferred tax assets were recognised in respect of certain tax losses for an impact of 18.8% on the Group's effective tax rate, as detailed in paragraph 2.3.2.4 «Income tax» of this document.

Risk management approach

The recognition of deferred tax assets within the Group's consolidated financial statements is conditioned by a preliminary assessment of their recoverability subsequently reviewed at each period end on the basis of the relevant project business plans prepared for project financing purposes and in turn regularly updated whenever material operating, financial or fiscal modifications occur of a nature to affect the original business plans.

Risk linked to changes in tax rules

Given the geographical diversity of its presence, the Group is exposed to potential modification of the tax rules applying in all the countries in which it operates, notably at the initiative of the OECD, the EU or national governments. In particular, such modifications might affect the VAT rules applicable to construction works, the withholding tax mechanisms applicable to dividends paid, the criteria for tax deductibility of borrowing costs for project financing, the criteria for carryforward of tax losses, the bases of depreciation of production assets or corporate tax rates.

The Group may equally be the subject of tax inspections in the countries in which it operates, in the context of which it is always possible that the Group's tax treatments (in the absence of specific rulings) may be contested albeit the Group deemed them correct and reasonable in the context of its business.

The impact of changes in tax rules may equally have an unfavorable impact on the Group's financial position and results.

Risk management approach

The Group's tax policy is founded in strict compliance with applicable laws and regulations. Its transfer pricing policy is duly documented and reflects a strict principle of rebilling of costs incurred plus a limited margin. The Group adopts an attitude of transparency with regard to tax authorities.

Finally, its increasing geographical and product diversification may be expected to attenuate the potential impact of tax exposures.

Foreign exchange risks

The foreign exchange risk to which the Group is exposed firstly includes the "conversion" risk, i.e., the risk associated with converting any financial statements of Group subsidiaries that are prepared in currencies other than the euro, which is the consolidation currency. To date, this risk has mainly involved the Group's Australian subsidiaries, which prepare their accounts in Australian dollars, as well as the solar power plant in El Salvador, whose accounts are prepared in US dollars, the solar power plant in Mexico, whose operating currency is the US dollar, and the solar power plants under construction in Argentina, whose operating currency is the US dollar but which are exposed to the foreign exchange risk relating to the Argentine peso, mainly when recovering the VAT credits associated with the construction phase.

With regard to transaction risk, i.e. the risk of non-alignment between the currencies in which the Group's revenues and costs are respectively generated and incurred, the Group minimizes its exposure by aligning project borrowing, investment expenditure and revenue with one single strong and stable currency (as of the date of this document, the US dollar, the euro and the Australian dollar exclusively). The Group is nevertheless faced with this risk with regard to development costs incurred in certain countries. Moreover, the prices of certain power purchase agreements are stated in US dollars but the payment currency may be a local currency which the Group must then convert without delay into US dollars to guarantee the servicing of debt and distribute any excess cash to shareholders.

The Group also incurs transaction risk on any equity and shareholder loans that it may allocate to project companies (which constitute an equity contribution in the context of project financing) which are financed in euros while the investment expenses incurred by the project companies (for projects located outside the Eurozone) will be stated in local currency (mainly US and Australian dollars but also to a limited extent the Mexican peso, Argentine peso, Mozambican metical, Zambian kwacha etc.).

Risk management approach

In order to hedge the risk of a fall in the value of the euro against the US and Australian dollars, and to the extent that the project's probability of achievement is sufficiently established, the Group signs forward currency contracts under which it purchases Australian or US dollars with payment generally stipulated shortly before the date of the necessary contribution of equity or quasi-equity to the project. Such hedging instruments are generally subscribed when the Group has clear visibility as to the investment expenditure and debt/equity ratio applicable to the project, for example immediately after the finalization of an EPC contract.

Finally, under certain exceptional circumstances a project under construction may be exposed to payments in currencies other than its operating currency, notably when the EPC contract is denominated in several different currencies. The Group must then ensure that the project company purchases forex hedging at the time of the financial closing in order to ensure that the resources provided for the project will suffice for its proper completion.

The following table provides details of the Group's debt by currency type on December 31, 2019 and 2020 (excluding lease liability and minority investments):

(In millions of euros)	31.12.2020	31.12.2019
Debt denominated in euros	1,267.5	955.7
Debt denominated in Australian dollars	798.8	843.9
Debt denominated in US dollars	479.1	432.6
Debt denominated in other currencies (converted into euros)	7.0	15.2
TOTAL DEBT	**2,552.3**	**2,247.5**

3.1.4 LEGAL AND REGULATORY RISKS

Risk linked to unfavorable changes in the regulatory environment or in public policies to promote the development of renewable energies

The Group's activities are, to a certain extent, dependent on the incentive-based public policies adopted in countries in which the Group operates aimed at promoting the production and sale of energy from renewable sources. Depending on the country, these measures may notably take the form of commitments and planning for the production of renewable energy, direct or indirect subsidies paid to operators, obligations to purchase at feed-in tariffs or the payment of bonuses through the open-window market or in the context of requests for tender. Such policies and mechanisms generally reinforce the commercial and financial viability of renewable energy facilities and often make it easier for the Group to obtain financing.

The Group's ability to benefit from these policies and their favorable nature depend on the political and strategic policies with regard to environmental challenges adopted in any given country or region, which may be impacted by a wide range of factors. Any challenge to or adverse change in such incentive-based public policies and any uncertainties in relation to their interpretation or implementation, or any reduction in the number of requests for tender or in the volumes allocated thereby, may have a material adverse effect on the Group's business, results or financial position.

For example, in April 2020 *Centro Nacional de Control de Energía* ("CENACE") in Mexico issued the "Resolution to ensure the Efficiency, Quality, Reliability and Security of the National Electric System" (la "Résolution du CENACE") with the purpose of, allegedly, ensuring the continuous operation of the national electric grid during the COVID-19 pandemic. CENACE argued that, due to COVID-19, the demand for electricity decreased to a point where the operation of renewable power plants put in danger the reliability of the whole electric grid. Through this resolution, CENACE sought to limit and suspend for an indefinite period the generation of electricity by renewable power plants in the start-up or test phase in favour of conventional thermal power plants held by the State. Following a legal appeal by a Group subsidiary, this resolution was temporarily suspended in court pending a more definitive decision.

In addition, in May 2020, the Ministry of Energy of Mexico (SENER by its Spanish acronym) issued the *"National Electric System Reliability Policy"* (Reliability Policy) with the intention of changing energy regulations and imposing restrictions on the entry of new renewable power plants to the Mexican electricity market whilst, at the same time, favoring state-owned conventional power plants. Following a legal appeal by a Group subsidiary, this resolution was temporarily suspended in court pending a more definitive decision.

Furthermore, the organizing of public tenders, which are still an important market for the Group's electricity production, despite the gradual increase in PPAs signed with private players, largely depends on states or regions being willing to promote the production of renewable energies in their territories, or even planning tools such as the multi-annual programming of energy production in France. For example, in Mexico, following the 2018 federal elections, the *Centro Nacional de Control de Energía* (CENACE) announced the postponement and then abandonment of its competitive tenders initially planned for the end of 2018, for which the Group was one of the short-listed candidates. These decisions are likely to delay the Group's ability to conclude electricity sales contracts and find markets for the electricity it produces in the country.

Finally, the Group is doing business within a restrictive regulatory environment extending to matters of urban planning, environmental protection (landscaping and noise requirements, biodiversity), the protection of local populations (such as Aboriginal populations in Australia), hygiene, health and safety at work, the maintenance and control of operational facilities, dismantling of facilities at end of life (including site rehabilitation, removal of materials and, depending on the country, recycling of the various components). If the Group does not comply or make its facilities compliant with the applicable provisions, it may have its authorizations (licenses, permits etc.) withdrawn or be fined by the regulatory authorities or grid managers, which may have a major negative impact on its business, results or financial position.

Specifically with respect to its dismantling obligations, during the second half of 2020, the methods for assessing dismantling provisions were reviewed by the Group to reflect the best estimate of future dismantling costs. The analyses carried out, based in particular on data collected from third parties, revealed a significant change in the anticipated dismantling costs for wind assets, which can be explained both by a greater experience curve of professionals in the sector and by a gradual tightening of the constraints set by the public authorities in this area, which resulted in an impact of €27.6 million on the amount of dismantling provisions at December 31, 2020, as set out in note 18 to the consolidated financial statements for the year ended December 31, 2020.

Lastly, in this context, the Group could be exposed to risks linked to various legal or administrative proceedings or proceedings launched by regulatory authorities.

In this respect, HWF 1 is being sued by the Australian Energy Regulator (AER) in the Australian Federal Court (see section 2.5 of this document for a description of this procedure).

Risk management approach

In the case of regulatory requirements, the Group necessarily remains dependent on the evolution of the policies adopted by the various countries within which it operates.

It may nevertheless be noted that:

- international conferences such as the COP have shown that numerous countries display growing awareness in particular as the result of the pressure exercised by populations on their governments (marches for the climate etc.);
- the Group is supported by the banks, notably development banks, financing its production facilities;
- continuous improvements in the competitiveness of wind, solar and storage assets enables them to achieve grid parity in most countries in which the Group operates.

In addition, the Group strives to defend its interests before the courts. For example, following the adoption of the CENACE's Resolution in May 2020, ENR AGS, SA de CV, a Neoen wholly-owned Mexican entity, filed before a Mexican court a constitutional injunction against it and succeeded in securing a court order suspending its effects until a final court decision on the merits is issue. This result allowed ENR AGS, SA de CV to restart and complete the necessary preoperative tests to begin operations of its project in the State of Aguascalientes. ENR AGS, SA de CV also filed before a Mexican court a constitutional injunction against the Reliability Policy of May 2020 and succeeded in securing a court order suspending its effects until a final court decision on the merits is issued. Both trials are currently on the evidentiary stage.

In order to cope with the potentially rapid and hazardous evolution of the applicable rules the Group also engages in careful due diligence, prior to the financial closing of its projects, in order to be familiar with such rules and their potential evolution, and has the support of dedicated asset managers, who perform detailed monitoring of projects and project constraints, and of legal teams charged with analyzing regulatory trends.

Finally, the Group attaches great importance to local leadership as a means of better understanding and anticipating potential changes in local regulation.

Risk linked to the ability to obtain the necessary permits, licenses and authorizations for the conduct of the Group's business or the construction of its facilities

In the context of its activities, the Group is subject to significant constraints relating to the issuance of the permits, licenses and authorizations required by the regulation in force and delivered by local or national authorities. Depending on the country, such permits, licenses and authorizations may take the form of planning permission (such as building permits), mandatory environmental surveys and impact surveys, generating, operating and network connection authorizations and other specific authorizations related to the presence of protected sites close to facilities.

Depending on the country, national and local authorities may have greater or lesser discretionary powers with regard to the granting of such permits, licenses and authorizations and may exercise their discretionary powers in an arbitrary or unpredictable manner. Moreover, the number of competent authorities may make the process for obtaining such authorizations and permits lengthy, complex and costly.

As a result, the Group cannot guarantee that it will be able to obtain the permits, licenses and authorizations necessary for the construction of a given facility at a reasonable cost or in accordance with the anticipated timetable. Finally, for projects at the development stage, the Group may have committed resources without obtaining the permits and authorizations required and may therefore have to withdraw from or abandon a project, which may have a material adverse effect on its business or operating results.

Risk management approach

The Group has specialist country development teams responsible for obtaining the requisite permits and licenses. The multiplication of projects in any given country facilitates comprehension of the applicable processes in particular for countries with strong regional characteristics. This is particularly true of France where the Group has a precise understanding of the various regional approaches to the development of renewable energies.

The Group is supported by specialist local subcontractors who perform the requisite analyses (technical and impact surveys etc.) for permit applications, as well as by lawyers in order to ensure completeness.

The Group's positioning as a local leader or initiator of large-scale projects provides it the benefit of attention from central authorities, thereby limiting the impact of discretionary decisions in developing countries.

Risk linked to the reduction or questioning of regulated prices and tariffs for the purchase of renewable electricity

The value and viability of the wind and solar power and storage facilities developed and operated by the Group depend on its capacity to sell the electricity thereby generated at suitable price levels either pursuant to power purchase agreements or in the wholesale market.

In the past, those of the Group's projects located in France enjoyed an open-window purchase obligation which required EDF or local distribution companies to purchase the electricity generated by the Group at the feed-in tariffs set by ministerial order. Since the introduction of France's Energy Transition Law for environmentally-friendly growth dated August 17, 2015 a majority of the Group's facilities located in France now benefit from a feed-in premium mechanism based on the option to sell the electricity generated by certain facilities directly in the wholesale market (in particular to suppliers and traders) while also receiving a premium paid by EDF.

Such feed-in tariffs or feed-in premium mechanisms, on an open-window basis or further to competitive tenders, are also found in other countries in which the Group is present. For example in Zambia, the Scaling Solar Program in which the Group has taken part in the past is aimed at coordinating the development and installation of solar power plants with a target capacity of 600 MW. In Argentina, the Group is a participant in the RenovAr program which includes provision for requests for tender further to which the successful bidders, including the Group, are awarded power purchase agreements offering them a US dollar-based indexed fixed price for a term of 20 years with *Compañía Administradora del Mercado Mayorista Eléctrico* ("CAMMESA").

For each of these countries, any adverse changes in the premiums or prices offered on an open-window basis or further to requests for tender may have a material impact on the profitability of the Group's projects and the revenue generated, particularly if the feed-in premiums or prices are not sufficiently high to cover project costs (notably the cost of repaying the applicable debt) and guarantee appropriate returns. Moreover, if the Group is not able to reduce its costs, notably via other system components (BOS and/or BOP components), quickly enough to offset the reduction in feed-in premiums or regulated prices in France or other countries, projects based on such revenue conditions may no longer be viable.

Lastly, the economic difficulties due to the COVID-19 epidemic may prevent some of the Group's public counterparties from meeting their payment deadlines relating to the applicable feed-in tariffs or additional remuneration, potentially constituting cross-default events relating to the financing of projects and significantly affecting the profitability of the projects concerned.

Risk management approach

The Group has chosen to concentrate its investment in countries where its renewable electricity production facilities largely possess grid parity, thereby rendering less likely any reduction or other questioning of the pricing arrangements for the purchase of renewable electricity since they are already competitive in comparison with the conventional sources of electricity production.

In the event of any such questioning of feed-in prices or other regulated tariffs, the Group's continuous insistence on seeking competitiveness for its facilities in comparison with other energy production sources would be expected to enable it to sell its electricity production on the spot or forward electricity markets.

Finally, the Group's strong geographical diversity renders it less exposed to any challenge to regulated prices and tariffs within any particular country or region.

3.1.5 ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE RISKS

Risk linked to any opposition to the construction of facilities from local communities or any challenge to permits, licenses and authorizations once granted to the Group

The wind power and, to a lesser extent, solar power projects developed and operated by the Group may be the target of strong opposition from local communities and associations specialized in particular in the fight against wind farms, notably in France.

In particular the permits, authorizations and licenses necessary for the construction of a facility may, once granted, become the subject of an appeal filed by local residents and associations who generally cite damage to the landscape, noise pollution, damage to biodiversity or, more generally, harm to the local environment.

Appeals of this kind are very frequent for those of the Group's wind farm projects located in France and may arise for projects located in the other countries where the Group is present.

When the permits and authorizations obtained by the Group are challenged or cancelled, the periods needed to develop projects are longer and in some extreme cases, may force the Group to abandon projects under development.

On December 31, 2020 none of the Group's 93 solar power projects was the subject of an appeal and 21% of its 47 wind power projects (i.e. 10 projects) in awarded, tender-ready and advanced development[9] phases in France had become the subject of an appeal (projects in the early stage phase are not generally sufficiently advanced to be challenged by an appeal). None of the Group's project (outside of France) was subject of an appeal. During 2020, the Group wasn't forced to abandon any project as a result of appeals; on the other hand, 2 solar power projects and 7 wind farm projects are no longer subject to any appeal and keep being developed.

More generally, no guarantees can be given by the Group that a wind farm or, to a lesser extent, a solar power plant currently under development or operation will be given a positive feedback or be accepted by its neighboring communities. Although various regulations aimed at restricting the exact locations of wind farms or solar power plants already exist, opposition from the local community may make it more difficult to obtain building permits and this may lead to more restrictive new regulations being adopted. A lesser degree of acceptance by local communities regarding the location of power plants, an increase in the number of appeals or an adverse trend in their outcome could lead the Group to abandon certain projects and, therefore, have an adverse effect on the Group's prospects and financial performance.

[9] For a definition of the various stages of development of the Group's projects, see the glossary in the section 9.6 of this document.

Risk management approach

In general terms, the Group places the accent on dialogue and compensatory measures as a means of limiting the impact of a project or local opposition. For solar power plants the measures envisaged, in concertation with local communities, to limit environmental impact include for example measures of reforestation, the planting of hedges and measures for the protection of biodiversity.

For wind power projects, early concertation with local communities makes it easier for facilities to be accepted so Neoen's teams engage in discussion prior to any submission of requests for authorization as a means of involving local residents in a project's development and taking local issues on board. The means employed are adapted to the context, to the presence of other wind turbines nearby or to the degree of local influence of the associations opposing wind turbines that are present throughout France: involvement of local elected representatives, organization of meetings or information sessions, canvassing, distribution of information sheets, visits to existing facilities may help reinforce local acceptance and contribute to defining adequate measures for avoiding, attenuating and compensating for project impacts.

For the purposes of deployment of such approaches, the Group's project managers interacting directly with local stakeholders are complemented by community relations specialists (in Australia), or by specialized consultants for certain regions (Latin America, Africa or Europe), as a means of ensuring positive relationships over the long term.

In certain cases, in order not to delay the construction and operation of a project, the Group may be obliged to consider the benefits of taking out insurance providing protection against the financial consequences suffered in the event of a successful appeal against the permits obtained by the Group for a given project.

Risk linked to computer infrastructure

The Group's activity is based on the effective and uninterrupted operation of its IT infrastructure which includes complex and sophisticated IT systems, telecommunications systems, control, accounting and reporting and data processing, acquisition and monitoring systems. The Group may suffer computer breakdowns and disruptions of these systems and networks which are used in all its activities including in its highly automated plants and for the distribution and supply of electricity. They may be caused by system updating problems, natural disasters, cyber-attacks, accidents, power cuts, telecommunications failures, terrorist attacks or war, computer viruses, physical or electronic intrusions or similar events or disruptions.

Disruptions to the Group's IT systems could seriously hinder administrative and sales operations including causing a loss of sensitive data and compromising operating capacity, which could also lead to loss of service for customers and require substantial expenditure to correct security breaches or system damage. Furthermore, in addition to having a negative effect on the Group's activity, failure in operational monitoring (focused on availability, plant activity and efficiency, accounting and reporting, health and safety and compliance with environmental laws and regulations) may lead to loss of revenue, non-compliance with contractual, regulatory or tax obligations or extra requirements regarding permits and give rise to fines and penalties.

Risk management approach

In order to secure its IT infrastructure in a context of strong growth, the Group has signed several contracts with external service providers to ensure the performance, continuity and protection of these systems. These contracts contain special performance obligations, which are subject to regular, detailed monitoring.

The Group has also created an internal IT function, with the recruitment of a Chief Information Officer in January 2020. The CIO has increased the Group's investment in staff and equipment around cyber security, the monitoring and security of the tools used to measure the performance of the production assets, and IT development involving some of the Group's key functions (including operations, financing and human resources).

Risk linked to the Group's ability to retain key executives and employees and to attract and retain new qualified employees

The success of the Group and its ability to pursue its growth objectives depend on qualified executives and employees, particularly certain of the Group's executives and employees with specific expertise in project development, structuring, financing, engineering, construction, operation and maintenance. In view of their expertise in industry in general, their knowledge of the Group's operating processes and their relations with the Group's local partners, the loss of the services of one or more of these persons might have significant negative impact on the growth, project development, financial position and income of the Group.

As the Group extends its activities, its portfolio and its geographical presence, its operational success and its ability to achieve its business plan largely depend on its ability to attract and retain additional qualified personnel with specific technical or market segment expertise, including in the many international sites where it is established.

For example, the presence of the Group's personnel and engineering capacity in the field are crucial to the development of new projects and the operation of existing assets. The success of projects depends on the recruitment and retention of personnel worldwide with sufficient expertise to enable the Group to meet its analysis and report production requirements with accuracy and on a timely basis. There is substantial competition in the renewable energy industry to attract qualified personnel with the necessary expertise and the Group cannot guarantee that it will be in a position to recruit sufficient personnel to support its business plan and growth. The inability to recruit and retain qualified personnel could have a significant negative effect on the Group's activities.

In addition, executives and other employees with technical or sectoral expertise may sometimes leave the Group. As the Group's visibility and reputation grow, its employees also become more sought after. If the Group is unable to quickly appoint qualified and effective successors or cannot effectively manage temporary gaps in expertise or other disruptions created by such departures, this could have a significant adverse impact on its business and growth strategy.

Risk management approach

The Group attaches great value to its human capital, which is one of its fundamental strengths, and seeks to encourage the emergence of talent notably by confronting employees with new positions and experiences within the Group's various subsidiaries.

Each year, the Group reviews its workforce and identifies key functions and profiles for which special retention policies and succession plans are put in place.

For that reason, the Group strongly supports functional and international mobility on the part of its employees.

The Group has also historically offered its key employees the benefit of stock option plans and free share allocation plans (please refer to chapters 4, 6 and 7 of this document).

Lastly, an incentive plan was set up in France in 2019 and an employee shareholding plan for the Group's French employees was set up for the first time in March 2020 (please refer to chapters 4, 6 and 7 of this document).

Risk linked to climate change and to extreme weather events

The risks linked to climate change or extreme weather events could have a material impact on the Group's facilities and activities. To the extent that climate change triggers fluctuations in temperature, wind resources and meteorological conditions, generates an increase in average cloud cover or increases the intensity or frequency of extreme weather events, it is possible that it could have an adverse effect on the Group's facilities and business. Moreover, extreme weather events may cause damage to the Group's facilities, increase the incidence of downtime, increase operating and maintenance costs or interfere with the development and construction of large-scale projects. For example, in certain markets in which it is present, the Group has already had to deal with extreme weather events such as earthquakes in El Salvador.

Risk management approach

The Group's approach to managing climate change and extreme weather events has three components:

- the construction of assets in line with robust seismic, wind, flooding etc. standards;
- real-time monitoring of the climate conditions applicable to the Group's installations designed to provide a detailed and immediate understanding of the current implications of climate change for its assets and to identify and anticipate any actions required in the event of excessive variations;
- insurance cover for these assets, in which weather issues play a fundamental role. The transfer of risks to the insurance market is defined based on clear criteria regarding the financial strength of the partner insurers and their ability to cover the major weather events and natural disasters that could affect the Group's assets. Given the current tightening of the global insurance market, the Group may be obliged to conduct technical studies to define the level of guarantees appropriate to the risks of each asset. The insurance includes cover for physical assets (property damage), the expected income from assets (operating losses), as well as additional O&M costs incurred during the repair of a disaster. This revised cover, as described in section 3.2, "risk insurance and management", protects the Group and its assets as much as possible against uncertainty due to extreme weather events.

Risk linked to meteorological conditions, notably wind and sun resources

The Group invests and plans to continue investing in electricity generating projects dependent on wind and sun. On December 31, 2020, the Group's solar facilities and wind farms in operation represented 1,716 MW and 705 MW respectively, i.e. approximately 66% and 27% of its total operating capacity.

Generating levels for the Group's solar and wind projects depend closely on the degree of irradiation for solar power facilities and the kinetic energy of the wind to which wind turbines are exposed, both of which are resources beyond the Group's control and which may vary significantly depending on the period. Predicting general meteorological conditions, such as seasonal variations in resources, is complex given particularly that exceptional poor weather conditions may lead to temporary fluctuations in generating levels and in the levels of income generated by projects.

Insufficient levels of irradiation or wind may trigger a reduction in the amount of electricity generated. Conversely, excessive heat may lead to a reduction in the amount of electricity generated by solar power plants and wind in excess of a certain speed may cause damage to wind farms and force the Group to shut down turbines.

Risk management approach

As at the date of this document, although the Group conducts most of its business in France (29% of the MW in operation as at 31 December 2020) and Australia (36% of the MW in operation as at 31 December 2020) and expects an improvement in the Americas (26% of the MW in operation as at 31 December 2020), its strategy of geographic and technological diversification of its project portfolio should limit the consolidated size of this risk in the future.

The Group makes forecasts relating to the amount of electricity generated using statistical surveys based on the past meteorological record for sites. The Group's internal rate of return and the financial covenants negotiated in the context of project financing are generally based on the assumption that these forecasts will be statistically accurate over the long term.

The estimates regarding the level of irradiation and wind resources per site created on the basis of the Group's own experience and studies carried out by independent engineers may however not reflect the actual level of solar and wind resources of a given site for a given period.

As a responsible manager, the Group monitors attentively the development of insurance or other financial cover for the availability or unavailability of renewable natural resources and more particularly, of wind and sun resources. Although it has not yet considered appropriate to subscribe such cover, given its high cost and currently uncertain effectiveness, it continues to follow the trends in such products the purpose of which is to protect assets' economic performance in the event of scarcity or excess of renewable natural resources.

3.2 INSURANCE AND RISK MANAGEMENT

Risk management is an integral part of the Group's operating activities. As a developer and operator of solar, wind and storage facilities, the Group adapts its range of risk control measures either internally or via the transfer of such risk by means of insurance.

3.2.1 INSURANCE

In the context of its business, the Group has recourse to insurance at two levels:

- at the Company level, essentially to hedge the risk of third party liability which exists Group-wide, as well as to cover the risks associated with business travel by the Group's employees and corporate officers;
- at the level of project companies, for protection against the risks relating specifically to their solar, wind and storage facilities under development, under construction and in operation.

Insurance policies are defined and managed in-house by specific department, under the responsibility of the general secretary, who works closely with various teams (operation, development and legal teams) worldwide and with the Group's insurance brokers. Given the tightening of the global insurance market, the Group is making every effort to obtain suitable insurance cover for each risk (x) by creating partnerships with major market players, and (y) by conducting technical studies to accurately determine the risks of a project, including in the event of a natural disaster.

3.2.1.1 THE GROUP'S THIRD PARTY LIABILITY AND BUSINESS TRAVEL INSURANCE

The insurance policies taken out by the Company to cover all Group entities and their employees and corporate officers are essentially third party liability policies as well as an "individual accidents" policy. As at the date of this document, the Group has taken out the following main insurance policies with the levels of cover (and limits of indemnity) that it considers appropriate and usual for businesses operating in the same market:

- international public liability insurance taken out with HDI, the purpose of which is to protect the Group, its representatives and employees located in France and in the other countries in which the Group operates against the financial consequences of any liability that they may incur as a result of bodily injury and material and consequential damage resulting from faults, errors of fact or law, oversights, omissions or inaccuracies committed by them or their employees and caused to third parties, including the Group's customers, in the performance of their professional activities. This insurance also includes a "criminal defence" component that covers the payment of the fees of the agents (lawyers, solicitors, bailiffs and experts) and the costs necessary to defend the Group if it is prosecuted for a serious claim. The total amount of all these guarantees is capped per claim and per insurance year, with sub-limits per type of damages. This insurance consists of a "master" policy and "local" policies in the countries in which the Group operates in accordance with local regulations. The "master" policy is intended to supplement the "local" policies;
- a third party liability insurance program for executives and corporate officers, provided by AIG (as primary insurer) and Liberty, intended mainly to provide cover for directors, executives and corporate officers of Group entities worldwide against the financial consequences of any claims filed against them on the basis of any professional fault committed in the performance of their duties. The program also covers defense costs incurred by insured persons in proceedings in the civil, criminal and administrative courts;
- a business travel or "individual accident" insurance policy, provided by AIG, aimed at covering all employees, corporate officers, executives and directors of the Company, or any other person tasked with an assignment by the Company, including expatriates and seconded employees, against any losses arising in the context of their business travel by air or land etc. The total value of the guarantees is capped per claim with sub-limits imposed by type of loss. The policy is complemented by insurance provided by Covéa Fleet which provides cover for the personal vehicles of employees on assignment in the event of material and non-material damage and without limitation in the event of bodily harm occurring in France.

The insurance policies taken out by the Group contain caps, exclusions and deductibles which could, in the event of a major claim or of a lawsuit filed against the Group, have adverse consequences. Moreover, the fact that in certain cases the Group may be obliged to pay significant indemnities not covered by the insurance policies in place, or might incur material expenses not covered or not sufficiently covered by its insurance policies, cannot be excluded.

3.2.1.2 INSURANCE SPECIFIC TO PROJECT COMPANIES

In the performance of its activities relating to the development and operation of wind, solar and storage projects, the Group is protected via insurance policies against any losses and incidents that may arise and impact a facility.

The Group's overall policy of insurance is based on the following principles:

- each Group project must be covered by:
  - a "construction all risks" policy covering both the Company and the project company against the risks of accidental damage to assets and associated loss of revenue as well as third party liability (including accidental environmental risks) that may occur during the construction of the facility. - The use of a "construction all risks" or "test assembly construction all risks" policy provides compensation without seeking liability first, to avoid prolonged construction downtime. Depending on the project's risks, this policy may also include a transport and terrorism component;
  - once a facility has been commissioned, operating insurance providing cover for third party liability (including for accidental

environmental damage), accidental damage to assets and associated loss of revenue caused by or to the facility (for example fire, theft and acts of vandalism, natural disasters etc.) In certain cases, this policy may equally include cover for potential losses resulting from terrorism;

- although each project has its own cover separate from that of the other projects, this cover must be consistent with the Group's policy on insurance cover. In the particular case of French solar projects, standard terms and conditions have been set out in framework policies negotiated beforehand by the Group with leading insurers, including insurance brokers. Thus, as at the date of this document, framework policies have been taken out with AXA France for most of the Group's operational photovoltaic and wind projects in France to cover, respectively, the third party liability risks as well as the risks of accidental damage to assets and associated loss of revenue;
- concerning its international business, the Group has undertaken a project to harmonize and rationalize its international insurance policies. In 2020, it took out an international insurance policy with leading insurers, whose lead insurer is AGCS, to cover operational assets for the risk of accidental damage to assets and associated loss of revenue. Construction policies covering these projects are taken out at the end of requests for quotations organized with the support of an international broker. In these situations, the Group relies in particular on its local financial partners;
- insurance policies are generally audited by the lenders financing a project who ask to be designated as additional insureds in order to be able, if applicable, to receive any potential insurance proceeds in the event of a claim by subrogation in the framework of the loan agreements;
- finally, the insurance policies taken out by project companies contain limits of indemnity, deductibles and exclusions calibrated on a project-by-project basis, the levels of which are set appropriately further to analysis performed by the Group in consultation with the financing banks.

In addition to this general policy, certain mandatory local insurance policies are put in place based on the country concerned, such as for example (i) local insurance taken out in the United States to cover rental risk incurred by the US subsidiary for its use of land and (ii) specific insurance which may be taken out in order to obtain cover for specific risks such as earthquake risk in El Salvador.

In order to ensure that consistent insurance policies are put in place and to guarantee a satisfactory level of cover, the Group has in particular established guidelines to determine the method to be adopted with regard to insurance during the construction phase of projects being developed.

As at the date of this document, the Group has put in place a policy for the coverage of its key insurable risks with levels of guarantee that it considers compatible with the nature of its activities. In the future, the Group does not contemplate any particular difficulty in retaining adequate levels of insurance within the limit of market conditions and availability. The current tightening of the insurance markets may ultimately affect the amounts of deductibles or policy limits, as well as the availability of certain insurance guarantees, but the Group does not anticipate any particular difficulty in insuring its assets on the basis of acceptable terms and conditions consistent with its current risk management policy.

Over recent years the Group has not experienced any material losses calling its insurance policies into question.

3.2.2 RISK MANAGEMENT

Risk management comprises the measures implemented by the Group in order to survey, analyze and control the risks which it faces in the context of its activities in France and abroad. The Group places special focus on risk management and has developed structured measures aimed at implementing an active policy in terms of risk management providing assurance that its major and operating risks are identified and under control. The set of measures used is applicable to the Group worldwide, inclusive of all activities, functions and territories.

Risk management is considered a priority by the Group which has put in place a coherent set of measures for risk management and internal control. The Group's risk management and internal audit approach is based on a set of resources, policies, procedures, behaviours and actions aimed at ensuring that all necessary measures are taken in order to:

- verify the effectiveness of operations and the efficient use of resources; and
- identify, analyze and control all risks which may have a material impact on the Group's assets, income and operations and on the achievement of its objectives whether operational, commercial, legal or financial or related to compliance with laws and regulations.

An organization and tools to provide structure have been put in place to support these measures at all levels of the Group's organization.

3.2.2.1 RISK MAPPING

The Group has perfected a risk mapping procedure to identify the major risks relating to its business, as described in paragraph 3.1.1 "risks related to the Group's line of business" of this document, with support from a specialized external consultant. The process used for this risk mapping, which was put in place in 2016, has allowed the key risks to which the Group is exposed to be identified and each risk to be assessed in accordance with the methodology defined.

Management of all of the Group's activities and functions are closely involved in the risk mapping process, thereby enabling the objectives and challenges faced by all stakeholders to be taken into account. The exercise consists of identifying those risks which are most significant for the Group, sorted into different categories (development, operating, financial etc.). A description of the risks and their causes is prepared and, for each risk, the probability of occurrence, potential impact on the Group and degree of current control are all assessed. Further to the assessment of the degree of control of such risks, action plans are defined for those risks considered to be insufficiently controlled. The Executive Committee is responsible for progress made in the implementation of action plans.

Every three years, the main risks faced by the Group are mapped as part of a process overseen by the Chief Executive Officer. Each update is presented to the Audit Committee. The risk map was last updated in the second half of 2019.

Mapping is a risk control management tool. Consequently, this mapping and more generally the risk environment were analysed by the Group's Management in the second half of 2020 against the backdrop of the health crisis and presented to the Audit Committee.

Focus on fraud risk

Specific action has been taken to control the risk of fraud. In order to face this major risk, awareness-raising training has been specifically designed and rolled out to all employees within the Group's Finance department.

In addition, training on cybersecurity topics by a speaker from the General Directorate for Internal Security (DGSI) was organized for all the Company's workforce in January 2019. In 2020, following the arrival of its Chief Information Officer, the Group also commissioned an external audit of its cybersecurity risk exposure, which led to the strengthening and implementation of several internal policies, the deployment of dedicated protection tools focusing in particular on securing data exchanges and workspaces, and ensuring that all employees are made aware of the risks associated with cybersecurity by providing e-learning courses on the subject.

Specific alerts have been issued regarding the types of fraud to which the Group has particular exposure, such as the so-called "Chairman" fraud (a form of external fraud which consists in stealing the identity of the Chairman and then requesting fund transfers) and fraud involving suppliers' bank details (another form of external fraud which consists in stealing the identity of a regular supplier whose bank details are then replaced by those of the fraudster prior to performance of an invoice payment).

Specific monitoring activities have also been defined in order to manage this risk at an operational level and these have been integrated into the various different processes concerned.

Focus on corruption risk

Integrity is one of the Neoen values that guide its relationship and activities with all contacts, partners, customers and local populations. Shared by all Group employees, these values are the foundations on which Neoen's identity and the intangible benchmarks for the everyday behaviour of its employees are built.

The Group chooses partners whose actions follow the same principle of absolute integrity in all situations. This integrity enables the Group to be completely transparent when conducting its projects.

In 2018, an external body carried out a compliance audit on the Group, which mainly focused on anti-corruption issues. Following this audit, an action plan was drawn up and training was provided to Group employees deemed to be the most exposed to corruption risks in early 2019 (this training was one of the measures in the action plan).

At the end of 2020, the Group reviewed its ethics charter. As part of this review, the Group decided to formalize its corruption risk prevention measures in a separate code of conduct published on its website.

Lastly, for the syndicated credit facility put in place by the Company in March 2020, the Company pledged to set up a training plan on anti-corruption issues, provided face-to-face for those deemed to be the most exposed and via online training for the rest of the teams. The first face-to-face anti-corruption training was provided in September 2020 and the first online training campaign was carried out in November–December 2020.

3.2.2.2 ORGANIZATIONAL FRAMEWORK FOR RISK MANAGEMENT AND INTERNAL CONTROL

Roles and responsibilities in risk management and internal control have been clearly defined within the Group.

Management responsibilities in this area form part of the Group's particular culture and are anchored in its various management bodies notably for project management and business monitoring (local Development, Construction and Management Committees).

The Executive Committee is at the heart of this process. It is responsible for the design of the overall approach and examines and oversees all subjects relating to risk management and internal control. It ensures implementation within the Group of its internal control process and of the action plans generated by the risk mapping exercise.

To provide support to management in the deployment of major risk management tools and internal control measures, a Group Internal Control Manager has been appointed, in charge of coordinating implementation, coordination and reporting for internal control as well as coordinating the updating of the risk mapping process.

In addition, business process owners have been designated within the Executive Committee to manage the audit tools (resources, policies, procedures, actions etc.) necessary for the control of each process.

Finally, the Audit Committee plays a role in terms of risk management and internal control by requiring a report to be submitted at least once per year and challenging the range of measures put in place by the Group. The report is compiled by the Internal Control Manager under the responsibility of the Group Chief Financial Officer.

Focus on the preparation of financial and accounting information

The Group's financial and accounting information is prepared on the basis of information systems which ensure the completeness of recording and proper measurement of transactions and support financial reporting at both the Company and consolidated levels reflecting the Company's accounting policies.

The Group's interim and annual consolidated financial statements are prepared, under the authority of the Group's Finance Department, as follows:

- dissemination of the Group's accounting policies in the form of a manual of procedures;
- preparation and transmission to subsidiaries, by the Group's Finance Department, of consolidation instructions including detailed timing requirements;
- preparation of consolidated financial statements covering

the Group's full scope of consolidation and based on the information communicated by Group entities;

- use of a unique centralized consolidation tool.

At each period end the Group's central accounting teams review the accounts submitted, perform period to period analytical review and analyze variances against budget. Their work is complemented by that of the Group's statutory auditors covering the Company's annual statutory accounts and the Group's consolidated financial statements.

3.2.2.3 SYSTEM OF INTERNAL CONTROL

The Group's system of internal control is intended to ensure that all accounting and financial information produced is reliable and to guarantee compliance with all laws and regulations applicable to the Group as well as operational efficiency. It is mainly supported by a control environment, by control activities and by dynamic management.

Should any significant weaknesses in the Group's internal control nevertheless arise in the future, they might lead to material misstatement of the Group's consolidated financial statements potentially obliging it to restate its financial statements or leading to a loss of investor confidence in the reliability and completeness of its financial statements and thereby having negative impact on the market price for the Company's shares.

The control environment is particularly based on the corporate culture disseminated by the Company. The Group has defined and deployed an ethical charter and actively demonstrates a managerial culture sensitive to risk management. The Group's organization and its clearly defined roles and responsibilities, supported by the chart of authorities it has put in place, also contribute to a solid control environment. Its chart of authorities is regularly reviewed for consistency with the Group's needs as it grows.

Control activities have been defined for ten major operational, supporting or cross-departmental processes identified by the Group. For each one, control activities have been listed and circulated via control matrices. This work has been performed under the responsibility of each business process owner. The control activities were defined on the basis of the operating risks identified in each of the processes and via the risk mapping process. They were clearly detailed and defined in order to ensure ease of rollout by all Group subsidiaries. In addition to this organization, a concrete set of tools (checklist, model documents etc.) was designed and circulated within the Group for improved appropriation and implementation of the control activities in a harmonized manner across all territories.

Finally, implementation of the internal control system is assessed annually. Internal control self-assessment campaigns were performed in 2017 and late in 2018 (in the form of a cross-departmental audit). Each relevant manager thus prepared an assessment, for his or her area of responsibility or that of a colleague, of the effectiveness of the control measures defined by the Group, thereby allowing the level of deployment of internal control within the Group to be assessed and also enabling action plans to be drawn up with the aim of strengthening any activities not sufficiently controlled at the time. The results of the campaigns were then reported to the Executive Committee and the Audit Committee.

In the second half of 2019, the Group initiated an external audit campaign, firstly, to ensure that the defined controls were properly implemented and secondly, to check that the measures for controlling major risks — as well any other major risks identified between two risk map updates — were working properly. This audit, which specifically concerned the controls used to prepare the financial statements and to produce the Group's financial information for France, was carried out in 2020; it also covered the Group's Australian entities, and is due to be extended to other Group countries in 2021, by geographical rotation and by process.

Lastly, regarding internal controls on compliance, please refer to paragraph 3.2.2.1 of this document, "risk mapping". Although the Group has established internal control policies and procedures in order to identify any fraud, such policies and procedures may nevertheless not identify and protect the Group against fraud or other criminal acts perpetrated by its employees or agents or by those of its affiliated companies.

Should employees or agents of the Group or of its affiliated companies be involved in fraud or criminal or unethical activities, financial penalties could be imposed on the Group and the Group could be the subject of investigations carried out by the criminal or regulatory authorities or become the subject of disputes or litigation, which could have a material adverse effect on its reputation, activities, financial position or results.

3.2.2.4 MANAGEMENT OF FINANCIAL RISK

Interest rate risk

The Group has exposure to market risk in connection with its investment activities. This exposure is mainly linked to fluctuations in the interest rates applied to its project borrowings.

The following table summarizes the Group's exposure by interest rate type on December 31, 2019 and 2020:

(In millions of euros)	31.12.2020	31.12.2019
Fixed rate borrowings	1,030.1	856.2
Floating rate borrowings	1,609.5	1,463.0
Hedging	109.8	95.4
TOTAL BORROWINGS AFTER HEDGING	**2,749.4**	**2,414.6**

As a matter of principle, project financing arranged, in general, at floating rates and the flows of floating interests are covered by hedging which, in general, represents 75% or more of the amount financed at floating rates. Interest rate risk is hedged via over-the-counter instruments (interest rate swaps) with international banking counterparties which are measured at fair value and, for the portion of the hedging which is assessed as effective, recorded in consolidated equity, while changes in the fair values are recorded in the consolidated statement of comprehensive income in the section 4.1 – note 19.2 "net debt" of this document.

The aim of the Group's risk management policy is to limit and control the impact of fluctuations in interest rates and their repercussions on income and cash flows.

The following table sets out the Group's use of derivatives on December 31, 2019 and 2020 for the purpose of hedging its exposure to interest rate risk:

	Notional value per maturity					
(In millions of euros)	Less than 5 years	More than 5 years	Total	Fair value	Recorded as equity	Recorded as income
At December 31, 2019						
Interest rate swaps - Solar	(101.4)	(379.2)	(480.6)	(36.5)	43.9	-
Interest rate swaps - Wind	(145.1)	(394.7)	(539.8)	(58.8)	59.3	-
TOTAL	**(246.5)**	**(773.9)**	**(1,020.4)**	**(95.3)**	**103.2**	**-**
At December 31, 2020						
Interest rate swaps - Solar	(128.1)	(306.0)	(434.1)	(54.4)	60.4	-
Interest rate swaps - Wind	(159.1)	(425.4)	(584.5)	(54.2)	81.5	-
TOTAL	**(287.2)**	**(731.4)**	**(1,018.6)**	**(108.6)**	**141.9**	**-**

Counterparty risk

Counterparty risk is the risk of default by co-contracting parties, in particular the counterparties to power purchase agreements, with regard to the performance of their contractual commitments, which may generate financial losses for the Group.

The following table summarizes the situation of the Group's trade receivables on December 31, 2019 and 2020:

(In millions of euros)	31.12.2020	31.12.2019
Trade receivables	73.2	52.2
Impairment of trade receivables	-	-
TOTAL	**73.2**	**52.2**

The Group sells most of the electricity generated by its plants via power purchase agreements or contracts for difference signed with state-owned counterparties (states or state-run businesses), electricity distribution companies and also a limited number of private purchasers.

The share of power purchase agreements held by private entities and market counterparties (spot exposure) is nevertheless expected to increase in the future.

The Group could design and develop some of its projects with a view to selling their electricity production on the future or spot markets, in accordance with the objectives set for exposure to electricity market risks. It should be remembered that the Group now aims to ensure that the share of its operational installed capacity whose revenues are exposed to market prices does not exceed 20% of its total capacity in operation, excluding dedicated storage facilities directly connected to the networks. In cases where the counterparty to the electricity sales contract is a private company, its credit rating is taken into account when calculating the target internal rate of return (IRR) of the underlying project. If the counterparty is a market counterparty, a risk premium is also added to the project's target IRR calculation.

With regard to the counterparty risk associated with its cash management and interest rate or foreign exchange hedging, the Group invests its liquid and semi-liquid cash resources and signs interest rate and foreign exchange hedging agreements with leading financial establishments.

Liquidity risk

Liquidity risk is the risk of the Group not being in a position to meet its cash requirements using its available resources.

At of the date of this document and given its current obligations and the investments planned as part of the Group's execution of its investment plan over the next twelve months, the Group does not have sufficient financial resources over the period in question.

The net additional cash required to continue the Group's activities over the next twelve months is estimated at approximately €300 million.

A capital increase is therefore the Group's preferred solution to finance the continuation of its activities necessary for its development over the period in question.

A prospectus was approved by the Autorité des Marchés Financiers ("AMF") on March 15, 2021 and published on March 16, 2021. The results of the subscription to this capital increase has been published on April 9, 2021 and detailed in section 2.6 of this document.

The Group's cash requirements and the resources used to meet those requirements are detailed in section 2.4 and paragraph 3.1.3 "risk linked to the Group's level of gearing and means of financing" of this document.

The table below summarizes the Group's available resources (liquidity position) as of December 31, 2019 and 2020 (see the section 4.1 - note 21.4 "liquidity risks" of this document):

(In millions of euros)	**31.12.2020**	**31.12.2019**
Cash and cash equivalents:	374.9	460.5
of which short-term investments	0.7	11.6
of which available cash resources	374.2	448.9
Overdrafts available	238.0	130.0
TOTAL	**612.9**	**590.5**

Short-term investments by the Group are fully available to the Company which holds them and do not generate any risk of change in value.




4

FINANCIAL STATEMENTS AND STATUTORY AUDITORS REPORTS

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4.1 NEOEN GROUP CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

4.1.1 CONSOLIDATED INCOME STATEMENT

(In millions of euros)	Notes	FY 2020	FY 2019
Energy sales under contract		235.1	214.7
Energy sales in the market		58.7	32.7
Other revenues		5.0	5.9
Total Revenue	**6.1**	**298.8**	**253.2**
Purchases net of changes in inventories	7.1	2.9	(0.7)
External expenses and payroll costs	7.3 and 8.1	(73.9)	(59.1)
Duties, taxes and similar payments	11.1	(7.7)	(5.4)
Other current operating income and expenses	9	49.6	27.6
Share of net income of associates	13	0.7	0.7
Current operating depreciation, amortization and provisions	12.2 and 12.3	(109.8)	(80.2)
Current operating income		**160.5**	**135.9**
Other non-current operating income and expenses	10	(4.0)	(5.5)
Impairment of non-current assets	10	(14.1)	1.5
Operating income		**142.4**	**131.9**
Cost of debt		(101.8)	(79.0)
Other financial income and expenses		(15.9)	(8.0)
Net financial result	**19.1**	**(117.7)**	**(87.0)**
Profit before tax		**24.8**	**44.9**
Income tax	11.2 and 11.3	(21.4)	(23.7)
Net income from continuing operations		**3.3**	**21.2**
Net income from discontinued operations		**-**	**15.8**
Consolidated net income		**3.3**	**37.0**
Group share of net income		3.9	36.0
• of which: for continuing operations – Group share		3.9	19.4
• of which: for discontinued operations – Group share		-	16.7
Net income attributable to non-controlling interests		(0.5)	1.0
• of which: for continuing operations – attributable to non-controlling interests		(0.5)	1.9
• of which: for discontinued operations – attributable to non-controlling interests		-	(0.9)
Basic earnings per share (in euros)		0.04	0.44
• of which: for continuing operations		0.04	0.25
• of which: for discontinued operations		-	0.19
Diluted earnings per share (in euros)		0.04	0.41
• of which: for continuing operations		0.04	0.24
• of which: for discontinued operations		-	0.18

4.1.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The statement of comprehensive income presents the net income as well as other comprehensive income for the period (i.e. income and expense items that are not recognised in net income under IFRS).

(In millions of euros)	Notes	FY 2020	FY 2019
Consolidated net income		**3.3**	**37.0**
Foreign exchange differences [1]		(25.5)	7.4
Cash flow hedging (interest rate swaps) [2]	19.3	(39.9)	(66.5)
Deferred tax for cash flow hedging [2]	11.3	9.6	19.3
Items recyclable through profit or loss		**(55.8)**	**(39.8)**
Total comprehensive income		**(52.5)**	**(2.8)**
of which: Net Income - Group share		(48.6)	(0.3)
of which: Net Income - attributable to non-controlling interests		(3.9)	(2.5)

(1) In 2020, of the foreign exchange differences, €(31.2) million was due to the unfavourable change in the US dollar exchange rate and €5.7 million was due to the favourable change in the Australian dollar exchange rate.

(2) Cash flow hedging represents the change in the fair value of derivative financial instruments considered effective within the meaning of IFRS 9 "financial instruments". As these instruments are effective, the change is recognised in «other comprehensive income» in the financial statements together with the corresponding deferred tax.

4.1.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(In millions of euros)	Notes	31.12.2020	31.12.2019
Goodwill	12.1	0.7	0.7
Intangible assets	12.2	208.7	183.3
Property, plant and equipment	12.3	2,838.7	2,387.3
Investments in associates and joint ventures	13	7.3	6.9
Non-current derivative financial instruments	19.3	2.2	2.0
Non-current financial assets	14	92.2	125.2
Deferred tax assets	11.3	62.2	55.6
Total non-current assets		**3,212.0**	**2,761.0**
Inventories	7.2	4.7	0.7
Trade receivables	6.2	73.2	52.2
Other current assets	15	112.3	111.2
Cash and cash equivalents	16	374.9	460.5
Total current assets		**565.1**	**624.7**
Total assets		**3,777.1**	**3,385.7**

(In millions of euros)	Notes	31.12.2020	31.12.2019
Share capital		171.1	170.2
Share premium		502.3	501.0
Reserves		(40.0)	(42.4)
Treasury shares		(0.4)	(3.8)
Group share of net income		3.9	36.0
Group share of equity	**17**	**636.8**	**661.0**
Non-controlling interests	17	4.8	19.5
Total equity	**17**	**641.6**	**680.5**
Non-current provisions	18	57.4	13.8
Non-current project finance	19.2	2,027.1	1,979.8
Non-current corporate finance	19.2	325.4	190.6
Non-current derivative financial instruments	19.2	90.2	83.8
Other non-current liabilities [1]		22.3	34.1
Deferred tax liabilities	11.3	53.3	49.6
Total non-current liabilities		**2,575.7**	**2,351.7**
Current provisions	18	0.5	-
Current project finance	19.2	273.1	144.8
Current corporate finance	19.2	14.0	4.0
Current derivative financial instruments	19.2	19.6	11.6
Trade payables	7.4	173.9	126.3
Other current liabilities	20	78.7	66.8
Total current liabilities		**559.7**	**353.5**
Total equity and liabilities		**3,777.1**	**3,385.7**

(1) Other non-recurring liabilities correspond exclusively to payments deferred for more than one year related to the acquisition of assets under development in Europe and Australia.

4.1.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(In millions of euros)	Share capital	Share premium	Reserves and retained earnings	Own shares	Other elements of comprehensive income [1]	**Group share of equity**	Non-controlling interests	**Total equity**
Total equity as of January 1st, 2019	**169.9**	**500.8**	**30.1**	**(2.7)**	**(52.9)**	**645.1**	**10.1**	**655.3**
Comprehensive income for the period	**-**	**-**	**36.3**	**-**	**(36.7)**	**(0.3)**	**(2.5)**	**(2.8)**
Distribution of dividends	-	-	0.0	-	-	0.0	(4.1)	(4.1)
Share capital increase	0.3	0.3	19.4	-	-	19.9	1.8	21.7
Share-based payments	-	-	3.8	-	-	3.8	-	3.8
Other transactions with non-controlling interests	0.0	-	(4.4)	-	0.0	(4.4)	14.1	9.7
Change in treasury shares	-	-	-	(1.1)	(2.0)	(3.1)	-	(3.1)
Changes in consolidation scope and other changes	(0.0)	(0.0)	(0.0)	-	-	(0.0)	0.0	0.0
Total equity as of January 1st, 2020	**170.2**	**501.0**	**85.2**	**(3.8)**	**(91.6)**	**661.0**	**19.5**	**680.5**
Comprehensive income for the period	**-**	**-**	**3.9**	**-**	**(52.5)**	**(48.6)**	**(3.9)**	**(52.5)**
Distribution of dividends	-	-	(0.0)	-	-	(0.0)	(10.9)	(10.9)
Share capital increase [2]	0.9	1.2	24.9	-	-	27.0	0.0	27.1
Share-based payments	-	-	6.2	-	-	6.2	-	6.2
Change in treasury share [3]	-	-	(7.5)	3.4	-	(4.1)	-	(4.1)
Changes in consolidation scope end other changes [4]	0.0	-	(4.7)	-	0.0	(4.7)	(0.0)	(4.7)
Total equity as of December 31st, 2020	**171.1**	**502.3**	**108.0**	**(0.4)**	**(144.1)**	**636.8**	**4.8**	**641.6**

(1) "Other comprehensive income" includes the foreign exchange differences relating to changes in foreign exchange rates against the euro affecting Neoen Group entities as well as the change in the fair value of the derivative financial instruments designated as hedges (see note 19.3).

(2) See note 17.

(3) The company bought back 113,753 of its own shares for €4.1 million during the period with a view to allocating them under stock option or free share plans. As the vesting dates for the free share plans of 9 April and 5 July 2018 were reached on 10 April and 6 October 2020 respectively, the Group recognised a loss of €(7.5) million in other comprehensive income, corresponding to the allocation of 302,070 treasury shares to employees (see note 8.3). The company has also appointed Kepler Chevreux to implement a liquidity contract in accordance with the code of ethics recognised by the French Financial Markets Authority (AMF).

(4) Other changes include €(4.5) million in respect of the revaluation of a put option on non-controlling interests (see note 25). In accordance with IAS 32 "financial instruments: presentation", liabilities are recognised by the Group under its commitment to buy back minority interests. The Group's accounting policy is to recognise these liabilities and any subsequent changes in them, with a corresponding entry to Group share of equity.

4.1.5 CONSOLIDATED CASH FLOW STATEMENT

(In millions of euros)	Notes	FY 2020	FY 2019
Consolidated net income		**3.3**	**37.0**
Eliminations :			
• of the share of net income of associates		(0.7)	(0.7)
• of depreciation and provisions	12.2 and 12.3	111.1	83.8
• of the change in fair value to derivatives through profit or loss		0.0	2.2
• of gains and losses on sale	10	4.1	3.1
• of calculated income and expense related to share-based payments		4.9	3.8
• of other income and expense without cash impact (1)		5.8	7.5
• of the tax charge	11.2	21.4	23.7
• of the cost of net borrowings	19.1	101.8	79.0
Impact of changes in working capital (2)		(11.3)	(44.5)
Taxes paid (received)		(18.1)	(10.4)
Net cash flows from operating activities		**222.3**	**184.5**
Of which: Operating cash flows associated with discontinued operations (3)		-	*1.5*
Acquisitions of subsidiaries net of treasury acquired (4)		(11.0)	(36.5)
Sales of subsidiaries net of cash transferred		0.0	10.6
Acquisition of intangible and tangible fixed assets (5)		(529.7)	(764.0)
Sale of intangible and tangible fixed assets		0.1	0.2
Change in financial assets (6)		37.3	(23.2)
Dividends received		0.9	0.8
Net cash flows from investing activities		**(502.4)**	**(812.3)**
Of which: Investing cash flows associated with discontinued operations (3)		-	*(3.2)*
Share capital increase by the parent company	01.4 and 17	27.0	19.9
Contribution of non-controlling interests to share capital increases		0.0	1.8
Net sale (acquisition) of treasury shares		(4.1)	(3.1)
Issue of loans	19.2	794.4	906.6
Dividends paid		(10.9)	(4.1)
Repayment of loans	19.2	(527.9)	(267.6)
Interests paid		(74.6)	(72.0)
Net cash flows from financing activities		**204.0**	**581.6**
Of which: Financing cash flows associated with discontinued operations (3)		-	*(1.0)*
Impact of foreign exchange rate fluctuation		(9.5)	2.8
Change in cash and cash equivalents		**(85.6)**	**(43.3)**
Opening cash and cash equivalents	16	460.5	503.8
Closing cash and cash equivalents	16	374.9	460.5
Change in net cash and cash equivalents		**(85.6)**	**(43.3)**

(1) Other income and expense without cash impact corresponds mainly to the portion of interest expenses relating to the convertible bonds into new shares and/or exchangeable for existing shares ("OCEANE") issued in 2019 and to the green convertible bonds into new shares and/or exchangeable for existing shares ("OCEANE Verte") issued in 2020, recognised at the effective interest rate which exceeds these instruments' nominal interest rate, as well as to accretion expenses associated with the non-current liabilities and dismantling provisions.

(2) In 2019, the impact of the change in the working capital requirement was mainly explained by an increase in trade receivables and in VAT receivables awaiting reimbursement in connection with the construction of the El Llano project in Mexico and the Altiplano 200 project in Argentina. At the reporting date, these receivables had only been partially recovered. In 2020, the impact of the change in the working capital requirement is mainly explained by contractual indemnities offsetting revenue losses due to delays in the commissioning of certain projects, pending payments.

(3) These cash flows relate to the biomass activity sold on 4 September 2019.

(4) In 2019, acquisitions of subsidiaries included a group of eight wind power plants in operation in Ireland and a wind power project under development in Finland. In 2020, they corresponded to the acquisition of two wind power plants in France.

(5) The acquisition in 2020 of intangible assets and property, plant and equipment included capital expenditure of €(40) million (see note 12.2) and €(521.6) million (see note 12.3) respectively, as well as the effect of the change in payables to suppliers of fixed assets of €31.9 million.

(6) The change during the period was due mainly to the repayment of deposits related to the financing of production assets.

4.1.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 1. SEGMENT REPORTING

Accounting principles

In accordance with IFRS 8 «operating segments», segment information is presented based on the internal organisation and reporting used by the Group's management. Neoen uses the following breakdown for its operating segments:

- **Wind:** this segment includes wind turbine production;
- **Solar:** this segment includes photovoltaic energy production;
- **Storage:** this segment includes the activity related to independent batteries, directly connected to the grid;
- **Development and Investments:** this segment includes mainly development and financing activities;
- **Eliminations:** intra-group flows mainly concerning the cancellation of invoices for services rendered by Neoen S.A. to its projects companies for the development, supervision and administrative management of power plants, as well as the capitalisation of development costs in accordance with IAS 38 "intangible assets".

The main indicators published are those used by the Group's management. EBITDA corresponds to recurring operating income restated for current depreciation, amortisation and operating provisions.

For additional information, the main indicators published are broken down by geographical region. These are defined below:

- **Europe-Africa:** this region includes production operations in Europe and Africa;
- **Americas:** this region includes production operations in North America, Central America, South America and the Caribbean;
- **Australia:** this region includes production operations in Australia.

Segment results for financial years 2019 and 2020 are thus presented for each of the Group's operating segments: wind, solar, storage, and development and investments (including eliminations).

Segment reporting

(In millions of euros)		Wind power	Solar power	Storage	Development & Investment [2]	Eliminations [3]	FY 2020
EUROPE-AFRICA	**Income statement**						
	Revenue	64.9	56.3	1.3			122.4
	EBITDA [1]	50.8	48.6	0.8			100.3
	Current operating income	23.7	28.3	0.5			52.5
	Statement of cash flows						
	Acquisition of intangible and tangible fixed assets	155.5	64.3	14.2			234.0
AMERICAS	**Income statement**						
	Revenue	-	46.2				46.2
	EBITDA [1]	(0.0)	75.0				75.0
	Current operating income	(0.0)	54.7				54.7
	Statement of cash flows						
	Acquisition of intangible and tangible fixed assets	3.4	170.6				174.0
AUSTRALIA	**Income statement**						
	Revenue	57.0	41.0	31.5			129.5
	EBITDA [1]	46.3	37.5	30.6			114.5
	Current operating income	27.6	16.1	23.3			67.0
	Statement of cash flows						
	Acquisition of intangible and tangible fixed assets	18.4	53.0	83.2			154.6
TOTAL	**Income statement**						
	Revenue	121.9	143.5	32.7	70.1	(69.4)	298.8
	EBITDA [1]	97.2	161.2	31.4	(0.6)	(18.8)	270.4
	Current operating income	51.2	99.1	23.8	(3.6)	(10.1)	160.5
	Statement of cash flows						
	Acquisition of intangible and tangible fixed assets	177.3	288.0	97.4	(0.7)	(32.2)	529.7

(In millions of euros)		Wind power	Solar power	Storage	Development & Investment [2]	Eliminations [3]	FY 2019
EUROPE-AFRICA	**Income statement**						
	Revenue	47.6	53.2	0.4			101.2
	EBITDA [1]	37.9	47.6	0.3			85.9
	Current operating income	19.4	30.0	0.1			49.5
	Statement of cash flows						
	Acquisition of intangible and tangible fixed assets	113.3	77.7	2.9			193.9
AMERICAS	**Income statement**						
	Revenue		20.6				20.6
	EBITDA [1]		20.0				20.0
	Current operating income		14.1				14.1
	Statement of cash flows						
	Acquisition of intangible and tangible fixed assets		411.9				411.9
AUSTRALIA	**Income statement**						
	Revenue	63.5	45.3	20.1			128.8
	EBITDA [1]	64.3	44.1	17.1			125.5
	Current operating income	45.6	25.6	11.9			83.2
	Statement of cash flows						
	Acquisition of intangible and tangible fixed assets	108.9	60.5	12.4			181.8
TOTAL	**Income statement**						
	Revenue	111.1	119.1	20.5	64.9	(62.4)	253.2
	EBITDA [1]	102.2	111.8	17.4	(4.5)	(10.7)	216.1
	Current operating income	65.0	69.7	12.1	(7.4)	(3.5)	135.9
	Statement of cash flows						
	Acquisition of intangible and tangible fixed assets	222.2	550.1	15.3	3.2	(26.8)	764.0

(1) EBITDA corresponds to current operating income adjusted for current operating depreciation, amortization and provisions.

(2) Revenue in this sector is mainly generated by the sales of services by Neoen S.A. to other Group entities (eliminated on consolidation, with the exception of amounts invoiced to related companies and other entities that are not fully consolidated) but also by sales of services to third parties.

(3) The eliminations mainly concern the cancellation of invoices for services rendered by Neoen S.A. to its project companies for the development, supervision and administrative management of production assets as well as the activation of development costs in accordance with IAS 38 "intangible assets".

NOTE 2. GENERAL INFORMATION AND ACCOUNTING PRINCIPLES

NOTE 2.1. IDENTIFICATION OF THE ISSUER

Neoen is a public limited company incorporated and domiciled in France and listed on Compartment A of Euronext, whose registered office is located at 6 rue Ménars, 75002 Paris. Neoen's consolidated financial statements include the Company and those subsidiaries over which it has control, as well as interests in associates (together referred to as "the Group").

The Neoen Group develops and operates power plants to generate electricity from renewable energies (wind, solar), as well as energy storage facilities.

With more than 4.1 GW of projects in operation and construction (including 228 MW under management) and 1.1 GW of projects awarded[1] at December 31, 2020 (secured portfolio[1] of more than 5.2 GW), Neoen is the leading independent producer of renewable energies in France.

The Group also has an advanced pipeline[1] of 6.9 GW and more than 4.9 GW of early stage projects.

The Group operates in the geographic regions of Europe-Africa, Australia and the Americas.

NOTE 2.2. EVENTS DURING THE PERIOD

A year marked by the COVID-19 health crisis

On 30 January 2020, the World Health Organisation declared a public health emergency of international concern following the spread of the COVID-19 virus and declared it a pandemic on 11 March 2020. In response to this health crisis, governments around the world were forced to adopt restrictive social and economic measures to contain the spread of the virus. These measures triggered significant disruptions for companies, leading to a global economic slowdown.

In this context, the Group's primary responsibility was to protect the health of all its employees while continuing to operate. The Group therefore limited staff travel massively deployed alternative working methods and used remote working whenever possible, while actively pursuing the development of its portfolio with a total of 769 MW of operating capacity added in the period, the launch of the construction of more than 987 MW and the strengthening of its portfolio of secure projects.

The Group thereby managed to continue its development, despite occasional delays in the completion of its projects, and to maintain dynamic growth in its sales and EBITDA while maintaining its cash and liquidity throughout the period. As a result, it did not use government support measures. As the Group's assets operate mainly under long-term power purchase agreements with mainly first-rate counterparties, they were only slightly affected by the fluctuations that impacted the financial and electricity markets during the financial year. With the exception of the Altiplano 200 project under construction in Argentina, which is the subject of specific issues, the Group has not identified any indications of impairment that may affect its assets (see note 10).

In addition, the crisis did not reveal any new significant risk factors thanks to the resilience of the Group's business model, which enabled it to continue to operate its assets in a normal manner, to commission assets under construction, despite delays observed in certain regions, and to win new projects.

Furthermore, the Group has not identified any liquidity risk inherent to the health crisis, and in the period completed the issue of its first corporate syndicated loan and green convertible bonds ("OCEANE Verte") (see notes 17 and 19.2).

Lastly, the specific costs relating to the COVID-19 epidemic remain marginal at Group level and have been recognised in current operating income.

Refinancing of the Hornsdale wind projects in Australia

As part of its active financing management, on 21 January 2020 the Group completed the refinancing of the debts of the Hornsdale 1, 2 and 3 plants in operation, resulting in a repayment of existing debts of AUD 527.2 million (plus AUD 52.5 million in swap repayments) as well as the issue of new debts of AUD 606.5 million. This transaction enabled the Group to benefit from more advantageous financing conditions, in particular by extending the repayment horizon (up to 22 years from refinancing).

In accordance with the principles set by IFRS 9 «financial instruments», as this is a substantial modification of the financing, the Group has recognised issuance costs not yet amortised and early repayment penalties in financial expenses in the amount of €(4.9) million (see note 19.1).

Signing of €200 million syndicated loan incorporating ESG criteria

In March 2020, Neoen entered into an initial syndicated loan of €200 million, indexing its financial conditions to environmental, social and governance (ESG) indicators. This agreement includes an amortisable loan of a total amount of €125 million and a renewable loan of €75 million, both of which mature on 31 July 2024. This transaction was carried out in order to strengthen the financial resources of the Neoen Group as part of its growth strategy. Issuance costs for this syndicated facilities agreement were €2 million. As at 31 December 2020, these two instruments had not yet been drawn down (see note 19.1).

[1] For a definition of the various stages of development of the Group's projects, the reader is invited to refer to section 9.6 of this document.

Capital increase reserved for employees

On 29 April 2020, Neoen S.A. carried out a capital increase reserved for its employees in France. This plan offered each beneficiary the opportunity to buy a maximum of 118 new shares at the preferential subscription price of €21.92 per share (benefiting from a 30% discount compared to the average share price over the last twenty trading sessions preceding 25 March 2020, the date on which the Board of Directors set the price) and an employer contribution on the basis of one share offered for one share subscribed.

The Group recognised this transaction in accordance with IFRS 2 «Share-based Payment». This resulted in an impact of €0.7 million in shareholders' equity and €(0.4) million in personnel expenses.

Issue of green convertible bonds ("OCEANE Verte")

On 2 June 2020, Neoen S.A. issued convertible bonds into new shares and/or exchangeable for existing shares for a nominal amount of €170 million, bearing interest at an annual rate of 2.0% payable semi-annually in arrears on 2 December and 2 June of each year, and for the first time on 2 December 2020.

The unit value of the bonds was set at €46.20, corresponding to a premium of 40% over Neoen's reference price. Unless they have been converted, exchanged, redeemed or bought back and cancelled, the bonds will be repaid at par on 2 June 2025.

In accordance with the principles set out in IAS 32 "financial instruments: presentation", this issue was treated as a compound instrument, with the debt component (bond without conversion option) amounting, net of costs, to approximately €142.8 million and the equity component (conversion option) to approximately €24.9 million, net of costs (see notes 16 and 19.2). The effective interest rate of the debt component is 5.80%.

In connection with this issue, Neoen S.A. acquired 60,606 of its own shares for €2 million. For accounting purposes, these shares were treated as treasury shares in the consolidated financial statements.

2 July 2020 free share allocation plan

The Board of Directors decided to grant 140,000 free Neoen S.A. shares to certain Group employees. The granting of shares will only be final, subject to meeting the conditions set out in the allocation plan, at the end of a vesting period of three years.

The Group recognised this transaction in accordance with IFRS 2 «share-based payment». This resulted in an impact of €0.9 million in personnel expenses given the three-year vesting period.

Share buyback plan

On 6 July 2020, Neoen signed a mandate to buy back a maximum of 100,000 shares over the period from 7 July to 25 September 2020, for a maximum purchase price of €40 per share. The number of shares purchased under this mandate was 41,874, at a price of €38.49.

On 24 September 2020, Neoen signed a mandate to buy back a maximum of 163,000 shares over the period from 28 September 2020 to 15 May 2021 for a maximum purchase price of €45 per share. At the reporting date, the company had acquired 11,273 shares at a price of €44.18.

The purpose of these transactions was to acquire shares for delivery under expiring free share plans (see note 17).

The Group's exposure to Argentina

As at 31 December 2020, the contribution of all the Argentinian entities to the Neoen Group's balance sheet amounted to €201.9 million, breaking down as follows:

- intangible assets and property, plant and equipment: €188.4 million;
- cash and cash equivalents: €4.8 million;
- project financing liabilities: €131.0 million.

In addition, to guarantee Neoen's commitments under the Altiplano 200 project, bank guarantees in the form of letters of credit were issued by credit institutions, of which USD 27.8 million were in force on 31 December 2020, covered by cash guarantee deposits made by the Group in the amount of USD 20.9 million. Neoen has also counter-guaranteed, in the amount of USD 55 million, the guarantees issued by an insurer for the proper performance of the project companies' obligations under the Power Purchase Agreement signed with CAMMESA (electricity market administrator).

On 22 May 2020, the Argentine government formally exceeded the grace period granted for the payment of a USD 502 million maturity on its sovereign debt. Negotiations between the government and the main creditor groups have led, however, to the conclusion of a sovereign debt restructuring, effective from the beginning of September 2020. This has massively reduced the country's financial burden by reducing the present value of payments by 45% and granting a grace period before the next scheduled repayments in 2024.

Despite the country's macroeconomic and financial situation, the Group's financial partners continued to support the project by authorising debt drawdowns and extending the period of availability of undrawn amounts beyond the initial drawdown schedule. In addition, although affected by the COVID-19 pandemic and the restrictions imposed by the federal and provincial governments, construction operations were suspended for a period of time (six weeks in total) but are still on course for a gradual commissioning in the first half of 2021.

However, the depreciation of the Argentine peso against the US dollar - the functional currency of the Argentine entities - generated unrealised foreign exchange losses, mainly relating to VAT credits denominated in Argentine pesos, pending reimbursement, affecting the consolidated financial income for an amount of €(8.5) million (or USD (9.7) million) in respect of the Altiplano 200 project for the 2020 financial year.

Lastly, the rules put in place by the Central Bank of the Republic of Argentina during the second half of 2019, aimed at restricting access to foreign currencies for Argentine companies and individuals in order to stem the devaluation of the Argentine peso (ARS) against the US dollar (USD), have had the consequence,

at the date of publication of the Group's financial statements, of substantially restricting the possibility of buying US dollars on the Argentine foreign exchange market for the purposes of i) repayments of shareholders' loans denominated in USD in favour of the Altiplano 200 project (amounting to USD 96.2 million, including accrued interest of USD 14.2 million, at 31 December 2020) and ii) dividend payments. However, these restrictions do not affect payments in respect of servicing US dollar denominated debt (repayment of principal or interest), to the foreign lenders on this project.

In this context, the Group considers that the absence of prospects for the rapid recovery of all VAT credits awaiting repayment despite its completion of the necessary administrative formalities, and the prolonged maintenance of foreign exchange control, constitute an impairment trigger with regard to the 31 December 2020 annual closing.

In accordance with IAS 36 "impairment of assets", the Group therefore carried out an impairment test on the carrying amount of the Altiplano 200 power plant's assets in order to identify any impairment losses. The cash flows used for the test were based mainly on the following key assumptions: i) production forecasts based on the most recent technical model, ii) revenue projections based on PPAs signed with CAMMESA, iii) prospects for changes to the exchange control system, and iv) procedures and timetable for the gradual clearing of VAT credits to be recovered. The value in use was estimated using a discount rate of 12.2%.

An impairment loss of €(13.4) million (USD (15.3) million) was recognised within non-current impairment losses in the consolidated financial statements for the year ended 31 December 2020.

Status of the El Llano project

As at the date of this document, the provisional technical acceptance (PA - Provisional Acceptance) of the Mexican power plant in El Llano had not yet been announced, due in particular to delays in the completion of construction operations, as well as to delays in the performance of pre-operational tests by the National Energy Control Centre (CENACE), which were only completed in the fourth quarter of 2020, resulting in certain documentary non-compliances within the meaning of the financing agreements for this plant. As a result, the financing raised for this project has been presented as current financial debt in the amount of €120.1 million in the Neoen Group's annual financial statements.

On the date of publication of its financial statements, the Group was continuing to work actively with the manufacturer in order to, as soon as possible, bring the production of the El Llano plant to levels close to its nominal capacity and to carry out its provisional technical acceptance, in order to eliminate these documentary non-compliances. The plant, which began injecting electricity into the grid in February 2020, also continues to produce electricity sold on the spot market.

Acquisition of a group of wind farms in France

On 15 October 2020, the Neoen Group acquired wind farms in operation in France with a cumulative capacity of 24 MW, for a total amount, paid in cash, of €14.8 million, plus €0.1 million in acquisition costs. Pursuant to revised IFRS 3 "business combinations", the Group has classified this transaction as an asset acquisition. The measurement of the assets and liabilities acquired resulted in the recognition of fair value adjustments in respect of property, plant and equipment totalling €10 million.

Capital increases

During the year, capital increases were carried out due to:

- the exercise of 62,500 stock options at an exercise price of €4, of 161,834 stock options at an exercise price of €6 and of 25,000 stock options at an exercise price of €10;
- the creation of 25,556 shares in connection with a capital increase reserved for employees;
- the creation of 187,074 shares in connection with free shares allocation plans that had reached maturity.

These transactions, which totalled €1,676,653.76 including an issue premium of €1,226,873.76, increased the share capital to €171,101,424.00 (see notes 8.3 and 17).

NOTE 2.3. STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED BY THE EUROPEAN UNION AND THAT ARE MANDATORY OR OPTIONAL FOR APPLICATION FROM 1 JANUARY 2020

Standards, amendments and interpretations that are mandatory for application from January 1, 2020 and applied early from January 1, 2019

- Amendments to IFRS 9, IAS 39 and IFRS 7 relating to the reform of benchmark interest rates (IBOR);
- Amendments to IFRS 3: "Definition of an activity - Business combinations".

Standards, amendments and interpretations that are mandatory for application from January 1, 2020

New texts or amendments as adopted by the EU and whose application is mandatory as at 1 January 2020 came into force on 1 January 2020:

- Amendments to references to the conceptual framework in IFRS;
- Amendments to IAS 1 and IAS 8: «Definition of material».

NOTE 2.4. STANDARDS, AMENDMENTS AND INTERPRETATIONS THAT ARE NOT MANDATORY FOR APPLICATION FROM JANUARY 1, 2020

The amendments of IFRS 16 "COVID-19-Related Rent Concessions" were adopted by the EU and published in the Official Journal on 12 October 2020. Their application is optional for annual periods beginning on or after 1 June 2020.

The Group decided not to apply this new amendment as at 31 December 2020.

NOTE 2.5. STANDARDS, AMENDMENTS AND INTERPRETATIONS PUBLISHED BY THE IASB AND NOT YET ADOPTED BY THE EU

The standards, amendments and interpretations published by the IASB and not yet adopted by the EU are listed below:

- Amendments to IAS 1: «Classification of liabilities as current or non-current»;
- Amendments to IFRS 3: «References to the IFRS conceptual framework»;
- Amendments to IFRS 4: «Extension of the temporary exemption from applying IFRS 9»;
- Amendments to IAS 37: «Onerous contracts - Cost of fulfilling a contract»;
- Amendments to IAS 16: «Property, plant and equipment - Proceeds before intended use»;
- Annual improvements to the IFRS 2018-2020 cycle;
- Amendment to IFRS 9, IAS 39 and IFRS 6 relating to the reform of benchmark interest rates (IBOR) - Phase 2: on 27 August 2020, the IASB published the second phase of the "Benchmark interest rate reform" project. The objective of phase 2 is to deal with the accounting impacts relating to the actual replacement of benchmarks.

As a reminder, from 2019 Neoen had chosen to adopt early the amendments to IFRS 9 and IFRS 7 relating to phase 1 of the "Benchmark interest rate reform" project. The adoption of these amendments relating to phase 1 of the project allows the Group not to take into account uncertainties about the future of benchmark rates in assessing the effectiveness of hedging relationships and/or in assessing the highly probable nature of the risk hedged, thereby making it possible to secure existing or future hedging relationships until these uncertainties are resolved.

The amendments relating to phase 2 were adopted by the EU and published in the Official Journal. Neoen decided not to apply these new amendments early as at 31 December 2020. Early application of the amendments relating to phase 2 would have no impact for Neoen if the benchmarks in the Group's contracts were not actually modified as at 31 December 2020.

NOTE 2.6. ESTIMATES AND ASSUMPTIONS

In preparing the Group's financial statements, and to the extent that items included in the financial statements cannot be accurately measured, management makes estimates, exercises judgement and makes assumptions that may have an impact on the amounts of the assets, liabilities, income and expenses included in the financial statements, as well as on the information disclosed in the notes to the financial statements. Management exercises its judgement by taking into account past experience and other factors deemed relevant in light of the economic conditions, and reviews its estimates and assessments on a regular basis. Since assumptions are by nature uncertain, the amounts in future financial statements may differ from current estimates.

In this context, during the second half of 2020, the procedures used to assess the dismantling provisions were reviewed to reflect the best estimate of future dismantling costs in accordance with IAS 37 "provisions, contingent liabilities and contingent assets". The analyses carried out by the Group, based in particular on data obtained from third parties, have highlighted a significant change in the anticipated decommissioning costs for wind assets, which can be explained both by a steeper experience curve for professionals in the sector and by a gradual strengthening of the constraints set by the public authorities in this area. The impact of this cost change was recognised in accordance with IFRIC 1 "changes in existing decommissioning, restoration and similar liabilities", with the increase in the dismantling provisions being recognised in the 2020 annual financial statements, the counterpart entry being to the corresponding dismantling assets. Amortisation of the net carrying amount of the dismantling assets and accretion of the corresponding provisions will be recognised as from 1 January 2021 in the consolidated income statement (see note 18).

The main items significantly impacted by estimates and assumptions at 31 December 2020 were the following:

- determining the recoverable amount of goodwill, intangible assets and property plant and equipment (notes 12.1, 12.2 and 12.3);
- useful lives of production assets (note 12.3);
- recognition of a deferred tax asset when it is probable that sufficient future taxable income will exist against which tax losses can be utilised (note 11);
- determining the lease term and the discount rate to be applied to the lease payments, in connection with the application of IFRS 16 "leases" (note 12.3);
- capitalisation of development costs (note 12.2);
- assessing dismantling provisions (note 18).

Furthermore, the consolidated financial statements have been prepared on a going concern basis taking into account the following items:

- at the closing date and given its current obligations and the investments planned as part of the Company's execution of its investment plan over the next twelve months, the Company does not have sufficient financial resources over the period in question;
- the net additional cash required to continue the Company's activities over the next twelve months is estimated at approximately €300 million;
- a capital increase is therefore the Company's preferred solution to finance the continuation of its activities necessary for its development over the period in question;
- however, should the Company delay certain projects planned as part of the execution of its investment plan, the cash shortfall would no longer occur over the next twelve months.

NOTE 3. CONSIDERATION OF THE COVID-19 IMPACT IN THE PREPARATION OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Changes in the economic and financial environment resulting from the COVID-19 health crisis have led the Group to strengthen risk monitoring procedures, particularly in the valuation of financial instruments and the recoverable amount of its assets.

The Group has taken into account this environment and the significant market volatility in the estimates used, inter alia, for impairment tests and provision calculations.

The Group has also exercised its judgement to assess:

- the existence of a triggering event that could lead to an impairment loss on goodwill and property, plant and equipment or intangible assets;
- default probabilities in a context of uncertainty;
- impacts on the risks relating to financial instruments, in particular liquidity risk and changes in the interest rate and foreign exchange markets;
- the prospect for the use of recognised deferred tax assets;
- hedging consequences, particularly with regard to maintaining the highly probable nature of the hedged item.

Lastly, the Group has paid particular attention to the treatment in the financial statements of the main challenges and effects of the health crisis for which the IFRS accounting principles used in previous financial statements have been applied on a consistent basis.

As the Group's assets are mainly backed by long-term contracts with mainly first-rate counterparties, they were only slightly affected by the fluctuations inherent in the COVID-19 epidemic that affected the financial and electricity markets during the financial year. Consequently, the Group has not identified any indications of impairment that could affect its assets, with the exception of the Altiplano 200 project under construction in Argentina, which is the subject of specific issues (see notes 2.2 and 10).

Lastly, the specific costs relating to the COVID-19 epidemic remain marginal at Group level and concern mainly equipment and health compliance. They have been recognised in current operating income.

NOTE 4. TRANSLATION METHODS

Presentation currency of the consolidated financial statements

The Group's consolidated financial statements are presented in millions of euros.

Functional currency

The functional currency of an entity is the currency of the economic environment in which it primarily operates. In some entities, a functional currency other than the local currency may be used if it reflects the currency of the entity's main trading and economic environment.

As part of the preparation of its 2019 financial statements, the Group refined its analysis of the conditions for the application of functional currencies and thus adopted the US dollar (USD) for some countries that have seen projects enter construction or operation during the period, namely Mexico, Argentina, Jamaica, Mozambique and Zambia, as well as in Colombia, given the progress of the development of its projects in these countries.

Translation of foreign currency transactions

Foreign currency transactions are translated into the functional currency at the exchange rate prevailing on the transaction date. At each reporting date:

- monetary assets and liabilities denominated in foreign currencies are recorded at the closing exchange rate. Any resulting exchange differences are recognised in the income statement for the period;
- non-monetary assets and liabilities denominated in foreign currencies are translated at the historical exchange rate applicable at the date of the transaction.

Translation of the financial statements of subsidiaries whose functional currency is not the euro

The statement of financial position is translated into euros at the exchange rate prevailing at the end of the financial year. Income and expense items and cash flows are translated using average exchange rates. Any differences resulting from the translation of the financial statements of foreign subsidiaries are recorded under «Exchange differences on translation of foreign operations» in other comprehensive income».

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign entity. They are therefore expressed in the entity's functional currency and translated at the closing rate.

NOTE 5. CONSOLIDATION SCOPE

NOTE 5.1. ACCOUNTING PRINCIPLES

Business combinations

In accordance with IFRS 3 as amended, business combinations are accounted for using the acquisition method. Under this method, the assets acquired, liabilities and contingent liabilities assumed are measured at fair value. Goodwill is the difference between the fair value of the consideration transferred in the business combination and the amount of identifiable assets acquired net of liabilities and contingent liabilities assumed. It is provisionally determined on acquisition and reviewed within a period of 12 months from the acquisition date. Goodwill is not amortised. It is tested for impairment as soon as indications of impairment appear and at least once a year.

In accordance with IFRS 3 as amended:

- acquisition costs are recognised in other non-recurring operating income and expenses when they are incurred;
- Contingent earn-outs are estimated at fair value and included, where applicable, in the acquisition cost of the securities.

For each business combination, the Group may value non-controlling interests either at fair value or on the basis of their share of the identifiable net assets of the acquire measured at fair value at the acquisition date. The Group decides on the method it will use to account for non-controlling interests on a case-by-case basis.

Consolidation methods

Subsidiaries that are controlled within the meaning of IFRS 10 «consolidated financial statements" are fully consolidated regardless of the Group's equity interest. The Group controls an entity when it is exposed, or has rights, to variable returns due to its involvement with the entity and its ability to affect those returns through its power over the entity.

In accordance with IFRS 11 «joint arrangements», a joint arrangement is a company over which Neoen and one or more other parties exercise joint control by virtue of a contractual agreement. Neoen has joint control over a joint arrangement when decisions about the relevant activities require the unanimous consent of Neoen and the other parties sharing control. Neoen recognises joint arrangements classified as joint ventures as defined by IFRS 11 using the equity method. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The equity method is also applied to associates over which the Group has significant influence. Under the equity method, the net assets and net income of a company are recognised in proportion to the equity interest held by the parent company and, where applicable, the related goodwill (which is included in the value of the investment).

All transactions and positions within fully consolidated subsidiaries are eliminated on consolidation. The list of the main subsidiaries, joint ventures and associates is presented in note 5.2.

NOTE 5.2. CONSOLIDATED COMPANIES

As at 31 December 2020, the Group consisted of 315 consolidated companies, 311 of which were fully consolidated and 4 of which were consolidated using the equity method.

As a reminder, at December 31, 2019, the Neoen Group consisted of 304 consolidated companies, of which 300 were fully consolidated and 4 were consolidated using the equity method.

Pursuant to regulation no. 2016-09 of December 2, 2016 of the French Accounting Standards Authority, the complete list of companies included in the scope of consolidation, companies excluded from the scope of consolidation and investments in non-consolidated companies is available on the Group's website (https://www.neoen.com/en/investors).

The list of the main operating entities presented below was determined in particular on the basis of their contribution to the following financial indicators: revenue, total assets or debt.

During the 2020 financial year, Neoen Jules GmbH and Neoen Mistral Gmbh used the derogation provision of Article 264(3) of the German Commercial Code (HGB) with regard to the preparation of an appendix, the management report and the publication of the annual accounts.

The Group's main subsidiaries are:

Consolidation method	Entity	Percentage interest 31.12.2020	Percentage interest 31.12.2019
Parent company	Neoen S.A.	Parent company	Parent company
Full consolidation	Altiplano Solar	100%	100%
	La Puna Solar	100%	100%
	HWF 1	70%	70%
	HWF 2	80%	80%
	HWF 3	80%	80%
	Parkes Solar Farm	100%	100%
	Bulgana Windfarm	100%	100%
	Coleambally Solar	100%	100%
	Numurkah Solar Farm	100%	100%
	Hornsdale Power Reserve	100%	100%
	Western Downs Green Power Hub	100%	-
	Hedet	80%	80%
	Mutkalampi	80%	80%
	Neoen International	100%	100%
	Neoen Production 1	100%	100%
	Neoen Production 2	100%	100%
	Centrale Solaire de Torreilles	100%	100%
	Groupement Solaire Cestas 1	100%	100%
	EREC	50%	50%
	SPV AGS	100%	100%
	CSNSP 452	100%	100%
	Providencia Solar	100%	100%
	Capella Solar	100%	100%

NOTE 5.3. NON-CONSOLIDATED COMPANIES

The Group consolidates all of subsidiaries over which it has control or over which it exercises significant influence, even if they could be considered non-significant.

Non-controlling interests in the Cestas groups are recognised as non-consolidated investments.

NOTE 5.4. CHANGES IN SCOPE

As part of its development, Neoen regularly creates companies, and may be required to acquire entities in a relatively advanced development phase or offering growth or repowering prospects. During the 2020 financial year, the main transactions affecting the Group's scope were as follows:

Acquisition of two wind farms in France

On 15 October 2020, for €14.9 million (including acquisition expenses of €0.1 million), the Group completed the acquisition of 100% of Energie d'Eole, a holding company that owns two wind power plants in France with total capacity of 24 MW.

The Group has classified this transaction as an asset acquisition rather than a business combination pursuant to IFRS 3 R "business combinations".

The Group measured the identifiable assets acquired and liabilities assumed. This resulted in the recognition of renewable energy generation assets totalling €10 million.

These assets were valued using the discounted cash flow method, based on the business plan established by the Group for each power plant. This model takes into account the expected residual life of the generation assets and the operational parameters for which management has had to exercise judgement, in particular the future production capacity of the power plants and their maintenance costs, as well as the forward electricity prices after the power purchase agreement, as well as a discount rate of 4%, and the future tax rates as announced by the public authorities on the acquisition date.

Disposals

The companies HWF FinCo 1 Pty Ltd, HWF FinCo 2 Pty Ltd, HWF FinCo 3 Pty Ltd, Enr Colombia S.A E.S.P, Neoen Colombia S.A.S, and Neoen Solar Washington LLC were liquidated during the 2020 financial year.

NOTE 6. SALES

NOTE 6.1. REVENUE

Accounting principles

Revenue represents the fair value of the consideration received or receivable in exchange for goods or services sold in the course of the Group's ordinary activities. Revenue is shown net of any discounts and rebates and less any intra-group sales. No revenue is recognised when there is material uncertainty as to the recoverable nature of the consideration due.

The Group mainly distinguishes between contract revenue, which is predominantly long-term, from that from sales on the market (classified as non-contract revenue). Revenue consists mainly of sales of electricity and green certificates.

Energy sales correspond to electricity sales at the level of the generation units as well as the associated green certificates, and to revenues from arbitrage and the provision of services to the networks for storage activities.

Energy is sold either in accordance with the various contracts whose selling prices are set by decree or as part of calls for tender, or on the market.

Revenue is recognised in accordance with the quantities produced and/or injected during the period or during the production of the energy giving right to the certificates.

Breakdown of revenue

Revenue breaks down as follows:

(In millions of euros)	Solar	Wind	Storage	Other [1]	FY 2020
Electricity	106.4	79.9	0.5	-	186.9
Green certificates	15.9	32.4	-	-	48.2
Energy sales under contract	**122.3**	**112.3**	**0.5**	**-**	**235.1**
Electricity	20.0	7.3	29.5	-	56.7
Green certificates	0.0	1.9	-	-	2.0
Energy sales in the market	**20.0**	**9.2**	**29.5**	**-**	**58.7**
Services rendered	-	-	-	0.6	0.6
Other items	1.2	0.4	2.8	-	4.4
Other revenue	**1.2**	**0.4**	**2.8**	**0.6**	**5.0**
Total revenue	**143.6**	**121.9**	**32.7**	**0.6**	**298.8**

(In millions of euros)	Solar	Wind	Storage	Other [1]	FY 2019
Electricity	91.4	84.4	0.4	-	176.3
Green certificates	12.5	25.9	-	-	38.4
Energy sales under contract	**104.0**	**110.3**	**0.4**	**-**	**214.7**
Electricity	11.8	0.3	17.5	-	29.6
Green certificates	3.1	(0.0)	-	-	3.1
Energy sales in the market	**14.9**	**0.3**	**17.5**	**-**	**32.7**
Services rendered	-	-	-	0.7	0.7
Other items	0.3	0.4	2.6	1.9	5.2
Other revenue	**0.3**	**0.4**	**2.6**	**2.5**	**5.9**
Total revenue	**119.1**	**111.0**	**20.5**	**2.5**	**253.2**

(1) This mainly concerns administrative management, supervision and development services for non-group entities.

NOTE 6.2. TRADE RECEIVABLES

Accounting principles

The Group mainly sells the electricity it produces under contracts subject to purchase obligations (the conditions of which are specified in decrees or tenders regulations).

Receivables recognised at the reporting date corresponded mainly to invoices not yet due for the sale of electricity and green certificates, the change in which is due mainly to the growth in the number of power plants in operation, as well as contractual indemnities offsetting revenue losses due to delays in the commissioning of certain projects.

Given the quality of the signing parties to PPAs, the Group considers that the counterparty risk related to its trade receivables is negligible.

As a result, the Group's balance sheet had no material overdue trade receivables at December 31, 2020 and December 31, 2019.

Impairment

IFRS 9 requires credit risk on financial assets to be taken into account on the basis of the «expected losses» principle, which implies recognising impairment losses on trade receivables that have not yet matured.

At December 31, 2020, the Group carried out a review, based on the quality and solvency of its customers, of its portfolio of trade receivables. Given the nature of its activities and its customers, no particular expected loss has been identified given the nature of the receivables in the portfolio.

Breakdown of trade receivables

(In millions of euros)	31.12.2020	31.12.2019
Trade receivables net value - start of period	**52.2**	**33.8**
Change of activity	22.3	18.8
Scope change	0.6	(0.9)
Conversion differences	(1.9)	0.3
Reversal of an unused provision	-	0.3
Trade receivables net value - end of period	**73.2**	**52.2**

There were no material overdue trade receivables at 31 December 2020 or 31 December 2019. Following the reversal of an unused provision of €0.3 million during the 2019 financial year, there has no longer been any impairment relating to trade receivables in the Group's financial statements since the year ended 31 December 2019.

NOTE 7. PURCHASES AND INVENTORIES

NOTE 7.1. PURCHASES NET OF CHANGES IN INVENTORIES

Accounting principles

The Australian project companies operating solar and wind power plants generate green certificates at the rate of their production which, for the portion exceeding the commitments provided for in their Power Purchase Agreement with their counterparties, are intended to be sold on the market.

With the aim of hedging price risk in order to limit its exposure to spot market volatility, Neoen created the company Neoen Energy Management Australia (NEMA) in the first half of 2020. This company now acquires quarterly from project companies (as long as their financing contracts allow them to do so) the green certificates that exceed the commitments made under the Power Purchase Agreements. Furthermore, in accordance with a risk policy subject to prior approval by the management bodies, it hedges the price risk over the accessible liquidity horizon (up to and including year n+2) through forward sales to external counterparties, giving rise to physical delivery in the year following the production of these green certificates.

As part of this new organisation, green certificates, which are the subject of this price risk hedging, are recognised in inventories at fair value in accordance with the principles set out in IAS 2 «inventories», until they are physically transferred to external counterparties in year n+1 following their production, which triggers recognition of the associated proceeds in revenues. These green certificates are recognised under «Purchases net of changes in inventories» in the income statement and under «Inventories» in the balance sheet.

Purchases and inventories consist mainly of:

- charges relating to the purchase of electricity for €(0.4) million and purchases of small items of equipment for certain plants in operation for €(0.4) million;
- changes in inventories of green certificates generated by project companies in Australia and awaiting physical delivery under the terms of forward sales for €3.7 million.

In 2019, this item consisted exclusively of purchases of small items of equipment for €(0.7) million.

NOTE 7.2. INVENTORIES

(In millions of euros)	31.12.2020	31.12.2019
Inventories net value - start of the period	**0.7**	**1.9**
Change of activity	3.7	(1.7)
Scope change	-	0.5
Conversion differences	0.2	-
Inventories net value - end of the period	**4.7**	**0.7**

NOTE 7.3. EXTERNAL EXPENSES

(In millions of euros)	FY 2020	FY 2019
Maintenance and repair expenses	(22.7)	(17.2)
Other external expenses	(35.0)	(29.8)
Total of external expenses	**(57.7)**	**(47.0)**

Maintenance and repair expenses mainly correspond to maintenance costs of the plants in operation.

Other external expenses mainly include:

- operating expenses for power plants in operation (costs associated with managing network frequency and operating insurance);
- structural costs (fees, consulting, subcontracting, IT, insurance);
- travel expenses;
- non-capitalised development costs because they do not meet the capitalisation criteria laid down by IAS 38 “intangible assets”.

Non-capitalised development expenses totalled €1.5 million, unchanged from the previous year.

NOTE 7.4. TRADE PAYABLES

(In millions of euros)	31.12.2020	31.12.2019
Payables	33.2	27.4
Fixed asset suppliers	140.7	98.9
Total trade payables	**173.9**	**126.3**

Fixed asset suppliers include mainly liabilities relating to the construction of power generation plants. The change in payables to fixed asset suppliers was due to a net increase of +€44.6 million and the impact of translation adjustments of -€2.7 million.

NOTE 8. EMPLOYEE EXPENSES AND BENEFITS

NOTE 8.1. PAYROLL COSTS

Accounting principles

Payroll costs

Payroll costs allocated to project development are recognised as assets when the projects meet the capitalisation criteria laid down by IAS 38 "intangible assets". The Group considers that these criteria are met when a project enters the development portfolio, i.e. when the contractual elements and technical studies indicate that the feasibility of a project is likely (most often at the early stage). Other payroll costs are included in the income statement.

Post-employment benefits

Employee benefits include defined contribution plans and defined benefit plans.

Defined contribution plans are post-employment schemes under which the Group pays fixed contributions to various social security organisations.

Contributions are paid in exchange for services rendered by employees during the financial year. They are expensed as incurred.

Defined benefit plans guarantee employees additional benefits such as retirement indemnities. These guaranteed additional benefits represent a future obligation for the Group which is quantified. The provision is calculated by estimating the amount of benefits that employees will have accrued in exchange for services rendered during the current and prior years.

Given the average age of the Group's workforce, no liabilities have been recognised in respect of employee benefits, as the amount of these benefits is immaterial at the reporting date.

In 2020, payroll costs amounted to €(16.2) million compared with €(12.1) million in 2019.

The increase in payroll costs was due mainly to the increase in the number of employees and the increase in social security contributions in relation to the free share plan recognised when the October 2017 plan expired and provisioned for the year in respect of the plans that expire in 2021, 2022 and 2023. These changes were partially offset by the increase in the rate of capitalisation of payroll costs over the period (59% in 2020 versus 58% in 2019), in accordance with the capitalisation rules defined by IAS 38 (see note 12.2).

NOTE 8.2. EXECUTIVE COMPENSATION

(In millions of euros)	FY 2020	FY 2019
Short-term employee benefits	2.5	2.4
Share-based payments	1.5	1.7
Total executive compensation	**4.0**	**4.1**

The directors represent the members of the Group's Management Committee.

NOTE 8.3. SHARE-BASED PAYMENTS

Accounting principles

In accordance with IFRS 2 «share-based payments», the fair value of stock options and free share grants is determined using methods appropriate to their characteristics (equity-settled), and recognised as payroll costs over the vesting period.

Stock options, which are not subject to share price performance conditions, are valued using the Black and Scholes model.

The fair value of stock options at the grant date is recognised as an expense over the option vesting period, based on the probability of the options being exercised before their expiry date, with a corresponding increase in consolidated reserves.

The fair value of bonus share plans is based on the share price on the grant date (for plans prior to the Company's listing, the fair value was estimated on the basis of the last capital increase), and takes into account the prospects for dividend payments over the vesting period, the anticipated rate of staff turnover and the lock-in period for these instruments. The expense is spread over the vesting period and offset against consolidated reserves.

At each reporting date, the Group assesses the probability of beneficiaries losing rights to options or bonus shares before the end of the vesting period. Where applicable, the impact of the revision of these estimates is recognised in the income statement with a corresponding change in consolidated reserves.

The expense related to the allocation of free shares and stock options amounted to €(5.3) million for the year compared with €(3.8) million in 2019.

Details of share subscription plans

	2015 Plan	2016 Plan	2016 Plan	2016 Plan	2018 Plan	2018 Plan	TOTAL
Date of general shareholders' meeting	17/03/2014	17/03/2014	17/03/2014	17/03/2014	29/05/2018	04/07/2018	
Date of the Chairman's decision	21/01/2015	08/01/2016	08/01/2016	23/12/2016	30/05/2018	05/07/2018	
Total number of shares that can be subscribed or purchased	571,250	127,500	25,000	235,000	45,000	65,000	
Start of option exercise period	02/01/2017	11/01/2019	17/05/2019	24/12/2019	31/05/2021	06/10/2020	
End of option exercise period	01/01/2020	10/01/2021	16/05/2021	23/12/2021	30/05/2023	05/07/2023	
Subscription or purchase price	4.00 €	4.00 €	4.00 €	6.00 €	10.00 €	10.00 €	
Number of options							
Existing at 1 January 2019	**78,750**	**90,000**	**25,000**	**225,000**	**45,000**	**65,000**	**528,750**
Notified	-	-	-	-	-	-	-
Cancelled	-	-	-	-	5,000	5,000	10,000
Exercised	78,750	52,500	-	-	-	-	131,250
Existing at 1 January 2020	**-**	**37,500**	**25,000**	**225,000**	**40,000**	**60,000**	**387,500**
Notified	-	-	-	-	-	-	-
Cancelled	-	-	-	-	-	-	-
Exercised	-	37,500	25,000	161,834	-	25,000	249,334
Existing at 31 December 2020	**-**	**-**	**-**	**63,166**	**40,000**	**35,000**	**138,166**

To value these plans, the Group used the Black & Scholes model with the following assumptions:

- a volatility rate of 23 % since the May 30, 2018 plan versus 18 % previously (taking into account the volatility of comparable companies);
- a risk-free interest rate corresponding to the 5-year French government bond (OAT) yield on the allocation date;
- average maturity of the 1-year plans beyond the vesting period.

Details of free share allocation plans

	2018 Plan	2018 Plan	2018 Plan	2018 Plan	2019 Plan	2020 Plan	TOTAL
Date of general shareholders' meeting	23/02/2018	23/02/2018	29/05/2018	04/07/2018	02/10/2018	26/05/2020	
Date of the decision to allocate by the Chairman/Board of Directors	23/02/2018	09/04/2018	30/05/2018	05/07/2018	10/07/2019	02/07/2020	
Total number of free shares allocated	106,054	2,500	107,500	570,644	297,000	140,000	
Shares vesting date	23/02/2019	10/04/2020	31/05/2021	06/10/2020	11/07/2022	03/07/2023	
End of holding period	23/02/2020	10/04/2021	-	-	-	-	
Total number of free shares allocated							
Existing at 1 January 2019	**106,054**	**2,500**	**107,500**	**570,644**	**-**	**-**	**786,698**
Notified	-	-	-	-	297,000	-	297,000
Cancelled	-	-	2,500	77,000	-	-	79,500
Definitively allocated	106,054	-	-	-	-	-	106,054
Existing at 1 January 2020	**-**	**2,500**	**105,000**	**493,644**	**297,000**	**-**	**898,144**
Notified	-	-	-	-	-	140,000	140,000
Cancelled	-	-	-	7,000	5,000	-	12,000
Definitively allocated	-	2,500	-	486,644	-	-	489,144
Existing at 31 December 2020	**-**	**-**	**105,000**	**-**	**292,000**	**140,000**	**537,000**

The 5 July 2018 free share plan expired on 6 October 2020. The 486,644 shares that had been allocated were allocated through (i) the use of 302,070 existing treasury shares held by the Company and (ii) the creation of 184,574 new shares.

NOTE 9. OTHER CURRENT OPERATING INCOME AND EXPENSES

(In millions of euros)	FY 2020	FY 2019
Other current operating income	59.2	28.1
Other current operating expenses	(9.7)	(0.6)
Other current operating income and expenses	**49.6**	**27.6**

Other current operating income consists mainly of contractual compensation resulting from losses of income due to delays in the commissioning of certain power plants by contractors responsible for their construction.

Other current operating expenses correspond mainly to penalties paid for delays in commissioning power plants (Group subsidiaries' obligation under the Power Purchase Agreement), and foreign exchange losses on operational transactions.

NOTE 10. NON-CURRENT OPERATING ITEMS

Accounting principles

Other non-current operating income and expenses include non-current transactions of significant amounts that, due to their nature or unusual nature, may affect the clarity of the performance of the Group's ordinary operating activities. This may include:

- capital gains and losses on disposals
- significant and unusual impairment of non-current assets, whether tangible or intangible;
- certain significant expenses related to restructuring operations or unusual transactions;
- other operating income and expenses such as a provision or penalty for a dispute of significant materiality;
- acquisition costs linked to changes in scope (see notes 5.4 and 12.1).

Details of non-current items

(In millions of euros)	FY 2020	FY 2019
Prior period development costs [1]	(4.1)	(2.4)
Gains and losses on disposal of assets	0.1	(0.6)
Other income	0.3	0.0
Other non-current items	(0.4)	(2.5)
Other non-current operating income and expenses	**(4.0)**	**(5.5)**
Impairment of capitalised development costs	(3.1)	(1.8)
Other asset impairment [2]	(13.4)	-
Reversal of impairment of capitalised development costs [3]	2.4	1.8
Other non-current provisions	0.0	1.6
Impairment of non-current assets	**(14.1)**	**1.5**
Non-current operating profit	**(18.1)**	**(4.0)**

(1) Capitalised development costs for which the Group, following external events beyond its control, considers that the criteria for capitalisation laid down by IAS 38 "intangible assets" are no longer met, are recognised in other current operating expenses for the period.

(2) Impairment provisions on other receivables correspond to the impairment of the assets of the Altiplano 200 project (see note 2.2).

(3) Reversals of impairment of capitalised development costs related to abandoned projects.

NOTE 11. TAXES

Accounting principles

Income taxes

Income taxes include current and deferred tax expense (income), calculated in accordance with the tax laws of the countries where the income is taxable. Current and deferred taxes are generally recognised in profit or loss or in equity symmetrically with the underlying transaction.

Current tax expense (income) is the estimated amount of tax due on the taxable income for the period, determined using tax rates adopted at the reporting date. Deferred tax arises from temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, no deferred tax is recognised for temporary differences generated by:

- non-tax-deductible goodwill;
- the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit (tax loss) at the transaction date;
- investments in subsidiaries, joint ventures and associates when the Group controls the date on which the temporary differences reverse and it is probable that these differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates expected in the period in which the asset will be realised or the liability settled and that have been adopted at the reporting date. In the event of a change in tax rate, deferred taxes are adjusted to the new prevailing rate and the adjustment is charged to the income statement unless it relates to an underlying asset, the changes in which are charged to equity, in particular in respect of the fair value accounting of hedging instruments.

Deferred taxes are reviewed at each reporting date to take into account changes in tax legislation and prospects of recovering deductible temporary differences. A deferred tax asset is recognised only to the extent that it is probable that the Group will have future taxable profits against which it can be offset in the foreseeable future or, beyond that, deferred tax liabilities of the same maturity. In determining the conditions for the use of its deferred tax assets, the Group relies on long-term business plans established for each of its projects in operation and under construction, which are reviewed as soon as indications of impairment appear and at least annually.

Income tax and other tax payables

In France, the 2010 Finance Act introduced a territorial economic contribution to replace the business tax (CET). The CET includes two new contributions: the corporate property contribution (CFE) and the corporate value added contribution (CVAE). For the financial years presented, the Group has recognised the CFE in recurring operating income under «Duties, taxes and similar payments» and considered that the CVAE base was within the scope of application of IAS 12 «income taxes».

NOTE 11.1. DUTIES, TAXES AND SIMILAR PAYMENTS

In accordance with IFRIC 21, the Group recognises tax as soon as it becomes payable. The expense amounted to €(7.7) million in 2020 compared with €(5.4) million in 2019.

NOTE 11.2. INCOME TAX

Income tax expense breaks down as follows:

(In millions of euros)	FY 2020	FY 2019
Profit before tax	24.8	44.9
Income tax	**(21.4)**	**(23.7)**
Current tax	(14.5)	(15.3)
Deferred tax	(6.9)	(8.4)
Effective tax rate	**86.6%**	**52.8%**

The tax charge was €(21.4) million in 2020 compared with €(23.7) million in 2019, representing an effective tax rate of 86.6% compared with 52.8%, respectively.

Current tax in 2020 comprised:

- €(8.8) million in corporation tax compared with €(11.6) million in 2019. This decrease was due mainly to the widening of the scope of the Neoen S.A. consolidated tax group as well as the use of agreed withholding tax as a tax credit;
- €(4.1) million in withholding tax, of which €(1.2) million was used as tax credits, compared with €(2.4) million in 2019, of which €(0.1) million was used as tax credits;
- €(1.7) million in tax on business value added (CVAE) compared with €(1.3) million in 2019.

The difference between the effective tax charge and the theoretical tax charge breaks down as follows:

(In millions of euros)	FY 2020	FY 2019
Profit before tax	**24.8**	**44.9**
Tax rate applicable to the parent company	28.0%	31.0%
Theoretical tax charge	**(6.9)**	**(13.9)**
Tax rate differences	(0.9)	(0.3)
Permanent differences	(3.9)	(5.7)
Tax without base	(3.7)	(2.8)
Change in tax assets on tax loss carryforwards	(0.5)	(0.1)
Tax losses generated during the period for which deferred tax assets have not been recognized	(3.4)	(0.7)
Others	(2.1)	(0.3)
Effective tax charge	**(21.4)**	**(23.7)**

The €(14.5) million difference between the theoretical tax charge of €(6.9) million and the actual tax charge of €(21.4) million was due mainly to:

- permanent differences amounting to €(3.9) million. Their main components are:
  - the impact of the non-recognition of tax income on the portion of interest expenses relating to the convertible bonds ("OCEANE") issued in 2019 and the green convertible bonds ("OCEANE Verte") issued in 2020, recognized at the effective interest rate which exceeds these instruments' nominal interest rate, amounting to €(1.7) million;
  - the effect of expenses incurred in connection with the application of IFRS 2 "share-based payment" for €(0.7) million; and
  - expenses not resulting in tax savings (accretion effects in particular) amounting to €(1.4) million;
- tax without base in the amount of €(3.7) million, which corresponds mainly to the tax on business value added (CVAE) in the amount of €(1.2) million, as well as withholding tax in the amount of €(2.6) million;
- earnings outlook and time limitations on the use of tax losses in certain regions, which led the Group to write down or not recognise deferred tax assets in respect of certain tax losses, in the amount of €(3.9) million;
- the other impacts consist mainly of the effects of hyperinflation in Argentina.

NOTE 11.3. DEFERRED TAXES

Deferred tax assets and liabilities recorded in the balance sheet arise from:

(In millions of euros)	31.12.2020	31.12.2019
Fixed assets	(4.3)	9.0
Excess tax depreciation	(77.1)	(66.9)
Goodwill allocated	(3.8)	(4.3)
Financial	27.7	20.7
Others	(7.9)	3.8
Tax loss carryforwards and unused tax credits	74.3	43.7
Net deferred taxes	**8.9**	**6.1**
Deferred tax assets	62.2	55.6
Deferred tax liabilities	53.3	49.6
Net deferred taxes	**8.9**	**6.1**

The change in deferred tax on non-current assets stems from the application of IAS 21 "the effects of changes in foreign exchange rates" in Argentina, Zambia and Mexico.

The change in deferred tax on excess tax depreciation is due mainly due to the difference between the tax depreciation period and the accounting depreciation period associated with an increase in investments in production assets in Australia.

The increase in deferred tax on financial flows is mainly due to the change in the fair value of derivative financial instruments.

The +€30.6 million increase in deferred taxes on tax loss carryforwards and unused tax credits was due to:

- the recognition of new deferred taxes amounting to €35.9 million (mainly in Australia for €15.2 million, Zambia for €4.6 million, Jamaica for €4 million and Ireland for €3.6 million);
- losses used for €(4.8) million;
- impairment of losses previously recognised for €(1.3) million and recognition of previously unrecognised losses for €0.7 million.

The change in deferred taxes breaks down as follows:

(In millions of euros)	Deferred tax assets	Deferred tax liabilities	Total
Net deferred tax - start of the period	**55.6**	**49.6**	**6.1**
Change recognised in income	0.7	7.6	(6.9)
Other items of comprehensive income	39.0	30.5	8.6
Impact of changes in consolidation scope	0.1	0.1	(0.0)
Discounting	0.1	0.1	(0.0)
Offsetting of deferred tax assets and liabilities	(34.7)	(34.7)	-
Other movements	1.2	-	1.2
Net deferred tax - end of the period	**62.2**	**53.3**	**8.9**

NOTE 12. GOODWILL, INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

NOTE 12.1. GOODWILL

Accounting principles

Refer to note 2.3 “business combinations”.

Impairment of assets

Refer to accounting principles in note 12.2 “impairment of assets”.

The goodwill presented relates to the acquisition in 2019 of Irish wind power plants in operation.

The latter was tested for impairment as at 31 December 2020. No impairment was detected.

NOTE 12.2. INTANGIBLE ASSETS

Accounting principles

Intangible assets

The main intangible assets recognised by the Group linked to expenses related to project development.

Direct and indirect, external or internal development costs are capitalised as soon as the corresponding projects are likely to be successful.

Projects are capitalised in accordance with IAS 38 “intangible assets”.

The capitalisation criteria are as follows:

- The technical feasibility of the project;
- The intention to complete the intangible asset and use or sell it;
- The ability to use the intangible asset;
- The probability of generating future economic benefits;
- The availability of technical and financial resources to complete the development of the project;
- The ability to reliably measure expenses attributable to the asset during its development.

The Group considers that these criteria are met when a project enters the development portfolio, i.e. when the contractual elements and technical studies indicate that the feasibility of a project is likely (most often at the early stage). When the conditions for recognition of an internally generated asset are not met, project development expenses are expensed in the period in which they are incurred.

The expenses associated with these projects cease to be capitalised upon industrial commissioning.

As soon as the Group considers that the probability of success is reduced due to unusual external factors, development-related expenses are written down and recorded under «Impairment of non-current assets».

When a project is abandoned, the development expenses related to this project are expensed within «Other non-recurring operating income and expenses» (see note 10).

The Group distinguishes between «Studies» and «Operation» development costs depending on the state of progress of the project at the end of the year. The term «Operation» covers the construction and operation phases of power plants.

Amortisation is calculated from the commissioning of the project on a straight-line basis over the useful life of the underlying asset.

Other intangible assets are amortised on a straight-line basis according to their estimated useful life.

The main categories of intangible assets and their amortisation period used by the Group are as follows:

- Software: 1 to 3 years;
- Development costs: 6 to 25 years, in line with the estimated useful life of power plants and storage facilities.

Impairment of assets

In accordance with IAS 36 «impairment of assets», at the end of each reporting period, the Group reviews the financial information for indications of impairment of intangible assets and property, plant and equipment with finite and indefinite useful lives (goodwill) and intangible assets in progress. If such evidence exists, the Group performs an impairment test to assess whether the carrying amount of the asset exceeds its recoverable amount, defined as the higher of fair value less transaction costs and value in use.

In addition, for intangible assets with indefinite useful lives (goodwill) and intangible assets in progress, an impairment test is carried out annually whether or not there is an indication of impairment.

Most of the fixed assets on the balance sheet relate to production assets (plants under development, under construction or in operation). These assets, which have a finite life, are tested for impairment whenever impairment indicators appear.

In the Neoen Group's business, only projects with sufficient profitability at the outset are built and operated. To the extent that, without production incidents, the resources generated by the project are predictable, the risk of not generating the expected level of cash flow is low.

The value in use of an asset is generally measured by discounting the future cash flows generated by the asset. Assets that do not generate largely independent cash flows are grouped together in Cash Generating Units (CGUs). The Group has identified each project as a CGU.

The data used to implement the tests using the discounted cash flow method are derived from the project's business plans covering the term of the power sales contracts (up to 24 years), and a sales period on the markets running from the end of the sales contracts until the end of the useful life of the underlying assets. The underlying assumptions are systematically updated at the test date.

Changes in intangible assets break down as follows:

(In millions of euros)		Capitalized development costs - Operation	Capitalized development costs - Studies [2]	Other intangible assets [3]	**Total**
Gross amounts	**As of December 31st, 2019**	**68.0**	**46.5**	**81.3**	**195.8**
	Acquisitions [1]	9.0	30.3	0.6	40.0
	Disposals	-	(4.1)	-	(4.1)
	Reclassifications and others	7.1	(7.9)	(4.7)	(5.4)
	As of December 31st, 2020	**84.2**	**64.9**	**77.3**	**226.3**
Amortization and impairment	**As of December 31st, 2019**	**(7.2)**	**(3.2)**	**(2.2)**	**(12.5)**
	Charge for amortization	(2.6)	0.0	(1.8)	(4.4)
	Impairment loss	-	(3.1)	-	(3.1)
	Reversal of impairment loss	-	2.4	-	2.4
	Reclassifications and others	0.0	0.0	(0.1)	(0.0)
	As of December 31st, 2020	**(9.7)**	**(3.8)**	**(4.1)**	**(17.6)**
Net amounts	**As of December 31st, 2019**	**60.9**	**43.3**	**79.2**	**183.3**
	As of December 31st, 2020	**74.4**	**61.0**	**73.2**	**208.7**

(1) In 2020, the Group capitalised expenses directly attributable to project development in the amount of €39.3 million. These investments mainly concern projects located in Australia, France, Mexico, Finland, Ireland, Portugal, Argentina, the USA, Mozambique, Ecuador and Sweden.

(2) At 31 December 2020, "Capitalised development costs - Studies" amounted to €61.0 million in net value, and included €22.6 million in capitalised expenses relating to projects for which the tariff was secured at 31 December 2020.

(3) Other intangible assets consist mainly of assets relating to projects under development that have been acquired from third parties.

NOTE 12.3. PROPERTY, PLANT AND EQUIPMENT

Accounting principles

Property, plant and equipment

Property, plant and equipment are recorded at acquisition cost in accordance with IAS 16 «property, plant and equipment». Property, plant and equipment acquired through business combinations are measured at fair value. The cost of an item of property, plant and equipment includes, where applicable, the estimate of the costs relating to the dismantling and rehabilitation of the site on which it is located, based on the obligation incurred by the Group.

The costs of borrowings used to finance the assets until commissioning are included in the initial cost of fixed assets.

Depreciation is calculated from the date the asset is brought into service and expensed over the estimated useful life, using the straight-line method and on the following bases:

- power plants: 25 years[2];
- power storage plants: 10-15 years;
- fixtures and fittings: 3-10 years;
- office equipment and furniture, computers: 3-4 years;

The depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if necessary.

Current production assets correspond mainly to power plants under construction. An asset is defined as soon as expenses are incurred for the construction of the power plants until they are commissioned.

Leases

The Group has applied IFRS 16 «Leases» with an initial application date of January 1, 2018.

Accounting policies applied to leases

The Group leases land for its power plants and office space for its administrative activities.

Land leases generally cover a period of 18 to 99 years, some of which include an option for renewal by the Group. The terms used by the Group include binding renewal periods to the extent that the Group believes that it is reasonably certain that the renewal clauses will be exercised (given the strategic nature of the locations concerned).

The term of office leases is between 1 and 10 years.

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease.

The contract is or contains a lease if the contract confers the right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract gives the right to control an identified asset throughout the life of the asset, the Group assesses whether:

- the contract involves the use of an identified asset - this can be specified explicitly or implicitly, and must be physically distinct or substantially represent the capacity of a physically distinct asset. If the supplier has a substantial right of substitution, the asset is not identified;
- the Group is entitled to obtain substantially all the economic benefits of using the asset throughout the period of use;
- the Group has the right to decide on the use of the asset. The Group has this right when it has the most relevant decision rights to determine how and for what purpose the asset is used. In rare cases, when the decision on the manner and purpose for which the asset is used is predetermined, the Group has the right to direct the use of the asset if:
  - the Group has the right to operate the asset, or
  - the Group has designed the asset in a way that pre-determines how and for what purposes it will be used.

These criteria apply to contracts concluded or amended from January 1, 2018.

At the time of the creation or revaluation of a lease that contains a lease component, the Group elected not to separate the non-lease components and to recognise the lease as a single lease component.

[2] The Group considers that the useful life of the power plants is 25 years but may opt for different depreciation periods depending on technical, regulatory or contractual constraints.

The Group recognises a right-of-use asset and a lease liability at the beginning of the lease:

- the right-of-use asset is initially measured at cost, which includes the initial amount of the lease liability adjusted for lease payments made on or before the date of commissioning, plus any marginal direct costs incurred, less lease incentives received.
- The asset related to the rights of use is then depreciated using the straight-line method from the effective date of the contract until the end date of the contract. In addition, the value of the asset related to the rights of use is adjusted to take account of certain revaluations of the lease liability and, where applicable, reduced in the event of impairment, in accordance with IAS 36.
- The lease liability is initially measured at the present value of the lease payments that have not yet been made, discounted using the lessee's incremental borrowing rate (the interest rate that the lessee would have to pay to borrow, for a similar term and with a similar guarantee, the funds necessary to obtain property of similar value to the right-of-use asset in a similar economic environment).

Lease payments included in the lease liability valuation include the following:

- fixed payments, including substantive fixed payments;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the effective date;
- rents in an optional renewal period if the Group is reasonably certain to exercise an extension option.

The lease liability is revalued in the event of a change in future rental income resulting from a change in index or rate or if the Group changes its assessment as to whether to exercise a purchase, extension or termination option.

When the lease liability is revalued, an adjustment is made to the carrying amount of the right-of-use asset or is recorded in income if the amount of the right-of-use asset has been reduced to zero.

Short-term leases and low-value asset leases

The Group has elected not to recognise right-of-use assets or lease liabilities for short-term leases with a term of 12 months or less, or low-value asset leases. The Group recognises the lease payments related to these leases as expenses.

Impairment of assets retained under the right of use

Refer to accounting principles in note 12.2.

Changes in property, plant and equipment are as follows:

	(In millions of euros)	Production assets	Production assets in progress	Lease rights of use [3]	Other property, plant and equipment	**Total**
Gross amounts	**As of December 31st, 2019**	**1,890.1**	**611.2**	**139.4**	**20.4**	**2,661.1**
	Acquisitions [1]	29.7	490.1	-	1.8	521.6
	Disposals	-	(0.0)	(0.3)	(0.0)	(0.3)
	Impact of changes in consolidation scope	11.6	-	2.1	-	13.7
	Impact of fluctuation in foreign exchange rates	(32.8)	(17.6)	(0.7)	(0.9)	(52.1)
	Reclassifications and others [2]	490.1	(448.2)	32.4	(0.2)	74.1
	As of December 31st, 2020	**2,388.8**	**635.4**	**172.8**	**21.0**	**3,218.1**
Amortization and impairment	**As of December 31st, 2019**	**(265.0)**	**(1.0)**	**(6.4)**	**(1.4)**	**(273.7)**
	Charge of amortization	(99.6)	-	(5.4)	(0.6)	(105.5)
	Disposals	-	-	0.2	0.0	0.3
	Impact of changes in consolidation scope	(0.7)	-	-	-	(0.7)
	Impact of fluctuation in foreign exchange rates	0.3	0.0	0.0	0.0	0.4
	Reclassifications and others	(0.0)	-	(0.0)	0.0	(0.0)
	As of December 31st, 2020	**(364.9)**	**(1.0)**	**(11.5)**	**(2.0)**	**(379.3)**
Net amounts	**As of December 31st, 2019**	**1,625.2**	**610.2**	**133.1**	**18.9**	**2,387.3**
	As of December 31st, 2020	**2,023.9**	**634.4**	**161.4**	**19.1**	**2,838.7**

(1) Acquisitions over the period corresponded to plants under construction in 2020, and in particular projects:

- *In Australia: €151.5 million, including mainly Western Downs (€51.7 million), the extension of Hornsdale Power Reserve (€59.2 million), Victoria Big Battery (€25.6 million) and Bulgana (€13.4 million).*
- *In the Americas: €163.4 million, including mainly El Llano (€65.5 million) and Itzoteno (€24.3 million) in Mexico; Altiplano 200 (€41.6 million) in Argentina; Capella (€26.2 million) in El Salvador; and Paradise Park (€2.6 million) in Jamaica.*
- *In Europe: €204.9 million including mainly Mutkalampi (€64.4 million), Yllikkäla Power Reserve (€15 million) and Hedet (€12.6 million) in Finland, wind projects in France (€67 million) whose main contributors were Viersat (€18.5 million), Mont de Malan (€13.8 million), La Garenne (€9.3 million) and Chemin Vert (€5.6 million) and solar projects in France (€42.5 million), the largest contributors of which were Reaup Lisse (€11.4 million), Les Poulettes (€8.7 million), Antugnac (€6.8 million) and Mer (€3.2 million).*

(2) Reclassifications of right-of-use assets (€32.4 million) corresponded to new leases entered as fixed assets under IFRS 16 "leases".

(3) This mainly concerned land use rights (for power plants under construction and operation) for an amount of €159.8 million, as well as usage rights relating to offices, for an amount of €1.5 million.

There is no indication of impairment requiring the implementation of impairment tests on property, plant and equipment in the Group's balance sheet at the date of publication of its consolidated financial statements, with the exception of the Altiplano 200 project in Argentina (see note 10).

NOTE 13. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Changes in investments in associates and joint ventures are as follows:

(In millions of euros)	31.12.2020	31.12.2019
Total investments in associates and joint ventures - start of the period	**6.9**	**6.7**
Dividends paid	-	(0.4)
Capital increase	(0.1)	0.1
Share of net income of associates	0.7	0.7
Change in fair value	(0.1)	(0.2)
Total investments in associates and joint ventures - end of the period	**7.3**	**6.9**

This item essentially corresponds to the valuation of the Seixal power plant (CSNSP 441 in Portugal) for €7.3 million.

NOTE 14. NON-CURRENT FINANCIAL ASSETS

Accounting principles

Non-current financial assets consist of security deposits related to financing contracts, term deposits, loans, non-consolidated securities, and derivative instruments with a positive value.

Financial assets are classified and measured as follows:

- security deposits and term deposits are carried at amortised cost;
- non-consolidated securities are recognised at fair value.

(In millions of euros)	31.12.2020	31.12.2019
Security deposits	76.6	111.0
Available-for-sale (AFS) financial assets	2.5	2.5
Loans due in more than one year	13.0	11.6
Total non-current financial assets	**92.2**	**125.2**

Security deposits

Security deposits correspond mainly to:

- The financing reserve accounts set up in connection with project financing relating to production assets;
- Deposits made in response to calls for tenders.

The decrease during the period was due mainly to the repayment of security deposits related to the financing of production assets (*Debt Service Reserve Account* or DSRA).

NOTE 15. OTHER CURRENT ASSETS

Other current assets break down as follows:

(In millions of euros)	31.12.2020	31.12.2019
Tax and employee-related receivables	84.3	81.0
Trade accounts payable in debit	7.7	5.4
Prepaid expenses	7.8	7.7
Other debtors	12.4	17.1
Total other current assets	**112.3**	**111.2**

Tax and social security receivables consist mainly of VAT credits pending recovery associated with the construction of power plants.

NOTE 16. CASH AND CASH EQUIVALENTS

Accounting principles

Cash includes cash and cash equivalents as well as short-term investments that are considered to be liquid, convertible into a known amount of cash and that are subject to an insignificant risk of change in value in light of the criteria provided for by IAS 7 «cash flows statements».

Overdrafts are excluded from the notion of cash and cash equivalents and are recognised as current financial liabilities.

Cash and cash equivalents break down as follows:

(In millions of euros)	31.12.2020	31.12.2019
Cash equivalents	0.7	11.6
Cash	374.2	448.9
Total cash and cash equivalents	**374.9**	**460.5**

Cash and cash equivalents at 31 December 2020 corresponded mainly to cash:

- held by Neoen S.A. (€60.4 million), of which the decrease in 2020 (of -€125 million) was due mainly to the issue of green convertible bonds ("OCEANE Verte") for a gross amount of €170 million in June 2020 and cash transfers (€48 million) from project companies linked to the net cash flows generated by the operation of the power plants and the refinancing of the Hornsdale 1, 2 and 3 power plants, offset by investments in the form of equity contributions and shareholder loans in the new projects totalling €(335.6) million;
- located in the project companies and associated holding companies (€293.3 million), of which the change during 2020 (+€48.7 million) resulted, for assets under construction, from the drawdown of senior debt and equity contributions to finance investments in production assets, and, for assets in operation, from cash flow generated by the business, intended in particular to ensure the repayment of project financing and the remuneration of contributions made by shareholders;
- located in holding companies with junior debt (€20.6 million, i.e. -€9.3 million), and linked to cash flows generated by cash surpluses from production assets, making it possible to repay maturities of junior debt and remunerate shareholder contributions.

NOTE 17. SHAREHOLDERS' EQUITY AND DETAILS OF DILUTIVE INSTRUMENTS

Capital management policy

Neoen manages its capital within the framework of a prudent and rigorous financial policy which since the creation of the company has been based on a desire to constantly optimise its financial structure, enabling it to finance its development, in accordance with its objectives of growth in installed capacity and internal rate of return (IRR). This is part of a diversification strategy, both geographic and technological, but also its exposure to currency risk. In addition to compliance with covenants and financial commitments made in connection with its project financing, most of which are without recourse to the Group's parent company, and its corporate financing, Neoen more specifically monitors its net debt-to-EBITDA and financial leverage-to-capital employed ratios on an all-in basis including all of the Group's debt, whether corporate or set up to finance its projects, with a view to managing its capital structure.

This capital management policy is designed to enable it to continue to invest in value-generating projects, thereby maximising the creation of value for its shareholders, including its controlling shareholder for the past 10 years, Impala SAS. Neoen may therefore make regular adjustments to this policy, particularly with regard to changes in economic conditions and access to debt and capital markets, and in this context to issue new shares, buy back own shares or authorise share-based payment plans.

Neoen is not subject to any external minimum capital requirements, except as required by law.

Equity

Movements affecting the Group's equity during financial years 2019 and 2020 are detailed in the consolidated statement of changes in shareholders' equity.

Share capital

During the year:

- 62,500 stock options were exercised at an exercise price of €4;
- 161,834 stock options were exercised at an exercise price of €6;
- 25,000 stock options were exercised at an exercise price of € 10;
- 25,556 shares were created in connection with a capital increase reserved for employees;
- 187,074 shares were created in connection with free share allocation plan that had expired, for a total of €1,676,653.76, including an issue premium of €1,226,873.76, which increased the share capital to €171,101,424 and the issue premium to €502,251,500.

Treasury shares

At December 31, 2020, the Company held directly or indirectly 10,639 treasury shares, mainly resulting from a share buyback programme with a view to allocating them, representing €0.4 million based on the book value.

Reserves

The issue of green convertible bonds ("OCEANE Verte") in the amount of around €170 million (see note 2.2) was treated as a compound instrument split between an equity component of €25.2 million (recognised under "reserves" for €24.9 million, net of expenses) and a debt component of €144.8 million (recognised under "non-current corporate finance" for €142.8 million, net of expenses - see note 19.2).

Dividends

The Group did not distribute any dividends.

Non-controlling interests

(In millions of euros)		Percentage of interest uncontrolled		Net profit from investments not giving not control	Investments not giving not control	Net profit from investments not giving not control	Investments not giving not control
Entity	**Country**	**31.12.2020**	**31.12.2019**	**FY 2020**	**31.12.2020**	**FY 2019**	**31.12.2019**
HWF 1 & Holdco	Australia	30%	30%	(0.2)	1.3	0.8	9.8
HWF 2 & Holdco	Australia	20%	20%	0.1	0.7	0.4	3.1
HWF 3 & Holdco	Australia	20%	20%	(0.2)	1.7	1.6	4.4
Hedet	Finland	20%	20%	0.1	(1.2)	(0.8)	(1.1)
Bangweulu Power Company	Zambia	41%	41%	0.4	(0.2)	(0.1)	(0.2)
EREC	Jamaica	50%	50%	(0.4)	0.0	0.7	0.4
Metoro	Mozambique	25%	25%	(0.1)	0.3	(0.6)	0.4
Mutkalampi	Finland	20%	20%	(0.1)	2.7	(0.0)	2.8
Autres				(0.2)	(0.5)	(0.1)	(0.1)
Total continued operations				**(0.5)**	**4.8**	**1.9**	**19.5**
Biomasse Energie de Commentry	France		100%	-	-	(0.9)	0.0
Total discontinued operations				**-**	**-**	**(0.9)**	**0.0**
Total non-controlling interests				**(0.5)**	**4.8**	**1.0**	**19.5**

The decrease in non-controlling interests of -€14.7 million was due mainly to the payment of dividends.

Balance sheet aggregates

The net assets of non-controlling interests at 31 December 2020 break down as follows:

31.12.2020 *(In millions of euros)*	**HWF 1 & Holdco**	**HWF 2 & Holdco**	**HWF 3 & Holdco**	**Hedet**	**EREC**	**Metoro**	**Bangweulu Power Company**
Current assets	5.6	4.3	3.8	8.8	7.1	9.1	6.2
Non-current assets	115.2	109.0	118.2	93.8	50.8	1.4	38.5
Current liabilities	10.1	8.9	9.7	41.4	13.7	10.7	12.9
Non-current liabilities	133.0	121.9	132.9	67.3	44.5	2.2	34.0
Net assets	**(22.2)**	**(17.5)**	**(20.7)**	**(6.2)**	**(0.3)**	**(2.4)**	**(2.2)**

The change in the net assets of non-controlling interests resulted mainly from the payment of dividends.

The net assets of non-controlling interests at 31 December 2019 break down as follows:

31.12.2019 *(In millions of euros)*	HWF 1 & Holdco	HWF 2 & Holdco	HWF 3 & Holdco	Hedet	EREC	Metoro	Bangweulu Power Company
Current assets	4.4	3.4	13.2	7.2	17.6	11.7	14.4
Non-current assets	122.7	115.7	127.4	81.3	51.6	0.7	44.8
Current liabilities	13.6	10.3	13.8	35.5	18.6	12.0	23.2
Non-current liabilities	107.4	114.6	134.0	58.8	50.2	2.3	38.1
Net assets	**6.1**	**(5.7)**	**(7.2)**	**(5.8)**	**0.5**	**(1.9)**	**(2.2)**

Income statement aggregates

The comprehensive income of non-controlling interests in 2020 breaks down as follows:

FY 2020 *(In millions of euros)*	HWF 1 & Holdco	HWF 2 & Holdco	HWF 3 & Holdco	Hedet	EREC	Metoro	Bangweulu Power Company	Mutkalampi
Revenue	**19.6**	**15.9**	**16.5**	**6.6**	**6.0**	**-**	**4.9**	**-**
Net income	**(0.6)**	**0.3**	**(1.0)**	**0.4**	**(0.8)**	**(0.4)**	**1.1**	**(0.5)**
Of which: Net income - Group share	(0.4)	0.2	(0.8)	0.3	(0.4)	(0.3)	0.6	(0.4)
Of which: Net income - attributable to non-controlling interests	(0.2)	0.1	(0.2)	0.1	(0.4)	(0.1)	0.4	(0.1)
Comprehensive income	**(1.7)**	**(0.2)**	**(1.2)**	**(0.1)**	**(0.4)**	**(0.1)**	**(0.0)**	**(0.1)**

The comprehensive income of non-controlling interests in 2019 breaks down as follows:

FY 2019 *(In millions of euros)*	HWF 1 & Holdco	HWF 2 & Holdco	HWF 3 & Holdco	Hedet	EREC	Metoro	Bangweulu Power Company	Mutkalampi
Revenue	**20.9**	**16.5**	**26.1**	**1.1**	**3.3**	**-**	**3.9**	**-**
Net income	**2.8**	**1.8**	**7.8**	**(3.9)**	**1.4**	**(2.5)**	**(0.2)**	**(0.1)**
Of which: Net income - Group share	1.9	1.5	6.2	(3.1)	0.7	(1.9)	(0.1)	(0.1)
Of which: Net income - attributable to non-controlling interests	0.8	0.4	1.6	(0.8)	0.7	(0.6)	(0.1)	(0.0)
Comprehensive income	**(0.2)**	**(0.5)**	**0.7**	**(1.1)**	**0.7**	**(0.6)**	**(0.5)**	**(0.0)**

Cash flows statement

The cash flow statement of non-controlling interests for 2020 breaks down as follows:

FY 2020 *(In millions of euros)*	**HWF 1 & Holdco**	**HWF 2 & Holdco**	**HWF 3 & Holdco**	**Hedet**	**EREC**	**Metoro**	**Bangweulu Power Company**	**Mutkalampi**
Net cash flows from operating activities	13.0	11.2	12.6	6.5	6.2	(4.1)	10.0	36.0
Net cash flows from investing activities	6.6	6.1	8.4	(10.8)	(10.0)	(1.4)	(10.3)	(36.1)
Net cash flows from financing activities	(19.4)	(16.9)	(30.6)	5.4	(4.3)	3.7	(3.0)	0.2
Net change in cash including non-current assets or group of assets held for sale	0.7	0.3	(0.1)	-	(0.5)	(0.6)	(0.5)	-
Net change in cash from continued activities	**1.0**	**0.8**	**(9.6)**	**1.1**	**(8.6)**	**(2.4)**	**(3.7)**	**0.1**
Opening cash and cash equivalents	1.4	1.1	10.5	5.3	12.7	8.4	8.4	0.1
Closing cash and cash equivalents	**2.4**	**1.8**	**0.9**	**6.4**	**4.1**	**6.0**	**4.7**	**0.2**
Dividends paid to minority interests	(7.2)	(1.9)	(1.7)	-	-	-	-	-

The cash flow statement of non-controlling interests for 2019 breaks down as follows:

FY 2019 *(In millions of euros)*	**HWF 1 & Holdco**	**HWF 2 & Holdco**	**HWF 3 & Holdco**	**Hedet**	**EREC**	**Metoro**	**Bangweulu Power Company**	**Mutkalampi**
Net cash flows from operating activities	15.8	13.2	24.1	13.1	1.3	3.7	0.8	8.3
Net cash flows from investing activities	0.2	0.8	0.4	(49.3)	(29.2)	(2.3)	(21.3)	(8.2)
Net cash flows from financing activities	(17.1)	(18.4)	(25.8)	40.7	29.8	7.1	(2.6)	0.0
Net change in cash including non-current assets or group of assets held for sale	0.1	0.1	0.4	-	0.2	(0.1)	0.7	(0.0)
Net change in cash from continued activities	**(1.0)**	**(4.3)**	**(0.9)**	**4.6**	**2.1**	**8.4**	**(22.5)**	**0.1**
Opening cash and cash equivalents	2.4	5.4	11.5	0.7	10.6	0.0	30.9	-
Closing cash and cash equivalents	**1.4**	**1.1**	**10.5**	**5.3**	**12.7**	**8.4**	**8.4**	**0.1**
Dividends paid to minority interests	(0.4)	(0.6)	(3.0)	-	-	-	-	-

Dilutive instruments

Accounting principles

Basic earnings per share and diluted earnings per share are calculated in accordance with IAS 33 "earnings per share".

Basic earnings per share: earnings for the period (Group share) is divided into the weighted average number of shares outstanding after deduction of treasury shares held.

Diluted earnings per share: earnings for the period (Group share) as well as the weighted average number of shares outstanding after deduction of treasury shares held, taken into account for the calculation of basic earnings per share, are adjusted for the effects of all potentially dilutive instruments. Call options and free shares have a dilutive effect if their exercise price is lower than the market price.

(In number of shares)		31.12.2020	31.12.2019	31.12.2019	31.12.2018
Before dilution					
Number of shares		85,550,712	85,088,748	85,088,748	84,957,498
Number of treasury shares		10,639	198,948	198,948	150,658
Number of other shares		85,540,073	84,889,800	84,889,800	84,806,840
Average number of shares before dilution		**85,214,937**		**84,848,320**	
Dilutive instruments	Free shares	537,000	898,144	898,144	786,698
	Stocks options	138,166	387,500	387,500	528,750
	Convertible bonds 2019 ("OCEANE")	6,629,101	6,629,101	6,629,101	-
	Convertible bonds 2020 ("OCEANE")	3,679,653	-	-	-
	TOTAL	**10,983,920**	**7,914,745**	**7,914,745**	**1,315,448**
After dilution					
Number of shares		96,534,632	93,003,493	93,003,493	86,272,946
Number of treasury shares		10,639	198,948	198,948	150,658
Number of other shares		96,523,993	92,804,545	92,804,545	86,122,288
Average number of shares after dilution (1)		**94,664,269**		**89,463,417**	

(1) Average number of shares over the period, excluding treasury shares.

NOTE 18. PROVISIONS

Accounting principles

Provisions

Provisions are recognised when, at the reporting date, the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the amount of which can be reliably estimated.

The amount recognised as provisions is measured in accordance with IAS 37 «provisions, contingent liabilities and contingent assets» based on the most likely estimate of the expenditure required to settle the present obligation at the reporting date. When the time value effect is significant, the amount of the provision recognised corresponds to the present value of the expected expenses deemed necessary to settle the corresponding obligation. The increase in provisions recorded to reflect the passage of time and relating to discounting is recognised in financial expenses.

Litigation and contingent liabilities

The Group exercises its judgement on a case-by-case basis in assessing the risks incurred and records a provision when it expects a probable outflow of resources. In cases where a reliable estimate cannot be made because it is considered unfounded or not sufficiently substantiated, there is a potential or current obligation that cannot be recognised (contingent liability).

Dismantling provision

When a legal or contractual obligation exists to dismantle a power plant, a decommissioning provision is recognised in return for a decommissioning asset, the cost of which is regularly estimated, based on quotes from external service providers. In the event of a significant change in the estimate leading to an increase in the provision, the net value of the dismantling assets is also increased. If the change results in a reduction in the provision, an impairment of the asset is recorded.

Current and non-current provisions

The main movements affecting provisions in 2020 were as follows:

(In millions of euros)	Non-current provisions	Current provisions
Total current and non-current provisions - start of the period	**13.8**	**-**
Charges	0.0	0.4
Discounting	0.5	-
Impact of changes in consolidation scope	1.5	-
Reclassifications and others	41.6	0.0
Total current and non-current provisions - end of the period	**57.4**	**0.5**

Dismantling provisions recognised for production assets in operation amounted to €57 million at December 31, 2020 compared with €13.5 million at December 31, 2019.

The increase was due mainly to the change in estimation methods, which were revised to reflect future dismantling costs in accordance with IAS 37 “provisions, contingent liabilities and contingent assets” (see notes 2.5 and 2.6), which had an impact of €27.6 million as at 31 December 2020. It was also due to the recognition of new dismantling provisions totalling €14.2 million.

NOTE 19. FINANCING AND FINANCIAL INSTRUMENTS

NOTE 19.1. NET FINANCIAL RESULT

A breakdown of the net financial result is provided in the following table:

(In millions of euros)	FY 2020	FY 2019
Loan interest	(76.4)	(64.5)
Interest associated with derivatives	(20.1)	(10.4)
Interest associated with rights of use	(5.2)	(4.0)
Cost of debt	**(101.8)**	**(79.0)**
Shareholder loan interest income and expenses	(0.8)	(0.2)
Foreign exchange gains and losses	(9.4)	0.3
Other financial income and expenses	(5.7)	(8.1)
Total other financial income and expenses	**(15.9)**	**(8.0)**
Net financial result	**(117.7)**	**(87.0)**

The increase in the cost of debt is explained, on the one hand, by the increase in the number of power plants under financing and, on the other hand, by the use of corporate financing (mainly linked to the issue of convertible bonds ("OCEANE") in October 2019 and green convertible bonds ("OCEANE Verte") in June 2020).

Financial expenses on derivative instruments correspond to the recycling through profit or loss of the fair value of the derivative financial instruments considered as effective, recognised in other comprehensive income.

Foreign exchange gains and losses arise from translation adjustments on current assets and liabilities and non-current liabilities denominated in foreign currencies. During the 2020 financial year, the Altiplano 200 project in Argentina recorded a foreign exchange loss of €8.5 million, which corresponded mainly to the devaluation of VAT credits pending repayment denominated in Argentine pesos.

Other financial income and expenses were mainly affected by the following items in 2020:

- the refinancing of the Australian power plants Hornsdale 1, 2 and 3 led to the immediate recognition in financial expenses of former upfront fees for €(4.7) million and €(0.2) million in penalties;
- Neoen S.A. has taken out a syndicated loan for which non-utilisation fees amounted to €(1.3) million.

In 2019, other financial income and expenses consisted mainly of:

- the impact of the refinancing of the Australian solar projects Parkes, Griffith and Dubbo, which led, in accordance with IFRS 9 principles, to the recognition of a renegotiation gain of €5.9 million;
- the effect of the refinancing of a portfolio of substantial French projects in operation within the meaning of IFRS, which generated a charge of €(5.6) million corresponding to compensation and early repayment costs incurred in connection with the extinguishment of historical liabilities;
- accretion effects associated in particular with a revision of the payment schedule for certain investment expenses, which contractually benefited from a deferred repayment granted by a co-contractor, likely to be spread over several years, and which, given the operating performances recorded in 2019, saw their repayment prospects accelerate very significantly, in accordance with the provisions of the contract, generating an accretion expense of €(6.6) million.

NOTE 19.2. NET DEBT

Accounting principles

Financial liabilities

Financial liabilities include financial liabilities and derivative financial instruments with a negative market value.

Borrowings are initially recognised at their original fair value less directly attributable transaction costs.

At each reporting date, borrowings are measured at amortised cost using the effective interest method and are broken down in the balance sheet as follows:

- non-current financial liabilities for the portion due in more than one year;
- current financial liabilities for the portion due within one year.

In accordance with IAS 23 «borrowing costs», borrowing costs directly attributable to the acquisition, construction or production of a fixed asset are included in the cost of the underlying asset.

Derivative financial instruments

The objective of Neoen Group's finance department is to hedge the risk of variability in the future interest expense resulting from the financing of the Group's investments.

To hedge its interest rate risk exposure, the Group uses derivatives mainly in the form of interest rate swaps and interest rate options. Most of the interest rate derivatives used by Neoen qualify as cash flow hedges. Hedge accounting is applicable if the conditions provided for by IFRS 9 are met:

- the hedging relationship must be clearly designated and documented at the date of inception of the hedging instrument;
- the economic link between the hedged item and the hedging instrument must be documented, along with potential sources of inefficiency;
- retrospective ineffectiveness must be measured at each reporting date.

Cash flow hedges are used to hedge changes in the value of highly probable future cash flows from interest arising from the Group's financing requirements.

Changes in the fair value of the derivative financial instrument are recognised in other comprehensive income in equity (cash flow hedge reserve) for the «effective portion» of the hedge and in profit or loss for the period for the «ineffective portion».

Accumulated gains or losses in equity are recognised in profit or loss under the same heading as the hedged item, i.e. financial income at the time the hedged cash flow affects profit or loss.

When the derivative instrument is terminated or when the ineffectiveness of the hedging relationship results in its reclassification, the gains or losses accumulated on the derivative instrument are maintained in other comprehensive income (cash flow hedge reserve) and recognised symmetrically with the hedged flows. If future cash flows are no longer expected, the gains and losses previously recognised in equity are then transferred to the income statement.

When they are not considered as cash flow hedges for accounting purposes, changes in the fair value of these instruments are recorded in the income statement

Derivative financial instruments with a positive market value are recognised as assets and those with a negative market value are recognised as liabilities.

Total net debt breaks down as follows:

(In millions of euros)	31.12.2020	31.12.2019
Senior financing of projects	1,948.7	1,757.9
Bond financing of projects	154.4	199.5
Lease liabilities	167.9	136.7
Corporate financing	339.4	194.6
Non-controlling investors and others	29.2	30.4
Derivative instruments liabilities – hedging effect	109.8	95.4
Financial debt	**2,749.4**	**2,414.6**
Non-controlling investors and others	(29.2)	(30.4)
Adjusted financial debt	**2,720.2**	**2,384.1**
Cash equivalents	(0.7)	(11.6)
Cash equivalents	(374.2)	(448.9)
Total cash and cash equivalents	**(374.9)**	**(460.5)**
Guarantee deposits	(76.6)	(111.0)
Derivative instruments assets – hedging effect	(2.2)	(2.0)
Total other assets	**(78.8)**	**(113.0)**
Total net debt	**2,266.5**	**1,810.6**

Net debt increased by €456 million in 2020. This was due mainly to the implementation of new project financing, without recourse to the parent company, the green convertible bonds ("OCEANE Verte") issue, and the decrease in cash associated with investments made in the Group's assets under construction (see notes 1.2 and 17).

Analysis by type

(In millions of euros)	Non-current	Current	31.12.2020	Non-current	Current	31.12.2019
Senior financing of projects	1,696.7	252.0	1,948.7	1,648.4	109.5	1,757.9
Bond financing of projects	140.4	14.0	154.4	173.0	26.6	199.5
Lease liabilities	160.8	7.1	167.9	130.5	6.2	136.7
Corporate financing	325.4	14.0	339.4	190.6	4.0	194.6
Non-controlling investors and others	29.2	-	29.2	28.0	2.5	30.4
Derivative instruments liabilities – hedging effect	90.2	19.6	109.8	83.8	11.6	95.4
Total financial liabilities	**2,442.8**	**306.6**	**2,749.4**	**2,254.2**	**160.4**	**2,414.6**

Senior financing of projects

In 2020, senior project financing increased by **+€190.8 million,** due to:

the Group subscribed an additional **€289.6 million** of new project financing, mainly for the following facilities: El Llano (€75.2 million) in Mexico, Capella (€28.9 million) in El Salvador, Hornsdale Power Reserve (€28.9 million) in Australia, Altiplano 200 (€12.2 million) in Argentina, Hedet (€11.3 million) in Finland, as well as several wind power plants (€94.8 million) and several solar power plants (€35.0 million) in France;

the repayment of loans made in 2020 for **€(143.4) million;**

- the refinancing of the Hornsdale 1, 2 and 3 projects in Australia for an amount net of expenses of **€361.1 million** (resulting in €(295.0) million in repayments of previous project financing debts);

- foreign exchange impact of **€(34.8) million;**
- the change in the amortised cost of borrowings for **€8.5 million** and in accrued interest for **€4.9 million.**

At 31 December 2020, there was no indication that the various companies financed by project and mezzanine debt were not in compliance with their financial ratio covenants on minimum Debt Service Coverage Ratio (DSCR) or minimum shareholders' equity[3].

Bond financing for projects

Bond financing mainly comprises junior debt on projects. The decline observed in 2020 corresponded to the repayment made in connection with the refinancing of the Hornsdale 1, 2 and 3 power plants (for €(23.5) million), as well as the payment on the contractual maturity of the mezzanine debt carried by Neoen Production 2 (for €(22.1) million).

Corporate financing

At December 31, 2019, corporate financing mainly corresponded to the convertible bonds ("OCEANE") issued in 2019 for an amount of about €200 million. In accordance with IFRS, the issue has been accounted for as a composite instrument with a debt component amounting to €180.5 million (€179 million net of expenses) and an equity component amounting to €19.5 million (€19.4 million net of expenses).

The increase in this item in 2020 is due to the €170 million green convertible bonds ("OCEANE Verte") issue. As this is a compound instrument within the meaning of IAS 32 «financial instruments: presentation», **€144.8 million** (€142.8 million net of expenses) was recognised for the debt component and **€25.2 million** (€24.9 million net of expenses) recorded for the equity component (see notes 1.2 and 14).

Lease liabilities

Each lease liability is initially measured at the present value of the lease payments that are not settled at the effective date, discounted at the lessee's incremental borrowing rate. It is then repaid and discounted at the rate of the lease payments. The number of leases falling within the scope of IFRS 16 «Leases» was 646 at the end of December 2020 compared with 473 at the end of December 2019.

Non-controlling investors and others

This item consists essentially of the shareholder contributions of the co-shareholders to finance the projects of the co-owned entities. The changes in 2020 concern the power plants Hedet and Mutkalampi in Finland and Paradise Park in Jamaica.

Derivative financial instruments

The increase in derivative financial instruments with negative values was due mainly to a negative change in fair value, which increased this contributor to financial debt by +€47.7 million (a consequence of the combined impact of new instruments contracted during the period and the significant fall in interest rates observed in most of the geographical zones in which the Group operates) and the impact of the refinancing of the Hornsdale 1, 2 and 3 power plants of €(31.7) million corresponding to the change in fair value associated with the unwinding of historical swaps.

Breakdown of financial debt by currency (excluding lease liability and minority investments)

(Counter value in millions of euros at closing price)	EUR	USD	AUD	Others (1)	31.12.2020
Senior financing of projects	741.6	458.6	741.5	7.0	1,948.7
Bond financing of projects	154.4	-	-	-	154.4
Corporate financing	339.4	-	-	-	339.4
Derivative instruments – impact of hedging	32.1	20.5	57.2	-	109.8
Total financial liabilities	**1,267.5**	**479.1**	**798.8**	**7.0**	**2,552.3**

(Counter value in millions of euros at closing price)	EUR	USD	AUD	Others (1)	31.12.2019
Senior financing of projects	669.0	397.6	676.1	15.2	1,757.9
Bond financing of projects	72.4	22.3	104.9	-	199.5
Corporate financing	194.6	-	-	-	194.6
Derivative instruments – impact of hedging	19.7	12.8	62.9	-	95.4
Total financial liabilities	**955.7**	**432.6**	**843.9**	**15.2**	**2,247.5**

(1) Liabilities denominated in other currencies correspond to VAT financing pending repayment, denominated in Mexican pesos, and relating to the El Llano project in Mexico.

[3] The debt relating to the El Llano project has been reclassified as current financial debt due to certain documentary non-compliance within the meaning of the financing contracts of this power plant (see paragraph 2.3.1 "key events of the period" of this document).

Breakdown of financial debt by interest rate type

(In millions of euros)	31.12.2020	31.12.2019
Fixed rate	1,030.1	856.2
Floating rate	1,609.5	1,463.0
Impact of hedging	109.8	95.4
Total financial liabilities after hedging	**2,749.4**	**2,414.6**

The financing of projects generally subscribed at variable rates and the flow of variable interest are covered, which generally represents 75 % or more of the amount financed at variable rates.

Breakdown of total financial debt by maturity

(In millions of euros)	Less than 1 year	Between 1 and 5 years	More than 5 years	**Total financial liabilities**
Senior financing of projects	252.0	348.4	1,348.3	1,948.7
Bond financing of projects	14.0	44.2	96.2	154.4
Lease liabilities	7.1	8.7	152.1	167.9
Corporate financing	14.0	188.7	136.7	339.4
Non-controlling investors and others	-	-	29.2	29.2
Derivative instruments liabilities – hedging effect	19.6	52.8	37.5	109.8
Total as of December 31st, 2020	**306.6**	**642.8**	**1,800.1**	**2,749.4**

(In millions of euros)	Less than 1 year	Between 1 and 5 years	More than 5 years	**Total financial liabilities**
Senior financing of projects	109.5	306.3	1,342.1	1,757.9
Bond financing of projects	26.6	53.8	119.2	199.5
Lease liabilities	6.2	6.5	124.0	136.7
Corporate financing	4.0	7.5	183.0	194.6
Non-controlling investors and others	2.5	0.4	27.5	30.4
Derivative instruments liabilities – hedging effect	11.6	39.1	44.7	95.4
Total as of December 31st, 2019	**160.4**	**413.6**	**1,840.6**	**2,414.6**

Breakdown of financial debt by movements

			Change without cash impact					
(In millions of euros)	31.12.2019	Cash flows	Impact of fluctuation in foreign exchange rates	Change in consolidation scope	Changes in fair value and amortized cost	Accrued interest	Other changes [1]	31.12.2020
Senior financing of projects	1,757.9	212.3	(34.8)	-	8.5	4.9	(0.0)	1,948.7
Bond financing of projects	199.5	(45.4)	(0.8)	-	1.2	(0.2)	0.0	154.4
Lease liabilities	136.7	(5.9)	(0.8)	2.1	-	3.9	32.0	167.9
Corporate financing	194.6	137.4	-	-	0.9	0.3	6.2	339.4
Non-controlling investors and others	30.4	(0.2)	(1.1)	(0.0)	-	-	0.0	29.2
Derivative instruments liabilities – hedging effect	95.4	(31.7)	(1.6)	-	47.7	-	-	109.8
Total financial liabilities	**2,414.6**	**266.5**	**(39.1)**	**2.1**	**58.3**	**8.9**	**38.2**	**2,749.4**

			Change without cash impact					
(In millions of euros)	31.12.2018	Cash flows	Impact of fluctuation in foreign exchange rates	Change in consolidation scope	Changes in fair value and amortized cost	Accrued interest	Other changes [1]	31.12.2019
Senior financing of projects	1,229.3	542.5	10.4	(25.6)	(2.4)	3.8	(0.0)	1,757.9
Bond financing of projects	262.8	(65.7)	0.4	-	2.8	(0.7)	0.0	199.5
Lease liabilities	96.9	(4.2)	0.5	6.0	-	2.7	34.7	136.7
Corporate financing	16.1	177.7	-	-	-	0.8	-	194.6
Non-controlling investors and others	45.4	(0.7)	0.2	(14.5)	-	-	(0.0)	30.4
Derivative instruments liabilities – hedging effect	40.3	(10.5)	0.6	0.7	64.3	-	(0.0)	95.4
Total financial liabilities	**1,690.8**	**639.1**	**12.1**	**(33.3)**	**64.7**	**6.6**	**34.7**	**2,414.6**

(1) Other changes in lease liabilities correspond to non-cash changes relating to new leases pursuant to IFR16 "Leases".

NOTE 19.3. DERIVATIVE FINANCIAL INSTRUMENTS

Accounting principle

Neoen uses mainly interest rate swaps to hedge against changes in interest rates associated with the financing the Group's investments (see note 21.1).

At December 31, 2019, cash flow hedge accounting was applied to these derivative financial instruments, in accordance with IFRS 9 "financial instruments". The effects relating to these interest rate swaps are recognised in profit or loss symmetrically with the highly probable hedged interest flows from the Group's financing.

During 2020, an amount of €(47.7) million was recognised in other comprehensive income in respect of the change in fair value of cash flow hedging derivatives and +€7.7 million was recycled through profit or loss.

During 2019, an amount of €(68.6) million was recognised in other comprehensive income in respect of the change in fair value of cash flow hedging derivatives and +€2.1 million was recycled through profit or loss.

NOTE 19.4. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Accounting principles

The fair value of an asset and liability is the price that would be agreed between parties who are free to contract and operate under market conditions. IFRS 13 "fair value measurement" distinguishes between three levels of fair value:

- level 1: prices quoted on an active market;
- level 2: prices quoted on an active market for a similar instrument, or another valuation technique based on observable parameters;
- level 3: valuation method incorporating unobservable parameters.

For derivative financial instruments, see notes 19.2 and 19.3.

The fair value of trade payables and trade receivables corresponds to the carrying amount indicated in the balance sheet, as the effect of discounting future cash flows is immaterial.

As of December 31st, 2020 *(In millions of euros)*	Level	**Carrying amount**	**Fair value**	Amortized cost	Fair Value through profit or loss	Fair Value through non-recyclable profit or loss	Debts measured at amortized cost	Cash-flow hedge derivatives
Derivative financial instruments	2	2.2	2.2		2.2			
Trade receivables	2	73.2	73.2	73.2				
Cash and cash equivalents	1	374.9	374.9		374.9			
Total financial assets		**450.3**	**450.3**	**73.2**	**377.1**	**-**	**-**	**-**
Non-current financial liabilities	2	2,352.6	2,419.6				2,352.6	
Other non-current liabilities	2	22.3	22.3				22.3	
Derivative financial instruments	2	109.8	109.8					109.8
Current financial liabilities	2	287.0	287.0				287.0	
Trade payables	2	173.9	173.9				173.9	
Total financial liabilities		**2,945.6**	**3,012.7**	**-**	**-**	**-**	**2,835.8**	**109.8**

As of December 31st, 2019 *(In millions of euros)*	Level	**Carrying amount**	**Fair value**	Amortized cost	Fair Value through profit or loss	Fair Value through non-recyclable profit or loss	Debts measured at amortized cost	Cash-flow hedge derivatives
Derivative financial instruments	2	2.0	2.0		2.0			
Trade receivables	-	52.2	52.2	52.2				
Cash and cash equivalents	1	460.5	460.5		460.5			
Total financial assets		**514.7**	**514.7**	**52.2**	**462.5**	**-**	**-**	**-**
Non-current financial liabilities	3	2,170.4	2,186.6				2,170.4	
Other non-current liabilities	3	34.1	34.1				34.1	
Derivative financial instruments	2	95.4	95.4					95.4
Current financial liabilities	3	148.8	148.8				148.8	
Trade payables	-	126.3	126.3				126.3	
Total financial liabilities		**2,575.0**	**2,591.2**	**-**	**-**	**-**	**2,479.5**	**95.4**

NOTE 20. OTHER CURRENT LIABILITIES

NOTE 20.1. TAX AND SOCIAL SECURITY LIABILITIES

Tax and social security liabilities break down as follows:

(In millions of euros)	31.12.2020	31.12.2019
Tax debts	27.4	28.2
Social debts	10.1	7.3
Total of tax and security liabilities	**37.4**	**35.5**

NOTE 20.2. OTHER CURRENT LIABILITIES

Other current liabilities break down as follows:

(In millions of euros)	31.12.2020	31.12.2019
Prepaid income	18.6	21.3
Other creditors	22.7	10.0
Total other current liabilities	**41.3**	**31.3**

Deferred income consists mainly of operating subsidies that are transferred to the income statement on a straight-line basis according to the life of the underlying asset.

Of the +€12.7 million increase in other creditors, +€11.9 million was due to the reclassification during the year of other non-current liabilities relating to the acquisition in 2019 of the Mutkalampi project as liabilities payable within one year, given their payment schedule.

NOTE 21. RISK MANAGEMENT

NOTE 21.1. INTEREST RATE RISKS

Neoen Group is exposed to market risks as a result of its investment activities. This exposure is mainly linked to fluctuations in variable interest rates relating to the financing of its projects.

The Group's interest rate risk management objective is therefore to secure and preserve the economic balance of projects by limiting the future variability of the financial burden associated with their financing. This is based on the use of hedging instruments.

Interest rate risk is hedged using over-the-counter instruments with first-rate counterparties. The Group contracts financial instruments to hedge its variable-rate financing, with the aim of hedging at a fixed rate a minimum of 75% of the variable-rate financing requirements for projects. In this respect, the Group has entered into interest rate swaps and caps that qualify as cash flow hedges.

The Group's risk management policy aims to limit and control changes in interest rates and their impact on income and future cash flows.

	Notional value by maturity					
As of December 31st, 2020 *(In millions of euros)*	Less than 5 years	More than 5 years	**Total**	Fair value	Recorded as equity	Recorded as income
Interest rate swaps - Solar	(128.1)	(306.0)	(434.1)	(54.4)	60.4	-
Interest rate swaps - Wind	(159.1)	(425.4)	(584.5)	(54.2)	81.5	-
Interest rate swaps - Holding	-	-	-	(0.5)	0.5	
Interest rate caps	(67.9)	(88.8)	(156.7)	1.0	4.2	-
Total	**(355.2)**	**(820.2)**	**(1,175.3)**	**(108.0)**	**146.6**	**-**

A 1% increase in interest rates would, given the interest rate hedging instruments in force, cause an annual increase of €2.1 million in the Group's cost of debt. Due to the existence of floors, a 1% decrease in interest rates would not generate any particular savings on the Group's annual cost of debt.

NOTE 21.2. FOREIGN EXCHANGE RISKS

Foreign exchange risks relate to operational transactions in foreign currencies (mainly US dollars and Australian dollars) which tend to increase with the Group's sustained international deployment. In order to avoid any foreign exchange risk on the assets in operation, the Group systematically finances each of its assets in its functional currency.

NOTE 21.3. COUNTERPARTY RISKS

Given the large number of suppliers and subcontractors available in the markets where the Group operates, the Group considers that the insolvency of one or a small number of them would not have any material impact on the Group's ongoing operations.

Insofar as electricity sales contracts or contracts for difference are concluded with State counterparties (States or companies controlled by a State), electricity distribution companies and with a limited number of private buyers, the Group considers that the counterparty risk relating to trade receivables is not material at this time.

The Group invests its cash and cash equivalents with leading financial institutions.

The Group enters into over-the-counter interest rate derivatives with leading banks under agreements that provide for the offsetting of amounts due and receivable in the event of default by one of the contracting parties. These conditional netting arrangements do not meet the criteria of IAS 32 «financial instruments: presentation» to allow for the offsetting of asset and liability derivatives on the balance sheet.

NOTE 21.4. LIQUIDITY RISKS

Liquidity risk is the Group's inability to meet its immediate or short-term financial commitments.

To prevent this risk, the Group analyses its liquidity requirements several times a year over a rolling 12-month horizon.

At the reporting date and given its current obligations and the investments planned as part of the Company's execution of its investment plan over the next twelve months, the Company does not have sufficient financial resources over the period in question.

The net additional cash required to continue the Company's activities over the next twelve months is estimated at approximately €300 million.

A capital increase is therefore the Company's preferred solution to finance the continuation of its activities necessary for its development over the period in question.

However, should the Company delay certain projects planned as part of the execution of its investment plan, the cash shortfall would no longer occur over the next twelve months.

Cash held by holding and development companies amounted to €118 million at December 31, 2020, compared with €256.9 million for project companies (assets under operation and under construction).

(In millions of euros)	31.12.2020	31.12.2019
Cash and cash equivalents	374.9	460.5
Corporate credit lines available	238.0	130.0
Total	**612.9**	**590.5**

Corporate credit lines available

The Group has short-term credit lines totalling €238 million, including a syndicated loan of €200 million, composed of a corporate loan of €125 million that has not been drawn down to date and a revolving credit line of €75 million that has also not been drawn down, to meet the working capital requirements of the parent company.

Credit lines granted to projects

At December 31, 2020, the Group benefited from commitments received in respect of its project and operating financing in the amount of €374.9 million not used at that date.

NOTE 21.5. RISKS RELATED TO REGULATORY CHANGES

The Group sells electricity under long-term agreements with firm commitments from its counterparties, including many States. In certain countries where Neoen does not operate currently (in particular, Spain), States have occasionally introduced retroactive cuts to favourable feed-in tariffs. Any changes in these tariffs could have a material impact on the Group's financial statements.

The Group's multi-sector and multi-country strategy minimises this risk by reducing its exposure to a particular technology or country. The particularly competitive price of electricity produced by Neoen in the vast majority of its agreements also constitutes a natural hedge against this risk.

NOTE 22. OFF-BALANCE SHEET COMMITMENTS

NOTE 22.1. OFF-BALANCE SHEET COMMITMENTS GIVEN

(In millions of euros)	31.12.2020	31.12.2019
Guarantees provided to suppliers	243.6	111.1
Maintenance commitments	844.0	650.4
Other commitments provided	198.5	242.0
Commitments provided associated with operating activities	**1,286.1**	**1,003.5**
Assets provided as surety	3,080.7	2,786.3
Commitments provided associated with financing activities	**3,080.7**	**2,786.3**
Total off-balance sheet commitments provided	**4,366.7**	**3,789.8**

Guarantees given to suppliers

The Group may temporarily give guarantees to its suppliers in connection with the construction of its production assets.

Maintenance

In the context of operating its production assets, the Group enters into maintenance agreements that may span several years. The related services are expensed in the year in which they are provided.

Other commitments given

Other commitments are mainly guarantees given by the Group as part of the project development process, such as tendering guarantees, and performance and decommissioning guarantees.

Assets pledged as collateral

In most cases, the Group pledges shares and advances on shareholder loans in connection with debt incurred to finance projects. Some assets are also pledged as collateral to guarantee the repayment of bank debt until its extinguishment.

NOTE 22.2. OFF-BALANCE SHEET COMMITMENTS RECEIVED

(In millions of euros)	31.12.2020	31.12.2019
Energy purchase commitments received	6,201.2	5,999.6
Other commitments received	1,366.3	1,099.0
Commitments received associated with operating activities	**7,567.5**	**7,098.6**
Amounts payable to related parties	374.9	264.5
Corporate credit lines available	238.0	130.0
Commitments received in connection with financing activities	**612.9**	**394.5**
Total off-balance sheet commitments received	**8,180.4**	**7,493.1**

Energy purchase commitments received

In most cases, when an electricity production unit is built, the company carrying the project and which will operate the plant enters into a long-term energy supply contract. The Group generally receives purchase commitments for periods from 10 to 20 years. For each underlying asset, the commitment was valued on the basis of production volumes estimated by the Group over the term of the purchase agreement and on sales prices excluding inflation.

Other commitments received

These consist mainly of guarantees received by construction companies for the successful construction of plants and by suppliers in connection with maintenance.

NOTE 23. RELATED PARTY TRANSACTIONS

Transactions were carried out with: Impala and BPI France, identified as related parties for the Group.

Expenses relating to related parties primarily concern management fees and interest on loans granted. Amounts due to related parties correspond to financing.

Neoen's consolidated financial statements are fully consolidated in the consolidated financial statements of Impala, which owns 49.84 % of its share capital. Transactions with Impala and its subsidiaries or BPI France were carried out at arm's length.

The following table provides the amount of these transactions for the years ended December 31, 2020 and December 31, 2019:

(In millions of euros)	**31.12.2020**	**31.12.2019**
Expenses	0.6	0.8
Debt [1]	10.5	13.9
Guarantees [2]	-	-

(1) Liabilities with related parties correspond to a loan taken out with BPI France.
(2) The guarantees or counter-guarantees received from the majority shareholder Impala were all lifted on December 2, 2019.

NOTE 24. STATUTORY AUDITORS' FEES

(In millions of euros)	Deloitte / Constantin	RSM	Other networks	**FY 2020**
Neoen S.A.				
Statutory Audit	0.1	0.0	-	0.1
Services other than certification of financial statements	0.0	0.0	-	0.0
Subsidiaries				
Statutory Audit	0.6	0.0	0.2	0.8
Total	**0.7**	**0.1**	**0.2**	**1.0**

(In millions of euros)	Deloitte / Constantin	RSM	Other networks	**FY 2019**
Neoen S.A.				
Statutory Audit	0.1	0.0	-	0.1
Services other than certification of financial statements	0.0	0.0	-	0.0
Subsidiaries				
Statutory Audit	0.5	0.0	0.2	0.7
Total	**0.6**	**0.1**	**0.2**	**0.8**

NOTE 25. SUBSEQUENT EVENTS

Acquisition of non-controlling interests in the Mutkalampi project

On 12 November 2020, Prokon Wind Energy Finland notified its intention to exercise its put option, causing the Group to initiate the buyback of its entire stake (i.e. 19,9%) in the Mutkalampi project.

In accordance with IAS 32 "financial instruments: presentation", liabilities are recognised by the Group under its commitment to buy back minority interests. The Group's accounting policy is to recognise these liabilities and any subsequent changes in them, with a corresponding entry to Group share of equity.

In the financial statements for the year ended 31 December 2020, the debt relating to the put option was therefore revalued, with a corresponding entry to Group share of equity, and the stake was effectively bought back on 22 January 2021.

Extension of depreciation periods for assets in operation

As required by IAS 16 "property, plant and equipment" and IAS 38 "intangible assets", the Group reviews the depreciation periods it applies at each reporting date.

In the case of its solar and wind assets, given the high standards of design, construction and maintenance it applies, the Group considered, based on an external study carried out in the first quarter of 2021 and, in particular, on sector benchmarking, that the useful life of these assets should be increased from 25 to 30 years.

As this is a change in an accounting estimate, the effects will be recognised prospectively as from 1 January 2021. The estimated impact is a €18 million reduction in depreciation expenses, excluding the tax effect for the next financial year.

4.2 STATUTORY AUDITORS' CERTIFICATION REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NEOEN GROUP AS OF DECEMBER 31, 2020

Year ended December 31, 2020

To the Neoen Shareholders' Meeting

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying consolidated financial statements of Neoen for the year ended December 31, 2020.

In our opinion, the consolidated financial statements give a true and fair view of the results of operations of the Group for the year then ended and of its financial position and of its assets and liabilities as of December 31, 2020 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 in the "Statutory Auditor's 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, 2020 to the issue date of our report and in particular we did not provide any prohibited non-audit services referred to in Article 5(1) paragraph 1 of Regulation (EU) no. 537/2014.

Justification of Assessments - Key Audit Matters

Due to the global crisis related to the COVID-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the health emergency have had numerous consequences for companies, particularly on their operations and financing, and have led to greater uncertainties as to their future prospects. Some of those measures, such as travel restrictions and remote working, have also had an impact on their internal organization and the performance of audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, drawn up under the conditions set out above, and therefore contributed to the opinion we formed which is expressed above. We do not express an opinion on any components of the consolidated financial statements taken individually.

A. Internally generated intangible assets

(Note 12.2 to the consolidated financial statements)

As stated in Note 12.2 "Intangible assets," the development expenses for various renewable energy production facility projects, comprising external and internal direct and indirect costs relating to development, are capitalized from the point in time when the success of the corresponding project is probable with regard to the six IAS 38 criteria.

Identified risk and main judgments

The Group considers that these criteria are satisfied once a project enters the portfolio, i.e. when the contractual factors and technical studies indicate that the project's feasibility is probable. Once a project is commissioned, amortization is calculated on a straight-line basis over the estimated useful life of the underlying asset, i.e. 25 years. Furthermore, when the Group estimates that the probability of success is reduced, development expenses are impaired. When a project is discontinued, the related development expenses are expensed under "Other non-current operating income and expenses."

As of December 31, 2020, the net value of development projects totaled €135.5 million, the Group having capitalized expenses directly attributable to project development of €39.3 million in 2020.

We considered the recognition and measurement of internally generated development projects to be a key audit matter considering the level of judgment required by Management to assess compliance with capitalization criteria for the corresponding costs and the sensitivity to the estimates and assumptions used by Management in determining the recoverable amount.

Responses as part of our audit

Our procedures primarily consisted in:

- assessing, with regard to prevailing accounting standards and the capitalization rules defined by the Group, the methods of reviewing capitalization criteria, particularly by interviewing Management;
- testing, on a sample basis, the consistency of the amounts recorded in assets with the project monitoring file prepared by the Group with a return to the underlying documented evidence;
- analyzing the compliance of the methodology applied by the Company to determine the recoverable amount of development expenses with prevailing standards;
- analyzing, with regard to the useful life adopted for these projects under development, the development expense amortization process;
- finally, we verified the appropriateness of the disclosures in Note 12 to the consolidated financial statements.

B. Hedging financial instruments

(Note 19 to the consolidated financial statements)

Neoen finances the construction and operation of some of its facilities using floating-rate loans that expose the company to interest rate risk. To hedge this risk, Neoen sets up interest rate swap or cap hedges to peg the interest rate at the start of the project (or to peg the maximum interest rate).

As shown in Note 19 "Financing and Derivative financial instruments," derivative financial instruments with a positive market value are recorded in assets, while those with a negative market value are recorded in liabilities. These instruments are initially measured at fair value on the derivative contract signature date and then remeasured at their fair value at each closing date.

Identified risk and main judgments

Neoen classifies these hedges in its accounts as cash flow hedges so as to recognize the changes in fair value of the hedging instruments in OCI for their effective portion. The new IFRS 9 principles had no material impact on the Group's financial statements insofar as all the transactions that were classified as hedges under IAS 39 continue to be classified as such under IFRS 9.

We consider the recognition of financial instruments to be a key audit matter due to the materiality of the potential changes in fair value of these instruments, the level of judgment in documenting and analyzing the hedges and the accounting impacts arising from their classification as cash flow hedges.

Responses as part of our audit

Our procedures primarily consisted in:

- analyzing the compliance of the methodologies applied by the Group with prevailing accounting standards.
- assessing the competency of the specialists hired by the company to measure the fair value of the financial instruments and interviewing Management to obtain an understanding of their scope of involvement.
- validating the breakdown of the Group financial instrument portfolio that we compared with the fair value determined by the Group's external specialists. We compared these bank confirmation statements and conducted valuation tests.
- reviewing the cash flow hedging documentation, and the accounting treatment applied to financial instruments and their impacts on the income statement and other comprehensive income according to the classification of these instruments.
- finally, we verified that notes to the consolidated financial statements provide appropriate disclosure.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law on the information concerning the Group presented in the Board of Directors' management report.

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

Other Legal and Regulatory Verifications or Information

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 Chairman and Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of December 17, 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.

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

Constantin Associés was appointed as statutory auditor of NEOEN by the Shareholders' Meeting of September 13, 2008 and replaced by Deloitte & Associés at the Shareholders' Meeting of April 22, 2014. RSM Paris was also appointed as statutory auditor by the Shareholders' Meeting of September 12, 2018.

As of December 31, 2020, Deloitte & Associés and RSM were in the 13th period and third period of total uninterrupted engagement, respectively.

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 its operations.

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

The consolidated financial statements have been approved by the Board of Directors.

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

Objective 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 financial statements.

As specified in Article L.823-10-1 of the French Commercial Code, 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 whether the consolidated financial 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 included in the consolidation scope 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 as well as for the audit opinion.

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 significant audit findings. We also bring to its attention 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 referred to in Article 6 of Regulation (EU) no. 537/2014, confirming our independence pursuant to the rules applicable in France as defined in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

Paris et Paris-La Défense, March 10, 2021
The Statutory Auditors

RSM Paris	**Deloitte & Associés**
Etienne de Bryas	Benoit Pimont

4.3 ANNUAL FINANCIAL STATEMENTS OF NEOEN S.A. AS OF DECEMBER 31, 2020

4.3.1 INCOME STATEMENT

(In millions of euros)	Notes	2020	2019
Revenue	3.1	61.5	57.5
Other income [1]		4.7	3.3
OPERATING INCOME		**66.2**	**60.9**
Purchases for inventory		-	-
Changes in inventory		-	-
Other purchases and external expenses	5.1	(39.8)	(42.8)
External charges	**5.1**	**(39.8)**	**(42.8)**
Duties, taxes and similar payments		**(1.4)**	**(1.3)**
Wages and salaries	8.1	(18.1)	(11.5)
Social security contributions	8.1	(12.1)	(5.5)
Payroll costs	**8.1**	**(30.2)**	**(17.0)**
Amortization and impairment on assets	14 and 15	(0.7)	(0.7)
Amortization of operating expenses		(1.0)	(0.1)
Provisions on assets		-	-
Current asset provisions		(0.0)	(0.1)
Provisions for risks and expenses		-	-
Foreign exchange gains and losses		(0.9)	(0.2)
Other expenses [2]		(0.2)	(0.2)
OPERATING EXPENSES		**(74.1)**	**(62.4)**
OPERATING PROFIT (LOSS)		**(7.9)**	**(1.5)**
Financial income	10.1	41.1	32.4
Financial expenses	10.1	(18.5)	(11.1)
Net financial income (expenses)	**10.1**	**22.6**	**21.3**
CURRENT PROFIT (LOSS) BEFORE TAX		**14.6**	**19.8**
Non-current income	11	21.9	15.0
Non-current expenses	11	(8.3)	(10.8)
Non-current profit (loss)	**11**	**13.6**	**4.2**
Employee profit-sharing		(0.8)	(0.7)
Income tax	12	(0.8)	(2.2)
PROFIT (OR LOSS) FOR THE PERIOD		**26.6**	**21.1**

(1) Includes transfers of expenses relating to costs and fees for €2 million associated with a syndicated loan signed on March 12, 2020, transfers of expenses relating to costs and fees for €2.3 million associated with the issue of green convertible bonds into new shares and/or exchangeable for existing shares ("OCEANE Verte") carried out on June 2, 2020 (see note 2), and foreign exchange gains on trade payables and receivables for €0.4 million.

(2) Corresponds to remuneration received by non-executive corporate officers.

4.3.2 STATEMENT OF FINANCIAL POSITION - ASSETS

(In millions of euros)	Notes	Gross 31.12.2020	Amortization/ impairment	Net 31.12.2020	Net 31.12.2019
Intangible assets	**14**	**2.3**	**(1.3)**	**1.1**	**1.3**
Property, plant and equipment	**14**	**1.5**	**(0.9)**	**0.6**	**0.6**
Equity investments	15	68.9	-	68.9	65.5
Receivables from equity investments	15	991.3	(0.6)	990.7	647.0
Deposits and security provided	15	19.5	-	19.5	27.7
Other non-current financial assets	15	0.4	-	0.4	6.8
Non-current financial assets	**15**	**1,080.1**	**(0.6)**	**1,079.4**	**747.0**
FIXED ASSETS		**1,083.9**	**(2.8)**	**1,081.1**	**748.8**
Down-payments and advances		0.2	-	0.2	1.4
Trade receivables	3.2	13.8	-	13.8	25.2
Other receivables	3.2	4.5	-	4.5	2.8
Receivables	**3.2**	**18.6**	**-**	**18.6**	**29.3**
Liquid assets and miscellaneous		**60.4**	**-**	**60.4**	**182.4**
CURRENT ASSETS		**79.0**	**-**	**79.0**	**211.7**
Prepaid expenses	16	0.3	-	0.3	0.7
Deferred expenses [1]	16	4.9	-	4.9	1.6
Unrealized foreign exchange losses	16	2.3	-	2.3	0.5
TOTAL ASSETS		**1,170.4**	**(2.8)**	**1,167.6**	**963.4**

(1) Corresponds to the costs and fees of €1.6 million associated with a syndicated loan signed on March 12, 2020 (see note 2), €2 million associated with the issue of green convertible bonds into new shares and/or exchangeable for existing shares ("OCEANE Verte") carried out on June 2, 2020 (see note 2) as well as €1.3 million associated with the issue of convertible bonds into new shares and/or exchangeable for existing shares ("OCEANE") carried out on October 7, 2019.

4.3.3 STATEMENT OF FINANCIAL POSITION - EQUITY AND LIABILITIES

(In millions of euros)	Notes	31.12.2020	31.12.2019
Share capital	13	171.1	170.2
Additional paid-in capital	13	502.3	501.0
Legal reserve	13	3.4	2.3
Other reserves	13	28.5	8.9
Retained earnings	13	8.0	8.0
Profit (loss) for the period	13	26.6	21.1
EQUITY	13	**739.9**	**711.6**
Provisions for risks and charges	7	0.7	0.4
Provisions for exchange rate losses	7	2.3	0.5
PROVISIONS	7	**3.0**	**0.8**
Convertible bonds	10.2	371.2	200.9
Borrowings and liabilities with lending institutions	10.2	10.5	13.9
Miscellaneous borrowings and financial liabilities	10.2	19.3	18.8
Financial debt	**10.2**	**401.0**	**233.5**
Trade accounts payable	5.2	7.7	6.3
Payroll and tax liabilities	9	15.8	10.7
Current liabilities		**23.5**	**17.0**
Other payables	9	0.2	0.2
Deferred income	9	0.0	0.0
TOTAL PAYABLES		**424.7**	**250.7**
Unrealized foreign exchange gains	17	0.0	0.2
TOTAL EQUITY AND LIABILITIES		**1,167.6**	**963.4**

4.3.4 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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NOTE 1. ACCOUNTING POLICIES AND VALUATION METHODS

Preparation of the financial statements

The annual financial statements as of December 31, 2020 have been prepared in accordance with the provisions of French law and generally accepted accounting principles and methods, in accordance with ANC Regulation No. 2014-03 dated June 5, 2014 as well as with all regulations subsequently modifying it and on the same bases as of December 31, 2019.

Furthermore, the annual financial statements have been prepared on a going concern basis taking into account the following items:

- at the reporting date of this document and given its current obligations and the investments planned as part of the Company's execution of its investment plan over the next twelve months, the Company does not have sufficient financial resources over the period in question;
- the net additional cash required to continue the Company's activities over the next twelve months is estimated at approximately €300 million;
- a capital increase is therefore the Company's preferred solution to finance the continuation of its activities necessary for its development over the period in question;
- however, should the Company delay certain projects planned as part of the execution of its investment plan, the cash shortfall would no longer occur over the next twelve months.

Changes in valuation methods

None.

Changes in presentation

None.

NOTE 2. ACTIVITY AND KEY EVENTS

Activity

Neoen S.A. is a French limited company in the form of a société anonyme which was initially registered in Paris on September 29, 2008 under company number 508 320 017 and in the form of a *société par actions simplifiée*. Its shares were admitted for trading on the Euronext Paris regulated market on October 17, 2018.

As the Group holding company, Neoen mainly holds intermediate holding companies which in turn hold, directly or indirectly, project companies which own the Group's energy production or storage facilities.

Key events

Signing of a €200 million syndicated loan incorporating ESG criteria

In March 2020, Neoen S.A. entered into an initial syndicated loan of €200 million, indexing its financial conditions to environmental, social and governance (ESG) indicators. This agreement includes an instalment loan of a total amount of €125 million and a revolving credit facility of €75 million, both maturing on July 31, 2024. This transaction was carried out in order to strengthen the financial resources of the Neoen Group as part of its growth strategy.

Issuance costs for this syndicated loan were €2 million. As of December 31, 2020, these two instruments were not yet drawn down.

Issue of a green convertible bond ("OCEANE Verte")

On June 2, 2020, Neoen S.A. issued convertible bonds into new shares and/or exchangeable for existing shares for a nominal amount of approximately €170 million, bearing interest at an annual rate of 2.0% payable semi-annually in arrears on December 2 and June 2 of each year, and for the first time on December 2, 2020.

The unit value of the bonds was set at €46.20, corresponding to a 40% premium over Neoen's reference price. Unless they have been converted, exchanged, redeemed or bought back and cancelled, the bonds will be redeemed at par on June 2, 2025.

The costs and fees associated with this transaction were €2.3 million and were recorded as issuance costs. They will be spread over the term of the loan.

Treasury shares

At December 31, 2019, Neoen S.A. held 198,948 of its own shares (including two under a liquidity contract).

As part of the green convertible bonds ("OCEANE Verte") issue completed on June 2, 2020, Neoen S.A. bought 60,606 of its own shares for €2 million.

Neoen signed:

- on July 6, 2020, a mandate to buy back a maximum of 100,000 shares over the period from July 7 to September 25, 2020, for a maximum purchase price of €40 per share. Under this mandate, 41,874 shares were bought for an amount of €1.6 million;
- on September 24, 2020, a mandate to buy back a maximum of 163,000 shares over the period from September 28, 2020 to May 15, 2021, for a maximum purchase price of €45 per share. Under this mandate, 11,273 shares were bought for an amount of €0.5 million.

On October 6, 2020, the Company used 302,070 of its treasury shares to serve a free share plan that had expired.

At December 31, 2020, Neoen S.A. thus held 10,639 treasury shares (including 10 under a liquidity contract) for an amount of €0.5 million.

Capital increase reserved for employees

On April 29, 2020, Neoen S.A. carried out a capital increase reserved for its employees in France. This plan offered each beneficiary to buy a maximum number of 118 new shares at the preferential subscription price of €21.92 per share (benefiting from a 30% discount compared to the average share price over the last twenty trading sessions preceding the date on which the Board of Directors set the price on March 25, 2020) and an employer contribution on the basis of one free share for one share subscribed. 25,556 shares with a nominal value of €2 were created as part of this transaction corresponding to a capital increase of €305,649.76, including a share premium of €254,537.76.

Free share plan

On July 2, 2020, the Board of Directors decided to grant 140,000 free Neoen S.A. shares to certain group employees. The granting of these shares will only be final, subject to meeting the conditions set out in the award plan, at the end of a vesting period of three years.

Capital increases carried out in 2020

During the year, capital increases were carried out due to:

- the exercise of 62,500 stock options at an exercise price of €4, of 161,834 stock options at an exercise price of €6 and of 25,000 stock options at an exercise price of €10;
- the creation of 25,556 shares in connection with a capital increase reserved for employees;
- the creation of 187,074 shares in connection with free share allocation plans that had reached maturity.

These transactions, which totalled €1,676,653.76 including a share premium of €1,226,873.76, increased the share capital to €171,101,424 (see note 13).

A year marked by the COVID-19 health crisis

On 30 January 2020, the World Health Organisation declared a public health emergency of international concern following the spread of the COVID-19 virus and declared it a pandemic on 11 March 2020. In response to this health crisis, governments around the world were forced to adopt restrictive social and economic measures to contain the spread of the virus. These measures triggered significant disruptions for companies, leading to a global economic slowdown.

In this context, the Company's primary responsibility was to protect the health of all its employees while continuing to operate. The Company therefore limited staff travel, massively deployed alternative working methods and used remote working whenever possible, while actively pursuing with its different subsidiaries the development of its project portfolio with a total of 769 MW of operating capacity added in the period, the launch of the construction of more than 987 MW and the strengthening of its portfolio of secure projects.

The Company thereby managed to continue its development, despite occasional delays in the completion of its projects. As a result, it did not use government support measures.

Furthermore, the Company has not identified any liquidity risk inherent to the health crisis, and in the period completed the issue of its first corporate syndicated loan and green convertible bonds ("OCEANE Verte") (see notes 17 and 19.2).

NOTE 3. REVENUE

NOTE 3.1. REVENUE

Revenue consists primarily of services provided by the Company to its subsidiaries, particularly within the context of project development or the management and monitoring of assets in operation, recognized on a percentage-of-completion basis in accordance with the applicable contractual milestones.

Breakdown of revenue

Revenue may be broken down as follows by type of activity and geographical market:

(In millions of euros)	France	Export	**Total**
Provision of services	41.1	20.5	61.5
Revenue	**41.1**	**20.5**	**61.5**
Proportion (%)	67%	33%	100%

NOTE 3.2. RECEIVABLES

Accounting policy

Receivables are recorded at their nominal value. They are impaired when necessary to reflect any collection difficulties. Receivables are impaired on a case-by-case basis, notably on the basis of customers' solvency.

Breakdown of receivables

Receivables may be broken down as follows:

(In millions of euros)	**Gross amount 31.12.2020**	Impairment	**Net amount 31.12.2020**	**Net amount 31.12.2019**
Trade receivables	13.8	-	13.8	25.2
Other receivables	4.5	-	4.5	2.8
Down-payments and advances	0.2	-	0.2	1.4
TOTAL	**18.6**	**-**	**18.6**	**29.3**

The decrease in trade receivables is due to the decrease in receivables relating to development agreements and the re-invoicing of development costs to the Group companies undertaking the projects, taking into account collections made during 2020.

NOTE 4. MATURITY OF RECEIVABLES

(In millions of euros)	Gross amount 31.12.2020	< 1 year	> 1 year	Of which: related companies
Receivables from equity investments	991.3		991.3	991.3
Equity investments	68.9		68.9	
Deposits and security	19.5	8.7	11.0	
Other financial assets	0.4	0.4	0.0	
Total non-current financial assets	**1,080.1**	**9.1**	**1,071.1**	**991.3**
Trade receivables	13.8	13.8		13.8
Value added taxes	3.8	3.8		
Other duties and taxes	0.3	0.3		
Miscellaneous debtors	0.6	0.6		
Total current assets	**18.6**	**18.6**	**-**	**13.8**
Prepaid expenses	0.3	0.3		
TOTAL	**1,099.0**	**28.0**	**1,071.1**	**1,005.1**

NOTE 5. PURCHASES

NOTE 5.1. OTHER PURCHASES AND EXTERNAL EXPENSES

In the framework of its transfer pricing policy, all development costs for the Group's international projects are either borne directly by Neoen S.A. or rebilled to Neoen S.A. by the Company's international development subsidiaries. The costs comprise the external costs incurred essentially for the purposes of obtaining requisite permits or performing environmental or technical surveys, as well as internal staff expenses.

(In millions of euros)	2020	2019
Development costs borne directly by Neoen S.A.	(3.4)	(9.6)
Development costs rebilled	(21.5)	(15.3)
Surveys and subcontracting	(1.4)	(1.4)
Professional fees	(8.9)	(10.9)
Other charges	(4.6)	(5.6)
TOTAL	**(39.8)**	**(42.8)**

Development costs incurred directly by Neoen S.A. decreased by €(6.2) million. In 2019, Neoen S.A. had, as part of the structuring of the development of an Argentinean project, borne and then reinvoiced costs to it.

Development costs reinvoiced by international development companies increased by €6.2 million due to the growth in international development projects.

NOTE 5.2. OPERATING PAYABLES

Accounting policy

Operating payables are recorded at their nominal value.

Breakdown of operating payables

Operating payables may be broken down as follows:

(In millions of euros)	31.12.2020	31.12.2019
Trade payables - Group	4.5	0.5
Trade payables - third parties	0.1	2.5
Accrued invoices - Group	0.2	0.7
Accrued invoices - third parties	2.9	2.6
TOTAL	**7.7**	**6.3**

NOTE 6. MATURITY OF TOTAL PAYABLES

(In millions of euros)	Gross amount 31.12.2020	< 1 year	From 1 to 5 years	> 5 years	Of which: related companies
Convertible bonds	371.2	1.2	370.0		
Borrowings and liabilities with lending institutions	10.5	10.5			10.5
Miscellaneous borrowings and financial liabilities	19.3			19.3	15.8
Trade payables	7.7	7.7			4.6
Payroll liabilities	3.5	3.5			
Social security liabilities	3.7	3.7			
Tax liabilities:	**8.6**	**8.6**			
> Value added taxes	7.2	7.2			
> Other duties and taxes	1.4	1.4			
Other payables	0.2	0.2			
Deferred income	0.0	0.0			
TOTAL	**424.7**	**35.3**	**370.0**	**19.3**	**30.9**

NOTE 7. PROVISIONS

Accounting policy

Provisions for risks and charges are made to cover probable outflows of resources embodying economic benefits for third parties, without a corresponding benefit for the Company. They are estimated on the basis of the most probable assumptions at the closing date.

Breakdown of provisions

Provisions may be broken down as follows:

(In millions of euros)	31.12.2019	Increases	Reversals for use	Reversals without use	31.12.2020
Provisions for disputes	0.4				0.4
Provisions for risks	-				-
Provisions for charges [1]	-	0.4	-		0.4
Provisions for exchange rate losses	0.5	2.3	(0.5)		2.3
TOTAL	**0.8**	**2.6**	**(0.5)**	**-**	**3.0**

(1) At December 31, 2020, treasury shares were acquired for €0.4 million, to be allocated when the free share plans expire in 2021. They were therefore written down in proportion to the time elapsed over the total duration of the plan.

NOTE 8. PERSONNEL EXPENSES AND CORPORATE OFFICERS' REMUNERATION

Accounting policy

Retirement commitments

The Company is relieved of its obligation to fund the pensions of its workforce by the payment of contributions calculated on the basis of wages to the organizations that manage pension benefits.

In addition, a retirement benefit determined on the basis of seniority and level of remuneration must be paid to employees present in the Company at retirement age.

As the Company's commitment in this respect, calculated using the projected unit credit method, is not significant in view of the low level of seniority acquired by employees to date, it has not been recognized.

NOTE 8.1. PAYROLL COSTS AND AVERAGE EMPLOYEE NUMBERS

(In millions of euros)	2020	2019
Payroll costs		
Wages and salaries	(18.1)	(11.5)
Social security contributions	(12.1)	(5.5)
PAYROLL COSTS	**(30.2)**	**(17.0)**
Full-time equivalent employees (FTE) - Average		
Executives	123	102
Employees and supervisors	4	5
EMPLOYEE NUMBERS	**127**	**107**

The increase in payroll costs is mainly due to the impact of free share plans for employees. A plan that expired in October generated an expense of €(7.8) million (due to the use of treasury shares). In 2019, €(2.0) million had been recognised for the impact of free share plans.

Social security charges also increased due to the increase in social security contributions resulting from the definitive allocation of shares under the plan that had expired in October 2020 (€(4.0) million) and from the provisions for social security charges set up under ongoing free share plans expiring in 2021, 2022 and 2023 (€(1.9) million).

NOTE 8.2. CHARACTERISTICS OF SHARE PURCHASE OR SUBSCRIPTION OPTIONS AND FREE SHARE ALLOCATIONS TO EMPLOYEES

Share purchase or subscription options

Date of allocation	Number of options allocated	Date vested	Date of expiry	Exercise price	**Number of options outstanding**
23/12/2016	235,000	24/12/2019	23/12/2021	6.00 €	63,166
30/05/2018	45,000	31/05/2021	30/05/2023	10.00 €	40,000
05/07/2018	65,000	06/10/2021	05/07/2023	10.00 €	35,000
TOTAL	**345,000**				**138,166**

Free share allocations

Date of allocation	Number of shares allocated	Date of share acquisition	Date of end of period of conservation	**Number of shares outstanding**
30/05/2018	107,500	31/05/2021	-	105,000
10/07/2019	297,000	11/07/2022	-	292,000
02/07/2020	140,000	03/07/2023	-	140,000
TOTAL	**544,500**			**537,000**

NOTE 9. BREAKDOWN OF OTHER LIABILITIES

(In millions of euros)	**31.12.2020**	31.12.2019
Payroll liabilities	7.2	5.0
Tax liabilities	8.6	5.7
Other payables	0.2	0.2
Deferred revenue	0.0	0.0
TOTAL	**16.0**	**10.9**

Social security liabilities increased by €2.2 million, due mainly to provisions for social security contributions set up under ongoing free share plans expiring in 2021, 2022 and 2023 (€(1.9) million).

The €2.9 million increase in tax liabilities was mainly due to the VAT liabilities collected on the invoicing of group development agreements.

NOTE 10. FINANCIAL ITEMS

Accounting policy

Investment securities

Investment securities represent temporary cash positions invested in UCITS and/or money market funds. They are recorded at their historical acquisition cost. When sold, gains or losses are calculated using the first-in first-out method (FIFO).

Impairment is recognized if the net asset value is less than the carrying amount.

Foreign currency transactions

Neoen S.A.'s financial statements are presented in euros. Income and expenses denominated in foreign currencies are converted into euros at the foreign exchange rates prevailing on the transaction dates. At the year-end, receivables and payables denominated in foreign currencies are converted into euros at the applicable closing foreign exchange rates and the differences compared to the transaction amounts are recognized as unrealized foreign exchange gains/losses.

Unrealised foreign exchange gains are not included in the accounting profit. A provision for foreign exchange losses is established for unrealised foreign exchange losses that are not offset by a foreign exchange hedge.

Hedging

Hedge accounting is obligatorily applied for all documented hedging relationships identified. The impacts of the financial instruments employed by Neoen S.A. to hedge its exposure to foreign currency risk are recognized in its income statement on a symmetrical basis to the hedged item.

NOTE 10.1. NET FINANCIAL INCOME (EXPENSES)

(In millions of euros)	2020	2019
Financial income	**41.1**	**32.4**
Financial income from equity investments	31.5	22.9
Other financial income	3.4	0.9
Reversal of provisions and reclassification of expenses	0.5	4.4
Foreign exchange gains	5.7	4.2
Financial expenses	**(18.5)**	**(11.1)**
Financial allocations to amortization and provisions	(2.3)	(3.8)
Interest and similar expenses	(9.2)	(4.5)
Foreign exchange losses	(7.0)	(2.8)
NET FINANCIAL INCOME (EXPENSE)	**22.6**	**21.3**

The increase in financial income is due to the €8.7 million increase in interest on shareholder loans due to continued growth in investments made in new projects.

Financial expenses increased by €7.4 million, mainly due to the increase in interest of €4.7 million due to the increase in Neoen S.A.'s debt following the two issues of convertible bonds into new shares and/or exchangeable for existing shares ("OCEANE") in the second half of 2019 (approximately €200 million) and the first half of 2020 (approximately €170 million). Furthermore, realised foreign exchange losses increased by €4.2 million.

NOTE 10.2. BREAKDOWN OF FINANCIAL DEBT

(In millions of euros)	31.12.2020	31.12.2019
Borrowings	380.4	213.8
Accrued interest	1.2	0.9
Other financial debt	19.3	18.8
TOTAL	**401.0**	**233.5**

The increase in borrowings as of December 31, 2020 is mainly attributable to the approximately €170 million issue on June 2, 2020 of green convertible bonds ("OCEANE Verte") (see note 2, "activity and key events").

NOTE 11. NON-CURRENT PROFIT (LOSS)

(In millions of euros)	2020	2019
Non-current income	**21.9**	**15.0**
Non-current income from management transactions	-	0.0
Non-current income from capital transactions	14.1	12.9
Reversals on provisions and reclassification of expenses	7.8	2.1
Non-current expenses	**(8.3)**	**(10.8)**
Non-current expenses from management transactions	(0.4)	(0.1)
Non-current expenses from capital transactions	(7.9)	(10.7)
NON-CURRENT PROFIT (LOSS)	**13.6**	**4.2**

In 2020, non-current income mainly consisted of income from capital transactions of €14.1 million, which breaks down into €13.3 million linked to a capital reduction at Neoen Services, which generated a surplus corresponding to the difference between the value of the shares in Neoen S.A. and the amount of Neoen Services' share capital, and €0.6 million in income from the sale of subsidiaries to other group entities.

Non-current expenses mainly comprise a loss on treasury shares of €(7.5) million as these shares were definitively allocated when a bonus share allocation plan expired on October 6, 2020. These expenses are fully offset by a transfer of expenses of the same amount into non-current income (the expense associated with the definitive allocation of free shares is thus recognised under payroll costs).

NOTE 12. TAXATION

Tax consolidation

With effect from January 1, 2010 the Company opted for the tax consolidation scheme provided for by Articles 223A et seq. of the French General Tax Code and including, as of December 31, 2020, its following direct or indirect subsidiaries: Neoen Biopower, Neoen Solaire, Neoen Services, Neoen Éolienne, Neoen International as well as Neoen Production 2, Neoen Investissement, Neoen Northern Hémisphère, Neoen Holding Jamaica, Neoen Holding Mexico, Neoen Holding El Salvador, Neoen Holding Mexico II and Neoen Investissement II, which joined the tax consolidation group on January 1, 2020.

As the tax consolidation parent, Neoen S.A. consolidates the taxable results of all member companies and pays the applicable tax. It receives from its subsidiaries the amounts of tax they would have borne in the absence of any tax consolidation. For that reason, as of December 31, 2020, Neoen S.A. recognised a tax charge of €0.8 million.

Calculation of the taxable result from the Consolidated Tax Group

	Accounting profit (loss)	Reinstatements	Deductions	**Taxable profit (loss)**	Use of own Tax losses	**Taxable profit (loss) after use of own tax losses**
Neoen	26.6	6.6	22.6	10.6	-	10.6
Neoen Solaire	7.2	0.0	7.2	0.1	-	0.1
Neoen Eolienne	2.0	0.2	2.2	(0.1)	-	(0.1)
Neoen Biopower	1.3	0.2	1.3	0.1	-	0.1
Neoen Services	0.4	0.1	0.4	0.1	-	0.1
Neoen International	5.8	1.7	7.7	(0.1)	-	(0.1)
Neoen Production 2	29.0	2.6	35.8	(4.3)	-	(4.3)
Neoen Investissement	(4.2)	7.7	0.0	3.5	-	3.5
Neoen Northern Hemisphere	(0.9)	0.0	-	(0.9)	-	(0.9)
Neoen Holding Jamaica	(0.1)	0.5	-	0.3	-	0.3
Neoen Holding Mexico	(8.3)	11.9	0.1	3.4	-	3.4
Neoen Holding El Salvador	(3.2)	2.3	-	(0.9)	-	(0.9)
Neoen Holding Mexico II	(2.4)	2.3	0.0	(0.2)	-	(0.2)
Neoen Investissement II	(0.0)	-	-	(0.0)	-	(0.0)
TOTAL	**53.1**	**36.1**	**77.5**	**11.7**	**-**	**11.7**

Reinstatements/deductions specific to the tax consolidation	(0.9)
Consolidated taxable profit (loss)	**10.8**
Use of consolidated tax losses	-
Result after use of consolidated tax losses	**10.8**
Tax payable	3.0
Tax surcharge payable	0.1
Tax credits	(0.2)
Tax consolidation gain	(2.1)
Income tax	**0.8**

Determination of individual taxable profits (losses)

	Calculated in the absence of tax consolidation				
	Taxable profit (loss)	Losses carried forward at 31.12.2019	Use of losses brought forward	Taxable amount	**Theorical income tax**
Neoen	10.6	-	-	10.6	3.0
Neoen Solaire	0.1	-	-	0.1	0.0
Neoen Eolienne	(0.1)	(0.8)	-	(0.1)	-
Neoen Biopower	0.1	(0.4)	0.1	-	-
Neoen Services	0.1	-	-	0.1	0.0
Neoen International	(0.1)	(11.0)	-	(0.1)	-
Neoen Production 2	(4.3)	(13.5)	-	(4.3)	-
Neoen Investissement	3.5	-	-	3.5	1.0
Neoen Northern Hemisphere	(0.9)	(0.2)	-	(0.9)	-
Neoen Holding Jamaica	0.3	-	-	0.3	0.1
Neoen Holding Mexico	3.4	(0.0)	0.0	3.4	1.0
Neoen Holding El Salvador	(0.9)	(0.3)	-	(0.9)	-
Neoen Holding Mexico II	(0.2)	(0.0)	-	(0.2)	-
Neoen Investissement II	(0.0)	(0.0)	-	(0.0)	-

NOTE 13. EQUITY

Share capital

Between January 1 and April 10, 2020, 2,500 share subscription options at an exercise price of €4.00 and 97,292 share subscription options at an exercise price of €6.00 were exercised for a total amount of €593,752, of which €394,168 in share premium, bringing the share capital to €170,377,080.

On April 10, 2020, 2,500 free shares were definitively allocated, resulting in the creation of 2,500 new shares with a nominal value of €2, bringing the share capital to €170,382,080.

On April 29, 2020, 25,556 shares with a nominal value of €2 were created as part of a capital increase reserved for employees for a total amount of €305,649.76, including a share premium of €254,537.76, bringing the share capital to €170,433,192.

During the months of May and June 2020, 36,042 share subscription options at an exercise price of €6.00 were exercised, for a total amount of €216,252, including an issue premium of €144,168, bringing the share capital to €170,505,276.

On October 6, 2020, 486,644 free shares were definitively allocated, resulting in the creation of 184,574 new shares with a nominal value of €2, bringing the share capital to €170,874,424.

On the same day, a capital increase was recorded relating to the exercise of 25,000 share subscription options at an issue price of €4.00 and 28,500 share subscription options at an issue price of €6.00, for a total amount of €271,000, including a share premium of €164,000, bringing the share capital to €170,981,424.

Between October 6 and December 31, 2020, 35,000 share subscription options at an exercise price of €4.00 and 25,000 share subscription options at an exercise price of €10.00 were exercised for a total amount of €390,000, including a share premium of €270,000, bringing the share capital to €171,101,424.

The share capital is divided into 85,550,712 fully paid-up ordinary shares with a par value of €2 per share.

Treasury shares

As of December 31, 2020 the Company held, directly or indirectly, 10,639 treasury shares mainly arising from a share buyback program with a view to their subsequent allocation.

Statement of changes in equity

(In millions of euros)	**Opening**	Increase	Decrease	**Closing**
Share capital	170.2	0.9		171.1
Additional paid-in capital	501.0	1.2	0.0	502.3
Legal reserve	2.3	1.1		3.4
Other reserves	8.9	20.0	0.4	28.5
Retained earnings	8.0			8.0
Net income for the year	21.1	26.6	21.1	26.6
TOTAL	**711.6**	**49.8**	**21.5**	**739.9**

The income for 2019 of €21.1 million was allocated to other reserves (€20 million) and to the legal reserve (€1.1 million) in accordance with the income allocation rules.

NOTE 14. PROPERTY, PLANT AND EQUIPMENT

Accounting policy

Intangible assets mainly consist of software, concessions, patents and similar rights. They are recognized at acquisition cost.

Assets are depreciated or amortized on a straight-line basis over the expected useful life of the asset depending on the method of consumption of the related economic benefits. The main categories are:

- software and other intangible assets: 3 years;
- general facilities and sundry fixtures and fittings: 3 to 10 years;
- computer hardware: 3 years;
- office furniture: 4 years.

Depreciation and amortization are calculated on the basis of acquisition cost less a residual value if appropriate. The residual value is the amount, net of anticipated costs to sell, that the Company could obtain from the sale of the asset on the market at the end of its use.

At the year-end, the Company assesses whether there are any indications of impairment of fixed assets, in which case an impairment test is performed by comparison of the carrying amount of the fixed asset with its fair value. The carrying amount of an asset is impaired when the fair value is less than the carrying amount. Fair value is the higher of the asset's market value and value in use.

Breakdown of the gross values of intangible assets and property, plant and equipment

(In millions of euros)	**31.12.2019**	Acquisitions	Disposals	**31.12.2020**
Software	-	-	-	-
Other intangible assets	1.7	0.1	-	1.9
Intangible assets under development	0.3	0.2	-	0.5
Intangible assets	**2.0**	**0.3**	**-**	**2.3**
Land	0.0	-	-	0.0
Computer and office equipment and furniture	0.9	0.2	-	1.1
Other property, plant and equipment	0.3	0.0	-	0.3
Property, plant and equipment under construction	0.0	-	0.0	-
Property, plant and equipment	**1.3**	**0.2**	**0.0**	**1.5**
TOTAL	**3.3**	**0.5**	**0.0**	**3.8**

Breakdown of the applicable depreciation, amortization and impairment

		Amortization		Impairment		
(In millions of euros)	**31.12.2019**	Allocations	Reversals	Allocations	Reversals	**31.12.2020**
Software	-	-	-	-	-	-
Other intangible assets	(0.8)	(0.5)	-	-	-	(1.3)
Intangible assets under development	-	-	-	-	-	-
Intangible assets	**(0.8)**	**(0.5)**	**-**			**(1.3)**
Computer and office equipment and furniture	(0.7)	(0.2)	-	-	-	(0.9)
Other property, plant and equipment	-	-	-	-	-	-
Property, plant and equipment	**(0.7)**	**(0.2)**	**-**			**(0.9)**
TOTAL	**(1.5)**	**(0.7)**	**-**			**(2.2)**

NOTE 15. NON CURRENT FINANCIAL ASSETS

Accounting policy

Equity investments and associated receivables

The gross amount of equity investments is recognized at acquisition cost inclusive of the directly attributable costs of acquisition.

The value in use of a given investment is assessed using a multi-criteria approach (discounted cash flows, earnings multiples based on market comparables) taking notably into account the medium and long-term outlook for profitability.

An impairment allowance is recognized at the year-end for any excess of an investment's carrying amount over its value in use.

Receivables from equity investments mainly take the form of current account contributions from the Company, directly to subsidiaries or indirectly via intermediate holding companies, designed to finance the construction of energy facilities. They are recognized at their nominal amounts. An impairment allowance is recognized at the year-end for any excess of carrying amount over value in use.

Other non-current financial assets

At December 31, 2020, other non-current financial assets consisted of treasury shares in the Company (see note 13 «equity»).

Liquidity contract

Transactions relating to the Company's liquidity contract are accounted for in accordance with the guidance provided by the French accounting authorities in 1998 and 2005:

- treasury shares are recognized as part of cash and cash equivalents. An impairment allowance is recognized for any excess of cost of acquisition over the average share price for the final month of the year. Results on disposal are calculated on a FIFO basis;
- cash transferred to the liquidity contract operator and not yet used is also recognized as part of cash and cash equivalents.

Breakdown of the gross values of non-current financial assets

(In millions of euros)	**31.12.2019**	Increase	Decrease	**31.12.2020**
Equity investments	65.5	3.4	-	68.9
Receivables from equity investments	647.6	392.0	48.3	991.3
Deposits and security provided	27.7	-	8.3	19.5
Other non-current financial assets	6.8	4.3	10.7	0.4
TOTAL	**747.6**	**399.7**	**67.2**	**1 080.1**

The €3.4 million increase in equity investments in 2020 corresponds to capital increases carried out by some of the Company's subsidiaries and subscribed for by the Company.

The increase in receivables from equity interests (+€392 million) was due to shareholder loan contributions to finance the construction of the Group's power plants in Australia (€169 million), Europe (€145 million) and the Americas (€52 million), plus interest on shareholder loan repayments (€26 million).

The decrease in receivables (-€48.3 million) was due to cash transfers from operating power plants.

Deposits and sureties decreased by €8.3 million as a result of the reduction in the security deposit made in connection with the financing of solar power plant construction projects in Argentina.

Other non-current financial assets decreased by €10.7 million during the year due to the definitive allocation of the free share plan expiring on October 6, 2020 for €7.7 million and the resale of financial investment income for €3 million. This decrease was partly offset by the purchase of new treasury shares for €4.3 million.

Breakdown of the applicable amortization and impairment

(In millions of euros)	**31.12.2019**	Increases	Reversals	**31.12.2020**
Equity investments	-			-
Receivables from equity investments	(0.6)	(0.0)		(0.6)
Deposits and security provided	-			-
Other non-current financial assets	-			-
TOTAL	**(0.6)**	**(0.0)**	**-**	**(0.6)**

NOTE 16. ASSET ADJUSTMENT ACCOUNTS

(In millions of euros)	**31.12.2020**	**31.12.2019**
Prepaid expenses	0.3	0.7
Deferred expenses [1]	4.9	1.6
Unrealized foreign exchange losses	2.3	0.5
TOTAL	**7.5**	**2.8**

(1) Corresponds to the costs and fees of €1.6 million associated with a syndicated loan signed on March 12, 2020 (see note 2), €2 million associated with the issue of green convertible bonds into new shares and/or exchangeable for existing shares ("OCEANE Verte") carried out on June 2, 2020 (see note 2) as well as €1.3 million associated with the issue of convertible bonds into new shares and/or exchangeable for existing shares ("OCEANE") carried out on October 7, 2019.

NOTE 17. LIABILITY ADJUSTMENT ACCOUNTS

(In millions of euros)	**31.12.2020**	**31.12.2019**
Unrealized foreign exchange gains	0.0	0.2
TOTAL	**0.0**	**0.2**

NOTE 18. INVESTMENTS IN SUBSIDIARIES

(In thousands of euros)	Currencies of subsidiary data	Share capital	Reserves and retained earnings	Result of the last fiscal year	Interest held (%)	Gross amount of shares held	Net amount of shares held	Loans and advances granted by the Company	Security provided by the Company	Net sales of the last fiscal year	Dividends received by the Company during the year
NEOEN INTERNATIONAL	EUR	100	(13,644)	5,825	100.0%	100	100	332,170	-	-	-
NEOEN SERVICES	EUR	539	291	420	100.0%	9	9	465	-	-	-
NEOEN EOLIENNE	EUR	37	(792)	1,991	100.0%	37	37	14,348	-	-	-
NEOEN SOLAIRE	EUR	37	855	7,202	100.0%	37	37	583	-	-	4,593
NEOEN BIOPOWER	EUR	37	80	1,300	100.0%	37	37	10	-	-	-
NEOEN PRODUCTION 1	EUR	10	(6,793)	1,175	100.0%	10	10	-	-	-	-
NEOEN PRODUCTION 2	EUR	50,003	24,121	28,985	100.0%	50,003	50,003	18,503	-	-	-
NEOEN PRODUCTION 3	EUR	3	(49)	(14)	100.0%	3	3	37,344	-	-	-
EOLIENNES VESLY	EUR	10	(68)	(4)	100.0%	10	10	62	-	-	-
CENTRALE EOLIENNE CHAMPS AU ROY	EUR	10	(62)	(5)	100.0%	10	10	61	-	-	-
EOLIENNES CHEMIN VERT	EUR	5	(49)	(23)	100.0%	5	5	6,171	-	-	-
EOLIENNES SAINT SAUVANT	EUR	5	(32)	(16)	100.0%	5	5	7,148	-	-	-
CENTRALE SOLAIRE ORION 8	EUR	5	(33)	(3)	100.0%	5	5	77	-	-	-
CENTRALE SOLAIRE ORION 9	EUR	5	(31)	(3)	100.0%	5	5	41	-	-	-
CENTRALE SOLAIRE ORION 11	EUR	5	(32)	(15)	100.0%	5	5	302	-	-	-
PV LE CHAMP DE MANOEUVRE	EUR	5	(86)	(4)	100.0%	5	5	91	-	-	-
PV LE MOULIN DE BEUVRY	EUR	5	(35)	(5)	100.0%	5	5	112	-	-	-
NEOEN INVESTISSEMENT	EUR	20	1,972	(4,160)	100.0%	20	20	169,052	-	-	-
NEOEN NORTHERN HEMISPHERE	EUR	20	(157)	(947)	100.0%	20	20	314,902	-	-	-
NEOEN STOCKAGE	EUR	3	(175)	(143)	100.0%	3	3	3,203	-	504	-
NEOEN STOCKAGE FRANCE	EUR	3	(4)	(8)	100.0%	3	3	20	-	0	-
NEOEN INVESTISSEMENT II	EUR	1	(5)	(14)	100.0%	1	1	265	-	0	-
NEOEN ARGENTINA	ARS	513	(1,103)	(289)	99.1%	872	872	1,194	-	591	-
NEOEN AUSTRALIA	AUD	8,143	(963)	164	100.0%	7,814	7,814	(0)	-	19,536	-
NEOEN ECUADOR SA	USD	196	0	5	100.0%	204	204	-	-	161	-
NEOEN RENEWABLES FINLAND OY	EUR	647	0	124	100.0%	647	647	-	-	996	-
NEOEN RENEWABLES CROATIA D.O.O.	HRK	50	0	21	100.0%	51	51	300	-	208	-
BNRG NEOEN	EUR	0	0	0	50.0%	0	0	0	-	0	-
NEOEN IRELAND	EUR	0	0	42	100.0%	0	0	7,184	-	1,489	-
NEOEN RENEWABLES JAMAICA LIMITED	JMD	75	(148)	(56)	100.0%	87	87	157	-	245	-
NEOEN MEXICO	MXN	671	31	87	100.0%	759	759	-	-	310	-
NEOEN SERVICIOS MEXICO	MXN	752	(4)	(213)	99.0%	770	770	-	-	1,547	-
NEOEN MOZAMBIQUE	MZN	494	(141)	(166)	99.9%	451	451	-	-	479	-
NDEVELOPMENT	EUR	50	613	(198)	100.0%	50	50	-	-	1,079	150
NPINVESTMENT	EUR	50	2,176	1,969	100.0%	602	602	700	-	-	483
NPINVESTMENT II	EUR	85	4,109	(334)	100.0%	4,425	4,425	6,344	-	-	-
NPI III	EUR	155	(78)	(100)	100.0%	155	155	4,085	-	-	-
NEOEN RENEWABLE SWEDEN AB	SEK	2	-	73	100.0%	2	2	207	-	181	-
NEOEN EL SALVADOR	USD	358	(87)	17	100.0%	376	376	-	-	749	-
PEDREGAL SOLAR	USD	2	-	-	100.0%	2	2	-	-	-	-
NAHUALAPA SOLAR	USD	2	-	0	100.0%	2	2	-	-	-	-
SPICA SOLAR	USD	2	-	0	100.0%	2	2	-	-	-	
NEOEN ZAMBIA RENEWABLES	ZMW	968	-	(426)	100.0%	1,236	1,236	119	-	199	-

NOTE 19. OTHER INFORMATION

Identity of the consolidating parent

Neoen S.A. is a French limited company in the form of a *société anonyme which was initially registered in Paris on September 29, 2008.*

Name and registered office of the company preparing consolidated financial statements for the largest group of entreprises	NEOEN S.A., 6 rue ménars - 75002 Paris SIREN 508 320 017
Name and registered office of the company preparing consolidated financial statements for the smallest group of entreprises	NEOEN S.A., 6 rue ménars - 75002 Paris SIREN 508 320 017
Place at which copies of those consolidated financial statements may be consulted	NEOEN S.A., 6 rue ménars - 75002 Paris SIREN 508 320 017

Information on corporate officers

Total remuneration paid to the Group's directors amounted to €2.5 million in 2020 (€2.4 million in 2019). The directors represent the members of the Group's Management Committee.

Information on related parties

Significant transactions carried out with related parties during the financial year 2020 are as follows:

Related party	Description of the transaction	Amount (receivable or income)	Amount (payable or expense)
Impala	Management agreement	-	0.1
BPI France	Loan amount	-	10.5
	Loan interest	-	0.5

NOTE 20. CONTINGENT ASSETS AND LIABILITIES

Hedging transactions

The hedging transactions recognized in Neoen S.A.'s financial statements are designed to cover the exposure associated with:

- Precisely determinable equity or shareholder's current account contributions denominated in foreign currencies for the benefit of the Group's project companies;
- The remittance by those companies of cash denominated in foreign currencies in the form of dividends or of the repayment of shareholder's current account balances.

Contingent liabilities

Neoen S.A. has provided the following security for certain of its subsidiaries in the framework or bids, of financing projects and the construction of power plants:

(In millions of euros)	**Total**	< 1 year	1 to 5 years	> 5 years
Financing guarantees	38.5	23.6	4.5	10.4
Development guarantees	28.2	3.9	24.3	0.0
Operating guarantees	302.8	217.4	85.3	0.0
TOTAL	**369.5**	**245.0**	**114.2**	**10.4**

Contingent assets

(In millions of euros)	**Total**	< 1 year	1 to 5 years	> 5 years
Financing guarantees	15.0	-	-	15.0
TOTAL	**15.0**	**-**	**-**	**15.0**

NOTE 21. EVENTS AFTER THE YEAR-END

None.

4.4 STATUTORY AUDITORS' CERTIFICATION REPORT ON THE ANNUAL FINANCIAL STATEMENTS OF NEOEN S.A. AS OF DECEMBER 31, 2020

Year ended December 31, 2020

To the Neoen Shareholders' Meeting

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying financial statements of Neoen for the year ended December 31, 2020.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and the financial position of the Company as of December 31, 2020 and of the results of its operations for the year then ended in accordance with generally accepted accounting principles in France.

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 in the "Statutory Auditors' Responsibilities for the Audit of the 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, 2020 to the issue date of our report and in particular 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

Due to the global crisis related to the COVID-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the health emergency have had numerous consequences for companies, particularly on their operations and financing, and have led to greater uncertainties as to their future prospects. Some of those measures, such as travel restrictions and remote working, have also had an impact on their internal organization and the performance of audits.

It is in this complex and evolving context that, 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 bring your attention to the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period, as well as our responses to those risks.

These assessments were made as part of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

We determined that there were no key audit matters to be disclosed in our report.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information given in the management report and in the other documents addressed to shareholders with respect to the financial position and the financial statements

We have no comments to make on the fair presentation and consistency with the financial statements of the information given in the Board of Directors' management report and in the documents addressed to shareholders with respect to the financial position and the financial statements.

We attest the fair presentation and consistency with the financial statements of the payment period disclosures required by Article D.441-6 of the French Commercial Code.

Report on Corporate Governance

We attest that the Board of Directors' report on corporate governance contains the information required by Articles L.225-37-4, L. 22-10-10 and L.22-10-9 of the French Commercial Code.

Concerning the information presented in accordance with the requirements of Article L.22-10-9 of the French Commercial Code relating to remuneration and benefits received by corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlled by it that are included within the scope of consolidation. Based on this work, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code *(code de commerce)*, we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Other Legal and Regulatory Verifications or Information

Format of presentation of the 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 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 Chairman and Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of December 17, 2018**.**

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

We have no responsibility to verify that the 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.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

Constantin Associés was appointed as statutory auditor of NEOEN by the Shareholders' Meeting of September 13, 2008 and replaced by Deloitte & Associés at the Shareholders' Meeting of April 22, 2014. RSM Paris was appointed as statutory auditor by the Shareholders' Meeting of September 12, 2018.

As December 31, 2020, Deloitte & Associés and RSM Paris were in the 13th period and third period of total uninterrupted engagement, respectively.

Responsibilities of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management 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, 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 risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements have been approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the 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 financial statements.

As specified in Article L.823-10-1 of the French Commercial Code, 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 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 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 financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;

- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 significant audit findings. We also bring to its attention any significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

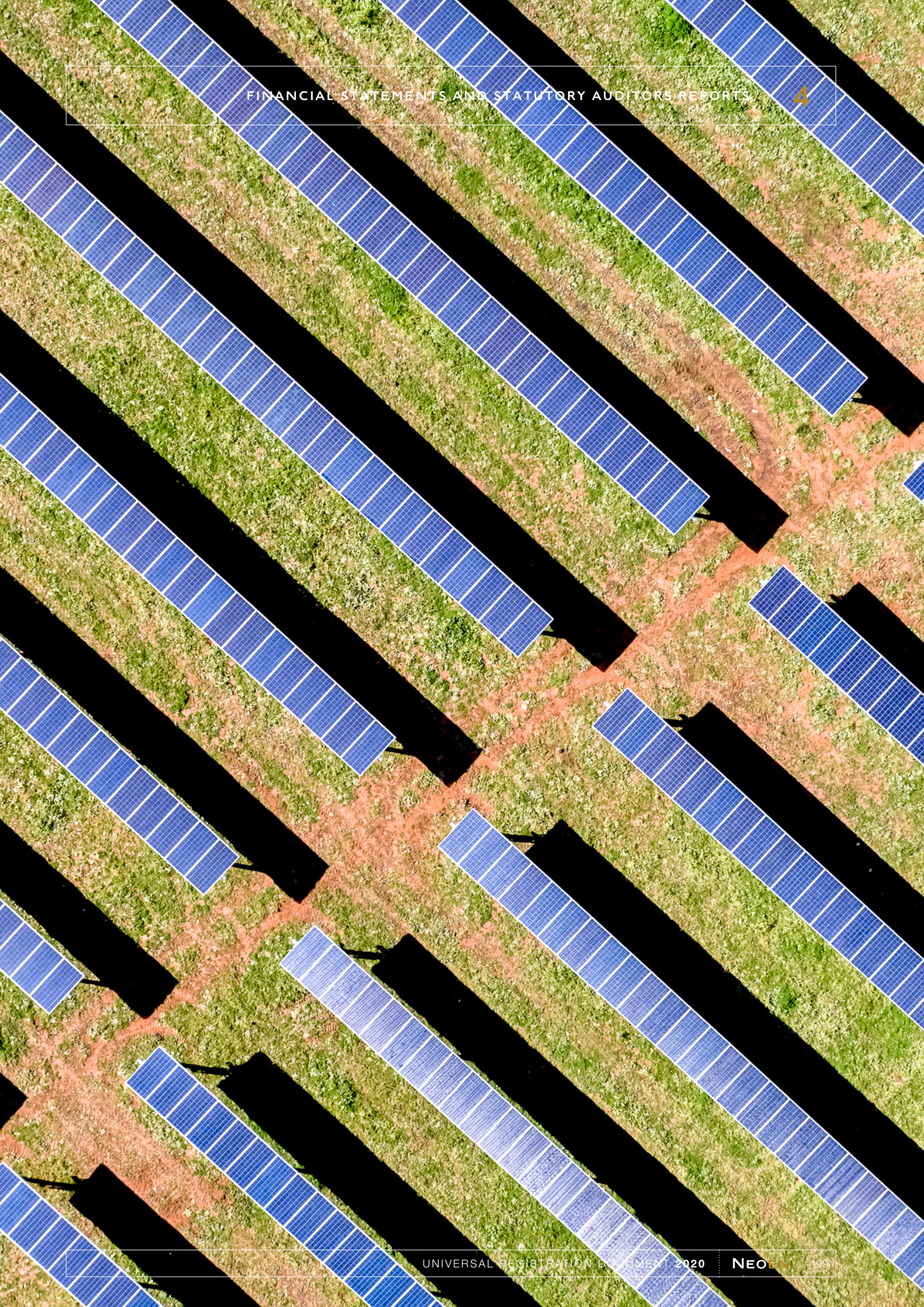
Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration referred to in Article 6 of Regulation (EU) no. 537/2014, confirming our independence pursuant to the rules applicable in France as defined in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

Paris et Paris-La Défense, March 10, 2021

The Statutory Auditors

RSM Paris	**Deloitte & Associés**
Etienne de Bryas	Benoit Pimont



5

SUSTAINABLE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY

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5.1 VISION, POLICIES AND ORGANIZATION

Sustainable development is at the heart of Neoen's activities and an integral part of its business model. Neoen is an independent producer of renewable energies which has made the choice of focusing on mature carbon-free technologies (solar power, wind power and storage) in order to provide affordable energy to as many people as possible, in all the geographies in which it operates. Conscious of the special role it has to play in promoting sustainable development and of its responsibility to "set the example", Neoen develops, finances, builds and operates its facilities in accordance with the best performance standards.

Neoen deploys infrastructure that is built to last. Dimensioned to produce electricity achieving or bettering grid parity yet free from pollution, its infrastructure is generally very well accepted locally.

Neoen has long-term vision. The Group is most often the majority or sole shareholder of its infrastructure and aims to optimize its installations' yield throughout their lifetime. It is therefore well placed to take the best decisions for maintenance of its installations.

5.1.1 STRONG VALUES SHARED WITHIN THE GROUP

Neoen relies on strong values which guide its relationships and actions with all its stakeholders:

- **audacity,** that is to say, the ability to become a world leader in renewable energy, operating globally, imagining, designing and implementing competitive, effective energy solutions;
- **integrity,** operating with integrity and working with partners who abide by the same rules. Neoen's ethical approach is an asset in its worldwide operations;
- **commitment,** upholding all its commitments, internal and external. Neoen believe in hard work and takes pleasure in seeing a good job well done;
- **esprit de corps,** by being loyal to each other and forming a close-knit team.

The Group has incorporated its attachment to those values and the associated commitments within its Code of Conduct distributed to all its employees and which each employee undertakes to respect.

5.1.2 NEOEN AND THE UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS

By its positioning and the actions it deploys, Neoen contributes positively to the Sustainable Development Goals adopted in September 2015 by 193 United Nations Member States in order to put an end to poverty, protect the planet and ensure prosperity for all.

Neoen has identified which of these 17 goals it contributes to the most in terms of its organisation and activity:



Goal 7: Ensure access to affordable, reliable, sustainable and modern energy

Neoen's contribution relates particularly to target 7.1 ("By 2030, ensure universal access to affordable, reliable and modern energy services") and target 7.2 ("By 2030, increase substantially the share of renewable energy in the global energy mix").

Neoen has set itself the mission of producing the most competitive renewable electricity, sustainably and on a large scale.



Goal 12: Ensure sustainable consumption and production patterns

Sustainability is a core aspect of Neoen's development strategy. The objective is to have assets of a very high standard with a useful life of at least 25 years (solar and wind power facilities). The geographical location of its facilities enables the Group to help developing countries make the shift towards more sustainable production methods (goal target 12.1).

The Group is also committed to promoting the recycling of solar panels, turbines and other components of these facilities (goal target 12.4). Lastly, as an independent producer, Neoen retains control of its assets and operates them directly. This enables it to ensure that they continue to be of a high standard over the long term.



Goal 13: Take urgent action to combat climate change and its impacts

Neoen only produces "green" electricity, using fully renewable energy sources such as solar and wind power.

There is also a strong Group focus on energy storage to support the growth of solar and wind power operations. Energy storage bolsters the existing solar and wind installations by facilitating the integration of renewable energies into the electricity grid and is also a way to provide a service in its own right, enabling the grid to withstand incidents that might affect power lines for example (storms, black-outs, etc.).



Goal 17: Revitalize the global partnership for sustainable development

Neoen forges a lasting dialogue with its stakeholders as part of a collective effort to accomplish goals. With operations in 15 countries and a keen understanding of its role in local development, Neoen promotes the use of local companies and invests sustainably in these countries (goal target 17.3).

Neoen also supports social and solidarity economy projects, by promoting renewable energies and facilitating access to electricity. It funds programmes to further the development of local economies, such as roads and infrastructure to supply water and electricity.

5.1.3 ORGANIZATION OF CORPORATE SOCIAL RESPONSIBILITY AND REPORTING

The Group tasks its various departments with the definition and roll-out of solutions to address issues and challenges within their scope, under the oversight of the Executive Committee. These solutions factor in the expectations of internal and external stakeholders: employees, customers, suppliers, lenders, shareholders and national and international regulatory and governance bodies. In 2020, the Group entrusted the monitoring of social, environmental and societal issues to the CSR manager, who reports directly to the CEO. In addition, a CSR committee was formed, bringing together the members of the Executive Committee and the CSR manager. The plan is for this committee to meet twice a year. It met for the first time in October 2020.

At the time of this document, the Group is not subject to the requirement to prepare a non-financial (or "extra-financial") performance report (*déclaration de performance extra-financière*) pursuant to Article L. 225-102-1 of the French commercial code (Code de commerce), as it is below the regulatory thresholds. However, in the interests of transparency, the Group has voluntarily undertaken to publish such a report and have it audited.

Subject to the clarifications provided in this document, the following information relates to Neoen's subsidiaries (within the meaning of Article L. 233-1 of the French commercial code) and the companies in which it holds a controlling interest (within the meaning of Article L. 233-3 of said code), i.e. companies included in the Company's full consolidation scope. The local teams, the various Group departments and the CSR manager have compiled the 2020 data and indicators based on information at 31 December 2020.

5.1.4 EVALUATION BY INDEPENDENT BODIES

In line with its positioning and convictions, at a very early stage the Group has sought to reflect the environmental dimension in its project financing. After an initial green bond issue in October 2015, that financing approach was renewed in December 2017 by a second green bond issue for a maximum amount of €245 million destined to finance a portfolio of onshore wind and solar power projects in Australia, Latin America and France totalling a cumulative 1.6 GW of operating capacity. The financing was assessed for compliance with the green bond principles published by the International Capital Market Association (ICMA) in 2015 and 2017. The assessment was performed by Vigeo Eiris, a recognized sustainable development agency, in the context of Environmental, Social and Governance (ESG) analysis of the Group.

In March 2020, Neoen entered into an initial syndicated loan agreement of €200 million, indexing the terms of the loan to environmental, social and governance (ESG) indicators. In keeping with its commitments, Neoen has chosen to integrate two ESG criteria into this loan agreement: the prevention of corruption and its own ESG rating calculated by Vigeo Eiris. The loan terms will be adjusted according to Neoen's ESG performance in relation to these two criteria, which will be measured annually.

Lastly, in May 2020, Neoen issued the very first "green" convertible bond in Europe in the amount of €170 million, underpinning its commitment to sustainable finance. The proceeds from the issue of green OCEANE bonds (convertible into new or existing shares) were used to finance or refinance renewable energy production projects (photovoltaic solar and wind power) or energy storage projects, in accordance with the requirements of the European Union taxonomy and the Green Bond Framework, which can be consulted on Neoen's website. Vigeo Eiris issued a Second Party Opinion (SPO) on Neoen's Green Bond Framework and confirmed that it was indeed in line with the 2018 Green Bond Principles, as well as with the European Union's Green Bond Standards.

In September 2018, the Group made a proactive decision to have Vigeo Eiris calculate its corporate rating. It scored 64/100 in March 2021 (against 57/100 in April 2020), ranking it 10th out of 63 companies in the sector and in the top 80 in a global ranking that included nearly 5,000 companies. Based only on the syndicated loan criteria, Neoen obtained a Vigeo Eiris score of 67/100 (against 61/100 in 2020), ranking it 8th in its sector.

Other bodies have equally recompensed the Group's actions. In March 2019, it notably received an unsolicited Green Loan financing certification from the prestigious Climate Bonds Standard Board for its solar power project in El Llano (Mexico).

5.2 MAIN RISKS WITH REGARD TO CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

5.2.1 PRESENTATION OF THE GROUP'S METHODOLOGY

The Group's risk mapping, updated in the second half of 2020, has served as the basis for identifying its main extra-financial risks in line with the subjects provided for in the standard declaration of extra-financial performance. Risks are presented and classified on the basis of their potential impact and probability of occurrence. Certain risks deal specifically with issues of sustainable development. Neoen's extra-financial risks are managed on the same basis as its operating risks e.g. of a legal or financial nature.

The mapping of risks and associated analysis were presented to the Audit Committee on December 15, 2020 and were approved as such.

Within the total Group exposures thus approved, Neoen has identified the main risks associated with social, environmental, societal, ethical and human rights issues. A declaration of extra-financial performance symbol has been associated with the risk factors equating with extra-financial risks (see section 3.1 "main risk factors to which the Group is exposed").

5.2.2 MAIN EXTRA-FINANCIAL RISKS

Neoen identified several main risks for 2020 in the course of its risk analysis procedures. The table here below shows the risks and opportunities regarding the issues identified by the Group and the selected guiding indicators. The policies, mechanisms and actions implemented are detailed in chapter 3 of this document. There is a particular focus in these paragraphs on the public health context surrounding the COVID-19 pandemic, with a description of the resources allocated and the approaches taken to each of the risks and issues at play.

Neoen's contribution to the energy transition as part of the fight against climate change is a real growth opportunity, given that it is a producer of exclusively renewable energy. However, it remains very mindful of the environmental footprint of its projects and assets.

Issues	Risks/ Opportunities	Policies, due diligence procedures	Guiding indicators	2019 results	2020 results
Climate change	Opportunity: Contribution to the energy transition	§.5.6 A proactive environmental policy	Tonnes of CO2 equivalent avoided through Neoen's production	1,299,723 tonnes of CO2	1,994,589 tonnes of CO2[1]
Health and safety	Risks related to the health and safety of employees and subcontractors	§.5.3 Health and safety at the heart of the Group's preoccupations	Number of workplace accidents among Neoen employees (with or without lost time)	1	3
Development and local acceptability of our projects	Risks associated with local opposition to the construction of a facility	§.5.4 Dialogue of quality with local communities	% of projects started up in 2020 that were the subject of a consultation process	58%	85%
Ethics	Risk relating to suppliers and subcontractors whose practices are contrary to human rights (child labour, forced labour, health and safety, etc.), which can lead to a violation of human rights and harm the company's reputation	§. 5.5.1 A responsible supply chain contributing to better risk management		- [2]	-

Issues	Risks/ Opportunities	Policies, due diligence procedures	Guiding indicators	2019 results	2020 results
	Corruption risk in the context of the Group's expansion into emerging markets	§. 5.5.2 Integrity and business ethics	Proportion of employees trained to provide anti-corruption and compliance training (90% target in 2024)	-	58%
		§. 3.1.2 Risks related to the Group's activity and strategy	Proportion of employees trained in high-risk populations	-	39%
Development and retention of the workforce	Risks associated with the capacity to retain executives and key employees	§. 5.7.1 Managing talents	Proportion of employees having completed at least one training course during the year	-	79.8%
			Of which France	*74%*	*100%*
			Attrition rate in the permanent workforce	18.6%	16.1%

(1) Change of method in 2020 (see paragraph 5.6.1 « committing to the climate »).
(2) In 2020, Neoen strengthened its system by identifying high-risk suppliers. The Group is considering introducing indicators to monitor high-risk suppliers.

All of the risks presented are described in detail in chapter 3 of this document.

As regards the environmental consequences of Neoen's operations, the Group's environmental footprint is under control and not currently considered as a major risk. The energy transition is a growth opportunity for the Group, given the significant role Neoen plays in reducing greenhouse gas emissions by producing entirely renewable energy.

With respect to efforts to tackle tax evasion, Neoen complies with the tax regulations in force in all the countries in which it operates and applies the Group's ethics standards. Given the Group's international profile, Neoen pays taxes and duties in the countries in which it operates, which can be very high. The Group rigorously follows all applicable tax rules and makes every effort to comply with local regulations, international treaties and the directives of international organisations. The Group has only set up operations abroad in order to develop its activities or meet operational needs.

Given the Group's activity, Neoen has not provided details for the following topics which are not deemed significant in the context of its activity:

- combating food waste;
- combating food insecurity;
- respect for animal wellbeing;
- responsible, equitable and sustainable food.

5.3 HEALTH AND SAFETY AT THE HEART OF THE GROUP'S PREOCCUPATIONS

5.3.1 DEVELOPPING A CULTURE OF SAFETY WITHIN THE GROUP

The Group engages in activities which may expose its employees and subcontractors to health and safety risks wherever it is present, first and foremost at its building sites and production facilities but equally in its offices, more particularly in countries or zones presenting particular risks (such as Mexico, Mozambique or El Salvador). The construction, operation and maintenance of electricity production infrastructure may create exposure to incidents liable to compromise individual health and/or safety: both technical risks and risks associated with the use of machines, with live electrical environments, with circulation within areas at risk etc.

The Group is attentive, all along its value chain, to its own compliance and that of those for whom it is responsible with the environmental and social principles it has set itself or to which it is subject.

Since 2018 the Group has therefore defined rigorous requirements for health, safety and the environment (HSE). Neoen's HSE approach is designed to limit harm to persons, assets and the environment at the Group's places of work, notably on building sites but equally during the development and operating phases of its installations. The applicable objectives are defined as follows by the Group's HSE specifications:

- avoid any serious injury to personnel;
- improve working conditions and reduce the risks associated with each workstation;
- promote proactive escalation of information on near-accidents and dangerous situations;
- promote the Group's HSE culture (by site inspections, brief safety meetings, audits, training etc.).

The Group has formed a HSE Committee that includes the members of its Executive Committee. This committee meets every quarter. It is responsible for overseeing the Group's performance in terms of HSE policy and for monitoring indicators relating to the aforementioned objectives. Additionally, two HSE-related guiding indicators will be incorporated into the activity report and submitted to the Executive Committee every month. The recruitment of a HSE Manager is under way. This person will be responsible for developing and guaranteeing a harmonised HSE approach across all Group sites.

Neoen also endeavours to prevent health risks to its employees, particularly when they travel or work abroad.

Employees can receive assistance from International SOS when they travel abroad (medical care and repatriation). In particular, when travelling in territories considered to pose a risk to the safety of individuals or specific health risks, all employees receive an information leaflet before their trip that explains the risks and provides medical and safety recommendations for the particular country. The first time an employee travels to a particular country, he or she receives a document from local staff that summarises the risks and provides instructions. Specific mechanisms, depending on the level of risk, are in place to ensure the safety of employees during their stay. In accordance with the rules in force, the Group bears the cost of any medical expenses relating to these trips.

The public health crisis has led the Group to introduce measures for its staff to work from home. Business trips were kept to a strict minimum in 2020. Health protocols have been rolled out in all countries, with a particular focus on the physical return of staff to the workplace.

5.3.2 INVOLVING AND SUPPORTING SUBCONTRACTORS IN HSE COMPLIANCE DURING PROJECT'S CONSTRUCTION AND OPERATING PHASES

The Group has recourse to subcontractors for the construction, operation and maintenance of its electricity generating facilities. HSE challenges are taken into account pre-contract since the selection of subcontractors depends notably on their effective capacity to provide equipment and services of quality in line with the Group's values (please refer to the paragraph 5.1.1 of this document).

When a contract is entered into with any Engineering, Procurement and Construction (EPC) contractor, the contractor is provided with a copy of a Health, Safety and Environment Management Plan (HSEMP) drawn up by the construction department The guidelines contained in this plan have been set in accordance with the regulations in force in France and Australia, where the Group considers local regulations to be sufficiently restrictive. For other countries, the guidelines go beyond local regulations, particularly in emerging countries. In such cases, the Group refers to the guidelines of the International Finance Corporation (IFC).

The HSE guidelines are also systematically appended to EPC and O&M (Operations and Maintenance) contracts and apply to all the Group's contractors, as well as their subcontractors.

During the construction phase, the Neoen project manager is responsible for ensuring that the staff under the contractor's responsibility comply with the HSE recommendations. In addition to the person overseeing construction, third-party bodies are tasked by Neoen with verifying the proper application of labour-related and environmental measures, including HSE rules. More generally, they also verify on-site compliance with the fundamental rules advocated by the International Labour Organisation (ILO) and the European Convention on Human Rights for developing countries. They are therefore responsible for checking the documentation and ensuring the operational implementation of these measures. Where there are discrepancies between the written provisions and what is actually implemented on the ground, checks may be stepped up and work suspended as a last resort in order to limit HSE risks.

In France, for example, such inspections are performed by third parties such as Apave, Socotec, Bureau Veritas etc. which take on the role of health and safety coordinator and prepare an overall coordination plan setting out the health and safety guidelines to be respected at the Group's building sites. In other countries, the equivalent inspections are performed by dedicated independent third parties of established reputation which prepare monthly reports. The independent HSE body may alert the project manager or parent company at any time in the event of non-compliance.

As regards the COVID-19 health crisis in particular; the Group has made sure that all its service providers have a suitable business continuity plan to ensure the protection of the staff working on its construction sites or operating and maintaining its facilities. Measures to tackle the pandemic have been incorporated into the prevention plan for each of the facilities in operation and the site safety plans. Work on some sites came to a momentary halt following the introduction of government-ordered lockdown

measures, particularly in France, Mozambique and Argentina. In countries where work had not been halted or where it was able to resume, sites were reorganised in order to enhance staff protection and prevent clusters from developing (rotation of teams, testing procedures, temperature checks, etc.).

The facilities were kept running by a small team that was able to comply with social distancing measures, and health protocols were reinforced, particularly regarding site access. Most maintenance operations involving smaller teams (one or two people on site) also continued to go ahead. However, some operations were pushed back due to a delay in the supply chain.

5.3.3 ENSURING REGULAR REPORTING AND MONITORING OF RISK EXPOSURES

The Group's HSE reporting is performed on a monthly basis and covers:

- workplace accidents on the part of Group employees and of subcontractors' employees during performance of contracts;
- the due application of measures recommended by environmental impact surveys;
- compliance with installation requirements.

All the Group's HSE management systems make use of the guidelines provided by OHSAS 18001 and ISO 14001.

The indicators reported apply both to Neoen's own teams and to all contractors' personnel employed at Group sites, with particular emphasis on the construction phase which presents the highest level of risk. The indicators monitored at the level of projects and individual assets are consolidated for HSE purposes on a quarterly basis, thereby providing a vision of the Group's scope of activity as a whole.

In particular, the Group monitors the occurrence of workplace accidents for employees under contract to Neoen. In 2020, the Group only suffered one lost-time accidents and two accidents with no work stopping corresponding to commuting accidents.

5.4 DIALOGUE OF QUALITY WITH LOCAL COMMUNITIES

5.4.1 A TRANSPARENT AND CONCERTED APPROACH TO LOCAL AUTHORITIES AND POPULATIONS

Neoen is committed to a concerted approach with local players extending beyond mere regulatory compliance. The location of each facility is decided in concert with the local authorities and communities both in France and abroad.

Projects for the installation of electricity generating facilities are subject to regulatory requirements in the form of building permits for solar power projects and operating licenses for wind power projects, as well as to requirements for public consultation ensuring due regard for social and environmental issues. In France for example, applications for operating licenses for wind power projects are subject to public inquiry and consultation in the framework of the *Commission Départementale Nature Paysages Sites (CDNPS)* which brings together representatives of central and local government and of environmental and other associations with competence for wind power projects. These actions are carried out under the responsibility of a Neoen employee (head of consultation).

In addition to these regulatory provisions, when embarking on any plan to install a facility, Neoen is careful to hold prior discussions with local elected officials to ensure the plan is compatible with regional orientations. From the outset, when there are plans for any major wind or solar power facility, the Group leads takes steps to inform local residents through letters, posters, public meetings, etc. in order to present the plan and the issues at stake and help residents understand them. Public meetings are also held in which the Neoen staff present the planned work, the integration of the proposed facility into the landscape, the conclusions of social impact studies (in emerging countries) and environmental impact studies, the envisaged support measures and, more generally, to effectively consult local populations in order to come up with solutions that can be accepted by as many people as possible. Neoen also conducts door-to-door campaigns in local areas, as it did with the "Moulin à vent sur les Beaunes" project (November 2019). This has proven to be an effective way to inform local residents, answer their questions and acquire a better understanding of their expectations and concerns.

In countries outside Europe, local communities are systematically consulted on projects. This consultation is coordinated by the project manager during the development phase. Local residents are also contacted by a Community Liaison Officer, appointed by the EPC contractor during the construction phase. In Australia, a Neoen employee - the Senior Community Relations Manager - is responsible for coordinating all actions across the country. These can take a variety of forms such as public meetings, door-to-door campaigns or the opening of an information office, reflecting the Group's desire to forge a dialogue with local communities. Still in some countries, a special website is set up when a project is in the very early development stages so that everyone can access all the information available on the project and, if necessary, contact the team in charge of developing it.

In 2020, the pandemic severely disrupted the consultation process, particularly during the successive lockdowns. In France, for example, there were no public consultations during this period.

Of the 13 projects that got under way worldwide in 2020, 11 (nearly 85%) involved consultation measures. The other two related to extensions and were notified either at the town hall or on the project's website.

Compensatory measures may also be introduced at the end of the consultation process. These may relate to the environment, the landscape or financial considerations, with contributions to local initiatives (landscape compensation, recreation of ecosystems, tree planting, etc.). Neoen regularly goes beyond regulatory requirements or those of its lenders, by embarking on projects using a sustainable approach.

5.4.2 ACTIONS IN FAVOR OF COMMUNITIES TO SUPPORT THEIR DEVELOPMENT

Neoen's electricity generation business contributes to the supply of clean and sustainable energy. It also enables local populations to benefit from the positive economic impact of its facilities, such as the creation of direct or indirect jobs (during the construction or operation of the facilities), the payment of local taxes, the generation of income from the rental of land, etc. The Group is also committed to supporting the development of the local areas in which it operates and participates in the implementation of meaningful projects that benefit communities. The Group sets aside an annual budget for many of its projects to finance actions in favour of local communities.

This was the case, for instance, with the Bangweulu solar power facility in Zambia. A "Baseline and Needs Report" was drawn up in 2018 very early on in the project in order to pinpoint the priority actions that would address the main needs of local communities. The findings of this report were used to draw up a Community Development Plan (CDP), in which agriculture was identified as a priority. The actions carried out in 2020 therefore focused on sharing and supporting the deployment of agricultural and economic best practices, making it possible to increase crop yields without harming the environment or facilitating access to new markets. This initiative currently concerns around 330 households. The same approach will be taken in Mozambique, for the Metoro solar power project. A preliminary CDP has already been drawn up.

In El Salvador, 3% of the revenue generated by the Providencia and Capella solar power facilities is donated to social development projects. In Providencia, this initiative is being led in association with the social investment fund for local development, which develops local projects such as roads, water and electricity infrastructure or school repairs, and in Capella, the funding is being provided in association with the Salvadoran foundation FUSAL.

In Australia, the Group has implemented various tools to help project managers define, structure and coordinate the terms of relations with stakeholders throughout the life of projects (development/construction/operation). The Community Development Plan (CDP) is the main document and may be accompanied by the Indigenous Participation Plan (IPP), where the project affects indigenous populations, and the Local Participation Plan (LPP), if there are local participation or development goals. These different plans specifically provide details on the jointly-defined goals and indicators, together with the implementation timeframe. These tools were used for the Kaban wind project for instance.

5.5 ETHICAL AND RESPONSIBLE PRACTICES ALL ALONG THE VALUE CHAIN

5.5.1 A RESPONSIBLE SUPPLY CHAIN CONTRIBUTING TO BETTER RISK MANAGEMENT

The Group endeavours to work with responsible suppliers and contractors who comply with the most exacting standards. It ensures that these standards are adhered to, by incorporating them into its EPC contracts. The Group is keen to forge long-term relationships with its suppliers, which is why it only works with major or critical component suppliers who fall into the Tier 1 category.

Neoen follows standardised processes to select suppliers of solar panels, wind turbines and other system components (BOS (Balance of System) and BOP (Balance of Plant) components) that have been essentially manufactured in ISO 9001 and ISO 14001-certified factories located in Asia and Europe. This is the case with the photovoltaic modules and wind-power generators installed by the Group in 2020, which were all supplied by ISO 9001 and ISO 14001-certified manufacturers. The Group is particularly vigilant when it comes to selecting suppliers for its storage facilities, which feature lithium-ion battery storage units. Neoen's existing storage facilities have been equipped with lithium-ion cells manufactured exclusively by Samsung SDI and LG Chem, which underwent an Amnesty International assessment in November 2017 as part of an assessment of the risk of human rights violations. These two manufacturers were found to be among the most responsible battery manufacturers on the market. In addition to the attention paid to supplier performance in terms of due diligence in the supply chain, Neoen has planned to install a new generation of lithium-ion batteries for future projects in which nickel, cobalt and manganese metals will be replaced by iron and phosphate (LFP technology), metals that are much more widespread and pose fewer social and environmental problems.

Moreover, the Group conducts a full audit and a factory visit of the suppliers of major components (module, turbine, tracker and inverter) before entering into a business relationship with them. The full audit is based on a questionnaire covering areas such as working conditions and health and safety. Site visits include a review of areas relating to health, safety, the environment and quality. The Group endeavours to repeat site visits, mainly targeting suppliers whose products have undergone changes. Some suppliers that are considered to be more at risk may be visited every year. Where a major breach of standards is revealed in an audit conducted either by the Group or an independent auditor, Neoen systematically contacts the supplier and,

depending on the severity of the breach, may be led to terminate the relationship. In emerging countries, particular attention is paid to anti-corruption efforts: any contractor with revenue in excess of $75,000 must produce a Compliant Policy before starting any activity on the Group's behalf.

The conclusions of social (in emerging countries) and environmental impact surveys are shared with EPC contractors at the time of their selection; they are then expected to implement social (in emerging countries) and environmental action plans and must also undertake to have recourse so far as possible to local subcontractors and labor more particularly:

- in the case of solar power, for earthworks, site landscaping and the installation of facilities;
- in the case of wind power, for non-technical activities and the preparation of foundations, cabling and connections.

In some cases, such as in Zambia, Mozambique or Jamaica, these action plans can be turned into Community Engagement and Development Plans and a Site Labour Agreement must be drawn up to provide a framework for on-site work.

Once a facility is up and running, the service provider tasked with maintenance work (O&M service provider) is responsible for overseeing compliance with HSE principles. Very often, this task falls to the EPC contractor or wind turbine supplier, in association with the Group's asset administrator.

The Group is currently developing performance indicators to ensure the effectiveness of the mechanisms put in place to address the risk of non-compliance with human rights by its suppliers and subcontractors.

5.5.2 INTEGRITY AND BUSINESS ETHICS

Ethics and integrity are cornerstones of the Group's functioning which apply to all its employees whatever their function and wherever they are located. No instance of corruption has yet been detected in the Group since its creation in 2008.

Neoen is mindful of the corruption risks relating to some of the Group's sites and has therefore developed an ethical charter and an anti-corruption Code of Conduct to prevent such risks. The ethical cherter has been drawn up in French, English and Spanish and reflects the Group's commitment to integrity and compliance with local laws and regulations. Specific rules of conduct are planned in the anti-corruption Code of Conduct to combat the risk of corruption.

All new employees receive a copy of the ethical charter and the anti-corruption Code of Conduct. All Group employees are required to sign it every year to coincide with their annual performance review. As part of the syndicated loan agreement entered into in 2020, Neoen has made commitments relating to two environmental, social and governance indicators, one of which is the prevention of corruption. With this in mind, the Group closely monitors the percentage of employees who have received anti-corruption training, with a target to have 90% of the workforce trained by 2024. In 2020, 50% of employees had received training, with 58% of these completing an e-learning course and 39,4% of exposed employees receiving face-to-face training.

The Group has also implemented a system of independent alerts which can be transmitted by employees to a lawyer, designed to enable the receipt of information relating to conduct or situations contrary to the spirit of the ethical charter. No such alert was made in 2020.

The Group has also deployed a system of internal control, backed up by external audits of procedures, described in the paragraph 3.2.2.3 "system of internal control" of this document.

5.6 A PROACTIVE ENVIRONMENTAL POLICY

5.6.1 COMMITTING TO THE CLIMATE

Climate change is, for Neoen, both a risk factor and an opportunity to grow. It is prompting national policies in favour of renewable energies. The Group's activities play a part in reducing greenhouse gas emissions, which governments often present as an objective. However, Neoen's activities are likely to be significantly affected by any physical effects generated by climate change, as described in the paragraph 3.1.5 of this document.

As a responsible operator in renewable energies, the very nature of its activity means that Neoen has an active role to play in the global effort to tackle greenhouse gas emissions and climate change. With this in mind, in the financial years ended 31 December 2019 and 31 December 2020, according to its own calculations, the Group avoided the emission of 1,299,723 and 1,994,589 tonnes of CO2 respectively (+53%), as a result of the strict application of the specific methodology developed by the European Investment Bank (EIB). The calculation methodology changed in 2020 in accordance with EIB recommendations to use a country-specific emission factor or "combined margin" for electricity generation. The factors applied by country fell significantly due to the method used in 2020. Conversely, electricity generation increased, notably with the beginning of operations in Mexico.

5.6.2 LIMITING ENVIRONMENTAL IMPACT

The nature of its operations means that Neoen is primarily faced with issues relating to land use and the protection of biodiversity. In accordance with its Code of Conduct, in the course of its operations, the Group endeavours to avoid, or to limit as much as possible, any environmental damage other than the visual impact inherent to the activity in question.

Accordingly, from the very first construction phases, environmental impact reduction measures are taken at each Group facility, drawing on the outcome of impact studies conducted in the development phase.

In the subsequent construction and operation phases, the Group takes great care to properly manage the waste generated at all its sites, even though its business does not generate significant or hazardous waste. Subcontractors are required to treat waste in accordance with local regulations.

Lastly, when its facilities reach the end of their useful life, the Group fulfils all the obligations that apply to it, particularly when it comes to complying with standards, setting aside provisions and issuing guarantees for the decommissioning of facilities. The Group has yet to decommission an installation, as its facilities are relatively recent.

The Group is pursuing its efforts to limit environmental impacts, notably by using existing recycling channels for all recyclable materials and by committing to dismantle facilities at the end of their useful life so that local environments can be restored and recovered. Neoen is committed to promoting the recycling of photovoltaic panels (recycling rate of around 95%), turbines and other components, by asking its solar panel suppliers to join PV Cycle, an organisation that manages an operational collection and recycling system for end-of-life photovoltaic panels throughout Europe. The metal parts of wind turbines such as the mast and the rotor can be recycled using existing channels. The reinforced concrete in the foundations can also be recovered by sorting it, grinding it and removing the ferrous materials contained within it. It can be reused as an aggregate in the construction sector (especially for roads). Lastly, the fibreglass or resin blades, which account for less than 2% of the weight of a wind turbine, are burned using heat recovery techniques. The lithium-ion batteries used at storage facilities can be recycled using two types of processes: pyrometallurgy (50% recycling rate), which is the most widespread process today, and hydrometallurgy (recycling rate > 80%), developed specifically for lithium-ion batteries. The first industrial hydrometallurgy units have been up and running since 2019. The Group has assessed the complete cost of the various recycling solutions and factored this cost into the expenditure decision process.

5.6.3 PROTECTING BIODIVERSITY

The Group takes great pains to avoid harming ecosystems and the habitat of the species in the regions in which it builds its installations, throughout the entire life cycle of its facilities. It ensures that all development, construction and operating staff are aware of the importance of protecting the environment and local biodiversity.

All geographic locations are rigorously selected based on cartographic elements and on-site analyses to identify the potential impact on fauna, flora, heritage and archaeological sites, telecommunications and transport networks, etc. Accordingly, plans to develop facilities are based on a territorial review that avoids, reduces or offsets pressures on the environment.

Social (for emerging countries) and environmental impact surveys are performed by independent specialist firms and may involve particular attention to environmental or other regulatory constraints such as the performance of botanical, avifauna or acoustic surveys and the preparation of wildlife, plant and other natural environment records for a twelve-month period as a means of identifying the potential impacts for humid zones and water quality, wildlife and habitat etc. Any project must also meet requirements for landscaping and heritage integration, proximity to telecommunication networks, limitation of fire risks etc. Impact surveys help define compensatory measures and support for implementation during the phases of construction and operation.

A number of commitments in favor of the environment and of biodiversity are thus formally made by the Group, including such matters as:

- construction phases designed to limit disturbance during the periods of reproduction of local species;
- the construction of drainage channels in parallel to construction of facilities;
- clearing gaps in the hedges to facilitate the mobility of native animal species;
- monitoring the evolution of animal species on the site;
- land clearance to combat the spread of fires and facilitate the circulation of fire engines;
- the preservation of elements of historical heritage;
- the limitation of noise pollution particularly in the context of wind turbines.

For example, the Group has introduced compensatory and support measures that offset the impact of its facilities and help improve the quality of local environments. These measures take a variety of forms. They may involve planting trees, as was the case in Portugal, where trees were planted around the Seixal facility, in Australia around the Numurkah solar facility, and in El Salvador, where more than 7,000 trees have been planted in accordance with the Environmental Management Plan included in the environmental permit. The preservation of species is also an important focus, for instance in Australia (preservation of lizards) or Jamaica (preservation of the Jamaican crocodile). In Zambia, as part of efforts to prevent the spread of fires, a three-metre perimeter has been built around the facility's enclosure fence in which all vegetation has been removed. Tractors with water tanks are on permanent standby at the entrance of the facility to respond quickly in the event of a fire. In Australia, fire prevention is crucially-important, which is why the fire-fighting services are consulted during the development, design and construction phases. The design and equipment recommendations made by these services are taken into consideration when the facilities are being built. A visit is also arranged with the fire services during the commissioning phase in order to assess the risks and the site in particular. During the operation phase, site-specific Fire Management Plans are developed with the sites' O&M contractors to consider what preventive and response measures are needed for bushfires, with a particular focus on vegetation control.

Neoen is also committed to taking an "agrisolar" approach. The Group has entered into an agreement with French FNO (Fédération Nationale Ovine – Association of Sheep Producers) that gives priority to vegetation control by having sheep graze on the fields of its solar facilities. Vegetation management is subject to strict rules (no use of pesticides). These initiatives have been rolled out in France (where approximately 260ha are given over to

grazing at 17 Neoen facilities) and similarly in Australia. However, in the municipality of Bioule in Tarn-et-Garonne (France), Neoen has developed a project that synergises solar power generation and sheep farming. The Bioule solar farm will be commissioned in 2021 and will reinforce the existing agricultural activity by integrating the solar farm into it (sheep grazing). This approach was already tested at the Parkes solar farm in Australia in 2017 (three-week trial on 15 hectares) and was stepped up in 2019 with five solar farms across New South Wales and in the state of Victoria. An independent agronomist has assessed the ecological impact of agrisolar projects in order to make recommendations on how to integrate grazing at each stage of a solar farm's life cycle. The pastures' productivity potential remains intact.

The proper application of such compensatory and supportive measures is attentively monitored by an ecological specialist during construction and the greater part of each facility's lifecycle, and can also be the subject of administrative inspection.

5.7 ATTRACTING AND DEVELOPING TALENTS

The Group attaches great value to its human capital, one of its fundamental strengths, and seeks to encourage the emergence of talents from among its employees. Based on this conviction, Neoen deploys a two-pronged approach:

- attract talents and encourage employee development to build staff loyalty; and
- act in favor of diversity.

Mindful of the key role played by staff in Neoen's development and the accomplishment of its goals, the Group set up a Human Resources Department in 2019 to support growth more effectively.

2020 was marked by a public health crisis that called for exceptional measures. Health protocols have been deployed in all countries, with a particular focus on the physical return of staff to the workplace under conditions that protect the health and safety of all employees. Widespread measures were introduced for staff to work from home during the lockdowns. The directors in each country and the COVID contact in France relayed the applicable health measures to all members of staff. Employees who travel internationally are covered by International SOS assistance when it comes to health, safety and security issues. In France, a 24-hour medical teleconsultation service has been set up for all employees free of charge.

The Group has decided to allocate a budget to finance donations to associations or local communities to help them in their efforts to manage the COVID-related health crisis. Donations have been allocated in each of the countries in which Neoen has offices, on the proposal of employees based in those countries.

5.7.1 MANAGING TALENTS

At 31 December 2020, the Group had 255 employees worldwide, compared with 213 at 31 December 2019, i.e. an increase of 19.7% that reflects the Group's growth both in France and internationally.

The trend in the Group's employees during the last two years has been as follows:

Total employees [1]	**31.12.2020**	**31.12.2019**
Worldwide	255	213
Of which: France	136	113

(1) Including both permanent and fixed term employment contracts.

The Group's staff are employed by various subsidiaries of the Company, located at 19 offices in 15 countries.

At 31 December 2020, the breakdown of the Group's 255 employees by country was as follows:

Employees per country	31.12.2020
France	136
Australia	55
Mexico	16
El Salvador	8
Argentina	7
Ireland	6
Portugal	6
Finland	4
Zambia	4
Ecuador	3
Mozambique	3
Croatia	2
USA	2
Sweden	2
Jamaica	1
TOTAL	**255**

As of December 31, 2020 the Group's employees were allocated as follows over the Group's various functions:

	31.12.2020	
Breakdown of employees by function	**Worldwide**	Of which: France
Management	4	4
Support	5	2
IT	1	1
Legal and Insurance	10	8
Human Resources	2	2
Development	95	50
Energy Management	6	1
Finance	49	24
Investors relations	2	2
Financing	18	14
Procurement	6	4
Construction	23	11
Competence Center	5	3
Asset management	29	10
TOTAL	**255**	**136**

In 2020, the Group decided to reinforce its staff by creating an IT Department to support operations across the world, and to speed up the digitisation of its activities. The Group also wanted to internalize the insurance function, in order to strengthen the assistance of all the staff assigned to projects and provide added support in other Group insurance-related areas.

The breakdown of employees by category may be analysed as follows as of December 31, 2019 and 2020:

Breakdown of employees by category	31.12.2020	31.12.2019
Executives	248	205
Non-executives	7	5
TOTAL	**255**	**213**

5.7.1.1 ATTRACTING TALENTS AND BUILDING STAFF LOYALTY

Despite the public health crisis, the Group continued its sustained recruitment drive, with the hiring in 2020 of 81 employees, including five through internal career mobility programmes. Of these, 56.9% were international hires, mainly in development functions, particularly with the opening of offices in three new countries in 2020: Croatia, Sweden and Ecuador.

The proportion of new hires in the total workforce was 31.8% at 31 December 2020 (32.4% in 2019), fulfilling the need to attract new talent in order to sustain the Group's development momentum. With this in mind, Neoen has stepped up its communication strategy by publishing Group job openings on its website and relaying them on various recruitment channels, particularly social media, in order to circulate them to as many people as possible.

It uses social media regularly to communicate on its accomplishments and projects, and this enhances its appeal and visibility in a bid to attract new talent in the countries in which it operates.

Neoen is particularly keen to recruit young talent. In 2020, 15 interns and 2 international business programme volunteers (VIE) were given the opportunity to work at the Group, and nine of them were subsequently offered permanent or fixed-term contracts, i.e. 52.9% of interns/volunteers.

Number of hires	31.12.2020	31.12.2019
Worldwide	81 (1)	69 (1)
Of which: France	35	28

(1) The number of hires includes 5 Group transfers from one country to another.

The Group understands the importance of the induction phase for new hires, which is why it has adapted the system to the public health context by tapping into the technological resources at its disposal and providing new hires with the equipment they need from day one (dispatching equipment to their homes, arranging remote induction courses, etc.). The Group also organised webinars on various topics during the year to facilitate the induction of new hires and maintain contact with all employees.

In 2020, the Group continued to reinforce its human resources function with the introduction of a human resources information system (HRIS) featuring a Group-wide module to manage employee leave and a digitized module to manage employee files. This tool has been designed for all Group employees, as well as for managers to help them oversee their teams.

The roll-out of the HRIS has also streamlined and facilitated the induction process in unprecedented working conditions.

The number of departures stood at 39 in 2020, which corresponded to 15.3% of the total workforce at 31 December 2020 (18.8% in 2019), 5 of which coincided with the end of fixed-term contracts.

Number of departures	31.12.2020	31.12.2019
Worldwide	39 (1)	40 (1)
Of which: France	12	18

(1) The number of departures includes 5 Group transfers from one country to another.

The attrition rate among permanent employees was 16.1% in 2020 (18.6% in 2019). The rate of attrition corresponds to the departure of employees on permanent Group contracts during the year relative to the permanent workforce on the payroll on 31 December of the previous year (x100).

Encouraging employee commitment and the quality of life at work

Employees' well-being at work has a direct impact on their commitment and performance. The Group has taken a number of measures to enhance employee well-being at Neoen in an effort to promote a healthy work/life balance.

The Group is committed to defining a Group HR policy in order to encourage employee engagement. It has notably introduced a minimum paternity leave of three days for all Group employees. This measure, in force since 2019, provides for a minimum period of paternity leave where local regulations do not provide for such leave.

It is particularly attentive to office choices and the working environment. It encourages collaborative workspaces. The IT and telephone hardware provided to employees on arrival is adapted to this organisation and facilitates flexibility. The Group also ensures that its offices have comfortable workspaces where employees can interact.

The Company has decided to introduce a mobility package to facilitate employees' commute into work and encourage them to cycle. In 2020, this package was available to employees in France and will eventually be rolled out in all countries where the legal framework allows it.

In terms of labor relations, the Company and Group subsidiaries are subject to different legal and regulatory requirements for staff representation depending on their countries of location. The Group complies with all local requirements for staff and trade union representation.

For example, in France, employee representation is provided by the Social and Economic Council (CSE). The members of the CSE meet with the employer every two months. In 2020, the Group stepped up its dialogue with the CSE by organising ad hoc meetings to facilitate decision-making relating to the health crisis.

To ensure employees are given a say, Neoen asked a consulting firm to survey its employees in France on matters relating to the corporate ethos, values and working from home. This was an opportunity to reassert the Group's values and confirm employees' attachment to the Group and their commitment. According to the survey, 93% of Company employees consider that the Group provides a pleasant working environment and 98% share the Group's values. The survey also facilitated a dialogue with the CSE regarding the implementation of a new policy on working from home in 2021, a practice that the Company had already developed in 2020.

In 2020, the Company renewed the employer contribution arrangements put in place as part of the agreements on the company savings plan (PEE) and the collective company retirement savings plan (PER COL). Employees received their first payment in April 2020 under the discretionary profit-sharing agreement negotiated for 2019, 2020 and 2021.

In 2020, the Company introduced a share ownership scheme for employees in France: "Spring 2020". Through this scheme, the Company wants to give employees the opportunity to have a stake in the Group's value creation as shareholders. Following on from the discretionary profit-sharing agreement in 2019, the share ownership scheme was another strong Company measure in its efforts to involve employees in the Group's performance.

The scheme, which includes an employer contribution in the form of shares and a discount to the share's reference price, was very successful, with a participation rate of 95.76% among eligible employees, i.e. 113 subscriptions.

5.7.1.2 OFFERING DYNAMIC CAREER MANAGEMENT

The Group's inability to retain its best employees and build staff loyalty would result in a loss of competencies and expertise liable to harm its performance. Career development (in terms of mobility, training and taking responsibility) is thus an important dimension of Human Resource policy.

Encouraging mobility

There is no standard career path at the Group. On the contrary, each employee can adapt their path according to their own individual goals and the opportunities that arise. In-house career mobility is a major factor in developing employees' skills. Neoen provides employees with opportunities to take on new duties and acquire new experience throughout the Group's various subsidiaries.

The Group strongly encourages international mobility. For instance, on the date of publication of this document, five employees who had been hired by a Group company had gone on to join another Group company on a temporary or permanent basis. This dynamic is also reflected in the mobility between business lines, with eight employees switching to different positions in 2020.

To enable employees to project themselves for the long term within the Group, Neoen gives preference to permanent contracts of employment providing its employees a stable working framework. In 2020, 247 employees (or 96.9 % of the Group's total headcount) were thus employed under permanent contracts.

Breakdown of employees by type of contract	31.12.2020	31.12.2019
Permanent contracts	247	211
Fixed term contracts	8	2
TOTAL	**255**	**213**

Providing responsibility

The average age within the Group is 35.8 years. Employees aged 35 and less (59.2 % of the Group's employees) remain predominant in 2020 and are notably attributable to the high level of recruitment within that age band (67.9 % of the total). The Group is able to offer the perspective of rapid promotion and access to positions of responsibility. The average age of managers is 39.9 years.

Breakdown of employees by age band	31.12.2020	31.12.2019
25 and less	19	14
26 – 35	132	112
36 – 45	77	64
36 and more	27	23
TOTAL	**255**	**213**

Developing competencies

The Group has introduced a process to help employees in France further their career. This process involves the formal definition of a training plan. It will be applied internationally in 2021. To coincide with the annual performance review, a career review is carried out each year in which employees are given an opportunity to identify areas that are worth exploring and are able to discuss their career path.

The Group pursued its efforts to train employees through face-to-face training sessions, where this was permitted by the health context, or e-learning modules. The training courses focused mainly on safety (particularly training to work at heights and to work with electricity), workstations to enable employees to adapt to the new tools put in place (e.g. new accounting or invoice sign-off tools) and the development of skills in areas such as foreign languages, management and negotiation. In 2020, the Group focused on the prevention of corruption by providing the most exposed employees with face-to-face training to tackle corruption, while all other Company employees were able to follow e-learning courses.

The decrease in the number of training hours in France stems from the use of more e-learning solutions and remote training, generally over shorter timeframes than face-to-face training, to adapt to the health crisis.

At 31 December 2020, training for employees in France and international locations can be summarised as follows:

		31.12.2020	31.12.2019
Percentage of employees trained [1]		79.8%	
	Of which France	*100%*	*74%*
Total number of hours of training [2]		1,918	
	Of which France	589	678
Amount devoted to training (in euros net of taxes)		103,138	
	Of which France	63,987	32,454

(1) The % of employees trained is the number of employees having attended at least one seminar including e-learning compared to average employees.
(2) Including 87.2 hours of e-learning (excluding distance training usually carried out face-to-face)

Monitoring and compensating performance

In this context the annual appraisal is a key feature of employee development, enabling discussion with each employee's line manager covering the employee's performance and development, assessment and the determination of annual objectives. It is also the occasion for drawing conclusions as to the employee's requisite development plan in the light of his or her past performance and the objectives defined. In 2020, all Group employees had an annual performance review with their managers.

Neoen possesses an attractive compensation policy taking into account position held, degree of responsibility, individual performance and that of the Group.

Compensation may also include benefits that can vary according to the practices and regulations in force in the various countries, e.g. in terms of death and disability insurance, health insurance, pension plans and employee profit sharing. The total gross compensation paid by the Group (excluding employer social security contributions)1 for the financial years ended 31 December 2020 and 31 December 2019 amounted to €19.5 million in 2020, compared with €17.5 million in 2019, marking an increase of 11.7%. In 2020, Neoen did not avail of the short-time working schemes introduced during the lockdowns.

[1] Total compensation for all types of contracts, including corporate officers.

5.7.2 PROMOTING DIVERSITY

Diversity is a performance driver and a key aspect of the Group's Human Resources policy. The diversity of its executive workforce fuels the Group's performance and hinges, in particular, on the diversity of the cultures that make up Neoen and the balance between men and women. As part of its recruitment policy, Neoen takes great care to prevent all forms of discrimination.

Nationality

Neoen's recruitment policy promotes diversity among its employees, as reflected in the composition of its workforce, which includes employees from diverse backgrounds representing many nationalities (32 nationalities at 31 December 2020).

The Group promotes local employment in the countries in which it operates, by hiring all its staff under local contracts.

Gender

The Group firmly believes that gender diversity can be a performance driver and it pays particular attention to diversity at all levels. At 31 December 2020, women made up 31% and men 69% of the Group's workforce.

Breakdown of employees by gender	31.12.2020	31.12.2019
Women	**79**	**69**
Of which: non-executive positions	*3*	3
Of which: executive positions	*76*	66
Men	**176**	**144**
Of which: non-executive positions	*4*	5
Of which: executive positions	*172*	139
TOTAL	**255**	**213**

On an equivalent skills basis, Neoen is careful to ensure that recruitment is equally distributed among women and men. Of the new hires that joined the Group in 2020, 27.2% were women (i.e. 22 female employees in 2020).

Women are represented at each hierarchical level. Women make up 28% of executive staff, marking an increase on 2019 with the promotion of four women to executive positions in 2020.

	31.12.2020	31.12.2019
Overall percentage of women employees	31.0%	32.4%
Percentage of woman among the executives	30.6%	32.2%
Percentage of woman participating in management	28.4%	26.0%
Percentage of woman recruited	27.2%	37.7%

Beyond the recruitment process, the Group ensures gender equality in annual wage reviews and the human resources department ensures that there is no pay gap between men and women. The implementation and monitoring of the wage policy is reflected in the strong increase in the 2020 gender equality index.

Neoen obtained a score of 92/100 in the gender equality index (France) for 2020, compared with 84/100 for 2019.

This index is measured on a 100-point basis and draws on four to five indicators, depending on the size of the company (more than, or fewer than, 250 employees). In 2020, the index was calculated based on four indicators: the pay gap between men and women, the gap in the distribution of individual raises, the number of female employees receiving a raise on their return from maternity leave and gender parity among the ten highest paid individuals.

Disabled persons

Neoen is keen to develop its policy in favour of the employment of people with disabilities. In order to attract candidates with disabilities, the Company publishes job offers on a French recruitment site specifically geared towards people with a disability. Alongside this, to compensate for the lack of candidates with disabilities, the Group encourages the purchase of supplies from sheltered employment sectors, which are notably used to mark the launch of new facilities. In 2020, none of the Group's employees was recognised as having a disability.

5.8 REPORT OF THE INDEPENDENT THIRD-PARTY BODY

NEOEN

Report by one of the Statutory Auditors, appointed as independent third party, on the consolidated non-financial statement.

(For the year ended December 31, 2020)

To the General Assembly,

In our capacity as Statutory Auditor of your company (here in after the "entity), appointed as independent third party, we hereby report to you on the Consolidate non-financial statement for the year ended December 31, 2020 (here in after the "Statement"), included in the Group management report pursuant to the requirements of articles L. 225102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

The entity's responsibility

The executive committee is responsible for preparing the Statement, including a presentation of the business model, a description of the principal nonfinancial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (here in after the "Guidelines"), the main elements of which are presented in the Statement.

Independence and quality control

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

Responsibility of the Statutory Auditor, appointed as independent third party

Based on our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (here in after the "Information").

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax avoidance legislation nor on the compliance of products and services with the applicable regulations.

Nature and scope of our work

The work described below was performed in accordance with the provisions of articles A. 225-1 of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements:

- we obtained an understanding of all the consolidated entities' activities and the description of the principal risks associated, and its effects on respect for human rights, anti-corruption and tax avoidance, as well as the resulting policies and their results;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 2251021 III, as well as information regarding compliance with human rights and anticorruption and tax avoidance legislation;
- we verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes there of, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1; concerning certain risks, our work was carried out on the consolidating entity, for the others risks, our work was carried out on the consolidating entity and on a selection of entities;
- we verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code within the limitations set out in the Statement;
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;

- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities (the French one) and covers between 30% and 100% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is enough to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our work was carried out by a team of 2 people between November 2020 and March 2021 and took a total of 2 weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted nine interviews with the people responsible for preparing the Statement.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Paris, March 5, 2021

The Statutory Auditor appointed as independent third party

RSM Paris
Martine Leconte
CSR department partner
Partner

5.9 VIGILANCE PLAN

At the date of this document and given its number of employees, the Group is not required to prepare the vigilance plan provided for by article L225-102-4 of the French code of commercial law.




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CORPORATE GOVERNANCE REPORT

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6 CORPORATE GOVERNANCE REPORT

This section constitutes the corporate governance report referred to in Article L. 225-37 of the French Commercial Code.

The corporate governance report was examined by the Nomination and Compensation Committee on March 3, 2021 and approved by the Board of Directors on March 10, 2021. It will be presented to the shareholders at the next general shareholders' meeting on May 25, 2021.

Unless otherwise specified, the shares presented in this chapter correspond to Neoen shares with a nominal value of €2. As a reminder, a reverse stock split on the basis of two existing shares for one new share was decided at the Company's general shareholders' meeting of September 12, 2018 and was implemented on October 1, 2018, thereby increasing the par value of each share from €1 to €2.

6.1 STATE OF GOVERNANCE

The Company is a limited company with a Board of Directors since 12 September 2018.

The Company refers to the Corporate Governance Code for listed companies of the Association Française des Entreprises Privées (AFEP) and the Mouvement des Entreprises de France (MEDEF) (the "AFEP-MEDEF Code").

6.1.1 COMPOSITION OF THE BOARD OF DIRECTORS

As at March 10, 2021, the date on which the corporate governance report was approved by the Board of Directors, it is composed of seven members. The composition of the Board of Directors is described in the tables below.

There were no changes in the composition of the Board during the 2020 financial year or between the end of this financial year and March 10, 2021. The director's mandates of Simon Veyrat and the Strategic Investment Fund were renewed by the general shareholders' meeting of May 26, 2020 for a period of four years.



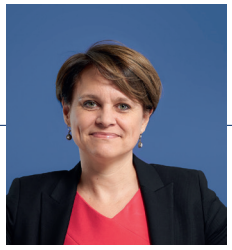
THE BOARD OF DIRECTORS IS COMPOSED OF SEVEN MEMBERS AND AN OBSERVER:



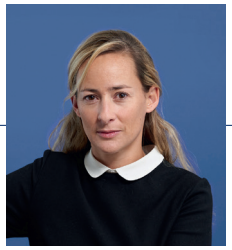
XAVIER BARBARO
President and CEO



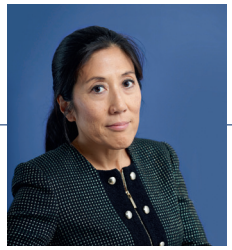
SIMON VEYRAT
Board member



STÉPHANIE LEVAN
Board member



BPIFRANCE INVESTISSEMENT
Represented by Céline André
Board member



HELEN LEE BOUYGUES
Lead independent director



SIXTO
Represented by Bertrand Dumazy
Board member



FSP(1)
Represented by Christophe Gégout
Board member



JACQUES VEYRAT
Observer

- Independent director
- Audit Committee
- Nomination and Compensation Committee
- P President of Committee

Independent directors(2)
42 %

Gender Diversity in the Board of directors(2)
42 %
58 %

Average age of directors(2)
44 years

(1) Fonds Stratégique de Participations
(2) These ratios exclude the observer

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

XAVIER BARBARO

Chairman and Chief Executive Officer

Business address:
6 rue Ménars - 75002 Paris

Age: 45 years

Nationality: French

Date of expiry of mandate: General shareholders' meeting to be held in 2022 to approve the financial statements for the previous financial year

Number of Company shares held:
1,484,236(1)

Xavier Barbaro is Chairman and Chief Executive Officer of Neoen. He started his career at Louis Dreyfus Communications (which became Neuf Cegetel) in Paris in 2001, before joining Louis Dreyfus Commodities in Geneva as assistant to the managing director, where he was in charge of the business plan and carried out several projects in Asia. He then joined Direct Energie in 2007 as director of development before founding Neoen in 2008. Xavier Barbaro is a graduate of the École Polytechnique, the École Nationale des Ponts et Chaussées and holds an MBA from Harvard Business School.

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT	POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD
– Chairman and Chief Executive Officer of Neoen SA* – Chairman of Carthusiane SAS – Manager of the non-trading company Axholme – Manager of the non-trading company Casara	– None

(1) Number of shares held directly or indirectly (via Carthusiane SAS) by Xavier Barbaro and his family members.
* French listed company

DIRECTORS

SIMON VEYRAT

Director

Business address:
4 rue Euler - 75008 Paris

Age: 30 years

Nationality: French

Date of expiry of mandate: General shareholders' meeting to be held in 2024 to approve the financial statements for the previous financial year

Number of Company shares held:
0(1)

Simon Veyrat is business manager at the Impala Group since October 1, 2018, after having held a variety of roles at business law firms in the context of his studies. He is a graduate of the École des Hautes Etudes Commerciales de Paris (HEC Paris) in business management and law. He also holds a degree in business law and taxation from Sorbonne Paris 1 University and is a qualified attorney (holding a *Certificat d'Aptitude à la Profession d'Avocat* (CAPA)).

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT	POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD
– Business manager at the Impala Group – Director of Neoen SA*	– None

(1) Simon Veyrat is an indirect shareholder of the Company, through Impala SAS, in which he is a minority shareholder.
* French listed company

STÉPHANIE LEVAN

Director

Business address:
4 rue Euler - 75008 Paris

Age: 49 years

Nationality: French

Date of expiry of mandate: General shareholders' meeting to be held in 2023 to approve the financial statements for the previous financial year

Number of Company shares held:
630

Stéphanie Levan began her career at Ernst & Young where she conducted audit and consulting assignments for five years with several listed French and foreign companies. She then joined the Plastic Omnium Group, an automotive equipment manufacturer and specialist in urban waste collection and management, as group consolidation director and then internal audit director. In September 2004, she joined the Louis Dreyfus group as group consolidation director and, at the time of a spin-off, became the Chief Financial Officer of the Impala SAS group (formerly Louis Dreyfus SAS). Her role in the consolidation department of the Louis Dreyfus group and then of the Impala SAS group has given her a thorough understanding of the Group since the creation of the Company in 2008. Stéphanie Levan is a graduate of the EDHEC and is a certified public accountant.

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT	POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD
– Chief Financial Officer of Impala SAS – Director and member of the Audit Committee of Neoen SA*	– Permanent representative of Impala SAS on the Board of Directors and the Audit Committee of Direct Energie*

* French listed company

CÉLINE ANDRÉ

Permanent representative of Bpifrance Investissement, director

Business address:
6/8 boulevard Haussmann - 75009 Paris

Age: 42 years

Nationality: French

Date of expiry of mandate: General shareholders' meeting to be held in 2021 to approve the financial statements for the previous financial year

Number of Company shares held:
0(1)

Céline André began her career as a lawyer in 2004 in the mergers and acquisitions practices of French law firms such as Gide Loyrette Nouel and Veil Jourde. In 2012, she joined the legal department of the Fonds Stratégique d'Investissement (FSI) before serving as an in-house lawyer in the legal department of Bpifrance in 2013. She became Director of Investments for the mid- and large-cap team at Bpifrance Investissement in 2016, and then Director of Investments for the same team as of October 1, 2017 (which has since become the Large Cap team of the Capital Development department). She holds a master's degree in private law from the University of Lille 2 and is a qualified attorney (holding a *Certificat d'Aptitude à la Profession d'Avocat* (CAPA)). She is also a graduate of the EDHEC - Grande École (2002) and holds a corporate director certificate from the French Institute of Directors (IFA).

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT

Offices held by Céline André
- Director of Large Cap Investment at Bpifrance
- Permanent representative of Bpifrance Investissement on the Board of Directors of Neoen SA*
- Permanent representative of Bpifrance Investissement, member of the supervisory committee of Sabena Technics Participations SAS
- Permanent representative of Bpifrance Investissement on the Board of Directors of La Maison Bleue
- Permanent representative of Bpifrance Investissement on the Board of Directors of Kelenn Participations SAS
- Director of Cosmeur

Bpifrance Investissement positions
- Member of the Board of Directors of Abéo SA*
- Member of the Board of Directors of Adocia SA*
- Member of the Board of Directors of Advicenne Pharma SA*
- Member of the Board of Directors of Albioma SA*
- Member of the Board of Directors of Balyo SA*
- Member of the Board of Directors of Bastide le confort médical SA*
- Member of the Board of Directors of Beneteau SA*
- Member of the Board of Directors of Fermentalg SA*
- Member of the Supervisory Board of Kalray SA*
- Member of the Board of Directors of McPhy Energy SA*
- Member of the Board of Directors of Mersen SA*
- Member of the Board of Directors of Nacon SA*
- Member of the Board of Directors of Sensorion SA*
- Member of the Board of Directors of Verallia SA*

POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD

- Observer of the Board of Directors of Dupont Restauration SAS
- Permanent representative of Bpifrance Investissement on the Supervisory Board of Vergnet*
- Permanent representative of Bpifrance Investissement on the Board of Directors and of the Audit Committee of Viadeo*
- Permanent representative of Bpifrance Investissement on the Board of Directors of Gascogne S.A.*
- Member of the Supervisory Board of STH

(1) Bpifrance Investissement, of which Céline André is a permanent representative, is a shareholder in the Company, through the FPCI Fonds ETI 2020 (refer to section 7.3 of this document).

** French listed company*

Independent Directors

HELEN LEE BOUYGUES

Lead Independent Director

Business address:
184 avenue Victor Hugo - 75116 Paris

Age: 48 years

Nationality: American

Date of expiry of mandate: General shareholders' meeting to be held in 2021 to approve the financial statements for the previous financial year

Number of Company shares held:
1,632

Helen Lee Bouygues began her career in 1995 at J.P. Morgan, as an associate in M&A in New York and Hong Kong. In 1997, she was appointed Development Director of Pathnet, a telecommunications services provider based in Washington, DC, and then in 2000 she joined Cogent Communications where she served as Treasurer, Chief Operating Officer and Chief Financial Officer until 2004. She was then appointed partner at Alvarez & Marsal in Paris, which she left in 2010 to form her own consultancy firm. She joined McKinsey & Company in 2014, where she became a partner in charge of the Recovery and Transformation Services department. Since February 2018, she has been Chair of LB Associés, a consulting firm. She holds a Bachelor of Arts in political science, magna cum laude, from Princeton University and an MBA from Harvard Business School.

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT	POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD
– Chair of LB Associés – Independent Director, Lead Independent Director and member of the Audit Committee and member of the Nomination and Compensation Committee of Neoen SA* – Chairwoman of the Board of Directors of Conforama SA – Member of the Board of Directors and the Audit and Remuneration Committee of Burelle SA* – Member of the Board of Directors and the Remuneration Committee of Latécoère SA* – Member of the Board of Directors and the Audit Committee of Fives SAS – Governor and Chair of the Finance Committee of the American Hospital (Association) – Member of the Board of Directors and the Audit Committee and the Investment Committee of CGG SA* – Member of the Board of Directors and the Audit Committee of Novartex SAS	– Founder and CEO of Lee Bouygues Partners – Partner of McKinsey RTS France

** French listed company*

BERTRAND DUMAZY

Permanent representative of Sixto, independent director

Business address:
14/16 boulevard Garibaldi - 92130 Issy les Moulineaux

Age: 49 years

Nationality: French

Date of expiry of mandate: General shareholders' meeting to be held in 2022 to approve the financial statements for the previous financial year

Number of Company shares held:
1,350

Bertrand Dumazy began his career in 1994 as a consultant with Bain & Company, first in Paris and later in Los Angeles. He then became Investment Director at BC Partners in 1999 before founding Constructeo. In 2002 he joined the Neopost group, where he was Director of marketing and strategy. He was appointed Chairman and Chief Executive Officer (CEO) of Neopost France in 2005 and then Chief Financial Officer of the group in 2008. In 2011, he was appointed CEO of the Deutsch group, a world leader in high performance connectors, a position he held until the group was acquired by TE Connectivity. In 2012, he joined the Materis group as Executive Vice-President and then CEO and eventually President and CEO of Cromology. In October 2015, he was appointed CEO of Edenred group and, in November 2015, Chairman of the Supervisory Board of UTA. He is a graduate of ESCP Europe and holds an MBA from Harvard Business School.

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT

Offices held by Bertrand Dumazy
- Chairman and Chief Executive Officer of Edenred SA*
- Permanent representative of Sixto on the Board of Directors and Chairman of the Nomination and Compensation Committee of Neoen SA*
- Chairman of the Supervisory Board of Union Tank Exkstein GmbH & Co. KG (Germany - Edenred group company)

Offices of Sixto
- Member of the Board of Directors of Terreal SAS

POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD

- Chairman of Cromology (formerly Materis Paints)
- Chairman of Cromology Services (formerly Materis Peintures)
- Chairman of Materis SAS
- Chairman of Materis Corporate Services
- Chairman of the Board of Directors of Cromology SL (formerly Materis Paint Espana SL) - permanent representative of Cromology Services
- Chairman of the Board of Directors of International Coating Products (UK) Limited
- Member of the Board of Directors of Vernis Claessens
- Member of the Board of Directors of Cromology Italia SpA (formerly Materis Paints Italia SpÀ) (Italy)
- Member of the Board of Directors of Innovcoat Nanoteknolojik Boya Ve Yüsey Urunleri Sanayi Ticaret Ve Arge AS (Turkey)
- Chairman of PWCE Participations SAS (a company of the Edenred group)

** French listed company*

CHRISTOPHE GÉGOUT

Permanent representative of FSP, independent director

Business address:
20 rue Royale - 75008 Paris

Age: 44 years

Nationality: French

Date of expiry of mandate: General shareholders' meeting to be held in 2024 to approve the financial statements for the previous financial year

Number of Company shares held:
0(1)

Christophe Gégout began his career in 2001 in the General Directorate of the French Treasury and then, from 2003, in the Budget Department, where he was a consultant for the government. In 2007, he became an advisor to the Ministry of Finance. He joined the French Alternative Energies and Atomic Energy Commission (CEA) in April 2009 as Chief Financial Officer and became Deputy Managing Director in September 2015. He has also been Chairman of CEA Investissement, a subsidiary of the CEA, since January 2010. In 2018, he became the new President of the *Alliance Nationale de Coordination de la Recherche pour l'Énergie* (Ancre), and then Senior Investment Director at Meridiam, a global leader in public infrastructure investment and asset management for the benefit of communities. He is now a partner and Chief Executive Officer of Yotta Capital Partners SAS. He is a graduate of École Polytechnique, Sciences-Po Paris and ENSAE (École Nationale de la Statistique et de l'Administration Économique).

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT

Offices held by Christophe Gégout
- Partner - Chief Executive Officer of Yotta Capital Partners SAS
- Permanent representative of the FSP as director and Chairman of the Audit Committee of Neoen SA*
- Member of the Board of Directors and Chairman of the Audit Committee of Soitec SA*

Offices of the FSP
- Member of the Board of Directors of SEB S.A.*
- Member of the Board of Directors of Safran SA (through F&P, company held jointly with FFP)
- Member of the Board of Directors of Eutelsat Communications SA*
- Member of the Supervisory Board of Tikehau Capital SCA*
- Member of the Board of Directors of Tikehau Capital Advisor SAS
- Member of the Board of Directors of Elior Group SA*
- Member of the Board of Directors of Valéo SA*

POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD

- Assistant Director General of the French Alternative Energies and Atomic Energy Commission (CEA)
- Chairman of the Board of Directors of CEA Investissement
- Member of the Supervisory Board of Supernova Invest
- Member of the Board of Directors of Séché environnement
- Permanent representative of CEA, director of FT1CI
- Permanent representative of CEA Investissement, observer of the Supervisory Board of Kalray*
- Member of the Board of Directors of Valéo BV*

(1) The Fonds Stratégique de Participations, of which Christophe Gégout is a permanent representative, is a shareholder in the Company (refer to section 7.3 of this document).

** French listed company*

6.1.2 OBSERVER OF THE BOARD OF DIRECTORS

The Board of Directors may appoint observers. In particular, the Board of Directors ensures that observers are aware of the regulations relating to market abuse, and more specifically the rules on abstention, use and disclosure of inside information.

Observers are invited to attend and may be consulted by the Board of Directors as observers. The Board of Directors may entrust specific missions to observers; they may be part of and chair - subject to compliance with the recommendations of the AFEP-MEDEF Code and the Board of Directors' internal regulations, in particular with regard to independence requirements - committees created by the Board of Directors (with the exception of the Audit Committee).

Any remuneration of observers is set by the Board of Directors. The Board of Directors may decide to pay observers a share of the total annual remuneration allocated to it by the general shareholders' meeting and authorise the reimbursement of expenses incurred by observers in the interest of the Company.

JACQUES VEYRAT

Observer

Business address:
4 rue Euler - 75008 Paris

Age: 58 years

Nationality: French

Date of expiry of mandate: General shareholders' meeting to be held in 2022 to approve the financial statements for the previous financial year

Number of Company shares held:
0[1]

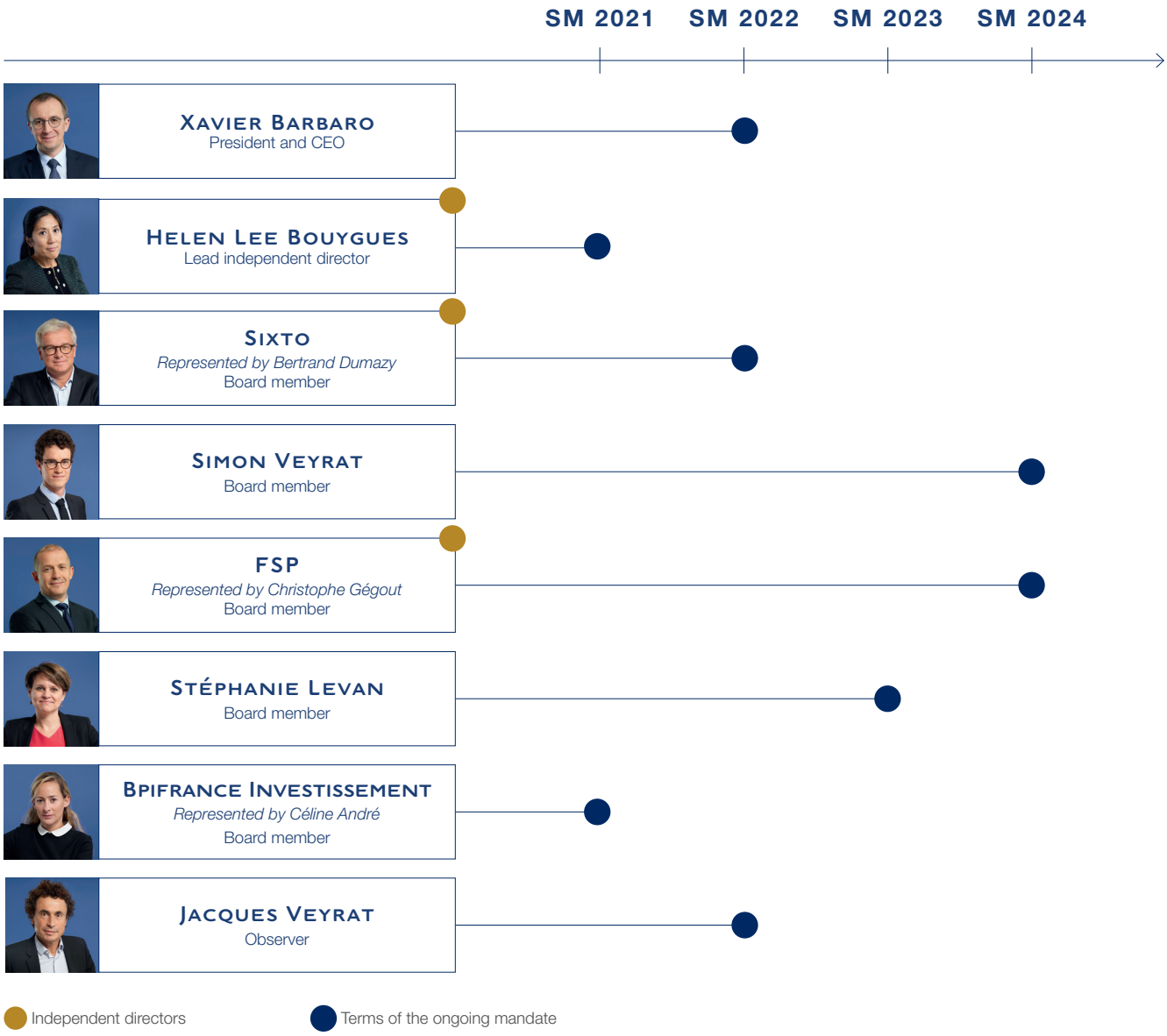
Jacques Veyrat began his career in 1989 at the Industrial Restructuring Interdepartmental Committee (treasury department), where he was rapporteur until 1991. From 1991 to 1993, he was deputy secretary general of the Paris Club, and subsequently became a technical advisor to the Ministry of Transportation Equipment, Tourism and the Sea as of 1993. In 1995, he joined the Louis Dreyfus group as Managing Director of Louis Dreyfus Armateurs until 1998, before becoming Chairman and CEO of Louis Dreyfus Communications (Neuf Cegetel) from 1998 to 2008 and Chairman and CEO of the Louis Dreyfus group until 2011. Since 2011, he has been Chairman of Impala SAS. He is a graduate of the École Polytechnique and Collège des Ingénieurs, and is an engineer of the Corps des Ponts et Chaussées.

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT	POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD
– Chairman of Impala SAS	– Member of the Supervisory Board of Eurazeo*
– Observer and member of the Nomination and Compensation Committee of Neoen SA*	– Director of Direct Energie*
– Chairman of the Board of Directors of Fnac-Darty SA*	– Director of ID Logistics Group
– Director of Nexity SA*	– Director of Imerys*
– Director of Iliad SA*	– Director of HSBC France
– Observer of the Supervisory Board of Louis Dreyfus Armateurs SAS	– Observer of the Supervisory Board of Sucres et Aliments
– Observer of the Board of Directors of ID Logistics Group SA*	

(1) Jacques Veyrat controls Impala SAS, which is the Company's reference shareholder.
** French listed company*

6.1.3 PROPOSAL TO THE ANNUAL GENERAL SHAREHOLDERS' MEETING TO RENEW THE MANDATES OF DIRECTORS

Mandates of the directors and the observer



	First appointment	Last renewal of office	Expiry of office in progress
Xavier Barbaro Chairman & Chief Executive Officer	2018 SM	N/A	2022 SM
Helen Lee Bouygues Lead Independent Director	2018 SM	N/A	2021 SM
Sixto Represented by Bertrand Dumazy Director	2018 SM	N/A	2022 SM
Simon Veyrat Director	2018 SM	2020 SM	2024 SM
FSP Represented by Christophe Gégout Director	2018 SM	2020 SM	2024 SM
Stéphanie Levan Director	2018 SM	2019 SM	2023 SM
Bpifrance Investissement Represented by Celine André Director	2018 SM	N/A	2021 SM
Jacques Veyrat Observer	2018 SM	N/A	2022 SM

6.1.3.1 PROPOSAL TO RENEW THE TERM OF OFFICE OF BPIFRANCE INVESTISSEMENT

Bpifrance Investissement's term of office as a director expires at the end of the general shareholders' meeting to be held in 2021 to approve the financial statements for the previous financial year, i.e. at the next annual general shareholders' meeting.

The Company's annual general shareholders' meeting will be asked to renew Bpifrance Investissement's term of office as a director for a period of four years expiring at the end of the general shareholders' meeting to be held in 2025 to approve the financial statements for the previous financial year.

Bpifrance Investissement manages a wide range of investment funds that provide equity financing to French companies. Its investments, which are of a minority nature, have medium to long-term horizons. Bpifrance Investissement invests in the equity of SMEs, mid-caps and large French companies. In addition to its direct investment activity, Bpifrance Investissement takes minority stakes alongside public and private players in companies and private equity funds, which themselves invest in companies. With a network of 250 partner funds, including 90 regional funds, Bpifrance covers the whole of France, all business sectors and all development stages, from technological start-up to buyout.

It should be noted that Bpifrance Investissement remains a financing bank for the Neoen group, maintaining business relations with the Company and more generally with the Neoen group. Accordingly, this relationship does not allow Bpifrance Investissement to be considered an independent director at this time.

6.1.3.2 PROPOSAL TO RENEW THE TERM OF OFFICE OF HELEN LEE BOUYGUES

Helen Lee Bouygues' term of office as a director expires at the end of the general shareholders' meeting to be held held in 2021 called to approve the financial statements for the previous financial year, i.e. at the next annual general shareholders' meeting.

The annual general shareholders' meeting will be asked to renew Helen Lee Bouygues' term of office as a director for a period of four years expiring at the end of the general shareholders' meeting to be held in 2025 to approve the financial statements for the previous financial year.

Helen Lee Bouygues meets the AFEP-MEDEF Code independence criteria adopted by the Company, referred to in paragraph 6.2.1.4 of this document.

Helen Lee Bouygues is also a member of the Audit Committee, the Nomination and Compensation Committee and the Lead Independent Director. The Board of Directors, on the proposal of the Nomination and Compensation Committee, decided to renew these offices, subject to the condition precedent of and with effect from the renewal of her director's mandate, for a period coinciding with that of her mandate.

6.2 ORGANISATION OF CORPORATE GOVERNANCE

6.2.1 PRINCIPLES GOVERNING THE COMPOSITION AND OPERATION OF THE BOARD OF DIRECTORS

6.2.1.1 RULES APPLICABLE TO THE COMPOSITION OF THE BOARD OF DIRECTORS

The Company is governed by a Board of Directors s comprising at least three members and no more than eighteen members, appointed by the ordinary general shareholders' meeting.

The proportion of directors of each gender may not be less than 40% when the Board of Directors is composed of more than eight members. When the Board of Directors is composed of more than eight members, the difference between the number of directors of each gender may not exceed two.

A legal entity may be appointed as a director but it must, under the conditions provided for by law, appoint a natural person who will act as its permanent representative on the Board of Directors.

The Board of Directors is renewed each year in rotation, so that this rotation concerns a portion of the members of the Board of Directors.

The ordinary general shareholders' meeting has set the term of office of directors at four years, subject to the legal provisions allowing an extension of the term of office. The duties of each director will terminate following the ordinary general shareholders' meeting called to approve the financial statements of the prior financial year and which is held in the year during which such director's term expires.

As an exception, the general shareholders' meeting may, for the implementation or maintenance of a principle of staggered renewal of the Board of Directors, appoint one or more directors for a different term not exceeding four years or reduce the term of office of one or more directors in office to less than four years. The duties of any director so appointed or whose term of office is modified for a period not exceeding four years shall end at the end of the ordinary general shareholders' meeting that has approved the financial statements of the previous financial year and held in the year during which such director's term of office expires.

6.2.1.2 INTERNAL REGULATIONS FOR THE BOARD OF DIRECTORS

The Board of Directors of the Company adopted on September 12, 2018, and updated on April 17, 2019, March 25, 2020 and December 18, 2020, internal regulations describing the composition, duties and rules governing its operation in addition to the applicable legislative, regulatory and statutory provisions. It is posted on the Company's website, in the «investors - governance» section. It provides for the following clarifications.

(i) Participation in Board of Directors meetings by videoconference or any other means of communication - Written consultation of directors

In accordance with the provisions of Article L. 225-37 of the French Commercial Code and Article 14.3 of the by-laws, the Board of Directors' internal regulations provide for the possibility for directors to attend Board meetings by any means of videoconferencing or telecommunication that allows directors to be identified and ensures their effective participation. These methods of participation do not apply to the approval of those decisions defined by Articles L.232-1 and L.233-16 of the French Commercial Code relating to the establishment of the annual financial statements and the management report and to the establishment of the Group's consolidated financial statements and management report.

In addition, in accordance with the provisions of Article L. 225-37 of the French Commercial Code, Article 14.3 of the by-laws and the Board of Directors' internal regulations, certain decisions of the Board of Directors (as provided for by the regulations) may be taken by written consultation.

(ii) Reserved matters of the Board of Directors

According to the terms of Article15 of the bylaws, the Board of Directors sets the limits on the powers of the Chief Executive Officer, if applicable, according to its internal regulations, defining the decisions for which the prior approval of the Board of Directors is required.

According to the terms of Article 4.2 of the internal regulations of the Board of Directors, without prejudice as to those decisions expressly reserved by law for general shareholders' meetings and without prejudice to the general powers of the Board of Directors to examine any question concerning the conduct of Company business, the following decisions relating to the Company and/or any one of its subsidiaries, as applicable, and any measure leading in practice to the same consequences as those resulting from one of the following decisions which the Chief Executive Officer and/or the Deputy Chief Executive Officers or the corporate officers may wish to make shall be subject to prior approval of the Board of Directors, voting on the basis of a simple majority of this members present or represented:

(i) any acquisition or disposal (in particular by means of sale, merger, spin-off, or partial asset contribution) by the Company or one of its subsidiaries of an asset or equity investment of more than €10,000,000 (with the exception of potential transactions to be carried out by the Company or one of its subsidiaries in the assets or equity securities of subsidiaries that are wholly owned, directly or indirectly, by the Company);

(ii) approval or modification of the Company's annual budget;

(iii) any investment by the Company or by one of its subsidiaries, immediately or in the future, in equity or expenses relating to a project not included in the budget (including any partnership or joint venture agreement) for a unit amount greater than €15,000,000;

(iv) any investment or expense by the Company or one of its subsidiaries relating to a project included in the budget or authorised by the Board of Directors or the Supervisory Board, as the case may be, for an amount that results in an increase of more than 15% of the equity provided for in the budget or authorized by the Board of Directors or the Supervisory Board, as the case may be, for such project;

(v) the adoption of a new business plan or any modification to the current business plan;

(vi) any change in the form or corporate purpose of the Company, and any strategic change in the nature of its activities;

(vii) any transfer or sale of all or nearly all of the Company's assets, or any merger, spin-off, winding up, or liquidation of the Company (except for any transactions with a Group company that are merely internal reorganisation transactions without any effect on the shareholders' rights and obligations);

(viii) the entry into or amendment by the Company of any loan or corporate financing agreement with a person other than a Group company or one of its shareholders, and any guarantee, endorsement, or any other similar payment undertaking of the Company in an amount exceeding 5% of the total amount of the Group's indebtedness, it being specified that all projects that are part of the same decision or the same call for tenders shall be combined for purposes of the thresholds provided for in this paragraph (viii);

(ix) the decision to (x) change the stock exchange on which the Company is listed, (y)conduct an initial public offering of the Company on another regulated market in addition to Euronext Paris, or to (z) conduct an initial public offering of a subsidiary of the Company on a regulated market; and

(x) the decision to transfer the registered office outside of France (or move the main decision-making centres outside of France).

(iii) Lead Independent Director

The Board of Directors may decide to appoint a Lead Independent Director if it deems it useful or necessary, under the conditions set out by Article 1.3 of its internal regulations.

Appointment of Lead Independent Director

When the Company's senior management is assumed by the Chairman of the Board of Directors, the Board of Directors may appoint from among its qualified independent members, on the recommendation of the Nomination and Compensation Committee, a lead independent director («Lead Independent Director»).

The Lead Independent Director is appointed for a term that may not exceed his/her term of office. He/she can be re-elected and may be dismissed from his/her duties as Lead Independent Director by the Board of Directors at any time, it being specified that his/her duties will end early if the duties of Chairman of the Board of Directors and Chief Executive Officer are separated before the end of his/her term of office.

Responsibilities and powers of the Lead Independent Director

The responsibilities of the Lead Independent Director are as follows:

Organisation of the Board of Directors' work

The Lead Independent Director:

- may be consulted by the Chairman of the Board of Directors with respect to the draft of the meetings calendar submitted to the Board for approval and on the draft agenda for each of the Board's meetings. he/she may propose the inclusion of items on the agenda of the Board's meetings to the Chairman, at his own initiative or at the request of one or more members of the Board of Directors;
- he/she may ask the Chairman to call a Board meeting to discuss a particular agenda;
- he/she may gather the members of the Board of Directors outside the presence of executive officers together in so-called executive sessions, at his/her own initiative or at the request of one or more members of the Board of Directors, on a specific agenda;
- he/she chairs the meetings of the Board in the absence of the Chairman;
- he/she ensures compliance with the internal regulations; and
- he/she assists the Nomination and Compensation Committee in assessing the operation of the Board of Directors and reports on this assessment to the Board of Directors.

Relationships with the directors

The Lead Independent Director shall maintain a regular and open dialogue with each member of the Board of Directors, particularly the independent directors, and may become their spokesperson to the Chairman, if necessary. The Lead Independent Director ensures that the members of the Board of Directors are able to perform their duties under the best possible conditions and, in particular, receive a high level of information prior to Board meetings.

Operation of the governance bodies

The Lead Independent Director:

- may attend and participate in any Committee meeting, including the ones in which he/she is not a member. If he/she is not a member of the Nomination and Compensation Committee, he is automatically associated with the work of this Committee; and
- may be appointed as chairman of one or more Board of Directors committees.

Management of conflicts of interest

Notwithstanding the obligation of declaration of conflicts of interest imposed on each member of the Board of Directors provided for in the internal regulations of the Board of Directors, the Lead Independent Director draws the attention of the Board

of Directors to any conflict of interest (even potential), that he/she has identified.

Relationships with the shareholders

The Lead Independent Director takes note of shareholder inquiries in matters relating to governance and ensures that such inquiries are answered.

He/she assists the Chairman or Chief Executive Officer in answering shareholder inquiries, remains available to meet some of them, and shares the shareholders' possible concerns about governance with the Board of Directors.

Resources made available to the Lead Independent Director and report on his/her work

In order to carry out the duties referred to above, the Lead Independent Director has access to all documents and information that he/she deems necessary for the performance of his/her duties.

The Lead Independent Director reports on his/her work to the Board of Directors annually during the assessment of the operation of the Board of Directors provided for in the internal regulations of the Board of Directors. He/she attends general shareholders' meetings and may be invited by the Chairman to report on his actions during these meetings.

6.2.1.3 CORPORATE GOVERNANCE CODE

The Company shall comply with the recommendations of the AFEP-MEDEF Code in its revised version of January 30, 2020.

The AFEP-MEDEF Code is available online at: www.medef.com. The Company ensures that copies of this Code are available to members of its corporate bodies at all times.

6.2.1.4 REVIEW OF THE INDEPENDENCE OF DIRECTORS

In accordance with Article1 (ii) of the Internal Rules of the Nomination and Compensation Committee, the Committee shall assess *"each year, prior to the publication of the Company's annual corporate governance report, the position of each member of the Board of Directors with regard to the independence criteria adopted by the Company, and submit its opinions to the Board so it can examine the situation of each person in question with regard to these criteria".*

In accordance with the AFEP-MEDEF Code, to which the Company adheres, and the Board of Directors' internal regulations (article 1.2), directors who do not have any relationship with the Company, the Group or its management, of any kind whatsoever that may compromise their freedom of judgement are considered independent. In particular, the criteria to be considered by the Nomination and Compensation Committee and the Board of Directors in order to consider a director as independent are as follows:

(i) may not be an employee or executive officer of the Company, may not be an employee, executive officer or director or of the parent company or of a company or entity consolidated by the Company or of a company consolidated by the parent company, and may not have been so during the previous five years;

(ii) may not be an executive officer of a company in which the Company directly or indirectly serves as a director or in which an employee appointed as such or a company officer of the Company (currently or in the last five years) serves or has served as a director;

(iii) may not be a significant customer, supplier, investment banker, corporate finance banker or advisor of the Company or the Group, or for which the Company or the Group represents a significant share of its business;

(iv) may not have any close family relationship with an officer of the Company;

(v) may not have been, during the previous five years, the statutory auditor of the Company;

(vi) may not have been a Director of the Company for longer than twelve years, it being specified that the loss of independent director status occurs on the date of twelve years.

According to the AFEP-MEDEF Code, with regard to the criterion mentioned in point (iii) above, the assessment of whether or not the relationship with the Company or the group is significant must be discussed by the Board of Directors and the quantitative and qualitative criteria that lead to this assessment contained in the corporate governance report.

For directors holding more than 10% of the share capital or voting rights of the Company, or representing a legal person holding such an interest, the AFEP-MEDEF Code further recommends that the qualification as an independent director take into account the composition of the Company's capital and the existence of a potential conflict of interest.

	Xavier Barbaro	Simon Veyrat	Stéphanie Levan	Bpifrance Investissement	Helen Lee Bouygues	Sixto	FSP
Criteria 1 : Must not be or have been an employee or executive officer of the Company, its parent company or one of its subsidiaries during the five past years				●	●	●	●
Criteria 2 : Must not be an executive officer of a company where the Company holds a directorship	●	●	●	●	●	●	●
Criteria 3 : Must not have significant business relationships with the Company	●	●	●		●	●	●
Criteria 4 : Must not have a close family relationship with one of the Company's corporate officers	●	●	●	●	●	●	●
Criteria 5 : Must not have been an auditor of the Company within the five past years	●	●	●	●	●	●	●
Criteria 6 : Must not have been a director of the Company for more than 12 years	●	●	●	●	●	●	●
Criteria 7 : Must not have received a significant compensation from the Company as a nonexecutive corporate officer		●	●	●	●	●	●
Criteria 8 : Must not represent a significant shareholder of the Company (according to the Board of directors' analysis)				●	●	●	●
Independent director	**NO**	**NO**	**NO**	**NO**	**YES**	**YES**	**YES**

● Independence criteria satisfied

Pursuant to these criteria, the following persons were previously considered independent, on the occasion of the Company's IPO in October 2018 and during the Board meetings of April 17, 2019, March 25, 2020 and December 18, 2020: Helen Lee Bouygues, Sixto represented by Bertrand Dumazy and the Fonds Stratégique de Participations represented by Christophe Gégout because they meet all the aforementioned independence criteria.

However, three directors (Stéphanie Levan, Xavier Barbaro and Simon Veyrat) should not be considered independent given their appointment on the proposal of the reference shareholder Impala SAS.

Bpifrance Investissement's status with respect to independence was reviewed in detail in March 2020 and confirmed in December 2020 by the Nomination and Compensation Committee and the Board of Directors. As Bpifrance is one of the Group's financing banks, this relationship does not allow Bpifrance Investissement to be considered an independent member of the Board of Directors at this time.

6.2.1.5 DIVERSITY POLICY APPLIED TO MEMBERS OF THE BOARD OF DIRECTORS, THE EXECUTIVE COMMITTEE AND DIVERSITY IN THE 10% OF POSITIONS WITH THE GREATEST RESPONSIBILITY

Diversity within the Board of Directors

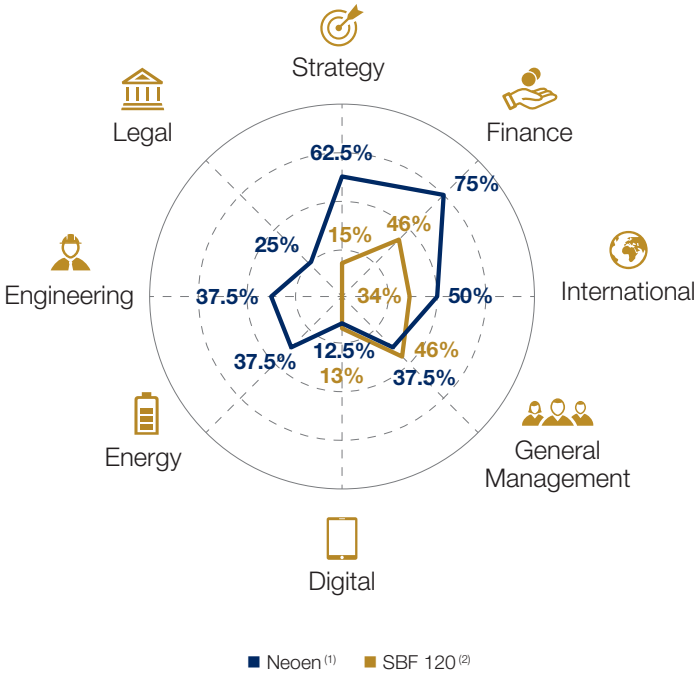
The Board of Directors has implemented a diversity policy aimed at obtaining a composition that achieves a good balance and a fair distribution of experiences, qualifications, cultures, ages, nationalities and seniority, in line with the needs of the Company. The search for this diversity results in a balanced composition within the Board of Directors, taking into account in particular the following elements: (i) the desired balance in the Board of Directors in view of the Company's shareholders, (ii) the desired number of independent members, (iii) the proportion of men and women required by the regulations in force, and (iv) the integrity, competence, experience and independence of each candidate.

It is reminded that, to date, the proportion of independent directors is 42%, which is above the ratio recommended by the AFEP-MEDEF Code for companies with controlling shareholders, and that the chairmen of the Audit Committee and the Nomination and Compensation Committee are independent directors.

This policy includes a requirement for diversity in the composition of the Board of Directors and its Committees. The Board currently comprises 42% women (3 women and 4 men) and thus has a difference of 1 between the number of persons of each gender (note that the applicable legal requirement in this area is a maximum difference of 2). The majority of the members sitting in the Audit Committee are women and the majority of the members sitting in the Nomination and Compensation Committee are men. The Group ensures that it maintains a balanced representation ratio of women and men at least equal to the legal requirements, as well as a mixed composition of the Committees.

The balanced representation of women and men is discussed each year in the Board of Directors, and one session per year of the Nomination and Compensation Committee includes an item on diversity policy on its agenda.

The diversity policy also takes into account the directors' various and complementary skills. Some have strategic skills, others have financial or more specific skills (legal, managerial experience, engineering). The majority of directors have extensive professional experience in various business segments and in senior positions, most of whom are already or have already held directorships or corporate offices in other French or foreign companies, some of which are public companies. These diversified profiles complement the Board members' expertise and experience, which allows them to quickly and thoroughly apprehend the Company's development challenges and to make informed and quality decisions.



(1) These skills include those of the oberver.
(2) Source: "2020 Governance panorama" released by Ernst and Young, excluding "Energy","Engineering" and "Legal" skills.

The diversity of experiences and points of view as well as the directors' independence allow for the necessary objectivity and independence in the Board of Directors with regard to the senior management and with regard to the shareholders or a group of shareholders in particular. The mandates and their extension also contribute to the proper operation of the Company's corporate bodies. These elements allow the directors to have a quality of judgement and an ability to anticipate, which allows them to act in the Company's social interest and to face the challenges facing the Group.

The Board of Directors is also international in nature due to the presence of Helen Lee Bouygues, a US citizen with international experience, Bertrand Dumazy, who heads a group with a large international presence. and Xavier Barbaro, who has previous professional experience abroad and is currently Chairman and Chief Executive Officer of the Group, which is present in 15 countries.

The directors are currently between 30 and 49 years old, with an average of 44 years.

In light of the above, at its meeting of December 18, 2020, having taken note of the conclusions of the Nomination and Compensation Committee, considered the diversity of skills within the Board of Directors to be satisfactory.

Gender balance on the Executive Committee

The representation of women on the Executive Committee remains at 20%, as in the previous year. The quality of the profile of the General Counsel, who is a member of the Executive Committee, is noted, as she had first-rate experience before joining the Company, both in terms of her academic studies and professional experience.

The Company is ahead of the recommendations of the HCE (High Committee on Gender Equality) which, in its report of December 17, 2019, recommended the introduction of the following quotas for women in executive committees of listed companies:

- for committees with more than 8 members: 20% in 2022, 40% in 2024;
- for committees of eight members and less: one woman in 2022 and a maximum gap of two in 2024.

By 2022, the Company will annually monitor the place of women on its Executive Committee and the profile of its members, with a view to continuing to comply with the HCE recommendation.

Results in terms of gender diversity in the 10% of positions with the greatest responsibility

As at December 31, 2020, women accounted for 31% of the Group's total workforce and 28% of the 10% of positions with the greatest responsibility.

The Group continues to deploy its efforts and also ensures that there is a satisfactory distribution of men and women and a wide diversity of backgrounds and nationalities (32 nationalities).

The Company is continuing to implement its commitment to gender diversity and balanced representation of women and men, with the aim of maintaining this trend and improving the figures.

6.2.2 PRINCIPLES GOVERNING THE OPERATION OF THE GOVERNANCE

6.2.2.1 METHOD OF GOVERNANCE

(i) Chairman and Chief Executive Officer

Combination of the functions of Chairman of the Board of Directors and Chief Executive Officer

Xavier Barbaro was appointed Chairman and Chief Executive Officer at the Board meeting of September 12, 2018, with immediate effect.

Following the opinion of the Nomination and Compensation Committee, the Board of Directors concluded that not separating the functions of Chairman and Chief Executive Officer would ensure continuity with the separation of the powers between the statutory corporate bodies of the Company in its form as a simplified joint stock company, so that the change in the corporate form would not have any effect on the way in which the Company's senior management is exercised. Xavier Barbaro held the position of Chief Executive Officer of the Company and Chairman of the Supervisory Board of the Company in its previous corporate form as a simplified joint stock company until it was changed into a limited company (société anonyme) on the same date, September 12, 2018.

Powers of the Chief Executive Officer (Article 16 of the by-laws)

The Chief Executive Officer is vested with all powers to act in all circumstances in the name of and on behalf of the Company. He exercises these powers within the limit of the corporate purpose and subject to those powers that the law and the by-laws expressly reserve to the general shareholders' meetings and the Board of Directors.

The Chief Executive Officer represents the Company in its relations with third parties. The Company is committed even by the actions of the Chief Executive Officer which do not fall within the corporate purpose, unless it can prove that the third party knew that the action exceeded this purpose or that he could not ignore it in the relevant circumstances, it being clarified that the publication of the by-laws alone shall not in itself be sufficient proof thereof.

At the proposal of the Chief Executive Officer, the Board of Directors may appoint one or more individuals responsible for assisting the Chief Executive Officer with the title of Deputy Chief Executive Officer (see paragraph below" (ii) Deputy Chief Executive Officer"). The maximum number of Deputy Chief Executive Officers is set at three.

Nevertheless, the Chief Executive Officer must obtain the prior approval of the Board of Directors for operations listed in paragraph 6.2.1.2 (ii) "reserved matters of the Board of Directors" of this document.

(ii) Deputy Chief Executive Officer

Appointment of the Deputy Chief Executive Officer

At its meeting of April 17, 2019, on the proposal of the Chairman and Chief Executive Officer and after receiving the opinion of the Nomination and Compensation Committee, the Company's Board of Directors decided to appoint Romain Desrousseaux as Deputy Chief Executive Officer.

ROMAIN DESROUSSEAUX

Deputy Chief Executive Officer

Business address:
6 rue Ménars - 75002 Paris

Age: 45 years

Nationality: French

Date of expiry of mandate: General shareholders' meeting to be held in 2022 to approve the financial statements for the previous financial year

Number of Company shares held:
517,473[1]

Romain Desrousseaux is Deputy Chief Executive Officer of Neoen and his main responsibility is to ensure the implementation of the Group's strategy and to support its international development accordingly. He began his career in 1999 at LDCom, in charge of the investment program in the high speed broadband internet network. In 2008, he joined the Louis Dreyfus Commodities group as deputy Chief Information Officer, then he took over operations management for the African and Middle East region. Romain Desrousseaux is an alumnus of the École Normale Supérieure. He joined Neoen in 2013 as Deputy Chief Executive Officer in charge of international project development, and member of the Executive Committee.

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT [2]	POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD
– Deputy Chief Executive Officer of Neoen SA*	– None

(1) Number of shares held directly or indirectly by Romain Desrousseaux and his family members.
(2) Romain Desrousseaux holds offices in the Group's foreign subsidiaries.
** French listed company*

Powers of the Deputy Chief Executive Officer (Article 16 of the by-laws)

With the Chief Executive Officer's agreement, the Board of Directors determines the extent and duration of the powers granted to the executive Deputy Chief Executive Officers.

Towards third parties, the executive Deputy Chief Executive Officer(s) have the same powers as the Chief Executive Officer.

Nevertheless, the Deputy Chief Executive Officer and/or the Deputy Chief Executive Officers must obtain the prior approval of the Board of Directors for operations listed in paragraph 6.2.1.2 (ii) "reserved matters of the Board of Directors" of this document.

(iii) Executive Committee

As of the date of the corporate governance report approved by the Board of Directors on March 10, 2021, the Executive Committee was comprised of five members:

Xavier Barbaro	Chairman and Chief Executive Officer
Romain Desrousseaux	Deputy Chief Executive Officer
Paul-François Croisille	Chief Operating Officer
Louis-Mathieu Perrin	Chief Financial Officer
Olga Kharitonova	General Counsel

Xavier Barbaro's resume is presented in paragraph 6.1.1 of this document.

Romain Desrousseaux's resume is presented in paragraph 6.2.2.1 (ii) of this document.

Paul-François Croisille joined Neoen in 2010, after twenty years in the telecommunications sector, including ten years in entrepreneurial structures. He joined LDCom in 2000 where he developed transmission systems and then communication services for operator. In 2003, he launched Swisscom Hospitality Services' business in France before taking over global operations management in 2006. He graduated from École Polytechnique with a degree in telecommunications and holds an MBA from Harvard Business School.

Louis-Mathieu Perrin began his career in audit and financial consulting for five years before joining Pictet Asset Management in 2006, initially as an analyst before becoming an Investment Manager. In 2009, he joined EY, where he became associate director, and worked in particular with players in the energy sector. In 2014, he was appointed Chief Financial Officer of the Direct Énergie group, before moving to Voodoo in 2018, in similar positions. He joined Neoen in 2019 as Group CFO. Louis-Mathieu Perrin is a graduate of Sciences Po Paris.

Olga Kharitonova began her career in Moscow in 2000 with the European Business Club (an association representing the interests of European businesses in Russia) before joining Bureau Francis Lefebvre. Admitted to the Paris bar in 2006, she then joined the Paris office of Cleary Gottlieb Steen & Hamilton LLP where she advised clients on complex international transactions. Olga Kharitonova joined Neoen in 2018. She graduated from the State University of Moscow (Lomonossov), from the Paris IEP and holds a master's degree in business law from the Paris I-Sorbonne University.

(iv) Succession plan for corporate officers

Under Article1 (i) of the Internal Rules of the Nomination and Compensation Committee, the Committee is required to prepare and maintain a succession plan for the members of the Board of Directors and the Company's executive officers, in order to be in a position to propose quickly to the Board of Directors succession solutions, especially in case of unforeseeable vacancy.

At its meeting on April 17, 2019, the Board of Directors, after receiving the opinion of the Nomination and Compensation Committee, examined this point and considered the following:

- the appointment of a Deputy Chief Executive Officer by the Board would enable the Company to appoint him/her as part of the immediate succession of the Chief Executive Officer in the event of an unforeseeable vacancy. This internal solution would have the advantage of ensuring a certain form of continuity as well as the thorough knowledge of the Company by the successor thus appointed, even if, depending on the circumstances that arise when the time comes, the Board may wish to identify another candidate whose profile would more closely suit the role of Chief Executive Officer of the Company when the time comes;
- the lead independent director appointed by the Board could, in turn, play the role of interim successor by immediately assuming the duties of Chairman of the Board of Directors in the event this position becomes vacant unexpectedly. Given the role of the lead independent director, this would enable the Company and its Board of Directors to also benefit from a certain form of continuity in the corporate bodies and the knowledge of the Company by the successor thus appointed, even if, depending on the circumstances that may arise when the time comes, the Board may wish to identify, either temporarily or on a more permanent basis, another candidate whose profile would better fulfil the role of Chairman of the Board of Directors of the Company when the time comes.

The Board of Directors reviewed this succession plan at its meetings of March 25, 2020 and March 10, 2021, after obtaining the advice of the Nomination and Compensation Committee, and confirmed that said succession plan was still applicable.

With regard to the members of the Board of Directors, discussions are continuing on this subject, although it should be remembered that three of the seven directors are legal entities, for which the question of succession does not arise, with the exception of Sixto. Identifying potential candidates likely to face an unforeseeable vacancy of a director could also be a possible approach.

Lastly, at its meeting of March 10, 2021, the Board of Directors, on the proposal of the Nomination and Compensation Committee, also approved a specific succession plan in the event of an unforeseeable vacancies for each member of the Executive Committee.

6.2.2.2 RULES APPLICABLE TO THE OPERATION OF THE BOARD OF DIRECTORS

(i) Duties (internal regulations - Article 4.1)

The Board of Directors shall perform the responsibilities and exercise the powers attributed to it by law, the Company's bylaws, and the internal regulations of the Board and its committees. It shall determine and evaluate the Company's strategic direction, objectives, and performance, and supervise their implementation in accordance with its corporate interest, taking into account the social and environmental challenges of its business. Subject to the powers attributed to the general shareholders' meetings and within the limit of the corporate purpose, the Board may address any question concerning the Company's operations and shall settle the matters within its purview through its deliberations.

The Board shall carry out the audits and verifications that it believes appropriate and may request communication of documents that it deems useful in order to carry out its responsibilities.

The Board of Directors shall also work to promote value creation over the business's long term, taking into account the employment, societal, and environmental dimensions of its activities. Where necessary, it shall propose any amendments to the corporate purpose set forth in the bylaws that it shall deem appropriate. It shall also be informed of developments on the markets, of the competitive environment, and of the principal challenges facing the business, including with regard to social and environmental responsibility.

The Board of Directors shall regularly examine, in light of the strategy that it has defined, the Company's opportunities and risks, including financial, legal, operational, social, and environmental risks, as well as the measures taken as a result. To that end, the Board of Directors shall obtain all information from the Company's executive officers that it needs to perform its responsibilities.

The Board of Directors shall ensure that the executive officers implement a non-discrimination and diversity policy, in particular with respect to the balanced representation of women and men on management bodies.

With regard to the regular assessment of agreements relating to current agreements entered into under normal conditions, the Board of Directors ensures that a meeting is held each year to re-examine the nature of the agreements in question. During the financial year, monitoring of current agreements is established and managed by an ad hoc committee composed of the Group Chief Financial Officer and the General Counsel. This monitoring is summarised in a monitoring table including the date of conclusion of the agreement, its main characteristics and the reasons for treating it as a current agreement.

(ii) Directors' competence and expertise (Article 3.4 of the internal regulations)

Members of the Board of Directors must have the following essential attributes:

- they must be attentive to the corporate interest;
- they must have good judgment, in particular with respect to situations, strategies, and people, relying in particular on their experience;
- they must have the ability to anticipate risks and strategic challenges;
- they must have integrity and be present, active, and involved.

The skills and experience of the members of the Board of Directors are also described in paragraph 6.1.1 of this document.

(iii) Ethics (criminal record and bankruptcy, family links, conflicts of interest, service contracts)

Criminal record and bankruptcy

To the Company's knowledge, over the course of the last five years:

- none of the members of the Board of Directors or executive officers has been convicted of fraud;
- none of the members of the Board of Directors or corporate officer has been involved in any bankruptcies, receiverships, liquidations or companies put into administration;
- no official public censure and/or sanction has been issued against any member of the Board of Directors or any executive officer by any statutory or regulatory authorities (including any designated professional bodies);
- none of the members of the Board of Directors or executive officers has been disqualified by a court from serving as a member of a management or supervisory body of an issuer or from being involved in the management or conduct of an issuer's business.

Family links

As of the date of this document, and to the Company's knowledge, other than the family relationship between Jacques Veyrat (observer and majority shareholder of the Company through Impala SAS) and his son Simon Veyrat (member of the Board of Directors), there are no family relationships among the members of the Board of Directors mentioned or between members of the Board of Directors and members of the Company's Executive Committee.

Conflicts of interest

According to the terms of Article 3.3 of the Board of Directors' internal regulations, each member of the Board of Directors must inform the Board about any conflict of interest (even potential) and must not vote in the corresponding deliberation.

As of the date of this document, and to the Company's knowledge, there are no potential conflicts of interest between the duties of the directors or executive officers with regard to Neoen and their private interests or other duties.

As of the date of this document, and to the Company's knowledge, no arrangement or agreement has been entered into with any of the main shareholders, a client, a supplier or any third party under which any member of the Board of Directors or an executive officer may have been appointed to the Board of Directors.

As of the date of this document, and to the Company's knowledge, the restrictions on the free disposal, within a certain period of time, of the Company's shares held by the members of the Board of Directors listed in paragraph 6.1.1 "composition of the Board of Directors" of this document or members of the Company's Executive Committee are as follows:

- rules relating to preventing insider trading;
- the rules defined by the Company in accordance with the AFEP-MEDEF Code imposing an obligation to hold shares, namely:
  - in accordance with the Board of Directors' internal regulations (Article 3.10), the obligation for each member of the Board of Directors to own (directly or indirectly) five hundred shares throughout his term of office and in any event not later than six months after his appointment,
  - the obligation for executive officers to keep in registered form, until the end of their term, at least five thousand shares, the minimum number set by the Board of Directors,
  - the minimum number of shares issued as free shares or stock subscription or purchase options to be retained by the executive officers until the end of their term, as set by the regulations of the corresponding plans (see paragraph 6.3.4.3 concerning free shares granted).

Service contracts

As of the date of this document, and to the Company's knowledge, no contract exists between members of the administrative or management bodies and the Company or any of its subsidiaries that provides for the granting of benefits under such a contract.

6.2.2.3 ASSESSMENT AND WORK OF THE BOARD OF DIRECTORS AND THE COMMITTEES

2020 was marked by regular activity of the Company's governance bodies, despite the specific context of the health crisis. This is detailed in the table below.

	Board of directors			Audit Committee			Nomination and Compensation Committee		
Number of sessions/meetings	6			4			3		
Average duration	3h30			2h00			1h50		
Board members	Average attendance rate	Nature of participation		Average attendance rate	Nature of participation		Average attendance rate	Nature of participation	
Xavier Barbaro	100 %	4	2	-	-	-	-	-	-
Simon Veyrat	100 %	4	2	-	-	-	-	-	-
Stéphanie Levan	83 %	3	2	100 %	3	1	-	-	-
Bpifrance Investissement *Represented by Céline André*	100 %(1)	2	2	-	-	-	-	-	-
Helen Lee Bouygues ●	100 %	4	2	100 %	3	1	100 %	2	1
Sixto ● *Represented by Bertrand Dumazy*	100 %	3	3	-	-	-	100 %	1	2
FSP ● *Represented by Christophe Gégout*	100 %	4	2	100 %	3	1	-	-	-
Jacques Veyrat	100 %	3	3	-	-	-	100 %	2	1
Average attendance rate	98 %(2)	-	-	100 %	-	-	100 %	-	-

● Independent directors Face-to-face meetings Teleconference/videoconference meetings

(1) Attendance rate calculated based on the four meetings at which Céline André was able to attend due to her maternity leave during the first half of 2020, 67% attendance, taking into account absences related to maternity leave.

(2) Average attendance rate not taking into account the attendance of the observer.

(i) Assessment of the operation of the Board of Directors and the Committees

In accordance with recommendation 9 of the AFEP-MEDEF Code, the Board of Directors must assess its ability to meet the expectations of shareholders, who have given it the mandate to manage the Company, by periodically reviewing its composition, organisation and operation. The assessment has three objectives:

- review the Board of Directors operating procedures;
- check that important issues are properly prepared and discussed; and
- assess the actual contribution of each director to the Board of Director's work.

Article7 of Board of Director's internal rules stipulates that the Board must devote an item of its agenda to the assessment of its operating procedures once a year, taking account of the report of the Nomination and Compensation Committee.

A formal assessment of the Board of Directors and the Committees is carried out at least every three years, under the direction of the Nomination and Compensation Committee assisted by the Lead Independent Director, and where appropriate, with the help of an external consultant. In particular, it examines the following points:

- the appropriateness, in the performance of its duties, of the frequency and duration of its meetings as well as of the information that it and each of its members have to deliberate usefully;
- the quality of the preparatory work of the Committees and their composition, which must be such as to guarantee the objectivity of the investigation of the cases they examine;
- the opportunity to reserve certain categories of decisions for the Board of Directors; and
- any failure by members of the Board of Directors to fulfil their duties.

In early 2020, the Company made a formal assessment of the operation of the Board of Directors and its Committees in 2019, with the help of an external consultant, which conducted individual interviews with each member of the Board of Directors and with the observer outside the presence of the executive

officers and attended a meeting of the Board of Directors. The Board of Directors received a collective presentation by said consultant followed by a discussion between the directors. Each director and the observer also received individual feedback on his/her contribution and performance.

For the record, this formal assessment resulted in a positive assessment of the operation of the Board of Directors and its Committees. In particular, the independent firm noted that in the context of the new governance being put in place less than two years ago, the Board of Directors was unanimously perceived as transparent, constructive, operational and effective. Moreover, the quality of governance within the Company is real and is improving. The directors unanimously recognise the commitment and freedom of tone in discussions between the Board of Directors and its Committees and appreciate the quality of the exchanges taking place both between the directors and with executive management. The directors who were able to take part in the trips and visits to power plants appreciated them and considered them essential for a better understanding of the Group's business and the local management teams.

Avenues for reflection have been identified, including the following:

- introducing more formalism in the Board of Directors, without reducing its effectiveness or added value;
- strengthening the cohesion of the Board of Directors: the directors would appreciate more contacts outside of Board meetings, the organisation of a decentralised Board meeting, the continuation of visits to sites and plants;
- information on competitor performance indicators and, more generally, access to more external benchmarks; and
- the desire to further integrate CSR and innovation into the Board of Directors' deliberations.

The assessment of the operation of the Board and its Committees in 2020 was carried out on the basis of questionnaires prepared by the Company and completed by each director and the observer. These acknowledged the significant efforts made to introduce more formalism into the work of the Board of Directors, including:

- efforts to optimise the agenda of Board meetings;
- introduction of the timed agenda with due observance of the times; and
- better distribution of time between discussions and presentations.

With regard to the objective of shifting the discussion to more strategic subjects, a strategic seminar was organised on November 27, 2020, during which the Board attended presentations on the renewable energy sector and certain of Neoen's competitors and on the avenues for its strategic development and discussed the Group's strategic guidelines.

On the other hand, despite the Company's desire to strengthen the cohesion of the members of the Board of Directors, it was difficult to fully achieve this objective due to the health crisis linked to COVID-19, which made it more difficult to organise physical meetings, including informal ones. Nevertheless, the organisation of the remote strategic seminar on November 27, 2020 and the sending of the Chairman and CEO's monthly newsletter to the directors were steps towards strengthening cohesion that were appreciated by the Board members.

When assessing the operation of the Board in 2020, the directors renewed their desire:

- to be careful at the upcoming expiries of the mandate to the following profiles:
  - more international (knowledge of the Australian market would be a plus);
  - with experience in the renewable energy sector; and
  - ESG expertise;
- to have access to more information about the group's competitors and their strategies (the strategy seminar was appreciated both for the quality of the presentations and the quality of the discussions);
- to improve the training of directors and invest in informal activities: site visits and informal lunch/dinner at a Board meeting were suggested; and
- to clarify the framework for managing potential conflicts of interest.

(ii) Work of the Board of Directors and the Committees

The main work of the Board of Directors and its Committees during the 2020 financial year is presented below:

Board of Directors

During the 2020 financial year, the Board of Directors made decisions on the following topics:

Financial statements and financial communication

Approval of the annual financial statements for the year ended December 31, 2019, approval of the 2019 annual financial report and universal registration document, review of the half- yearly financial statements and preparation of the half- the financial report, financial communication procedures, monitoring of threshold crossings and changes in the shareholder structure, approval of the 2021 budget with the corresponding financing plan.

Strategy

The Group's strategic guidelines, in particular the preparation of the new business plan and the Capital Markets Day.

Combined general shareholders' meeting of May 26, 2020

Preparation of the ordinary and extraordinary general shareholders' meeting of May 26, 2020 and, in particular, draft resolutions, implementation of the share buyback programme.

Compensation and governance

The remuneration of the Chairman and Chief Executive Officer, the granting of free performance shares, an assessment of the level of achievement of performance conditions, the distribution of directors' remuneration, the composition of the Committees, the criteria for the independence of directors, the annual assessment of the operation of the Board of Directors and its Committees, the succession plans, the authorisation of regulated agreements

and the implementation of the procedure for reviewing current agreements relating to day-to-day operations entered into under normal conditions, the authorisation of sureties, endorsements and guarantees.

Corporate social responsibility

The monitoring of the implementation of the policy on professional and wage equality.

Group development projects

Monitoring the Group's growth.

Financing

The Company's first corporate syndicated credit facility agreement and the first issue of green convertible bonds into new shares and/or exchangeable for existing shares ("OCEANE Verte») in Europe.

COVID-19:

Monitoring the impact of the COVID-19 pandemic on the Group's business.

Audit Committee

At its meetings during the 2020 financial year, the Audit Committee prepared, inter alia, the Board of Directors' deliberations on:

- the review of the annual corporate financial statements, the half-yearly and annual consolidated financial statements and the 2021 budget;
- the proper application of accounting principles;
- the reappointment of the audit firm Deloitte;
- the proposed acceleration of the closing of the accounts;
- the conditions of financial communication;
- the monitoring of the audit work and action plan undertaken in the area of internal control;
- the financing methods at the Company level;
- the review of the risk mapping;
- the development and deployment of the Group's anti-corruption policy; and
- the management of insurances within the Group.

Nomination and Compensation Committee

At its meetings during the 2020 financial year, the Nomination and Compensation Committee prepared the Board's deliberations on:

- the determination of the compensation and benefits of the Chairman and Chief Executive Officer, and in particular the variable portion of his 2019 compensation, the fixed portion and the performance conditions of the variable portion of his 2020 compensation;
- the distribution of the directors' compensation for the 2020 financial year;
- the performance share grant policy;
- the policy on professional and wage equality;
- The renewal of director's mandates at the general shareholders' meeting of May 26, 2020;
- the composition of the Board of Directors, particularly with regard to independence and gender equality;
- the annual assessment of the operation of the Board of Directors and its Committees; and
- the succession plans.

6.2.2.4 COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors relies on the work carried out by its two specialised committees: the Audit Committee and the Nomination and Compensation Committee. The possibility for the Board of Directors to create these committees is provided for in the Company's bylaws and the main organisational and operating procedures for these committees are set out in the Board of Directors' internal regulations. The Audit Committee and the Nomination and Compensation Committee also have their own internal regulations.

The composition of these specialised committees complies with the recommendations of the AFEP-MEDEF Code.

(i) Audit Committee



AUDIT COMMITTEE

FSP
Represented by Christophe Gégout
Chairman of the Committee
Independent director
- Helen Lee Bouygues
- Stéphanie Levan

- Monitoring the process for preparing financial information
- Monitoring the effectiveness of the internal supervision, internal audit and risk management systems relating to financial and accounting information
- Monitoring the statutory audit of the corporate and consolidated financial statements by the Company's statutory auditors
- Supervision of the statutory auditors

In 2020

4 meetings

3 members

67 % of independent directors

2/3

100 % average attendance of the committee members

(A) Composition

The Audit Committee is made up of three members, all of whom are chosen from among the directors, at least two thirds of whom are independent directors as per Article 1.2 of the Board of Directors' internal regulations. In accordance with applicable legal provisions, Committee members must have specific expertise in financial, accounting or auditing matters.

The term of appointment of members of the Audit Committee corresponds to the term of their appointments as members of the Board of Directors. It may be renewed at the same time as the latter.

The chairman of the Audit Committee is appointed, after specific examination, by the Board of Directors further to a proposal from the Nomination and Compensation Committee, among the independent directors as per Article1.2 of the Board of Directors' internal regulations. No executive officer may sit on the Audit Committee.

(B) Work of the Audit Committee in 2020

For details of the work of the Audit Committee in 2020, refer to paragraph 6.2.2.3 (ii) of this document.

(ii) Nomination and Compensation Committee



NOMINATION AND COMPENSATION COMMITTEE

Sixto
Represented by Bertrand Dumazy
Chairman of the Committee
Independent director
- Helen Lee Bouygues
- Jacques Veyrat

- Proposals on the appointment of members of the Board and its committees and of the executive officers of the Company
- Annual assessment of the independence of the members of the Board
- Proposals to the Board concerning all terms and conditions of the compensation of the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer
- Determination of the general compensation policy for other members of the Executive Committee
- Monitoring of the policy on professional and wage equality
- Proposals to the Board concerning the method for allocating the overall annual remuneration budget for directors allocated by the shareholders' meeting

In 2020

3 meetings

3 members

67 % of independent directors

1/3

100 % average attendance of the Committee members

(A) Composition

The Nomination and Compensation Committee is composed of three members, the majority of whom are independent members of the Board of Directors within the meaning of Article 1.2 of the Board of Directors' rules of procedure. They are appointed by the Board of Directors from among its members or from among the observers, and in view in particular of their independence and their competence in the selection or remuneration of executive officers of listed companies. The Nomination and Compensation Committee may not include any executive officer.

The term of office of the members of the Nomination and Compensation Committee coincides with their term of office as members of the Board of Directors or observers. It may be renewed at the same time as the latter.

The Chairman of the Nomination and Compensation Committee is appointed from among the independent members by the Board of Directors. The secretariat of the Committee's work is provided by any person appointed by or in agreement with the Chairman of the Committee.

(B) Work of the Nomination and Compensation Committee in 2020

For details of the Nomination and Compensation Committee's work in 2020, please refer to the paragraph 6.2.2.3 (ii) of this document.

6.2.2.5 SPECIAL ARRANGEMENTS FOR PARTICIPATION IN THE GENERAL SHAREHOLDERS' MEETING

General shareholders' meetings shall be called and held under the conditions provided by law.

Meetings shall be held at the registered office or at any other place specified in the notice of meeting.

Any shareholder, regardless of the number of shares he/she owns, has the right to participate in the general shareholders' meetings, in accordance with applicable law and these bylaws, upon presentation of proof of identity or the name of the proxy registered on his/her behalf under the provisions laid down by the law.

Shareholders that are not attending in person at the general shareholders' meeting, may choose one of the three following options:

- give a proxy to another shareholder, his or her spouse or civil partner or any other person;
- vote by correspondence; or
- send a proxy to the Company without voting indication;

under the provisions provided by law and regulations.

Under the conditions provided for by the law and regulations in force, the Board of Directors may organise shareholder participation and voting at general shareholders' meetings by videoconference or by telecommunication means that allow them to be identified. If the Board of Directors decides to exercise this right for a given meeting, this decision shall be mentioned in the notice of meeting and/or notice of convocation.

Shareholders participating in meetings by videoconference or by any of the other means of telecommunication referred to above, at the discretion of the Board of Directors, shall be deemed to be present for the calculation of quorum and majority.

Meetings are chaired by the Chairman of the Board of Directors or, in his/her absence, by a director specially appointed for this purpose by the Board of Directors. Failing this, the meeting appoints its own Chairman.

The functions of scrutineers shall be performed by the two members of the meeting present who have the largest number of votes, and who accept these functions. The committee appoints the secretary, who may be chosen from outside the shareholders. An attendance sheet shall be kept in accordance with the conditions laid down by law.

Ordinary general shareholders' meetings shall only deliberate validly if the shareholders present or represented or voting by correspondence or by electronic means of telecommunication hold at least one fifth of the shares with voting rights on first call. No quorum is required on second call.

Resolutions of the ordinary general shareholders' meeting shall be taken by a majority of the votes cast by the shareholders present or represented. The votes cast do not include those attached to shares for which the shareholder did not take part in the vote, abstained, or voted in blank or invalid.

An extraordinary general shareholders' meeting shall only validly deliberate if the shareholders present, or represented, or who have voted by post or by electronic means of telecommunication hold at least one quarter and, on first call, one fifth of the shares with voting rights. Failing this last quorum, the second meeting may be postponed to a date two months after the one on which it was convened, with the same quorum requirement of one fifth.

Decisions of the extraordinary general shareholders' meeting shall be taken by a two-thirds majority of the votes cast by the shareholders present or represented. The votes cast do not include those attached to shares for which the shareholder did not take part in the vote, abstained, or voted in blank or invalid.

Copies or excerpts of the minutes of the meeting shall be validly certified by the Chairman of the Board of Directors, by a director performing the duties of Chief Executive Officer or by the secretary of the meeting.

Ordinary and extraordinary general shareholders' meetings exercise their respective powers under the conditions provided for by law.

6.3 COMPENSATION OF ALL CORPORATE OFFICERS

6.3.1 REMUNERATION POLICY

In general, and in particular with regard to remuneration, the Company refers to the recommendations of the AFEP-MEDEF corporate governance code for listed companies, as interpreted by the High Committee on Corporate Governance (HCGE) in its Guide to the application of the AFEP-MEDEF Code, as well as its activity reports and to the recommendations of the AMF, which are set out, in particular, in its guide for the preparation of universal registration documents, in its 2012-02 recommendation, as well as in its most recent corporate governance report and executive remuneration at listed companies.

In accordance with Articles L. 22-10-8 and R. 22-10-14 of the French Commercial Code, the remuneration policy for corporate officers established by the Board of Directors, on the proposal of the Nomination and Compensation Committee, is the subject of draft resolutions (seventh to ninth resolutions) submitted for the approval of the combined general shareholders' meeting of May 25, 2021.

In accordance with the above provisions, the remuneration policy for corporate officers is subject to approval by the general shareholders' meeting each year, and whenever there is a significant change.

The corporate governance report was reviewed by the Nomination and Compensation Committee on March 3, 2021 and approved by the Board of Directors on March 10, 2021.

In accordance with applicable legal and regulatory requirements, the remuneration policy for corporate officers must include (i) information relating to all corporate officers and (ii) information specific to each category of corporate officers.

The information on the remuneration policy applied to all corporate officers is summarised in the table below:

Criteria defined in Article R. 22-10-14 I. of the French Commercial Code	
Respect for the corporate interest, contribution to the Company's business strategy and sustainability	The remuneration policy for corporate officers respects the corporate interest and contributes to the business strategy (described in paragraph 1.1.2 of this document) and the Company's sustainability by (i) providing for a periodic review to verify whether the level of remuneration remains in line with the performance achieved by both the Company and the person in question, and (ii) by seeking to remain attractive in relation to the remuneration practised on the market, mainly by comparable companies in the sector, with a view to attracting and retaining talent within its management bodies. In particular, for the executive officers, the performance conditions for their annual variable remuneration have been set in connection with the implementation of the Company's business strategy.
Decision-making process for its determination, revision and implementation	The remuneration policy is set by the Board of Directors in accordance with applicable legal and regulatory provisions, after having obtained prior proposals from the Nomination and Compensation Committee, composed mainly of independent directors and chaired by an independent director. Any revision and implementation of the remuneration policy shall be determined by the Board of Directors acting by a majority of its members present and represented. The directors endeavour to comply with the principles laid down in the AFEP-MEDEF Code and in the Board of Directors' internal regulations, particularly as regards the management of potential conflicts of interest. Deliberations relating to remuneration of executive officers shall take place without their presence.
Consideration of the Company's remuneration and employment conditions	Since the introduction and publication of the equity ratios in the corporate governance report under the global say on pay ex-post, the Company's Nomination and Compensation Committee and the Board of Directors have decided to take these ratios into account when determining and revising the remuneration policy for executive officers. These ratios are used to determine the level of remuneration paid to the Chairman of the Board of Directors, the Chief Executive Officer and, where applicable, each Deputy Chief Executive Officer, with respect to the average and median full-time equivalent remuneration of Company employees, other than corporate officers.

Evaluation methods - meeting performance criteria for variable remuneration and share-based remuneration	The proper achievement of performance criteria is examined by the Nomination and Compensation Committee, which provides the Board of Directors with any comments it may have before the Board of Directors decides whether or not the performance criteria have been met.
Clarifications to be made in the event of a change to the remuneration policy	On March 10, 2021, the Board of Directors, at the proposal of the Nomination and Compensation Committee on 3 March 2021 and after reviewing the results of the votes of the last meeting on the remuneration policy for directors, the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer, as well as the information referred to in I of Article L. 22-10-9 of the French Commercial Code, decided to make the following main changes to the remuneration policies for corporate officers compared with those previously approved: • remuneration policy for directors: an increase in the quantum of remuneration that can be granted to them as well as the possibility of granting them special remuneration for specific assignments; • remuneration policy for the Chairman and Chief Executive Officer – concerning annual variable remuneration: updating of qualitative criteria for 2021 and insertion of a clause conferring on the Board, on the proposal of the Nomination and Compensation Committee, a certain strictly defined power to make any adjustments it deems necessary. Such a possibility for adjustment seems particularly desirable in the current context; – concerning exceptional remuneration and the valuation of free shares: setting a ceiling on their maximum amounts in accordance with the regulations and the recommendations of the AFEP-MEDEF Code, respectively; – concerning severance pay: an additional performance condition is set in accordance with the regulations. • compensation policy for the Deputy Chief Executive Officer: update of the qualitative criteria for the annual variable remuneration for 2021 and setting of a ceiling on the valuation of free shares in accordance with the recommendations of the AFEP-MEDEF Code.
Procedures for applying the provisions of the remuneration policy to newly appointed or reappointed corporate officers, pending, where applicable, approval by the general shareholders' meeting of significant changes to the remuneration policy	The provisions of the remuneration policy applicable to corporate officers are intended to apply to corporate officers newly appointed or whose term of office is renewed after the general shareholders' meeting, pending approval by the general shareholders' meeting of any significant changes to the remuneration policy referred to in Article L.22-10-8 of the French Commercial Code.
Exceptions to the application of the remuneration policy	In accordance with applicable legal and regulatory provisions, the Board of Directors, on the recommendation of the Nomination and Compensation Committee, reserves the right to temporarily waive the application of the remuneration policy in the event of exceptional circumstances, provided that such waiver is in line with the Company's interests and is necessary to ensure the Company's sustainability or viability. This option for the Board of Directors to waive this requirement applies to any element of remuneration of any nature whatsoever. In such a case, the Board will decide on the recommendations of the Nomination and Compensation Committee and will verify whether the conditions necessary to be able to decide such a waiver are met and will justify its decision. Shareholders will be informed of these justifications in the next corporate governance report. It should be noted that the Chairman and Chief Executive Officer does not attend the deliberations on these issues.

6.3.2 REMUNERATION OF EXECUTIVE OFFICERS

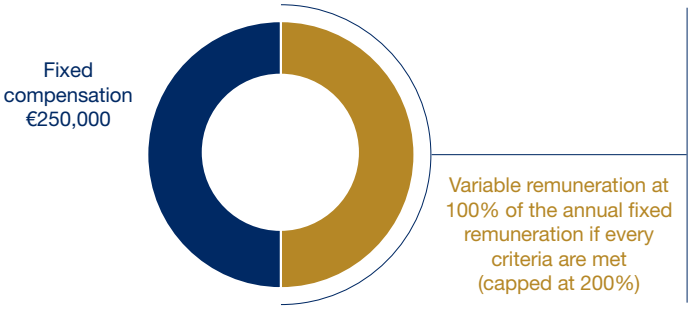
6.3.2.1 DESCRIPTION OF REMUNERATION OF EXECUTIVE OFFICERS

(i) Chairman and Chief Executive Officer

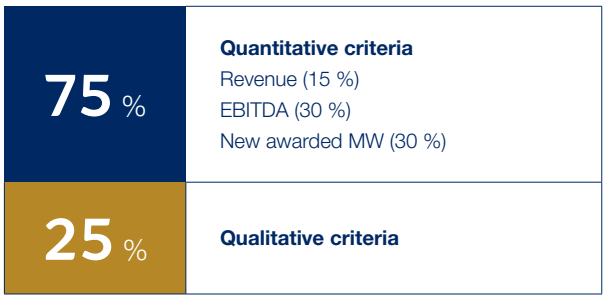
Xavier Barbaro was appointed director by a decision of the general shareholders' meeting of September 12, 2018, the date on which the Company changed its corporate form into that of a limited company (société anonyme) with a Board of Directors, and was appointed Chairman and CEO of the Company for the duration of his directorship by a decision of the Board of Directors of the same date.

In respect of his term of office as Chairman and Chief Executive Officer of the Company, Xavier Barbaro's remuneration is determined in accordance with the principles set out below. These principles were reviewed by the Nomination and Compensation Committee on March 3, 2021 and decided by the Board of Directors on March 10, 2021.

Fixed and variable compensation



Performance regarding the variable compensation



Remuneration

The remuneration of the Chairman and Chief Executive Officer comprises a fixed component and an annual variable component, with the latter being determined in accordance with performance criteria set by the Board of Directors, after consultation with the Nomination and Compensation Committee, and these criteria are reviewed regularly by the Board.

The payment of variable and, where applicable, exceptional components of compensation granted in respect of the previous financial year is subject to the approval by an ordinary general shareholders' meeting of the components of compensation paid during or granted in respect of the last financial year to the Chairman and Chief Executive Officer (individual say on pay ex post).

In the event that the functions of Chairman and Chief Executive Officer are separated, the remuneration provided for the Chief Executive Officer would be that currently provided for the Chairman and Chief Executive Officer, and the Chairman would receive a fixed remuneration of an amount determined in consideration of the importance of his duties, without being able to exceed the amount of the fixed remuneration of the Chairman and Chief Executive Officer.

Fixed remuneration

The amount of the fixed remuneration is determined by the Company's Board of Directors on the recommendation of the Nomination and Compensation Committee, taking into account market practices and remuneration observed for similar functions in French listed companies in the sector and of comparable size.

The Nomination and Compensation Committee reviews the remuneration of the Chairman and Chief Executive Officer once a year, without this review necessarily giving rise to a revision of the remuneration.

The gross annual fixed remuneration of the Chairman and Chief Executive Officer is set at €250,000, unchanged from 2020.

Annual variable remuneration

With respect to variable remuneration, it is proposed that 75% be based on quantitative criteria and 25% be based on qualitative criteria, assuming achievement of the target objectives set by reference to the Company's budget, as approved by the Board of Directors, or the EBITDA guidance as the case may be, and, with respect to the MW awarded criterion, on the basis of the target objective set by the Board of Directors. The proposed quantitative criteria make it possible to correlate the amount of the Chairman and Chief Executive Officer's annual variable compensation with the Group's performance.

In accordance with the AFEP-MEDEF Code, the amount of the annual variable would be equal to 100% of the annual fixed remuneration if the quantitative and qualitative criteria set by the Board of Directors are met, it being specified that in the event of outperformance, the maximum amount of the annual variable remuneration may not exceed an amount corresponding to 200% of the annual fixed remuneration.

Concerning the quantitative criteria:

The quantitative criteria used would represent 75% of the annual variable remuneration if the target objectives were achieved and would be assessed with regard to the revenue criterion and the EBITDA criterion in light of the achievement of the budget set by

the Board of Directors and the guidance, respectively.

For each criterion defined below (i) a trigger level in relation to the objective set is provided for, (ii) in the event of outperformance of said criterion in relation to the objective set, the weighting relating to this criterion will be increased in order to take account of this outperformance and (iii) a maximum threshold of outperformance in relation to the objective set is provided for.

These criteria are as follows:

- Revenue criterion:

Up to 15% of the gross variable annual remuneration (this percentage being applicable in the event of achievement of the target objectives), taking into account the revenue level achieved (i.e. the sum of reported revenue and any penalties paid to compensate for the missed revenue), with a trigger level as from the achievement of 90% of the revenue provided for in the budget approved by the Board of Directors, as well as the following conditions for outperformance:

  – if the level of revenue is between 90% and 100% (inclusive) of the budgeted level of revenue, the achieved percentage will be taken into account linearly. Thus, for example, if 95% of the target revenue is reached, this criterion will enable the Chairman and Chief Executive Officer to be paid 50% of the annual gross variable compensation target for this criterion (i.e., 7.5% of the amount of his annual fixed remuneration);

  – if the level of revenue exceeds 100% of the budgeted level of revenue, a multiplier coefficient of two applies to the percentage of outperformance achieved (i.e. the percentage between 100% and the level achieved). Thus, for example, if 120% of the target revenue is reached, this criterion will allow the Chairman and Chief Executive Officer to be paid 15% of 140% (i.e. 100% of the target amount plus the outperformance percentage (20%) multiplied by two) of his annual fixed remuneration. It is specified that the level of outperformance taken into account for the purposes of this calculation may not exceed 125% the budgeted level of revenue, such that the maximum amount likely to be due in the event of outperformance under this criterion cannot exceed 15% of 150% of his annual fixed remuneration;

- EBITDA criterion:

Up to 30% of the annual gross variable remuneration (this percentage being applicable if the EBITDA level corresponding to the mid-point of the EBITDA guidance range is reached), taking into account the EBITDA level reached, with a trigger level as from the achievement of 90% of the amount corresponding to the middle of the EBITDA guidance range (with linear application to the target amount of the percentage reached between 90% and 100%) and identical conditions of outperformance mutatis mutandis to those provided for the revenue criterion, it being specified that the maximum amount likely to be due in the event of outperformance under this criterion cannot exceed 30% of 150% of his annual fixed remuneration;

- New MW awarded criterion:

Up to 30% of the annual gross variable remuneration (this percentage being applicable if the target objectives are achieved), taking into account the number of new MW in the awarded phase (also including all new MW acquired in the context of any external growth operations as well as the new MW that have gone directly to the under construction phase without having gone through the awarded phase), new MW corresponding to incremental power under repowering projects and new MW corresponding to the change in capacity (the "New MW"), with a triggering level as of the achievement of 50% of the number of MW in the awarded phase target set by the Board of Directors (the "Annual Target Number of New MW Awarded" as described below) and the following performance conditions:

  – if the number of New MW is between 50% and 100% (inclusive) of the Annual Target Number of New MW Awarded for the financial year in question, the percentage achieved will be taken into account on a straight-line basis. Thus, for example, if the number of new MW reaches 70% of said Annual Target Number of New MW Awarded, this criterion will enable the Chairman and Chief Executive Officer to be paid 40% of the variable remuneration target for this criterion;

  – if the number of New MW exceeds 100% of the Annual Target Number of New MW Awarded for the financial year in question, a multiplier coefficient of two applies to the percentage of outperformance achieved (i.e., the percentage between 100% and the level reached). Thus, for example, if the number of New MW reaches 200% of the Annual Target Number of New MW Awarded, this criterion will enable the Chairman and Chief Executive Officer to be paid 30% of 300% (i.e. 100% added to the outperformance percentage (i.e. 100%) multiplied by two) of his annual fixed remuneration. It is specified that the level of outperformance taken into account for the purposes of this calculation may not exceed 250% of the Annual Target Number of New MW Awarded for the financial year in question, so that the maximum amount likely to be due in the event of outperformance of this criterion may not exceed 30% of 400% (i.e. 100% plus the maximum percentage of outperformance 150%) multiplied by two) of his annual fixed remuneration.

The Annual Target Number of New MW Awarded is defined by the Board of Directors. The Board of Directors will be able to adjust the objective of New MW Awarded to take into account the number of invitations to tender in which the Company was able to participate during the financial year, compared to the number of calls for tender taken into account in the year in question.

Regarding qualitative criteria:

The qualitative performance criteria used would represent 25% of the annual gross variable remuneration of the Chairman and Chief Executive Officer (this percentage being applicable if the target objectives are achieved) and take into account the following factors:

- leadership within Neoen, its ability to lead Neoen's general management and the entire Company and to unite them around a growth project, achievement of financial objectives, innovation and internationalisation, monitoring and support for talent across all Neoen sites, pursuing the internationalisation of the Company's teams.

- representation of Neoen to the outside world, particularly to the analyst and investor community;

- ensuring the implementation of the 2025 strategic plan, in particular the overall growth of awarded volumes, the acceleration of Neoen's development in France, as well as the implementation of the farm down policy;

- continuous improvement of Health & Safety practices, implementation of the CSR policy presented at the Capital Markets Day, achievement of its objectives, and compliance with the quantitative CSR commitments made under the syndicated facilities agreement (objective relating to corruption prevention training for Group employees and objective relating to the Vigeo Eiris rating).

The Board of Directors may review the above performance criteria annually to take into account changes in the Company's situation, prospects and strategy.

For each criterion, the performance assessment of the Chairman and Chief Executive Officer results from a comparison between the target set and the result achieved.

The assessment of the achievement of the target, which will be carried out under the supervision of the Nomination and Compensation Committee, will take into account the competitive environment and the market context, which may require an adjustment to the measurement of certain criteria.

The aforementioned criteria contribute to the objectives of the remuneration policy aimed at respecting the corporate interest, contributing to the Company's sustainability and its business strategy, in particular through a periodic review to verify whether the level of remuneration remains in line with the performance achieved by both the Company and the person in question, and by seeking to remain attractive in relation to the remuneration practised on the market, mainly at the level of comparable companies in the sector, with a view to attracting and retaining talent within its management bodies].

Under the conditions set out below, the Board of Directors would now have discretionary power in the application of the remuneration policy concerning the annual variable remuneration of the Chairman and Chief Executive Officer to ensure that it correctly reflects the Group's performance. Thus, in the event of new circumstances or events occurring during the financial year - unforeseeable at the time the remuneration policy is determined - that significantly impact, upwards or downwards, the level of achievement of the performance criteria attached to annual variable remuneration, the Board of Directors may decide, on the proposal of the Nomination and Compensation Committee, to use this discretionary power provided that it continues to comply with the principles set out in the remuneration policy and provides shareholders with a clear, precise and complete explanation of its choice. This discretionary power would apply only to a limited portion of the annual variable compensation and could increase or reduce the amount of the variable compensation theoretically achieved, in application of the performance criteria, for the financial year (with a maximum amplitude of plus or minus 20%), without this ever exceeding the overall ceiling of annual variable compensation provided for by the remuneration policy.

Annual variable remuneration: payment terms and conditions

The payment of the variable remuneration components granted in respect of the previous financial year is subject to the approval by the ordinary general shareholders' meeting of the components of the remuneration and benefits of any kind of the Chairman and Chief Executive Officer paid during the previous financial year or granted in respect of said financial year (individual ex post vote).

Exceptional remuneration

No exceptional remuneration, except in specific circumstances linked to transactions that have a structuring effect on the Company, after the Nomination and Compensation Committee has given its opinion.

The amount of exceptional remuneration that may be granted in this way could now not exceed 100% of the gross annual fixed remuneration.

The payment of exceptional remuneration components granted in respect of the most recently completed financial year is, in any event, subject to the approval by the ordinary general shareholders' meeting of the components of the remuneration and benefits of any kind paid to the Chairman and Chief Executive Officer during the previous financial year or granted in respect of said financial year (individual ex post vote).

Remuneration for directors' activities

As a director, the Chairman and Chief Executive Officer may receive remuneration in this capacity. However, the Chairman and Chief Executive Officer has indicated that he will not receive such remuneration for his participation in the work of the Company's Board of Directors in his capacity as director and Chairman, for as long as he performs the duties of Chief Executive Officer of the Company.

Benefits of any kind

The Chairman and Chief Executive Officer is provided with a company car, paid for by the Company up to a maximum value of €6,000 per year.

The Chairman and Chief Executive Officer benefits from an unemployment insurance policy that provides him with compensation over a period of twelve months, equivalent to 70% of his gross annual remuneration.

Other collective benefits

The Chairman and Chief Executive Officer may also benefit from all collective rights and benefits enjoyed by the Company's managers (in particular pension plans, mutual insurance and provident schemes, employee savings plans where permitted by the regulations in force (including, in particular, profit-sharing and incentive schemes), CESU cheques and other benefits set up by the staff representative bodies, etc.).

Stock options, performance shares or any other element of long-term remuneration

The Company's long-term remuneration policy is part of a strategy of associating senior executives and key personnel with the Company's capital that is competitive in light of market practices, in accordance with the objectives of the remuneration policy established by the Board of Directors, i.e. respect for the corporate interest and contribution to the Group's strategy and sustainable development.

The allocation of performance shares is decided by the Board of Directors under the terms of the authorisation granted to it by the extraordinary general shareholders' meeting.

The total number of shares that may be allocated in this way may not exceed a specific percentage of the share capital provided

for in the authorisation granted to the Board of Directors by the general shareholders' meeting. For information purposes, it is specified in this respect that the authorisation regarding the grant of free shares in progress, granted by the general shareholders' meeting of May 26, 2020 provides that for each financial year the total number of existing shares or shares to be issued granted under this authorisation to the Company's executive officers may not represent more than 50% of the shares that may be granted free of charge under said authorisation.

The Board of Directors is committed to providing for long-term remuneration that is particularly motivating for executive officers, in particular the Chairman and Chief Executive Officer, whose recognised skills and expertise are essential for the Group.

The Company's practice is to award free performance shares to the Chairman and Chief Executive Officer once every three years. The value of the free shares granted (according to the accounting valuation method used for the consolidated financial statements) to the Chairman and Chief Executive Officer may not exceed an amount equal to the product of:

- a ceiling relative to one year: 200% of the maximum fixed and variable remuneration attributable to him/her it for the financial year in question;
- by the number of years covered by the plan, i.e. three years.

Any free allocation of shares to corporate officers would thus be subject to a double cap, in volume and amount.

The number of shares definitively vested will be determined at the end of a period of at least three years, in application of performance conditions that will be assessed over the same period of at least three years, all shares thus allocated being subject to compliance with performance conditions, determined in view of the Company's quantitative objectives, and to a condition of effective presence in the Group at the end of the vesting period. The applicable performance conditions will be demanding and concern both the intrinsic financial and stock market performance of the group. The conditions will include at least: the thresholds to be reached for EBITDA, new MW (growth criterion) and the rate of return (Total Shareholder Return, or TSR) of the Company's share compared with that of the companies included in the SBF 120 (by sextile).

The executive officers must undertake not to use transactions to hedge their risks on the performance shares allocated to them, until the end of any lock-in period set by the Board of Directors.

The Board of Directors may (i) decide that the shares allocated to executive officers may not be transferred by the interested parties before the termination of their duties, or (ii) set the number of performance shares that they are required to keep in registered form until the termination of their duties.

Supplementary pension scheme

The Chairman and Chief Executive Officer does not currently benefit from a supplementary pension plan. In respect of his corporate office within the Company, the Chairman and Chief Executive Officer may benefit from a defined contribution supplementary pension plan, in accordance with the Group's practices, for the benefit of its senior executives.

Severance pay

The Chairman and Chief Executive Officer is entitled to severance pay in the event of cessation or non-renewal of his term of office as Chief Executive Officer of the Company (excluding cases of gross negligence or serious misconduct). This severance pay will be an amount equivalent to six months of remuneration (one month being defined as the sum of (i) the average monthly fixed remuneration paid in the twelve months preceding the end of the term of office and (ii) the monthly average of the last two amounts of variable remuneration paid).

In accordance with the AFEP-MEDEF Code to which the Company refers, the total severance pay and non-competition remuneration may not exceed twenty-four months of total remuneration (annual fixed and variable remuneration).

Payment of the severance pay will be subject to the dual condition that (x) the sum of the Group's net profit for the last two financial years preceding his removal or, as the case may be, the expiry of his non-renewed term is positive and that (y) the average achievement of the variable remuneration criterion of the number of new MW awarded for the last two financial years preceding his removal or, as the case may be, the expiry of his non-renewed term is equal to or higher than the average of 50% of the targets for this same criterion and for the said two financial year.

Non-competition payment

The Chairman and Chief Executive Officer is entitled to a non-competition payment for the cessation of his mandate as Chief Executive within the Company in respect of his obligation not to undertake, on French soil, via any means whatsoever, any business competing with that of the Company and not to become involved, directly or indirectly, in any activity that could compete with those of the Company, for a period of twelve (12) months from the date of termination of said duties.

This severance pay will be paid monthly during the twelve months following the cessation of the said duties for an amount equal to 70% of his remuneration (a month of remuneration being defined as the sum of (i) the average monthly fixed remuneration paid in the twelve months preceding the end of the term of office and (ii) the monthly average of the last two amounts of variable remuneration paid).

This indemnity may not be paid if (i) the Chief Executive Officer asserts his pension rights; and/or (ii) he exceeds the age of 65.

The Company, through its Board of Directors, reserves the right, in particular in the event of gross misconduct or major financial difficulties, to unilaterally waive this non-competition commitment on the date of termination of the term of office of the executive officer, in which case he/she shall be free from any commitment and no compensation shall be owed to him/her.

This remuneration policy is subject to the approval of the general shareholders' meeting, pursuant to a resolution reproduced below:

"Eighth resolution (Approval of the remuneration policy applicable to the Chairman and Chief Executive Officer)

The general shareholders' meeting, deliberating under the conditions of quorum and majority required for ordinary general shareholders' meetings, having taken note of the corporate governance report referred to in Article L. 225-37 of the French

Commercial Code, approves, pursuant to Article L. 22-10-8 II of the French Commercial Code, the remuneration policy applicable to the Chairman and Chief Executive Officer, as presented in paragraphs 6.3.1 and 6.3.2.1 (ii) of the corporate governance report incorporated into the 2020 universal registration document in chapter 6."

(ii) Deputy Chief Executive Officer

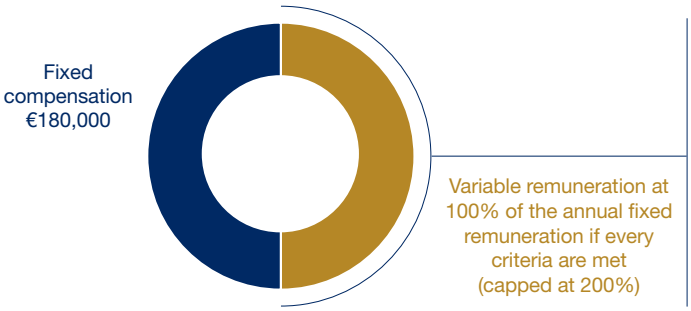
Romain Desrousseaux was appointed Deputy Chief Executive Officer by decision of the Board of Directors of April 17, 2019 on the proposal of the Chairman and Chief Executive Officer and after receiving the opinion of the Nomination and Compensation Committee. For more information, refer to paragraph 6.2.2.1 of this document.

Romain Desrousseaux does not receive any remuneration or benefits for his mandate. He is paid exclusively under his employment contract signed with the Company before his appointment as Deputy Chief Executive Officer.

Article R. 22-10-14 of the French Commercial Code, by reference to Article L. 22-10-8, states that information relating to the remuneration policy relates to remuneration received for the mandate in question. This text therefore does not apply in principle to the Deputy Chief Executive Officer, insofar as he/she does not receive any remuneration for his/her duties as Deputy Chief Executive Officer. It was nevertheless decided to submit, on a voluntary basis, the components of the compensation of the Chief Operating Officer, as shown below, to a vote at the next general shareholders' meeting.

Article R. 22-10-14 of the French Commercial Code nevertheless specifies that the remuneration policy must include the duration of the mandate(s) and, where applicable, the employment or service contracts entered into with the Company, the notice periods and the conditions of revocation or termination applicable to them.

Fixed and variable compensation



Performance regarding the variable compensation

75 %	**Quantitative criteria** Revenue (10 %) EBITDA (20 %) New international awarded MW (45%)
25 %	**Qualitative criteria**

Fixed remuneration

Fixed remuneration is paid by the Company to the Chief Operating Officer under his employment contract (representing, for information purposes, €180,000 for the 2020 financial year). The Deputy Chief Executive Officer does not therefore receive any fixed remuneration paid by the Company in respect of his/her appointment as Deputy Chief Executive Officer.

Annual variable remuneration

In accordance with the employment contract of the Deputy Chief Executive Officer, the variable portion is expressed as a percentage of the annual fixed remuneration. This variable part is calculated based on the degree of achievement of objectives. These are set according to different criteria. These criteria are, for 75%, quantitative criteria in the event that the target objectives set by reference to the Company's budget are achieved, as approved by the Board of Directors or the EBITDA guidance as the case may be, and, with regard to the MW «awarded» criterion, on the basis of the target objective set by the Nomination and Compensation Committee for the projects for which he has been given responsibility and, for 25%, qualitative criteria. Each year, the amount of the Deputy Chief Executive Officer's variable compensation for the previous year is determined by the Nomination and Compensation Committee, which informs the Board of Directors.

In accordance with the AFEP-MEDEF Code, the amount of the annual variable remuneration is capped at 100% of the annual fixed remuneration if the quantitative and qualitative criteria are met, it being specified that in the event of outperformance, the maximum amount of the variable remuneration may not exceed an amount corresponding to 200% of his annual fixed remuneration.

For each criterion defined below (i) a trigger level in relation to the objective set would be provided for, (ii) in the event of outperformance of said criterion in relation to the objective set, the weighting relating to this criterion would be increased in order to take account of this outperformance and (iii) a maximum threshold of outperformance in relation to the objective set would be provided for.

The quantitative criteria would be as follows:

- Revenue criterion:

Up to 10% of the gross variable annual remuneration (this percentage being applicable in the event of achievement of the target objectives), taking into account the revenue level achieved (i.e. the sum of reported revenue and any penalties paid to compensate for the missed revenue), with a trigger level as from the achievement of 90% of the revenue provided for in the budget approved by the Board of Directors, as well as the following conditions for outperformance:

– if the level of revenue is between 90% and 100% (inclusive) of the budgeted level of revenue, the achieved percentage would be taken into account linearly. Thus, for example, if 95% of the target revenue is achieved, this criterion would allow the Deputy Chief Executive Officer to receive 50% of the target annual variable remuneration under this criterion;

– if the level of revenue exceeds 100% of the budgeted level of revenue, a multiplier coefficient of two would apply to the percentage of outperformance achieved (i.e. the percentage between 100% and the level achieved). Thus, for example, if 120% of the target revenue is reached, this criterion will allow the Deputy Chief Executive Officer to be paid 10% of 140% (i.e. 100% of the target amount plus the outperformance percentage (20%) multiplied by two). It is specified that the level of outperformance taken into account for the purposes of this calculation may not exceed 125% of the budgeted level of revenue.

- EBITDA criterion:

Up to 20% of the gross annual variable remuneration (this percentage is applicable assuming the target objectives are achieved), taking into account the level of EBITDA achieved, with a trigger threshold as from the achievement of 90% of the amount corresponding to the middle of the EBITDA guidance range (applied linearly to the target amount of the percentage achieved between 90% and 100%) and performance conditions identical mutatis mutandis to those provided for the revenue criterion. It is specified that the level of outperformance taken into account for the purposes of this calculation may not exceed 125% of the amount corresponding to the middle of the EBITDA guidance range.

- New international MW awarded criterion:

Up to 45% of the annual variable remuneration (this percentage being applicable if the target objectives are achieved), taking into account the number of new MW in the awarded phase for the projects for which he has been given responsibility (also including all new MW acquired in the context of any external growth operations as well as the new MW that have gone directly to the under construction phase without having gone through the awarded phase), new MW corresponding to incremental power under repowering projects (the "New International MW"), with a triggering level as of the achievement of 50% of the number of MW in the awarded phase target set by the Nomination and Remuneration Committee for the projects for which he has been given responsibility (the "Annual Target Number of New International MW Awarded" as described below) and the following performance conditions:

– if the number of New International MW is between 50% and 100% (inclusive) of the Annual Target Number of New International MW Awarded for the financial year in question, the percentage achieved would be taken into account on a straight-line basis. Thus, for example, if the number of new MW reaches 70% of said Annual Target Number of New International MW Awarded, this criterion will allow the Deputy Chief Executive Officer to be paid 40% of the target amount of variable remuneration under this criterion;

– if the number of New International MW exceeds 100% of the Annual Target Number of New International MW Awarded for the financial year in question, a multiplier coefficient of two would apply to the percentage of outperformance achieved (i.e., the percentage between 100% and the level reached). Thus, for example, if the number of New International MW reaches 200% of the Annual Target Number of New International MW Awarded, this criterion will enable the Deputy Chief Executive Officer to be paid 45% of 300% (i.e. 100% added to the outperformance percentage (i.e. 100%) multiplied by two) of his annual fixed remuneration. It is specified that the level of outperformance taken into account for the purposes of this calculation may not exceed 250% of the Annual Target Number of New International MW Awarded for the financial year concerned, so that the maximum amount likely to be due in the event of outperformance of this criterion may not exceed 45% of 400% (i.e. 100% of the target number plus the maximum percentage of outperformance (150%) multiplied by two) of his annual fixed remuneration.

The Annual Target Number of New International MW Awarded will be set by the Nomination and Compensation Committee. It would have the option of adjusting the Annual Target Number of New International MW Awarded to take into account the number of invitations to tender in which the Company was able to participate during the financial year, compared to the number of calls for tender taken into account in the budget for the year in question.

The qualitative performance criterion used would represent 25% of the annual gross variable remuneration of the Deputy Chief Executive Officer (this percentage being applicable if the target objectives are achieved) and would take into account:

- leadership within the development teams in the Australia, Europe, Americas regions, and representation of Neoen to our local counterparts. In the particular post-COVID context, remobilisation and realignment of the teams whose direct interactions were rather limited in 2020;
- continued internationalisation of the Company, with a particular focus on Europe;
- further development of the «Energy Management» function: creation of a complete production/storage/trading «chain»;
- ability to seize external growth opportunities in line with the development priorities set out in the 2021-2025 business plan.

As the payment of the Deputy Chief Executive Officer's variable remuneration granted in respect of the previous financial year is exclusively linked to his/her employment contract, he/she is not subject to approval by the ordinary meeting of shareholders of the components of his/her compensation and benefits of any kind, paid during the previous financial year or granted in respect of said financial year (individual ex post vote).

The Nomination and Compensation Committee would henceforth benefit, under the conditions set out below, from a discretionary power in the application of the remuneration policy concerning the annual variable remuneration of the Deputy Chief Executive Officer in order to ensure that it correctly reflects the Group's performance.

Variable remuneration: deferred method

Not applicable.

Exceptional remuneration

No exceptional remuneration, except in specific circumstances linked to transactions that have a structuring effect on the Company, after the Nomination and Compensation Committee has given its opinion. This type of remuneration would be linked to the employment contract.

As a result, the payment of components of exceptional remuneration granted in respect of the previous financial year would not, in any case, be conditional on the approval by the ordinary general shareholders' meeting of the components comprising its remuneration and benefits of any kind, paid during the previous financial year or granted in respect of the said financial year (individual ex post vote).

Remuneration for directors' activities

Not applicable.

Benefits of any kind

The Deputy Chief Executive Officer may also benefit from all collective rights and benefits enjoyed by the Company's managers (in particular pension plans, mutual insurance and provident schemes, employee savings plans where permitted by the regulations in force (including, in particular, profit-sharing and incentive schemes), CESU cheques and other benefits set up by the staff representative bodies, etc.).

Stock options, performance shares or any other element of long-term remuneration

The Company's long-term remuneration policy is part of a strategy of associating senior executives and key personnel with the Company's capital that is competitive in light of market practices, in accordance with the objectives of the remuneration policy established by the Board of Directors, i.e. respect for the corporate interest and contribution to the Group's strategy and sustainable development.

The allocation of performance shares is decided by the Board of Directors under the terms of the authorisation granted to it by the extraordinary general shareholders' meeting.

The total number of shares thus allocated may not exceed a specific percentage of the share capital provided for in the authorisation granted to the Board of Directors by the general shareholders' meeting. For information purposes, it is specified in this respect that the authorisation regarding the grant of free shares in progress, granted by the general shareholders' Meeting of May 26, 2020 provides that for each financial year the total number of existing shares or shares to be issued granted under this authorisation to the Company's executive officers may not represent more than 50% of the shares that may be granted free of charge under said authorisation.

The Company is committed to providing for long-term compensation that is particularly motivating for executive officers, in particular the Deputy Chief Executive Officer(s), whose skills and expertise are essential for the Group.

The Company's practice is to award free performance shares to the Deputy Chief Executive Officer once every three years. The value of the free shares granted (according to the accounting valuation method used for the consolidated financial statements) to the Deputy Chief Executive Officer may not exceed an amount equal to the product of:

- a ceiling relative to one year: 200% of the maximum fixed and variable remuneration attributable to him/her it for the financial year in question;
- the number of years covered by the plan, i.e. three years.

Any free allocation of shares to corporate officers would thus be subject to a double cap, in volume and value.

The number of shares definitively vested will be determined at the end of a period of at least three years, in application of performance conditions that will be assessed over the same period of at least three years, all shares thus allocated being subject to compliance with performance conditions, determined in view of the Company's quantitative objective and to a condition of actual presence in the Group at the end of the vesting period. The applicable performance conditions will be demanding and concern both the intrinsic financial and stock market performance of the group. The conditions will include at least: the thresholds to be reached for EBITDA, new MW (growth criterion) and the rate of return (Total Shareholder Return, or TSR) of the Company's share compared with that of the companies included in the SBF 120 (by sextile).

The executive officers must undertake not to use transactions to hedge their risks on the performance shares allocated to them, until the end of any lock-in period set by the Board of Directors. The Board of Directors may (i) decide that the shares allocated to executive officers may not be transferred by the interested parties before the termination of their duties, or (ii) set the number of performance shares that they are required to keep in registered form until the termination of their duties.

Severance pay

The Deputy Chief Executive Officer is not entitled to any specific severance pay in the event of termination of his/her office or employment contract.

Employment contract notice periods

The Deputy Chief Executive Officer is subject to a three-month notice period in the event of resignation under his/her permanent employment contract.

Conditions for terminating the employment contract

The Deputy Chief Executive Officer may resign from his employment contract.

The Company may make a dismissal, provided that it has a reason, or a contractual termination.

Non-competition payment

The Deputy Chief Executive Officer is entitled to a non-competition payment upon termination of his/her employment contract with the Company in return for the application of the clause which has the consequence of limiting the free exercise of a professional activity. The Deputy Chief Executive Officer will receive a monthly financial compensation from the date of termination of his/her employment contract and throughout the application of the clause, calculated as follows:

- 33% of the gross fixed monthly remuneration received on the date of termination of the contractual relationship if he/she becomes unemployed; and

- 20% of the gross fixed monthly remuneration received on the date of termination of the contractual relationship if he/she has found a job.

Supplementary pension scheme

The Deputy Chief Executive Officer may be entitled to a supplementary defined contribution pension plan, in accordance with Group practices, in favour of its senior executives.

This remuneration policy for the Deputy Chief Executive Officer is submitted to the general shareholders' meeting of May 25, 2021 pursuant to the resolution reproduced below:

"Ninth resolution (Approval of the remuneration policy applicable to the Deputy Chief Executive Officer)

The general shareholders' meeting, deliberating under the conditions of quorum and majority required for ordinary general shareholders' meetings, having taken note of the corporate governance report referred to in Article L. 225-37 of the French Commercial Code, approves, pursuant to Article L. 22-10-8 II of the French Commercial Code, the remuneration policy applicable to the Deputy Chief Executive Officer, as presented in paragraphs 6.3.1 and 6.3.2.1 (ii) of the corporate governance report incorporated into the 2020 universal registration document in chapter 6."

6.3.2.2 SUMMARY OF REMUNERATION FOR EXECUTIVE OFFICERS XAVIER BARBARO AND ROMAIN DESROUSSEAUX FOR 2020

The tables below follow the standardised presentation recommended in the AFEP-MEDEF Code and by the AMF.

Table 1 - Summary of compensation and options and shares granted to each executive officer (AMF nomenclature)

(in euros)	2019[1]	**2020[1]**
Xavier Barbaro, Chairman & Chief Executive Officer		
Remuneration granted for the financial year (detailed in Table 2)	398,931.00[2]	470,159.23[2]
Valuation of multi-year variable remuneration granted during the financial year	-	-
Valuation of options granted during the financial year	-	-
Valuation of free shares granted during the financial year	-	-
Valuation of other long-term remuneration plans	-	
TOTAL	**398,931.00**	**470,159.23**
Romain Desrousseaux, Deputy Chief Executive Officer		
Remuneration granted for the financial year (detailed in Table 2)	375,597.00	361,292.40
Valuation of multi-year variable remuneration granted during the financial year		
Valuation of options granted during the financial year	-	-
Valuation of free shares granted during the financial year	-	-
Valuation of other long-term remuneration plans	-	
TOTAL	**375,597.00**	**361,292.40**

(1) On a gross basis (before social security contributions and taxes).

(2) For the purpose of this table, this amount does not include benefits in kind in the amount of €4,612.32 (corresponding to the company car) and €7,083.36 (corresponding to unemployment insurance premiums) taken into account in Table 2 below.

Table 2 - Summary of compensation of each executive officer (AMF nomenclature)

(in euros)	2019[1] Allocated amounts[3]	2019[1] Amounts paid[3]	2020[1] Allocated amounts[3]	2020[1] Amounts paid[3]
Xavier Barbaro, Chairman and Chief Executive Officer[5]				
Fixed remuneration	200,000.00	200,000.00	229,166.73	229,166.73
Annual variable remuneration[4]	198,931.00	198,931.00	240,992.50	
Exceptional remuneration	-	-		
Remuneration granted based on the office of director	-	-		
Benefits of any kind[2]	4,612.32 (company car) 7,083.34 (unemployment insurance)	11,695.66	4,612.32 (company car) 7,083.36 (unemployment insurance)	11,695.68
TOTAL	**410,626.66**	**410,626.66**	**481,854.91**	**240,862.41**
Romain Desrousseaux, Deputy Chief Executive Officer[5]				
Fixed remuneration	180,000.00	180,000.00	180,000.00	180,000.00
Annual variable remuneration[4]	195,597.00	195,597.00	181,292.40	
Exceptional remuneration	-	-		
Remuneration granted based on the office of director	N/A	N/A	N/A	N/A
Benefits of any kind	-	-	-	-
TOTAL	**375,597.00**	**375,597.00**	**361,292.40**	**180,000.00**

(1) On a gross basis (before social security contributions and taxes).

(2) Xavier Barbaro benefits from a company car and unemployment insurance (refer to paragraph 6.3.2.1. of this document for more information on this unemployment insurance).

(3) As for the period above-mentioned.

(4) The criteria for annual variable compensation granted for the 2020 financial year and their level of achievement are detailed in paragraphs 6.3.2.3 and 6.3.2.4 (in the table relating to the individual say on pay ex post for executive officers).

(5) Xavier Barbaro and Romain Desrousseaux also benefited from a profit-sharing scheme set up for the first time in 2019 and paid in 2020 (see paragraphs 6.3.2.3 and 6.3.2.4 - table relating to individual say on pay ex post of executive officers).

Equity ratio

In accordance with paragraphs 6 and 7 of I of Article L. 22-10-9 of the French Commercial Code, the Company must present the ratios between the level of compensation of the Chairman and Chief Executive Officer and, on the one hand, the average compensation on a full-time equivalent basis for employees other than corporate officers, and, on the other hand, the median compensation on a full-time equivalent basis for employees other than corporate officers; as well as the annual change in the compensation of the Chairman and Chief Executive Officer, the Company's performance, the average compensation on a full-time equivalent basis for employees, other than executives, and the ratios mentioned above, during the 2020 financial year.

The remuneration of the Chairman and Chief Executive Officer used for the purposes of this calculation includes all components of fixed, variable and exceptional remuneration paid during the 2020 and 2019 financial years. The Company completed its IPO in the second half of 2018. Consequently, the presentation of ratios over a five-year period does not seem appropriate since the Company was not subject to the same level of legal requirements as that which it now faces as an entity whose shares are admitted to trading on the regulated market of Euronext Paris.

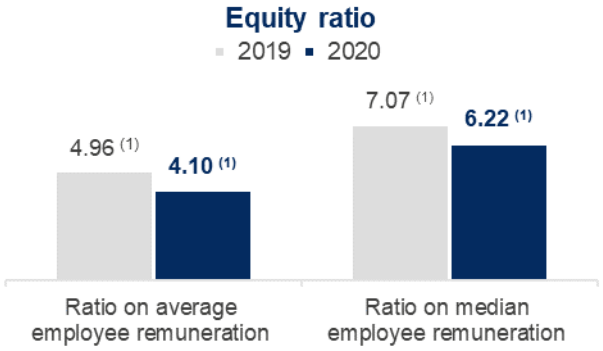
The ratios were calculated on the basis of the median and average remuneration paid (including, where applicable, the bonus paid) to employees of the Company, the only French company in the Group that has employees in France. The ratios were therefore calculated on the basis of all the Group's French employees.

Lastly, the equity ratios were not calculated for the Deputy Chief Executive Officer as he does not receive remuneration for his corporate office but for his employment contract (see paragraph 6.3.2.1 (ii) of this document).

The following methodological elements should be highlighted:

- for representativeness purposes, the scope used is that of the Company (representing 100% of the employees in France and 53.33% of the Group's employees), by retaining employees on permanent and fixed-term contracts present both on December 31 of the financial year in question and 31 December of the previous financial year. By way of illustration, on December 31, 2020, this workforce represented 76.47% of the permanent/fixed-term workforce in France

- the following components were used in accordance with the AFEP guidelines on remuneration multiples: fixed remuneration, variable remuneration, profit-sharing and incentive schemes, performance shares awarded in respect of the financial year in question[1], exceptional bonus and any benefits in kind. Severance, non-competition benefits and supplementary pension plans were excluded.



(1) In so far as Xavier Barbaro was not granted any free shares during the 2019 and 2020 financial years, the absence of this remuneration component is reflected in the ratios.

Change

The overall remuneration paid to the Chairman and Chief Executive Officer in 2020 was €457,710.08, 9.71% higher than that paid in 2019. This compares with a 25.13% increase in EBITDA and a 32.64% increase in average employee remuneration.

Equity ratios

Table - Comparison of the remuneration of executive officers with the Company's performance and the average and median remuneration of employees

	2019 (1)	**2020 (1)**
Xavier Barbaro, Chairman & Chief Executive Officer		
Remuneration (in euros)	417,197.66 (2)	457,710.08 (2)
Ratio in relation to average employee remuneration (6)	**4.96**	**4.10**
Ratio in relation to median employee remuneration (6)	**7.07**	**6.22**
EBITDA (in € million) (3)	216.1 (4)	270.4 (5)

(1) Xavier Barbaro's remuneration for 2019 and 2020 corresponds to the annual amount of compensation set by the Board of Directors at the time of the Company's IPO on October 17, 2018 and thereafter, so that the information for 2019 and 2020 contained herein cannot be compared with previous financial years.

(2) Insofar as Xavier Barbaro was not granted any free shares during the 2019 and 2020 financial years, the absence of this remuneration component is reflected in the ratios.

(3) The Group decided to change the performance indicator and to use EBITDA rather than the net income that had been used to calculate the 2019 equity ratio. The change in EBITDA reflects the Company's performance better than the net income, which depends on changes in taxation in the various countries in which the Group operates. Moreover, it is EBITDA that the Group uses for guidance purposes.

(4) €217.2 million at constant exchange rates.

(5) €274.8 million at constant exchange rates.

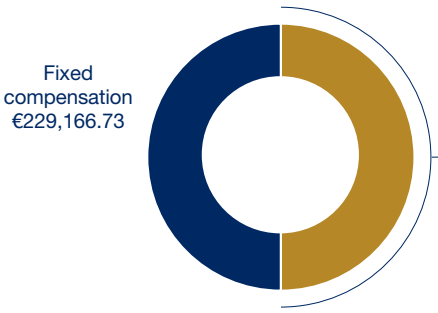
(6) The average and median remuneration of employees includes the remuneration that Mr Romain Desrousseaux receives under his employment contract (see paragraph 6.3.2.1 (ii) of this document).

[1] In accordance with the guidelines on remuneration multiples published by AFEP on December 19, 2019 and updated in February 2021, the full valuation of the free shares granted was retained for the financial year in question, even though their definitive granting is subject to their actual presence on the date of definitive grant and the achievement of performance criteria with a vesting period of three years.

6.3.2.3 FIXED, VARIABLE AND EXCEPTIONAL COMPONENTS OF THE TOTAL REMUNERATION AND BENEFITS OF ANY KIND PAID DURING THE 2020 FINANCIAL YEAR OR GRANTED IN RESPECT OF THE SAME FINANCIAL YEAR TO XAVIER BARBARO, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, SUBMITTED TO THE VOTE OF THE GENERAL SHAREHOLDERS' MEETING OF MAY 25, 2021 IN ITS 5TH RESOLUTION (INDIVIDUAL SAY ON PAY EX POST)

Summary tables of the remuneration of the Chairman and Chief Executive Officer granted for the 2020 financial year

Fixed and variable compensation



Performance regarding the variable compensation

75 %	**Quantitative criteria** Revenue (15 %) EBITDA (30 %) New awarded MW (30 %)	**Amount** €178,492.50
25 %	**Qualitative criteria**	**Amount** €62,500

Remuneration for term of office as a director €0	**Profit-sharing** €17,916.67	**Benefits of any kind** €11,695.68	**Exceptional remuneration** €0	**Supplementary pension scheme** None

Remuneration components submitted to the vote of the general shareholders' meeting	Amounts paid during the previous financial year	Amounts granted in respect of the previous financial year or accounting valuation	Presentation
Fixed remuneration	€229,166.73	€229,166.73	The amount of the annual fixed remuneration of the Chairman and Chief Executive Officer paid during 2020 and granted for that financial year was **€229,166.73**.
Annual variable remuneration	€198,931[1]	€240,992.50	The amount of the Chairman and Chief Executive Officer's variable remuneration for his duties within the Company is set by the Company's Board of Directors, after consultation with the Nomination and Compensation Committee, and based on performance criteria. The variable portion of the Chairman and Chief Executive Officer will amount to 100% of the gross amount of his fixed remuneration if the performance criteria are met, not to exceed 200% of the gross amount of his fixed remuneration. During its meeting of March 10, 2021, the Board of Directors, after receiving the opinion of the Nomination and Compensation Committee, noted the achievement of the variable remuneration performance criteria as follows: • **Revenue** criterion: **€352.7 million**, or **98.77%** of budgeted revenue, or 87.70% of the 15% target; • **EBITDA** criterion: **€274.8 million**, or **96.42%** of budgeted EBITDA, or 64.20% of the 30% target; • **New awarded MW** criterion: **1,035.9 MW**, or **114.97%** achievement of this criterion (based on the target number), or 129.94% of the 30% target; • qualitative criteria; **100%** of the 25% target. Regarding the **qualitative performance criteria,** the Board of Directors noted that: • Concerning the leadership within Neoen, his ability to lead the general management of Neoen and the whole Company and to unite them around a growth project, achievement of financial objectives, innovation and internationalisation, monitoring and support of talent across all Neoen's locations: this criterion is fully met, the company's trajectory in 2020 is the demonstration of this. • Concerning Neoen's representation to the outside world, in particular to the analyst and investor community: the Board sees the success of this effort in the buying flows, in the increased coverage of Neoen's share, and in Neoen's inclusion in several indices (including, in particular, the SBF 120) as signs of the success of this effort, beyond expectations. • A new multi-year business plan was presented to the Board at the 2020 strategy seminar and will be rolled out in 2021. The Board considers this criterion to be met. • The management of issues related to COVID-19 (business continuity, mobilisation of remote teams), in the specific context of 2020, has been fully met. Indeed, the Group has provided all its teams with the tools they need to work remotely under efficient conditions. The Group continued hiring during the health crisis to support its growth and the integration of new employees went well despite the remote working environment. Also, the Company did not use any state aid measures (such as short-time working or state-guaranteed loans). • Lastly, the continuous improvement of Health & Safety practices, and the promotion of a global policy in terms of Social and Environmental Responsibility, were implemented, which is reflected in an improvement in Neoen's positioning in certain rating grids. In particular, the professional equality index rose significantly from 84/100 in 2019 to 92/100 in 2020. The group has also prepared the Sustainability Framework that will be presented at the Capital Markets Day on March 11, 2021. Thus, in total, the amount of annual variable remuneration granted to Xavier Barbaro for the 2020 financial year is equal to **€240,992.50.**

Remuneration components submitted to the vote of the general shareholders' meeting	Amounts paid during the previous financial year	Amounts granted in respect of the previous financial year or accounting valuation	Presentation
			The payment of the annual variable remuneration granted for 2020 is subject to approval by the next ordinary general shareholders' meeting of the resolution covered by this table.
Exceptional remuneration	None	None	No exceptional remuneration
Remuneration for term of office as a director	None	None	The Chairman and Chief Executive Officer has indicated that he will not receive such remuneration for his participation in the work of the Company's Board of Directors as long as he holds the above-mentioned positions.
Profit-sharing	€17,916.67		Profit-sharing put in place for the first time for the year 2019. The profit-sharing scheme was put in place for the first time for the year 2019 and paid in 2020.
Benefits of any kind	€11,695.68 (accounting valuation)	€4,612.32 (company car) €7,083.36 (unemployment insurance)	The Chairman and Chief Executive Officer is provided with a company car, paid for by the Company up to a maximum value of €6,000 per year. The Chairman and Chief Executive Officer benefits from an unemployment insurance policy that provides him with compensation over a period of twelve months, equivalent to 70% of his gross annual remuneration.
Stock options, free shares or any other element of long-term remuneration		Options: None Shares: None	**No options to subscribe for or purchase shares** were granted to Xavier Barbaro for the 2020 financial year. **No free shares** were granted to Xavier Barbaro for the 2020 financial year.
Severance pay	None	None	The Chairman and Chief Executive Officer is entitled to severance pay in the event of cessation or non-renewal of his term of office as Chief Executive Officer of the Company (excluding cases of gross negligence or serious misconduct). This severance pay will be an amount equivalent to six months of remuneration (one month being defined as the sum of (i) the average monthly fixed remuneration paid in the twelve months preceding the end of the term of office and (ii) the monthly average of the last two amounts of variable remuneration paid). Payment of the severance pay will be subject to the dual condition that (x) the sum of the Group's net profit for the last two financial years preceding his removal or, as the case may be, the expiry of his non-renewed term is positive and that (y) the average achievement of the variable remuneration criterion of the number of new MW awarded for the last two financial years preceding his removal or, as the case may be, the expiry of his non-renewed term is equal to or higher than the average of 50% of the targets for this same criterion and for the said two financial years.
Non-competition payment	None	None	The Chairman and Chief Executive Officer is entitled to a non-competition payment for the cessation of his term of office as Chief Executive within the Company in respect of his obligation not to undertake, on French soil, via any means whatsoever, any business competing with that of the Company and not to become involved, directly or indirectly, in any activity that could compete with those of the Company, for a period of twelve (12) months from the date of termination of said duties. This severance pay will be paid monthly during the twelve months following the cessation of the said duties for an amount equal to 70% of his remuneration (a month of remuneration being defined as the sum of (i) the average monthly fixed remuneration paid in the twelve months preceding the end of the term of office and (ii) the monthly average of the last two amounts of variable remuneration paid). This severance pay may not be paid if (i) the Chief Executive Officer asserts his pension rights; and/or (ii) he exceeds the age of 65.
Supplementary pension scheme	N/A		Xavier Barbaro does not benefit from a supplementary defined contribution pension plan.

(1) The payment of these remuneration components was approved by the general shareholders' meeting of May 26, 2020 under the seventh ordinary resolution.

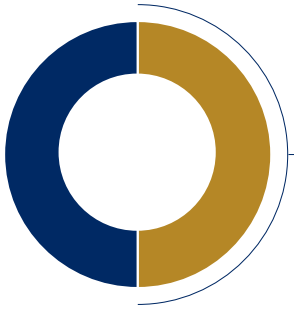
6.3.2.4 FIXED, VARIABLE AND EXCEPTIONAL COMPONENTS OF THE TOTAL REMUNERATION AND BENEFITS OF ANY KIND PAID DURING THE 2020 FINANCIAL YEAR OR GRANTED FOR THE SAME FINANCIAL YEAR TO ROMAIN DESROUSSEAUX, DEPUTY CHIEF EXECUTIVE OFFICER SUBMITTED TO THE VOTE OF THE GENERAL SHAREHOLDERS' MEETING OF MAY 25, 2021 IN ITS 6TH RESOLUTION (INDIVIDUAL SAY ON PAY EX POST)

The payment of the variable and exceptional components granted to Romain Desrousseaux is not subject to approval by an ordinary general shareholders' meeting. However, they are submitted to it voluntarily.

The following information is provided for this purpose:

Summary table of the remuneration of the Deputy Chief Executive Officer granted for the 2020 financial year

Fixed and variable compensation



Performance regarding the variable compensation

75 %	**Quantitative criteria** Revenue (10 %) EBITDA (20 %) New international awarded MW (45 %)	**Amount** €136,292.40
25 %	**Qualitative criteria**	**Amount** €45,000

Remuneration for term of office as a director €0	**Profit-sharing** €17,916.67	**Benefits of any kind** None	**Exceptional remuneration** €0	**Supplementary pension scheme** None

It should be noted in advance that Romain Desrousseaux, Deputy Chief Executive Officer, is remunerated exclusively under his employment contract.

Accordingly, this table does not show any amount in the columns concerning remuneration paid during 2020 or granted in respect of that year to Romain Desrousseaux because of his corporate office. Consequently, the payment of the variable remuneration components granted for 2020 is not conditional on a favourable vote at the next ordinary general shareholders' meeting.

It was nevertheless decided to submit the table set out below to a vote at the next general shareholders' meeting (which recaps, for information purposes only, the components related to the employment contract in the column «Presentation (informational)»).

Remuneration components submitted to the vote of the general shareholders' meeting	Amounts paid during the previous financial year in respect of the corporate office	Amounts granted in respect of the previous financial year or accounting valuation in respect of the corporate office	Presentation (informational)
Fixed remuneration	None	None	This remuneration is paid by the Company under the employment contract of the Deputy Chief Executive Officer. For information purposes, it amounts to **€180,000** for 2020. The Deputy Chief Executive Officer does not therefore receive any fixed remuneration paid by the Company in respect of his appointment as Deputy Chief Executive Officer.
Annual variable remuneration	None	None	The variable remuneration of the Deputy Chief Executive Officer for 2020 was set by the Nomination and Compensation Committee on March 3, 2021, which noted the following performances in respect of the quantitative and qualitative performance criteria set by the Committee at its meeting of March 18, 2020 and whose principles are reflected in his employment contract: • **Revenue** criterion: **€352.7 million**, or **98.77%** of budgeted revenue, or 87.70% of the 10% target; • **EBITDA** criterion: **€274.8 million**, or **96.42%** of budgeted EBITDA, or 64.20% of the 20% target; • **New international MW awarded** criterion: **827 MW**, or **110.12%** achievement of this criterion (based on the target number), or 120.24% of the 45% target; • qualitative criteria: **100%** of the 25% target. With regard to the qualitative performance criteria, the Committee noted that: • With regard to leadership within the development teams in the Australia, Europe / Africa / Caribbean / Americas regions, and Neoen's representation to our local counterparties: the Nomination and Compensation Committee salutes the commitment of Romain Desrousseaux, who has been able to meet this challenge despite the impossibility of travelling. This also applies to the management of issues related to COVID-19 (business continuity, mobilisation of remote teams), in the particular context of 2020. • The Company's continued internationalisation was perfectly ensured, with the Group setting up operations in Sweden and Croatia. • With regard to the development of the «Energy Management» function: the Nomination and Compensation Committee sees the signing of a PPA in Finland with Dutch customers, as well as the success of Neoen in its Victorian Big Battery project as proof of the increasing importance of this function. • Lastly, the Nomination and Compensation Committee noted the existence of workshops on the themes of energy storage and hydrogen, involving participants from several countries, which fully validates the criterion of participation in the dissemination of best practices between the different countries where Neoen operates. Thus, in total, the amount of the Deputy Chief Executive Officer's variable remuneration for the 2020 financial year will be **€181,292.40.** As the Deputy Chief Executive Officer's variable remuneration is exclusively granted under his employment contract, his payment is not subject to the approval by the general shareholders' meeting of remuneration and benefits of any kind paid during or granted in respect of the last financial year.
Exceptional remuneration	None	None	No exceptional remuneration.
Remuneration for term of office as a director	N/A	N/A	Not applicable.

Remuneration components submitted to the vote of the general shareholders' meeting	Amounts paid during the previous financial year in respect of the corporate office	Amounts granted in respect of the previous financial year or accounting valuation in respect of the corporate office	Presentation (informational)
Profit-sharing	None		Profit-sharing put in place for the first time for the year 2019. An amount of €17,916.67 was paid in 2020 in respect of 2019.
Benefits of any kind	None	None	The Deputy Chief Executive Officer did not receive any individual benefits of any kind in respect of the 2020 financial year.
Stock options, free shares or any other element of long-term remuneration		Options: None Shares: None	**No options to subscribe for or purchase shares** were granted to the Deputy Chief Executive Officer for the 2020 financial year. **No free shares** were granted to the Deputy Chief Executive Officer for the 2020 financial year.
Severance pay	N/A		The Deputy Chief Executive Officer is not entitled to any specific severance pay in the event of termination of his/her office or employment contract.
Non-competition payment	None	None	The Deputy Chief Executive Officer is entitled to a non-competition payment upon termination of his/her employment contract with the Company in return for the application of the clause which has the consequence of limiting the free exercise of a professional activity. The Deputy Chief Executive Officer will receive a monthly financial compensation from the date of termination of his/her employment contract and throughout the application of the clause, calculated as follows: - 33% of the gross fixed monthly remuneration received on the date of termination of the contractual relationship if the employee becomes unemployed; and - 20% of the gross fixed monthly remuneration received on the date of termination of the contractual relationship if the employee has found a job.
Supplementary pension scheme	N/A		The Deputy Chief Executive Officer does not benefit from a supplementary defined contribution pension plan.

6.3.3 COMPENSATION OF NON-EXECUTIVE OFFICERS

(i) Remuneration policy for directors

In accordance with applicable law, the maximum amount of remuneration allocated to directors is set by the general shareholders' meeting. The general shareholders' meeting of May 26, 2020 decided to set this amount at €300,000 per year for the current and subsequent periods, unless a new general shareholders' meeting in the future changes the annual amount. In addition, since the amount of remuneration allocated is granted on an annual basis, this amount is calculated *prorata temporis* in the event of the appointment or termination, for any reason whatsoever, of the term of office of member of the Board of Directors during the financial year.

Within the limit of the amount decided by the general shareholders' meeting and in accordance with the remuneration policy, the Board of Directors decides at the end of each year the amount of remuneration that will be allocated to its members for the financial year ended and at the beginning of each year their allocation rules as well as the methods for calculating the remuneration allocated for the current financial year.

The criteria for distribution the fixed annual amount allocated by the general shareholders' meeting to the directors are as follows:

BOARD OF DIRECTORS	• A remuneration of €35,000 is due to each director, adjusted according to their actual presence and time devoted to the work: – in case of absence from 20% of the meetings: the amount due is reduced by 10%; – in case of absence between 20% and 50% of the meetings: the amount due is reduced in proportion to the presence; – in case of absence from more than 50% of the meetings: the amount due is reduced by 50%. • An additional remuneration of €15,000 is due to the lead independent director • The budget allocated to the directors is set at a maximum total amount of €300,000 • In the event of an increased workload, the Board may allocate the balance of the total annual remuneration remaining available to all or some of its members, depending on their participation in the Board's work • In accordance with the provisions of Articles L. 22-10-15 and L. 225-46 of the French Commercial Code, exceptional remuneration may be granted to certain Board members for specific assignments or mandates. This remuneration would be charged to operating expenses and would be subject to the procedure for regulated agreements
MEMBERS OF BOARD COMMITTEES	• A remuneration of €17,500 is due to the Chairman of the Audit Committee • A remuneration of €15,000 is due to the Chairman of the Nomination and Compensation Committee • A remuneration of €12,500 is due to each member of the Audit Committee • A remuneration of €10,000 is due to each member of the Nomination and Compensation Committee

(ii) Amount of remuneration allocated in 2020

Remuneration received by non-executive corporate officers

In thousands of euros



Simon Veyrat



Stéphanie Levan

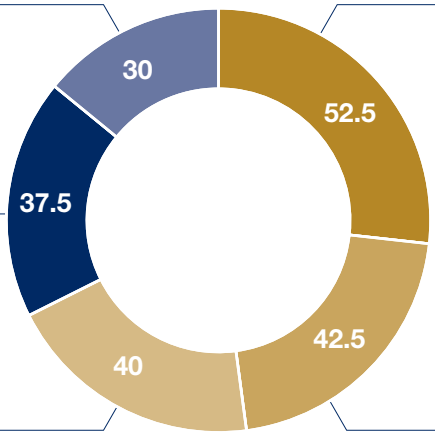
Member of the Audit Committee

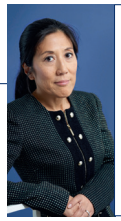


Sixto

Represented by Bertrand Dumazy

Chairman of the Nomination and Compensation Committee





Helen Lee Bouygues

Member of the Audit Committee and of the Nomination and Compensation Committee

Lead Independent Director



Christophe Gégout

Representative of the FSP

Chairman of the Audit Committee

Table 3 - Remuneration granted for the office of director and other remuneration received by non-executive corporate officers (AMF nomenclature)

	2019[1]		2020[1]	
Non-executive corporate officers (in euros)	**Amounts granted in respect of 2019**	**Amounts paid during 2019**	**Amounts granted in respect of 2020**	**Amounts paid during 2020**
Simon Veyrat				
Remuneration (fixed, variable)	25,000.00	25,000.00	30,000.00	30,000.00
Other remuneration	N/A	N/A	N/A	N/A
Stéphanie Levan				
Remuneration (fixed, variable)	32,500.00	32,500.00	37,500.00	37,500.00
Other remuneration	N/A	N/A	N/A	N/A
Bpifrance Investissement, whose permanent representative is Céline André[2]				
Remuneration (fixed, variable)	-	-	-	-
Other remuneration	N/A	N/A	N/A	N/A
Helen Lee Bouygues				
Remuneration (fixed, variable)	47,500.00	47,500.00	52,500.00	52,500.00
Other remuneration	N/A	N/A	N/A	N/A
Christophe Gégout, as permanent representative of the FSP[3]				
Remuneration (fixed, variable)	37,500.00	37,500.00	42,500.00	42,500.00
Other remuneration	N/A	N/A	N/A	N/A
Sixto, whose permanent representative is Bertrand Dumazy				
Remuneration (fixed, variable)	35,000.00	35,000.00	40,000.00	40,000.00
Other remuneration	N/A	N/A	N/A	N/A
TOTAL	**177,500.00**	**177,500.00**	**202,500.00**	**202,500.00**

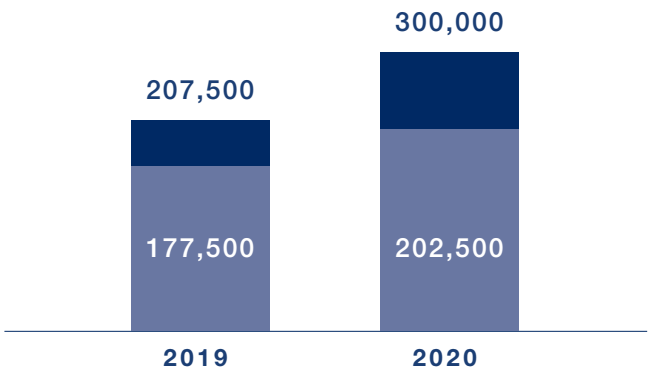
(1) The remuneration shown in the table above also includes the remuneration allocated for participation in the Audit Committee and the Nomination and Compensation Committee, and the remuneration of the lead independent director.

(2) Bpifrance Investissement, represented by Céline André, did not receive any remuneration for the 2019 and 2020 financial years.

(3) The remuneration is paid directly to Christophe Gégout as permanent representative.

Global annual compensation budget allocated to directors

In euros



6.3.4 REPORT ON OPTIONS AND FREE SHARES

6.3.4.1 POLICY FOR THE ALLOCATION OF OPTIONS AND FREE SHARES

The combined general shareholders' meeting of May 26, 2020:

- in its 24th resolution, granted authorisation to the Board of Directors, for a twenty-six-month term, to grant existing or new free shares to some or all employees and executive officers of the Group;
- in its 25th resolution, granted authorisation to the Board of Directors, for a twenty-six-month term, to grant, on one or more occasions, stock options or share purchase options to some or all employees and executive officers of the Group;

To this end, the general shareholders' meeting granted authority to the Board of Directors to set the conditions under which these shall be allocated. A ceiling is set for each of these delegations, and may not represent more than 2% of the Company's share capital on the date of the Board of Directors' decision, it being specified that:

- the total number of shares existing or to be issued granted pursuant to the 24th resolution to the Company's executive officers may not represent, for each financial year, more than 50% of the shares that may be granted free of charge under said authorisation;
- the total number of subscription or purchase options granted under the 25th resolution to the Company's executive officers may not give the right to subscribe for or purchase, for each financial year, a number of shares greater than 50% of the options that may be subscribed for or purchased under said authorisation.

The 24th and 25th resolutions on the granting of free shares and share subscription or purchase options provide for the Board of Directors to set the condition, in particular the ceilings referred to above, as well as the performance criteria applicable to them, if any, and for the Board of Directors to determine the list or categories of beneficiaries of the shares or options.

In addition, the 25th resolution on options states that the price to be paid upon exercise of stock subscription or purchase options will be set on the day the options are granted and that (i) in the case of the grant of stock options this price may not be less than 80% of the average opening price of the Company's shares on the regulated market of Euronext Paris during the twenty trading days preceding the day on which the subscription options are granted, and (ii) in the case of the grant of stock options, this price may not be less than either the value indicated in (i) above, or 80% of the average purchase price of the shares held by the Company under Articles L. 225-208 and L. 225-209 of the French Commercial Code.

The definitive allocation of free shares is subject to:

- a condition of presence of the beneficiary on the last day of the vesting period of the free shares, subject to exceptions provided for in the plan rules (in particular, retirement or early retirement, death or permanent disability of 2nd or 3rd category within the meaning of Article L. 341-4 of the French Social Security Code) or upon authorisation of the Chairman and Chief Executive Officer after consultation with the Nomination and Compensation Committee; and
- with respect to the allocation of free performance shares on July 10, 2019, three performance conditions. The number of free shares definitively vested to the beneficiaries at the end of the vesting period will be determined based on the achievement of performance criteria set by the Board of Directors. For each criterion defined below (i) a trigger level in relation to the objective set is provided for, (ii) in the event of outperformance of said criterion in relation to the objective set, the weighting relating to this criterion will be increased in order to take account of this outperformance and (iii) a maximum threshold of outperformance in relation to the objective set is provided for. The performance conditions set out in the free share plan of July 10, 2019 and July 2, 2020 are as follows:
  - the definitive vesting of 40% of the free shares will depend on achieving an EBITDA level;
  - the definitive vesting of an additional 40% of free shares will depend on the achievement of growth objectives assessed in terms of new megawatts (MW) in the awarded phase (including those acquired as part of possible external growth operations, in accordance with the assessment conditions specified in the plan);
  - the definitive vesting of the remaining 20% of free shares will depend on the achievement of shareholder return objectives, assessed on the basis of Total Shareholder Return, or TSR, by reference to that of the companies included in the SBF 120 (by sextile).

The level of achievement of each of the three aforementioned performance conditions is recorded by the Board at the meeting during which it will approve the annual financial statements producing the performance criteria indicators used, under the following conditions:

- in the event that the objectives under one of the criteria are not met, such underperformance under one criterion may be offset by a possible outperformance under another criterion for the same financial year;
- the number of free shares definitively acquired by the beneficiaries will be determined by taking into account the average of the objectives achieved during the three financial years ended during the vesting period; and
- the number of free shares definitively granted to each beneficiary depending on the achievement of the performance conditions may not under any circumstances exceed the maximum number of free shares initially granted to the beneficiary in question on the granting date.

6.3.4.2 STOCK SUBSCRIPTION OR PURCHASE OPTIONS

(i) Stock subscription or purchase options awarded during the 2020 financial year to each executive officer by the Company and by any Group company

None.

(ii) Stock subscription or purchase options exercised during the 2020 financial year by each executive officer

None.

(iii) Stock subscription or purchase options granted to the top ten employees who are not corporate officers

Table 9 - (AMF nomenclature)

Share subscription or purchase options granted to the top ten employees who are not corporate officers and options exercised by them	Total number of options granted/ shares subscribed or purchased	Average weighted price
Options granted during the 2020 financial year by the issuer and any company included in the scope of the grant of options to the top ten employees of the issuer and any company included in this scope with the highest number of options granted (overall information)	0	N/A
Options held on the issuer and the companies referred to above, exercised during the 2020 financial year by the top ten employees of the issuer and these companies with the highest number of options thus purchased or subscribed (overall information)	214,334	€5.79

History of stock subscription or purchase option grants

Table 8 - History of share subscription or purchase option grants (after consolidation of shares) (AMF nomenclature)

	2018 Plan (III)	2018 Plan (II)	2018 Plan (I)	2016 Plan	2016 Plan
Date of the general shareholders' meeting	04/07/2018	29/05/2018	29/05/2018	17/03/2014[1]	17/03/2014
Date of the Chairman's decision approving the list of beneficiaries	05/07/2018	30/05/2018	30/05/2018	23/12/2016	08/01/2016
Total number of shares that can be subscribed or purchased, of which the number that can be subscribed by:	65,000	5,000	40,000	235,000	152,500
Xavier Barbaro, Chairman & Chief Executive Officer	*0*	*0*	*0*	*0*	*0*
Romain Desrousseaux, Deputy Chief Executive Officer	*0*	*0*	*0*	*0*	*0*
Start of option exercise period	06/10/2020	31/05/2021	31/05/2021	24/12/2019	11/01/2019[2]
End of option exercise period	05/07/2023	30/05/2023	30/05/2023	23/12/2021	10/01/2021[2]
Subscription or purchase price	€10	€10	€10	€6	€4
Conditions of exercise (if the plan has more than one tranche) [3]	-	-	-	-	-
Number of shares subscribed at December 31, 2020	25,000	0	0	161,834	115,000
Aggregate number of stock options or share purchase options cancelled or lapsed	5,000	0	5,000	10,000	37,500
Remaining stock subscription or purchase options at December 31, 2020	35,000	5,000	35,000	63,166	0

(1) The authorisation granted by the general shareholders' meeting of March 17, 2014 was extended by a decision of the general shareholders' meeting of May 13, 2016 for a period of twelve months.

(2) At the time of the allocation on January 8, 2016, the Chairman set the date of allocation as January 10, 2016, with the exception of one beneficiary for whom the date was set at May 16, 2016. Consequently, the option exercise period for this beneficiary will begin on May 17, 2019 and will end on May 16, 2021.

(3) The 2018 (except the 2018 (III) and 2016 plans presented have a vesting period of thirty-six months. The 2018 plan (III) includes a vesting period of 2 years, 3 months and 1 day.

6.3.4.3 ALLOCATIONS OF FREE SHARES

(i) Conditions set by the Board of Directors relating to the sale of free shares granted to executives

At December 31, 2020, the free shares held by Xavier Barbaro were granted to him prior to the Company's transformation and the admission of its shares to trading on a regulated market.

In accordance with Article L. 225-197-1 II paragraph 4 of the French Commercial Code, the beneficiary of the performance free share allocation plans of July 10, 2019 and July 2, 2020, if he/she is a corporate officer of the Company or a related company, will be required to hold at least 15% of the free shares allocated to him/her in registered form until the end of his/her term of office.

In addition, in respect of the bonus share plans awarded for the 2018 financial year, Xavier Barbaro is required to retain 20% of the free shares allocated until the end of his term of office as Chief Executive Officer of the Company.

(ii) Performance shares granted free of charge to executive officers during the 2020 financial year

None.

(iii) Performance shares granted free of charge to each executive officer during the 2020 financial year

Table 7 - Free shares that became available during the financial year for each executive officer (AMF nomenclature)

Free shares definitively vested by each corporate officer	Plan number and date	Number of shares that became available during the year	Vesting conditions
Xavier Barbaro	Decisions of the Chairman of the Company (in its former form as a SAS) of 5/07/2018 - 2018 Plan	105,000	Condition of presence[2]
Romain Desrousseaux[1]	Decisions of the Chairman of the Company (in its former form as a SAS) of 5/07/2018 - 2018 Plan	113,517	

(1) The granting of free shares took place before the appointment of Romain Desrousseaux as Deputy Chief Executive Officer. It was carried out under his employment contract.

(2) Since these free shares were granted prior to the Company's listing on the regulated market, their acquisition was not subject to performance conditions.

(iv) History of free share grants

Table 10 - History of free share grants (AMF nomenclature)

	2020 Plan	2019 Plan	2018 Plan	2018 Plan	2018 Plan
Date of the general shareholders' meeting	26/05/2020	02/10/2018	04/07/2018	29/05/2018	23/02/2018
Date of decision to grant the shares by the Board of Directors or Chairman, as the case may be	02/07/2020	10/07/2019	05/07/2018	30/05/2018	09/04/2018
Total number of free shares granted, of which the number granted to:	140,000	297,000	570,644	107,500	2,500
Xavier Barbaro, Chairman & Chief Executive Officer	*0*	*0*	*105,000*	*0*	*0*
Romain Desrousseaux, Deputy Chief Executive Officer	*0*	*0*	*113,517*	*0*	*0*
Share vesting date	03/07/2023	11/07/2022	06/10/2020	31/05/2021	10/04/2020
End of holding period	-	-	-	-	10/04/2021
Performance conditions	yes	yes	no	no	no
Number of shares definitively vested as at December 31, 2020	0	0	486,644	0	2,500
Total number of shares cancelled or lapsed at December 31, 2020	0	5,000	84,000	2,500	0
Performance shares remaining at December 31, 2020	140,000	292,000	0	105,000	0

6.3.5 OTHER INFORMATION ON EXECUTIVE OFFICERS

Table 11 (AMF nomenclature)

	Employment contract		Supplementary pension scheme		Allowances or benefits due or likely to be due as a result of termination or change of position [1]		Compensation relating to a non-competition clause [1]	
Executive officers	Yes	No	Yes	No	Yes	No	Yes	No
Xavier Barbaro Chairman and Chief Executive Officer Beginning of the mandate: September 12, 2018 Mandate expires: General shareholders' meeting called in 2022 to approve the financial statements for the previous financial year	-	X	-	X	X	-	X	-
Romain Desrousseaux Deputy Chief Executive Officer Beginning of the mandate: April 17, 2019 Mandate expires: General shareholders' meeting to called in 2022 to approve the financial statements for the previous financial year	X	-	-	X	-	X	X	-

(1) For more information on indemnities, see paragraphs 6.3.2.3 and 6.3.2.4 of this document.

(i) Xavier Barbaro | Chairman & Chief Executive Officer

Other remuneration components

Refer to paragraph 6.3.2.1 of this document.

(ii) Romain Desrousseaux | Deputy Chief Executive Officer

Employment contract and other components of remuneration

Refer to paragraph 6.3.2.1 of this document.

6.3.6 AMOUNTS SET ASIDE OR ACCRUED BY THE COMPANY OR ITS SUBSIDIARIES FOR PENSION, RETIREMENT OR OTHER BENEFIT PAYMENTS

The Company has not set aside any provisions for payments of pensions, retirement or other similar benefits to its corporate officers.

6.4 OTHER INFORMATION

6.4.1 LIST OF VALID DELEGATIONS AND AUTHORISATIONS GRANTED BY THE GENERAL SHAREHOLDERS' MEETING IN THE AREA OF CAPITAL INCREASES (INCLUDING USES MADE)

Securities concerned Date of the general shareholders' meeting (authorisation/delegation duration and expiry)	Maximum amount of capital increase and methods used for determining the price	Use of authorisations / delegations
Issues with preferential rights		
Delegation of authority to increase the Company's share capital by issuing shares and/or marketable securities giving immediate or future access to the capital (A) GSM of May 26, 2020 17th resolution 26 months	**€85 million** **(A)+(C)+(D)+(E)+(F)+(G)+(H)+(I)+(J)** is limited to €85 million Ceiling on debt securities: €300 million	
Delegation of authority to increase the share capital by capitalising premiums, reserves, profits or any other amounts (B) GSM of May 26, 2020 21st resolution 26 months	**€60 million**	
Issues with or without preferential rights		
Delegation of authority to increase the Company's share capital by issuing shares and/or marketable securities giving immediate or future access to the capital , by public offering other than the public offerings mentioned in 1° of Article L.411-2 of the French Monetary and Financial Code (C) GSM of May 26, 2020 18th resolution 26 months	**€60 million** **(A)+(C)+(D)+(E)+(F)+(G)+(H)+(I)+(J)** is limited to €85 million **Determination of the price** Shares: at least equal to the minimum provided by the regulatory provisions applicable on the issue date (as of May 26, 2020, weighted average price over the last three trading sessions on the regulated Euronext Paris market prior to the start of the offering minus 10%) Securities giving access to capital (price of the underlying share): at least equal to the minimum subscription price described above Ceiling on debt securities: €300 million	

Securities concerned Date of the general shareholders' meeting (authorisation/delegation duration and expiry)	Maximum amount of capital increase and methods used for determining the price	Use of authorisations / delegations
Delegation of authority to increase the Company's share capital by issuing shares and/or marketable securities giving immediate or future access to the capital , by public offering referred to in 1° in Article L. 411-2 of the French Monetary and Financial Code (D) GSM of 26 May 2020 19th resolution 26 months	***€60 million*** ***it being specified that this amount is deducted from the amount referred to in (C) above*** **(A)+(C)+(D)+(E)+(F)+(G)+(H)+(I)+(J)** is limited to €85 million (in any case, limited to 20% of the share capital per year: legal limit) **Determination of the price** Shares: at least equal to the minimum provided by the regulatory provisions applicable on the issue date (on May 26, 2020, weighted average of the prices of the last three trading sessions on the regulated Euronext Paris market prior to the start of the offering minus 10%) Securities giving access to capital (price of the underlying share): at least equal to the minimum subscription price described above Ceiling on debt securities: €300 million	Use during the 2020 financial year[1]: - capital increase of a nominal amount of €7,359,306[2] - issue of debt securities in an amount of approximately €170 million
Delegation of authority to issue shares and/or marketable securities giving immediate or subsequent access to shares to be issued by the Company as consideration for contributions in kind consisting of equity securities or marketable securities giving access to the capital (E) GSM of May 26, 2020 20th resolution 26 months	**10% of the share capital on the date of the transaction** **(A)+(C)+(D)+(E)+(F)+(G)+(H)+(I)+(J)** is limited to €85 million Ceiling on debt securities: €300 million	
Delegation of authority to the Board of Directors to decide on a capital increase of the Company by issuing shares and/or securities giving immediate or future access to the share capital reserved for members of savings plans GSM of June 28, 2019 13th resolution 26 months **This delegation is no longer in effect as of May 26, 2020. This delegation has been replaced by a new delegation of the same type, see F.**	**1% of the share capital** **Determination of the price** Conditions provided for in Articles L. 3332-18 et seq. of the French Labour Code, i.e. a price at least equal to 80% of the average share price over the twenty trading sessions preceding the decision setting the subscription opening date. If the lock-in period is 10 years or more as provided for in the savings plan, the price is at least equal to 70% of this reference. In the event of a legislative change, the maximum discount amounts provided for by the legal or regulatory provisions applicable on the issue date will automatically replace the aforementioned discounts of 20% and 30%.	Use during the 2020 financial year: - capital increase in cash for an amount of €22,556 - capital increase by incorporating reserves in the amount of €22,556, i.e. approximately 0.026% on the day the capital increase is recorded
Delegation of authority to the Board of Directors to decide on a capital increase for the Company by issuing shares and/or securities giving immediate or future access to the capital, reserved for members of savings plans (F) GSM of May 26, 2020 23rd resolution 26 months	**2% of the share capital on the day of the Board's decision** **(A)+(C)+(D)+(E)+(F)+(G)+(H)+(I)+(J)** is limited to €85 million **Determination of the price** Conditions provided for in Articles L. 3332-18 et seq. of the French Labour Code, i.e. a price at least equal to 70% or 60% of the average share price over the twenty trading days preceding the decision setting the subscription opening date, when the lock-in period is greater than or equal to 5 or 10 years provided for in the savings plan, respectively.	

Securities concerned Date of the general shareholders' meeting (authorisation/delegation duration and expiry)	Maximum amount of capital increase and methods used for determining the price	Use of authorisations / delegations
Delegation of authority to the Board of Directors to decide on a capital increase of the Company by issuing shares and/ or securities giving immediate or future access to the capital, reserved for Group employees abroad (G) GSM of May 26, 2020 26th resolution 18 months	**1% of the share capital on the date of the Board's decision it being specified that this amount is deducted from the amount referred to in (F) above (A)+(C)+(D)+(E)+(F)+(G)+(H)+(I)+(J)** is limited to €85 million **Determination of the price** Average price quoted over the twenty trading sessions preceding the date of the decision setting the subscription opening date Within the framework of a comprehensive employee share ownership plan set up in France and abroad , average price quoted over the twenty trading sessions preceding the date of the decision setting the subscription opening date less a maximum discount of 30%.	
Issues with or without preferential rights		
Authorisation to increase the number of securities to be issued in the event of a capital increase with or without preferential subscription rights (H) GSM of May 26, 2020 22nd resolution 26 months	**Ceiling equal to the limit provided for by the applicable regulations (15% of the initial issue) (A)+(C)+(D)+(E)+(F)+(G)+(H)+(I)+(J)** is limited to €85 million	
Allocation of free shares or stock options		
Authorisation to make grant free existing shares or shares to be issued to some or all of the Group's employees and corporate officers (I) GSM of May 26, 2020 24th resolution 26 months	**2% of the share capital on the day of the Board's decision (A)+(C)+(D)+(E)+(F)+(G)+(H)+(I)+(J)** is limited to €85 million	Use during the 2020 financial year: 140,000 shares granted, i.e. a €280,000 capital increase over time, or approximately 0.16% of the share capital on the grant date
Authorisation to grant share subscription or purchase options to some or all of the Group's employees and corporate officers (J) GSM of May 26, 2020 25th resolution 26 months	**2% of the share capital on the day of the Board's decision (A)+(C)+(D)+(E)+(F)+(G)+(H)+(I)+(J)** is limited to €85 million **Determination of the price** Subscription options: price at least equal to 80% of the average listed price over the twenty trading days preceding the approval decision Purchase options: prices at least equal to of the average share price over the twenty trading days preceding the granting decision, and at least equal to of the average purchase price of treasury shares	

(1) Issue of convertible bonds ("OCEANE"), by decisions of the Board of Directors dated May 26, 2020 and of the Chairman and Chief Executive Officer dated May 27, 2020.

(2) If all 3,679,653 convertible bonds ("OCEANE") are exercised and subject to adjustments in accordance with the issue contract.

6.4.2 AGREEMENTS ENTERED INTO BY EXECUTIVES OR SHAREHOLDERS WITH COMPANIES CONTROLLED BY THE COMPANY

Pursuant to Article L. 225-37-4 of the French Commercial Code, the corporate governance report must mention, unless they are agreements relating to current operations and entered into under normal conditions, agreements entered into directly or through an intermediary between, on the one hand, the Chief Executive Officer, a director, or a shareholder holding more than 10% of the Company's voting rights and, on the other hand, another company controlled by the former within the meaning of Article L. 233-3 of the French Commercial Code.

The Company is not aware of any such agreements.

6.4.3 PROCEDURE FOR EVALUATING CURRENT AGREEMENTS

In accordance with Article L. 22-10-12 of the French Commercial Code, the Board of Directors adopted a procedure at its meeting of March 25, 2020 for regularly evaluating whether agreements relating to day-to-day transactions entered into under normal conditions meet these conditions, which was updated at its meeting of March 10, 2021.

This procedure aims to identify and qualify, by means of criteria, current agreements entered into under normal conditions to which the Company is a party. It provides for a regular review (at least once a year) by an ad hoc committee composed of the Group CFO and the Company Secretary and applies prior to the conclusion of an agreement and on the occasion of any modification, renewal or termination, including for agreements considered as current at the time of their conclusion to ensure that they continue to meet these conditions. At its last meeting before closing, the Board of Directors is informed of the implementation of the assessment procedure, its results and any observations.

The ad hoc committee reviewed all the agreements for the 2020 financial year, the results of which will be communicated to the Board of Directors on March 10, 2021.

6.4.4 MAIN TRANSACTIONS WITH RELATED PARTIES

6.4.4.1 AGREEMENTS BETWEEN THE COMPANY AND ITS SHAREHOLDERS

Guarantee commitments granted to the Company by Impala

In order to enable the Company to develop its corporate financing capacity, Impala SAS, the Company's reference shareholder, has entered into several guarantee commitments, in the form of joint guarantees, letters of intent or first demand guarantees, in favour of several banking institutions, guarantee for credit lines or current account overdrafts granted to the Company (for more information, see section 2.4 «financing and investments» and note 18 to the consolidated financial statements at December 31, 2020 of this document).

Technical and administrative assistance agreement between the Company and Impala

On May 10, 2012, the Company and its reference shareholder, Impala SAS, entered into a technical and administrative assistance agreement, pursuant to which Impala SAS undertook to provide the following services to the Company:

- advising on the Group's financing and guarantee strategy and assisting with the negotiation of any financing and guarantee line with financial partners;
- representing the Company's interests with central governments and/or local authorities and regulatory authorities.

In consideration for these services, the agreement provides for the payment to Impala SAS of a fixed monthly fee of €25,000 before tax, which can be revised every year by agreement between the parties. During the financial year ended December 31, 2020, Impala SAS invoiced €100,000 excluding tax to the Company for these fees.

Strategic management agreement between the Company and Impala

On January 2, 2017, the Company and its reference shareholder, Impala SAS, entered into a strategic management agreement by which Impala SAS undertook to provide the following services of the Group's holding company:

- definition of the Group's general policy and organisational principles;
- definition of the Group's economic, commercial and financial strategy;
- definition of the Group's development policy and the resources to be implemented (external growth, diversification, creation of new establishment, opportunities for growth and equity investments, investments, etc.); and
- definition of the Group's communication policy (marketing, advertising, etc.).

Since the date of the agreement, these services have not been remunerated by the Company.

6.4.4.2 AGREEMENTS BETWEEN THE COMPANY AND ITS SUBSIDIARIES

Tax consolidation groups

The Company and some of its direct French subsidiaries, more than 95% owned, form a tax consolidation group set up pursuant to the provisions of Article 223 A et seq. of the French General Tax Code. Given that the Company is the Group's parent company, it is solely liable for the tax payable by all the companies belonging

to the integrated group. The integrated subsidiaries pay the Company the tax for which they would be liable in the absence of tax consolidation, calculated according to the rules of law as they would apply in the absence of tax consolidation.

Nine other French tax consolidation groups have also been set up in France between each of the nine development companies related to the Cestas project as the head company of the group and the project companies more than 95% owned by the development company in question. The creation of these groups gave rise to the signing of tax consolidation agreements under which the integrated subsidiaries pay the parent company the tax they would be liable for in the absence of tax consolidation, calculated on the rules of law as they would apply in the absence of tax consolidation.

In addition, the Group has also set up certain tax consolidation groups abroad, particularly in Australia, where the parent company is solely liable for the tax payable by all the companies of the group. The creation of these groups led to the conclusion of tax consolidation agreements between the parent company and each of the group's companies in order to regulate the subsidiaries' contribution to the overall tax based on a distribution key set in accordance with local regulations and on the principle of «equitable distribution».

The scope of the tax consolidation group is also detailed in note 12 to the annual financial statements.

Agreements between the Company and project companies

As part of its activities, the Company's intends to conclude, directly or through its intermediary holding companies, all the contracts necessary for the development, financing, construction and operation of the solar, wind and storage facilities carried by these facilities. These contracts generally provide for the provision of the following services:

- project development and assistance services during the construction phase, which include assistance in obtaining planning and environmental permits, carrying out feasibility studies, diagnostics and impact studies, relations with the project's stakeholders (neighbourhood, local authorities, etc.), selection and relations with the EPC contractor or technical tests related to the provisional and/or definitive acceptance of the installation;
- administrative and financial management services; and
- services for supervising the operation and maintenance of the installation, which include in particular the management and monitoring of relations with the O&M provider, the processing of information concerning the connection of the installation to the network or the performance of works and studies to improve the performance of the installation.

As part of the implementation of the procedure for evaluating arm's length transactions, these agreements were considered by the Group to be current agreements entered into under normal conditions.

In addition, as part of project financing, the Company (or one of its intermediate holding companies or development companies) generally grants shareholder advances to project companies. The related agreements generally provide for an interest rate of between 4% and 10% (with the exception of certain projects (Zambia or Argentina) for which interest rates are generally between 10% and 12%), in line with interest rates for bonds with an equivalent level of subordination. Shareholder advances are subordinated to senior financing and are repayable on demand at the Group's request, subject nevertheless to compliance with the financial covenants provided for in the financing agreements, for projects located in France or at maturity for international projects. In this second case, the agreements in questions include standard cases of accelerated repayment. They are, except in exceptional cases, considered by the Group to be standard agreements entered into under normal conditions, after analysis in light of the provisions of Article L. 225-38 of the French Commercial Code relating to regulated agreements.

6.4.5 INFORMATION LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFERING

In accordance with Article L. 22-10-11 of the French Commercial Code, the Company must present and, where applicable, explain the factors likely to have an impact, in the event of a public tender offer or exchange. These include agreements entered into by the Company that are amended or terminated in the event of a change of control of the Company. Accordingly, there are change of control clauses in the financing agreements, the OCEANE issue agreements and the syndicated facilities agreement.

To the best of the Company's knowledge, there are no other elements likely to have an impact in the event of a takeover bid or exchange offer.

7

CAPITAL AND SHAREHOLDING STRUCTURE

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Unless mentioned otherwise, the shares presented in this chapter are Neoen shares with a par value of €2. We recall that the general shareholders' meeting held on September 12, 2018 decided on a share consolidation, on the basis of one new share for two existing shares, which took effect on October 1, 2018 thereby raising the par value of a single share from €1 to €2.

Information concerning capital and shareholding structure is presented as of December 31, 2020. Following the capital increase carried out on April 9, 2021, this information has been updated, detailed in section 2.6 of this document.

7.1 INFORMATION ON THE COMPANY

7.1.1 CORPORATE NAME

The Company's corporate name is "Neoen".

7.1.2 REGISTERED OFFICE

The company's registered office is located at 6 rue Ménars, 75002 Paris, France.

7.1.3 LEGAL FORM

As of the date hereof, the Company is a French limited company (*société anonyme),* governed by all laws and regulations in force in France (and in particular, by the provisions of Book II of the French Commercial Code) as well as by its bylaws.

7.1.4 IDENTIFICATION OF THE COMPANY

The Company's registration number is specified in paragraph 7.1.8 of this document.

The Company's LEI code is 969500C0AIAGQWZGJO13.

7.1.5 LEGISLATION

A limited company (*société anonyme)* incorporated under French law.

7.1.6 TERM

The Company was registered on September 29, 2008. The Company was incorporated for a period of 99 years as from the date of its registration, i.e. until September 28, 2107 except in the event of extension or early dissolution.

7.1.7 CORPORATE PURPOSE

(See Article 2 of the bylaws)

The Company's corporate purpose includes the following activities, both in France and abroad:

- all activities relating to energy and the environment, and in particular to the electricity, natural gas, and water sectors, including, in particular, the production of electricity or other sources of energy, and the sale, distribution, marketing, and storage of all energy products and raw materials;
- all arbitrage, development and marketing services relating to derivative products and aggregate hedging products, and management of the balancing of such products; all management and advisory services relating to the energy or commodities sector;
- the acquisition, disposal, use, and licensing of any intellectual or industrial property rights related directly or indirectly to the corporate purpose;
- and, more generally, all industrial, commercial, financial, movable property or real estate transactions directly or indirectly related to the corporate purpose or intended to promote its expansion or development, including, but not limited to, the acquisition, holding, obtaining or use, in any form whatsoever, of licenses, patents, trademarks, and technical information.

The Company may act, both in France and abroad, on its own behalf or on behalf of third parties, and either alone or in partnerships, associations, economic interest groups or companies with any other companies or persons, and may carry out, directly or indirectly, in any form whatsoever, transactions that fall within its corporate purpose.

It may also acquire, in any form, any interests and investments in any companies or enterprises, whether French or foreign, whatever their purpose.

7.1.8 TRADE AND COMPANIES REGISTER

The Company is registered with the Paris trade and companies register under number 508 320 017.

7.1.9 LOCATION WHERE DOCUMENTS AND OTHER INFORMATION ON THE COMPANY MAY BE CONSULTED

Information concerning the Company and particularly its bylaws, balance sheets, income statements, reports by the Board of Directors to general shareholders' meetings and reports by the statutory auditors may be consulted on request at the Company's registered office.

Regulated information published by the Company is available on its website under "Regulated information" at the following address: https://www.neoen.com/en/investors#regulated-information.

7.1.10 FINANCIAL YEAR

The financial year begins on January 1 and ends on December 31 of each year.

7.1.11 STATUTORY DISTRIBUTION OF PROFITS

(See Article 24 of the bylaws)

The fiscal year's results shall be determined in accordance with applicable laws and regulations.

Out of the fiscal year's profits, less, if applicable, any prior losses, a minimum of 5 % shall be set aside to constitute the legal reserve required by law, until such reserve is equal to at least one-tenth of the share capital.

Distributable profits shall consist of the year's profit minus any prior losses and the amount set aside as provided for above, plus profits carried forward.

If the year's financial statements, as approved by the general shareholders meeting, show a distributable profit, the general shareholders' meeting shall decide whether to record it in one or more reserve accounts of which it shall determine the allocation or use, to carry it forward in retained earnings, or to distribute it in the form of a dividend subject to the restrictions set out in the Company's syndicated credit facility agreement.

7.1.12 SHAREHLODERS' VOTING RIGHTS

(See Article 11 of the bylaws)

Each ordinary share gives its holder the right to one vote at general shareholders' meetings.

As an exception to Article L22-10-46 of the French Commercial Code, Article 11 of the Company's bylaws stipulates that the Company's shares do not grant double voting rights in favor of the Company's shareholders.

7.1.13 DECLARATION OF INTENT

None.

7.2 CAPITAL

7.2.1 SHARE CAPITAL[1]

At December 31, 2020 the Company's share capital was set at €171,101,424 and represented by 85,550,712 ordinary shares with a par value of €2 each, of the same class and fully paid up.

7.2.2 POTENTIAL SHARE CAPITAL

At December 31, 2020 the Company's potential share capital breaks down as follows:

- 537,000 shares under free share allocation plans;
- 138,166 shares under stock option plans;
- 10,308,754 convertible bonds into new shares and/or exchangeable for existing shares ("OCEANE").

Thus, the potential dilutive impact of these instruments would be 12,84 % of the Company's share capital at December 31, 2020.

7.2.3 SECURITIES NOT REPRESENTING SHARE CAPITAL

At December 31, 2020 the Company has not issued any securities not representing share capital.

[1] Following the capital increase carried out on April 9, 2021, this information has been updated, detailed in section 2.6 of this document.

7.2.4 SUMMARY STATEMENT OF TRANSACTIONS CARRIED OUT DURING THE FINANCIAL YEAR BY EXECUTIVES OR SIMILAR PERSONS ON THE COMPANY'S SECURITIES OR RELATED FINANCIAL INSTRUMENTS

Person	Financial instrument	Transaction date	Unit price (euros)	Transaction type	Transaction volume
Paul-François Croisille	Shares	06/01/2020	30.5000	Disposal	(1,125)
Xavier Barbaro	Shares	22/01/2020	32.4000	Disposal	(731)
Paul-François Croisille	Shares	23/01/2020	32.0705	Disposal	(1,544)
Paul-François Croisille	Shares	28/01/2020	31.1000	Disposal	(535)
Paul-François Croisille	Shares	29/01/2020	31.1000	Disposal	(465)
Paul-François Croisille	Shares	30/01/2020	30.8833	Disposal	(3,000)
Paul-François Croisille	Shares	31/01/2020	30.9000	Disposal	(1,000)
Paul-François Croisille	Shares	10/02/2020	31.9000	Disposal	(1,000)
Paul-François Croisille	Shares	19/02/2020	35.0753	Disposal	(7,814)
Paul-François Croisille	Shares	20/02/2020	35.1000	Disposal	(1,000)
Paul-François Croisille	Shares	20/02/2020	35.4500	Disposal	(2,000)
Paul-François Croisille	Shares	21/02/2020	35.6000	Disposal	(1,186)
Xavier Barbaro	Shares	24/02/2020	35.7000	Disposal	(1,269)
Paul-François Croisille	Shares	16/03/2020	25.9240	Acquisition	3,846
Paul-François Croisille	Shares	18/03/2020	25.3000	Acquisition	2,154
Paul-François Croisille	Shares	19/03/2020	28.3000	Disposal	(4,000)
Paul-François Croisille	Shares	23/03/2020	28.9000	Disposal	(2,000)
Paul-François Croisille	Shares	26/03/2020	29.2000	Disposal	(2,000)
Paul-François Croisille	Shares	26/03/2020	27.2000	Acquisition	2,000
Paul-François Croisille	Shares	02/04/2020	29.6000	Disposal	(4,000)
Paul-François Croisille	Shares	07/04/2020	31.7250	Disposal	(4,000)
Paul-François Croisille	Shares	14/04/2020	32.9000	Disposal	(2,000)
Xavier Barbaro	Shares	29/04/2020	10.9600	Acquisition (employee shareholding transaction)	236
Romain Desrousseaux	Shares	29/04/2020	10.9600	Acquisition (employee shareholding transaction)	236
Paul-François Croisille	Shares	29/04/2020	10.9600	Acquisition (employee shareholding transaction)	236
Olga Kharitonova	Shares	29/04/2020	10.9600	Acquisition (employee shareholding transaction)	236
Impala SAS	Shares	02/06/2020	33.0000	Acquisition	60,606
Stéphanie Levan	Shares	03/07/2020	39.0976	Disposal	(1,500)
Stéphanie Levan	Shares	06/07/2020	40.0024	Disposal	(2,272)
Stéphanie Levan	Shares	06/07/2020	40.1000	Acquisition	50
Paul-François Croisille	Shares	06/07/2020	39.8000	Disposal	(2,000)
Stéphanie Levan	Shares	07/07/2020	39.2000	Disposal	(500)
Stéphanie Levan	Shares	09/07/2020	39.0000	Disposal	(1,000)
Stéphanie Levan	Shares	10/07/2020	39.5000	Disposal	(500)
Paul-François Croisille	Shares	10/07/2020	39.0000	Disposal	(141)
Paul-François Croisille	Shares	13/07/2020	39.3550	Disposal	(4,045)

Person	Financial instrument	Transaction date	Unit price (euros)	Transaction type	Transaction volume
Stéphanie Levan	Shares	11/08/2020	40.9200	Disposal	(6,500)
Paul-François Croisille	Shares	12/08/2020	41.3000	Disposal	(2,000)
Stéphanie Levan	Shares	13/08/2020	42.5000	Disposal	(300)
Stéphanie Levan	Shares	18/08/2020	43.0375	Disposal	(800)
Paul-François Croisille	Shares	18/08/2020	42.8000	Disposal	(2,000)
Stéphanie Levan	Shares	19/08/2020	42.3273	Disposal	(220)
Stéphanie Levan	Shares	20/08/2020	42.6000	Disposal	(180)
Stéphanie Levan	Shares	24/08/2020	43.8250	Disposal	(1,000)
Xavier Barbaro	Shares	06/10/2020	0.0000	Acquisition of free shares	105,000
Romain Desrousseaux	Shares	06/10/2020	0.0000	Acquisition of free shares	113,517
Paul-François Croisille	Shares	06/10/2020	0.0000	Acquisition of free shares	70,000
Paul-François Croisille	Shares	12/10/2020	49.6000	Disposal	(1,000)
Paul-François Croisille	Shares	23/10/2020	45.1500	Donations of securities to associations	(870)
Fonds Stratégique de Participations (FSP)	Shares	10/11/2020	44.7500	Disposal	(700,000)
Paul-François Croisille	Shares	12/11/2020	48.8000	Disposal	(1,000)
Xavier Barbaro	Shares	20/11/2020	45.7300	Contribution to a company	(1,500)
Xavier Barbaro	Shares	20/11/2020	45.7300	Contribution to a company	(298,500)
Bpifrance Investissement	Shares	24/11/2020	46.6500	Disposal	(684,158)
Paul-François Croisille	Shares	30/11/2020	49.7683	Disposal	(1,000)
Stéphanie Levan	Shares	01/12/2020	50.0000	Disposal	(300)
Paul-François Croisille	Shares	11/12/2020	49.2000	Donations of securities to associations	(610)
Stéphanie Levan	Shares	14/12/2020	50.1875	Disposal	(800)
Stéphanie Levan	Shares	15/12/2020	50.8077	Disposal	(1,300)
Stéphanie Levan	Shares	16/12/2020	52.1667	Disposal	(1,800)
Stéphanie Levan	Shares	17/12/2020	53.5833	Disposal	(3,000)
Stéphanie Levan	Shares	18/12/2020	56.5000	Disposal	(1,200)
Stéphanie Levan	Shares	21/12/2020	55.0889	Disposal	(900)
Stéphanie Levan	Shares	22/12/2020	56.5800	Disposal	(500)
Stéphanie Levan	Shares	23/12/2020	57.0000	Disposal	(180)

7.2.5 TREASURY SHARES AND PURCHASE BY THE COMPANY OF ITS OWN SHARES

At December 31, 2020 none of the Company's subsidiaries or a third party acting on the Company's account held any of the Company's shares. At December 31, 2020 the Company held 10,639 of its own shares, representing 0.01% (on the basis of the share capital at December 31, 2020), of which ten shares held under the Company's liquidity contract. These shares have no voting rights.

7.2.6 OTHER SECURITIES GIVING ACCESS TO THE COMPANY'S SHARE CAPITAL

7.2.6.1 STOCK OPTIONS

The general shareholders' meeting of the Company of May 26, 2020, in its 25th resolution authorised the Board of Directors, with the right to sub-delegate, to grant stock options or share purchase options to some or all employees and executive officers of the Group.

No options to subscribe for or purchase shares for the benefit of the Group's employees and corporate officers were granted under aid authorisation by the general meeting.

7.2.6.2 FREE SHARE ALLOCATIONS

The general shareholders' meeting of the Company of May 26, 2020, in its 24th resolution authorised the Board of Directors to carry out allocations of free shares, either existing or to be issued, for some or all employees and corporate officers of the Group.

On July 2, 2020, the Board of Directors allotted 140,000 free outstanding shares or shares to be issued by the Company to some of the Group's employees, subject to performance conditions, pursuant to the twenty-fourth resolution of the Company's general meeting of May 26, 2020.

7.2.6.3 CONVERTIBLE BONDS INTO NEW SHARES AND/OR EXCHANGEABLE FOR EXISTING SHARES

On October 7, 2019 the Company issued convertible bonds into new shares and/or exchangeable for existing shares ("OCEANE"), in a principal amount of about €200 million (gross amount of the issue) with a maturity set at October 7, 2024. The net amount of the issue (detailed in paragraph 2.4.4 "reconciliation of consolidated liabilities and net debt" of this document) has been allocated to the Group's general needs and is intended in particular to finance its development with a view to achieving the Group's targeted capacity by the end of 2021 (more than 5 GW under construction or operation) whilst at the same time optimizing its balance sheet in accordance with the objective defined in paragraph 2.2.2 "informations on trends and objectives".

The convertible bonds ("OCEANE") bear interest from their issue date at the annual rate of 1.875 % payable semi-annually in arrears on April 7 and October 7.

The 6,629,101 convertible bonds ("OCEANE") issued have a par value per bond of €30.17 and may be converted, subject to the usual adjustments provided by the terms and conditions of the convertible bonds, on the basis of 1 ordinary share for each convertible bond converted.

On the issue date, the convertible bonds ("OCEANE") represented a maximum dilution of approximately 7.8%, assuming the exercise of all the convertible bonds and that the Company awards only new shares on exercise.

Moreover, on 2 June 2020, the Company issued convertible bonds into new shares and/or exchangeable for existing shares ("OCEANE"), maturing on 2 June 2025, for a principal amount of approximately €170 million (gross amount of the issue). The net proceeds from the issue (detailed in paragraph 2.4.4 "reconciliation of consolidated liabilities and net debt" of this document) are allocated to the financing or refinancing of renewable energy generation projects (solar and wind energy) or energy storage projects, in accordance with the requirements of the European Union taxonomy and the Framework published and available on the Group's website, and, in particular, will be used to finance its development with a view to achieving its capacity target at the end of 2021 (more than 5 GW of capacity under construction or in operation) while optimising its balance sheet according to the objective set out in paragraph 2.2.2 "information on trends and objectives" ("OCEANE Verte").

The convertible bonds ("OCEANE") bear interest from their issue date at the annual rate of 2% payable semi-annually in arrears on December 2 and June 2.

The 3,679,653 convertible bonds ("OCEANE") issued have a par value per bond of €46.20 and may be converted, subject to the usual adjustments provided by the terms and conditions of the convertible bonds, on the basis of 1 ordinary share for each convertible bond converted.

On the issue date, the convertible bonds ("OCEANE") represented a maximum dilution of approximately 4.3%, assuming the exercise of all the convertible bonds and that the Company awards only new shares on exercise.

In certain circumstances defined by the terms and conditions of the convertible bonds ("OCEANE"), in the event of a change of control of the Company or of a defined liquidity incident (as defined therein) affecting the market for the Company's shares, the bondholders are entitled to request the early redemption of the bonds at their par value plus accrued interest. The bondholders may equally request early redemption in the event of certain events of default as set out in the terms and conditions of the convertible bonds ("OCEANE").

7.2.7 TERMS GOVERNING ANY ACQUISITION RIGHTS AND/OR OBLIGATIONS ATTACHED TO SHARE CAPITAL SUBSCRIBED BUT NOT PAID UP

None.

7.2.8 SHARE CAPITAL OF ANY GROUP COMPANY SUBJECT TO AN OPTION OR OPTION AGREEMENT

None.

7.2.9 PROGRAMME FOR NEOEN TO BUY BACK ITS OWN SHARES

Authorization given by the general shareholders' meeting of May 26, 2020

The general shareholders' meeting of May 26, 2020 authorised the board of directors to trade in the Company's own shares on the stock exchange. This authorisation was given for eighteen months, until November 26, 2021.

The maximum unit purchase price was set at €45 per share for a maximum amount of €50 million, as provided for in the sixteenth resolution adopted by the Company's combined general shareholders' meeting on May 26, 2020.

The objectives of this programme include:

- the allocation of free shares pursuant to the provisions of Articles L. 22-10-59 *et seq.* of the French Commercial Code;
- the allocation or sale of shares to employees in respect of their participation in the benefits of the company's expansion or the implementation of any company or group savings plan (or similar plan) under the conditions provided for by law, in particular Articles L. 3332-1 *et seq.* of the French Labour Code as well as any other employee or executive shareholding plan of the Company and its subsidiaries;
- a capital reduction through the cancellation of all or part of the shares repurchased in this way; and
- stimulation of the secondary market or the liquidity of the Company's shares by an investment service provider acting within the framework of a liquidity contract in accordance with the ethical charter recognised by the AMF (French financial market authority).

Assessment of the share buyback program

(In number of treasury shares)	Stock market stabilization	Share buyback program	Total
Positions at December 31, 2019	**2**	**198,946**	**198,948**
Repurchases	401,301	113,753	515,054
Sales	(401,293)	(302,070)	(703,363)
Positions at December 31, 2020	**10**	**10,629**	**10,639**

(1) Of the 113,753 shares purchased under the share buyback programme, 60,606 were purchased as part of the issuance of green convertible bonds ("OCEANE Verte") on June 2nd, 2020 (see paragraph 7.2.6.3 of this document).

(2) Sales made under the share buyback programme relate exclusively to free share allocations made during the financial year.

In 2020, 515,054 shares were purchased at an average price of €36.85 per share and 703,363 shares were sold at an average price of €31.93 per share. At December 31, 2020, the Company directly or indirectly held 10,639 treasury shares representing a book value of €471,140.

7.2.10 EMPLOYEE SAVINGS PLANS

Discretionary profit-sharing agreement

To involve French employees in the Group's performance, an incentive plan was established in 2019 with the sole employee representative body. This agreement was filed with DIRECCTE. This agreement will apply for three financial years, i.e. 2019, 2020 and 2021.

Non-discretionary profit-sharing agreement

It is mandatory for companies with 50 employees or more to establish a profit-sharing agreement, pursuant to Article L. 3322-2 of the French Labour Code.

In 2020, the Company signed a new profit-sharing agreement with the social and economic committee, which was filed with DIRECCTE.

Company savings schemes and assimilated schemes

The creation of a company savings scheme is mandatory in companies having implemented a profit-sharing arrangement in application of Articles L3323-2 and L3323-3 of the French Labor Code. A company or group savings scheme is a collective savings scheme offering employees of member companies the option to build up a portfolio of securities with the help of their employer.

In 2014, the Company implemented a company savings scheme (PEE) and a collective retirement savings scheme (PERCO). In 2019, in line with employee savings reform in France, the Company signed a new collective retirement savings agreement (the PERCOL, replacing the PERCO) with the Company's employee representative body.

Any amounts generated under the Company's profit-sharing agreements, as well as contributions made by employees on a voluntary basis, eventually topped up by additional payments made by the employer, may be paid into the PEE and the PERCOL.

The arrangement for payment of top-ups by the employer in addition to voluntary payments made by employees up to the maximum limits defined by law has been in place in the Company to date and is revised on an annual basis.

All amounts invested in the PEE are then locked up for five years while amounts invested in the PERCOL remain locked up until the retirement of the beneficiary other than in the cases of early release defined by law. These plans are open to all employees on a permanent or fixed-term contract once they have been with the company for three months.

In accordance with Article L3332-25 of the French Labor Code, the saver has the option to liquidate all assets held in the scheme in order to exercise share purchase options allocated as provided for by Articles L22-10-56 *et seq.* of the French Commercial Code. Shares subscribed for or purchased in this manner by the saver are then paid into the savings scheme and are vested only after a period of five years starting from the payment.

At 31 December 2020, employees held shares in the Company under its employee savings plans (please refer to the paragraph 7.2.11 "employee shareholders" of this document).

7.2.11 EMPLOYEE SHAREHOLDERS

In 2020, the Company introduced an employee shareholding scheme for all its employees in France for the first time. This mechanism forms part of the framework defined by the employee savings plan.

The employee savings plan in force within the Company allows employees to have the amounts payable to them from the incentive plan or their personal employee savings converted to Company shares and to benefit from the employer contribution of shares. The employees' assets are blocked for five years in return for social and tax benefits, except in the event of early release provided for by law.

This operation is detailed in section 4.3 - notes 2 and 13 of this document.

7.2.12 CHANGE IN THE SHARE CAPITAL

The following table presents the history of the changes in the Company's share capital over the past three financial years taking into account, as from October 1, 2018, the reverse stock split on the basis of two existing for one new share decided at the Company's general shareholders' meeting of September 12, 2018 and implemented on October 1, 2018:

Date	Type of transaction	Share capital prior to the transaction *(in euros)*	Number of shares prior to the transaction	Number of shares after the transaction	Par value *(in euros)*	Issue premium per share *(in euros)*	Share capital after the transaction
02/07/2018	Share capital increase (exercise of stock options)	107,964,140	107,964,140	108,719,140	1	1.00	108,719,140
	Share capital increase (exercise of share subscription warrants)	108,719,140	108,719,140	108,794,140	1	0.39	108,794,140
18/10/2018	Share capital increase (reserved for Impala SAS)	108,794,140	108,794,140	57,647,271	2	14.50	115,294,542
18/10/2018	Share capital increase (public offering)	115,294,542	57,647,271	84,919,998	2	14.50	169,839,996
21/11/2018	Share capital increase (exercise of stock options)	169,839,996	84,919,998	84,957,498	2	N/A	169,914,996
28/06/2019	Share capital increase (exercise of stock options)	169,914,996	84,957,498	85,049,998	2	2.00	170,099,996
31/12/2019	Share capital increase (exercise of stock options)	170,099,996	85,049,998	85,088,748	2	2.00	170,177,496
10/04/2020	Share capital increase (exercise of stock options)	170,177,496	85,088,748	85,091,248	2	2.00	170,182,496
10/04/2020	Share capital increase (exercise of stock options)	170,182,496	85,091,248	85,188,540	2	4.00	170,377,080
10/04/2020	Share capital increase (free share award)	170,377,080	85,188,540	85,191,040	2	N/A	170,382,080
29/04/2020	Augmentation de capital (reserved for employees)	170,382,080	85,191,040	85,203,818	2	19.92	170,407,636
29/04/2020	Share capital increase (reserved for employees)	170,407,636	85,203,818	85,216,596	2	N/A	170,433,192
30/06/2020	Share capital increase (exercise of stock options)	170,433,192	85,216,596	85,252,638	2	4.00	170,505,276
06/10/2020	Share capital increase (free share award)	170,505,276	85,252,638	85,437,212	2	N/A	170,874,424
06/10/2020	Share capital increase (exercise of stock options)	170,874,424	85,437,212	85,462,212	2	2.00	170,924,424
06/10/2020	Share capital increase (exercise of stock options)	170,924,424	85,462,212	85,490,712	2	4.00	170,981,424
31/12/2020	Share capital increase (exercise of stock options)	170,981,424	85,490,712	85,525,712	2	2.00	171,051,424
31/12/2020	Share capital increase (exercise of stock options)	171,051,424	85,525,712	85,550,712	2	8.00	171,101,424

7.2.13 DISPOSAL OF SHARES

None.

7.2.14 PLEDGES

Please refer to paragraph 2.4.2 “project financing” of this document.

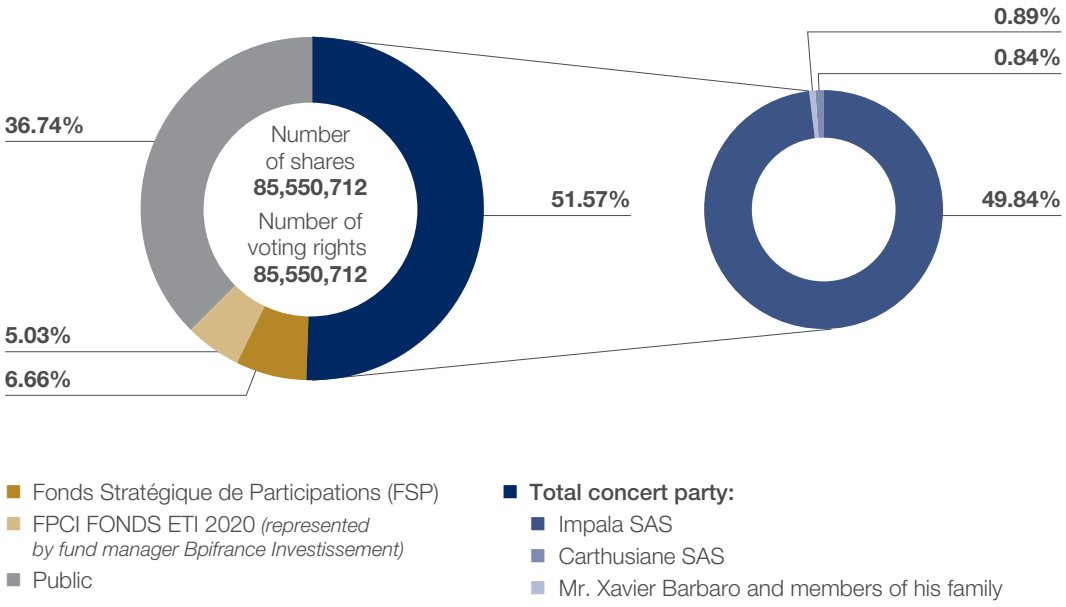
7.3 SHAREHOLDING STRUCTURE[2]

7.3.1 BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS

The table below shows the breakdown of share capital and voting rights in the Company as of December 31, 2020. This description reflects the Company’s knowledge based on the information available to it as of December 31, 2020:

Shareholder	Number of shares	% of share capital	% of voting rights
Impala SAS	42,636,236	49.84 %	49.84 %
Carthusiane SAS	720,000	0.84 %	0.84 %
Xavier Barbaro and members of his family	764,236	0.89 %	0.89 %
Total concert party (1)	**44,120,472**	**51.57 %**	**51.57 %**
Fonds Stratégique de Participations (FSP)	5,700,000	6.66 %	6.66 %
FPCI FONDS ETI 2020 *(represented by fund manager Bpifrance Investissement)*	4,299,525	5.03 %	5.03 %
Public	31,430,715	36.74 %	36.74 %
TOTAL	**85,550,712**	**100 %**	**100 %**

(1) The concert party is the result of an agreement between shareholders Impala SAS and Carthusiane SAS, the latter being a long-term investment vehicle held by Mr Xavier Barbaro and the members of his family.



[2] Following the capital increase carried out on April 9, 2021, this information has been updated, detailed in section 2.6 of this document.

Impala SAS

Impala, a group owned and managed by Mr Jacques Veyrat and his family, invests in projects with strong development potential, primarily in five areas: energy (stakes in Neoen, Albioma and Castleton Commodities International), industry (stakes in Technoplus Industries and Arjo Solutions), cosmetics (stakes in Laboratoire Native, owner of the Roger&Gallet, Lierac, Phyto and Jowaé brands, stakes in P&B Group and Augustinus Bader), brands (stakes in Pull-in and L'Exception), asset management (a stake in Eiffel Investment Group and in very strong growth projects in China as well as residential real estate projects in the Paris region, Luxembourg and Spain, and hotel projects in Portugal, France and Germany). Impala is a long-term investor and a flexible controlling shareholder.

Fonds Stratégique de Participations (FSP)

Fonds Stratégique de Participations (FSP) is an open-ended investment company (société d'investissement à capital variable) registered with the French financial markets authority (Autorité des Marchés Financiers - AMF) that promotes long-term equity investment. FSP's purpose is to acquire "strategic" equity stakes in the capital of French companies and participate in their governance by holding a seat on their board of directors. The fund is financed by seven major insurance companies seeking long term investments in French companies to help them with their development and transition projects. FSP's shareholders are BNP Paribas Cardif, CNP Assurances, Crédit Agricole Assurances, Société Générale Assurances, Groupama, Natixis Assurances and Suravenir. At 31 December 2020, FSP held eight equity investments, Arkema, Seb, Safran, Eutelsat Communications, Tikehau Capital, Elior Group, Neoen and Valeo. FSP continues to study equity investment opportunities in French companies.

FSP is managed by ISALT (Investissements Stratégiques en Actions Long Terme), an independent management company which monitors the companies in which FSP invests and coordinates relations with the permanent representatives of FSP who sit on the boards of directors or supervisory boards of those companies. FSP has appointed Mr Christophe Gégout as its permanent representative on the Company's board of directors.

FPCI FONDS ETI 2020

Bpifrance finances businesses at each stage of their development through loans, guarantees and equity. Bpifrance provides support with their innovation projects and international activities through a wide range of products and services. Bpifrance is particularly involved in the renewable energy sector, with nearly €2.2 billion mobilised to finance and invest in the ecological and energy transition; it sees companies in this sector as genuine catalysts of competitiveness for the French economy.

7.3.2 COMMITMENTS BY SHAREHOLDERS TO RETAIN THEIR SHARES

On November 11, 2020, Fonds Stratégique de Participations (FSP) made a commitment to retain shares for a period of 90 calendar days from November 13, 2020 following its sale of 0.8% of Neoen shares.

7.3.3 OBLIGATION TO HOLD SHARES OF THE COMPANY

Pursuant to the internal regulations of the Board of Directors (Article 3.10), each member of the Board of Directors must own (directly or indirectly) at least 500 shares throughout his or her term of office and at the latest within six months after his or her appointment.

Furthermore, in accordance with the AFEP-MEDEF Corporate Governance Code to which the Company adheres, an obligation to retain nominative shares until the end of their terms of office has been set at 5,000 shares by the Board of Directors for the Company's executive officers.

On November 11, 2020, an undertaking to retain shares was made by the Fonds Stratégique de Participations (FSP) for a period of 90 calendar days from November 13, 2020 following the sale of 0.8% of the Neoen shares it held on that date.

Undertakings to retain securities have been made by Impala SAS, the FSP and the FPCI Fonds ETI 2020 (represented by its management company, Bpifrance Investissement) for a period of 90 calendar days from the settlement-delivery of the new shares in connection with the capital increase described in section 2.6 of this document.

7.3.4 EXCEEDING LEGAL AND/OR STATUTORY THRESHOLDS

At December 31, 2020, the following shareholders reported holding more than 1 % of the voting rights in the Company (on the basis of their declarations of exceeding the applicable statutory thresholds):

Date reported	Date of the market transaction	Registered intermediaries or fund managers	Type of threshold crossing	Number of shares	% share capital
13/01/2020	09/01/2020	Norges Bank The central Bank of Norway	Downwards	1,688,155	1.98 %
05/02/2020	05/02/2020	AXA Investment Managers	Upwards	952,730	1.12 %
28/02/2020	27/02/2020	Norges Bank The central Bank of Norway	Upwards	1,703,938	2.00 %
25/03/2020	19/03/2020	Crédit Agricole (1)	Downwards	2,480,759	2.91 %
17/04/2020	15/04/2020	Crédit Agricole (1)	Downwards	1,742,732	2.05 %
20/04/2020	17/04/2020	Blackrock	Upwards	931,551	1.09 %
04/05/2020	29/02/2020	Impala SAS	Downwards	42,575,630	49.99 %
05/06/2020	02/06/2020	Impala SAS	Upwards	42,636,236	50.02 %
03/07/2020	03/07/2020	FPCI Capenergie 3 Omnes Capital	Downwards	N.C.	2.00 %
24/07/2020	23/07/2020	AXA Investment Managers	Downwards	846,903	0.99 %
06/08/2020	03/08/2020	Crédit Agricole (1)	Downwards	948,665	1.11 %
14/08/2020	06/08/2020	Crédit Agricole (1)	Downwards	825,027	0.97 %
14/08/2020	11/08/2020	Crédit Agricole (1)	Upwards	853,914	1.00 %
18/08/2020	17/08/2020	Blackrock	Upwards	1,712,334	2.01 %
20/08/2020	19/08/2020	Blackrock	Downwards	1,698,697	1.99 %
24/08/2020	21/08/2020	Blackrock	Upwards	1,739,015	2.04 %
31/08/2020	25/08/2020	Crédit Agricole (1)	Upwards	1,009,440	1.18 %
04/09/2020	20/07/2020	Impala SAS	Downwards	42,636,236	49.99 %
13/11/2020	10/11/2020	Fonds Stratégique de Participations (FSP)	Downwards	5,700,000	6.66 %
17/11/2020	16/11/2020	Norges Bank	Upwards	1,732,317	2.02 %
17/11/2020	16/11/2020	Blackrock	Upwards	2,640,883	3.09 %
03/12/2020	03/12/2020	Amundi	Upwards	898,868	1.05 %
04/12/2020	03/12/2020	La Financière de l'Echiquier	Downwards	2,527,693	2.96 %
11/12/2020	07/12/2020	Caisse des Dépôts	Downwards	5,078,664	5.93 %
21/12/2020	18/12/2020	Invesco Ltd	Upwards	1,943,306	2.27 %
23/12/2020	21/12/2020	Impala SAS and Carthusiane SAS as a concert party (2)	Upwards	44,120,472	51.59 %

(1) Disclosure of surpassing the share ownership threshold in respect of its investments in Predica and Crédit Agricole Assurances.

(2) Share ownership thresholds surpassed as a result of the concert party agreement between Impala SAS and Carthusiane SAS, the latter being controlled by Mr Xavier Barbaro and his family. The Company's shares held directly by Mr Xavier Barbaro and the members of his family are also taken into account when determining whether thresholds have been surpassed. See paragraph 7.3.1 "breakdown of share capital and voting rights" of this document.

7.3.5 CHANGES IN SHAREHOLDING OVER THREE YEARS

The table below shows the breakdown of share capital and voting rights as of December 31, 2018, December 31, 2019 and December 31, 2020 on an undiluted basis:

Shareholder	Number of ordinary shares and voting rights	Percentage of capital (and theorical voting rights)	Percentage of potential voting rights
Impala SAS (1)	42,560,000	50.10 %	50.19 %
Fonds Stratégique de Participations (FSP)	6,400,000	7.53 %	7.55 %
FPCI FONDS ETI 2020	4,983,683	5.87 %	5.88 %
Management	2,802,351	3.30 %	3.30 %
Public	28,211,464	33.20 %	33.08 %
Total at December 31, 2018	**84,957,498**	**100 %**	**100 %**
Impala SAS (1)	42,575,630	50.04 %	50.15 %
Fonds Stratégique de Participations (FSP)	6,400,000	7.52 %	7.54 %
FPCI FONDS ETI 2020	4,983,683	5.86 %	5.87 %
Management	2,485,970	2.92 %	2.93 %
Public	28,643,465	33.66 %	33.51 %
Total at December 31, 2019	**85,088,748**	**100 %**	**100 %**
Impala SAS (1)	42,636,236	49.84 %	49.84 %
Carthusiane SAS	720,000	0.84 %	0.84 %
Xavier Barbaro and members of his family	764,236	0.89 %	0.89 %
Total concert party (2)	**44,120,472**	**51.57 %**	**51.57 %**
Fonds Stratégique de Participations (FSP)	5,700,000	6.66 %	6.66 %
FPCI FONDS ETI 2020 (represented by fund manager Bpifrance Investissement)	4,299,525	5.03 %	5.03 %
Public	31,430,715	36.74 %	36.74 %
Total at December 31, 2020	**85,550,712**	**100 %**	**100 %**

(1) Impala SAS is wholly owned, controlled and managed by Mr Jacques Veyrat and his family.

(2) The concert party is the result of an agreement between shareholders Impala SAS and Carthusiane SAS, the latter being a long-term investment vehicle held by Mr Xavier Barbaro and the members of his family.

7.3.6 CONTROL STRUCTURE

At December 31, 2020, the Company is indirectly controlled by Mr Jacques Veyrat and his family who hold the majority of the share capital and voting rights via Impala SAS.

As a result, Impala SAS is the reference shareholder of the Company.

On December 21, 2020, Impala SAS entered into a concert party agreement with Carthusiane SAS, a long-term investment vehicle owned by Mr Xavier Barbaro and the members of his family. At December 31, 2020, the total share holdings and voting rights of Impala SAS and Carthusiane SAS (to which the shares held directly by Mr Xavier Barbaro and members of his family are added) in the Company's capital stood at 51.57%.

In this context, the Company has taken following measures to prevent improper exercise of control:

- of the seven members of the board of directors, three directors (more than one third) are independent members, in accordance with the recommendations of the AFEP-MEDEF Code applicable to controlled companies;
- three directors (less than half) are representatives of Impala SAS;
- one director is a representative of Fonds Stratégique de Participations (FSP);
- one director is a representative of Bpifrance Investissement;
- one director has been appointed Lead independent director.

For further details, please see paragraph 6.2.1 "principles governing the composition of the Board of Directors" of this document.

7.3.7 AGREEMENTS THAT MAY LEAD TO A CHANGE OF CONTROL

To the best of the Company's knowledge, at the date of this document there are no agreements whose implementation might, at a later date, result in a change of control.

7.3.8 DIVIDENDS

7.3.8.1 DIVIDEND DISTRIBUTION POLICY

In accordance with the law and the bylaws of the Company, the general shareholders' meeting may decide, on the recommendation of the Board of Directors, the distribution of dividends.

The Company's dividend distribution policy takes into account, in particular, the Company's results, its financial position, the implementation of its objectives and its liquidity requirements.

Given its medium-term objectives mentioned in paragraph 2.2.2 "information on trends and objectives" of this document, the Group expects to be able to pay a dividend for the first time in respect of the 2021 financial year, which would be payable in 2022. The size of this potential dividend will depend on market opportunities and the Group's analysis of how best to obtain a total return for shareholders depending on market conditions prevailing at the time. Beyond 2022 and until 2025, the Group intends to gradually increase its dividend, particularly in light of the evolution of its results and financial situation.

7.3.8.2 DIVIDENDS DISTRIBUTED OVER THE PAST THREE YEARS

The Group did not distribute dividends for the years ended December 31, 2017, 2018 and 2019.

7.4 SECURITIES MARKET AND RELATIONS WITH SHAREHOLDERS

7.4.1 SECURITIES MARKET (STOCK MARKET INFORMATION)

Information sheet

The Company's shares are listed in France, on Euronext Paris, Compartment A:

- Sector: Energy and Basic Products;
- Indexes: CAC Mid 60, CAC All-share, CAC Mid & Small, CAC Utilities, SBF 120, Next 150, MSCI Small Cap France, S&P Global Clean Energy Index;
- DSS: Eligible;
- SSP: Eligible;
- ISIN code: FR0011675362;
- date of initial listing: October 17, 2018.

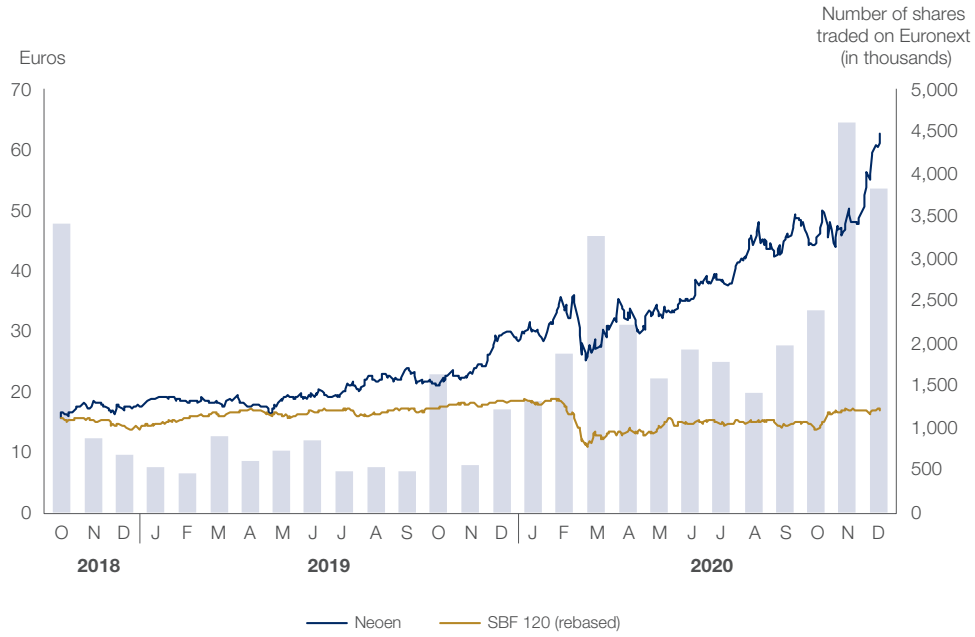
Stock market data

Average price since initial listing	€31.30
Average volume	83,375 shares
Highest price over the last 12 months	€69.60 on 07.01.2021
Lowest price over the last 12 months	€26.15 on 17.03.2020
Progress of the share from listing until 28.02.2021	+ 193%
Change between 01.01.2021 and 28.02.2021	- 22.8%
Market capitalisation at 28.02.2021	€4.1 billion

Change in the price and volume of transactions on the Neoen share

Dates	Highest price *(in euros)*	Lowest price *(in euros)*	Average volume of transaction
January 2020	32.45	29.35	60,003
February 2020	36.45	29.45	94,210
March 2020	36.75	26.15	148,455
April 2020	36.10	28.25	111,818
May 2020	35.05	30.55	79,410
June 2020	36.25	33.15	87,890
July 2020	40.15	36.25	78,026
August 2020	46.30	38.20	67,830
September 2020	48.50	42.85	90,266
October 2020	49.65	44.65	108,459
November 2020	50.70	44.50	220,017
December 2020	62.70	48.20	174,203
January 2021	69.60	56.40	201,052
February 2021	60.30	47.45	231,569

Change in the price of Neoen shares



7.4.2 RELATIONSHIP WITH SHAREHOLDERS

7.4.2.1 ACCESSIBILITY OF INFORMATION

All the financial information and financial communication media may be consulted, in digital format, on the Neoen website (www.neoen.com) under the heading Investors which particularly contains:

- the Universal Registration Document (including the annual financial report) filed with the AMF;
- all the financial press releases and financial communication media (publication of results, webcasts);
- documents relating to the general shareholders' meeting;
- the Company bylaws;
- the Board's internal regulations.

This information can also be sent by post by simply requesting it from the financial communications department.

The legal information (bylaws, meeting minutes of general shareholders' meetings, auditors' reports), are available for review at the head office.

7.4.2.2 RELATIONSHIP WITH INSTITUTIONAL INVESTORS AND FINANCIAL ANALYSTS

To ensure good relations with the financial community, the financial communications department regularly organises events enabling financial analysts and institutional investors to meet senior management.

With regard to financial year 2020, financial publications were presented by senior management at webcasts and conference calls during which it also replied to questions asked by financial analysts.

Furthermore, senior management and the financial communications and investor relations department joined in meetings with the financial community (financial analysts and institutional investors), in the form of road shows in France and abroad. These regular contacts contribute to building a relationship of trust.

The Neoen share is monitored by nine financial analysis firms.

7.4.2.3 AGENDA

Publication of 1st quarter 2021 revenue: May 11, 2021

General shareholders' meeting: May 25, 2021

Publication of 1st semester 2021 financial results : July 30, 2021

Publication of nine-month 2021 revenue: November 9, 2021

7.4.2.4 FINANCIAL COMMUNICATION CONTACTS

Investor relations department

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75002 Paris

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GENERAL SHAREHOLDERS' MEETING

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8.1 DRAFT RESOLUTIONS

8.1.1 RESOLUTIONS WITHIN THE REMIT OF THE ORDINARY GENERAL SHAREHOLDERS' MEETING

First resolution (Approval of the 2020 Company financial statements and approval of expenses and charges that are not deductible for tax purposes)

The general shareholders' meeting, voting pursuant to the quorum and majority requirements for ordinary general shareholders' meetings, having familiarized itself with the report of the Board of Directors and with the report of the statutory auditors, approves as presented the Company financial statements for the 2020 fiscal year, including the balance sheet, income statement, and notes, showing a net profit of €26,603,243, as well as the transactions reflected in those financial statements and summarized in those reports.

In particular, the general shareholders' meeting approves the overall amount of €106,714 in expenses and charges referred to in Article 39 number 4 of the French General Tax Code, as well as the corresponding tax.

Second resolution (Approval of the 2020 consolidated financial statements)

The general shareholders' meeting, voting pursuant to the quorum and majority requirements for ordinary general shareholders' meetings, having familiarized itself with the report of the Board of Directors and with the report of the Statutory Auditors, approves as presented the consolidated financial statements for the 2020 fiscal year, including the balance sheet, income statement, and notes, showing a net profit, group share, of €3,859,115, as well as the transactions reflected in those financial statements and summarized in those reports.

Third resolution (Allocation of net income)

The general shareholders' meeting, voting pursuant to the quorum and majority requirements for ordinary general shareholders' meetings, and having noted that the Company financial statements as of December 31, 2020 and approved by this meeting show a net profit of €26,603,243:

- Decides to allocate €1,330,163 of this profit to the legal reserve, in accordance with applicable law;
- Notes that the remaining balance of the 2020 profit is €25,273,080; and
- Decides to allocate the distributable profit of €25,273,080 to "Other reserves," which will thus stand at €53,800,367 post allocation.

In accordance with the law, the general shareholders' meeting takes note that the Company did not distribute any dividends or income during the three years preceding the 2020 fiscal year.

Fourth resolution (Approval of information referred to in Article L. 22-10-9 I of the French Commercial Code included in the corporate governance report (overall ex-post "say on pay"))

The general shareholders' meeting, voting pursuant to the quorum and majority requirements for ordinary shareholders' meetings, having familiarized itself with the corporate governance report referred to in Article L. 225-37 of the French Commercial Code, approves, in accordance with Article L. 22-10-34 I of the French Commercial Code, the information referred to in Article L. 22-10-9 I of the French Commercial Code, as set forth in paragraphs 6.3.2.2 *et seq.* of the corporate governance report included in chapter 6 of the 2020 universal registration document.

Fifth resolution (Approval of the fixed, variable, and exceptional items comprising the total compensation and benefits of any kind paid in fiscal year 2020 or granted in respect of fiscal year 2020 to Xavier Barbaro, Chairman and CEO)

The general shareholders' meeting, voting pursuant to the quorum and majority requirements for ordinary shareholders' meetings, having familiarized itself with the corporate governance report referred to in Article L. 225-37 of the French Commercial Code, approves, in accordance with Article L. 22-10-34 II of the French Commercial Code, the fixed, variable, and exceptional items comprising the total compensation and benefits of any kind paid during 2020 or granted in respect of that fiscal year to Xavier Barbaro, Chairman and CEO, as presented in paragraph 6.3.2.3 of the corporate governance report included in chapter 6 of the 2020 universal registration document.

Sixth resolution (Approval of the fixed, variable, and exceptional items comprising the total compensation and benefits of any kind paid in fiscal year 2020 or granted in respect of fiscal year 2020 to Romain Desrousseaux, Deputy CEO)

The general shareholders' meeting, voting pursuant to the quorum and majority requirements for ordinary shareholders' meetings, having familiarized itself with the corporate governance report referred to in Article L. 225-37 of the French Commercial Code, approves, in accordance with Article L. 22-10-34 II of the French Commercial Code, the fixed, variable, and exceptional items comprising the total compensation and benefits of any kind paid during 2020 or granted in respect of that fiscal year to Romain Desrousseaux, Deputy CEO, as presented in paragraph 6.3.2.4 of the corporate governance report included in chapter 6 of the 2020 universal registration document.

Seventh resolution (Approval of the compensation policy applicable to members of the Board of Directors)

The general shareholders' meeting, voting pursuant to the quorum and majority requirements for ordinary shareholders' meetings, having familiarized itself with the corporate governance report referred to in Article L. 225-37 of the French Commercial Code, approves, in accordance with Article L. 22-10-8 II of the French Commercial Code, the compensation policy applicable to the members of the Board of Directors, as presented in paragraphs 6.3.1 and 6.3.3 (i) of the corporate governance report included in chapter 6 of the 2020 universal registration document.

Eighth resolution (Approval of the compensation policy applicable to the Chairman and CEO)

The general shareholders' meeting, voting pursuant to the quorum and majority requirements for ordinary shareholders' meetings, having familiarized itself with the corporate governance report referred to in Article L. 225-37 of the French Commercial Code, approves, in accordance with Article L. 22-10-8 II of the French Commercial Code, the compensation policy applicable to the Chairman and CEO, as presented in paragraphs 6.3.1 and 6.3.2.1 (i) of the corporate governance report included in chapter 6 of the 2020 universal registration document.

Ninth resolution (Approval of the compensation policy applicable to the Deputy CEO)

The general shareholders' meeting, voting pursuant to the quorum and majority requirements for ordinary shareholders' meetings, having familiarized itself with the corporate governance report referred to in Article L. 225-37 of the French Commercial Code, approves, in accordance with Article L. 22-10-8 II of the French Commercial Code, the compensation policy applicable to the Deputy CEO, as presented in paragraphs 6.3.1 and 6.3.2.1 (ii) of the corporate governance report included in chapter 6 of the 2020 universal registration document.

Tenth Resolution (Renewal of Bpifrance Investissement's directorship)

The general shareholders' meeting, voting pursuant to the quorum and majority requirements for ordinary general shareholders' meetings, having familiarized itself with the report of the Board of Directors, renews the directorship of Bpifrance Investissement expiring at the close of this meeting, for a period of four years to end at the close of the general shareholders' meeting held in 2025 to approve the financial statements for the prior fiscal year.

Eleventh resolution (Renewal of Helen Lee Bouygues's directorship)

The general shareholders' meeting, voting pursuant to the quorum and majority requirements for ordinary general shareholders' meetings, having familiarized itself with the report of the Board of Directors, renews the directorship of Helen Lee Bouygues expiring at the close of this meeting, for a period of four years to end at the close of the general shareholders' meeting held in 2025 to approve the financial statements for the prior fiscal year.

Twelfth resolution (Authorization to be given to the Board of Directors to trade in the Company's shares in accordance with the procedures set forth in Article L. 22-10-62 of the French Commercial Code, duration of the authorization, purposes, procedures, cap)

The general shareholders' meeting, voting pursuant to the quorum and majority requirements for ordinary general shareholders' meetings, having familiarized itself with the report of the Board of Directors, authorizes the Board of Directors, with the right to sub-delegate as permitted by law, in accordance with Articles L. 225-10-62 *et seq.* and L. 225-210 *et seq.* of the French Commercial Code, to buy shares of the Company or to cause them to be bought, for the purposes of:

- Implementing any Company share purchase option plan pursuant to Articles L. 225-177 *et seq.* of the French Commercial Code or any similar plan; or
- Allocating or transferring shares to employees to enable them to share in the fruits of the Company's expansion or the introduction of any company or group savings plan (or similar plan) under the conditions provided for by law, in particular, Articles L. 3332-1 *et seq.* of the French Labor Code, as well as any other shareholding plan for executives and employees of the Company and its subsidiaries; or
- Allocating free shares under the provisions of Articles L. 225-197-1 *et seq.* of the French Commercial Code; or
- Generally speaking, honoring obligations under stock option plans or other share allocations to Company employees or officers or those of an associated company; or
- Delivering shares when rights attached to transferable securities giving access to the share capital by redemption, conversion, exchange or the presentation of warrants, or by any other means, are exercised; or
- Cancelling some or all of the shares thus acquired, in accordance with the authorization granted by 27th resolution of the general shareholders' meeting (in the remit of the extraordinary general shareholders' meeting) held on May 26, 2020; or
- Delivering shares (in exchange, as payment or otherwise) in connection with acquisitions, mergers, spin-offs, or contributions; or
- Stabilizing the secondary market or the liquidity of Company shares by an investment service provider under a liquidity agreement complying with market practices approved by the French Financial Markets Authority (Autorité des Marchés Financiers – AMF) (as amended, if applicable).

This program is also intended to permit the implementation of any market practice that may be approved by the French Financial Markets Authority, as well as, more generally, any other transaction that complies with applicable regulations. Under such circumstances, the Company will inform its shareholders by means of a press release.

The Company will be able to purchase a number of shares such that, on the date of each buyback, the total number of shares purchased by the Company since the start of the buyback program (including those that are the subject of such buyback) is no more than 10% of the shares comprising the Company's share capital on that date (taking into consideration transactions affecting the share capital after the date of this general shareholders' meeting), namely, for informational purposes, as of December 31, 2020, a maximum buyback of 8,555,071 shares. It is specified that (i) the number of shares acquired with a view to retention and subsequent delivery as part of a merger, spin-off, or contribution may not be more than 5% of its share capital, and (ii) if shares are bought back to boost liquidity under the conditions defined by the French Financial Markets Authority's general regulation, the number of shares taken into consideration when calculating the 10% cap provided for above corresponds to the number of shares purchased, less the number of shares resold during the authorization period.

The acquisition, sale, or transfer of shares may be carried at any time decided by the Board of Directors, within the limits authorized by applicable laws and regulations. During a tender offer initiated by a third party for the Company's shares and until the end of the offer period, the Board of Directors will not be able to use this authorization without the prior authorization of the general shareholders' meeting.

These transactions may be carried out by any means, including by block trades, or in any other manner (without any restriction on the percentage of the buybacks that may be made using any one method).

The Company reserves the right to use options or other derivatives in connection with applicable legislation.

The maximum share purchase price under this resolution will be €100 per share (or the equivalent of that amount, on the same date, in any other currency). This maximum price will apply only to acquisitions decided after the date of this general shareholders' meeting and not to future transactions concluded under an authorization granted by a previous general shareholders' meeting and providing for share acquisitions after the date of this meeting.

The general shareholders' meeting authorizes the Board of Directors, in the event of a change in the share's nominal value, of an increase in the share capital through the incorporation of reserves, free share grants, stock splits or reverse stock splits, a distribution of reserves or any other assets, the redemption of capital, or any other transaction affecting the share capital or equity, to adjust the aforementioned maximum purchase price to take into account the impact of these transactions on the stock price.

The maximum funds designated for use by the buyback program is €50 million (or the equivalent of that amount on the buyback dates in any other currency).

The general shareholders' meeting gives the Board of Directors full authority, with the right to sub-delegate in accordance with applicable law, to decide to implement and to implement this authorization and, if necessary, to specify the terms and conditions thereof, to carry out the buyback program and, in particular, to place any trading orders, conclude any agreements, allocate or reallocate the shares acquired to the objectives set, in accordance with applicable legal and regulatory requirements, to set the terms under which the rights of holders of transferable securities giving access to the share capital or other rights giving access to the share capital, will be protected, if necessary, in accordance with legal and regulatory provisions and, where applicable, with contractual provisions providing for other adjustments, to make any declarations to the French Financial Markets Authority and any other competent authority and to complete any other formalities and, generally speaking, to do all that is necessary.

This authorization is granted for a period of 18 months from the date of this general shareholders' meeting.

This authorization terminates the authorization given to the Board of Directors by the 16th resolution of the general shareholders' meeting held on May 26, 2020, acting within the remit of the ordinary shareholders' meeting.

8.1.2 RESOLUTIONS WITHIN THE REMIT OF THE EXTRAORDINARY GENERAL SHAREHOLDERS' MEETING

Thirteenth resolution (Delegation of authority to the Board of Directors to decide to increase the Company's share capital by issuing shares and/or transferable securities giving immediate or future access to the share capital, with cancellation of the preferential subscription right, reserved for Group employees outside France, duration of the delegation, maximum nominal amount of the capital increase, issuance price, right to limit to the amount of subscriptions or to distribute unsubscribed securities)

The general shareholders' meeting, voting pursuant to the quorum and majority requirements for extraordinary general shareholders' meetings, having familiarized itself with the report of the Board of Directors and with the special report of the statutory auditors, and in accordance with Articles L. 225-129-2, L. 225-138, and L. 228-91 *et seq.* of the French Commercial Code:

1. Authorizes the Board of Directors, with the right to sub-delegate as permitted by law, to increase the share capital, with cancellation of preferential subscription rights, on one or more occasions, in France or abroad, in the proportions and at the times that it sees fit, either in euros or in any other currency or monetary unit established by reference to a basket of currencies, with or without a premium, for a fee or free of charge, by issuing (i) ordinary shares of the Company (excluding preferred shares), and/or (ii) ordinary shares giving the right to a grant of other ordinary shares or debt securities, and/or (iii) securities giving access to ordinary shares to be issued by the Company as well as by any company holding, directly or indirectly, more than one-half of its share capital or of which it holds, directly or indirectly, more than one-half of the share capital, reserved for the following categories of recipients: (i) employees, pre-retirement or retired, and corporate officers of the foreign

companies of the Neoen group, related to the Company pursuant to Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code, in order to enable them to subscribe for the Company's share capital (the "Overseas Employees"); and/or (ii) UCITs or other entities, whether or not legal entities, of employee shareholders invested in shares of the Company of which the shareholders shall consist of Overseas Employees; and/or (iii) any banking institutions or entities controlled by such institutions within the meaning of Article L. 233-3 of the French Commercial Code, acting at the Company's request to put in place a structured offer to Overseas Employees;

2. Decides to set the following limits on the authorized amounts of capital increases in the event that the Board of Directors uses this delegation of authority:

- The maximum nominal amount of immediate or future capital increases that could be carried out under this authorization will be 1% of the share capital on the date of the Board of Directors' decision. It is specified that this amount will be included in (i) the overall cap provided for in paragraph 2 of the 17th resolution of the general shareholders' meeting of May 26, 2020, as well as in (ii) the cap provided for in paragraph 2 of the 15th resolution of this general shareholders' meeting (subject to approval of that resolution) or, if applicable, in the caps provided for by any resolutions of the same nature that may replace such resolutions during the period of validity of this delegation;
- Where applicable, these caps will also include the nominal amount of the capital increase carried out to protect, in accordance with legal and regulatory provisions and, where applicable, contractual provisions providing for other adjustments, the rights of holders of transferable securities, or other rights, giving access to the share capital;

3. Decides to cancel, for the benefit of the aforementioned recipients, the shareholders' preferential subscription rights to the securities referred to in this resolution;

4. Decides that the issuance price of the shares to be issued pursuant to this authorization will be set by the Board of Directors on the basis of the Company's stock price on the Euronext Paris regulated market. This price will be equal to (i) the average closing price of the Company's shares over the 20 trading sessions preceding the date of the decision setting the opening date of the subscription period for the corresponding capital increase carried out under this resolution, less a maximum discount of 30%; or (ii) in the alternative, for a transaction carried out as part of an overall employee share ownership plan set up in France and abroad, the price set by the Board of Directors or its delegate on the date of the decision setting the opening date of the subscription period for the corresponding capital increase carried out under the 15th resolution of this general shareholders' meeting;

5. Decides that if subscriptions do not cover the entire issuance referred to in the paragraph 1 above, the Board of Directors may choose one of the following options, in the order that it chooses:

- To limit the amount of the issuance to the amount of the subscriptions, within any limits provided for by regulations; or
- to freely distribute some or all of the unsubscribed shares among the class of persons defined above;

6. Decides that the Board of Directors will have full authority, with the right to sub-delegate in accordance with applicable law, to implement this delegation of authority, in particular in order to:

- Decide to conduct an issuance on the basis of this delegation, and to determine its terms;
- Draw up a list of the beneficiary or beneficiaries of the cancellation of the preferential subscription right within the category defined above, as well as the number of securities to be subscribed for by each of them;
- Where applicable, set terms for the exercise of rights (where applicable, rights of conversion, exchange or redemption, including by the delivery of Company assets such as existing treasury shares or transferable securities) attached to the securities issued or to be issued and, in particular, to set the date, which may be retrospective, from which the new shares will rank for dividend, as well as any other terms and conditions applicable to the issuance;
- Provide for the option to suspend any exercise of rights attached to such securities in accordance with legal and regulatory provisions, for a maximum period of three months;
- Set the amounts of the issuances to be carried out pursuant to this delegation, and in particular to set the issuance price and the amount of the premium that may be required on issuance;
- Determine the dates, time periods, issuance procedures, nature, and form and features of the securities to be created, which may, in particular, take the form of subordinated or unsubordinated securities, with a fixed term or not, and the terms and conditions concerning the subscription, payment, delivery, and dividend date (which may be retrospective) of the securities, the reduction rules applicable in the event of oversubscription, as well as the other terms and conditions of the issuances, within applicable legal or regulatory limits;
- Determine and make any adjustments intended to reflect the impact of transactions on the Company's share capital or equity, in particular in the event of changes to the par value of shares, capital increases through the incorporation of reserves, profits or premiums, free share grants, stock splits or reverse stock splits, the distribution of dividends, reserves or premiums or any other assets, redemption of capital, or any other transactions affecting the capital or equity (including in the event of a public offer and/or change of control), and set any other terms ensuring, where applicable, that the rights of holders of transferable securities or other rights giving access to share capital are protected (including via cash adjustments);
- Record capital increases and amend the by-laws accordingly;
- Where applicable, charge the costs of capital increases to related premiums and deducting the sums needed for the legal reserve from such amount;

- Generally speaking, enter into any agreement necessary to carry out the proposed issuances successfully, to take any measures and decisions and carry out any formalities required for the issuance, listing and financial administration of the securities issued under this delegation, as well as for the exercise of the rights attached thereto or subsequent to the issuances carried out and, more generally, do whatever is necessary;

7. Decides that the delegation of authority that is the subject of this resolution will be 18 months from the date of this meeting;

8. Takes note that this authorization cancels, as from the date of this meeting, any prior authorization having the same purpose.

Fourteenth resolution (Authorization to be given to the Board of Directors to increase the number of shares to be issued in a capital increase, with or without cancellation of the preferential subscription right)

The general shareholders' meeting, voting pursuant to the quorum and majority requirements for extraordinary general shareholders' meetings, having familiarized itself with the report of the Board of Directors and with the special report of the statutory auditors, in accordance with Article L. 225-135-1 of the French Commercial Code:

1. Authorizes the Board of Directors, with the right to sub-delegate as permitted by law, to decide to increase the number of shares to be issued in the event of a capital increase of the Company, with or without preferential subscription rights, at the same price as that of the initial issuance, within the time periods and limits provided for by applicable regulations on the date of the issuance (as of the date hereof, within 30 days following the close of the subscription period and up to a maximum of 15% of the initial issuance), to grant an over-allotment option in accordance with market practice and within the limit of the caps set by the general shareholders' meeting;

2. Decides that the duration of the delegation of authority that is the subject of this resolution will be 26 months from the date of this meeting;

3. Takes note that this authorization cancels, as from the date of this meeting, any prior authorization having the same purpose.

Fifteenth resolution (Delegation of authority to the Board of Directors to decide to increase the Company's share capital by issuing shares and/or transferable securities giving immediate or future access to the share capital, with cancellation of the preferential subscription right, reserved for participants in company savings plans pursuant to Articles L. 3332-18 *et seq.* of the French Labor Code, duration of the delegation, maximum nominal amount of the capital increase, issuance price, right to grant free shares pursuant to Article L. 3332-21 of the French Labor Code)

The general shareholders' meeting, voting pursuant to the quorum and majority requirements for extraordinary general shareholders' meetings, having familiarized itself with the report of the Board of Directors and with the special report of the statutory auditors, and in accordance, first, with Articles L. 225-129-2, L. 225-129-6, L. 225-138-1, and L. 228-91 *et seq*. of the French Commercial Code, and, second, with Articles L. 3332-18 through L. 3332-24 of the French Labor Code:

1. Authorizes the Board of Directors, with the right to sub-delegate in accordance with applicable law, to decide to increase the capital, without preferential subscription rights, on one or more occasions, in France or abroad, in the proportions and at the times that it sees fit, either in euros or in any other currency or monetary unit established by reference to a basket of currencies, with or without a premium, for a fee or free of charge, by issuing (i) shares of the Company (excluding preferred shares) and/or (ii) securities giving immediate or future access to the Company's share capital (including equity securities giving the right to a grant of debt securities), reserved for participants in one or more employee savings plans (or any other plan with participants for whom Articles L. 3332-1 *et seq.* of the French Labor Code or any similar law or regulation permits a capital increase to be reserved under the same conditions) put in place within a company or group of companies, French or foreign, within the scope of consolidation or combined financial statements of the Company pursuant to Article L. 3344-1 of the French Labor Code, it being specified that this resolution could be used for purposes of implementing leverage formulas;

2. Decides to set the following limits on the authorized amounts of capital increases in the event that the Board of Directors uses this delegation of authority:

- The maximum nominal amount of immediate or future capital increases that may be carried out under this authorization is 2% of the share capital on the date of the Board of Directors' decision. It is specified that this amount will be included in the overall cap provided for in paragraph 2 of the 17th resolution of the general shareholders' meeting of May 26, 2020, or, if applicable, in any overall cap provided for by a resolution of the same nature that may replace such resolution during the period of validity of this delegation;

- Where applicable, these caps will also include the nominal amount of the capital increase necessary to protect, in accordance with legal and regulatory provisions and, where applicable, contractual provisions providing for other adjustments, the rights of holders of transferable securities, or other rights, giving access to the share capital;

3. Decides that the issuance price for the new shares or securities giving access to the share capital, determined pursuant to Articles L. 3332-18 *et seq.* of the French Labor Code, will be at least 70% of the Reference Price (as such expression is defined below) or 60% of the Reference Price (as such term is defined below) where the retention period provided for by the plan, under Articles L. 3332-25 and L. 3332-26 of the French Labor Code, is ten years or more. For the purposes of this paragraph, the "Reference Price" means the average of closing price of the Company's shares on the Euronext Paris regulated market over the 20 trading sessions preceding the date of the decision by the Board of Directors or its delegate setting the opening date of the subscription period for members of a Company or Group savings plan (or similar plan). However, the general shareholders' meeting expressly authorizes the Board of Directors, should it see fit, to reduce or cancel the aforementioned discount on the Reference Price, within legal and regulatory limits.

4. Authorizes the Board of Directors to carry out free grants to the beneficiaries indicated above, in addition to the shares or securities giving access to the share capital, of shares or securities giving access to the share capital to be issued or already issued, as a replacement for all or part of the discount from the Reference Price and/or as a top-up, it being understood that the benefit resulting from such grant may not exceed applicable legal or regulatory limits pursuant to Articles L. 3332-10 *et seq.* of the French Labor Code;

5. Decides to cancel the shareholders' preferential subscription right to the securities that are the subject of this resolution for the benefit of the recipients indicated above; in the event of a free grant to the recipients indicated above of shares or securities giving access to the share capital, the shareholders will also waive any right to such shares or securities giving access to the share capital, including the portion of reserves, profits, or premiums incorporated into the share capital, by reason of the free grant of such securities carried out on the basis of this resolution;

6. Authorizes the Board of Directors, pursuant to the terms of this delegation, to sell shares to the participants in a company or group savings plan (or similar plan) as provided for in Article L. 3332-24 of the French Labor Code, it being specified that sales of shares carried out at a discount to participants in one or more employee savings plans as referred to in this resolution will be included, up to the amount of the nominal value of the shares so sold, in the caps referred to in paragraph 2 above;

7. Decides that the Board of Directors will have full authority, with the right to sub-delegate in accordance with applicable law, to implement this delegation of authority, in particular in order to:

- Decide to issue shares and/or transferable securities giving immediate or future access to the Company's share capital;
- Establish, in accordance with applicable law, the list of beneficiaries indicated above who may subscribe for the shares or securities giving access to the share capital so issued, and who may receive, if applicable, free grants of shares or securities giving access to the share capital;
- Decide that beneficiaries, members of a company or group savings plan (or similar plan) may subscribe directly or via an employees' mutual fund or other structures or entities permitted by applicable laws and regulations;
- Determine the requirements, particularly in terms of length of service, that must be met by beneficiaries of capital increases;
- Where applicable, set terms for the exercise of rights (where applicable, rights of conversion, exchange or redemption, including by the delivery of Company assets such as existing treasury shares or transferable securities) attached to shares or transferable securities giving access to share capital and, in particular, setting the date, which may be retrospective, from which the new shares will rank for dividend, as well as any other terms and conditions applicable to capital increases;
- Provide for the option to suspend any exercise of rights attached to shares or securities giving access to the share capital in accordance with legal and regulatory provisions;
- Determine the amounts of issuances to be carried out under this authorization and determine, in particular, issuance prices, dates, time limits, terms and conditions of subscription, settlement, delivery and vesting (which may be retrospective), rules on reducing amounts in the event of oversubscription, as well as other terms and conditions of issuances, in accordance with current legal or regulatory constraints;
- Determine and make any adjustments intended to reflect the impact of transactions on the Company's share capital or equity, in particular in the event of changes to the par value of shares, capital increases through the incorporation of reserves, profits or premiums, free share grants, stock splits or reverse stock splits, the distribution of dividends, reserves or premiums or any other assets, redemption of capital, or any other transactions affecting the capital or equity (including in the event of a public offer and/or change of control), and set any other terms ensuring, where applicable, that the rights of holders of transferable securities or other rights giving access to share capital are protected (including via cash adjustments);
- In the event of the award of free shares or transferable securities giving access to the share capital, set the type and number of shares or transferable securities giving access to the share capital to be issued, as well as related terms and characteristics, the number to be awarded to each beneficiary, and set the dates, time limits and terms and conditions for the award of these shares or transferable securities giving access to the share capital, in accordance with current legal and regulatory constraints and, in particular, choose whether to fully or partially replace the

award of these shares or transferable securities with the discounts on the Reference Price provided for above, or to deduct the equivalent value of these shares or transferable securities from the total employer's top-up contribution, or to combine these two options;

- In the event of new shares being issued, deducting the sums needed to pay up these shares from reserves, profits or issue premiums;
- Record capital increases and amend the by-laws accordingly;
- At its sole discretion, charge the costs of capital increases to related premiums and deducting the sums needed for the legal reserve from this amount;
- Generally speaking, enter into any agreement necessary to carry out the proposed issuances successfully, to take any measures and carry out any formalities required for the issuance, listing and financial administration of the securities issued under this delegation, as well as for the exercise of the rights attached thereto and, more generally, do whatever is necessary;

8. Decides that the duration of the delegation of authority that is the subject of this resolution will be 26 months from the date of this meeting;

9. Takes note that this authorization cancels, as from the date of this general shareholders' meeting, any prior authorization having the same purpose, up to the amount of the portion that has not been used.

Sixteenth resolution (Authorization to the Board of Directors to carry out free grants of existing shares or future shares to employees and officers of the Group, or to certain of them)

1. The general shareholders' meeting, voting pursuant to the quorum and majority required for extraordinary shareholders' meetings, having familiarized itself with the report of the Board of Directors and with the special report of the statutory auditors, an in accordance with Articles L. 225-197-1 *et seq.* of the French Commercial Code, authorizes the Board of Directors, with the right to sub-delegate as permitted by law, to carry out, on one or more occasions, free grants of existing shares or shares to be issued (excluding preferred shares) to the recipients or categories of recipients that it may determine from among the employees of the Company or of related companies or groups as provided for by Article L. 225-197-2 of the French Commercial Code and the corporate officers of the Company or of related companies or groups and who satisfy the conditions provided for in Article L. 225-197-1 II of such Code, pursuant to the terms defined below;

2. Decides that the free existing or future shares granted pursuant to this authorization may not represent more than 2% of the Company's share capital on the date of the Board of Director's decision, it being specified that the maximum nominal amount of the capital increases that could be carried out immediately or in the future pursuant to this authorization will be included in the overall cap provided for in paragraph 2 of the 17th resolution of the general shareholders' meeting of May 26, 2020, or, if applicable, in any overall cap that may be provided for by a resolution of the same nature that may replace such resolution during the period of validity of this authorization, and that, in any event, the total number of free shares granted may not exceed the limits set forth in Articles L. 225-197-1 *et seq.* of the French Commercial Code. This cap does not take into account any adjustments that may be performed to preserve the potential rights of the recipients of the free share grants;

3. Decides that the total number of existing shares or future shares to be granted pursuant to this authorization to the executive officers of the Company may not represent more than 50% of the free shares that could be granted pursuant to this authorization;

4. Decides that:

- The free grant of shares to their recipients will vest at the end of a vesting period the length of which will be decided by the Board of Directors, provided, that such period may not be shorter than that required by applicable laws on the date of the decision to grant;
- Vested shares, at the end of the above-mentioned vesting period, will be subject to a retention period the length of which may not be shorter than that required by applicable law on the date of the decision to grant (namely, as of the date hereof, the difference between a period of two years and the length of the vesting period as set by the Board of Directors); however, this retention obligation may be lifted by the Board of Directors for free share grants for which the vesting period shall have been set at a length of at least the minimum period provided for by law (namely, as of the date hereof, two years);
- The vesting of free share grants and the right to freely transfer the shares shall, however, occur prior to the expiration of the vesting period or, if applicable, of the retention period, in the event that the recipient becomes disabled within the meaning of the second or third category provided for in Article L. 341-4 of the French Social Security Code, or an equivalent provision abroad;

5. Decides that the vesting of free share grants shall be subject to the satisfaction or one or more performance conditions determined by the Board of Directors;

6. Grants full authority to the Board of Directors, with the right to sub-delegate in accordance with applicable law, to implement this resolution, in particular in order to:

- Determine whether the free shares granted are future and/or existing shares and, where applicable, to modify its choice prior to the vesting date of the shares;
- Determine the identity of the recipients or of the category or categories of recipients of share grants from among the employees and officers of the Company or of the companies or groups referred to above and the number of shares granted to each of them;
- Determine the conditions and, if applicable, the criteria for the grant of shares, including the minimum vesting period and the length of the required retention period for each recipient, pursuant to the terms provided for above, it being

noted that with respect to free share grants to company officers, the Board of Directors must either (a) decide that the free shares granted may not be transferred while the recipients remain in their positions, or (b) set the number of free shares granted that they are required to retain in registered form while they remain in their positions;

- Provide for the right to temporarily suspend grant rights;
- Take note of the vesting dates and the dates from which the shares may be freely transferred, taking into account legal restrictions;
- Register the free shares granted in a registered account in the name of their holder, mentioning any restriction and the duration thereof, and to lift such restriction from the shares in any circumstances in which applicable regulations permit lifting the restriction;

7. Decides that the Board of Directors will also have all powers, with the right to sub-delegate as permitted by law, where applicable in the event of the issuance of new shares, to allocate the necessary amounts to pay up such shares to reserves, profits, or issuance premiums, to take note of the completion of the capital increases carried out pursuant to this authorization, to make the corresponding changes to the by-laws, and, generally, to carry out all necessary acts and formalities;

8. Decides that the Company may make any necessary adjustments to the number of free shares granted in order to protect the rights of the recipients, as a function of any transactions in the Company's share capital or equity, in particular in the event of changes to the par value of shares, capital increases through the incorporation of reserves, free share grants, issuance of new shares with preferential subscription rights reserved for the shareholders, stock splits or reverse stock splits, the distribution of reserves, issuance premiums or any other assets, redemption of capital, modification of the allocation of profits by the creation of preferred shares, or any other transaction affecting the capital or shareholders' equity (including in the event of a public tender offer and/or change of control). It is noted that the shares granted pursuant to such adjustments shall be deemed granted on the same date as the shares initially granted, and shall be added to the ceiling referred to above;

9. Recognizes that in the case of a free grant of new shares, this authorization shall result, as such shares vest, in an increase of the share capital by incorporation of reserves, profits, or issuance premiums for the benefit of the recipients of such shares, and the corresponding waiver by the shareholders, for the benefit of the recipients of such shares, of their preferential subscription rights to such shares;

10. Recognizes the fact that if the Board of Directors uses this authorization, it shall inform the ordinary shareholders' meeting each year of the transactions carried out pursuant to Articles L. 225-197-1 to L. 225-197-3 of the French Commercial Code, as required by Article L. 225-197-4 of such Code;

11. Decides that the duration of the delegation of authority that is the subject of this resolution will be 26 months from the date of this meeting;

12. Takes note that this authorization cancels, as from the date of this general shareholders' meeting, any prior authorization having the same purpose, up to the amount of the portion that has not been used.

8.1.3 RESOLUTION WITHIN THE REMIT OF THE ORDINARY GENERAL SHAREHOLDERS' MEETING

Seventeenth resolution (Powers to carry out formalities)

The general shareholders' meeting, voting pursuant to the quorum and majority required for ordinary shareholders' meetings, grants all powers to the bearer of an original, copy or extract of the minutes of its deliberations to make any filings or carry out any formalities required by law.

8.2 BOARD OF DIRECTORS' REPORT ON THE DRAFT RESOLUTIONS

Update on the Company's Business

An overview of the financial position, business activity and results of the Company and its Group over the past year, as well as the various disclosures required by current legal and regulatory provisions, appear in the Board of Directors' 2020 management report, which is in included in the 2020 universal registration document available on the Company website (www.neoen.com), and which you are invited to consult.

Since the beginning of 2021, the Company has continued to conduct business in the ordinary course. Post-closing events are described in Note 24 (Post-closing events) to the consolidated financial statements as of December 31, 2020, which are included in the above-mentioned universal registration document.

The documents required by law and by the by-laws were sent out and/or made available to you within the deadlines set.

Please note that the Board of Directors has approved all of the resolutions submitted to the general shareholders' meeting.

8.2.1 RESOLUTIONS WITHIN THE REMIT OF THE ORDINARY GENERAL SHAREHOLDER'S MEETING

The 1st through 12th and 17th resolutions fall within the remit of the ordinary general shareholders' meeting.

Approval of the 2020 Company and consolidated financial statements and allocation of net income (1st, 2nd and 3rd resolutions)

The draft 1st and 2nd resolutions concern the approval of the 2020 Company and consolidated financial statements, approved by the Board of Directors on March 10, 2021, and showing, respectively, net profit of €26,603,243 and net profit, group share, of €3,859,115.

You are asked, under the 3rd resolution, to allocate the 2020 net income, amounting to €26,603,243 as follows:

- In accordance with applicable legal requirements, to allocate €1,330,163 of this profit to the legal reserve;
- To note that the remaining balance of the 2020 profit is €25,273,080; and
- To allocate the distributable profit of €25,273,080 to "Other reserves," which would thus stand at €53,800,367 post allocation.

In accordance with the law, it is noted that the Company did not distribute any dividends or income during the three years preceding the 2020 fiscal year.

Approval of information referred to in Article L. 22-10-9 I of the French Commercial Code included in the corporate governance report (overall ex-post "say on pay") (4th resolution)

In accordance with Article L. 22-10-34 of the French Commercial Code, we submit for your approval, in connection with the 4th resolution, the information referred to in Article L. 22-10-9 of the French Commercial Code, as presented to you in paragraphs 6.3.2.2 *et seq.* of the corporate governance report included in chapter 6 of the 2020 universal registration document.

Approval of the fixed, variable, and exceptional items comprising the total compensation and benefits of any kind paid in fiscal year 2020 or granted in respect of fiscal year 2020 to Xavier Barbaro, Chairman and CEO (5th resolution)

You are asked, under the 5th resolution, in accordance with Article L. 22-10-34 II of the French Commercial Code, on the basis of the corporate governance report, to approve the fixed, variable and exceptional items comprising the total compensation and benefits of any kind paid in fiscal year 2020 or granted in respect of fiscal year 2020 to Xavier Barbaro, Chairman and CEO, as presented in paragraph 6.3.2.3 of the corporate governance report included in chapter 6 of the 2020 universal registration document.

It is noted that the various components of the compensation paid to Xavier Barbaro, Chairman and CEO, in respect of the 2020 fiscal year comply with the compensation policy applicable to him, which was approved by the General Shareholders' Meeting held on May 26, 2020, in its 10th resolution.

It is also noted that payment of Mr. Barbaro's annual variable compensation for the 2020 fiscal year is subject to the approval of this resolution by the General Shareholders' Meeting.

Approval of the fixed, variable, and exceptional items comprising the total compensation and benefits of any kind paid in fiscal year 2020 or granted in respect of fiscal year 2020 to Romain Desrousseaux, Deputy CEO (6th resolution)

You are asked, under the 6th resolution, in accordance with Article L. 22-10-34 II of the French Commercial Code, on the basis of the corporate governance report, to approve the fixed, variable and exceptional items comprising the total compensation and benefits of any kind paid in fiscal year 2020 or granted in respect of fiscal year 2020 to Romain Desrousseaux, Deputy CEO, as presented in paragraph 6.3.2.4 of the corporate governance report included in chapter 6 of the 2020 universal registration document. In that regard, it is noted that Mr. Desrousseaux is compensated solely pursuant to his employment agreement.

Therefore, the items presented in the table referred to in the paragraph above do not contain any amounts in the columns showing compensation paid to Mr. Desrousseaux in 2020 or granted to him in respect of that fiscal year by reason of his corporate office. As a result, the payment of Mr. Desrousseaux's variable compensation granted in respect of the 2020 fiscal year is not subject to the general shareholder's meeting's approval of this resolution.

However, it was decided to voluntarily submit the items set forth in the table included in the paragraph referred to above (which notes, purely for informational purposes, compensation under the employment agreement in the column entitled "Presentation (informational)."

Approval of the compensation policy applicable to members of the Board of Directors (7th resolution)

You are asked, under the 7th resolution, in accordance with Article L. 22-10-8 II of the French Commercial Code, on the basis of the corporate governance report, to approve the compensation policy applicable to members of the Board of Directors as presented in paragraphs 6.3.1 and 6.3.3 (i) of the corporate governance report included in chapter 6 of the 2020 universal registration document.

Approval of the compensation policy applicable to the Chairman and CEO (8th resolution)

You are asked, under the 8th resolution, in accordance with Article L. 22-10-8 II of the French Commercial Code, on the basis of the corporate governance report, to approve the compensation policy applicable to the Chairman and CEO as presented in paragraphs 6.3.1 and 6.3.2.1 (i) of the corporate governance report included in chapter 6 of the 2020 universal registration document.

Approval of the compensation policy applicable to the Deputy CEO (9th resolution)

You are asked, under the 9th resolution, in accordance with Article L. 22-10-8 II of the French Commercial Code, on the basis of the corporate governance report, to approve the compensation policy applicable to the Deputy CEO as presented in paragraphs 6.3.1 and 6.3.2.1 (ii) of the corporate governance report included in chapter 6 of the 2020 universal registration document.

Renewal of Bpifrance Investissement's directorship (10th resolution)

You are asked, under the 10th resolution, to renew Bpifrance Investissement's directorship for a four-year term ending at the close of the general shareholders' meeting to be held in 2025 to approve the financial statements for the prior fiscal year.

We note that on December 18, 2020, after receiving the opinion of the Nomination and Compensation Committee, and having taken note that Bpifrance Investissement would continue to be one of the banks providing financing to the Neoen Group and maintaining relations with the Company and, more generally, with the Neoen group, the Board of Directors decided that Bpifrance Investissement currently could not be deemed an independent director.

For purely informational purposes, it is specified that Bpifrance Investissement's permanent representative as of the date hereof is Céline André. Information concerning her expertise and experience is provided in paragraph 6.1.1 of the corporate governance report included in chapter 6 of the 2020 universal registration document.

Attached to this report you will find information concerning Bpifrance Investissement, the renewal of whose directorship is proposed (Exhibit 1).

Renewal of Helen Lee Bouygues's directorship (11th resolution)

You are asked, under the 11th resolution, to renew Helen Lee Bouygues's directorship for a four-year term ending at the close of the general shareholders' meeting to be held in 2025 to approve the financial statements for the prior fiscal year.

It is noted that Helen Lee Bouygues meets the independence criteria defined in the AFEP-MEDEF Code, which the Group follows. On December 18, 2020, after receiving the opinion of the Nomination and Compensation Committee, the Board of Directors confirmed her independence.

In addition, it is noted that Helen Lee Bouygues is also a member of the Audit Committee and the Nomination and Compensation Committee, and is the Lead Independent Director. The Board of Directors, on the proposal of the Nomination and Compensation Committee, has decided to renew these appointments, subject to and effective as from the renewal of her directorship, for a term to coincide with her term as a director.

Information concerning her expertise and experience is provided in paragraph 6.1.1 of the corporate governance report included in chapter 6 of the 2020 universal registration document.

Furthermore, attached to this report you will find information about Helen Lee Bouygues, the renewal of whose directorship is proposed (Exhibit 2).

If the two proposed directorship renewals are approved, the composition of the Board will remain unchanged. The proportion of independent directors will remain at 42%, and the Company will be in compliance with the legal rules on gender parity.

Authorization to be given to the Board of Directors to trade in the Company's shares in accordance with the procedures set forth in Article L. 22-10-62 of the French Commercial Code (12th resolution)

You are asked, under the 12th resolution, to authorize the Board of Directors to purchase Company shares, or to have them purchased by third parties, in accordance with Articles L. 225-10-62 *et seq.* and L. 225-210 *et seq.* of the French Commercial Code.

Objectives of the program

Shares of the Company could be purchased for the following reasons:

- Implementing any Company share purchase option plan pursuant to Articles L. 225-177 *et seq.* of the French Commercial Code or any similar plan; or
- Allocating or selling shares to employees to enable them to share in the fruits of the Company's expansion or the introduction of any company or group savings plan (or similar plan) under the conditions provided for by law, in particular, Articles L. 3332-1 *et seq.* of the French Labor Code, as well as any other shareholding plan for executives and employees of the Company and its subsidiaries; or
- Allocating free shares under the provisions of Articles L. 225-197-1 *et seq.* of the French Commercial Code; or
- Generally speaking, honoring obligations under stock option plans or other share allocations to Company employees or officers or those of an associated company; or
- Delivering shares when rights attached to transferable securities giving access to the share capital by redemption, conversion, exchange or the presentation of warrants, or by any other means, are exercised; or
- Cancelling some or all of the shares thus acquired, in accordance with the authorization granted by 27th resolution of the general shareholders' meeting (in the remit of the extraordinary general shareholders' meeting) held on May 26, 2020; or
- Delivering shares (in exchange, as payment or otherwise) in connection with acquisitions, mergers, spin-offs, or contributions; or
- Stabilizing the secondary market or the liquidity of Company shares by an investment service provider under a liquidity agreement complying with market practices approved by the French Financial Markets Authority (Autorité des Marchés Financiers – AMF) (as amended, if applicable).

This program would also be intended to permit the Company to engage in any market practice approved by the French Financial Markets Authority as well as, more generally, any other transaction that complies with applicable regulations. Under such circumstances, the Company would inform its shareholders by means of a press release.

Maximum buyback

The Company would be able to purchase a number of shares such that, on the date of each buyback, the total number of shares purchased by the Company since the start of the buyback program (including those that are the subject of such buyback) would be no more than 10% of the shares comprising the Company's share capital on that date (taking into consideration transactions affecting the share capital after the date of the general shareholders' meeting), namely, for informational purposes, as of December 31, 2020, a maximum buyback of 8,555,071 shares. It is specified that (i) the number of shares acquired with a view to retention and subsequent delivery as part of a merger, spin-off, or contribution may not be more than 5% of its share capital, and (ii) if shares are bought back to boost liquidity under the conditions defined by the French Financial Markets Authority's general regulation, the number of shares taken into consideration when calculating the 10% cap provided for above corresponds to the number of shares purchased, less the number of shares resold during the authorization period.

Buyback procedures

The acquisition, sale, or transfer of shares could be carried at any time decided by the Board of Directors, within the limits authorized by applicable laws and regulations.

During a tender offer initiated by a third party for the Company's shares and until the end of the offer period, the Board of Directors would not be able to use this authorization without the prior authorization of the general shareholders' meeting.

The transactions could be carried out by any means, including by block trades, or in any other manner (without any restriction on the percentage of the buybacks that may be made using any one method).

The Company would reserve the right to use options or other derivatives in connection with applicable legislation.

Maximum price per share and maximum amount of the program

The maximum share purchase price under this resolution would be €100 per share (or the equivalent of that amount, on the same date, in any other currency). This maximum price would apply only to acquisitions decided after the date of the general shareholders' meeting and not to future transactions concluded under an authorization granted by a previous general shareholders' meeting and providing for share acquisitions after the date of the general shareholders' meeting.

The general shareholders' meeting would authorize the Board of Directors, in the event of a change in the nominal value of the Company's stock, an increase in the share capital through the incorporation of reserves, free share grants, stock splits or reverse stock splits, a distribution of reserves or any other assets, the redemption of capital, or any other transaction affecting the share capital or equity, to adjust the aforementioned maximum purchase price to take into account the impact of these operations on the stock price.

The maximum funds designated for use by the buyback program would be €50 million (or the equivalent of that amount on the buyback dates in any other currency).

Duration

This authorization would be granted for a period of 18 months following the date of the general shareholders' meeting and would terminate the authorization given to the Board of Directors pursuant to the 16th resolution the general shareholders' meeting held on May 26, 2020, acting within the remit of the ordinary shareholders' meeting.

Powers to carry out formalities (17th resolution)

You will be asked, under the 17th resolution, to fully authorize bearers of originals, copies or extracts of the minutes of your deliberations to file any papers or carry out any formalities required by law.

8.2.2 RESOLUTIONS WITHIN THE REMIT OF THE EXTRAORDINARY GENERAL SHAREHOLDERS' MEETING

The 13th through 16th resolutions fall within the remit of the extraordinary general shareholders' meeting.

The Board of Directors wishes to have the necessary authorizations in order to carry out, if it so chooses, any issuance that may prove necessary in connection with the development of the Neoen group's business, as well as any authorizations necessary to provide it with the tools to maintain an incentive employee shareholding plan and to reinforce the Company's development.

For that reason, you are asked to renew the delegation of power to increase the share capital with cancellation of the preferential subscription right, reserved for the group's employees abroad, since that delegation is expiring, as well as to approve the early renewal of the authorization to grant free shares in order to be able potentially to benefit from the exemption extended to Medium-Sized Enterprises (Entreprises de Taille Intermédiaire - ETI) by Article 206 of the French Finance Law for 2021 the next time free shares are granted.

In addition, in light of the authorizations that may in the future result in a capital increase in cash, you are asked to vote on a delegation of power to increase the share capital for the benefit of the participants in a company savings plan, in accordance with applicable regulations.

With respect to current authorizations, you will find the table of delegations and authorizations granted by the General Shareholders' Meeting to the Board of Directors that are currently in effect and the status of their use in paragraph 6.4.1 of the corporate governance report in chapter 6 of the 2020 universal registration document.

Delegation of authority to the Board of Directors to decide to increase the Company's share capital by issuing shares and/or transferable securities giving immediate or future access to the share capital, with cancellation of the preferential subscription right, reserved for Group employees outside France, duration of the delegation, maximum nominal amount of the capital increase, issuance price, right to limit to the amount of subscriptions or to distribute unsubscribed securities (13th resolution)

You are asked, under the 13th resolution, to delegate authority to the Board of Directors to increase the Company's share capital through the issuance of:

1. Ordinary shares of the Company (i.e., to the exclusion of preferred shares); and/or
2. Ordinary shares giving access to the granting of other ordinary shares or debt securities; and/or
3. Securities giving access to ordinary shares to be issued by the Company as well as by any company that may hold, directly or indirectly, more than one-half of the Company's share capital, or of which it holds, directly or indirectly, more than one-half of the share capital.

Issuances carried out in that regard would entail cancellation of the preferential subscription right for the benefit of persons belonging to the following categories of recipients:

1. Employees, pre-retirement or retired, and officers of the foreign companies of the Neoen group, related to the Company pursuant to Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code, in order to enable them to subscribe for the Company's share capital ("Overseas Employees"); and/or
2. UCITs or other entities, whether or not they are legal entities, existing for the purpose of employee investment in the Company's shares and the members or shareholders of which consist of Overseas Employees; and/or
3. Any banking institution or entity controlled by such an establishment, within the meaning of Article L. 233-3 of the French Commercial Code, acting at the Company's request to set up a structured offer to Overseas Employees.

This resolution would enable the Company to include certain overseas employees and corporate officers in its success by developing an employee share ownership plan.

The maximum nominal amount of the immediate, or future, capital increases that could be carried out under this delegation would be 1% of the share capital on the date of the Board of Directors' decision. It is specified that this amount would be included:

1. In the overall cap provided for in paragraph 2 of the 17th resolution of the general shareholders' meeting of May 26, 2020, as well as
2. In the cap referred to in connection with the delegation for the benefit of the participants in a company savings plan (Plan d'Epargne Entreprise - PEE) submitted to the general shareholders' meeting in the 15th resolution (subject to that resolution's approval) or, if applicable, in any caps that may provided for by resolutions of the same nature that may replace such resolutions during the period of validity of this delegation.

Where applicable, these caps would also include the nominal amount of the capital increase carried out to protect, in accordance with legal and regulatory provisions and, where applicable, contractual provisions providing for other adjustments, the rights of holders of transferable securities, or other rights, giving access to the share capital.

The issuance price of the new shares to be issued under this delegation would be determined by the Board of Directors on the basis of the Company's stock price on the Euronext Paris regulated market. That price would be equal to:

1. The average closing price of the Company's shares over the 20 trading sessions preceding the date of the decision setting the opening date of the subscription period for the corresponding capital increase carried out pursuant to this resolution, minus a maximum discount of 30%; or

2. In the alternative, in the case of a transaction carried out in connection with an overall employee shareholding plan implemented in France and abroad, the price decided upon by the Board of Directors or its delegate on the date of the decision setting the opening date for the subscription period of the corresponding capital increase carried out pursuant to the 15th resolution of the general shareholders' meeting (delegation for the benefit of participants in a company savings plan).

If subscriptions do not cover the entire issuance, the Board of Directors would be able to choose one of the following options, in the order that it chooses:

1. To limit the amount of the issuance to the amount of the subscriptions, within any limits provided for by regulations; or
2. To freely distribute some or all of the unsubscribed shares among the class of persons defined above.

The period of validity of this authorization would be 18 months from the date of the general shareholders' meeting.

This authorization would cancel, as from the date of the general shareholders' meeting, any prior authorization having the same purpose.

Authorization to be given to the Board of Directors to increase the number of shares to be issued in a capital increase, with or without cancellation of the preferential subscription right (14th resolution)

You are asked, under the 14th resolution, to authorize the Board of Directors to decide to increase the number of shares to be issued in the event of a capital increase of the Company, with or without preferential subscription rights, at the same price as that of the initial issuance, within the time periods and limits provided for by applicable regulations on the date of the issuance (as of the date hereof, within 30 days following the close of the subscription period and up to a maximum of 15% of the initial issuance), to grant an over-allotment option in accordance with market practice and within the limit of the caps set by the general shareholders' meeting.

This resolution would make it possible to reopen a capital increase at the same price as the initially planned transaction in the event of over-subscription (known as a "greenshoe" clause).

The period of validity of this authorization would be 26 months from the date of the general shareholders' meeting.

This authorization would cancel, as from the date of the general shareholders' meeting, any prior authorization having the same purpose.

Delegation of authority to the Board of Directors to decide to increase the Company's share capital by issuing shares and/or transferable securities giving immediate or future access to the share capital, with cancellation of the preferential subscription right, reserved for participants in company savings plans pursuant to Articles L. 3332-18 *et seq.* of the French Labor Code, duration of the delegation, maximum nominal amount of the capital increase, issuance price, right to grant free shares pursuant to Article L. 3332-21 of the French Labor Code (15th resolution)

You are asked, under the 15th resolution, to delegate authority to the Board of Directors to decide to increase the Company's share capital, with cancellation of the preferential subscription right, through the issuance of:

1. Shares of the Company (to the exclusion of preferred shares); and/or
2. Securities giving immediate or future access to the Company's share capital (including equity securities giving the right to a grant of debt securities), reserved for participants in one or more employee savings plans (or any other plan with participants for whom Articles L. 3332-1 *et seq.* of the French Labor Code or any similar law or regulation permits a capital increase to be reserved under the same conditions) put in place within a company or group of companies, French or foreign, within the scope of consolidation or combined financial statements of the Company pursuant to Article L. 3344-1 of the French Labor Code, it being specified that this resolution could be used for purposes of implementing leverage formulas.

This resolution would enable the Company to include certain employees and corporate officers in its success by developing an employee share ownership plan.

The maximum nominal amount of immediate or future capital increases that could be carried out under this authorization would be 2% of the share capital on the date of the Board of Directors' decision. It is specified that this amount would be included in the overall cap provided for in paragraph 2 of the 17th resolution of the general shareholders' meeting of May 26, 2020, or, if applicable, in any overall cap provided for by a resolution of the same nature that may replace such resolution during the period of validity of this delegation.

Where applicable, these caps would also include the nominal amount of the capital increase necessary to protect, in accordance with legal and regulatory provisions and, where applicable, contractual provisions providing for other adjustments, the rights of holders of transferable securities, or other rights, giving access to the share capital.

The issuance price for the new shares or securities giving access to the share capital, determined pursuant to Articles L. 3332-18 *et seq.* of the French Labor Code would be at least 70% of the Reference Price (as such expression is defined below) or 60% of the Reference Price where the retention period provided for by the plan, under Articles L. 3332-25 and L. 3332-26 of the French Labor Code, is ten years or more. For the purposes of this paragraph, the "Reference Price" means the average of the closing prices of the Company's shares on the Euronext Paris regulated market over the 20 trading sessions prior to the date of the decision by the Board of Directors or its delegate setting the opening date of the subscription period for members of a Company or Group savings plan (or similar plan).

However, the Board of Directors could reduce or cancel the aforementioned discount of the Reference Price within the limit of laws and regulations.

The Board of Directors would be authorized to carry out free grants to the recipients indicated above, in addition to the shares or securities giving access to the share capital, of shares or securities giving access to the share capital to be issued or already issued, as a replacement for all or part of the discount from the Reference Price and/or as a top-up, it being understood that the benefit resulting from such grant could not exceed applicable legal or regulatory limits pursuant to Articles L. 3332-10 *et seq*. of the French Labor Code.

The shareholders' preferential subscription right to the securities that are the subject of this resolution would be cancelled for the benefit of the recipients indicated above; in the event of a free grant to the recipients indicated above of shares or securities giving access to the share capital, the shareholders would also waive any right to such shares or securities giving access to the share capital, including the portion of reserves, profits, or premiums incorporated into the share capital, by reason of the free grant of such securities carried out on the basis of this resolution.

The Board of Directors would also be authorized, pursuant to the terms of this delegation, to sell shares to the participants in a company or group savings plan (or similar plan) as provided for in Article L. 3332-24 of the French Labor Code, it being specified that sales of shares carried out at a discount to participants in one or more employee savings plans as referred to in this resolution would be included, up to the amount of the nominal value of the shares so sold, in the caps referred to above.

The period of validity of this authorization would be 26 months from the date of the general shareholders' meeting.

This authorization would cancel, as from the date of the general shareholders' meeting, any prior authorization having the same purpose, up to the amount of the portion that has not been used.

Authorization to the Board of Directors to carry out free grants of existing shares or future shares to employees and officers of the Group, or to certain of them (16th resolution)

You are asked, under the 16th resolution, to authorize the Board of Directors to carry out, on one or more occasions, free grants of existing shares or shares to be issued (excluding preferred shares) to the recipients or categories of recipients that it may determine from among the employees of the Company or of related companies or groups as provided for by Article L. 225-197-2 of the French Commercial Code and the corporate officers of the Company or of related companies or groups and who satisfy the conditions provided for in Article L. 225-197-1 II of such Code.

This resolution would enable the Company to implement its long-term compensation policy, with a strategy to encourage shareholding in the Company by key employees and officers of the group, or certain of them.

The free existing or future shares granted pursuant to this authorization could not represent more than 2% of the Company's share capital on the date of the Board of Director's decision, it being specified that the maximum nominal amount of the capital increases that could be carried out immediately or in the future pursuant to this authorization would be included in the overall cap provided for in paragraph 2 of the 17th resolution of the general shareholders' meeting of May 26, 2020, or, if applicable, in any overall cap that may be provided for by a resolution of the same nature that may replace such resolution during the period of validity of this authorization, and that, in any event, the total number of free shares granted could not exceed the limits set forth in Articles L. 225-197-1 *et seq.* of the French Commercial Code. This cap does not take into account any adjustments that may be performed to preserve the potential rights of the recipients of the free share grants.

The total number of existing shares or future shares to be granted pursuant to this authorization to the executive officers of the Company may not represent more than 50% of the free shares that could be granted pursuant to this authorization.

The free grant of shares to their recipients would vest only at the end of a vesting period the length of which would be decided by the Board of Directors, provided, that such period may not be shorter than that required by applicable laws on the date of the decision to grant (as of the date hereof, one year). Vested shares, at the end of the above-mentioned vesting period, would be subject to a retention period the length of which may not be shorter than that required by applicable law on the date of the decision to grant (namely, as of the date hereof, the difference between a period of two years and the vesting period, which will be set by the Board of Directors); however, this retention period could be lifted by the Board of Directors for free share grants for which the vesting period is at least as long as the minimum period provided for by law (namely, as of the date hereof, two years).

The vesting of the free shares granted and the right to freely transfer them would, however, occur prior to the end of the vesting period or the retention period, as the case may be, in the event that the recipient becomes disabled within the definition of the third or fourth category provided for in Article L. 341-4 of the French Social Security Code, or an equivalent provision abroad.

The Board of Directors would have full authority to implement this authorization.

The Board of Directors would also have full authority, as applicable upon the issuance of new shares, to deduct the necessary amounts from reserves, profits, or issuance premiums to pay up the shares, to take note of the completion of the capital increases pursuant to this authorization, to make the corresponding changes to the bylaws, and, more generally, to perform all necessary actions and formalities.

This authorization would result, as such shares vest, in an increase of the share capital by incorporation of reserves, profits, or issuance premiums for the benefit of the recipients of such shares, and the corresponding waiver by the shareholders, for the benefit of the recipients of such shares, of their preferential subscription rights to such shares.

The period of validity of this authorization would be 26 months from the date of the general shareholders' meeting.

This authorization would cancel, as from the date of the general shareholders' meeting, any prior authorization having the same purpose, up to the amount of the portion that has not been used.

8.3 STATUTORY AUDITOR'S REPORTS ON SECURITIES TRADING

8.3.1 STATUTORY AUDITORS' REPORT ON THE ISSUE OF SHARES AND/OR SECURITIES GRANTING ACCESS TO THE SHARE CAPITAL IMMEDIATELY OR IN THE FUTURE RESERVED FOR FOREIGN GROUP EMPLOYEES (13TH AND 14TH RESOLUTIONS)

Combined Shareholders' Meeting of May 25, 2021 - 13th and 14th resolutions

This is a translation into English of the statutory auditors' report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders of NEOEN SA,

As Statutory Auditors of your company and pursuant to the engagement set forth in Articles L.228-92, L.225-135 *et seq.* and L.22-10-51 of the French Commercial Code (*Code de commerce*), we hereby present our report on the proposed delegation of authority to your Board of Directors to decide the issue, with cancellation of preferential subscription rights, on one or more occasions, in France or abroad, in proportions and at times that it shall see fit, either in euros, or in any other currency or monetary unit established in reference to several currencies, with or without premium, in return for payment or free of charge (i) of ordinary shares of the Company (excluding preferred shares) and/or (ii) ordinary shares conferring entitlement to the allocation of other ordinary shares or debt securities and/or (iii) securities granting access to ordinary shares to be issued by the Company and by any entity which holds, directly or indirectly, more than half of your Company's share capital or in which the Company holds, directly or indirectly, more than half of the share capital, reserved for the following category of beneficiaries: (i) employees, pre-retirees or retirees and corporate officers of Neoen group foreign companies affiliated to the Company in accordance with Article L.225-180 of the French Commercial Code and Article L.3344- 1 of the French Labor Code (*Code de travail*), to enable them to subscribe to the Company's share capital (the "Foreign Employees") and/or (ii) UCITS or other entities, with or without legal personality, employee shareholdings invested in securities of the Company whose unitholders or shareholders will be Foreign Employees, and/or (iii) any banking institution or entity controlled by such an institution within the meaning of Article L.233-3 of the French Commercial Code working on behalf of the Company to set up a structured offer for Foreign Employees, a transaction on which you are asked to vote.

The total par value amount of the share capital increases likely to be carried out, immediately or in the future, under this delegation is set at 1% of the share capital as of the date of the Board of Directors' decision, it being specified that this amount shall be deducted (i) from the overall limit set out in paragraph 2 of the 17th resolution of the Shareholders' Meeting of May 26, 2020 and (ii) from the limit set out in paragraph 2 of the 15th resolution of this Shareholders' Meeting, or where applicable, from the limits set out in resolutions of the same type which may supersede these resolutions during the validity of this delegation.

This amount may be increased for up to 15% of the initial issue under the conditions set forth in the 14th resolution.

Based on its report, your Board of Directors proposes that shareholders delegate to it, with the option to sub-delegate under the conditions provided for by law, for a period of 18 months, the authority to decide on an issue and cancel your preferential subscription rights to the securities to be issued. If applicable, the Chairman will set the final issue terms and conditions of this transaction.

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R.225-113 *et seq.* of the French Commercial Code. Our role is to express an opinion on the fair presentation of the quantified information extracted from the financial statements, on the proposed cancellation of preferential subscription rights and on certain other information concerning the issue, contained in this report.

We conducted the procedures that we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. These procedures consisted in verifying the content of the Board of Directors' report on this transaction and the process for determining the issue price of the future securities.

Subject to a subsequent review of the terms and conditions of the proposed issue, we have no comments to make on the process for determining the issue price of the future securities presented in the Board of Directors' report.

As the final terms and conditions of the issue have not been determined, we do not express an opinion thereon and, as such, on the proposed cancellation of preferential subscription rights.

In accordance with Article R.225-116 of the French Commercial Code, we will issue a supplementary report, if necessary, should this delegation be used by your Board of Directors.

Paris-La Défense and Paris, March 15, 2021

The Statutory Auditors

Deloitte & Associés	**RSM Paris**
Benoit PIMONT	Etienne de BRYAS

8.3.2 STATUTORY AUDITORS' REPORT ON THE ISSUE OF ORDINARY SHARES AND/OR MISCELLANEOUS MARKETABLE SECURITIES OF THE COMPANY RESERVED FOR MEMBERS OF A COMPANY SAVINGS PLAN (15TH RESOLUTION)

Combined Shareholders' Meeting of May 25, 2021 – 15th resolution

This is a translation into English of the statutory auditors' report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders of NEOEN SA,

As Statutory Auditors of your Company and pursuant to the engagement set forth in Articles L.228-92 and L.225-135 *et seq.* and L.22-10-51 of the French Commercial Code (Code de commerce), we hereby present our report on the proposed delegation of authority to the Board of Directors to decide the issue, on one or more occasions, in France or abroad, in proportions and at times that it shall see fit, either in euros, or in any other currency or monetary unit established in reference to several currencies, with or without premium, in return for payment or free of charge (i) of Company shares (excluding preferred shares) and/or (ii) securities granting immediate or future access, to the Company's share capital (including shares conferring entitlement to the allocation of debt securities), reserved for members of one or more company saving plans (or any other plan for whose members a share capital increase may be reserved on equivalent terms pursuant to Articles L. 3332-1 *et seq.* of the French Labor Code (Code du travail) or any similar law or regulation) set up within a French or non-French company or group of companies included in the consolidation or combination scope of the Company's financial statements in accordance with Article L. 3344-1 of the French Labor Code, it being specified that this resolution may not be used to implement levered schemes, a transaction on which you are asked to vote.

The maximum nominal amount of share capital increases that may be performed, immediately or in the future under this authorization, is set at 2% of the share capital as of the date of the Board of Directors' decision. It is specified that this amount shall be deducted from the overall limit set in paragraph 2 of the 17th resolution of the Shareholders' Meeting of May 26, 2020 or, where applicable, the overall limit that may be set in a resolution of the same type that may supersede this resolution during the validity of this delegation.

This issue is subject to your approval in accordance with Articles L.225-129-6 of the French Commercial Code and L.3332-18 *et seq.* of the French Labor Code.

Based on its report, the Board of Directors asks that you delegate to it, with the option to sub-delegate in accordance with applicable law, for a period of 26 months, the authority to decide an issue and cancel your preferential subscription rights to the marketable securities to be issued. When appropriate, it will set the final issue terms and conditions of this transaction.

The Board of Directors is responsible for preparing a report in accordance with Articles R. 225-113 *et seq.* of the French Commercial Code. Our role is to express an opinion on the fair presentation of the quantified information extracted from the accounts, on the proposed cancellation of preferential subscription rights and on certain other information concerning the issue, contained in this report.

We performed the procedures that we considered necessary with regard to the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) applicable to this engagement. These procedures consisted in verifying the content of the Board of Directors' report on this transaction and the process for determining the issue price of the future securities.

Subject to a subsequent review of the terms and conditions of the proposed issue, we have no comments on the process for determining the issue price of the future securities presented in the Board of Directors' report.

As the final terms and conditions of the issue have not been determined, we do not express an opinion thereon and, as such, on the proposed cancellation of preferential subscription rights submitted to you.

In accordance with Article R. 225-116 of the French Commercial Code, we will issue a supplementary report, if necessary, should this delegation be used by your Board of Directors.

Paris-La Défense and Paris, March 15, 2021

The Statutory Auditors

Deloitte & Associés	**RSM Paris**
Benoit PIMONT	Etienne de BRYAS

8.3.3 STATUTORY AUDITORS' REPORT ON THE AUTHORIZATION TO GRANT FREE SHARES, EXISTING OR TO BE ISSUED (16TH RESOLUTION)

Combined Shareholders' Meeting of May 25, 2021 - 16th resolution

This is a translation into English of the statutory auditors' report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders of NEOEN SA,

As Statutory Auditors of your Company and pursuant to the engagement set forth in Articles L. 225-197-1 and L. 22-10-59 of the French Commercial Code (*Code de commerce*), we hereby present our report on the proposed authorization to grant free shares, existing or to be issued, to some or all employees and corporate officers of the Group, a transaction on which you are asked to vote.

The total number of shares that may be granted pursuant to this authorization may not represent more than 2% of the share capital as of the date of the Board of Directors' decision. It is specified that the maximum par value amount of share capital increases that may be performed, immediately or in the future, under this authorization, shall be deducted from the overall limit set in paragraph 2 of the 17th resolution of the combined Shareholders' Meeting of May 26, 2020, or where applicable, the overall limit that may be set in a resolution of the same type that may supersede this resolution during the validity of this authorization. In all events, the total number of free shares granted may not exceed the limits set by Articles L.225-197-1 *et seq.* of the French Commercial Code. This limit does not take account of any adjustments that may be performed to preserve the rights of beneficiaries of free share grants.

The total number of shares, existing or to be issued, granted pursuant to this authorization to corporate officers of the Company may not represent more than 50% of free shares that may be granted pursuant to this delegation.

Based on its report, your Board of Directors proposes that shareholders delegate to it, with the option to sub-delegate under the conditions provided by law, for a period of 26 months, the authority to grant free shares, existing or to be issued.

The Board of Directors is responsible for preparing a report on the transaction that it wishes to carry out. Our role is to express our comments, if any, on the information presented to you on the contemplated transaction.

We performed the procedures that we considered necessary with regard to the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) applicable to this engagement These procedures consisted in verifying that the contemplated terms and conditions as described in the Board of Directors' report comply with applicable law and regulations.

We have no comments on the information presented in the Board of Directors' report on the proposed authorization to grant free shares.

Paris-La Défense and Paris, March 15, 2021

The Statutory Auditors

Deloitte & Associés	**RSM Paris**
Benoit PIMONT	Etienne de BRYAS

8.4 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS

Shareholders' Meeting held to approve the financial statements for the year ended December 31, 2020

This is a free translation into English of the statutory auditors' special report on regulated agreements issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

To the NEOEN Shareholders' Meeting,

This report supersedes the report issued on March 10, 2021 which did not include the former agreement that continued in effect.

In our capacity as statutory auditors of your Company, we hereby report to you on regulated agreements.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such agreements are in the Company's interest, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements, if any. It is your responsibility, pursuant to Article R.225-31 of the French Commercial Code (Code de commerce), to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R.225-31 of the French Commercial Code relating to the implementation during the past year of agreements previously approved by the Annual General Meeting, if any.

We performed the procedures that we considered necessary with regard to the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) applicable to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

Agreements submitted for approval to the shareholders' meeting

Agreements authorized and entered into during the fiscal year

We were not informed of any agreements authorized and entered into during the year to be submitted for approval at the Annual General Meeting pursuant to the provisions of Article L.225-38 of the French Commercial Code.

Agreements previously approved by shareholders' meeting

Agreements approved during the fiscal year

We have also been informed that the following agreement, previously approved by the Shareholders' Meeting of May 26, 2020 as presented in the Statutory Auditors' special report of April 15, 2020, had effect during the year.

Person concerned:

Romain Desrousseaux, Deputy Chief Executive Officer of the Company

Nature and purpose:

Following the appointment by the Board of Directors' meeting of April 17, 2019 of Romain Desrousseaux as Deputy Chief Executive Officer of the Company, his employment contract was amended on July 11, 2019 to introduce, in particular, the principle of variable compensation based on quantitative and qualitative objectives.

Terms and conditions:

The Board of Directors' meeting of July 10, 2019 previously authorized the signing of this amendment to the employment contract.

Pursuant to this amendment, variable compensation is equal to a maximum of 100% of gross annual compensation paid in respect of the reference year if quantitative (representing 75% of the maximum amount) and qualitative (representing 25% of the maximum amount) objectives are attained, as determined each year by the Appointments and Compensation Committee.

A trigger threshold is set with respect to the above objectives under which no compensation will be payable. In the event of outperformance, variable compensation may represent a maximum of 200% of gross annual fixed compensation.

Variable compensation of €195,597 was paid in 2020 to Romain Desrousseaux in respect of the year ended December 31, 2019. Variable compensation of €181,292.40 was awarded to Romain Desrousseaux in respect of the year ended of December 31, 2020.

Paris-La Défense and Paris, March 15, 2021

The Statutory Auditors

Deloitte & Associés	**RSM Paris**
Benoit PIMONT	Etienne de BRYAS




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9.1 PERSONS RESPONSIBLE

9.1.1 PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT AND THE ANNUAL FINANCIAL REPORT

Xavier Barbaro, Chairman and Chief Executive Officer of Neoen S.A.

9.1.2 DECLARATION BY THE PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT AND THE ANNUAL FINANCIAL REPORT

"I certify that the information contained in this universal registration document is, to the best of my knowledge, true and accurate, and does not contain any omission likely to affect its scope or significance.

I certify, to my knowledge, that the financial statements have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets and liabilities, financial position and profit or loss of the Company and all the other companies included in the scope of consolidation, and that the elements of the Management Report included in this document, present a fair review of the development and performance of the business and financial position of the Company and all the other companies included in the scope of consolidation, together as well as a description of the main risks and uncertainties that they face."

Paris, April 12, 2021

Xavier Barbaro

Chairman and Chief Executive Officer of Neoen S.A.

9.1.3 PERSON RESPONSIBLE FOR THE FINANCIAL INFORMATION

Xavier Barbaro

Chairman and Chief Executive Officer of Neoen S.A.

6 rue Ménars - 75002 Paris

Tel: +33 1 70 91 61 50

9.2 STATUTORY AUDITORS

9.2.1 PRINCIPAL STATUTORY AUDITORS

	Date of first appointment	Date of appointment/ renewal	Term of office	Expiry date
Principal statutory auditors				
Deloitte & Associés *Statutory auditor* Member of the *Compagnie régionale de Versailles et du Centre* Represented by Mr. Benoit Pimont Tour Majunga, 6 place de la Pyramide 92908 Paris-La Défense	15.04.2014	26.05.2020	6 financial years	General shareholders' meeting called to approve the financial statements for the financial year ended 31.12.2025
RSM Paris Statutory auditor Member of the *Compagnie régionale de Paris* Represented by Mr. Etienne de Bryas 26 rue Cambacérès 75008 Paris	12.09.2018	12.09.2018	6 financial years	General shareholders' meeting called to approve the financial statements for the financial year ended 31.12.2023

9.2.2 INFORMATION ON THE STATUTORY AUDITORS THAT HAVE RESIGNED, WERE ELIMINATED OR WHOSE MANDATE WAS NOT RENEWED

During the period covered by the historical financial information, there was no resignation of the statutory auditors.

9.2.3 FEES PAID TO STATUTORY AUDITORS

The table of fees of the statutory auditors of the Company is shown in note 24 to the consolidated financial statements for the financial year ended December 31, 2020 contained in section 4.1 of this document.

9.3 HISTORICAL FINANCIAL INFORMATION INCLUDED BY REFERENCE

In accordance with article 19 of regulation (EU) no. 2017/1129 of June 14, 2017, this 2020 universal registration document includes by reference:

- the consolidated financial statements for the financial year ended December 31, 2019 established in accordance with IFRS reference as adopted by the European Union, and the statutory auditors' report presented in sections 4.1 and 4.2 respectively to the 2019 universal registration document filed with the *Autorité des Marchés Financiers* on April 28, 2020 under number D. 20-0386, as well as the information extracted from the 2019 management report in chapters 1, 2, 3, 5 and 7 of the 2019 universal registration document;
- the consolidated financial statements for the financial year ended December 31, 2018 established in accordance with IFRS reference as adopted by the European Union, and the statutory auditors' report presented in sections 4.1 and 4.2 respectively to the 2018 registration document filed with the *Autorité des Marchés Financiers* on June 5, 2019 under number R. 19-021, as well as the information extracted from the 2018 management report in chapters 1, 2, 3, 5 and 7 of the 2018 registration document;
- forecasts relating to the fiscal year ended December 31, 2021 and the related statutory auditors' report presented in paragraph 2.2.1 of the amendment to the 2019 universal registration document filed with the Autorité des marchés financiers («AMF») on March 15, 2021 under the number D.20-0386-A01;
- parts of these documents not included are either irrelevant to the investor or covered elsewhere in the universal registration document.

9.4 DOCUMENTS AVAILABLE TO THE PUBLIC

The press releases of the Company and the annual registration documents (including historical financial information on the Company filed with the AMF and any revisions) are available on the Company's website at the following address: www.neoen.com, a copy may also be obtained from the registered office of the Company located at 6 rue Ménars, 75002 Paris.

All information published and made public by the Company during the last 12 months in France is available on the Company's website at the above address and on the AMF website at the following address: www.amf-france.org.

Finally, the Articles of Association of the Company, the minutes of the General Meetings, the Statutory Auditors' reports and all other corporate documents may be consulted at the registered office of the Company.

9.5 CROSS-REFERENCES TABLES

9.5.1 CROSS-REFERENCE TABLE FOR THE ANNUAL FINANCIAL REPORT

In order to facilitate the reading of this Universal Registration Document, the cross-reference table hereafter enables to identify the information, required in accordance with Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-3 of the general regulations of the French Financial Markets Authority, which constitute the Annual Financial Report.

Information required	Section
2020 annual financial statements (French GAAP)	4.3
2020 consolidated financial statements (IFRS)	4.1
Management report	Dedicated Table – 9.5.2
Corporate governance report	Dedicated Table – 9.5.3
Declaration by the person responsible	9.1
Report by the statutory auditors on the 2020 annual financial statements	4.4
Report by the statutory auditors on the 2020 consolidated financial statements	4.2
Statutory auditors' fees	4.1.6 - Note 24

9.5.2 CROSS-REFERENCE TABLE FOR THE MANAGEMENT REPORT OF THE COMPANY AND THE GROUP

This universal registration document includes all elements of the management report.

In order to review the elements of the management report, the cross-reference table hereafter enables to identify the main information provided for by Articles L. 225-100 et seq., L. 22-10-35 et L. 22-10-36, L. 232-1 and R. 225-102 et seq. of the French Commercial Code. The specific sections of the management report related to the corporate governance pursuant to Articles L. 225-37, al 6 et seq., L. 22-10-8 et seq. of the French Commercial Code are detailed in paragraph 9.5.3.

Information required	Section
Situation and activity	
Analysis of the change in business, profits or losses and in the financial position of the Company	2.3 and 2.4
Activity and results of the Group, of subsidiaries and of controlled companies by branch of activity	2.3 and 2.7.2
Key performance indicators of a financial nature and any non-financial performance indicators	2.1
Main risks and uncertainties	3
Financial risks resulting from the effects of the climate change and measures undertaken by the Company	3.1.5
Procedures of internal control and risk management relating to the preparation and handling of accounting and financial information	3.2.2
Company's objectives, hedging policy and exposure to price, credit, liquidity and cash flows risks	3.1.1, 3.1.3 and 3.2.2
Add-back of operating expenses and extravagant expenses (Art. 39.4 and 223 quater, Art. 39.5 and 223 quinquies of the General Tax Code)	2.7.2.6, 2.7.2.7 and 2.7.2.8
Research and development activities	1.4.1
Major events occurred since the close of the fiscal year	2.7.1
Company and Group foreseeable trends and outlook	2.2
Equity investment in or takeover of companies having their registered office in France	2.7.2.4 - Nothingness
Activities of the Company's subsidiaries	1.1 and 1.3
Table on the Company's financial results over the last five years	2.7.2.3
Information relating to suppliers and clients' terms of payment	2.7.2.5
Legal information and information related to shareholding	
Employee shareholdings at the year-end	7.2.10 and 7.2.11
Identity of shareholders holding more than 5%	7.3
Name of companies controlled directly or indirectly by the company and the share of the company's capital that they hold (treasury shares)	2.7.2.4 and 7.2.5
Information on share buybacks	7.2.9
Dividends distributed for the last three fiscal years	7.3.8.2
Summary of transactions by corporate officers on Company securities	7.2.4
Information on loans granted to other companies	N/A
Existing Company branches	N/A
Extra-financial performance	
Consolidated declaration of extra-financial performance (DEFP)	Dedicated Table – 9.5.4
Vigilance plan	5.9 - N/A

9.5.3 CROSS-REFERENCE TABLE FOR THE CORPORATE GOVERNANCE REPORT

Information required	Section
Missions, composition, preparation and modus operandi of the Board of Directors	6.2.1
List of all terms of office and functions held in any company by each Director and Corporate Officer during the fiscal year	6.1.1
Procedures for exercising the General Management	6.2.2.1
Description of the diversity policy, objectives and results applied to Board members (including gender diversity)	6.2.1.5
Limits provided by the Board of Directors on Chief Executive Officer's powers	6.2.2.1 (i)
Reference to of the AFEP-MEDEF Corporate Governance Code and application of the comply or explain principle	6.2.1.3
Description and implementation of the evaluation procedure of non-regulated agreements	6.4.3
Review of the independence of its members and of potential conflicts of interest	6.2.1.4
Agreements between an Executive Officer or a major shareholder of the Company and a subsidiary	6.4.2
Remuneration policy of the Directors and Corporate Officers	6.3.1 and 6.3.2
Compensation and benefits of any kinds paid to Corporate Officers	6.3.2, 6.3.3, 6.3.4 and 6.3.5
Use of the "claw back" possibility to claim the return of variable remuneration	N/A
Remuneration paid or granted by a company included in the scope of consolidation pursuant to Article L.233-16 of the French Commercial Code	N/A
Remuneration ratios between the remuneration of each Corporate Officer and the average and median remunerations of the Company employees	6.3.2.2
Annual change in the remuneration, the Company's performances, the average remuneration of the Company employees and the abovementioned ratios over the five past fiscal years	6.3.2.2
Explanation on how the total remuneration complies with the remuneration policy adopted, including the way it contributes to long term performances of the Company and the way the performance criteria has been applied	6.3.2.3 and 6.3.2.4
Manner in which the vote of the last ordinary general meeting has been taken into account	*6.3.2.3 and 6.3.2.4*
Deviation from the procedure for the implementation of the remuneration policy and any derogations	N/A
Application of Article L. 225-45 al. 2 of the French Commercial Code (suspension of payment of directors' remuneration in the event of failure to comply with the Board of Directors' gender diversity)	N/A
Attribution and retention of stock-options by Directors and Corporate Officers	N/A
Attribution and retention of free share grants to Corporate Officers	6.3.4.3
Special terms for the participation of the shareholders in the General Meeting	6.2.2.5
Information that may have an impact in the event of a takeover bid or exchange offer	6.4.5
Summary table of the status of valid delegations of powers and powers granted by the General Meeting to the Board of Directors with regard to capital increases and the use made of these delegations during the past year	6.4.1

9.5.4 CROSS-REFERENCE TABLE FOR THE NON-FINANCIAL PERFORMANCE STATEMENT

Information required	Section
Presentation of the business model	
Main activities of the company: key figures, organization and governance	Chapter 0 – « Mission and model », 1.3.1 and 2.7.2.4
Description of the financial model	Chapter 0 – « Mission and model », 2.4.2 and 2.4.3
Strategy: outlook and objectives	1.1.2 and 2.2
Presentation of the main extra-financial risks linked to the Company's business	**3.1 and 5.2**
Description of the policies applied by the company, results and performance indicators	
Health and safety risks	5.3
Reputational risk and risk of non-acceptability of projects	5.4
Risks associated with ethics and corruption	5.5
Risks associated with attractiveness and retention of talent	5.7
Other topics and information mentioned in article L225-102-1	
Effects of the activity in terms of respect for human rights	5.5
Impact of the activity on the fight against corruption	5.5
Way the company considers the risk of tax evasion	5.2.2
Climate change	5.6
Circular economy	5.6
Combating food waste, combating food insecurity, respect for animal welfare and a responsible, fair and sustainable food	N/A
Collective bargaining agreements and impacts	5.7
Combating discrimination, promotion of diversities and measures regarding employment and integration of disabled people	5.7
Societal commitments	5.4

9.5.5 CROSS-REFERENCE TABLE FOR THE PROVISIONS OF ANNEXES 1 AND 2 OF THE 2019/980 DELEGATED REGULATION OF THE EUROPEAN COMMISSION

This cross-reference table identifies the main information required by Annexes I and 2 of the 2019/980 Delegated Regulation of the European Commission dated March 14, 2019. This table refers to the sections of this universal registration document on which the information related to each item is indicated.

Information required		Section
Section 1	**Persons responsible, third party information, expert's reports and competent authority approval**	
1.1	Identity of the person responsible	9.1.1 and 9.1.3
1.2	Statement of the person responsible	9.1.2
1.3	Identity of the person participating as an expert whose statement or report is included in the Universal Registration Document	N/A
1.4	Statement on the information provided by a third party	N/A
1.5	Statement on the competent authority	AMF insert
Section 2	**Statutory auditors**	
2.1	Identity	9.2
2.2	Change	N/A
Section 3	**Risk factors**	**3**
Section 4	**Information about the issuer**	
4.1	Legal and commercial name	7.1
4.2	Registration place and number, legal entity identifier (LEI)	7.1 and 4.3 – note 2
4.3	Incorporation date and term	7.1
4.4	Registered office, legal form, applicable legislation, country of incorporation, address and telephone number of the registered office, website	7.1
Section 5	**Business overview**	
5.1	Principal activities	1.3
5.1.1	*Nature of operations and principal activities*	*1.3*
5.1.2	*Development of new products and/or services*	*1.3*
5.2	Principal Markets	1.3.3
5.3	Important events in the development of the business	1.1.1, 2.3.1 and 4.1 - note 2.2
5.4	Strategy and objectives	1.1.2
5.5	Dependence of the issuer with regards to patents, licenses, contracts and manufacturing processes	N/A
5.6	Competitive position of the issuer	1.2.4
5.7	Investments	2.4.8
5.7.1	*Material investments made*	*2.4.8.2*
5.7.2	*Material investments in progress*	*2.4.8.3*
5.7.3	*Information relating to the joint ventures and undertakings likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses*	*2.7.2.4*
5.7.4	*Environmental issues that may affect the use of the tangible fixed assets*	*2.4.8.5*
Section 6	**Organizational structure**	
6.1	Brief description of the Group	2.7.2.4
6.2	List of the significant subsidiaries	2.7.2.4

Section 7	**Operating and financial review**	
7.1	Financial position	2.1, 2.3, 2.7, 4.1 and 4.3
7.2	Operating results	2.3, 2.7, 4.1.1 and 4.3.1
Section 8	**Capital resources**	
8.1	Issuer's capital resources	2.4
8.2	Sources and amounts of the cash flows	2.4
8.3	Borrowing requirements and funding structure	2.4
8.4	Restrictions on the use of capital resources	2.4
8.5	Anticipated sources of funds	2.4
Section 9	**Regulatory environment**	
9.1	Description of the regulatory environment and external factors materially influencing the operations	1.3.3
Section 10	**Trend information**	**2.2**
Section 11	**Profit forecasts or estimates**	
11.1	1 Published profit forecasts or estimates	2.2
11.2	2 Main assumptions on which the issuer based its forecast or estimate	2.2
11.3	3 Declaration of comparability with historical financial information and compliance with the issuer's accounting methods	2.2
Section 12	**Administrative, management and supervisory bodies and senior management**	
12.1	Information on the members of the administrative and management bodies	6.1
12.1	Conflicts of interests	6.2.2
Section 13	**Compensation and benefits**	
13.1	Compensation paid and benefits in kind	6.3
13.2	Provisions for pension and retirement obligations	6.3
13.3	Securities giving access to the Company's capital awarded to corporate officers	6.3
Section 14	**Board practices**	
14.1	Expiration date of the current terms of office	6.1
14.2	Service contracts between members of the administrative or management bodies and the issuer or one of its subsidiaries	6.2
14.3	Information on the Board committees	6.1 and 6.2
14.4	Statement of compliance with the corporate governance rules applicable to the issuer	6.2.1.3
14.5	Potential material changes on the corporate governance	N/A
Section 15	**Employees**	
15.1	Number of employees	5.7
15.2	Equity interests and stock options of corporate officers	6.3.4
15.3	Agreements involving the employees in the capital of the issuer	7.2.10
Section 16	**Major shareholders**	
16.1	Identification of the major shareholders	7.3.1
16.2	Voting rights	7.3.1
16.3	Control of the issuer	7.3.1, 7.3.6
16.4	Arrangements that may result in a change of control	7.3.7

Section 17	**Related party transactions**	
17.1	Details of related party agreements	6.4.4. and 4.1 - note 23
Section 18	**Financial information concerning the issuer's assets and liabilities, financial position and profits and losses**	
18.1	Historical financial information	
18.1.1	*Audited historical financial information and audit report*	*Chapter 4*
18.1.2	*Change of accounting reference date*	*N/A*
18.1.3	*Accounting standards*	*4.1 and 4.3*
18.1.4	*Change of accounting framework*	*N/A*
18.1.5	*Financial statements*	*4.3*
18.1.6	*Consolidated financial statements*	*4.1*
18.1.7	*Date of latest financial information*	*4.1*
18.2	Interim and other financial information	
18.2.1	*Half yearly and quarterly financial information and interim financial information*	*N/A*
18.3	Auditing of historical annual financial information	
18.3.1	*Audit report on the historical financial information*	*4.2 and 4.4*
18.3.2	*Other information audited by the auditors*	*5.8 and 8.4*
18.3.3	*Financial information not extracted from audited financial statements of the issuer*	*N/A*
18.4	Pro forma financial information	N/A
18.5	Dividend policy	7.3.8
18.6	Legal and arbitration proceedings	2.5
18.7	Significant change in the issuer's financial position	2.6
Section 19	**Additional information**	
19.1	Share capital	7.2
19.2	Memorandum and Articles of Association	
19.2.1	*Trade and Companies Register, purposes of the issuer*	*7.1*
19.2.2	*Rights, preferences and restrictions attaching to shares*	*7.1*
19.2.3	*Provisions that may delay, defer or prevent a change of control*	*7.3*
Section 20	**Material contracts**	
20.1	Material contracts of the issuer or any member of the group	1.3.4.4
Section 21	**Documents available**	
21.1	Statement regarding the available documents	9.4

9.6 GLOSSARY

Average availability	Ratio between the energy actually produced by a solar or wind asset during a given period and the energy that could theoretically be produced by the asset during the same period.
Certificados de Energías Limpias ("CELs")	Green-energy certificate system issued by the CRE (Comisión Reguladora de Energía, energy regulating commission in Mexico) to accredit electrical power generated from clean sources, and to enable users to meet their obligations under the energy transition.
Commercial operation date ("COD")	Date at which a solar or wind asset is connected to the grid and all its equipment is commissioned, or, in the case of a storage facility, the date at which it is connected to the grid and begins to operate.
Contract for difference ("CFD")	A contract structure pursuant to which a buyer of electricity (usually a state or state-backed entity) undertakes to pay the electricity producer the difference between a reference tariff and the actual price at which the producer sells the electricity on the market via an aggregator.
EPC contract ("Engineering, Procurement and Construction")	Design, supply and installation contracts for solar, wind and storage assets. These contracts generally include the supply of photovoltaic panels or wind turbines and other system components (BOS or BOP components).
Feed-in-tariff ("FIT")	A legal and regulatory structure under which the purchase price of electricity produced by a generating unit is mandated for a given buyer under long-term contracts.
Financial closing	Closing of the financing operation, following which the facilities are made available to the project (subject to recurring availability conditions for each drawdown of the facilities, usual in the context of non-recourse project financing).
Grid	The combined energy infrastructures used to transport electrical energy from electrical production units to consumers.
Grid curtailment	Situation when an electricity producer is forced to reduce its energy production to a level below its regular production capacity, for reasons beyond its control, usually at the request of the grid operator.
Grid parity	Situation in which the discounted cost of production (levelised cost of electricity – "LCOE") of solar or wind energy is less than or equal to the purchase price of electricity on the grid.
Installed power	Level of peak power watts or watts, as applicable, for a given solar, wind or storage asset, respectively.
Interconnection agreement	Agreement setting forth the mutual obligations and the technical, legal and financial conditions that the electricity producer and the grid operator must respectively fulfil for the connection of an electricity production installation to a given electrical grid.
Internal rate of return of a project ("IRR")	Discount rate for project cash flows ensuring a net present value of zero.
Inverter	Device for converting a direct current ("DC") produced by a solar, or wind asset into an alternating current ("AC") compatible with electricity transmission and distribution networks.
Irradiation	The level of exposure of a point on the earth's surface to the sun's radiation, which determines the level of electricity that a solar power plant can produce.
Kilowatt ("kW")	Standard unit measuring electrical power, equivalent to 1,000 watts.
Kilowatt-hour ("kWh")	Standard unit measuring the electrical power generated or consumed (power expressed in kW multiplied by a period expressed in hours).
Levelized cost of energy ("LCOE")	An indicator for comparing the competitiveness of different energy sources, calculated by comparing the total cost of electricity production (including development, financing, construction, operation and maintenance costs) for a given plant with the actual electricity production of that installation (expressed in kWh) over its entire lifetime.
Load factor	The load factor is the equivalent time (as a percentage of the period observed) during which grid injection at maximum power would produce the same quantity of energy as that supplied by the facility.
Megawatt ("MW")	Standard unit measuring electrical power, equivalent to 1,000 kW or one million watts.
Megawatt-hour ("MWh")	Standard unit measuring the electrical power generated or consumed (power expressed in MW multiplied by a period expressed in hours).

Monocrystalline silicon	Basic material composing photovoltaic cells, produced by melting polycrystalline silicon refined at very high temperatures, then solidifying it into a single large cylindrical crystal.
O&M contract ("Operation and Maintenance")	Operation and Maintenance contract for a solar, wind or storage asset. Generally, the EPC contractor for the construction of the asset is the O&M service provider for at least the first two years of operation.
Other components of the system ("balance of system" or "BOS" components for solar parks and "balance of plant" or "BOP" components for wind parks)	All equipment and components necessary for the construction of a solar power plant other than photovoltaic panels, or of a wind park other than wind turbines, including inverters, transformers, electrical protection devices, wiring and control equipment, and also structural elements such as mounting frames, or of a storage facility other than batteries and inverters.
Peak power	Maximum power produced by a photovoltaic panel under standard test conditions.
Performance ratio ("PR")	Ratio expressed as a percentage between actual electricity production and theoretical production over a reference period.
Photovoltaic	Process for producing an electric current by exposing semiconductor materials to light.
Photovoltaic (or solar) panel	The main component of a solar park, consisting of a set of photovoltaic cells electrically connected to each other, encapsulated in a plastic or glass envelope and supported by supporting materials, usually an aluminium structure.
Polycrystalline silicon	Basic material composing photovoltaic cells, produced by re-melting refined silicon pieces and then solidifying them in a cuboid crucible and cutting them into rectangular ingots consisting of multiple small crystals of different sizes and shapes. Each ingot is then cut into very thin wafers. This technology is less efficient than monocrystalline silicon.
Power Purchase Agreement ("PPA")	Contract by which an electricity producer sells, for a fixed price, all or part of its electricity production to a purchaser of electricity.
Projects in "early stage" phase	Projects (i) located on land with respect to which the owner has confirmed his or her intention to agree a contract with the Group for the applicable land rights, (ii) in proximity to an electric grid to which the project may be connected and (iii) for which technical studies have been initiated but not yet finalized.
Projects in "advanced development" phase	Projects for which the following elements must be achieved: ▪ real-estate: signature of a contract validating the use of the land; ▪ access to the electricity grid: preliminary grid connection; ▪ technical: completed pre-design engineering.
Projects in "tender-ready" phase	Projects where either: ▪ a building permit has been obtained and all the conditions precedent to the signing of an electricity sales contract have been fulfilled in a country which: - has a renewable energy development program through recurrent tenders, or - has a liquid market for electricity sales contracts with private companies. ▪ feed-in tariffs are available and a building permit application has been submitted. Based on such criteria, once a project reaches the tender-ready stage, it will not be reclassified to a less advanced stage as long as: ▪ the market dynamics of renewable energies in the country in question remain unchanged; and ▪ the requirements for obtaining an electricity sales contract remain the same. Projects in "advanced development" phase and projects in "tender-ready" phase constitute the "advanced pipeline". Projects in "advanced development" that win a tender through a competitive auction process are classified as "awarded" projects without being first classified as tender-ready.
Projects in "awarded" phase	A: The primary authorisation request for the project has resulted in a positive outcome and is no longer subject to an appeal, and there is a guaranteed off-take once the project is built; or B: the project was won through a competitive auction process or a long-term PPA was signed. At this stage, certain additional licenses may be required as long as the Group judges them to be secondary to the applicable primary authorisation. Depending on what could be achieved during the initial development phase, land procurement and additional studies may also be underway. Discussion and contracting with an EPC, as well as project financing negotiations, are usually advanced during this stage.

Projects in "under construction" phase	For these projects the notice to proceed ("NTP") has been given to the relevant EPC contractor. The asset remains in this category until it enters operation in accordance with the requirements specified below.
Projects in "in operation" phase	All the equipment in a solar or wind power plant or a storage facility is installed, commissioned and connected, and the facility is authorised to operate at full power. Performance tests and/or the production of the documentation provided for in the EPC contract may still be in progress up to the provisional acceptance date. Projects in "awarded" phase, projects "under construction" and projects "in operation" form the "secured portfolio".
Provisional acceptance date	The date on which the Group's EPC provider reaches a contractually defined level of completion of the construction of a solar, wind or storage asset and obtains the necessary certifications and performance to meet the "provisional acceptance" criteria under EPC contracts and other agreements relating to that asset.
PV	Abbreviation of "photovoltaic".
Special purpose vehicle ("SPV")	Company specifically created or, to a lesser extent, acquired by the Group for the sole purpose of holding a solar, wind or storage asset of the Group while carrying the debt (usually without recourse to the Company) relating to the energy-producing asset.
Standard test conditions	Standardised test conditions for measuring the nominal capacity produced by photovoltaic cells or panels corresponding to (i) an irradiation level of 1,000 W/m2, (ii) an air mass level of 1.5 units, and (iii) a cell or panel temperature of 25°C.
Supervisory Control and Data Acquisition ("SCADA")	Information system used to evaluate, optimize and control energy production, performance, safety and, more generally, the proper operation of a solar, wind or storage asset in real time.
Transformer	Conversion device for changing the voltage and intensity of an electric current into an electric current of different voltage and intensity.
Turbine Supply Agreement ("TSA")	Contract pursuant to which a supplier provides, transports, installs and commissions turbines.
Watt ("W")	Standard unit measuring (for the Group) the electrical power of a solar, wind or storage asset, established under standard test conditions.
Wind kinetic energy	Energy generated by moving air, depending on its mass and speed.
Wind power	Process to transform the kinetic energy of the wind into mechanical energy and then into electrical energy through the use of wind turbines.

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